



LOS ANGELES COMMUNITY COLLEGE DISTRICT

Basic Financial Statements and Supplemental Information

June 30, 2021 and 2020

(With Independent Auditors' Report Thereon)

LOS ANGELES COMMUNITY COLLEGE DISTRICT

June 30, 2021 and 2020

Los Angeles, California

- East Los Angeles College
- Los Angeles City College
- Los Angeles Harbor College
- Los Angeles Mission College
- Los Angeles Pierce College
- Los Angeles Southwest College
- Los Angeles Trade Technical College
- Los Angeles Valley College
- West Los Angeles College

LOS ANGELES COMMUNITY COLLEGE DISTRICT

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INTRODUCTION



OFFICE OF THE CHANCELLOR

CITY
EAST
HARBOR
MISSION
PIERCE
SOUTHWEST
TRADE-TECH
VALLEY
WEST

March 2, 2022

Honorable Members of the Board of Trustees
Los Angeles Community College District

Dear Board of Trustees:

I have reviewed and am pleased to submit the Annual Financial Report of the Los Angeles Community College District (District) for the fiscal year ended June 30, 2021. This report is presented in six sections, which include (1) an introduction, (2) the Independent Auditors' Report, (3) the Management's Discussion and Analysis, (4) the Basic Financial Statements, (5) the Supplemental Financial Information, and (6) Other Supplemental Information, as noted in the Table of Contents. The Annual Financial Report includes all Funds of the Los Angeles Community College District, as well as those of student organizations.

The District is responsible for the accuracy, completeness and fairness of the financial statements, including all disclosures. We believe that the data presented are accurate in all material respects and present fairly the financial activities of the District's various funds, and that the informative disclosures are sufficient to provide an understanding of the District's fiscal affairs. The auditors' opinion included in the annual report reflects our belief.

By way of summary, the introductory section contains my remarks to the Annual Financial Report and a brief summary of the District's employment and enrollment. The Independent Auditors' Report provides the auditors' opinion of the audit. The Management's Discussion and Analysis provides the management information and analysis on the District's financial changes and condition for the year. The basic financial statements include the three financial statements, as well as the notes to the basic financial statements. The section of Other Supplementary Information includes the combining and individual funds and account group financial statements and schedules, a description of the organization of the District, a schedule of full-time equivalent students and apprenticeship clock hours, and a reconciliation of the financial statements to the Annual Financial and Budget report submitted to the State of California. Also included in this section are the independent auditors' reports on the internal accounting and administrative controls of the District, and the state and federal compliance required by the California State Department of Finance and the Single Audit Act of 1984. The final section provides the current year's audit findings and recommendations as well and the implementation status of the auditors' prior year recommendations.

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Historical Background

The District and its nine campuses provide a broad range of educational services to students within the Los Angeles area. The nine Los Angeles community colleges comprise one of the nation’s largest community college systems—the result of a movement, which had its beginning in the California State Legislature in 1907, the year the Caminetti Bill was passed, permitting high schools to offer postgraduate courses. The Ballard Act of 1917 and the Deering Act of 1929 assured financial support for the state’s community colleges.

In March 1931, a separate Los Angeles Junior College District was created and granted a taxing power of its own and was designed to serve a larger area than the city. The Board of Education and the Superintendent of Los Angeles County Schools assumed administrative control of the District. Due to the dramatic expansion during the post-war period, the state’s two-year junior colleges were moved away from the secondary education system and into higher education. In 1967, Governor Reagan authorized establishment of a Board of Governors for the California Community Colleges. In that same year, legislation passed which provided for a separate community college Board of Trustees and administration. The first Trustees of the Los Angeles Community College District were sworn into office on July 1, 1969.

The Los Angeles Community College District serves approximately 205,873 students, employs approximately 3,987 fulltime and 4,031 part-time personnel and covers a service area of more than 882 square miles.

Enrollment

The Los Angeles Community College District’s enrollment for the fiscal year ended June 30, 2021, decreased by 9.25% from the previous year. The enrollment figures (credit student headcounts) by campus for the 2020--2021 fiscal years were as follows:

	<u>Fall</u>	<u>Spring</u>
East Los Angeles College	24,366	23,188
Los Angeles City College	14,651	14,202
Los Angeles Harbor College	8,381	7,555
Los Angeles Mission College	9,366	8,811
Los Angeles Pierce College	17,619	15,922
Los Angeles Southwest College	5,129	4,885
Los Angeles Trade–Technical College	11,417	10,780
Los Angeles Valley College	15,689	14,401
West Los Angeles College	10,875	10,116
Instructional Television	—	—
Total Districtwide	<u>117,493</u>	<u>109,860</u>

The Los Angeles Community College District’s FTES (Full-time equivalent student) figures for the fiscal year ended June 30, 2021, the measure by which the state of California funds Community Colleges decreased by 12.70% from 98,792 in fiscal year 2020, to 86,246 in fiscal year 2021. Fiscal year 2021 enrollment by campus are as follows:



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Los Angeles, CA 90071-2629

Independent Auditors' Report

The Honorable Board of Trustees
Los Angeles Community College District:

Report on the Financial Statements

We have audited the accompanying financial statements of the Los Angeles Community College District (the District) as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements for the years then ended, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Los Angeles Community College District as of June 30, 2021 and 2020, and the changes in its financial position and its cash flows for the years then ended, in accordance with U.S. generally accepted accounting principles.



Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis and required supplementary information as listed in the accompanying table of contents (collectively referred to as RSI), be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Management has omitted a discussion of the 2020 information in the management's discussion and analysis that U.S. generally accepted accounting principles require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits 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.

Supplemental and Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplemental financial information and the other supplemental information as listed in the accompanying table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplemental financial information, the reconciliation of annual financial and budget report (CCFS-311) to audited financial statements on page 82 to 83, and the reconciliation of governmental funds to the statement of net position on page 85 are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplemental financial information on pages 55 to 68, the reconciliation of annual financial and budget report (CCFS-311) to audited financial statements on page 82 to 83, and the reconciliation of governmental funds to the statement of net position on page 85 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The other supplemental information on pages 69-81, 84, 86-158 have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 2, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control



over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

KPMG LLP

Los Angeles, California
March 2, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Management's Discussion and Analysis

June 30, 2021 and 2020

This section presents the management's discussion and analysis (MD&A) of the Los Angeles Community College District's (the District's) financial activities for the fiscal year ended June 30, 2021. The MD&A has been prepared by management and should be read in conjunction with the basic financial statements and the notes thereto, which follow this section.

Financial Highlights

The liabilities of the District exceeded its assets as of June 30, 2021 by \$181 million (net position). Of this amount, a net deficit of \$1.07 billion is unrestricted net position. The increase in net position of \$69.9 million as of June 30, 2021 in comparison to the prior year is primarily due to the increase in Tuition and fees, Federal, State and Local Grants, and declining of Operating Expense. The \$447.2 million (restricted net position) may be used for the District's ongoing obligations related to programs with internal and external restrictions.

The net increase in capital assets of \$52.7 million is primarily due to the net addition of \$219.5 million in capital assets related to construction activities, equipment purchases of \$7.4 million and recognition of \$174.2 million in depreciation expense.

The District's revenue from operating activities increased by \$13.4 million while operating expenses decreased by \$20.5 million.

Overview of the Basic Financial Statements

The District follows the financial reporting guidelines established by GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, and GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities – an amendment of GASB Statement No. 34*. These statements require the District to report its basic financial statements at an entity-wide level under the business-type, activity-reporting model. This MD&A is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements include four components: (1) statements of net position; (2) statements of revenue, expenses, and changes in net position; (3) statements of cash flows; and (4) notes to basic financial statements. This report also contains other supplemental information in addition to the basic financial statements themselves.

The statements of net position represent the entire District's combined assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position, including associated student organizations' financial information. Changes in total net position as presented on the statements of net position are based on the activities presented in the statements of revenue, expenses, and changes in net position. The statements of revenue, expenses, and changes in net position represent the revenue received, operating and nonoperating, and any other revenue, expenses, gains, and losses received or spent by the District. The statements of cash flows present detailed information about the cash activities of the District during the year. The purpose of these basic financial statements is to summarize the financial information of the District, as a whole, and to present a long-term view of the District's finances.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Management's Discussion and Analysis

June 30, 2021 and 2020

Statements of Net Position

The statements of net position present end-of-year data concerning assets (current and noncurrent), deferred outflow of resources, liabilities (current and noncurrent), deferred inflow of resources, and net position as of June 30, 2021 and 2020. The statements of net position present the assets, liabilities, and net position of the District at June 30, 2021 and 2020. The statement of net position is a point-in-time financial statement. The purpose is to present to the readers of the basic financial statements a fiscal snapshot of the District. From the data presented, readers of the statements of net position are able to determine the assets available to continue the operations of the District. Readers are also able to determine how much the District owes vendors, investors, and lending institutions.

Finally, the statements of net position provide a picture of the net position and its availability for expenditure by the institution. Net position is divided into three major categories. The first category, net investment in capital assets, provides the institution's equity in property, plant, and equipment owned by the institution net of capital related debt. The second category is restricted net position, which is divided into two categories, nonexpendable and expendable. The corpus of nonexpendable restricted resources is only available for investment purposes. Expendable restricted net position is available for expenditure by the institution but must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets. The final net position category is unrestricted. Unrestricted net position is available to the institution for any lawful purpose of the institution.

Statements of Revenue, Expenses, and Changes in Net Position

Changes in total net position as presented on the statements of net position are based on the activities presented in the statements of revenue, expenses, and changes in net position. The purpose of these statements is to present the revenue received by the District, operating and nonoperating, and any other revenue, expenses, gains, and losses received or spent by the District.

Generally, operating revenue is received for providing goods and services to the students and other constituencies of the institution. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenue and to carry out the mission of the District. Nonoperating revenue is revenue received for which goods and services are not provided to the funder. For example, state appropriations are nonoperating because they are provided by the legislature to the institution without the legislature directly receiving commensurate goods and services for that revenue. The District uses the economic resources measurement focus and accrual basis of revenue recognition. See note 2(a) to the basic financial statements for further discussions on revenue recognition.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Management's Discussion and Analysis

June 30, 2021 and 2020

Financial Analysis of the District as a Whole

Summary Schedule of Net Position

June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>	<u>Increase (decrease)</u>
Assets:			
Current and other assets	\$ 1,330,933,566	1,338,852,226	(7,918,660)
Capital assets, net	<u>4,479,484,926</u>	<u>4,426,744,367</u>	<u>52,740,559</u>
Total assets	5,810,418,492	5,765,596,593	44,821,899
Deferred outflows of resources	<u>570,604,118</u>	<u>356,406,141</u>	<u>214,197,977</u>
Total assets and deferred outflows of resources	\$ <u>6,381,022,610</u>	<u>6,122,002,734</u>	<u>259,019,876</u>
Liabilities:			
Current liabilities	\$ 590,784,770	423,939,688	166,845,082
Noncurrent liabilities	<u>5,783,254,851</u>	<u>5,690,982,841</u>	<u>92,272,010</u>
Total liabilities	6,374,039,621	6,114,922,529	259,117,092
Deferred inflows of resources	<u>188,036,218</u>	<u>258,066,768</u>	<u>(70,030,550)</u>
Total liabilities and deferred inflows of resources	\$ <u>6,562,075,839</u>	<u>6,372,989,297</u>	<u>189,086,542</u>
Net position:			
Net investment in capital assets	\$ 444,750,175	520,868,331	(76,118,156)
Restricted – expendable	447,244,348	264,241,884	183,002,464
Unrestricted	<u>(1,073,047,752)</u>	<u>(1,036,096,778)</u>	<u>(36,950,974)</u>
Total net position	\$ <u>(181,053,229)</u>	<u>(250,986,563)</u>	<u>69,933,334</u>

Current and other assets decreased by \$7.9 million. The net decrease is due in part to the following:

- (1) A \$192 million net decrease in restricted investments is primarily due to on-going construction expenditure with no new G.O. bond issuance proceeds received by the District.
- (2) A \$108.9 million net increase in deposit with trustee due to increase in property tax levy in anticipation of higher payment of G.O. Bonds principal and interest due next fiscal year.
- (3) A \$44.5 million decrease in cash and cash equivalents directly related in part to increase in required balances to be held with trustee for debt servicing.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Management's Discussion and Analysis

June 30, 2021 and 2020

- (4) A \$7.0 million increase in prepaid expenses is primarily related to new service and warranty contracts and bond bank fees paid in advance.

Deferred outflows of resources increased by \$214.2 million. The net increase is due to the following:

- (1) A \$6 million decrease in deferred outflows of resources for pensions was primarily caused by changes in the District's proportionate share of the CalPERS and CalSTRS pension obligations and changes in the assumptions used.
- (2) A \$153.1 million increase relates to Other Postemployment Benefits (OPEB) primarily due a reduction of the discount rate used to value the obligation.
- (3) A \$67.1 million increase in deferred outflow of resources-debt refunding is due to savings related to issuance of Refunding G.O. Bonds.

Current liabilities increased by \$166.8 million. The net increase is due in part to the following:

- (1) A \$25.6 million net increase in accounts payable and accrued liabilities due in part to \$10.2 million increase in vendor payables resulting from increased spending (during June 2021) in preparation for student and employee return for the Summer and Fall terms, and a \$13.4 million increase in unspent grant funds.
- (2) A \$19.6 million decrease in accrued interest related to the early retirement of certain debt.
- (3) A \$162.7 million increase in the current portion of the long-term debt as they become due.

Noncurrent liabilities increased by \$92.3 million. The net increase is due in part to the following:

- (1) A \$72.3 million increase in pension obligations, due to the changes in actuarially determined pension obligation amount as of June 30, 2021.
- (2) A \$191.2 million increase in OPEB obligations, due to the changes in actuarially determined OPEB valuation assumptions, including the discount rate.
- (3) A \$191.0 million decrease in the noncurrent portion of long-term debt as they convert to current liability or retired.
- (4) A \$17.5 million increase in the supplemental retirement plan liabilities related to an additional offer during the fiscal year.
- (5) A \$5.3 million increase in the noncurrent portion of compensated absences as a result of employees taking fewer vacation time as they work remotely due to the on-going pandemic.
- (6) A \$3.2 million decrease in the non-current portions of worker's compensation and general liabilities resulting from reduced claims that are likely due to employees working remotely due to the on-going pandemic.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Management's Discussion and Analysis

June 30, 2021 and 2020

Deferred inflows of resources decreased by \$70.0 million. The net decrease is due to changes in CalPERS, CalSTRS, OPEB investment earnings, and changes in assumptions used.

Net position increased by \$69.9 million as discussed below.

Summary Schedule of Revenue, Expenses, and Change in Net Position

Years ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>	<u>Change</u>
Revenue:			
Operating revenue:			
Net tuition and fees	\$ 52,631,801	43,405,206	9,226,595
Grants and contracts, noncapital	163,396,686	176,187,862	(12,791,176)
Other	7,768,053	17,570,370	(9,802,317)
Other revenue:			
State apportionments, capital	3,611,490	369,018	3,242,472
Federal subsidy	20,000,343	19,963,200	37,143
Local tax for G.O. Bonds	397,048,795	257,654,258	139,394,537
Nonoperating revenue:			
State apportionments, noncapital	411,162,858	445,064,336	(33,901,478)
Property taxes	265,611,201	244,543,201	21,068,000
Investment (loss)/income	(5,181,330)	15,775,073	(20,956,403)
Federal financial aid grants, noncapital	219,394,393	162,877,312	56,517,081
State financial aid grants, noncapital	32,670,579	30,297,104	2,373,475
Other	<u>15,721,875</u>	<u>24,071,359</u>	<u>(8,349,484)</u>
Total revenue	<u>1,583,836,744</u>	<u>1,437,778,299</u>	<u>146,058,445</u>

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Management's Discussion and Analysis

June 30, 2021 and 2020

Summary Schedule of Revenue, Expenses, and Change in Net Position

Years ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>	<u>Change</u>
Expenses:			
Operating expenses:			
Salaries	\$ 534,964,029	548,690,003	(13,725,974)
Employee benefits, pension, and OPEB	294,033,284	225,114,123	68,919,161
Supplies, materials, and other operating expenses and services	151,753,812	207,264,463	(55,510,651)
Student grants	223,881,013	239,611,053	(15,730,040)
Depreciation and other	<u>186,134,405</u>	<u>190,609,222</u>	<u>(4,474,817)</u>
Total operating expenses	1,390,766,543	1,411,288,864	(20,522,321)
Nonoperating expenses:			
Interest expense	122,489,070	164,499,009	(42,009,939)
Other	<u>647,797</u>	<u>1,463,595</u>	<u>(815,798)</u>
Total expenses	<u>1,513,903,410</u>	<u>1,577,251,468</u>	<u>(63,348,058)</u>
Change in net position	69,933,334	(139,473,169)	209,406,503
Net position:			
Beginning of year	<u>(250,986,563)</u>	<u>(111,513,394)</u>	<u>(139,473,169)</u>
Net position, end of year	\$ <u><u>(181,053,229)</u></u>	\$ <u><u>(250,986,563)</u></u>	\$ <u><u>69,933,334</u></u>

The summary of revenue, expenses, and net position reflects that revenue exceed expenses by \$69.9 million at the end of the year, as explained below.

Operating revenue increased by \$13.4 million. The net decrease is due in part to the following:

- (1) A \$12.8 million decrease in grants and contracts primarily due to a primary focus on running HEERF grant programs during the pandemic – revenues for HEERF grant programs are accounted for under non-operating revenue.
- (2) A \$9.8 million decrease in bookstore, cafeteria, and other auxiliary enterprise revenue as a result of shutting down operations due to the COVID-19 pandemic.
- (3) A \$9.2 million increase in tuition and fees revenue related to a \$7 per semester increase in Health Services fees and increase in non-resident tuition revenue resulting from a \$17 per unit fee increase.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Management's Discussion and Analysis

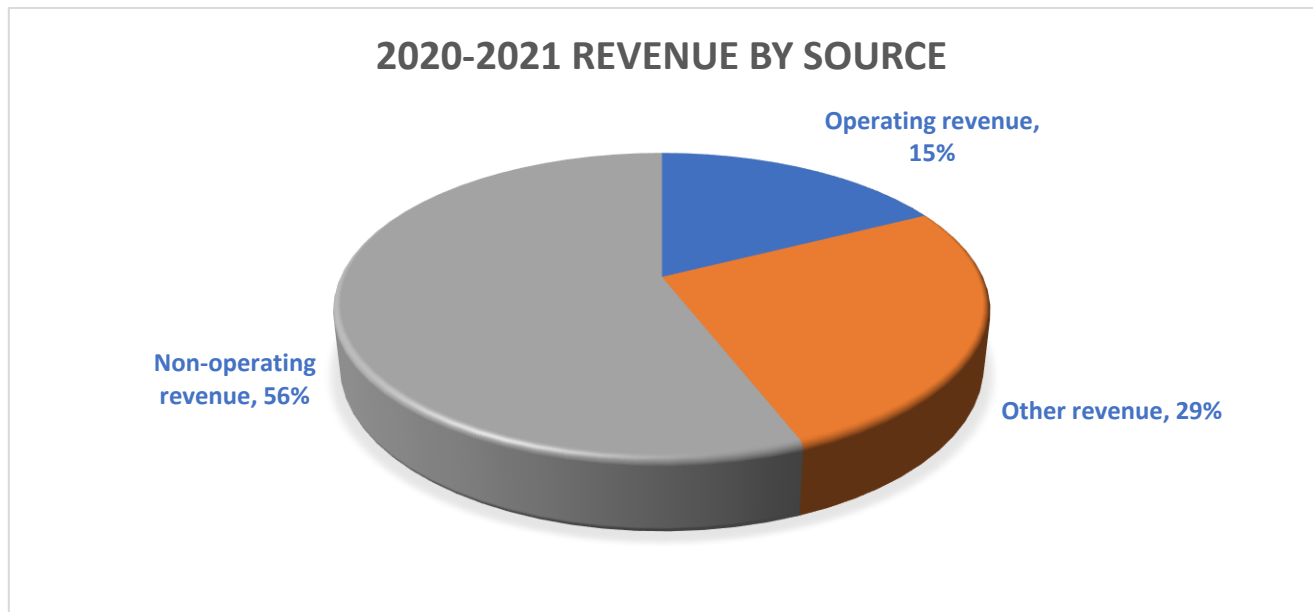
June 30, 2021 and 2020

Other revenue increased by \$142.7 million. The net increase is due in part to the following:

- (1) A \$139.4 million increase in local tax for G.O. bonds revenue related to property taxes levied in anticipation of the District's debt issuances.
- (2) A \$3.2 million increase in state apportionment (capital) related to funding for capital outlay projects under the Community College Construction Act.

Nonoperating revenue decreased by \$16.8 million. The net increase is due in part to the following:

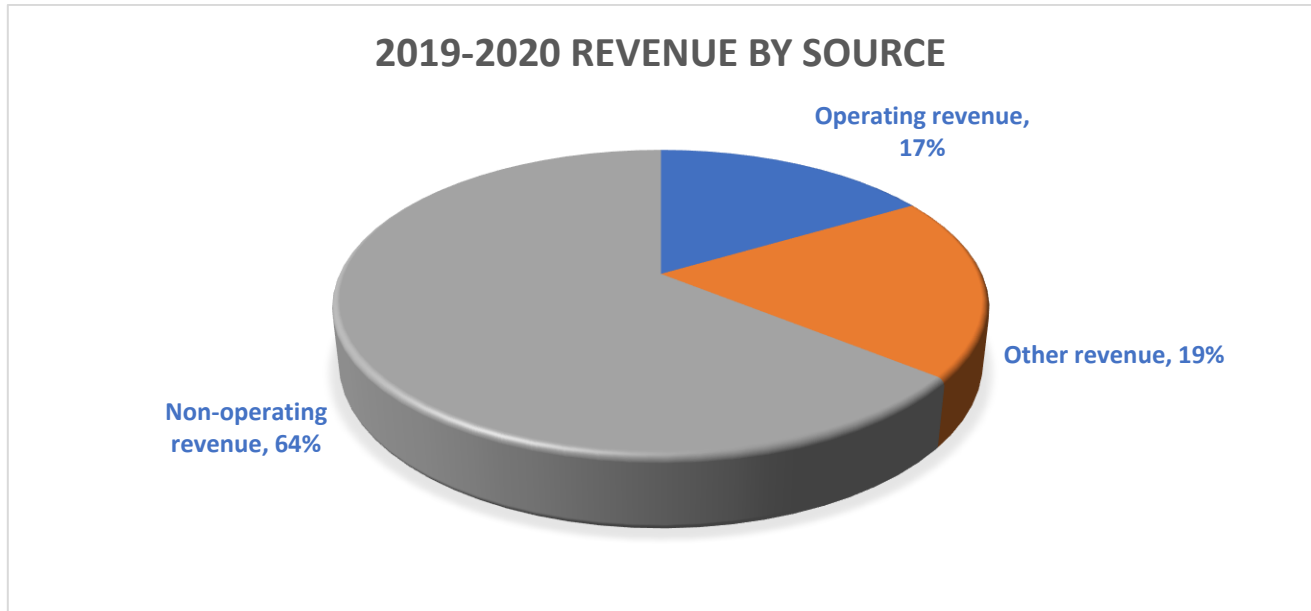
- (1) A \$33.9 million decrease in state apportionments (non-capital) due to increase in property tax collections and Education Protection Act funding which reduce general apportionment allocation.
- (2) A \$56.5 million net increase in Federal Financial Aid and grants revenue related to income received from HEERF for the pandemic mitigation costs and \$2.4 million increase in State Financial Aid revenue.
- (3) A \$21 million increase in property taxes related to increase in assessed property values within the Los Angeles County.
- (4) A \$21.1 million decrease in investment income resulting from realized losses on investments held with the Los Angeles County Treasurer.
- (5) A \$8.3 million decrease in other income related to deferring the performance of some specially funded programs due to the on-going pandemic.



LOS ANGELES COMMUNITY COLLEGE DISTRICT

Management's Discussion and Analysis

June 30, 2021 and 2020



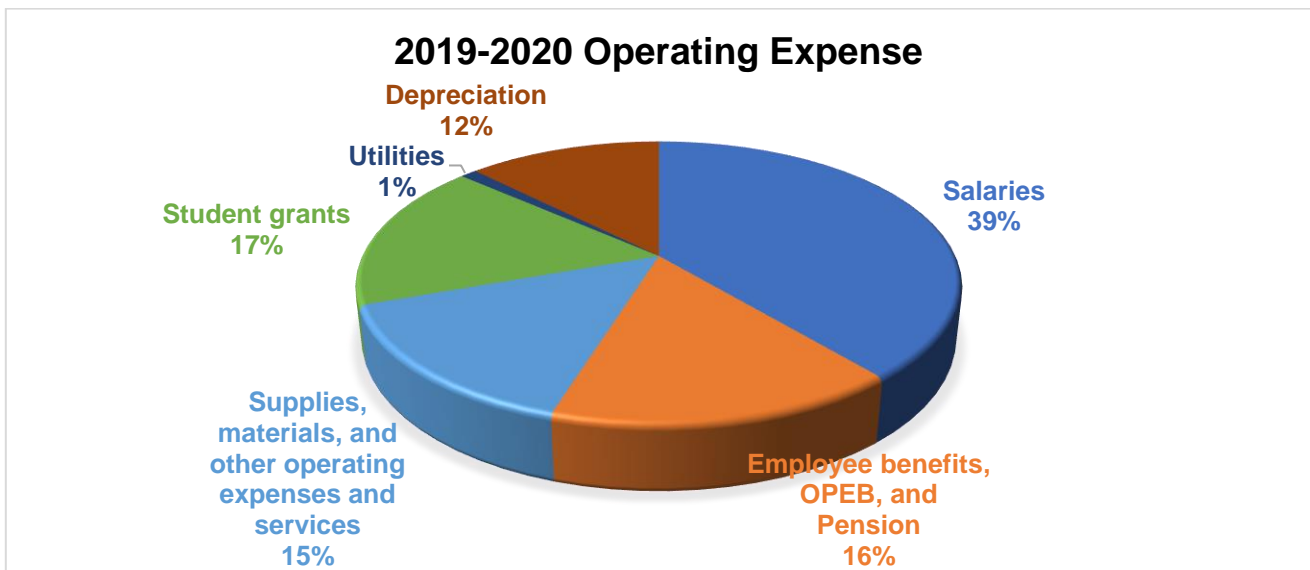
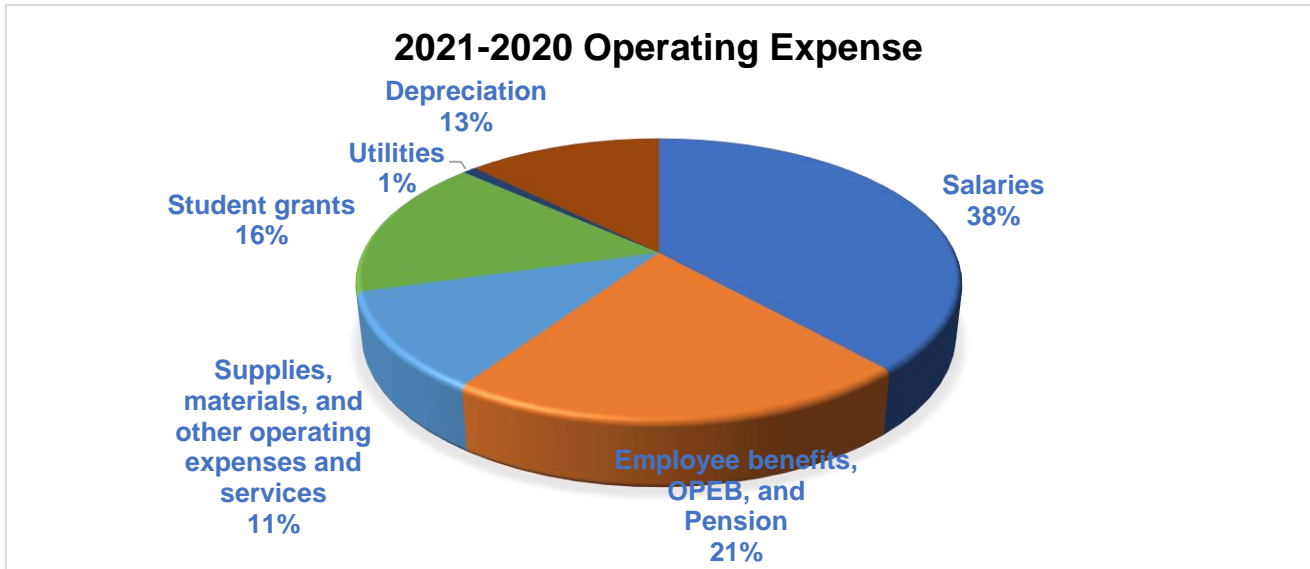
Operating expenses decreased by \$20.5 million. The net decrease is due in part to the following:

- (1) A \$13.7 million decrease in employee salaries due to the retirements under the Supplemental Retirement Plan.
- (2) A \$32.7 million increase in employee benefits related to increase in healthcare costs and supplemental retirement plan expenses, and \$23.2 million increase in other postemployment benefits (OPEB) related to actuarially determined expenses resulting from changes in mortality assumptions, discount rates and other economic and non-economic assumptions.
- (3) A \$13.0 million increase in pensions expense is related to actuarially determined expenses resulting from changes in mortality assumptions, discount rates and other economic and non-economic assumptions.
- (4) A \$55.5 million decrease in supplies, materials, and other operating expenses is primarily due to decrease in operating costs as many college buildings remained closed and certain operations were limited.
- (5) A \$15.7 million decrease in student grants expenditures due to decrease in the number of students who were qualified for Pell and Cal Grants during the year.
- (6) A \$2.9 million decrease in utilities due to lower usage of college and district office facilities as a result of the pandemic.
- (7) A \$1.5 million decrease in depreciation expense related to capital assets is primarily due to depreciation of the now fully depreciated SIS Modernization project.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Management's Discussion and Analysis

June 30, 2021 and 2020



Capital Assets and Debt Administration

Capital Assets

The District's investment in capital assets, net of accumulated depreciation, totaled \$4.48 billion and \$4.43 billion at June 30, 2021 and 2020, respectively. This investment comprises a broad range of capital assets, including land, buildings, construction in progress, works of art, infrastructure and land improvements, and furniture, fixtures and equipment.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Management's Discussion and Analysis

June 30, 2021 and 2020

The following schedule summarizes the District's capital assets as of June 30, 2021 and 2020:

Capital Assets, Net

	Balance at June 30	
	2021	2020
Land	\$ 198,829,856	198,829,856
Land improvements	496,064,307	481,903,023
Buildings	4,786,938,098	4,560,523,904
Construction in progress	616,434,197	640,024,829
Works of art	518,000	518,000
Library Books & Reference Materials	16,205	15,569
Furniture and equipment	211,633,622	204,564,197
Infrastructure	<u>14,162,634</u>	<u>11,796,361</u>
Total	6,324,596,919	6,098,175,739
Less accumulated depreciation	<u>(1,845,111,993)</u>	<u>(1,671,431,372)</u>
Net capital assets	<u>\$ 4,479,484,926</u>	<u>4,426,744,367</u>

In fiscal year 2021, the District added \$226.9 million of capital assets including capitalized interest of \$31.6 million, and depreciation of \$174.2 million.

During the year ended June 30, 2021, the District's investments in facility master plans, construction, and building improvements increased due to funding from Proposition A, Proposition AA, Measure J, and Measure CC bonds.

The District has a significant number of ongoing building projects funded from Proposition A, Proposition AA, Measure J, and Measure CC bond money.

In April 2001, the District became the first community college district in the state to pass a property tax-financed bond, Proposition A, under the new requirements of the Strict Accountability in Local School Construction Act of 2000 for \$1.2 billion. The bond measure was designed to implement a capital improvement program for each of the nine colleges within the District.

In May 2003, the voters passed another G.O. bond, Proposition AA, for \$980 million. The bond measure was designed to finance construction, building acquisition, equipment, and improvement of college and support facilities at the various campuses of the District and refinance other outstanding debts of the District and colleges.

In November 2008, the voters passed another G.O. bond, Measure J, for \$3.5 billion. The bond measure was designed to finance additional construction, building acquisition, equipment, and improvement of college and support facilities at the various campuses of the District.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Management's Discussion and Analysis

June 30, 2021 and 2020

In November 2016, the voters passed another G.O. bond, Measure CC, for \$3.3 billion. The bond measure was designed to finance additional construction, building acquisition, equipment, improvement of college and support facilities, and completion of any other projects covered by previous bonds.

Approximately \$5.4 billion has been spent to date for Proposition A, Proposition AA, Measure J, and Measure CC bonds combined for several capital projects at all nine colleges and to refinance outstanding debt (Certificates of Participation Notes) at both the District and colleges. The District anticipates completion of these capital projects by the year 2030. The District has issued to date all the authorized amounts of Proposition A and Proposition AA bonds, \$3.1 billion of Measure J and \$350 million of Measure CC authorization amounts.

Long-Term Debt

At June 30, 2021 and 2020, the District had \$4.4 billion and \$4.2 billion in long-term debt, respectively. The District's long-term debt increased during the year ended June 30, 2021, primarily as a result of the issuance of G.O. bonds.

	<u>2021</u>	<u>2020</u>
G.O. bonds:		
Proposition A and AA, 2004 Series	\$ 33,670,000	33,670,000
Measure J, 2009 Series	75,000,000	75,000,000
Measure J, 2010 Series	1,025,000,000	1,025,000,000
Measure J, 2013 Series	19,000,000	199,000,000
Measure J, 2013 Series Refunding Bond	12,270,000	35,410,000
Measure J 2015 Series G	37,670,000	205,725,000
Proposition A, AA and Measure J 2015 Refunding Series A	183,545,000	1,395,190,000
2015 Proposition A, and AA Refunding Series B	19,690,000	24,305,000
Proposition A 2015 Refunding Series C	205,540,000	230,015,000
Measure J 2016 Series I	190,920,000	197,360,000
Measure J 2016 Refunding	173,700,000	174,345,000
Measure J 2017 Series J	239,880,000	239,880,000
Measure J 2019 Series K	275,440,000	275,440,000
Measure CC 2019 Series B-1 and B-2	124,120,000	124,120,000
2020 Refunding Bond	<u>1,793,805,000</u>	<u>—</u>
	<u>\$ 4,409,250,000</u>	<u>4,234,460,000</u>

The District's debt rating from Moody's was Aaa and Aa1 at year ended June 30, 2021 and 2020 respectively. The District's debt rating from Standard and Poor's was AA+ at year ended June 30, 2021 and 2020.

Further information regarding the District's capital assets and long-term debt can be found in notes 4 and 8 in the accompanying basic financial statements.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Management's Discussion and Analysis

June 30, 2021 and 2020

Economic Factors

On July 12, 2021, the Governor signed the \$263 billion 2021-2022 State Budget Act plus additional trailer bills that impact the California Community Colleges. The 2021-2022 State Budget includes a total investment in Proposition 98 of \$93.7 billion. The 2021-22 budget provides total additional resources of \$3.5 billion to California Community Colleges apportionments and categorical programs, including full repayment of the \$1.5 billion in deferrals of system funding in 2020-21.

Funding for the Education Protection Act (EPA) will continue due to the passage of Proposition 55 in November 2016, of which the District will receive \$151.8 million for the 2021-2022 fiscal year.

Student Enrollment and State Funding

The student enrollment fee remains at \$46 per unit in 2021–2022. The Community College System is in the fourth year of the implementation of the Student-Centered Funding Formula (SCFF), which moves a portion of general fund apportionment away from enrollment-based funding and now recognizes student equity and outcomes. The SCFF includes a hold-harmless provision, which was extended by an additional year in the 2021-2022 budget act, in order to provide districts financial stability providing minimum revenue funding levels over the years of transition. This provision ensures that the District will receive no less in total apportionment funding than was received in FY 2017-2018 with adjustments for COLA. The hold-harmless provision is currently scheduled to end in 2025.

COVID-19 and Related Impacts on the District

The District ceased in-classroom instruction and student services in March 2020 and shifted to remote delivery of instruction and services for the remainder of the Spring 2020 semester and for the Summer 2020 semester. The instruction in the Fall 2020 through Spring 2021 semesters was primarily remote. On August 30, 2021 in-person classes resumed at all nine colleges, with about 75% of classes remaining online or in hybrid form. The District is continuing to work with the County Department of Public Health to determine how best to offer limited on-campus instruction.

On March 27, 2020 the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") was signed by the President of the United States. The CARES Act appropriates over \$2 trillion to, among other things, (i) provide cash payments to individuals, (ii) expand unemployment assistance and eligibility, (iii) provide emergency grants and loans for small businesses, (iv) provide loans and other assistance to corporations, including the airline industry, (v) provide funding for hospitals and community health centers, (vi) expand funding for safety net programs, including child nutrition programs, and (vii) provide aid to state and local governments. The CARES Act includes approximately \$14 billion in funding to the Office of Postsecondary Education as the Higher Education Emergency Relief Fund, or HEERF, including California community college districts, principally in the form of direct emergency aid to students and institutional grants. The CARES Act also waives a number of federal regulatory requirements to provide institutions greater flexibility in addressing the effects of the COVID-19 outbreak. The District received approximately \$45.2 million pursuant to the CARES Act, (HEERFI) during fiscal year 2020 and 2021.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Management's Discussion and Analysis

June 30, 2021 and 2020

On December 27, 2020, the Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (CRRSAA) authorized \$82 billion in funding to the Higher Education Emergency Relief Fund, or HEERFII. The District was allocated approximately \$105 million in HEERFII funds and has received \$64.7 million.

The Higher Education Emergency Relief Fund III (HEERF III) was authorized by the American Rescue Plan (ARP), Public Law 117-2, signed into law on March 11, 2021, providing \$39.6 billion in support to institutions of higher education to serve students and ensure learning continues during the COVID-19 pandemic. The District was allocated approximately \$193 million in HEERFIII funding and has received \$2.5 million.

The District was also allocated approximately \$20 million and has received \$1 million as part of HEERF funds that were made available to Minority Serving Institutions (MSI).

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, students, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, please contact the Chief Financial Officer/Treasurer, Los Angeles Community College District, 770 Wilshire Blvd, Los Angeles, CA 90017.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Statements of Net Position

June 30, 2021 and 2020

Assets and Deferred Outflows of Resources	2021	2020
Current assets:		
Cash and cash equivalents (note 3)	\$ 280,486,340	324,982,137
Accounts receivable, net of allowance	238,751,687	125,089,486
Student loans receivable, net-current portion	34,350	306,192
Deposit with trustee – current portion (note 3)	412,844,453	277,484,374
Inventory	3,766,355	4,128,551
Prepaid expenses and other assets	14,827,131	7,811,462
Total current assets	<u>950,710,316</u>	<u>739,802,202</u>
Noncurrent assets:		
Restricted cash and cash equivalents (note 3)	7,595,621	7,505,136
Restricted investments (note 3)	370,043,286	562,101,982
Student loans receivable, net of allowance – noncurrent portion	2,584,343	2,954,389
Deposit with trustee – noncurrent portion (note 3)	—	26,488,517
Capital assets (note 4):		
Land	198,829,856	198,829,856
Land improvements	496,064,307	481,903,023
Buildings	4,786,938,098	4,560,523,904
Construction in progress	616,434,197	640,024,829
Library Books & Reference Materials	16,205	15,569
Works of art	518,000	518,000
Furniture, fixtures, and equipment	211,633,622	204,564,197
Infrastructure	14,162,634	11,796,361
	<u>6,324,596,919</u>	<u>6,098,175,739</u>
Accumulated depreciation	<u>(1,845,111,993)</u>	<u>(1,671,431,372)</u>
Capital assets, net	<u>4,479,484,926</u>	<u>4,426,744,367</u>
Total assets	5,810,418,492	5,765,596,593
Deferred outflow of resources – pensions (note 5)	173,743,315	179,828,113
Deferred outflow of resources – OPEB (note 6)	186,183,208	33,034,149
Deferred outflow of resources – debt refunding (note 8)	210,677,595	143,543,879
Total assets and deferred outflow of resources	<u>\$ 6,381,022,610</u>	<u>6,122,002,734</u>

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Statements of Net Position

June 30, 2021 and 2020

Liabilities, Deferred Inflows of Resources, and Net Position	2021	2020
Current liabilities:		
Accounts payable and accrued liabilities	\$ 207,015,368	181,399,003
Unearned revenue	6,577,458	6,679,911
Compensated absences (note 8)	7,858,837	9,382,792
Supplemental retirement plan (note 8)	5,427,166	5,565,068
General liability (notes 8 and 9)	3,994,334	3,912,310
Workers' compensation (notes 8 and 9)	3,843,856	4,034,806
Accrued interest and other accrued liabilities	72,994,572	92,567,143
Amounts held in trust for others	498,356	496,604
Long-term debt – current (note 8)	282,496,983	119,841,155
Capital leases – current (note 8)	77,840	60,896
	<hr/>	<hr/>
Total current liabilities	590,784,770	423,939,688
Noncurrent liabilities:		
Compensated absences (note 8)	17,219,927	11,885,806
Supplemental retirement plan (note 8)	23,063,027	5,543,362
General liability (notes 8 and 9)	7,523,666	8,911,690
Workers' compensation (notes 8 and 9)	31,212,144	32,999,194
Net pension liability (note 5)	831,008,079	758,674,682
Net OPEB obligation (note 6)	592,625,568	401,382,405
Long-term debt, net of current portion (note 8)	4,280,361,606	4,471,400,778
Capital leases, net of current portion (note 8)	240,834	184,924
	<hr/>	<hr/>
Total noncurrent liabilities	5,783,254,851	5,690,982,841
Total liabilities	6,374,039,621	6,114,922,529
Deferred inflow of resources – pension (note 5)	29,318,575	47,276,587
Deferred inflow of resources – OPEB (note 6)	158,717,643	210,790,181
	<hr/>	<hr/>
Total liabilities and deferred inflows	\$ 6,562,075,839	6,372,989,297
Net position:		
Net investment in capital assets	\$ 444,750,175	520,868,331
Restricted for:		
Expendable:		
Scholarships and loans	12,379,561	11,669,743
Capital projects	21,219,427	15,856,270
Debt service	385,927,208	221,620,492
Other special purposes	27,718,152	15,095,379
Unrestricted	(1,073,047,752)	(1,036,096,778)
	<hr/>	<hr/>
Total net position	\$ (181,053,229)	(250,986,563)

See accompanying notes to basic financial statements.

LOS ANGELES COMMUNITY COLLEGE DISTRICT
Statements of Revenue, Expenses, and Changes in Net Position
Years ended June 30, 2021 and 2020

	2021	2020
Operating revenue:		
Tuition and fees	\$ 114,843,142	111,811,298
Less scholarship discounts and allowances	(62,211,341)	(68,406,092)
Net tuition and fees	52,631,801	43,405,206
Grants and contracts, noncapital:		
Federal	40,130,831	71,817,248
State	96,063,371	82,709,491
Local	27,202,484	21,661,123
Net grants and contracts, noncapital	163,396,686	176,187,862
Auxiliary enterprise sales and charges	7,768,053	17,570,370
Total operating revenue	223,796,540	237,163,438
Operating expenses:		
Salaries	534,964,029	548,690,003
Employee benefits, pension, and OPEB	294,033,284	225,114,123
Supplies, materials, and other operating expenses and services	151,753,812	207,264,463
Student grant	223,881,013	239,611,053
Utilities	11,965,379	14,912,935
Depreciation	174,169,026	175,696,287
Total operating expenses	1,390,766,543	1,411,288,864
Operating loss	(1,166,970,003)	(1,174,125,426)
Nonoperating revenue (expenses):		
State apportionments, noncapital	411,162,858	445,064,336
Local property taxes	265,611,201	244,543,201
State taxes and other revenue	1,104,901	1,136,538
Investment income – noncapital	457,676	2,765,393
Investment income – capital	3,267,838	8,768,786
Interest expense on capital asset-related debt	(122,489,070)	(164,499,009)
Federal financial aid grants, noncapital	219,394,393	162,877,312
State financial aid grants, noncapital	32,670,579	30,297,104
Other nonoperating revenue	14,616,974	22,934,821
Other nonoperating expense	(647,797)	(1,463,595)
Investment Income/(Loss)	(8,906,844)	4,240,894
Total nonoperating revenue, net	816,242,709	756,665,781
Loss before other revenue, expenses, gains, or losses	(350,727,294)	(417,459,645)
State apportionments, capital	3,611,490	369,018
Federal subsidy	20,000,343	19,963,200
Local tax for G.O. bonds	397,048,795	257,654,258
Change in net position	69,933,334	(139,473,169)
Net position:		
Beginning of year	(250,986,563)	(111,513,394)
End of year	\$ (181,053,229)	(250,986,563)

See accompanying notes to basic financial statements.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Statements of Cash Flows

Years ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Tuition and fees	\$ 36,218,266	43,109,756
Grants and contracts	139,180,512	166,222,448
Payments to suppliers	(145,425,387)	(168,866,112)
Payments for student grants	(256,329,552)	(227,303,548)
Payments for utilities	(11,965,379)	(14,912,935)
Payments to employees	(535,451,537)	(548,191,414)
Payments for benefits	(226,527,009)	(222,983,209)
Bookstore and cafeteria sales	8,573,008	16,981,286
Net cash used in operating activities	<u>(991,727,078)</u>	<u>(955,943,728)</u>
Cash flows from noncapital financing activities:		
State apportionments	385,263,177	394,035,033
Property taxes	265,506,678	244,543,201
State taxes and other revenues	1,104,901	1,136,538
Federal financial aid grants	219,394,393	162,877,312
State financial aid grants	32,670,579	30,297,104
Other receipts (payments)	14,260,921	21,822,443
Net cash provided by noncapital financing activities	<u>918,200,649</u>	<u>854,711,631</u>
Cash flows from capital financing activities:		
Proceeds from capital debt	—	550,000,000
Capital appropriations, Local Property tax, Grant and Gift, Capital	3,611,490	369,018
Local tax for G.O. Bond	412,788,367	322,419,109
Purchases of capital assets	(193,483,473)	(207,234,226)
Principal paid on capital debt and leases	(88,405,000)	(245,930,000)
Interest paid on capital debt and leases	(185,893,247)	(200,353,498)
Net cash provided by (used in) capital and related financing activities	<u>(51,381,863)</u>	<u>219,270,403</u>
Cash flows from investing activities:		
Proceeds from sales and maturity of Investments	527,718,271	660,101,199
Interest on investments	(3,370,109)	16,591,785
Purchase of Investments	(443,845,182)	(864,789,363)
Net cash provided by (used in) investing activities	<u>80,502,980</u>	<u>(188,096,379)</u>
Net increase (decrease) in cash and cash equivalents	(44,405,312)	(70,058,073)
Cash and cash equivalents – beginning of the year	<u>332,487,273</u>	<u>402,545,346</u>
Cash and cash equivalents – end of year	\$ <u>288,081,961</u>	\$ <u>332,487,273</u>
Reconciliation of cash and cash equivalents:		
Cash and cash equivalents	\$ 280,486,340	324,982,137
Restricted cash and cash equivalents	7,595,621	7,505,136
Total	\$ <u>288,081,961</u>	\$ <u>332,487,273</u>

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Statements of Cash Flows

Years ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (1,166,970,003)	(1,174,125,426)
Depreciation expense	174,169,026	175,696,287
Adjustments to reconcile operating loss to net cash used in operating activities:		
Receivables, net	(73,094,115)	(6,424,295)
Inventory	362,196	(397,257)
Other assets	(7,009,936)	34,134,806
Accounts payable	16,597,522	14,786,390
Unearned revenue	(102,453)	228,673
Amounts held in trust for others	1,752	(5,565)
General liability	(1,306,000)	460,000
Workers' compensation	(1,978,000)	(753,000)
Supplemental retirement	17,381,763	(5,586,773)
Compensated absences	3,810,166	3,220,117
Net OPEB obligation	(13,978,434)	(36,550,852)
Net pension obligations	60,460,183	40,072,731
Other liabilities	(70,745)	(699,564)
Net cash used in operating activities	\$ <u>(991,727,078)</u>	<u>(955,943,728)</u>
Noncash capital financing activities:		
Equipment acquired through new capital lease obligations	\$ 153,436	170,224
Additions to capital assets included in accounts payable	1,672,157	(7,912,146)
Bond proceeds wired directly to escrow account for refunding ¹	1,793,805,000	—

¹ The District issued \$1.79 billion capital bond to refund \$1.53 billion bond debt at par.

See accompanying notes to basic financial statements.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements

June 30, 2021 and 2020

(1) Organization and Reporting Entity

The Los Angeles Community College District (the District or LACCD) is a political subdivision of the State of California (the State) and is located within the County of Los Angeles, California (the County). The District's operations consist principally of providing educational services to the local residents of the District. In conjunction with educational services, the District also provides supporting student services, such as the operation of campus bookstores and cafeterias. The District consists of nine community colleges located within the County.

For financial reporting purposes, the District includes all funds that are controlled by or dependent on the District's board of trustees. The District's basic financial statements include the financial activities of the District and the associated student organizations and amounts for scholarships within the District. Associated student organizations are recognized agencies of the District and were organized in accordance with provisions of the California Education Code to control the administration of student funds. The financial affairs of the associated student organizations are administered under the direction of the college financial administrators at the respective colleges, with the supervision and guidance of the District's deputy chancellor.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

The basic financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

(b) Financial Reporting

The basic financial statements required by Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities – an amendment of GASB Statement No. 34*, and Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis – for State and Local Governments*, include statements of net position; statements of revenue, expenses, and changes in net position; and statements of cash flows. The District is considered a special-purpose government under the provisions of GASB Statement No. 35. Accordingly, the District has chosen to present its basic financial statements using the reporting model for special-purpose governments engaged only in business-type activities. This model allows all financial information for the District to be reported in a single column. In accordance with the business-type activities reporting model, the District prepares its statements of cash flows using the direct method. The effect of internal activities between funds or groups of funds has been eliminated from these basic financial statements.

(c) Net Position

The District's net position is classified into the following categories:

Net investment in capital assets: Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements

June 30, 2021 and 2020

Restricted expendable: Subject to externally imposed conditions that can be fulfilled by actions of the District or by the passage of time; net position may be restricted for such things as capital projects, debt repayment, escrow accounts, and/or educational programs.

Restricted nonexpendable: Subject to externally imposed conditions where the principal portion of net position is not to be expended for any reason; only interest earned by the principal portion can be expended on purposes designated by the externally imposed conditions. At June 30, 2021 and 2020, the District did not have any restricted nonexpendable net position.

Unrestricted: Unrestricted net position is not subject to externally imposed constraints. Unrestricted net position may be designated for specific purposes by action of the board of trustees or may otherwise be limited by contractual agreements with outside parties. When both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first and the unrestricted resources when they are needed.

(d) Cash and Cash Equivalents

The District participates in the common investment pool of the County. The investment pool is reported at fair value. For purposes of the statements of cash flows, the District considers all cash and a portion of the investments pooled with the County plus any other cash deposits or investments with initial maturities of three months or less to be cash and cash equivalents.

(e) Properties and Depreciation

Properties are carried at cost or at appraised fair market value at the date received in the case of properties acquired by donation, less allowance for accumulated depreciation. Depreciation is computed by use of the straight-line method over the estimated useful lives of the assets.

Current ranges of useful lives for depreciable assets are as follows:

Land improvements	15 Years
Buildings	50 Years
Building improvements	20 Years
Furniture, fixtures, and equipment	3 to 7 Years
Vehicles	5 Years
Infrastructure	15 Years
Leasehold improvements	7 Years
Photovoltaic generating facility	30 to 50 Years

The District's capitalization threshold is as follows:

Movable equipment	\$ 5,000 and above
Land, buildings, and infrastructure	50,000 and above

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements

June 30, 2021 and 2020

(f) *Accrued Employee Benefits*

The District reports for vacation leave benefits that have been earned as a liability within the statements of net position. Accumulated sick leave benefits are not reported as liabilities of the District. The District's policy is to record sick leave as an operating expense in the period taken since such benefits do not vest.

(g) *Operating Revenue and Expenses*

The District's operating revenue includes tuition fees, and federal, and state revenue. Operating costs include cost of services as well as materials, contracts, personnel, and depreciation.

Nonoperating revenue includes state apportionments, property taxes, and grants. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

(h) *Income Taxes*

The District is a political subdivision of the State and is treated as a governmental entity for tax purposes. As such, the District is generally not subject to federal or state income taxes. However, the District remains subject to income taxes on any net income that is derived from a trade or business regularly carried on and not in furtherance of the purpose for which it was granted exemption. No income tax provision has been recorded as the net income, if any, from any unrelated trade or business, in the opinion of management, is not material to the financial statements taken as a whole.

(i) *Estimates*

The preparation of basic financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenue, and expenses in the accompanying basic financial statements. Actual results could differ from those estimates. The District notes that prior year reclasses are immaterial to the District's financial statements.

(j) *Current Environment*

The COVID-19 pandemic continues to impact global travel, commerce and especially education. The District has increased the number of in-person classes, but a significant amount remain online. Given the uncertainty over the progression of the virus and governmental emergency directives, there is no timetable for when instruction and campus operations will return to normal.

Although the State's hold harmless provision continues through 2023-2024, the pandemic's effect on student enrollment may last longer. The District continues to monitor the course of the pandemic and is prepared to take the necessary measures to promote the health of the District's community and to promote its academic mission.

(k) *New Accounting Standards*

In June 2017, the GASB issued Statement No. 87, *Leases*, effective for the District's fiscal year beginning July 1, 2021. The purpose of this statement is to enhance consistency in accounting and financial reporting by providing a methodology for identifying and reporting lease arrangements and

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obligations. Management has not yet determined the impact of GASB Statement No. 87 on the District's financial statements.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, effective for the District's fiscal year beginning July 1, 2021. The objectives of this statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing and (2) to simplify accounting for interest cost incurred before the end of a construction period. Management has not yet determined the impact of GASB Statement No. 89 on the District's financial statements.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*, effective for the District's fiscal year beginning July 1, 2021. The purpose of this statement is to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. Management has not yet determined the impact of GASB Statement No. 91 on the District's financial statements.

In January 2020, the GASB issued Statement No. 92, *Omnibus*, effective for the District's fiscal year beginning July 1, 2021. The purpose of this statement is to provide guidance on the accounting and financial reporting for specific issues related to leases, intra-entity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activities of public entity risk pools, fair value measurements, and derivative instruments. Management has not yet determined the impact of GASB Statement No. 92 on the District's financial statements.

In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates (IBOR)*, effective for the District's fiscal year beginning July 1, 2021. The purpose of this statement is to address the accounting and financial reporting implications resulting from the replacement of an IBOR with other reference rates. Management has not yet determined the impact of GASB Statement No. 93 on the District's financial statements.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, effective for the District's fiscal year beginning July 1, 2022. The purpose of this statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). A PPP is an arrangement in which a government contracts with an operator to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset for a period of time in an exchange or exchange-like transaction. Management has not yet determined the impact of GASB Statement No. 94 on the District's financial statements.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, effective for the District's fiscal year beginning July 1, 2022. The purpose of this statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. The guidance covers the recognition of the right to use as an asset, corresponding liability and provides capitalization criteria for outlays other than subscription payments, including implementation costs of SBITA. Management has not yet determined the impact of GASB Statement No. 93 on the District's financial statements.

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In June 2020, the GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, effective for the District's fiscal year beginning July 1, 2021. The purpose of this statement is to provide guidance on the accounting and financial reporting for Section 457 plans that meet the definition of a pension plan and for benefits provided through those plans and modifies the investment valuation requirements for all Section 457 plans. The Statement also clarifies how the absence of a governing board should be considered in determining whether a primary government is financially accountable for purposes of evaluating potential component units and modifies the applicability of certain component unit criteria as they relate to defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans. Management has not yet determined the impact of GASB Statement No. 97 on the District's financial statements.

(3) Cash and Investments

Cash and investments at June 30, 2021 and 2020 consist of the following:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents in the County's treasury	\$ 206,728,954	246,019,539
Cash in banks	<u>81,353,007</u>	<u>86,467,734</u>
Total cash and cash equivalents	<u>288,081,961</u>	<u>332,487,273</u>
Investments and deposits with trustee:		
Investments in the County's treasury	778,582,784	862,455,873
Other	<u>4,304,955</u>	<u>3,619,000</u>
Total investments and deposits with trustee	<u>782,887,739</u>	<u>866,074,873</u>
Total cash, and investments and deposits with trustee	<u>\$ 1,070,969,700</u>	<u>1,198,562,146</u>

The District uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine the fair value disclosures. The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction among market participants at the measurement date. Fair value is best determined based upon quoted market prices. However, in certain instances, there are no quoted market prices for the District's various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including discount rates and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument. The District groups its assets and liabilities measured at fair value in three levels based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the District has the ability to access at the measurement date.

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- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability. This valuation is accomplished using management's best estimate of fair value, with inputs into the determination of fair value that require significant management judgment or estimation. The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest-level input that is significant to the fair value measurement in its entirety.

(a) Cash, Cash Equivalents, and Investments in the County Pool

At June 30, 2021 and 2020, the District had \$985,311,738 and \$1,108,475,412 in cash, cash equivalents, and investments in the Los Angeles County Treasurer's Pool (the County Pool), respectively. The District reports amounts involuntarily invested in the County Pool as cash and cash equivalents as they function as a demand deposit account for the District and can be withdrawn from the pool without notice or penalty. The District reports amounts voluntarily invested in the County Pool (such as unspent bond proceeds and local property tax collected to pay bond principal and interest) as investments given the potential limitations imposed on withdrawals as well as the weighted average life of the County's Pooled investments.

Statutes authorize the County to invest pooled investments in obligations of the U.S. Treasury, its agencies and municipalities, asset-backed securities, bankers' acceptances, negotiable certificates of deposit, corporate and depository notes, floating rate notes, commercial paper, shares of beneficial interest, repurchase agreements, reverse repurchase agreements, forwards, futures and options, interest rate swaps, securities lending agreements, and supranational. The State of California Education Code permits the District to maintain a significant investment in the County Pool for the purpose of increasing interest earnings through the County's investment activities.

The Los Angeles County Treasurer's pooled investments are managed by the County's treasurer, who reports on a monthly basis to the County's supervisors. In addition, the function of the County Treasury Oversight Committee is to review and monitor the County's investment policy. The committee membership includes the treasurer and tax collector, the auditor controller, superintendent of schools, chief administrative officer, and a non-County representative. To manage the liquidity in the County Pool while still capturing the higher yield offered by longer maturities, the County's investment guidelines target a portfolio weighted average maturity range between 1.0 and 3.0 years. The weighted average maturity of cash and investments in the County Pool was 2.9 years and 1.62 years at June 30, 2021 and 2020, respectively. To mitigate the risk of securities with longer-term maturities in the investment pool, the treasurer has limited maturities that exceed one year to 75% of the last three years' average minimum total cash and investment. The investments in the County Pool with maturities that exceeded one year represented 36.66% and 31.59% of the total pool at June 30, 2021 and 2020, respectively.

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Investments held by the County’s treasurer are stated at fair value on a recurring basis, as required by GASB Statement No. 72, *Fair Value Measurement and Application*. The fair value of underlying actively traded securities in the pool is determined based on current market prices based on the Citibank Valuation Total Report month-end prices. Underlying securities that are not actively traded are priced in accordance with industry pricing standards and include some unobservable inputs. Bond anticipation notes are reported at cost, which equates to fair value. The fair value of the District’s position in the pool is the same as the value of the total pool shares. The method used to determine the value of participants’ equity withdrawn is based on the book value of the participants’ percentage participation at the date of such withdrawals. As the District’s investment is in an external pool with the County, these investments are not required to be leveled in the fair value hierarchy.

(b) Other Investments

The District’s other investments at June 30, 2021 and 2020 consist of nonnegotiable certificates of deposit held by the associated student organizations of \$4,304,955 and \$3,619,000, respectively. Securities, such as commercial paper and certificates of deposit, with short maturities and infrequent secondary market trades are typically priced via mathematical calculations and are therefore classified as Level 2 in the fair value hierarchy.

(c) Fair Value Hierarchy

The following table summarizes the District’s investments at June 30, 2021 in accordance with the fair value measurement hierarchy:

<u>Investment type</u>	<u>Fair value</u>	<u>Not required to be leveled</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Certificates of deposit	\$ 4,304,955	—	—	4,304,955	—
Investment in the County Pool	<u>778,582,784</u>	<u>778,582,784</u>	—	—	—
Total investments	<u>\$ 782,887,739</u>	<u>778,582,784</u>	—	<u>4,304,955</u>	—

The following table summarizes the District’s investments at June 30, 2020 in accordance with the fair value measurement hierarchy:

<u>Investment type</u>	<u>Fair value</u>	<u>Not required to be leveled</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Certificates of deposit	\$ 3,619,000	—	—	3,619,000	—
Investment in the County Pool	<u>862,455,873</u>	<u>862,455,873</u>	—	—	—
Total investments	<u>\$ 866,074,873</u>	<u>862,455,873</u>	—	<u>3,619,000</u>	—

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(4) Capital Assets

A summary of changes in capital assets is as follows:

	2021				Balance at June 30, 2021
	Balance at June 30, 2020	Additions	Disposals	Transfers	
Capital assets not being depreciated:					
Land	\$ 198,829,856	—	—	—	198,829,856
Construction in process	640,024,829	219,465,703	—	(243,056,335)	616,434,197
Works of art	518,000	—	—	—	518,000
Total capital assets not being depreciated	839,372,685	219,465,703	—	(243,056,335)	815,782,053
Capital assets being depreciated:					
Land improvements	481,903,023	—	—	14,161,284	496,064,307
Buildings	4,560,523,904	82,952	—	226,331,242	4,786,938,098
Library Books & Reference Materials	15,569	636	—	—	16,205
Furniture, fixtures, and equipment	204,564,197	7,353,006	(494,138)	210,557	211,633,622
Infrastructure	11,796,361	13,021	—	2,353,252	14,162,634
Total capital assets being depreciated	5,258,803,054	7,449,615	(494,138)	243,056,335	5,508,814,866
Total capital assets	6,098,175,739	226,915,318	(494,138)	—	6,324,596,919
Less accumulated depreciation	(1,671,431,372)	(174,169,026)	488,405	—	(1,845,111,993)
Capital assets, net	\$ 4,426,744,367	52,746,292	(5,733)	—	4,479,484,926

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	2020				Balance at June 30, 2020
	Balance at June 30, 2019	Additions	Disposals	Transfers	
Capital assets not being depreciated:					
Land	\$ 198,829,856	—	—	—	198,829,856
Construction in process	530,286,746	217,768,403	(30,918,090)	(77,112,230)	640,024,829
Works of art	518,000	—	—	—	518,000
Total capital assets not being depreciated	729,634,602	217,768,403	(30,918,090)	(77,112,230)	839,372,685
Capital assets being depreciated:					
Land improvements	464,769,443	—	—	17,133,580	481,903,023
Buildings	4,500,463,849	81,405	—	59,978,650	4,560,523,904
Library Books & Reference Materials	15,569	—	—	—	15,569
Furniture, fixtures, and equipment	199,676,278	5,288,719	(400,800)	—	204,564,197
Infrastructure	11,687,515	108,846	—	—	11,796,361
Total capital assets being depreciated	5,176,612,654	5,478,970	(400,800)	77,112,230	5,258,803,054
Total capital assets	5,906,247,256	223,247,373	(31,318,890)	—	6,098,175,739
Less accumulated depreciation	(1,496,135,885)	(175,696,287)	400,800	—	(1,671,431,372)
Capital assets, net	\$ 4,410,111,371	47,551,086	(30,918,090)	—	4,426,744,367

Capitalized Interest

Included in additions to capital assets is \$31,606,252 and \$23,815,965 of capitalized interest for the years ended June 30, 2021 and 2020, respectively.

(5) Employee Retirement Systems

Qualified employees are covered under multiple-employer, defined-benefit pension plans maintained by agencies of the State. Certificated employees are members of the California State Teachers' Retirement System (CalSTRS) and classified employees are members of the California Public Employees' Retirement System (CalPERS). In addition, certificated employees not participating in the State Teachers' Defined Benefit Plan may participate in the California State Teachers' Cash Balance Benefit Program, the Public Agency Retirement Systems (PARS-ARS), or Social Security. On September 2, 2003, the District offered to every adjunct faculty member, who is not a mandatory CalSTRS Defined Benefit Program member, the CalSTRS Cash Balance Benefit Program.

(a) California State Teachers' Retirement System

CalSTRS includes full-time certificated employees and hourly adjuncts who permissively elect to participate in CalSTRS. An actuarial valuation by employer is currently not available. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries.

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Employees who were hired prior to January 1, 2013, attaining the age of 60 with five years of credited California service, are eligible for normal retirement and are entitled to a monthly benefit of 2% of their final compensation for each year of service. Final compensation is defined as the highest average salary earned during three consecutive years of service or highest year if the member has more than 25 years of CalSTRS service credit. The plan permits early retirement options at age 55 or as early as age 50 with 30 years of service. Disability benefits of up to 90% of final compensation are available to members with five years of service. A family benefit is available if the deceased member had at least one year of service and was an active member or on disability leave. After five years of credited service, members become 100% vested in retirement benefits earned to date. If a member's employment is terminated in the first five years, only the accumulated member contributions and interest earned on those contributions are refundable.

Under the California Public Employees' Pension Reform Act of 2013 (AB340 or PEPRA), effective January 1, 2013, new CalSTRS members are required to be under a new defined-benefit formula of 2% at age 62. The law establishes a limit on compensation that is counted toward calculating a member's pension. For new CalSTRS members on or after January 1, 2013 who, like existing members, are not covered by Social Security, the initial limit is 120% of 2013 Social Security wages. It also limits postretirement public employment.

In June 2014, the legislature passed and the governor signed into law assembly Bill 1469, which establishes a statutory solution to fully fund the CalSTRS Defined Benefit Program.

The initial increases in employee, employer and state contributions took effect July 1, 2014, and continued to rise incrementally over the next several fiscal years. Member contribution is currently 10.25% of payroll for CalSTRS 2% at 60 members, and 10.205% for CalSTRS 2% at 62 members.

Employer contributions will increase from 8.25% to a total of 16.92% of payroll, phased in from 2013–14 to 2021–22. The state's total contribution to the Defined Benefit Program as a non-employer contributing entity is 7.828%.

Benefit provisions for CalSTRS are established by the State Teachers' Retirement Law (Part 13 of the California Education Code, Section 22000 et seq.). CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the annual financial report may be obtained from the CalSTRS website at <http://www.calstrs.com/comprehensive-annual-financial-report>.

State Teachers' Retirement System – Defined Benefit and Cash Balance Benefit Program

On September 2, 2003, the District implemented the Cash Balance program and offered it to its adjunct faculty who are not mandatory CalSTRS Defined Benefit Program members. In addition, adjunct faculty have the option of participating in one of the following three retirement plans: CalSTRS Defined Benefit Program, The Public Agency Retirement System (PARS-ARS), or Social Security.

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Notes to Basic Financial Statements

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(b) California Public Employees' Retirement System

CalPERS includes full-time classified employees and hourly employees who exceed 1,000 hours in a fiscal year participate in CalPERS, a cost-sharing, multiple-employer contributory public employee retirement system defined-benefit pension plan. The District participates in a cost-sharing pool within CalPERS. An actuarial valuation by employer is not currently available. One actuarial valuation is performed for those employers participating in the pool and the same contribution rate applies to each.

Employees who were hired prior to January 1, 2013 are eligible for retirement at the age of 50 with five years of service and are entitled to a monthly benefit of 1.1% of final compensation for each year of service credit. The rate is increased if retirement is deferred beyond the age of 50, up to age 63.

The plan also provides death and disability benefits. Retirement benefits fully vest after five years of credited service. Upon separation from the fund, members' accumulated contributions and interest earned on those funds are refundable through the date of separation.

Under the California Public Employees' Pension Reform Act of 2013 (AB340 or PEPRRA), effective January 1, 2013, all new miscellaneous (nonsafety) members will be under a new defined benefit formula of a monthly benefit of 2% of their final compensation at age 62, with an early retirement age of 52 and a maximum benefit factor of 2.5% at age 67. Final compensation means the highest average annual pensionable compensation earned by a member during a period of at least 36 consecutive months, or three school years, as applicable.

In addition, the following provisions will apply to new CalPERS members:

- Pensionable compensation cap – Caps the annual salary that can be used to calculate final compensation for all new school members at \$137,700 (2020 Social Security Contribution and Benefit Base) for employees that participate in Social Security or \$151,549 for those employees that do not participate in Social Security. Adjustments to the caps are permitted annually based on changes to the CPI for all urban consumers.
- Equal sharing of normal cost – For school's employers, a new member's initial contribution rate will be at least 50% of the total normal cost rate or the current contribution rate of similarly situated employees, whichever is greater (currently, PEPRRA members contribute 7.0% and non-PEPRRA members, 7.0%).

The new pension reform also prohibits the purchase of nonqualified service credit on or after January 1, 2013 and limits postretirement public employment. CalPERS retirees cannot serve, be employed by, or be employed through a contract directly by a CalPERS employer unless he or she reinstates.

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Notes to Basic Financial Statements

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Benefit provisions for CalPERS are established by the Public Employees' Retirement Law (Part 3 of the California Government Code, Section. 20000 et seq.). CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the annual financial report may be obtained from the CalPERS website at <https://www.calpers.ca.gov/page/forms-publications>.

Public Agency Retirement System – Alternate Retirement System

The Omnibus Budget Reconciliation Act of 1990 Section 11332) extends the Social Security tax to state and local government employees not participating in a qualified public retirement system. Internal Revenue Code 3121(b)(7)(F) proposed regulations allow employers to establish an alternative retirement system in lieu of Social Security taxes. Such an alternative system was authorized on June 26, 1991 to be established by the end of calendar year 1991 for certain employees not participating in CalSTRS or CalPERS.

On December 4, 1991, the District's board of trustees adopted PARS-ARS, a defined-contribution plan qualifying under Sections 401(a) and 501 of the Internal Revenue Code, effective January 1, 1992, for the benefit of employees not participating in CalSTRS or CalPERS who were employed on that date or hired thereafter. The District has appointed Phase 11 Systems in which Imperial Trust Company serves as the trustee, to manage the assets of the PARS-ARS plan and serves as the trust administrator.

Total contributions to PARS-ARS are 7.50%. The employer contribution is 4.00% and the employee contribution is 3.50%. Contributions are vested 100.00% for employees. Employees can receive their funds after 24 months if they change retirement plans, when they retire, become disabled, or terminate employment. If they die, their beneficiary(s) then receive the employee's funds.

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

As of June 30, 2021, the District reported an aggregate liability of \$831,008,079 for its proportionate share of the CalPERS and CalSTRS net pension liabilities. As of June 30, 2020, the District reported an aggregate liability of \$758,674,682 for its proportionate share of the CalPERS and CalSTRS net pension liabilities. The District's proportion of the CalPERS and CalSTRS net pension liability was calculated based on its proportionate share of total employer contributions to CalPERS and CalSTRS of 1.195% and 0.479%, respectively.

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For the year ended June 30, 2021 and 2020, the District recognized an aggregate pension expense of \$138,031,999 and \$125,008,723, respectively. At June 30, 2021 and 2020, the District reported aggregate deferred outflows and deferred inflows of resources related to pensions from the following sources:

	June 30, 2021		
	CaIPERS deferred outflows of resources	CaSTRS deferred outflows of resources	Total deferred outflows of resources – pensions
District retirement contribution subsequent to the measurement date	\$ 34,695,521	42,876,295	77,571,816
Changes in assumptions used	1,334,982	45,265,500	46,600,482
Difference between expected and actual experience	18,191,435	819,090	19,010,525
Net difference between projected and actual earnings on pension plan investments	7,109,805	11,206,580	18,316,385
Change in the District's proportion	—	12,244,107	12,244,107
Total deferred outflows of resources – pensions	<u>\$ 61,331,743</u>	<u>112,411,572</u>	<u>173,743,315</u>
		June 30, 2020	
	CaIPERS deferred outflows of resources	CaSTRS deferred outflows of resources	Total deferred outflows of resources – pensions
District retirement contribution subsequent to the measurement date	\$ 35,183,072	49,761,186	84,944,258
Changes in assumptions used	16,207,630	52,888,490	69,096,120
Difference between expected and actual experience	24,732,095	1,055,640	25,787,735
Total deferred outflows of resources – pensions	<u>\$ 76,122,797</u>	<u>103,705,316</u>	<u>179,828,113</u>

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	June 30, 2021		
	CalPERS deferred inflows of resources	CalSTRS deferred inflows of resources	Total deferred inflows of resources – pensions
Difference between expected and actual experience	\$ —	13,091,070	13,091,070
Change in the District's proportion	<u>9,467,230</u>	<u>6,760,275</u>	<u>16,227,505</u>
Total deferred inflows of resources – pensions	<u>\$ 9,467,230</u>	<u>19,851,345</u>	<u>29,318,575</u>
	June 30, 2020		
	CalPERS deferred inflows of resources	CalSTRS deferred inflows of resources	Total deferred inflows of resources – pensions
Changes in assumptions used	\$ —	11,783,350	11,783,350
Net difference between projected and actual earnings on pension plan investments	3,157,962	16,107,770	19,265,732
Change in the District's proportion	<u>9,467,230</u>	<u>6,760,275</u>	<u>16,227,505</u>
Total deferred inflows of resources – pensions	<u>\$ 12,625,192</u>	<u>34,651,395</u>	<u>47,276,587</u>

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The deferred outflows of resources related to pension resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. The deferred inflows of resources and deferred outflows of resources related to changes in assumptions used, the difference between expected and actual experience, the net difference between projected and actual earnings on pension plan investments, and the change in the District's proportion will be recognized in pension expense future periods as follows:

Year ending June 30:		
2022	\$	15,100,285
2023		22,182,610
2024		17,447,863
2025		8,875,041
2026		859,445
Thereafter		<u>2,387,680</u>
Total	\$	<u><u>66,852,924</u></u>

(d) Contributions Required and Contributions Made

For fiscal year 2020-21, the District was required by statute to contribute 16.15%, 20.70%, 4.00%, and 4.00% of gross salary expenditures to CalSTRS, CalPERS (pooled), Cash Balance, and PARS-ARS, respectively. Participants are required to contribute 10.25%, 7.00%, 4.00%, and 3.50% of gross salary to CalSTRS, CalPERS, Cash Balance, and PARS, respectively, for the year ended June 30, 2021. As of June 30, 2021, 71.8% and 70.00% of the District's net pension liabilities for CalSTRS and CalPERS are funded, respectively.

For fiscal year 2019-20, the District was required by statute to contribute 17.10%, 19.72%, 4.00%, and 4.00% of gross salary expenditures to CalSTRS, CalPERS (pooled), Cash Balance, and PARS-ARS, respectively. Participants are required to contribute 10.25%, 7.00%, 4.00%, and 3.50% of gross salary to CalSTRS, CalPERS, Cash Balance, and PARS, respectively, for the year ended June 30, 2020. As of June 30, 2020, 72.0% and 70.00% of the District's net pension liabilities for CalSTRS and CalPERS are funded, respectively.

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The District's contributions for the years ended June 30, 2021, 2020, and 2019 are as follows:

	<u>Contributions</u>	<u>Percentage of required contributions</u>
CalSTRS:		
2021	\$ 42,876,295	100 %
2020	49,761,186	100
2019	37,870,568	100
CalPERS:		
2021	\$ 34,695,521	100 %
2020	35,183,072	100
2019	29,667,257	100
Cash balance CalSTRS:		
2021	\$ 2,183,694	100 %
2020	2,350,367	100
2019	2,341,638	100
PARS-ARS:		
2021	\$ 561,062	100 %
2020	611,507	100
2019	721,896	100

The District's employer contributions to CalSTRS, CalPERS, Cash Balance, and PARS-ARS met the required contribution rate established by law for the years ended June 30, 2021, 2020 and 2019.

(e) Actuarial Methods and Assumptions

The actuarial valuations involve the use of estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The actuarial calculations are based on the types of benefits provided and the pattern of cost sharing between the District and plan members at the time of each valuation. The projection of these benefits is for financial reporting purposes only and does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the District and plan members in the future. The actuarial cost method used is the entry age normal in accordance with the requirements of GASB 68

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements

June 30, 2021 and 2020

The total pension liability was determined using the following actuarial assumptions:

	June 30, 2021	
	CalSTRS	CalPERS
Measurement date	June 30, 2020	June 30, 2020
Valuation date	June 30, 2019	June 30, 2019
Actuarial assumptions:		
Discount rate	7.10 %	7.15 %
Inflation	2.75 %	2.50 %
Payroll growth	3.50 %	2.75 %
Projected salary increase	Varies by entry age and service	Varies by entry age and service
Investment rate of return	7.10 %	7.15 %

	June 30, 2020	
	CalSTRS	CalPERS
Measurement date	June 30, 2019	June 30, 2019
Valuation date	June 30, 2018	June 30, 2018
Actuarial assumptions:		
Discount rate	7.10 %	7.15 %
Inflation	2.75 %	2.50 %
Payroll growth	3.50 %	2.75 %
Projected salary increase	Varies by entry age and service	Varies by entry age and service
Investment rate of return	7.10 %	7.15 %

(f) Mortality Assumptions

(i) CalSTRS

CalSTRS mortality assumptions are based on the July 1, 2010, through June 30, 2015, experience study adopted by the board in February 2017. CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scale 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-2016 table, issued by the Society of Actuaries).

(ii) CalPERS

The CalPERS mortality assumptions are based on mortality rates resulting from the most recent CalPERS experience study adopted by the CalPERS Board in December 2017 for the 2017 valuation. The rates include 15 years of projected ongoing mortality improvements using 90% of Scale MP 2016 published by the Society of Actuaries. Further details of the experience studies can be found on the CalPERS website.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements

June 30, 2021 and 2020

(g) Discount Rate

(i) CalSTRS

An analysis of future cash flows including contributions, investment returns, administrative expenses, and benefit payments was performed by a CalSTRS external actuary. The actuary determined that CalSTRS assets will be sufficient to pay all future benefit payments. Therefore, a blended discount rate was not used to calculate the net pension liability at June 30, 2021 and 2020, and the assumed investment rate of return, gross of administrative expenses, 7.10%, was used to discount all future benefits.

The long-term expected rate of return on pension plan investments of 7.10% 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.

(ii) CalPERS

To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans and would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans ran out of assets. Therefore, the 7.15% discount rate is adequate, and the use of the municipal bond rate calculation is not necessary. The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

The long-term expected rate of return on pension plan investments of 7.15% 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.

(h) Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the District for each plan, calculated using the discount rate for each plan, as well as what the District's net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

	<u>CalSTRS</u>	<u>CalPERS</u>	<u>Total</u>
1% decrease	6.10 %	6.15 %	
Net pension liability	\$ 701,332,640	527,307,353	1,228,639,993
Current discount rate	7.10 %	7.15 %	
Net pension liability	\$ 464,194,110	366,813,969	831,008,079
1% increase	8.10 %	8.15 %	
Net pension liability	\$ 268,407,650	233,542,995	501,950,645

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements

June 30, 2021 and 2020

(i) Rate of Return

The tables below reflect the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

	<u>New strategic allocations</u>	<u>Long-term rate of return</u>
CalSTRS – asset class:		
Global equity	42 %	4.75 %
Fixed income	12	1.25
Private equity	13	6.25
Real estate	15	3.55
Risk mitigating strategies	10	1.75
Inflation sensitive	6	3.25
Cash	2	(0.35)
	<hr/>	
Total	100 %	
	<hr/> <hr/>	

	<u>New strategic allocations</u>	<u>Long-term rate of return</u>
CalPERS – asset class:		
Global equity	50 %	5.98 %
Global fixed income	28	2.62
Inflation sensitive	—	1.81
Private equity	8	7.23
Real estate	13	4.93
Liquidity	1	(0.92)
	<hr/>	
Total	100 %	
	<hr/> <hr/>	

(6) Other Postemployment Benefits

The District provides postemployment healthcare benefits for eligible employees who retire with CalPERS or CalSTRS pension benefits within 120 days of termination of employment from the District through the Los Angeles Community College District Postretirement Health Benefits Plan (the Plan). The Plan is an agent multiple employer OPEB plan, and obligations of the plan members and the District are based on negotiated contracts with the various bargaining units of the District.

The District's net OPEB liability as of June 30, 2021 was measured as of June 30, 2020. The District's net OPEB liability as of June 30, 2020 was measured as of June 30, 2019. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019 rolled forward to the respective measurement dates.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements

June 30, 2021 and 2020

(a) Plan Description

Retirees receiving a pension from either CalSTRS or CalPERS are eligible for District paid healthcare benefits. The portion paid by the District depends on the employee's date of hire and their benefit eligibility service as follows:

	<u>Years of service</u>	<u>Premium paid by the District</u>
Hire date:		
Before 2/11/1992	3	100 %
Between 2/11/1992 and 6/30/1998	7	100
On or after 7/1/1998	10 to less than 15	50
On or after 7/1/1998	15 to less than 20	75
On or after 7/1/1998	20 and more	100

The retirement eligibility for CalPERS retirees is a minimum age of 50 and 5 years of service. The retirement eligibility for CalSTRS retirees is a minimum age of 55 and 5 years of service or a minimum age of 50 with 30 years of service.

Employees subject to a 2001 agreement between the District and the District's Police Officer's Association may be eligible to receive benefits through Los Angeles County Employees Retirement Association (LACERA) that are paid by the District. Such eligible retirees shall receive medical, dental, and vision benefits. The District pays 100% of LACERA's premiums reduced by 4% for each year of service under LACERA up to 25 years. This reduction only applies to employees with more than 10 years of service under LACERA.

Employees that are not eligible for District paid contributions are still eligible for retiree coverage under California Assembly Bill 528 (AB528). At retirement, such retirees must pay for coverage at a rate based on blended active and retiree costs. As of the latest actuarial study, AB528 retiree contributions are expected to cover all costs; accordingly, no liabilities are calculated.

The retirement health benefit continues for the lifetime of a surviving spouse and for other dependents as long as they are entitled to coverage under pertinent eligibility rules.

Currently, the District has about 4,300 active employees who are eligible for postretirement health benefits and about 3,300 retirees and surviving spouses who receive postretirement health benefits.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements

June 30, 2021 and 2020

(b) Funding Policy

The contribution requirements are established and may be amended by the District and the District's bargaining units. The required contribution is based on projected pay as you go financing requirements. Additionally, the District's board of trustees adopted a resolution dated April 23, 2008 (com No. BF2) to establish an irrevocable trust with CalPERS to prefund a portion of retiree health benefit costs.

The trust is to be funded with annual contributions by the District of approximately 1.92% of the total full-time salary expenditures in the District. The District deposited \$7,076,430 and \$6,602,224 to the irrevocable trust with CalPERS during FY 2021 and FY 2020, respectively.

(c) Reconciliation of Net OPEB Liability

Included in the table below are details regarding the total OPEB Liability, plan fiduciary net position, and net OPEB liability for the measurement period from July 1, 2019 to June 30, 2020:

	Increase (decrease)		
	<u>Total OPEB liability</u>	<u>Plan fiduciary net position</u>	<u>Net OPEB liability</u>
Balance recognized at June 30, 2020	\$ 528,379,032	126,996,627	401,382,405
Changes recognized for the fiscal year:			
Service cost	11,443,435	—	11,443,435
Interest on the total OPEB liability	39,513,407	—	39,513,407
Difference between expected & actual experience	22,256,301	—	22,256,301
Changes of assumptions	155,713,253	—	155,713,253
Benefit payments	(26,431,925)	(26,431,925)	—
Contributions from the employer	—	33,034,149	(33,034,149)
Net investment income	—	4,714,950	(4,714,950)
Administrative expense	—	(65,866)	65,866
Net changes	<u>202,494,471</u>	<u>11,251,308</u>	<u>191,243,163</u>
Balance recognized at June 30, 2021	<u>\$ 730,873,503</u>	<u>138,247,935</u>	<u>592,625,568</u>

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements

June 30, 2021 and 2020

Included in the table below are details regarding the total OPEB Liability, plan fiduciary net position, and net OPEB liability for the measurement period from July 1, 2018 to June 30, 2019:

	Increase (decrease)		
	Total OPEB liability	Plan fiduciary net position	Net OPEB liability
Balance recognized at June 30, 2019	\$ 696,537,302	113,339,771	583,197,531
Changes recognized for the fiscal year:			
Service cost	18,234,238	—	18,234,238
Interest on the total OPEB liability	38,524,312	—	38,524,312
Difference between expected & actual experience	(62,786,248)	—	(62,786,248)
Changes of assumptions	(133,082,796)	—	(133,082,796)
Benefit payments	(29,047,776)	(29,047,776)	—
Contributions from the employer	—	35,413,966	(35,413,966)
Net investment income	—	7,349,161	(7,349,161)
Administrative expense	—	(58,495)	58,495
Net changes	<u>(168,158,270)</u>	<u>13,656,856</u>	<u>(181,815,126)</u>
Balance recognized at June 30, 2020	\$ <u>528,379,032</u>	<u>126,996,627</u>	<u>401,382,405</u>

The following table illustrates the impact of interest rate sensitivity on the net OPEB liability for fiscal year ended June 30, 2021:

	1% decrease (4.70%)	Current rate (5.70%)	1% increase (6.70%)
Net OPEB liability	\$ 704,989,665	592,625,568	501,947,008

The following table illustrates the impact of interest rate sensitivity on the net OPEB liability for fiscal year ended June 30, 2020:

	1% decrease (6.50%)	Current rate (7.50%)	1% increase (8.50%)
Net OPEB liability	\$ 472,037,517	401,382,405	343,272,467

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements

June 30, 2021 and 2020

The following table illustrates the impact of healthcare cost trend sensitivity on the net OPEB liability for fiscal year ended June 30, 2021:

	<u>1% decrease</u>	<u>Trend rate</u>	<u>1% increase</u>
Net OPEB liability	\$ 488,467,616	592,625,568	724,835,053

The following table illustrates the impact of healthcare cost trend sensitivity on the net OPEB liability for fiscal year ended June 30, 2020:

	<u>1% decrease</u>	<u>Trend rate</u>	<u>1% increase</u>
Net OPEB liability	\$ 338,433,656	401,382,405	479,180,794

(d) Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2021, the District recognized OPEB expenses of \$19,686,571. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred outflows</u>	<u>Deferred inflows</u>
Difference between actual & expected experience	\$ 18,583,644	41,284,108
Net difference between expected and actual earnings on OPEB plan investments	3,916,562	—
Assumption changes	130,017,997	117,433,535
Contributions made in fiscal year ended June 30, 2021 after measurement date	<u>33,665,005</u>	<u>—</u>
Total	<u>\$ 186,183,208</u>	<u>158,717,643</u>

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements

June 30, 2021 and 2020

For the year ended June 30, 2020, the District recognized OPEB expenses of negative \$3,516,703. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred outflows</u>	<u>Deferred inflows</u>
Difference between actual & expected experience	\$ —	52,035,178
Net difference between expected and actual earnings on OPEB plan investments	—	727,997
Assumption changes	—	158,027,006
Contributions made in fiscal year ended June 30, 2020 after measurement date	<u>33,034,149</u>	<u>—</u>
Total	\$ <u>33,034,149</u>	<u>210,790,181</u>

The deferred outflows of resources related to OPEB resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2021. All other deferred outflows of resources and deferred inflows of resources related to OPEB above will be recognized in OPEB benefit as follows:

Year ending June 30:	
2022	\$ (21,456,122)
2023	(12,953,205)
2024	(5,148,086)
2025	2,227,984
2026	29,367,913
Thereafter	<u>1,762,076</u>
Total	\$ <u>(6,199,440)</u>

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements

June 30, 2021 and 2020

(e) Actuarial Assumptions

The total OPEB liability at June 30, 2021 was determined using the following actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

Actuarial assumptions	
Discount rate	5.7 %
Expected long-term return on assets	7.3
Payroll increases	2.75
Inflation	2.5
Health care cost trend	4.0% for dental and vision. 6.99% for medical pre-medicare and 8.22% for medicare eligible decreasing 0.34 to 0.49% per year to an ultimate rate of 4.5% for year 2027 and later years
Plan participation	Ranges from 20% to 100% based on benefits

The total OPEB liability at June 30, 2020, was determined using the following actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

Actuarial assumptions	
Discount rate	7.50%
Expected long-term return on assets	7.50
Payroll increases	2.75
Inflation	2.50
Health care cost trend	4.0% for dental and vision. 6.99% for medical pre-medicare and 8.22% for medicare eligible decreasing 0.34 to 0.49% per year to an ultimate rate of 4.5% for year 2027 and later years
Plan participation	Ranges from 20% to 100% based on benefits

(f) Discount Rate

An analysis of future cash flows including contributions, investment returns, administrative expenses, and benefit payments was performed by an external actuary. The net OPEB liability at June 30, 2021 was measured using a blended discount rate as it was determined that assets will not be sufficient to pay all future benefit payments for current members. The blended rate included the assumed investment rate of return of 7.30% through fiscal year 2068 and a 20-year municipal bond rate of 2.21% through fiscal year 2119.

The actuary determined that the District's assets will be sufficient to pay all future benefit payments. Therefore, a blended discount rate was not used to calculate the net OPEB liability at June 30, 2020, and the assumed investment of return, gross of administrative expenses, 7.50%, was used to discount all future benefits.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements

June 30, 2021 and 2020

(g) Long-Term expected rate of return

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 OPEB plan 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. The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

Asset class	Target allocation	Long-term expected rate of return
Global equity	59 %	4.82 %
Fixed income	25	1.10
TIPS	5	0.25
Commodities	3	1.50
REITs	8	3.20
Total	100 %	

(h) Mortality Assumptions

Pub-2010, the first mortality study focused on United States public pension plan mortality, is intended to be used as a default mortality assumption for those Public Sector plans without credible experience to conduct their own mortality experience studies, or where no experience study has been performed. The study is based on experience of a large set of public pension systems in the United States during 2009-2013. The tables are broken out by job class and income/benefit level. Pub-2010 headcount-weighted tables for teachers are used for participants eligible for CalSTRS pension benefits. Pub-2010 headcount-weighted tables for general employees are used for all other participants. As indicated in the mortality study, the Pub-2010 tables should generally be used with a projection of longevity improvements beyond the 2010 base year. The improvement scale used in the valuation is MP-2019, which was the most recent projection methodology published by the SOA at the time of the valuation.

(i) Other Benefits

Effective January 1, 2010, the District provided an annual contribution of \$1,500 to benefit active employees and pre-Medicare retirees into a health reimbursement account (HRA) except for FY 2016-2017. Contributions made by the District were \$6.6 million and \$6.4 million for fiscal year ended June 30, 2021 and June 30, 2020, respectively.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements

June 30, 2021 and 2020

(7) Commitments and Contingencies

The District receives a substantial portion of its total revenue under various governmental grants, all of which pay the District based on reimbursable cost as defined by each grant. Reimbursement recorded under these grants is subject to audit by the grantors. Management believes that no material adjustments will result from the subsequent audit of costs reflected in the accompanying basic financial statements.

The District is a defendant in various lawsuits at June 30, 2021. Although the outcome of these lawsuits is not presently determinable, in the opinion of management based in part on the advice of counsel, the resolution of these matters will not have a material adverse effect on the basic financial condition of the District or is adequately covered by insurance.

The District has entered into various contracts for the construction of facilities throughout the campuses. At June 30, 2021, the total value of these outstanding commitments is \$485,063,170.

(8) Long-Term Liabilities

The following is a summary of long-term liabilities of the District for the years ended June 30, 2021 and 2020:

	2021				
	Balance at June 30, 2020	Additions	Deletions	Balance at June 30, 2021	Due within one year
General Obligation Bonds:					
2004 Series A and B	\$ 33,670,000	—	—	33,670,000	—
2009 Series A and B	75,000,000	—	—	75,000,000	—
2010 Series C, D, and E	1,025,000,000	—	—	1,025,000,000	—
2013 Series F	199,000,000	—	(180,000,000)	19,000,000	6,000,000
2013 Refunding Bond	35,410,000	—	(23,140,000)	12,270,000	3,890,000
Measure J 2015 Series G	205,725,000	—	(168,055,000)	37,670,000	6,905,000
Prop A, AA and Mea J 2015 Refunding Series A	1,395,190,000	—	(1,211,645,000)	183,545,000	39,285,000
Prop A and AA 2015 Refunding Series B	24,305,000	—	(4,615,000)	19,690,000	4,725,000
Proposition A 2015 Refunding Series C	230,015,000	—	(24,475,000)	205,540,000	26,975,000
Measure J 2016 Series I	197,360,000	—	(6,440,000)	190,920,000	6,700,000
Measure J 2016 Refunding	174,345,000	—	(645,000)	173,700,000	680,000
Measure J 2017 Series J	239,880,000	—	—	239,880,000	—
Measure J 2019 Series K	275,440,000	—	—	275,440,000	—
Measure CC 2019 Series B-1 and B-2	124,120,000	—	—	124,120,000	124,120,000
2020 Refunding Bond	—	1,793,805,000	—	1,793,805,000	43,455,000
Unamortized bond premiums	356,781,933	—	(203,173,344)	153,608,589	19,761,983
Pension obligations	758,674,682	72,333,397	—	831,008,079	—
OPEB obligations	401,382,405	202,494,471	(11,251,308)	592,625,568	—
Supplemental retirement plan	11,108,430	23,702,762	(6,320,999)	28,490,193	5,427,166
Workers' compensation liabilities	37,034,000	1,865,856	(3,843,856)	35,056,000	3,843,856
General liabilities	12,824,000	2,688,335	(3,994,335)	11,518,000	3,994,334
Compensated absences	21,268,598	5,334,121	(1,523,955)	25,078,764	7,858,837
Capital lease obligations	245,820	153,436	(80,582)	318,674	77,840
Total	\$ 5,833,779,868	2,102,377,378	(1,849,203,379)	6,086,953,867	303,699,016

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements

June 30, 2021 and 2020

	2020				
	Balance at June 30, 2019	Additions	Deletions	Balance at June 30, 2020	Due within one year
General Obligation Bonds:					
2004 Series A and B	\$ 33,670,000	—	—	33,670,000	—
2007 Series A	—	—	—	—	—
2008 Series E1 and F1	—	—	—	—	—
2009 Series A and B	75,000,000	—	—	75,000,000	—
2010 Series C, D, and E	1,025,000,000	—	—	1,025,000,000	—
2013 Series F	202,000,000	—	(3,000,000)	199,000,000	5,000,000
2013 Refunding Bond	38,945,000	—	(3,535,000)	35,410,000	3,710,000
Measure J 2015 Series G	212,070,000	—	(6,345,000)	205,725,000	6,625,000
Prop A, AA and Mea J 2015 Refunding Series A	1,429,435,000	—	(34,245,000)	1,395,190,000	36,895,000
Prop A and AA 2015 Refunding Series B	28,830,000	—	(4,525,000)	24,305,000	4,615,000
Proposition A 2015 Refunding Series C	252,150,000	—	(22,135,000)	230,015,000	24,475,000
Measure J 2016 Series I	210,570,000	—	(13,210,000)	197,360,000	6,440,000
Measure J 2016 Refunding	174,965,000	—	(620,000)	174,345,000	645,000
Measure J 2017 Series J	247,755,000	—	(7,875,000)	239,880,000	—
Measure J 2019 Series K	—	300,000,000	(24,560,000)	275,440,000	—
Measure CC 2019 Series B-1 and B-2	—	250,000,000	(125,880,000)	124,120,000	—
Unamortized bond premiums	346,356,709	38,855,037	(28,429,813)	356,781,933	31,436,155
Pension obligations	742,539,054	16,135,628	—	758,674,682	—
OPEB obligations	583,197,531	—	(181,815,126)	401,382,405	—
Supplemental retirement plan	16,695,204	—	(5,586,773)	11,108,431	5,565,068
Workers' compensation liabilities	37,787,000	3,281,806	(4,034,806)	37,034,000	4,034,806
General liabilities	12,364,000	4,372,311	(3,912,311)	12,824,000	3,912,310
Compensated absences	18,048,481	14,050,056	(10,829,939)	21,268,598	9,382,792
Capital lease obligations	136,492	216,877	(107,549)	245,820	60,896
Total	\$ 5,687,514,471	626,911,715	(480,646,317)	5,833,779,869	142,797,027

(a) General Obligation Bonds

The voters have passed four G.O. bond measures, which were designed to finance construction, building and equipment acquisition, capital improvement programs for each of the nine colleges and the Educational Service Center, and refinance other outstanding debts. On April 10, 2001, the voters of the County passed Proposition A, a \$1.2 billion G.O. bond measure. On May 20, 2003, the voters of the County passed Proposition AA, a \$980 million G.O. bond measure. On November 4, 2008, the voters of the County passed Measure J, a \$3.5 billion G.O. bond measure. On November 8, 2016 the voters of the County passed Measure CC, a \$3.3 billion G.O. bond measure.

During FY2021, the District issued 2020 G.O. Refunding Bonds for a total of \$1,793,805,000 to refund \$1,530,610,000 part of Measure J 2013 Series F, 2013 Refunding Bonds, Measure J 2015 Series G, and 2015 Refunding Bonds Series A. The refunding resulted in a difference between the reacquisition price and net carrying amount of the refunded debt of \$79,176,367, which will be recorded as a deferred outflow and will be recognized over the original life of the refunded bonds or the life of the new bonds whichever is shorter. The aggregate debt service decreased by \$121,416,405, thereby resulting in an economic gain of \$104,182,458.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements

June 30, 2021 and 2020

The District has issued to date all the authorized amounts of Proposition A and Proposition AA, \$3.125 billion of Measure J, and \$350 million of Measure CC. The effective interest rate at the financial statement date is 4.95%.

The deferred outflows of resources related to the G. O. Bonds Refunded Bonds will be recognized in interest expense on capital asset-related debt over the life of the refunded bonds, as follows:

June 30:		
2022	\$	15,380,458
2023		15,380,458
2024		15,275,153
2025		10,679,933
2026		10,327,904
Thereafter		<u>143,633,689</u>
	\$	<u><u>210,677,595</u></u>

Total debt service requirements to maturity of the G.O. bonds at June 30, 2021 are as follows:

	Total G.O. bond debt service		
	Principal	Interest	Total
Year(s) ending June 30:			
2022	\$ 262,735,000	166,356,746	429,091,746
2023	145,785,000	158,378,985	304,163,985
2024	155,255,000	152,928,394	308,183,394
2025	163,980,000	147,119,567	311,099,567
2026	215,545,000	142,804,071	358,349,071
2027–2031	963,170,000	634,170,664	1,597,340,664
2032–2036	940,400,000	501,457,369	1,441,857,369
2037–2041	757,755,000	348,548,966	1,106,303,966
2042–2046	416,010,000	200,982,649	616,992,649
2047–2051	<u>388,615,000</u>	<u>53,902,294</u>	<u>442,517,294</u>
Total	\$ <u><u>4,409,250,000</u></u>	<u><u>2,506,649,705</u></u>	<u><u>6,915,899,705</u></u>

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements

June 30, 2021 and 2020

As part of the District’s owner-controlled insurance program (OCIP Program) to provide insurance for certain contractors building projects for the District, the District is a party to that certain multi-line deductible agreement with insurance companies to cover certain workers compensation and general liability claims against the District and its contractors. The insurance required that the District provides irrevocable letter of credit as a security for the District’s obligations with respect to the insurance agreements. As of June 30, 2021, the District has a total of \$14,317,782 of irrevocable line of credits from Bank of America and no outstanding balance.

If an event of default shall have occurred and be continuing, the District shall deposit with the bank, on demand and as cash security of the District’s obligations to the bank under these agreements, an amount equal to the stated amount of the letter of credit.

(9) Risk Management

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District is self-insured for up to a maximum of \$1,000,000 for each workers’ compensation claim, \$1,000,000 per employment practices claims, and \$1,000,000 for each general liability claim.

The District has a Cyber / Privacy Liability Insurance policy for \$10 million aggregate liability and \$2.5 million aggregate for computer expert, legal and crisis management services. Each claim is covered up to \$150,000 including \$20,000 in crisis management and \$5,000 in legal services.

The District currently reports all of its risk management activities in the accompanying statements of net position. The balance of all outstanding workers’ compensation and incurred general liability claims is estimated based on information provided by an outside actuarial study performed in 2021. The amount of the outstanding liability at June 30, 2021 and 2020 includes estimates of future claim payments for known cases as well as provisions for incurred-but-not-reported claims and adverse development on known cases, which occurred through that date.

Because actual claim liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing claims liability does not necessarily result in an exact amount. Liabilities for incurred losses to be settled by fixed or reasonably determinable payments over a long period of time are reported at their present value using an expected future investment yield assumption of 1.5%.

Changes in the balances of workers’ compensation and general liability claims during fiscal years ended June 30, 2021 and 2020 were as follows:

		2021			
		Balance at July 1, 2020	Current year claims and changes in estimates	Claim payments	Balance at June 30, 2021
Workers’ compensation	\$	37,034,000	1,865,856	(3,843,856)	35,056,000
General liability		12,824,000	2,688,334	(3,994,334)	11,518,000

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements

June 30, 2021 and 2020

	2020			
	Balance at July 1, 2019	Current year claims and changes in estimates	Claim payments	Balance at June 30, 2020
Workers' compensation	\$ 37,787,000	3,281,806	(4,034,806)	37,034,000
General liability	12,364,000	4,372,311	(3,912,311)	12,824,000

During the years ended June 30, 2021 and 2020, the District made total payments of insurance premiums of approximately \$4,952,420 and \$3,940,123, respectively, for general liability and workers' compensation claims.

REQUIRED SUPPLEMENTARY INFORMATION

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Schedule of the District Proportionate Share of the Net Pension Liability and
Schedule of District Contributions

Year ended June 30, 2021

(Unaudited)

Schedule of the District's proportionate share of the net pension liability

CalSTRS and CalPERS pension plans

Last 10 fiscal years*

	2021		2020	
	CalPERS	CalSTRS	CalPERS	CalSTRS
District's proportion of the collective net pension liability	1.20%	0.48%	1.168%	0.463%
District's proportionate share of the collective net pension liability	\$ 366,813,969	464,194,110	340,511,602	418,163,080
District's covered payroll	167,611,212	265,487,898	178,362,183	291,001,088
District's proportionate share of the collective net pension liability as a percent of covered payroll	218.85%	174.85%	190.91%	143.70%
Pension plan's fiduciary net position as a percentage of total pension liability	70.00%	71.82%	70.00%	72.60%

* The District implemented GASB Statement No. 68 effective July 1, 2014; therefore, data is not available prior to July 1, 2014.

Schedule of Districts contributions

CalSTRS pension plan

Last 10 fiscal years*

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
State & District contributions as a percentage of covered-employee payroll	29.00 %	30.63 %	22.05 %	19.49%	16.67%	12.78%	12.92%	11.68%	11.87%	11.05%
Contractually required contribution	\$ 45,059,989	52,111,553	40,211,617	38,401,750	33,740,364	27,878,874	21,015,634	17,728,126	17,395,249	17,279,949
Contributions in relation to the contractually required contributions	45,059,989	52,111,553	40,211,617	38,401,750	33,740,364	27,878,874	21,015,634	17,728,126	17,395,249	17,279,949
Contribution deficiency (excess)	—	—	—	—	—	—	—	—	—	—
District's covered payroll	265,487,898	291,001,088	232,616,579	249,804,253	252,688,729	235,851,422	211,421,078	197,516,930	185,551,123	191,864,244
District contributions as a percentage of covered payroll	16.97 %	17.91 %	17.29 %	15.37%	13.35%	11.82%	9.94%	8.98%	9.37%	9.01%

* The District implemented GASB Statement No. 68 effective July 1, 2014. Contributions included in this schedule prior to fiscal year 2016 are reported under GASB Statement No. 25.

CalPERS pension plan

Last 10 fiscal years*

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 34,695,521	35,183,072	29,667,257	24,880,057	22,483,144	19,133,361	16,386,804	15,345,462	15,109,137	14,360,463
Contributions in relation to the contractually required contributions	34,695,521	35,183,072	29,667,257	24,880,057	22,483,144	19,133,361	16,386,804	15,345,462	15,109,137	14,360,463
Contribution deficiency (excess)	—	—	—	—	—	—	—	—	—	—
District's covered payroll	167,611,212	178,362,183	164,252,336	160,196,105	148,815,636	155,882,522	126,834,679	131,436,970	127,244,130	129,918,547

* The District implemented GASB Statement No. 68 effective July 1, 2014. Contributions included in this schedule prior to fiscal year 2016 are reported under GASB Statement No. 25.

See accompanying independent auditors' report.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Schedule of Changes in the Net OPEB Liability and Related Ratios

Year ended June 30, 2021

(Unaudited)

	<u>Fiscal year ending 2021</u>	<u>Fiscal year ending 2020</u>	<u>Fiscal year ending 2019</u>	<u>Fiscal year ending 2018²</u>
Last 10 Fiscal Years ¹				
Total OPEB liability:				
Service cost	\$ 11,443,435	18,234,238	18,702,117	22,086,708
Interest cost	39,513,407	38,524,312	36,830,247	34,243,769
Differences between expected and actual experiences	22,256,301	(62,786,248)	—	—
Changes of assumptions	155,713,253	(133,082,796)	(20,557,426)	(76,926,472)
Benefit payments	<u>(26,431,925)</u>	<u>(29,047,776)</u>	<u>(28,918,351)</u>	<u>(22,282,181)</u>
Net change in total OPEB liability	202,494,471	(168,158,270)	6,056,587	(42,878,176)
Total OPEB liability (beginning)	<u>528,379,032</u>	<u>696,537,302</u>	<u>690,480,715</u>	<u>733,358,891</u>
Total OPEB liability (ending)	<u>\$ 730,873,503</u>	<u>528,379,032</u>	<u>696,537,302</u>	<u>690,480,715</u>
Plan fiduciary net position:				
Contributions – employer	\$ 33,034,149	35,413,966	35,453,915	28,346,435
Net investment income	4,714,950	7,349,161	8,189,050	9,213,372
Benefit payments	(26,431,925)	(29,047,776)	(28,918,351)	(22,282,181)
Administrative expense	<u>(65,866)</u>	<u>(58,495)</u>	<u>(54,119)</u>	<u>(45,438)</u>
Net change in plan fiduciary net position	11,251,308	13,656,856	14,670,495	15,232,188
Plan fiduciary net position (beginning)	<u>126,996,627</u>	<u>113,339,771</u>	<u>98,669,276</u>	<u>83,437,088</u>
Plan fiduciary net position (ending)	<u>\$ 138,247,935</u>	<u>126,996,627</u>	<u>113,339,771</u>	<u>98,669,276</u>
Net OPEB liability (ending)	\$ 592,625,568	401,382,405	583,197,531	591,811,439
Plan fiduciary net position as a percentage of total OPEB liability	18.92%	24.04%	16.27%	14.29%
Covered-employee payroll	\$ 387,000,000	376,230,649	374,000,000	363,554,711
Net OPEB liability as a percentage of covered-employee payroll	153.13%	106.69%	155.94%	162.78%

¹ Historical information is required for measurement periods for which GASB 75 is applicable. Additional years will be presented as they become available.

² Implicit subsidy not reflected in benefit payments or contributions for fiscal year ending 2018.

See accompanying independent auditors' report.

SUPPLEMENTAL FINANCIAL INFORMATION

LOS ANGELES COMMUNITY COLLEGE DISTRICT

General Fund

Schedule of Balance Sheet Accounts

June 30, 2021

Assets

Cash in county treasury	\$	79,603,113
Cash in banks		50,690,966
Cash in revolving fund		160,448
Accounts, notes, interest and loans receivable, net		174,455,460
Due from other funds		7,363,073
Prepaid expenses and other assets		<u>3,887,787</u>
Total assets	\$	<u><u>316,160,847</u></u>

Liabilities and Fund Balance

Liabilities:

Accounts payable	\$	127,395,496
Due to other funds		4,373,650
Amounts held in trusts		498,356
Unearned revenue		<u>5,221,109</u>
Total liabilities		<u>137,488,611</u>

Fund balance:

Restricted		25,566,478
Unrestricted		<u>153,105,758</u>
Total fund balance		<u>178,672,236</u>
Total liabilities and fund balance	\$	<u><u>316,160,847</u></u>

See accompanying independent auditors' report.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance Accounts

Year ended June 30, 2021

Revenue:

Federal revenue:

Higher education acts	\$ 12,784,197
Job Training Partnership Act	3,435,145
Temporary Assistance for Needy Families (TANF)	1,125,757
Vocational Education Act	4,313,050
Veterans Education	17,344
College Work Study	1,432,679
Supplemental educational opportunity grants	98,773
Pell (basic educational opportunity grants)	170,795
Other	<u>57,973,978</u>
Total federal revenue	<u>81,351,718</u>

State revenue:

State apportionments	403,257,807
Tax relief subvention	1,104,901
State lottery	24,657,823
CA Works Oppor. & Responsibility to Kids	4,951,236
Extended opportunity program	10,462,886
Student Success and Support Program	44,209,766
Disabled Students Programs and Services	7,142,481
Other	<u>3,043,887</u>
Total state revenues	<u>498,830,787</u>

Local revenue:

Local property taxes	265,611,201
Enrollment fees	32,204,999
Tuition and fees, net of scholarship discounts and allowance	14,360,936
Community service fees	5,180,460
Parking fees	3,137,119
Health service fees	5,220,564
Interest	457,676
Other	<u>23,477,447</u>
Total local revenue	<u>349,650,402</u>
Total revenue	<u>929,832,907</u>

Expenditures:

Current:

Academic salaries	336,980,891
Classified salaries	187,141,233
Employee benefits	214,242,402
Books and supplies	14,194,786
Contract services, student grants, and other operating expenditures	112,937,475
Capital outlay and equipment replacement:	11,712,666
Total expenditures	<u>877,209,453</u>
Excess of revenue over expenditures	52,623,454

Other financing use:

Operating transfers out	<u>(29,829,648)</u>
Net increase in fund balance	22,793,806

Fund balances at July 1, 2020	<u>155,878,430</u>
Fund balances at June 30, 2021	\$ <u><u>178,672,236</u></u>

See accompanying independent auditors' report.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Special Revenue Funds

Combined Schedule of Balance Sheet Accounts

June 30, 2021

Assets	Special revenue fund	Cafeteria fund	Child development fund	Bookstore fund	Total
Cash in county treasury	\$ 123,213,336	—	162,625	—	123,375,961
Cash in banks	932,771	966,618	253,080	6,427,255	8,579,724
Cash in revolving fund	—	995	—	89,528	90,523
Accounts, notes, interest, and loans receivable, net of allowance for doubtful accounts	2,964,765	567,600	3,990,982	2,529,113	10,052,460
Due from other funds	—	627,582	—	2,100,382	2,727,964
Inventory	—	71,725	—	3,679,197	3,750,922
Total assets	\$ 127,110,872	2,234,520	4,406,687	14,825,475	148,577,554
Liabilities and Fund Balance					
Liabilities:					
Accounts payable	\$ 1,183,396	57,228	856,216	1,430,398	3,527,238
Due to other funds	2,365,143	377,079	1,398,797	149,393	4,290,412
Unearned revenue	—	17,448	—	1,338,901	1,356,349
Total liabilities	3,548,539	451,755	2,255,013	2,918,692	9,173,999
Fund balances:					
Restricted – Capital Projects	123,562,333	—	—	—	123,562,333
Unrestricted	—	1,782,765	—	10,051,171	11,833,936
Assigned – facility improvements and inventory	—	—	—	1,855,612	1,855,612
Assigned – program and capital expenditures	—	—	2,151,674	—	2,151,674
Total fund balance	123,562,333	1,782,765	2,151,674	11,906,783	139,403,555
Total liabilities and fund balance	\$ 127,110,872	2,234,520	4,406,687	14,825,475	148,577,554

See accompanying independent auditors' report.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Special Revenue Funds

Combined Schedule of Revenue, Expenditures, and Changes in Fund Balance Accounts

Year ended June 30, 2021

	Special revenue fund	Cafeteria fund	Child development fund	Bookstore fund	Total
Revenue:					
Federal revenue:					
Tuition and fees	\$ —	—	9,963	—	9,963
Child and adult care	3	—	1,391,709	—	1,391,712
Total federal revenue	<u>3</u>	<u>—</u>	<u>1,401,672</u>	<u>—</u>	<u>1,401,675</u>
State revenue:					
State apportionment	3,611,490	—	—	—	3,611,490
Other	441,395	—	9,569,317	—	10,010,712
Total state revenue	<u>4,052,885</u>	<u>—</u>	<u>9,569,317</u>	<u>—</u>	<u>13,622,202</u>
Local revenues:					
Bookstore sales	—	—	—	7,734,027	7,734,027
Interest	744,061	—	—	—	744,061
Other	957,457	1,589	584,683	—	1,543,729
Total local revenue	<u>1,701,518</u>	<u>1,589</u>	<u>584,683</u>	<u>7,734,027</u>	<u>10,021,817</u>
Total revenue	<u>5,754,406</u>	<u>1,589</u>	<u>11,555,672</u>	<u>7,734,027</u>	<u>25,045,694</u>
Expenditures:					
Current:					
Academic salaries	—	33,430	4,729,044	—	4,762,474
Classified salaries	—	—	2,405,945	3,442,188	5,848,133
Employee benefits	—	5,900	3,121,057	1,816,917	4,943,874
Books and supplies	—	(2,147)	250,167	5,125,854	5,373,874
Contract services, student grant, and other operating expenditures	11,904,966	16,349	511,260	860,036	13,292,611
Utilities	—	—	1,074	88,690	89,764
Capital outlay	3,641,923	—	220,166	13,657	3,875,746
Total expenditures	<u>15,546,889</u>	<u>53,532</u>	<u>11,238,713</u>	<u>11,347,342</u>	<u>38,186,476</u>
(Deficiency) excess of revenue over expenditures	(9,792,483)	(51,943)	316,959	(3,613,315)	(13,140,782)
Other financing sources – operating transfers in	<u>13,897,328</u>	<u>703,774</u>	<u>1,398,327</u>	<u>6,763,241</u>	<u>22,762,670</u>
Net increase in fund balances	4,104,845	651,831	1,715,286	3,149,926	9,621,888
Fund balances at July 1, 2020	<u>119,457,488</u>	<u>1,130,934</u>	<u>436,388</u>	<u>8,756,857</u>	<u>129,781,667</u>
Fund balances at June 30, 2021	<u>\$ 123,562,333</u>	<u>1,782,765</u>	<u>2,151,674</u>	<u>11,906,783</u>	<u>139,403,555</u>

See accompanying independent auditors' report.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Debt Service Fund

Schedule of Balance Sheet Accounts

June 30, 2021

Assets

Cash held with trustee	\$ 415,173,822
Accounts, notes, interest, and loans receivable, net	<u>35,536,388</u>
Total assets	<u><u>\$ 450,710,210</u></u>

Liabilities and Fund Balance

Liabilities:	
Unearned revenue	\$ 35,536,388
Other liabilities	<u>70,756,453</u>
Total liabilities	<u>106,292,841</u>
Fund balance:	
Restricted – Expendable	<u>344,417,369</u>
Total fund balance	<u>344,417,369</u>
Total liabilities and fund balance	<u><u>\$ 450,710,210</u></u>

See accompanying independent auditors' report.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Debt Service Fund

Schedule of Revenue, Expenditures, and Changes in Fund Balance Accounts

Year ended June 30, 2021

Revenue:	
Local tax for G.O. bonds	\$ <u>412,788,367</u>
Total revenue	<u>412,788,367</u>
Expenditures:	
Debt service	88,405,000
Interest expense on capital asset-related debt	<u>166,391,419</u>
Total expenditures	<u>254,796,419</u>
Net increase in fund balance	157,991,948
Fund balances at July 1, 2020	<u>186,425,421</u>
Fund balances at June 30, 2021	\$ <u><u>344,417,369</u></u>

See accompanying independent auditors' report.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Building Fund

Schedule of Balance Sheet Accounts

June 30, 2021

Assets

Cash in county treasury	\$ 367,801,914
Cash in banks	8,892,460
Accounts, notes, interest, and loans receivable, net of allowance for doubtful accounts	1,163,960
Due from other funds	2,365,143
Prepaid expenses and other assets	<u>10,939,344</u>
Total assets	<u>\$ 391,162,821</u>

Liabilities and Fund Balance

Liabilities:

Accounts payable	\$ 60,346,628
Due to other funds	<u>52,313</u>
Total liabilities	<u>60,398,941</u>

Fund balance:

Assigned – capital expenditures	<u>330,763,880</u>
Total fund balance	<u>330,763,880</u>
Total liabilities and fund balance	<u>\$ 391,162,821</u>

See accompanying independent auditors' report.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Building Fund

Schedule of Revenue, Expenditures, and Changes in Fund Balance Accounts

Year ended June 30, 2021

Local revenue:	
Interest	\$ <u>2,523,777</u>
Total revenue	<u>2,523,777</u>
Expenditures:	
Other operating expenses and services	19,113,547
Capital outlay	<u>188,927,411</u>
Total expenditures	<u>208,040,958</u>
Deficit of expenditures over revenue	<u>(205,517,181)</u>
Net decrease in fund balance	(205,517,181)
Fund balances at July 1, 2020	<u>536,281,061</u>
Fund balances at June 30, 2021	\$ <u><u>330,763,880</u></u>

See accompanying independent auditors' report.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Student Financial Aid Fund

Schedule of Balance Sheet Accounts

June 30, 2021

Assets

Cash in banks	\$	10,328,189
Accounts, notes, interest and loans receivable, net		11,654,408
Due from other funds		<u>2,596,873</u>
Total assets	\$	<u><u>24,579,470</u></u>

Liabilities and Fund Balance

Liabilities:

Accounts payable	\$	14,854,682
Due to other funds		<u>6,336,678</u>
Total liabilities		<u>21,191,360</u>

Fund balance:

Restricted		<u>3,388,110</u>
Total fund balance		<u>3,388,110</u>
Total liabilities and fund balance	\$	<u><u>24,579,470</u></u>

See accompanying independent auditors' report.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Student Financial Aid Fund

Statement of Revenue, Expenditures, and Changes in Fund Balances

Year ended June 30, 2021

Revenue:

Federal revenue:

Supplemental educational opportunity grants	\$	5,840,096
Pell (basic educational opportunity grants)		123,264,773
Direct loan		12,763,543
Other		34,913,382
Total federal revenue		<u>176,781,794</u>

State revenue:

Extended opportunity program		7,065,144
CAL Grant		18,700,507
Other		14,137,355
Total state revenue		<u>39,903,006</u>

Local revenue:

Other		<u>551,222</u>
Total local revenue		<u>551,222</u>
Total revenue		<u>217,236,022</u>

Expenditure:

Student grants		<u>217,244,818</u>
Total expenditure		<u>217,244,818</u>
Excess of revenue over expenditure		<u>(8,796)</u>
Net decrease in fund balance		(8,796)

Fund balances at July 1, 2020 3,396,906

Fund balances at June 30, 2021 \$ 3,388,110

See accompanying independent auditors' report.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Associated Student Organization Funds

ASO Fund – Combined Schedule of Balance Sheet Accounts

June 30, 2021

Assets	East Los Angeles College	Los Angeles City College	Los Angeles Harbor College	Los Angeles Mission College	Los Angeles Pierce College	Los Angeles Southwest College	Los Angeles Trade Technical College	Los Angeles Valley College	West Los Angeles College	Total
Cash in banks	\$ 257,862	470,785	378,348	488,474	1,375,720	233,702	1,174,072	1,560,436	260,086	6,199,485
Investments	779,753	178,905	100,000	197,812	610,453	—	2,384,896	1,758	—	4,253,577
Accounts, notes, interest, and receivable, net of allowance for doubtful accounts	150	17,552	—	—	—	3,920	19,746	20,091	—	61,459
Inventory	—	—	—	—	15,261	—	—	—	175	15,436
Total assets	\$ 1,037,765	667,242	478,348	686,286	2,001,434	237,622	3,578,714	1,582,285	260,261	10,529,957
Liabilities and Fund Balance										
Liabilities:										
Accounts payable	\$ 35,603	13,614	14,037	205,644	2,824	12,029	425,692	33,824	12,716	755,983
Long-term liabilities	313,267	—	—	—	—	11,862	889,933	—	—	1,215,062
Other liabilities	—	—	—	—	1,023,059	—	—	—	—	1,023,059
Total liabilities	348,870	13,614	14,037	205,644	1,025,883	23,891	1,315,625	33,824	12,716	2,994,104
Fund balances:										
Assigned – designated for future expenditures	688,895	653,628	464,311	480,642	975,551	213,731	2,263,089	1,548,461	247,545	7,535,853
Total fund balances	688,895	653,628	464,311	480,642	975,551	213,731	2,263,089	1,548,461	247,545	7,535,853
Total liabilities and fund balance	\$ 1,037,765	667,242	478,348	686,286	2,001,434	237,622	3,578,714	1,582,285	260,261	10,529,957

See accompanying independent auditors' report.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Associated Student Organization Funds

ASO Fund – Combined Schedule of Revenue, Expenditures, and Changes in Fund Balance Accounts

Year ended June 30, 2021

	<u>East Los Angeles College</u>	<u>Los Angeles City College</u>	<u>Los Angeles Harbor College</u>	<u>Los Angeles Mission College</u>	<u>Los Angeles Pierce College</u>	<u>Los Angeles Southwest College</u>	<u>Los Angeles Trade Technical College</u>	<u>Los Angeles Valley College</u>	<u>West Los Angeles College</u>	<u>Total</u>
Revenue:										
Other	\$ 186,772	118,656	77,234	92,434	174,794	30,740	775,620	172,646	68,718	1,697,614
Total revenue	<u>186,772</u>	<u>118,656</u>	<u>77,234</u>	<u>92,434</u>	<u>174,794</u>	<u>30,740</u>	<u>775,620</u>	<u>172,646</u>	<u>68,718</u>	<u>1,697,614</u>
Expenditure:										
Contract services and other operating expenditures	259,357	71,387	41,097	262,020	170,837	20,466	421,835	100,320	80,953	1,428,272
Total expenditure	<u>259,357</u>	<u>71,387</u>	<u>41,097</u>	<u>262,020</u>	<u>170,837</u>	<u>20,466</u>	<u>421,835</u>	<u>100,320</u>	<u>80,953</u>	<u>1,428,272</u>
Net increase (decrease) in fund balance	(72,585)	47,269	36,137	(169,586)	3,957	10,274	353,785	72,326	(12,235)	269,342
Fund balances at July 1, 2020	761,480	606,359	428,174	650,228	971,594	203,457	1,909,304	1,476,135	259,780	7,266,511
Fund balances at June 30, 2021	<u>\$ 688,895</u>	<u>653,628</u>	<u>464,311</u>	<u>480,642</u>	<u>975,551</u>	<u>213,731</u>	<u>2,263,089</u>	<u>1,548,461</u>	<u>247,545</u>	<u>7,535,853</u>

See accompanying independent auditors' report.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Associated Student Organization Funds

Student Representation Fee Fund – Combined Schedule of Balance Sheet Accounts

June 30, 2021

	<u>East Los Angeles College</u>	<u>Los Angeles City College</u>	<u>Los Angeles Harbor College</u>	<u>Los Angeles Mission College</u>	<u>Los Angeles Pierce College</u>	<u>Los Angeles Southwest College</u>	<u>Los Angeles Trade Technical College</u>	<u>Los Angeles Valley College</u>	<u>West Los Angeles College</u>	<u>Total</u>
Assets										
Cash in banks	\$ 141,432	115,033	113,521	108,935	434,386	51,279	122,134	248,892	60,524	1,396,136
Accounts, notes, interest, and receivable, net of allowance for doubtful accounts	—	—	—	—	—	1,600	—	6,485	—	8,085
Investments	—	—	—	—	—	—	—	51,377	—	51,377
Total assets	<u>\$ 141,432</u>	<u>115,033</u>	<u>113,521</u>	<u>108,935</u>	<u>434,386</u>	<u>52,879</u>	<u>122,134</u>	<u>306,754</u>	<u>60,524</u>	<u>1,455,598</u>
Fund Balance										
Fund balance:										
Assigned – future expenditures	\$ 141,432	115,033	113,521	108,935	434,386	52,879	122,134	306,754	60,524	1,455,598
Total fund balance	<u>141,432</u>	<u>115,033</u>	<u>113,521</u>	<u>108,935</u>	<u>434,386</u>	<u>52,879</u>	<u>122,134</u>	<u>306,754</u>	<u>60,524</u>	<u>1,455,598</u>
Total liabilities and fund balance	<u>\$ 141,432</u>	<u>115,033</u>	<u>113,521</u>	<u>108,935</u>	<u>434,386</u>	<u>52,879</u>	<u>122,134</u>	<u>306,754</u>	<u>60,524</u>	<u>1,455,598</u>

See accompanying independent auditors' report.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Associated Student Organization Funds

Student Representation Fee Fund – Combined Schedule of Revenue, Expenditures, and Changes in Fund Balance Accounts

Year ended June 30, 2021

	<u>East Los Angeles College</u>	<u>Los Angeles City College</u>	<u>Los Angeles Harbor College</u>	<u>Los Angeles Mission College</u>	<u>Los Angeles Pierce College</u>	<u>Los Angeles Southwest College</u>	<u>Los Angeles Trade Technical College</u>	<u>Los Angeles Valley College</u>	<u>West Los Angeles College</u>	<u>Total</u>
Revenue:										
Other	\$ 60,533	39,325	19,773	23,359	60,658	13,123	28,642	49,073	26,244	320,730
Total revenue	<u>60,533</u>	<u>39,325</u>	<u>19,773</u>	<u>23,359</u>	<u>60,658</u>	<u>13,123</u>	<u>28,642</u>	<u>49,073</u>	<u>26,244</u>	<u>320,730</u>
Expenditure:										
Contract services and other operating expenditures	40,257	38,181	9,504	10,692	27,049	6,767	16,212	21,949	12,751	183,362
Total expenditure	<u>40,257</u>	<u>38,181</u>	<u>9,504</u>	<u>10,692</u>	<u>27,049</u>	<u>6,767</u>	<u>16,212</u>	<u>21,949</u>	<u>12,751</u>	<u>183,362</u>
Net increase (decrease) in fund balance	20,276	1,144	10,269	12,667	33,609	6,356	12,430	27,124	13,493	137,368
Fund balances at July 1, 2020	121,156	113,889	103,252	96,268	400,777	46,523	109,704	279,630	47,031	1,318,230
Fund balances at June 30, 2021	<u>\$ 141,432</u>	<u>115,033</u>	<u>113,521</u>	<u>108,935</u>	<u>434,386</u>	<u>52,879</u>	<u>122,134</u>	<u>306,754</u>	<u>60,524</u>	<u>1,455,598</u>

See accompanying independent auditors' report.

OTHER SUPPLEMENTAL INFORMATION

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Schedule of District Organization, Board, and Administration Members

June 30, 2021

The District Organization

The Los Angeles Community College District (the District) was established on July 1, 1969 and comprises an area of approximately 882 square miles located in Los Angeles County. There were no changes in the boundaries of the District during the year. The District currently operates nine colleges as follows:

- East Los Angeles College
- Los Angeles City College
- Los Angeles Harbor College
- Los Angeles Mission College
- Los Angeles Pierce College
- Los Angeles Southwest College
- Los Angeles Trade Technical College
- Los Angeles Valley College
- West Los Angeles College

The Board of Trustees

Name	Office	Term expires
Gabriel Buelna, Ph.D	President	December 9, 2022
David Vela	First Vice President	December 13, 2024
Nichelle Henderson	Second Vice President	December 13, 2024
Steven F. Veres	Member	December 9, 2022
Mike Fong	Member	December 13, 2024
Andra Hoffman	Member	December 13, 2024
Ernest H. Moreno	Member	December 9, 2022
Coraima Martinez	Student Trustee	May 31, 2022

The Administration

Name	Office
Dr. Francisco C. Rodriguez	Chancellor
Dr. Melinda A. Nish	Deputy Chancellor
Dr. Ryan M. Cornner	Vice Chancellor, Educational Programs and Institutional Effectiveness
Ms. Carmen V. Lidz	Vice Chancellor & Chief Information Officer
Ms. Jeanette L. Gordon	Vice Chancellor & Chief Financial Officer
Dr. Rueben C. Smith	Vice Chancellor & Chief Facilities Executive
Mr. Jeff Prieto	General Counsel
Dr. Mercedes C. Gutierrez	Acting Vice Chancellor, Human Resources

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Schedule of District Organization, Board, and Administration Members

June 30, 2021

The College Presidents

Name	Office
Dr. Alberto J. Roman	East Los Angeles College
Dr. Mary Gallagher	Los Angeles City College
Dr. Luis Dorado*	Los Angeles Harbor College
Dr. Monte E. Perez	Los Angeles Mission College
Dr. Alexis S. Montevirgen	Los Angeles Pierce College
Dr. Seher Awan	Los Angeles Southwest College
Dr. Katrina VanderWoude	Los Angeles Trade-Technical College
Dr. Barry Gribbons	Los Angeles Valley College
Dr. James M. Limbaugh	West Los Angeles College

* Interim

LOS ANGELES COMMUNITY COLLEGE DISTRICT
Schedule of Expenditures of Federal Awards
Year ended June 30, 2021

Federal grantor/pass-through grantor/program or cluster title	Assistance listing number	Award or pass-through identification number	Passed through to subrecipients	Total federal expenditures
Major Programs:				
US Department of Education:				
Direct Program:				
Student Financial Assistance Cluster:				
Federal Supplement Educational Opportunity Grants (FSEOG):				
Los Angeles City College	84.007	P007A190450	\$ -	\$ 457,250
East Los Angeles College	84.007	P007A200365	-	1,321,146
Educational Service Center	84.007	-	-	199
Los Angeles Harbor College	84.007	P007A200451	-	414,570
Los Angeles Mission College	84.007	P007A200452	-	296,800
Los Angeles Pierce College	84.007	P007A200453	-	992,624
Los Angeles Southwest College	84.007	P007A200455	-	412,300
Los Angeles Trade Technical College	84.007	P007A200456	-	838,679
Los Angeles Valley College	84.007	P007A200457	-	673,750
West Los Angeles College	84.007	P007A200676	-	532,500
			-	5,939,818
Federal Work Study Program:				
Los Angeles City College	84.033	P033A200450	-	398,230
East Los Angeles College	84.033	P033A200365	-	318,890
Los Angeles Harbor College	84.033	P033A200451	-	90,052
Los Angeles Mission College	84.033	P033A200452	-	151,811
Los Angeles Pierce College	84.033	P033A200453	-	80,061
Los Angeles Southwest College	84.033	P033A200455	-	50,675
Los Angeles Trade Technical College	84.033	P033A200456	-	50,012
Los Angeles Valley College	84.033	P033A200457	-	212,359
West Los Angeles College	84.033	P033A200676	-	84,589
			-	1,436,679
Federal Perkins Loan Program:				
Los Angeles City College	84.038	-	-	447,199
East Los Angeles College	84.038	-	-	370,033
Los Angeles Harbor College	84.038	-	-	76,769
Los Angeles Mission College	84.038	-	-	38,649
Los Angeles Pierce College	84.038	-	-	248,529
Los Angeles Southwest College	84.038	-	-	241,883
Los Angeles Trade Technical College	84.038	-	-	650,981
Los Angeles Valley College	84.038	-	-	314,868
West Los Angeles College	84.038	-	-	213,745
			-	2,602,656
Federal Pell Grant Program:				
Los Angeles City College	84.063	P063P200033	-	17,495,018
East Los Angeles College	84.063	P063P205263	-	29,103,729
Los Angeles Harbor College	84.063	P063P200034	-	6,926,050
Los Angeles Mission College	84.063	P063P200658	-	7,707,128
Los Angeles Pierce College	84.063	P063P200035	-	19,865,818
Los Angeles Southwest College	84.063	P063P205261	-	5,453,042
Los Angeles Trade Technical College	84.063	P063P205260	-	11,080,424
Los Angeles Valley College	84.063	P063P200036	-	17,699,123
West Los Angeles College	84.063	P063P205262	-	8,048,051
			-	123,378,383
Federal Direct Student Loans:				
Los Angeles City College	84.268	P268K210033	-	3,739,261
East Los Angeles College	84.268	P268K215263	-	871,475
Los Angeles Harbor College	84.268	P268K210034	-	169,407
Los Angeles Mission College	84.268	P268K210658	-	655,510
Los Angeles Pierce College	84.268	P268K210035	-	3,653,279
Los Angeles Southwest College	84.268	P268K215261	-	552,521
Los Angeles Trade Technical College	84.268	P268K215260	-	801,471
Los Angeles Valley College	84.268	P268K210036	-	1,149,672
West Los Angeles College	84.268	P268K215262	-	1,170,947
			-	12,763,543

LOS ANGELES COMMUNITY COLLEGE DISTRICT
Schedule of Expenditures of Federal Awards
Year ended June 30, 2021

Federal grantor/pass-through grantor/program or cluster title	Assistance listing number	Award or pass-through identification number	Passed through to subrecipients	Total federal expenditures
US Department of Health and Human Services:				
Direct program:				
Nursing Student Loans:				
Los Angeles City College	93.364	-	\$ -	\$ 2,197
East Los Angeles College	93.364	-	-	1,200
Los Angeles Harbor College	93.364	-	-	8,291
Los Angeles Pierce College	93.364	-	-	2,297
Los Angeles Southwest College	93.364	-	-	9,284
Los Angeles Trade Technical College	93.364	-	-	6,250
Los Angeles Valley College	93.364	-	-	33,573
			-	63,092
Total Student Financial Assistance Cluster			-	146,184,171
US Department of Education:				
Passed-through California Department of Education:				
Adult Education – Basic Grants to States:				
Adult Education and Family Literacy and English Literacy:				
Los Angeles City College	84.002	19-6474-00	-	172,225
East Los Angeles College	84.002	19-6474-00	-	48,790
Los Angeles Harbor College	84.002	19-6474-00	-	6,016
Los Angeles Mission College	84.002	19-6474-00	-	36,533
Los Angeles Southwest College	84.002	19-6474-00	-	129,996
Los Angeles Trade Technical College	84.002	19-6474-00	-	24,095
Los Angeles Valley College	84.002	19-6474-00	-	34,702
West Los Angeles College	84.002	19-6474-00	-	35,748
			-	488,105
Adult Education and Family Literacy				
Los Angeles City College	84.002	2020-64740	-	1,294,308
East Los Angeles College	84.002	2020-64740	-	221,803
Los Angeles Harbor College	84.002	2020-64740	-	44,118
Los Angeles Mission College	84.002	2020-64740	-	91,338
Los Angeles Pierce College	84.002	2020-64740	-	581
Los Angeles Southwest College	84.002	2020-64740	-	525,167
Los Angeles Trade-Technical College	84.002	2020-64740	-	164,367
Los Angeles Valley College	84.002	2020-64740	-	293,215
West Los Angeles College	84.002	2020-64740	-	87,697
			-	2,722,594
Total Adult Education – Basic Grants to States			-	3,210,699
US Department of Education:				
Direct Program:				
Higher Education Emergency Relief Fund (HEERF)				
HEERF - Student Aid Portion				
Los Angeles City College	84.425E	P425E200850	-	3,318,693
East Los Angeles College	84.425E	P425E200918	-	7,373,922
Los Angeles Harbor College	84.425E	P425E200846	-	1,430,128
Los Angeles Mission College	84.425E	P425E200842	-	1,470,241
Los Angeles Pierce College	84.425E	P425E200844	-	3,648,500
Los Angeles Southwest College	84.425E	P425E201592	-	976,000
Los Angeles Trade Technical College	84.425E	P425E204139	-	2,384,963
Los Angeles Valley College	84.425E	P425E201278	-	3,077,312
West Los Angeles College	84.425E	P425E201301	-	1,107,905
			-	24,787,664
HEERF - Institutional Portion				
Los Angeles City College	84.425F	P425F202306	-	6,438,621
East Los Angeles College	84.425F	P425F202199	-	13,403,803
Los Angeles Harbor College	84.425F	P425F202149	-	7,134,805
Los Angeles Mission College	84.425F	P425F202265	-	4,065,713
Los Angeles Pierce College	84.425F	P425F202148	-	6,684,458
Los Angeles Southwest College	84.425F	P425F202151	-	3,593,675
Los Angeles Trade Technical College	84.425F	P425F203076	-	7,284,143
Los Angeles Valley College	84.425F	P425F202381	-	10,127,848
West Los Angeles College	84.425F	P425F202260	-	4,015,865
			-	62,748,931

LOS ANGELES COMMUNITY COLLEGE DISTRICT
Schedule of Expenditures of Federal Awards
Year ended June 30, 2021

Federal grantor/pass-through grantor/program or cluster title	Assistance listing number	Award or pass-through identification number	Passed through to subrecipients	Total federal expenditures
HEERF - Minority Serving Institution				
Los Angeles Harbor College	84.425L	P425L200438	\$ -	\$ 81,543
Los Angeles Mission College	84.425L	P425L200402	-	171,220
Los Angeles Pierce College	84.425L	P425L200439	-	389,985
Los Angeles Valley College	84.425L	P425L200445	-	397,988
			-	1,040,736
Total Higher Education Emergency Relief Fund			-	88,577,331
U.S. Department of Treasury:				
Passed-through California Community College's Chancellors Office:				
COVID-19 Block Grant	21.019	-	-	2,968,500
Total Major Programs			-	240,940,701
Non-Major Programs:				
US Department of Agriculture:				
Child and Adult Care Food Programs:				
Passed-through California Department of Education:				
Los Angeles City College	10.558	04056-CACFP-19-CC-CS	-	2,183
East Los Angeles College	10.558	04056-CACFP-19-CC-CS	-	25,388
Los Angeles Harbor College	10.558	04056-CACFP-19-CC-CS	-	8,445
Los Angeles Mission College	10.558	04056-CACFP-19-CC-CS	-	3
Los Angeles Pierce College	10.558	04056-CACFP-19-CC-CS	-	1,331
Los Angeles Trade Technical College	10.558	04056-CACFP-19-CC-CS	-	12,176
Los Angeles Valley College	10.558	04056-CACFP-19-CC-CS	-	4,258
Total Child and Adult Care Food Programs			-	53,784
Passed-through The University Corporation:				
Pathways to Success Hispanic Standard Registration Diet:				
Los Angeles Mission College	10.223	A18-0017-S001	-	40,468
Total U.S. Department of Agriculture			-	94,252
US Department of Labor:				
Workforce Innovation and Opportunity Act (WIOA) Cluster:				
Passed-through South Bay Workforce Investment Board:				
1-Train South Bay Workforce Invest Board:				
Dislocated Worker Formula Grants:				
Los Angeles Mission College	17.278	17-W182	-	843
Passed-through City of Los Angeles:				
Employment Development Department (EDD):				
EDD Strengthening Working Families:				
Los Angeles Valley College	17.258	K9113043	-	102,843
Passed-through City of Glendale:				
Regional BioTech Tech Industry:				
Los Angeles Valley College	17.258	AA-32213-18-55-A-6	-	20,348
Passed-through American Association of Community Colleges:				
Expanding Community College Apprenticeships Initiative				
Los Angeles City College	17.258	AP-33025-19-75-A-11	-	67,226
East Los Angeles College	17.258	AP-33025-19-75-A-11	-	33,185
			-	223,602
Total Workforce Innovation and Opportunity Act (WIOA) Cluster			-	224,445
Direct Program				
H-1B Job Training Grant				
West Los Angeles College	17.268	HG-33046-19-60-A-6	654,385	1,175,331
Total U.S. Department of Labor			654,385	1,399,776

LOS ANGELES COMMUNITY COLLEGE DISTRICT
Schedule of Expenditures of Federal Awards
Year ended June 30, 2021

Federal grantor/pass-through grantor/program or cluster title	Assistance listing number	Award or pass-through identification number	Passed through to subrecipients	Total federal expenditures
<u>National Aeronautics and Space Administration:</u>				
Direct programs:				
Minority University Research & Education Project:				
Los Angeles Pierce College	43.008	80NSSC18M0124	\$ -	\$ 12,684
			-	12,684
<u>National Science Foundation (NSF):</u>				
Direct programs:				
Education and Human Resources Program:				
Biotechnology Program NSF:				
Los Angeles Mission College	47.076	1700152	-	30,848
Biotechnology Program NSF				
Los Angeles Mission College	47.076	2054891	-	15,269
Scholarship in STEM to Achieve Results:				
East Los Angeles College	47.076	1458676	-	71,310
Biology Major in Mathematics, NSF:				
Los Angeles Mission College	47.076	1832348	-	217,335
Filling Skills Gaps Geo-Spatial Eng NSF:				
East Los Angeles College	47.076	1801188	-	255,206
Increasing Retention of Veterans in Engr:				
East Los Angeles College	47.076	1821721	-	153,082
Improving Student Career Readiness Exper				
Los Angeles Pierce College	47.076	1955360	-	41,538
Passed-through The University of Michigan:				
Principal Invest NSF				
East Los Angeles College	47.076	PAF# 9046	-	1,500
Total National Science Foundation Programs			-	786,088
<u>US Department of Education:</u>				
Higher Education Institutional Aid:				
Direct Program:				
Los Angeles City College	84.031	P031C160251	-	987,224
East Los Angeles College	84.031	P031S150126	-	73,707
East Los Angeles College	84.031	P031S150078	-	217,357
East Los Angeles College	84.031	P031C160250	-	1,347,448
Los Angeles Harbor College	84.031	P031S160232	-	450,749
Los Angeles Harbor College	84.031	P031C160050	-	894,433
Los Angeles Mission College	84.031	P031S150210	-	156,129
Los Angeles Mission College	84.031	P031S200103	-	383,443
Los Angeles Trade Technical College	84.031	P031S150126	-	94,777
Los Angeles Valley College	84.031	P031S150126	-	162,987
Los Angeles Valley College	84.031	P031C160111	-	1,277,095
Los Angeles Valley College	84.031	P031S190289	-	672,664
Los Angeles Valley College	84.031	P031S200222	-	120,151
West Los Angeles College	84.031	P031S180053	-	408,366
			-	7,246,530
Passed-through The University Corporation:				
Bridging the Gap Enhancing AIMS2 for Student Success:				
Los Angeles Pierce College	84.031	A17-0013-S004	-	48,668
Total Higher Education Institutional Aid			-	7,295,198

LOS ANGELES COMMUNITY COLLEGE DISTRICT
Schedule of Expenditures of Federal Awards
Year ended June 30, 2021

Federal grantor/pass-through grantor/program or cluster title	Assistance listing number	Award or pass-through identification number	Passed through to subrecipients	Total federal expenditures
TRIO Cluster:				
Direct Program:				
TRIO-Student Support Services:				
Los Angeles City College	84.042	P042A150811	\$ -	\$ 33,999
Los Angeles City College	84.042	P042A200354	-	258,165
Los Angeles Harbor College	84.042	P042A160490	-	351,814
Los Angeles Mission College	84.042	P042A150374	-	63,804
Los Angeles Mission College	84.042	P042A201696	-	203,073
Los Angeles Southwest College	84.042	P042A150835	-	60,981
Los Angeles Southwest College	84.042	P042A150850	-	35,537
Los Angeles Southwest College	84.042	P042A201432	-	195,048
Los Angeles Southwest College	84.042	P042A201884	-	394,135
Los Angeles Valley College	84.042	P042A150327	-	42,246
Los Angeles Valley College	84.042	P042A201769	-	200,845
West Los Angeles College	84.042	P042A150688	-	96,321
West Los Angeles College	84.042	P042A201592	-	190,871
			-	2,126,839
TRIO-Talent Search:				
Los Angeles Southwest College	84.044	P044A160617	-	302,920
West Los Angeles College	84.044	P044A160817	-	333,164
			-	636,084
TRIO-Upward Bound:				
Los Angeles City College	84.047	P047A170544	-	433,740
Los Angeles City College	84.047	P047A170247	-	226,264
Los Angeles Valley College	84.047	P047A170038	-	333,599
Los Angeles Valley College	84.047	P047M170100	-	249,838
West Los Angeles College	84.047	P047A170859	-	212,383
West Los Angeles College	84.047	P047A170970	-	324,504
West Los Angeles College	84.047	P047M170175	-	206,625
West Los Angeles College	84.047	P047M170351	-	193,515
			-	2,180,468
TRIO-Educational Opportunity Centers:				
West Los Angeles College	84.066	P066A160194	-	265,295
Total TRIO Cluster			-	5,208,686
Career and Technical Education – Basic Grant to States (Perkins IV):				
Passed-through California Community College's Chancellors Office:				
Perkins Title I-C:				
Los Angeles City College	84.048	19-C01-027	-	468,032
East Los Angeles College	84.048	19-C01-027	-	811,191
Educational Service Center	84.048	19-C01-027	-	205,258
Los Angeles Harbor College	84.048	19-C01-027	-	244,944
Los Angeles Mission College	84.048	19-C01-027	-	340,879
Los Angeles Pierce College	84.048	19-C01-027	-	493,677
Los Angeles Southwest College	84.048	19-C01-027	-	240,426
Los Angeles Trade Technical College	84.048	19-C01-027	-	547,669
Los Angeles Valley College	84.048	19-C01-027	-	455,956
West Los Angeles College	84.048	19-C01-027	-	505,018
Total Career and Technical Education – Basic Grant to States (Perkins IV)			-	4,313,050
Passed-through California State University Los Angeles (CSULA) Auxiliary Services, INC: Fund for the Improvement of Postsecondary Education:				
First in the World CSULA:				
West Los Angeles College	84.116	WLAC231225	-	31,202

LOS ANGELES COMMUNITY COLLEGE DISTRICT
Schedule of Expenditures of Federal Awards
Year ended June 30, 2021

Federal grantor/pass-through grantor/program or cluster title	Assistance listing number	Award or pass-through identification number	Passed through to subrecipients	Total federal expenditures
Passed-through California Department of Rehabilitation:				
Rehabilitation Services Vocational Rehabilitation Grants to States:				
College to Career Program:				
West Los Angeles College	84.126	30741	\$ -	\$ 250,000
Passed-through Los Angeles Unified School District:				
Gaining Early Awareness and Readiness for Undergraduate Programs:				
Los Angeles City College	84.334	4400007127	-	25,699
Los Angeles City College	84.334	4400007145	-	16,246
Los Angeles City College	84.334	4400008257	-	79,160
Los Angeles Trade Technical College	84.334	4400007128	-	5,959
Los Angeles Trade Technical College	84.334	4400007146	-	14,406
Total Gaining Early Awareness and Readiness for Undergraduate Programs			-	141,470
Direct program:				
Child Care Access Means Parents in School				
Los Angeles Valley College	84.335	P335A170063	-	208,671
Passed-through Loyola Marymount University:				
Center for International Business Education:				
Educational Service Center	84.22	19-006-S1	-	40,441
Total U.S. Department of Education			-	17,488,718
US Department of Health and Human Services:				
477 Cluster Program:				
Passed-through California Community College's Chancellors Office:				
Temporary Assistance for Needy Families (TANF):				
Los Angeles City College	93.558	4362501711014	-	134,437
East Los Angeles College	93.558	4362501711014	-	134,629
Los Angeles Harbor College	93.558	4362501711014	-	66,745
Los Angeles Mission College	93.558	4362501711014	-	88,241
Los Angeles Pierce College	93.558	4362501711014	-	80,055
Los Angeles Southwest College	93.558	4362501711014	-	179,245
Los Angeles Trade Technical College	93.558	4362501711014	-	172,873
Los Angeles Valley College	93.558	4362501711014	-	182,644
West Los Angeles College	93.558	4362501711014	-	86,888
			-	1,125,757
Passed-through California Department of Education:				
Child Care and Development Block Grant				
Los Angeles Mission College	93.575	CFCC-0009	-	90,504
Los Angeles City College	93.575	CCTR-0101	-	1,284
East Los Angeles College	93.575	CCTR-0101	-	29,946
Los Angeles Harbor College	93.575	CCTR-0101	-	1,284
Los Angeles Mission College	93.575	CCTR-0101	-	209,637
Los Angeles Pierce College	93.575	CCTR-0101	-	1,284
Los Angeles Southwest College	93.575	CCTR-0101	-	1,284
Los Angeles Trade Technical College	93.575	CCTR-0101	-	1,284
Los Angeles Valley College	93.575	CCTR-0101	-	118,346
West Los Angeles College	93.575	CCTR-0101	-	1,284
			-	456,137

LOS ANGELES COMMUNITY COLLEGE DISTRICT
Schedule of Expenditures of Federal Awards
Year ended June 30, 2021

Federal grantor/pass-through grantor/program or cluster title	Assistance listing number	Award or pass-through identification number	Passed through to subrecipients	Total federal expenditures
Child Care Mandatory and Matching Funds of the Child Care and Development Fund				
Los Angeles Mission College	93.596	CFCC-0009	\$ -	\$ 196,879
Los Angeles City College	93.596	CCTR-0101	-	2,578
East Los Angeles College	93.596	CCTR-0101	-	60,152
Los Angeles Harbor College	93.596	CCTR-0101	-	2,578
Los Angeles Mission College	93.596	CCTR-0101	-	421,096
Los Angeles Pierce College	93.596	CCTR-0101	-	2,578
Los Angeles Southwest College	93.596	CCTR-0101	-	2,578
Los Angeles Trade Technical College	93.596	CCTR-0101	-	2,578
Los Angeles Valley College	93.596	CCTR-0101	-	237,720
West Los Angeles College	93.596	CCTR-0101	-	2,578
			<u>-</u>	<u>931,315</u>
Assembly Bill 82 Stipend				
Los Angeles Mission College	93.575	-	-	26,775
			<u>-</u>	<u>26,775</u>
Total 477 Cluster Program			<u>-</u>	<u>2,539,984</u>
Passed-through California Department of Education:				
Foster Care – Title IV-E:				
Foster and Kinship Care Education:				
Los Angeles City College	93.658	-	-	53,447
East Los Angeles College	93.658	-	-	47,154
Los Angeles Harbor College	93.658	-	-	61,604
Los Angeles Mission College	93.658	-	-	54,834
Los Angeles Pierce College	93.658	-	-	37,500
Los Angeles Southwest College	93.658	-	-	45,851
Los Angeles Trade Technical College	93.658	-	-	59,842
West Los Angeles College	93.658	-	-	52,900
			<u>-</u>	<u>413,132</u>
Passed-through California State University Northridge (CSUN):				
Trans-NIH Research Support:				
BUILD @ CSUN:				
East Los Angeles College	93.31	A-15-0012-S019	-	3,259
			<u>-</u>	<u>3,259</u>
Corporation for National and Community Service:				
American Recovery and Reinvestment Act (ARRA):				
AmeriCorps:				
Los Angeles City College	94.006	-	-	18,817
East Los Angeles College	94.006	-	-	47,383
Los Angeles Harbor College	94.006	-	-	1,222
Los Angeles Mission College	94.006	-	-	10,318
Los Angeles Pierce College	94.006	-	-	8,190
Los Angeles Southwest College	94.006	-	-	3,047
Los Angeles Trade Technical College	94.006	-	-	75,248
Los Angeles Valley College	94.006	-	-	12,107
West Los Angeles College	94.006	-	-	17,077
			<u>-</u>	<u>193,409</u>
Total Corporation for National and Community Service			<u>-</u>	<u>193,409</u>
Total Non-Major Programs			<u>654,385</u>	<u>22,931,302</u>
Total Expenditures of Federal Awards			<u>\$ 654,385</u>	<u>\$ 263,872,003</u>

See accompanying notes to other supplemental information and independent auditors' report on compliance for each major federal program and internal control over compliance required by the Uniform Guidance; and report on schedule of expenditures of federal awards.

LOS ANGELES COMMUNITY COLLEGE DISTRICT
Schedule of State Awards
Year ended June 30, 2021

Program name	Cash received	Accounts receivable	Deferred income	Total program revenue	Total program expenditures
Adult Education Block Grant	\$ 12,472,616	\$ -	\$ (4,144,767)	\$ 8,327,849	\$ 8,327,849
CAL Grants	18,702,780	51	(30,736)	18,672,095	18,664,301
Cal A & Middle Class Sch (MCS)	20,250	-	-	20,250	20,250
California College Promise	6,819,188	-	(1,964,157)	4,855,031	4,855,031
California State Preschool Program	3,428,824	1,442,498	-	4,871,322	4,871,322
CaWORKs	8,132,482	-	(3,181,247)	4,951,235	4,951,235
Cooperating Agencies Resources for Education (CARE)	1,827,693	-	(272,262)	1,555,431	1,555,439
COVID-19 Response Block Grant	5,886,912	-	(5,208,753)	678,159	678,159
Disabled Students Program & Services (DSPS)	7,720,921	-	(578,440)	7,142,481	8,071,683
Disaster Relief Emerg Student	1,110,874	-	-	1,110,874	1,110,874
Economic and Workforce Development	59,513	-	-	59,513	59,513
Equal Employment Opportunity	76,196	-	-	76,196	7,385
Extended Opportunity Program and Services (EOPS)	14,300,388	-	(1,079,853)	13,220,535	13,220,539
Family Child Care Homes	531,521	-	-	531,521	541,326
Financial Aid Technology	318,612	-	-	318,612	55,638
Foster and Kinship Care Education (FKCE)	318,227	410,086	-	728,313	728,306
General Child Care and Development	1,607,651	1,244,713	-	2,852,364	2,852,364
Guided Pathways	6,981,489	-	(3,988,243)	2,993,246	2,993,246
Innovation in Higher Education	717,424	-	(518,653)	198,771	198,771
Math, Engineering, & Science Achievement	-	46,016	-	46,016	46,016
Mental Health Support	446,857	-	(104,944)	341,913	341,913
NEXTUP	3,743,749	-	(991,686)	2,752,063	2,827,633
Nursing Education	1,678,007	-	(799,478)	878,529	878,526
One-Time Block Grant/ Instructional Equipment/Deferred Mai	-	-	-	-	1,519,237
Osher Scholarship	93,100	69,600	-	162,700	153,600
Professional Development Services	354,082	-	-	354,082	354,082
Rapid Rehousing	1,400,000	-	(1,075,415)	324,585	324,585
Strong Workforce Program - Local	27,791,426	-	(17,695,731)	10,095,695	10,095,695
Strong Workforce Program - Regional	1,085,893	4,825,705	-	5,911,598	5,914,847
Student Equity	12,926,210	31,283,556	-	44,209,766	44,257,219
Student Financial Aid Administration	4,977,902	-	-	4,977,902	5,184,097
Student Success Completion Grant	13,513,587	-	(646,018)	12,867,569	12,867,569
Veterans Resource Center	1,417,963	49,280	(920,982)	546,261	546,261
Other State Assistance Programs	4,597,776	660,246	(2,821,854)	2,436,168	2,883,107
Total state programs	<u>\$ 165,060,113</u>	<u>\$ 40,031,751</u>	<u>\$ (46,023,219)</u>	<u>\$ 159,068,645</u>	<u>\$ 161,957,618</u>

See accompanying independent auditors' report on schedule expenditures of state awards and state compliance.

LOS ANGELES COMMUNITY COLLEGE DISTRICT
 Schedule of Workload Measures for State General Apportionment
 Annual 2020-21 Apportionment Attendance Report

Categories	Reported data
A. Summer intersession (Summer Seg 2 only):	
1. Noncredit	1,618
2. Credit	4,178
B. Summer intersession (Summer Seg 1 only):	
1. Noncredit	22
2. Credit	4,805
C. Primary terms (Exclusive of summer intersessions):	
1. Census procedure courses:	
a. Weekly census contact hours	32,402
b. Daily census contact hours	4,633
2. Actual hours of attendance procedure courses:	
a. Noncredit	120
b. Credit	3,676
3. Independent study/work experience education courses:	
a. Weekly census procedure crs	17,788
b. Daily census procedure crs	12,156
c. Noncredit independent study	4,848
D. Total Full-Time Equivalent Students (FTES)	86,246
Supplemental Information	
E. In-service training courses	3,160
H. Basic skills courses:	
1. Noncredit	4,678
2. Credit	354
I. CCFS-320 Addendum: CDCP Noncredit FTES	4,971
J. Centers FTES:	
1. Noncredit	N/A
2. Credit	N/A

See accompanying independent auditors' report on state compliance.

LOS ANGELES COMMUNITY COLLEGE DISTRICT
 Reconciliation of the 50 Percent Law Calculation to Audited Financial Statements
 Year ended June 30, 2021

	Object/TOP code	Activity (ECSA) ECS 84362 A Instructional Salary Cost AC 0100-5900 and AC 6110			Activity (ECSB) ECS 84362 B Total CEE AC 0100 – 6799		
		Reported data	Audit adjustments	Revised data	Reported data	Audit adjustments	Reported data
Academic salaries:							
Instructional salaries:							
Contract or regular	1,100	\$ 122,711,251	\$ -	\$ 122,711,251	\$ 122,759,385	\$ -	\$ 122,759,385
Other	1,300	102,703,178	-	102,703,178	103,271,345	-	103,271,345
Total instructional salaries		<u>225,414,429</u>	<u>-</u>	<u>225,414,429</u>	<u>226,030,730</u>	<u>-</u>	<u>226,030,730</u>
Noninstructional salaries:							
Contract or regular	1,200	-	-	-	52,763,721	-	52,763,721
Other	1,400	-	-	-	5,368,640	-	5,368,640
Total noninstructional salaries		<u>-</u>	<u>-</u>	<u>-</u>	<u>58,132,361</u>	<u>-</u>	<u>58,132,361</u>
Total academic salaries		<u>225,414,429</u>	<u>-</u>	<u>225,414,429</u>	<u>284,163,091</u>	<u>-</u>	<u>284,163,091</u>
Classified salaries:							
Noninstructional salaries:							
Regular status	2,100	-	-	-	110,913,566	-	110,913,566
Other	2,300	-	-	-	3,059,234	-	3,059,234
Total noninstructional salaries		<u>-</u>	<u>-</u>	<u>-</u>	<u>113,972,800</u>	<u>-</u>	<u>113,972,800</u>
Instructional aides:							
Regular status	2,200	10,791,069	-	10,791,069	12,132,690	-	12,132,690
Other	2,400	1,092,793	-	1,092,793	1,154,913	-	1,154,913
Total instructional aides		<u>11,883,862</u>	<u>-</u>	<u>11,883,862</u>	<u>13,287,603</u>	<u>-</u>	<u>13,287,603</u>
Total classified salaries		<u>11,883,862</u>	<u>-</u>	<u>11,883,862</u>	<u>127,260,403</u>	<u>-</u>	<u>127,260,403</u>
Employee benefits	3,000	80,350,637	-	80,350,637	182,182,290	-	182,182,290
Supplies and materials	4,000	-	-	-	4,736,016	-	4,736,016
Other operating expenses	5,000	4,708,243	-	4,708,243	79,046,195	-	79,046,195
Equipment replacement	6,420	-	-	-	-	-	-
Total expenditures prior to exclusions		<u>\$ 322,357,171</u>	<u>\$ -</u>	<u>\$ 322,357,171</u>	<u>\$ 677,387,995</u>	<u>\$ -</u>	<u>\$ 677,387,995</u>

LOS ANGELES COMMUNITY COLLEGE DISTRICT
Reconciliation of the 50 Percent Law Calculation to Audited Financial Statements
Year ended June 30, 2021

Object/TOP code	Activity (ECSA) ECS 84362 A Instructional Salary Cost AC 0100-5900 and AC 6110			Activity (ECSB) ECS 84362 B Total CEE AC 0100 – 6799		
	Reported data	Audit adjustments	Revised data	Reported data	Audit adjustments	Reported data
Exclusions:						
Activities to exclude:						
Instructional staff-retirees' benefits and retirement incentives	5,900	\$ -	\$ -	\$ -	\$ -	\$ -
Student health services above amount collected	6,441	-	-	-	-	-
Student transportation	6,491	-	-	-	-	-
Noninstructional staff-retirees' benefits and retirement incentives	6,740	-	-	-	29,959,366	29,959,366
Objects to exclude:						
Rents and leases	5,060	-	-	-	1,203,243	1,203,243
Lottery expenditures:						
Academic salaries	1,000	-	-	-	-	-
Classified salaries	2,000	-	-	-	-	-
Employee benefits	3,000	-	-	-	-	-
Supplies and materials:						
Software	4,000	-	-	-	-	-
Books, magazines, and periodicals	4,100	-	-	-	-	-
Instructional supplies and materials	4,200	-	-	-	-	-
Noninstructional, supplies, and materials	4,300	-	-	-	-	-
	4,400	-	-	-	-	-
Total supplies and materials	-	-	-	-	-	-
Other operating expenses and services	5,000	-	-	-	17,131,038	17,131,038
Capital outlay:						
Library books	6,000	-	-	-	-	-
Equipment:	-	-	-	-	-	-
Equipment – additional	6,400	-	-	-	-	-
Equipment – replacement	6,410	-	-	-	-	-
	6,420	-	-	-	-	-
Total equipment	-	-	-	-	-	-
Total capital outlay	-	-	-	-	-	-
Other outgo	7,000	-	-	-	-	-
Total exclusions	-	-	-	-	48,293,647	48,293,647
Total for ECS 84362, 50% law	\$ 322,357,171	\$ -	\$ 322,357,171	\$ 629,094,348	\$ -	\$ 692,094,348
Percent of CEE (Instructional salary cost/Total CEE)	51.24 %		51.24 %	100.00 %		100.00 %
50% of current expense of education				\$ 314,547,174		\$ 314,547,174

See accompanying independent auditors' report.

LOS ANGELES COMMUNITY COLLEGE DISTRICT
Reconciliation of Annual Financial and Budget Report (CCFS-311)
Year ended June 30, 2021

	General fund	Special revenue fund	Debt service fund	Building fund	Student financial aid fund	ASO Fund*	General long-term fixed assets	Other GASB Adj to general long-term debt	Total
June 30, 2021 total fund balances per annual financial budget report – 311	\$ 174,931,495	137,547,946	—	320,992,059	3,388,113	9,264,151	—	—	646,123,764
Audit adjustments to fund balance:									
Adjustments to cash with bond trustee	—	—	415,173,822	—	—	—	—	—	415,173,822
Adjustments to accrued interest expense	—	—	(70,756,453)	—	—	—	—	—	(70,756,453)
Adjustments to other assets	—	—	—	—	—	—	—	—	—
Adjustments to revenues	1,846,480	—	—	12,128,604	—	—	—	—	13,975,084
Adjustments to expenditures	(5,739)	—	—	(2,356,783)	(3)	(272,700)	—	—	(2,635,225)
Adjustments to bookstore's reserve for inventory and facility improvements	—	1,855,609	—	—	—	—	—	—	1,855,609
Adjustments to worker's compensation payable reserve	1,900,000	—	—	—	—	—	—	—	1,900,000
Adjustments and reclass	<u>3,740,741</u>	<u>1,855,609</u>	<u>344,417,369</u>	<u>9,771,821</u>	<u>(3)</u>	<u>(272,700)</u>	<u>—</u>	<u>—</u>	<u>359,512,837</u>
June 30, 2021 unaudited ending fund balance	178,672,236	139,403,555	344,417,369	330,763,880	3,388,110	8,991,451	—	—	1,005,636,601
Current assets:									
Adjustment to revenue and receivables	—	—	—	—	—	—	43,839,208	—	43,839,208
Adjustment to cash and deposit with trustee	—	—	—	—	—	—	—	(5,627,997)	(5,627,997)
Deferred Outflows – debt refundings	—	—	—	—	—	—	—	210,677,595	210,677,595
Capital assets are not financial resources and therefore are not reported as assets in government funds	—	—	—	—	—	—	4,479,484,926	—	4,479,484,926
Other post employment benefits (OPEB)	—	—	—	—	—	—	—	(592,625,568)	(592,625,568)
Deferred Outflows	—	—	—	—	—	—	—	359,926,523	359,926,523
Long-term liabilities are not booked as part of fund balances:									
G.O. bonds	—	—	—	—	—	—	—	(4,409,250,000)	(4,409,250,000)
Unamortized premiums bond	—	—	—	—	—	—	—	(153,608,589)	(153,608,589)
Pension obligation	—	—	—	—	—	—	—	(831,008,079)	(831,008,079)
Supplemental retirement plan	—	—	—	—	—	—	—	(28,490,193)	(28,490,193)
Workers' compensation claims payable	—	—	—	—	—	—	—	(35,056,000)	(35,056,000)
General liability	—	—	—	—	—	—	—	(11,518,000)	(11,518,000)
Vacation benefits payable	—	—	—	—	—	—	—	(25,078,764)	(25,078,764)
Capital lease payable	—	—	—	—	—	—	—	(318,674)	(318,674)
Deferred inflows	—	—	—	—	—	—	—	(188,036,218)	(188,036,218)
June 30, 2021 net position	<u>\$ 178,672,236</u>	<u>139,403,555</u>	<u>344,417,369</u>	<u>330,763,880</u>	<u>3,388,110</u>	<u>8,991,451</u>	<u>4,523,324,134</u>	<u>(5,710,013,964)</u>	<u>(181,053,229)</u>

* This includes ASO Trust Fund and Student Representation Fee Trust Fund.

See accompanying independent auditors' report.

LOS ANGELES COMMUNITY COLLEGE DISTRICT
 Reconciliation of Education Protection Account (EPA) Expenditures to Audited Financial Statements
 Year ended June 30, 2021

<u>Activity classification</u>	<u>Activity code</u>				<u>Total</u>
EPA proceeds	8630				\$ 151,764,145
<u>Activity classification</u>	<u>Activity code</u>	<u>Salaries and benefits (1000-3000)</u>	<u>Operating expenses (4000-5000)</u>	<u>Capital outlay (6000)</u>	<u>Total</u>
Instructional activities	0100-5900	\$ 151,526,399	-	-	151,526,399
Other support activities	6XXX	237,746	-	-	237,746
Total expenditures for EPA		<u>\$ 151,764,145</u>	<u>-</u>	<u>-</u>	<u>151,764,145</u>
Revenue less expenditures					<u>\$ -</u>

LOS ANGELES COMMUNITY COLLEGE DISTRICT
Reconciliation of Governmental Funds to the Statement of Net Position
Year ended June 30, 2021

	General fund	Special revenue fund	Debt service fund	Building Fund	Student financial aid fund	ASO fund *	General long-term fixed assets	Other GASB adj to general long-term debt	Total
June 30, 2021 unaudited ending fund balance	\$ 178,672,236	139,403,555	344,417,369	330,763,880	3,388,110	8,991,451	—	—	1,005,636,601
Current assets:									
1 Adjustment to revenue and receivables	—	—	—	—	—	—	43,839,208	—	43,839,208
2 Adjustment to payables	—	—	—	—	—	—	—	—	—
3 Adjustment to cash and deposit with trustee	—	—	—	—	—	—	—	(5,627,997)	(5,627,997)
4 Prepaid assets	—	—	—	—	—	—	—	—	—
5 Capital assets are not financial resources and therefore are not reported as assets in government funds	—	—	—	—	—	—	4,479,484,926	—	4,479,484,926
6 Other assets are not financial resources and therefore not reported as assets in government funds	—	—	—	—	—	—	—	—	—
7 Deferred outflows	—	—	—	—	—	—	—	570,604,118	570,604,118
Long-term liabilities are not booked as part of fund balances:									
8 G.O. bonds	—	—	—	—	—	—	—	(4,409,250,000)	(4,409,250,000)
9 Unamortized premiums bond	—	—	—	—	—	—	—	(153,608,589)	(153,608,589)
10 Pension obligation	—	—	—	—	—	—	—	(831,008,079)	(831,008,079)
11 GASB Statement No. 75 implementation adjustment – OPEB	—	—	—	—	—	—	—	(592,625,568)	(592,625,568)
12 Supplemental Retirement Plan	—	—	—	—	—	—	—	(28,490,193)	(28,490,193)
13 Workers' compensation claims payable	—	—	—	—	—	—	—	(35,056,000)	(35,056,000)
14 General liability	—	—	—	—	—	—	—	(11,518,000)	(11,518,000)
15 Vacation benefits payable	—	—	—	—	—	—	—	(25,078,764)	(25,078,764)
16 Capital lease payable	—	—	—	—	—	—	—	(318,674)	(318,674)
17 Deferred Inflows	—	—	—	—	—	—	—	(188,036,218)	(188,036,218)
June 30, 2021 net position	<u>\$ 178,672,236</u>	<u>139,403,555</u>	<u>344,417,369</u>	<u>330,763,880</u>	<u>3,388,110</u>	<u>8,991,451</u>	<u>4,523,324,134</u>	<u>(5,710,013,964)</u>	<u>(181,053,229)</u>

* This includes ASO Trust Fund and Student Representation Fee Trust Fund.

See accompanying independent auditors' report.

LOS ANGELES COMMUNITY COLLEGE DISTRICT
Notes to Other Supplemental Information
Year ended June 30, 2021

(1) Purpose of Schedules

(a) Schedule of Expenditures of Federal Awards (SEFA)

The Schedule of Expenditures of Federal Awards includes all federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other government agencies for the year ended June 30, 2021.

(b) Schedule of State Awards

This Schedule of State Awards includes the State grant activity of the District under categorical programs of the State of California for the year ended June 30, 2021.

(c) Schedule of Workload Measures for State General Apportionment

The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds are made to community college districts. This schedule provides information regarding the attendance of students based on various methods of accumulating attendance data. "Full-time Equivalent Students" (FTES) is a measurement of the number of students attending classes of the District.

(d) Reconciliation of the 50% Law Calculation to Audited Financial Statements

This schedule provides the information necessary to reconcile the 50% Law Calculation reported on the CCFS-311 to the Audited Financial Statements.

(e) Reconciliation of Annual Financial and Budget Report (CCFS-311) to Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balances of all funds as reported on the Form CCFS-311 to the Audited Financial Statements.

(f) Reconciliation of Education Protection Account (EPA) Expenditures to Audited Financial Statements

This schedule reports the District's EPA proceeds and summarizes how the EPA proceeds were spent.

(g) Reconciliation of Governmental Funds to the Statement of Net Position

This schedule provides the information necessary to reconcile the governmental fund balances included in the supplementary information to the Statement of Net Position.

(2) Basis of Presentation and Accounting of the Schedule of Expenditures of Federal Awards and State Awards

(a) Basis of Presentation

The District's reporting entity is defined in the basic financial statements.

(i) Schedule of Expenditures of Federal Awards (SEFA)

The information in the SEFA 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). The SEFA presents only a selected portion of the operations of the District. It is not intended to and does not represent the financial position, changes in net assets, or cash flows of the District.

(ii) Schedule of State Awards

The information in the Schedule of State Awards is presented to comply with the reporting requirements of the *California Community Colleges Contracted District Audit Manual 2020–21*.

LOS ANGELES COMMUNITY COLLEGE DISTRICT
Notes to Other Supplemental Information
Year ended June 30, 2021

(b) Basis of Accounting

The accompanying SEFA and the Schedule of State Awards are presented using the accrual basis of accounting.

Expenditures on the SEFA 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. The District utilizes a negotiated indirect cost rate for salary and wages of 40% which expired on June 30, 2021.

(3) Reconciliation of the Schedule of State Awards to the Basic Financial Statements

Amounts reported in the accompanying Schedule of State Awards agree with the amounts reported in the related fund statements, in all material respects.

State Revenue in Fund Statements

General fund	\$ 498,830,787
Special reserve funds	4,052,885
Child development fund	9,569,317
Student financial aid fund	<u>39,903,006</u>
Total state revenue in fund statements	<u>\$ 552,355,995</u>

State Revenue in Schedule of State Awards

Total state revenue	\$ 159,068,645
Add general fund:	
Basic and equalization aid	345,925,584
State mandated costs	2,967,690
State lottery	24,657,823
Tax relief subvention	1,104,901
Other state funds	<u>15,019,862</u>
Total general fund revenue	389,675,860
Add special revenue fund:	
Community College Construction Act	<u>3,611,490</u>
Total state revenue in fund statements	<u>\$ 552,355,995</u>

LOS ANGELES COMMUNITY COLLEGE DISTRICT
Notes to Other Supplemental Information
Year ended June 30, 2021

(4) Federal Student Loan Programs

The federal student loan programs listed below are administered directly by the District, and balances and transactions relating to these programs are included in the District's basic financial statements. Loans outstanding at the beginning of the year and loans made during the year and administrative cost allowances are included in the federal expenditures presented in the SEFA. Loan advances made to students for the year ended June 30, 2021 and loans outstanding held by the District as of June 30, 2021 are as follows:

<u>Cluster name/program title</u>	<u>CFDA number</u>	<u>Loan advances made</u>	<u>Loan balances outstanding</u>
Student Financial Assistance Cluster:			
Federal Perkins Loan Program	84.038	\$ —	\$ 2,602,656
Federal Direct Student Loans	84.268	—	12,763,543
Nursing Student Loans	93.364	—	63,092

(5) Administrative Cost Allowances

Administrative cost allowances included in the accompanying SEFA are summarized as follows:

Federal Supplemental Educational Opportunity Grant	\$ 98,773
Federal Work-Study Program	<u>15,287</u>
Total	<u>\$ 114,060</u>

(6) Federal Clusters of Programs

The following table summarizes the expenditures of federal program clusters included in the SEFA:

<u>CFDA number</u>	<u>Expenditures</u>
Student Financial Assistance Cluster:	
Federal Supplemental Educational Opportunity Grants (FSEOG)	\$ 5,939,818
Federal Work Study (FWS)	1,436,679
Federal Perkins Loan Program (FPL)	2,602,656
Federal Pell Grant Program (PELL)	123,378,383
Federal Direct Student Loans (Direct Loan)	12,763,543
Nursing Student Loans	<u>63,092</u>
Total Student Financial Assistance Cluster	<u>\$ 146,184,171</u>

LOS ANGELES COMMUNITY COLLEGE DISTRICT
Notes to Other Supplemental Information
Year ended June 30, 2021

	CFDA number	Expenditures
TRIO Cluster:		
TRIO – Student Support Services	84.042	\$ 2,126,839
TRIO – Talent Search	84.044	636,084
TRIO – Upward Bound	84.047	2,180,468
TRIO – Educational Opportunity Centers	84.066	265,295
Total TRIO Cluster		\$ 5,208,686
477 Cluster:		
Temporary Assistance for Needy Families (TANF)	93.558	\$ 1,125,757
Family Child Care Homes and General Child Care Development Program	93.575	456,137
Family Child Care Homes and General Child Care Development Program	93.596	931,315
Assembly Bill 82 Stipend	93.575	26,775
Total 477 Cluster		\$ 2,539,984
Workforce Innovation and Opportunity Act (WIOA) Cluster:		
EDD Strengthening Working Families	17.258	\$ 223,602
Dislocated Worker Formula Grants	17.278	843
Total WIOA Cluster		\$ 224,445

ADDITIONAL INDEPENDENT AUDITORS' REPORTS



KPMG LLP
Suite 1500
550 South Hope Street
Los Angeles, CA 90071-2629

Independent Auditors' 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*

The Honorable Board of Trustees:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Los Angeles Community College District (the District), which comprise the statement of net position as of June 30, 2021, and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 2, 2022.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of 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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

Los Angeles, California
March 2, 2022

OFFICE LOCATIONS:

Los Angeles
Fresno
Irvine
Las Vegas
Manila
Phoenix
Sacramento
San Diego

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

The Honorable Board of Trustees
Los Angeles Community College District
Los Angeles, California

Report on Compliance for Each Major Federal Program

We have audited Los Angeles Community College District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2021. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.



Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance with those requirements which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as findings FA 2021-001 to 2021-010. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as items FA 2021-001 and FA 2021-003 that we consider to be significant deficiencies.

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

Purpose of this Report

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.

**Glendale, California
March 2, 2022**

Independent Auditor's Report on Schedule of Expenditures of Federal Awards and Schedule of State Awards

The Honorable Board of Trustees
Los Angeles Community College District
Los Angeles, California

Report on the Schedule of Expenditures of Federal Awards and Schedule of State Awards

We have audited the accompanying schedule of expenditures of federal awards and schedule of state awards of the Los Angeles Community College District (the District) for the year ended June 30, 2021.

Management's Responsibility for the Schedule of Expenditures of Federal Awards and Schedule of State Awards

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

Auditor's Responsibility

Our responsibility is to express an opinion on these schedules based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the schedule of expenditures of federal awards and schedule of state awards are free of material misstatement.



An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the schedule of expenditures of federal awards and schedule of state awards. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the schedule of expenditures of federal awards and schedule of state awards, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the schedule of expenditures of federal awards and schedule of state awards 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the schedule of expenditures of federal awards and schedule of state awards

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

Opinion on the Schedule of Expenditures of Federal Awards and Schedule of State Awards

In our opinion, the schedule of expenditures of federal awards and schedule of state awards referred to above present fairly, in all material respects, the federal and state expenditures of the Los Angeles Community College District for the year ended June 30, 2021, in conformity with accounting principles generally accepted in the United States of America.

This report is intended solely for the information and use of the Board of Trustees, Audit Committee, District's management, the California Community Colleges Chancellor's Office, and the federal and state awarding and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Glendale, California
March 2, 2022

OFFICE LOCATIONS:

Los Angeles
Fresno
Irvine
Las Vegas
Manila
Phoenix
Sacramento
San Diego

Independent Auditor's Report on State Compliance

The Honorable Board of Trustees
Los Angeles Community College District
Los Angeles, California:

Report on State Compliance

We have audited the Los Angeles Community College District's (the District) compliance with the types of compliance requirements described in the California Community Colleges *Contracted District Audit Manual* (CDAM) 2020-21, issued by the California Community Colleges Chancellor's Office for the year ended June 30, 2021. The state compliance requirements are identified below.

Management Responsibility

Management is responsible for compliance with the requirements of state laws and regulations applicable to its state programs as identified below.

Auditor's Responsibility

Our responsibility is to express an opinion on the District's compliance based on our audit of the types of compliance requirements referred to below. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the California Community Colleges *Contracted District Audit Manual* (CDAM) 2020-21, issued by the California Community Colleges Chancellor's Office. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to below that could have a direct and material effect on the state programs has occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with the requirements referred to above. However, our audit does not provide a legal determination of the District's compliance with those requirements.



Compliance Requirements

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

- Section 411 – SCFF Data Management Control Environment
- Section 412 – SCFF Supplemental Allocation Metrics
- Section 413 – SCFF Success Allocation Metrics
- Section 421 – Salaries of Classroom Instructors (50 Percent Law)
- Section 423 – Apportionment for Activities Funded From Other Sources
- Section 424 – Student Centered Funding Formula Base Allocation: FTES
- Section 425 – Residency Determination for Credit Courses
- Section 426 – Students Actively Enrolled
- Section 427 – Dual Enrollment (College and Career Access Pathways (CCAP) and Non-CCAP)
- Section 430 – Scheduled Maintenance Program
- Section 431 – Gann Limit Calculation
- Section 435 – Open Enrollment
- Section 444 – Apprenticeship Related and Supplemental Instruction (RSI) Funds
- Section 475 – Disabled Student Programs and Services (DSPS)
- Section 479 – To Be Arranged Hours (TBA)
- Section 490 – Proposition 1D and 51 State Bond Funded Projects
- Section 491 – Education Protection Account Funds
- Section 499 – COVID-19 Response Block Grant Expenditures

Opinion on State Compliance

In our opinion, Los Angeles Community College District complied, in all material respects, with the types of compliance requirements referred to above that are applicable to the state programs listed above for the year ended June 30, 2021.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the California Community Colleges *Contracted District Audit Manual* (CDAM) 2020-21, issued by the California Community Colleges Chancellor's Office, and which are described in the accompanying schedule of findings and questioned costs as findings SC 2021-001 and SC 2021-002. Our opinion on the state programs listed above is not modified with respect to these matters.

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



Report on Other Supplemental Information

We have audited the District's compliance with the types of compliance requirements described in the California Community Colleges *Contracted District Audit Manual* (CDAM) 2020-21, issued by the California Community Colleges Chancellor's Office for the year ended June 30, 2021.

Our audit was conducted in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the California Community Colleges *Contracted District Audit Manual* (CDAM) 2020-21, issued by the California Community Colleges Chancellor's Office. The other supplementary information on pages 69 through 155 is presented for purposes of additional analysis as required by the California Community Colleges *Contracted District Audit Manual* (CDAM) 2020-21 issued by the California Community Colleges Chancellor's Office.

The other supplemental information is the responsibility of management. Such information has been subjected to the auditing procedures applied in the audit of the District's compliance with the types of compliance requirements described in the California Community Colleges *Contracted District Audit Manual* (CDAM) 2020-21, issued by the California Community Colleges Chancellor's Office, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting records, financial statements as of and for the year ended June 30, 2021 audited by other auditors, whose report is included herein on pages 1 through 3, and other records, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental information is fairly stated, in all material respects, in relation to the financial statements as a whole, audited by other auditors whose report was dated March 2, 2022.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing based on the requirements of the California Community Colleges *Contracted District Audit Manual* (CDAM) 2020-21. Accordingly, this report is not suitable for any other purpose.

**Glendale, California
March 2, 2022**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SUMMARY OF AUDITORS' RESULTS**

LOS ANGELES COMMUNITY COLLEGE DISTRICT
 Schedule of Findings and Questioned Costs
 Summary of Auditors' Results
 Year ended June 30, 2021

(1) SUMMARY OF AUDITORS' RESULTS

Financial Statements

- | | |
|---|--------------------|
| a) The type of report issued on the financial statements: | Unmodified. |
| b) Internal control over financial reporting: | |
| • Material Weakness(es) identified: | None |
| • Significant deficiencies identified that are not considered to be material weaknesses | None |
| c) Noncompliance which is material to the basic financial statements: | None |

Federal Awards

- | | |
|--|---|
| d) Internal control over financial reporting: | |
| • Material Weakness(es) identified: | None |
| • Significant deficiencies identified that are not considered to be material weaknesses: | Yes. See findings FA 2021-001 and FA 2021-003. |
| e) The type of report issued on compliance for major programs: | |
| • Student Financial Assistance Cluster | Unmodified. |
| • Adult Education – Basic Grants to States | Unmodified. |
| • Higher Education Emergency Relief Fund | Unmodified. |
| • COVID-19 Block Grant | Unmodified. |
| f) Any audit findings which are required to be reported in accordance with the Uniform Guidance: | Yes. See findings FA 2021-001 to FA 2021-010 |
| g) Dollar threshold used to distinguish between Type A and Type B programs: | \$3,000,000 |

LOS ANGELES COMMUNITY COLLEGE DISTRICT
Schedule of Findings and Questioned Costs
Summary of Auditors' Results
Year ended June 30, 2021

(1) SUMMARY OF AUDITORS' RESULTS (CONTINUED)

h) Major Programs

- Student Financial Assistance (SFA) Cluster
 - ALN 84.007 Federal Supplemental Educational Opportunity Grant (FSEOG)
 - ALN 84.033 Federal Work Study (FWS)
 - ALN 84.038 Federal Perkins Loans (FPL)
 - ALN 84.063 Federal Pell Grant (PELL)
 - ALN 84.268 Federal Direct Student Loans (Direct Loan)
 - ALN 93.364 Nursing Student Loans
- ALN 84.002 Adult Education – Basic Grants to States
- ALN 84.425 Higher Education Emergency Relief Fund (HEERF)
- ALN 21.019 COVID-19 Block Grant

i) Auditee qualified as a low-risk auditee under the Uniform Guidance: **Yes**

State Awards

j) Internal control over financial reporting:

- Material Weakness(es) identified: **None.**
- Significant deficiencies identified that are not considered to be material weaknesses: **None.**

k) The type of auditor's report issued on compliance for state programs: **Unmodified.**

(2) SUMMARY OF FINANCIAL STATEMENT FINDINGS

None.

LOS ANGELES COMMUNITY COLLEGE DISTRICT
Schedule of Findings and Questioned Costs
Summary of Auditors' Results
Year ended June 30, 2021

(3) SUMMARY OF FEDERAL FINDINGS

Finding No.	Assistance Listing No.	Compliance and Description	Page No.
SFA Cluster:			
FA 2021-001	SFA Cluster	<i>Eligibility:</i> Incorrect Federal Pell Grants Amounts Awarded (Repeat Finding)	103
FA 2021-002	SFA Cluster	<i>Special Tests and Provisions – Verification</i> Inaccurate Information on Forms	107
FA 2021-003	SFA Cluster	<i>Special Tests and Provisions – Return of Title IV Funds:</i> Incorrect Calculation of Return to Title IV Funds, Untimely Notification of Grant Overpayment to Students and Secretary, Untimely Determination of Withdrawal Date, and Untimely Payment of Post-Withdrawal Disbursement (Repeat Finding)	109
FA 2021-004	SFA Cluster	<i>Special Tests and Provisions – Borrower Data Transmission and Reconciliation (Direct Loans):</i> Inaccurate Reporting of Direct Loan Disbursement and Lack of Review of SAS Reconciliation (Repeat Finding)	119
FA 2021-005	SFA Cluster	<i>Reporting:</i> Inaccurate Pell Disbursement Information Reported to COD (Repeat Finding)	120
FA 2021-006	SFA Cluster	<i>Special Tests and Provisions – Enrollment Reporting:</i> Inaccurate and Untimely Reporting of Enrollment Data Elements (Repeat Finding)	122
FA 2021-007	SFA Cluster	<i>Special Tests and Provisions – Perkins Loan Recordkeeping and Record Retention</i> Lack of Loan Record Supporting Documentation	124
FA 2021-008	SFA Cluster	<i>Special Tests and Provisions – Gramm-Leach Bliley Act – Student Information Security:</i> Update Disaster Recovery Plan (DRP) and Perform Regular Disaster Recovery (DR) and Backup Restoration Tests, Improve Server and Network Security, Enhance Password Policy and Strengthen Password Controls, Document Approval of IT Process Documentation , Perform Timely Access Revocation and System Access Review, and Document Approval of Human Resources (HR) Process Documentation (Repeat Finding)	126
Higher Education Emergency Relief Fund:			
FA 2021-009	84.425E	<i>Reporting:</i> Untimely Website Posting of Quarterly Student Aid Report (Repeat Finding)	134
FA 2021-010	84.425F	<i>Activities Allowed or Unallowed and Allowable Costs/Cost Principles:</i> Lack of Supporting Payroll Documents (Repeat Finding)	136

LOS ANGELES COMMUNITY COLLEGE DISTRICT
 Schedule of Findings and Questioned Costs
 Summary of Auditors' Results
 Year ended June 30, 2021

(4) SUMMARY OF STATE FINDINGS

<u>Finding No.</u>	<u>Section No.</u>	<u>Compliance and Description</u>	<u>Page No.</u>
SC 2021-001	Section 427	<i>Dual Enrollment of K-12 (CCAP and Non-CCAP):</i> Instructor did not Meet Minimum Qualifications (Repeat Finding)	137
SC 2021-002	Section 411	<i>Student Centered Funding Formula (SCFF) Data</i> <i>Management Control Environment:</i> Documentation over Current SCFF Data Management Practices (Repeat Finding)	139

SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS

LOS ANGELES COMMUNITY COLLEGE DISTRICT
Schedule of Federal Findings and Questioned Costs
Year ended June 30, 2021

Finding FA 2021-001: Eligibility: Incorrect Federal Pell Grant Amounts Awarded (Repeat Finding)

Federal Program Information

<i>Assistance Listing Number:</i>	ALN 84.063
<i>Federal Program Name:</i>	Student Financial Assistance Cluster; Federal Pell Grant Program
<i>Federal Agency:</i>	U.S. Department of Education
<i>Passed Through Entity:</i>	N/A
<i>Federal Award Number:</i>	P063P200033, P063P200034, P063P200658, P063P205261, P063P205260, P063P205262
<i>Federal Award Year:</i>	July 1, 2020, to June 30, 2021
<i>Campuses:</i>	Los Angeles City College Los Angeles Harbor College Los Angeles Mission College (Repeat Finding) Los Angeles Southwest College (Repeat Finding) Los Angeles Trade Technical College (Repeat Finding) West Los Angeles College (Repeat Finding)
<i>Compliance Requirement:</i>	Eligibility

Criteria or Specific Requirement:

Per 34 Code of Federal Regulations (CFR) 690.62 Calculation of a Federal Pell Grant, the amount of a student's Pell Grant for an academic year is based upon the payment and disbursement schedules published by the Secretary for each award year.

The *Uniform Guidance Compliance Supplement* states that the Department of Education provides institutions Payment and Disbursement Schedules for determining Pell awards each year. The Payment or Disbursement Schedule provides the maximum annual amount a student would receive for a full academic year for a given enrollment status, Expected Family Contribution (EFC), and Cost of Attendance (COA). The Payment Schedule is used to determine the annual award for full-time, three-quarter time, half-time, and less-than-half-time students.

2 CFR section 200.303 requires that non-Federal entities receiving Federal awards establish and maintain internal control over the Federal awards that provides reasonable assurance that the non-Federal entity is managing the Federal awards in compliance with Federal statutes, regulations, and the terms and conditions of the Federal awards.

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Identified Condition:

Los Angeles City College

Of the 15 students selected for eligibility testwork, we noted the following:

- 1 student had an incorrectly calculated Federal Pell grant award, which resulted in a total understatement of the disbursement to the student by \$48. The student was eligible to receive \$394 yet received \$2,380 in Fall 2020. The student was eligible to receive \$3,172 yet received \$1,138 in Spring 2021.
- 1 student had an incorrectly calculated Federal Pell grant award, which resulted in an understatement of the disbursement to the student by \$407. The student was eligible to receive \$407 yet received none in Summer 2020.
- 1 student had an incorrectly calculated Federal Pell grant award, which resulted in an understatement of the disbursement to the student by \$724. The student was eligible to receive \$724 yet received none in Summer 2021.
- 1 student had an incorrectly calculated Federal Pell grant award, which resulted in an overstatement of the disbursement to the student by \$2,779. The student was eligible to receive \$394 yet received \$3,173 in Fall 2020.
- 1 student had an incorrectly calculated Federal Pell grant award, which resulted in an overstatement of the disbursement to the student by \$796. The student was eligible to receive \$394 yet received \$1,190 in Spring 2021.

Los Angeles Harbor College

We noted 1 of the 20 students selected for eligibility had an incorrectly calculated Federal Pell grant award, which resulted in an understatement of the disbursement to the student by \$407. The student was eligible to receive \$407 yet received none in Summer 2020.

Los Angeles Mission College

Of the 15 students selected for eligibility testwork, we noted the following:

- 1 student had an incorrectly calculated Federal Pell grant award, which resulted in an understatement of the disbursement to the student by \$394. The student was eligible to receive \$394 yet received none in Summer 2020.
- 1 student had an incorrectly calculated Federal Pell grant award, which resulted in an overstatement of the disbursement to the student by \$1,180. The student was eligible to receive \$407 yet received \$1,587 in Summer 2021.

Los Angeles Southwest College

Of the 15 students selected for eligibility testwork, we noted the following:

- 1 student had an incorrectly calculated Federal Pell grant award, which resulted in an understatement of the disbursement to the student by \$1,587. The student was eligible to receive \$1,587 yet received none in Spring 2021.
- The student had an incorrectly calculated Federal Pell grant award, which resulted in an understatement of the disbursement to the student by \$599. The student was eligible to receive \$2,397 yet received \$1,798 in Spring 2021.

Los Angeles Trade Technical College

Of the 20 students selected for eligibility testwork, we noted the following:

- 1 student had an incorrectly calculated Federal Pell grant award, which resulted in an overstatement of the disbursement to the student by \$793. The student was eligible to receive \$1,586 yet received \$2,379 in Spring 2021.

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- 1 student had an incorrectly calculated Federal Pell grant award, which resulted in an overstatement of the disbursement to the student by \$873. The student was eligible to receive \$874 yet received \$1,747 in Spring 2021.

West Los Angeles College

Of the 15 students selected for eligibility testwork, we noted the following:

- 1 student had an incorrectly calculated Federal Pell grant award, which resulted in an understatement of the disbursement to the student by \$1986. The student was eligible to receive \$2,380 yet received \$394 in Summer 2021.
- 1 student had an incorrectly calculated Federal Pell grant award, which resulted in an understatement of the disbursement to the student by \$394. The student was eligible to receive \$394 yet received none in Summer 2020.

Causes and Effect:

A small number of overpayments were identified during the audit period due to classes withdrawn after Pell disbursement. In addition, the underpayments identified related to the summer term are due to manual processing. The summer term is unique because it requires FA Technicians to manually review Pell awards from two aid years to ensure the student receives the highest award. The process is labor intensive and complex. Incorrect awards can result in institutional liability.

Questioned Costs:

A. Description of Sample and Population

Campus	OPEID	Sample			Population from which the Sample was drawn				
		Students Receiving Pell (No.)	Pell Disbursed Fall/Spring (\$)	Pell Disbursed Summer (\$)	Total Pell Disbursed (\$)	Students Receiving Pell (No.)	Pell Disbursed Fall/Spring (\$)	Pell Disbursed Summer (\$)	Total Pell Disbursed (\$)
City	00122300	15	\$ 44,949	\$ 3,948	\$ 48,897	7,890	\$ 16,215,172	\$ 1,052,366	\$ 17,267,538
East	02226000	15	52,631	7,910	60,541	14,068	25,456,679	1,978,487	27,435,166
Harbor	00122400	20	66,544	2,210	68,754	3,281	6,448,864	300,369	6,749,233
Mission	01255000	15	44,112	3,162	47,274	3,823	7,125,999	392,011	7,518,010
Southwest	00704700	15	48,995	2,785	51,780	2,628	4,874,189	361,713	5,235,902
Trade	00122700	20	60,132	3,050	63,182	5,369	10,445,696	378,161	10,823,857
Valley	00122800	20	79,536	6,980	86,516	7,895	16,468,514	728,112	17,196,626
West	00859600	15	57,530	2,375	59,905	3,641	7,322,734	284,387	7,607,121
		135	\$ 454,429	\$ 32,420	\$ 486,849	48,595	\$ 94,357,847	\$ 5,475,606	\$ 99,833,453

B. Description of Finding

Campus	Student Identifier	Term	OPEID	Pell Disbursed (\$)	Pell Underpayment (\$)	Pell Overpayment (\$)	Net Effect (\$)
City	Student #1	Fall	00122300	\$ 2,380	\$ -	\$ 1,986	\$ 1,986
City	Student #1	Spring	00122300	1,138	(2,034)	-	(2,034)
City	Student #2	Summer	00122300	-	(407)	-	(407)
City	Student #3	Summer	00122300	-	(724)	-	(724)
City	Student #4	Fall	00122300	3,173	-	2,779	2,779
City	Student #5	Spring	00122300	1,190	-	796	796
Harbor	Student #6	Summer	00122400	-	(407)	-	(407)
Mission	Student #7	Summer	01255000	-	(394)	-	(394)
Mission	Student #8	Summer	01255000	1,587	-	1,180	1,180
Southwest	Student #9	Spring	00704700	-	(1,587)	-	(1,587)
Southwest	Student #10	Spring	00704700	1,798	(599)	-	(599)
Trade	Student #11	Spring	00122700	2,379	-	793	793
Trade	Student #12	Spring	00122700	1,747	-	873	873
West	Student #13	Summer	00859600	394	(1,986)	-	(1,986)
West	Student #14	Summer	00859600	-	(394)	-	(394)
				\$ 15,786	\$ (8,532)	\$ 8,407	\$ (125)

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The District has a known net understatement of Pell grant award disbursements of \$125. The projected total net overstatement of the Pell grant award disbursements is \$95,393 as follows:

Term	Projected Net (Understatement) Overstatement
Summer	\$ (528,982)
Fall/Spring	624,375
Total	\$ <u>95,393</u>

This is computed by dividing the errors found in samples per term (Summer term – net underpayment (\$3,132) and Fall/Spring terms – net overpayment \$3,007) over the total Pell awards disbursed in the sample size per term (Summer term - \$32,420 and Fall/Spring terms - \$454,429) multiplied by the total Pell awards disbursed for the identified colleges per term (Summer term - \$5,475,606 and Fall/Spring terms - \$94,357,847). The computation is made on a per-term basis on a campus level and not on a district-wide level.

Recommendation:

We recommend that the District make the necessary system modifications to the PeopleSoft Student Information System (SIS) to ensure student awards are properly calculated. This will help ensure that Federal Pell grants are properly awarded to students who meet the eligibility requirements.

Views of Responsible Officials and Planned Corrective Actions:

The District concurs with the finding. The District has decided to automate the review process in the 2022-23 aid year using the SIS. The automated solution will require extensive programming of the SIS but will result in less errors in the summer term.

Personnel responsible for implementation: Steve Giorgi
 Position of responsible personnel: CFAU Financial Aid Manager
 Expected date of Implementation: Summer 2022

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Finding FA 2021-002: Special Tests and Provisions: Verification: Inaccurate information

Federal Program Information

Assistance Listing Number: ALN 84.063
 Federal Program Name: Student Financial Assistance Cluster;
 Federal Pell Grant Program
 Federal Agency: U.S. Department of Education
 Passed Through Entity: N/A
 Federal Award Number: P063P200034
 Federal Award Year: July 1, 2020, to June 30, 2021
 Campus: Los Angeles Harbor College
 Compliance Requirement: Special Tests and Provisions- Verification

Criteria or Specific Requirement:

Per 34 Code of Federal Regulations 668.54(a)(1) general requirements of selection of an applicant's Free Application for Federal Student Aid (FAFSA) information for verification, except as provided in paragraph (b) of this section, an institution must require an applicant whose FAFSA information is selected for verification by the Secretary, to verify the information specified by the Secretary pursuant to § 668.56.

Identified Condition:

Of the 13 students selected for verification testwork at Harbor College, we noted 1 student with incorrect federal income tax paid information which resulted in an understatement of the expected family contribution (EFC) by \$123 and an overpayment of Pell grant award disbursement by \$200.

Causes and Effect:

Verification was not performed correctly due to staff oversight in determining parental income. The financial aid staff was not able to accurately determine the income amount attributable to the parent who provided more financial support during the past 12 months, as required when parents are separated and do not live together.

Questioned Costs:

A. Description of Sample and Population

Campus	OPEID	Sample				Population from which the Sample was drawn			
		Students Receiving Pell (No.)	Pell Disbursed Fall/Spring (\$)	Pell Disbursed Summer (\$)	Total Pell Disbursed (\$)	Students Receiving Pell (No.)	Pell Disbursed Fall/Spring (\$)	Pell Disbursed Summer (\$)	Total Pell Disbursed (\$)
Harbor	00122400	13	\$ 39,181	\$ 3,245	\$ 42,426	829	\$ 1,529,443	\$ 68,874	\$ 1,598,317
Trade	00122700	13	41,705	1,981	43,686	1,165	2,300,755	75,909	2,376,664
Valley	00122800	14	54,010	3,173	57,183	2,188	4,205,968	207,597	4,413,565
		40	\$ 134,896	\$ 8,399	\$ 143,295	4,182	\$ 8,036,166	\$ 352,380	\$ 8,388,546

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B. Description of Finding

Campus	Student Identifier	Term	OPEID	Disbursed (\$)	Pell		Pell Net Effect (\$)
					Underpayment (\$)	Overpayment (\$)	
Harbor	Student #1	Fall	00122400	\$ 3,095	\$ -	\$ 200	\$ 200
				\$ 3,095	\$ -	\$ 200	\$ 200

The District has a known overstatement of Pell grant award disbursements of \$200. The projected total overstatement of the Pell grant award disbursements is \$11,915 as follows:

Term	Projected (Understatement) Overstatement
Summer	\$ -
Fall/Spring	11,915
Total	\$ 11,915

This is computed by dividing the errors found in samples per term (Fall/Spring terms – overpayment \$200) over the total Pell awards disbursed in the sample size per term (Fall/Spring terms - \$134,896) multiplied by the total Pell awards disbursed for the identified colleges per term (Fall/Spring terms - \$8,036,166). The computation is made on a per-term basis on a campus level and not on a district-wide level.

Recommendation:

To ensure that federal assistance funds are being awarded as intended and truly being used to provide aid to individuals in need, we recommend that the District evaluate and improve its existing policies and procedures over the verification process to ensure the accuracy of information provided on the FAFSA received, which is used in determining federal awards.

Views of Responsible Officials and Planned Corrective Actions:

The campus will review the verification policy and procedure with staff and will also conduct refresher training with staff on how to properly split income attributable to each parent.

Personnel responsible for implementation: Ludwig Perez will conduct verification training with staff.

Position of responsible personnel: Financial Aid Manager

Expected date of Implementation: 6/30/2022

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Finding FA 2021-003: Special Tests and Provision: Return of Title IV Funds: Incorrect Calculation of Return of Title IV Funds, Untimely Notification of Grant Overpayment to Students and Secretary, Untimely Determination of Withdrawal Date and Untimely Payment of Post-Withdrawal Disbursements (Repeat Finding)

Federal Program Information

<i>Assistance Listing Number:</i>	ALN 84.063 and 84.268
<i>Federal Program Name:</i>	Student Financial Assistance Cluster; Federal Pell Grant Program Federal Direct Student Loans
<i>Federal Agency:</i>	U.S. Department of Education
<i>Passed Through Entity:</i>	N/A
<i>Federal Award Number:</i>	P063P200033, P063P200034, P063P200035, P063P205261, P063P205260, P063P200036 and P063P205262 P268K210033, P268K210034, P268K210035, P268K215261, P268K215260, P268K210036 and P268K215262
<i>Federal Award Year:</i>	July 1, 2020, to June 30, 2021
<i>Campuses:</i>	Los Angeles City College (Repeat Finding) Los Angeles Harbor College Los Angeles Pierce College (Repeat Finding) Los Angeles Southwest College (Repeat Finding) Los Angeles Trade Technical College (Repeat Finding) Los Angeles Valley College West Los Angeles College (Repeat Finding)
<i>Compliance Requirement:</i>	Special Tests and Provisions – Return of Title IV Funds

Criteria or Specific Requirement:

Per 34 Code of Federal Regulations 668.22 Treatments of Title IV Funds.

- A. When a recipient of Title IV grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must determine the amount of title IV grant or loan assistance that the student earned as of the student's withdrawal date in accordance with paragraph (e) of 34 Code of Federal Regulations 668.22.

Per the Uniform Guidance Compliance Supplement:

- If an institution is required to take attendance, the withdrawal date is the last date of academic attendance, as determined by the institution from its attendance records.

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- If an institution is not required to take attendance, the withdrawal date is (1) the date, as determined by the institution, that the student began the withdrawal process prescribed by the institution; (2) the date, as determined by the institution, that the student otherwise provided official notification to the institution, in writing or orally, of his or her intent to withdraw; (3) if the student ceases attendance without providing official notification to the institution of his or her withdrawal, the midpoint of the payment period or, if applicable, the period of enrollment; (4) if the institution determines that a student did not begin the withdrawal process or otherwise notify the institution of the intent to withdraw due to illness, accident, grievous personal loss or other circumstances beyond the student's control, the date the institution determines is related to that circumstance; (5) if a student does not return from an approved leave of absence, the date that the institution determines the student began the leave of absence; or (6) if the student takes an unapproved leave of absence, the date that the student began the leave of absence. Notwithstanding the above, an institution that is not required to take attendance may use as the withdrawal date, the last date of attendance at an academically related activity as documented by the institution (34 CFR668.22(c) and (l)).

Title IV funds may be expended only towards the education of the students who can be proven to have been in attendance at the institution. In a distance education context, documenting that a student has logged into an online distance education platform or system is not sufficient, by itself, to demonstrate attendance by the student. To avoid returning all funds for a student that did not begin attendance, an institution must be able to document "attendance at any class." To qualify as a last date of attendance for Return of Title IV purposes, an institution must demonstrate that a student participated in class or was otherwise engaged in an academically related activity, such as by contributing to an online discussion or initiating contact with a faculty member to ask a course-related question.

The *Uniform Guidance Compliance Supplement* requires auditors to identify a sample of students who received Title IV assistance who withdrew, dropped out, or never began attendance during the audit period. Auditors are to review the return of Title IV funds determinations/calculations for conformity with Title IV requirements.

- B. Within 30 days of the date of the institution's determination that the student withdrew, an institution must send a notice to any student who owes a title IV, HEA grant overpayment as a result of the student's withdrawal from the institution in order to recover the overpayment in accordance with paragraph (h)(4)(i) of this section.

An institution must refer to the Secretary, in accordance with procedures required by the Secretary, an overpayment of Title IV, HEA grant funds owed by a student as a result of the student's withdrawal from the institution if— (A) The student does not repay the overpayment in full to the institution, or enter a repayment agreement with the institution or the Secretary in accordance with paragraph (h)(4)(i) of this section within the earlier of 45 days from the date the institution sends a notification to the student of the overpayment or 45 days from the date the institution was required to notify the student of the overpayment;

- C. For an institution that is not required to take attendance, an institution must determine the withdrawal date for a student who withdraws without providing notification to the institution no later than 30 days after the end of the earlier of the (1) payment period or period of enrollment, (2) academic year in which the student withdrew, or (3) educational program from which the student withdrew.

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- D. The institution must disburse directly to a student any amount of a post-withdrawal disbursement of grant funds that is not credited to the student's account. The institution must make the disbursement as soon as possible, but no later than 45 days after the date of the institution's determination that the student withdrew, as defined in paragraph (l)(3) of this section.

Per 668.173 Refund reserve standards.

- A. In accordance with procedures established by the Secretary or FFEL Program lender, an institution returns unearned title IV, HEA program funds timely if—
- 1) The institution deposits or transfers the funds into the bank account it maintains under §668.163 no later than 45 days after the date it determines that the student withdrew;
 - 2) The institution initiates an electronic funds transfer (EFT) no later than 45 days after the date it determines that the student withdrew;
 - 3) The institution initiates an electronic transaction, no later than 45 days after the date it determines that the student withdrew, that informs an FFEL lender to adjust the borrower's loan account for the amount returned; or
 - 4) The institution issues a check no later than 45 days after the date it determines that the student withdrew. An institution does not satisfy this requirement if—
 - i. The institution's records show that the check was issued more than 45 days after the date the institution determined that the student withdrew; or
 - ii. The date on the canceled check shows that the bank used by the Secretary or FFEL Program lender endorsed that check more than 60 days after the date the institution determined that the student withdrew.

Identified Condition:

Summary

No.	Identified Condition	Campus
A.	Incorrect Calculation of Return to Title IV Funds	Los Angeles City College Los Angeles Harbor College Los Angeles Pierce College Los Angeles Southwest College Los Angeles Trade Technical College Los Angeles Valley College West Los Angeles College
B.	Untimely Notification of Grant Overpayment to Students	Los Angeles City College West Los Angeles College
C.	Untimely Determination of Withdrawal Date	Los Angeles Valley College Los Angeles Southwest College
D.	Untimely Payment of Post-Withdrawal Disbursement	Los Angeles City College

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Description

A. Incorrect Calculation of Return to Title IV Funds

Los Angeles City College

We noted 1 of 15 students selected for return of Title IV funds testwork from the population of students who had withdrawn, dropped out, or never began attendance that had an incorrectly determined withdrawal date in Fall 2020, the effect of which decreased the amount due from school by \$201.

Los Angeles Harbor College

Of the 20 students selected for return of Title IV funds testwork from the population of students who had withdrawn, dropped out, or never began attendance, we noted the following:

- 2 students had incorrect Total Aid Disbursement in Fall 2020, the effect of which did not result in questioned cost.
- 1 student had an incorrectly determined withdrawal date in Fall 2020, the effect of which increased the amount of post-withdrawal disbursement by \$69.
- 1 student did not begin attendance in Fall 2020 yet received disbursement of \$1,190, the effect of which increased the amount due from school by \$111 and decreased the amount due from student by \$796.

Of the 20 students selected for return of Title IV funds testwork from the population of students who received Title IV assistance for which no return of Title IV funds was made, we noted the following:

- 1 student had an incorrect Total Aid Disbursement in Fall 2020, the effect of which decreased the amount due from school by \$118, decreased the amount due from student by \$783 and increased the amount of post-withdrawal disbursement by \$102.
- 1 student had an incorrect Total Aid Disbursement in Spring 2021, the effect of which decreased the amount due from school by \$114, decreased the amount due from student by \$387 and increased the amount of post-withdrawal disbursement by \$113.

Los Angeles Pierce College

We noted 2 of 15 students selected for return of Title IV funds testwork from the population of students who had withdrawn, dropped out, or never began attendance did not begin attendance in Summer 2021 yet were determined to be eligible to receive Title IV aid, the effect of which increased the post-withdrawal disbursements by \$208 and \$203, respectively.

Los Angeles Southwest College

Of the 15 students selected for return of Title IV funds testwork from the population of students who had withdrawn, dropped out, or never began attendance, we noted the following:

- 1 student had an incorrectly determined withdrawal date in Fall 2020, the effect of which decreased the amount due from school by \$80.
- 1 student had an incorrectly determined withdrawal date in Summer 2021, the effect of which increased the amount of post-withdrawal disbursement by \$87.

We also noted 1 of 15 students selected for return of Title IV funds testwork from the population of students who received Title IV assistance for which no return of Title IV funds was made had an incorrectly determined total Title IV aid in Spring 2021, the effect of which decreased the amount of post-withdrawal disbursement by \$614.

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Los Angeles Trade Technical College

Of the 20 students selected for return of Title IV funds testwork from the population of students who had withdrawn, dropped out, or never began attendance, we noted the following:

- 1 student had an incorrect calculation for the return of Title IV funds due to incorrectly determined withdrawal date in Spring 2021, the effect of which decreased the amount due from school by \$94.
- 1 student did not begin attendance in Spring 2021 yet was determined to be eligible to receive Title IV aid, the effect of which increased the amount of post-withdrawal disbursement by \$453.
- 1 student did not begin attendance in Spring 2021 yet received disbursement of \$1,587, the effect of which decreased the amount due from student by \$1,587.
- 1 student did not begin attendance in Summer 2021 yet was determined to be eligible to receive Title IV aid, the effect of which increased the amount of post-withdrawal disbursement by \$6.

Los Angeles Valley College

Of the 20 students selected for return of Title IV funds testwork from the population of students who had withdrawn, dropped out, or never began attendance, we noted the following:

- 1 student had an incorrect calculation for the return of Title IV funds due to incorrectly determined withdrawal date in Fall 2020, the effect of which increased the post-withdrawal disbursement by \$11.
- 1 student had an incorrect calculation for the return of Title IV funds due to incorrectly determined withdrawal date in Fall 2020, the effect of which decreased the amount due from school by \$53.
- 1 student had an incorrect calculation for the return of Title IV funds due to incorrectly determined withdrawal date in Fall 2020, the effect of which decreased the amount due from student by \$400 and increased the post-withdrawal disbursement by \$793.
- 1 student had an incorrect calculation for the return of Title IV funds due to incorrectly determined withdrawal date in Fall 2020, the effect of which decreased the amount due from student by \$979.
- 1 student did not begin attendance in Fall 2020 yet determined to be eligible to receive Title IV aid, the effect of which increased the post-withdrawal disbursement by \$4.
- 1 student had an incorrect calculation for the return of Title IV funds due to incorrectly determined withdrawal date in Spring 2021, the effect of which decreased the amount due from student by \$1,374.

West Los Angeles College

Of the 15 students selected for return of Title IV funds testwork from the population of students who had withdrawn, dropped out, or never began attendance, we noted the following:

- 1 student had an incorrect calculation for the return of Title IV funds due to incorrectly determined withdrawal date in Fall 2020, the effect of which did not result to questioned cost.
- 1 student did not begin attendance in Spring 2021 yet received disbursement of \$407, the effect of which decreased the amount due from student by \$407.
- 1 student did not begin attendance in Summer 2021 yet was determined to be eligible to receive Title IV aid, the effect of which increased the post-withdrawal disbursement by \$11.

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B. *Untimely Notification of Grant Overpayment to Students and Secretary*

Los Angeles City College

Of the 15 students selected for compliance testwork, we noted the following:

- 1 student was notified beyond 30 days from the date of the institution's determination that the student withdrew and owed an overpayment as a result of the student's withdrawal. The required notification was submitted 69 days after the institution's determination date.
- 1 student that owed an overpayment as a result of the student's withdrawal was not notified and was not referred to the Secretary of the Department of Education via NSLDS as required.
- 1 student that owed an overpayment as a result of the student's withdrawal was not referred to the Secretary of the Department of Education via NSLDS as required.

West Los Angeles College

We noted that 1 of 15 students selected for compliance testwork was notified beyond 30 days from the date of the institution's determination that the student withdrew and owed overpayments as a result of the student's withdrawal. The required notification was submitted 198 days after the institution's determination date. This same student was also not referred to the Secretary of the Department of Education via NSLDS as required.

C. *Untimely Determination of Withdrawal Date*

Los Angeles Valley College

We noted 2 of 20 students selected for compliance testwork that had the withdrawal dates determined beyond 30 days after the end of the earlier of the (1) payment period or period of enrollment, (2) academic year in which the students withdrew, or (3) educational program from which the students withdrew in Fall 2020. The required withdrawal date determinations were made after 58 days.

Los Angeles Southwest College

We noted 1 of 15 students selected for compliance testwork that had the withdrawal date determined beyond 30 days after the end of the earlier of the (1) payment period or period of enrollment, (2) academic year in which the student withdrew, or (3) educational program from which the student withdrew in Summer 2021. The required withdrawal date determination was made after 173 days.

D. *Untimely Payment of Post-Withdrawal Disbursement*

Los Angeles City College

We noted 1 of 15 students selected for compliance testwork accepted a post-withdrawal disbursement and received the payment beyond 45 days from the date of the institution's determination that the student withdrew. The disbursement was made 55 days after the date of the institution's determination that the student withdrew.

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Causes and Effect:

A. Incorrect Calculation of Return to Title IV Funds

The errors noted related to 1) students that had incorrectly determined withdrawal dates and 2) students determined to be eligible to receive Title IV aid that did not begin attendance are related to distance education (DE) courses. For DE courses, the withdrawal date used in the calculation of return to Title IV funds is the actual date the student initiates the withdrawal from the course in the system. The District does not currently have a formal process in place to monitor a student's active participation in an online class and engagement in academic activities related to a DE course in order to determine an estimated last date of attendance and the reasonableness and accuracy of the student's withdrawal date in the system. It is difficult in determining set standards due to student behaviors.

The calculation of return to Title IV funds is a complex manual process. The incorrect calculations of return to Title IV funds noted were caused by human error. Incorrect calculations can result in institutional liability and/or disciplinary action taken by the U.S. Department of Education.

B. Untimely Notification of Grant Overpayment to Students and Secretary

Untimely notification of grant overpayment to students and secretary was caused by human error. FA Technicians failed to send overpayment notifications timely. Untimely notifications can result in disciplinary action taken by the U.S. Department of Education

C. Untimely Determination of Withdrawal Date

Untimely determination of withdrawal date was caused by human error. Faculty failed to update exclusion rosters properly. Untimely determination can result in institutional liability or disciplinary action taken by the U.S. Department of Education

D. Untimely Payment of Post-Withdrawal Disbursement

Untimely return of unearned Title IV funds was caused by human error. FA Technicians failed to post the post-withdrawal disbursements timely. Untimely return of title IV aid can result in institutional liability and disciplinary action taken by the U.S. Department of Education.

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Questioned Costs:

A. Incorrect Calculation of Return to Title IV Funds

Description of Sample and Population

Campus	OPEID	Sample				Population from which the Sample was drawn			
		Students Receiving Pell (No.)	Pell Disbursed Fall/Spring (\$)	Pell Disbursed Summer (\$)	Total Pell Disbursed (\$)	Students Receiving Pell (No.)	Pell Disbursed Fall/Spring (\$)	Pell Disbursed Summer (\$)	Total Pell Disbursed (\$)
City	00122300	15	\$ 9,529	\$ 407	\$ 9,936	437	\$ 392,293	\$ 22,804	\$ 415,097
East	02226000	30	14,205	1,392	15,597	620	487,032	35,845	522,877
Harbor	00122400	40	16,992	3,593	20,585	114	100,582	9,908	110,490
Mission	01255000	15	5,156	801	5,957	143	112,662	5,864	118,526
Pierce	00122600	15	5,354	-	5,354	315	286,762	13,737	300,499
Southwest	00704700	30	7,139	2,275	9,414	122	76,468	7,241	83,709
Trade	00122700	40	17,751	1,835	19,586	352	272,263	10,052	282,315
Valley	00122800	40	21,331	2,375	23,706	311	252,463	16,799	269,262
West	00859600	30	14,874	350	15,224	188	154,413	6,598	161,011
		<u>255</u>	<u>112,331</u>	<u>13,028</u>	<u>125,359</u>	<u>2,602</u>	<u>\$ 2,134,938</u>	<u>\$ 128,848</u>	<u>\$ 2,263,786</u>

Description of Finding

Campus	Student Identifier	Term	OPEID	Incorrect Withdrawal Date for Distance Education Courses	Pell Disbursed (\$)	Pell Return Due From School	Pell Return Due From School	Pell Return Due From Student	Pell Return Due From Student	Net Effect Returns	Pell Postwithdrawal Disbursement (Understatement)	Pell Postwithdrawal Disbursement (Overstatement)	Net Effect PWD
						(Understatement) (\$)	Overstatement (\$)	(Understatement) (\$)	Overstatement (\$)		(Understatement) (\$)	Overstatement (\$)	
City	Student #1	Fall	00122300	X	\$ 1,587	\$ (201)	-	-	-	(201)	-	-	-
Harbor	Student #2	Fall	00122400	-	-	-	-	-	-	-	-	-	-
Harbor	Student #3	Fall	00122400	-	-	-	-	-	-	-	-	-	-
Harbor	Student #4	Fall	00122400	X	-	-	-	-	-	-	-	69	69
Harbor	Student #5	Fall	00122400	X	1,190	-	111	(796)	-	(685)	-	-	-
Harbor	Student #6	Fall	00122400	-	-	(118)	-	(783)	-	(901)	-	102	102
Harbor	Student #7	Spring	00122400	-	-	(114)	-	(387)	-	(501)	-	113	113
Pierce	Student #8	Summer	00122600	X	-	-	-	-	-	-	-	208	208
Pierce	Student #9	Summer	00122600	X	-	-	-	-	-	-	-	203	203
Southwest	Student #10	Fall	00704700	X	407	(80)	-	-	-	(80)	-	-	-
Southwest	Student #11	Summer	00704700	X	-	-	-	-	-	-	-	87	87
Southwest	Student #12	Spring	00704700	-	197	-	-	-	-	-	-	614	614
Trade	Student #13	Spring	00122700	X	394	(94)	-	-	-	(94)	-	-	-
Trade	Student #14	Spring	00122700	X	-	-	-	-	-	-	-	453	453
Trade	Student #15	Spring	00122700	X	1,587	-	-	(1,587)	-	(1,587)	-	-	-
Trade	Student #16	Summer	00122700	X	-	-	-	-	-	-	-	6	6
Valley	Student #17	Fall	00122800	X	-	-	-	-	-	-	-	11	11
Valley	Student #18	Fall	00122800	X	394	(53)	-	-	-	(53)	-	-	-
Valley	Student #19	Fall	00122800	X	1,094	-	-	(400)	-	(400)	-	793	793
Valley	Student #20	Fall	00122800	X	1,190	-	-	(979)	-	(979)	-	-	-
Valley	Student #21	Fall	00122800	X	-	-	-	-	-	-	-	4	4
Valley	Student #22	Spring	00122800	X	1,374	-	-	(1,374)	-	(1,374)	-	-	-
West	Student #23	Fall	00859600	X	1,587	-	-	-	-	-	-	-	-
West	Student #24	Spring	00859600	X	407	-	-	(407)	-	(407)	-	-	-
West	Student #25	Summer	00859600	X	-	-	-	-	-	-	-	11	11
					<u>\$ 11,408</u>	<u>\$ (660)</u>	<u>\$ 111</u>	<u>\$ (6,713)</u>	<u>\$ -</u>	<u>\$ (7,262)</u>	<u>\$ -</u>	<u>\$ 2,674</u>	<u>\$ 2,674</u>

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The District has a known understatement of the amount due from the student by \$6,713 and known net understatement of the amount due from District by \$549. The projected total net understatement of amounts due from both the student and District is \$138,020 as follows:

	Pell Return Due From School/ Student Projected Net (Understatement)
Fall/Spring	\$ (138,020)
Summer	-
	<u>\$ (138,020)</u>

This is computed by dividing the errors found in samples per term (Summer term – net understatement (\$0) and Fall/Spring terms – net understatement \$7,262) over the total Pell awards disbursed in the sample size per term (Summer term - \$13,028 and Fall/Spring terms - \$112,331) multiplied by the total Pell awards disbursed for the identified colleges per term (Summer term - \$128,848 and Fall/Spring terms - \$2,134,938). The computation is made on a per-term basis on a campus level and not on a district-wide level.

The District has a known overstatement of the post-withdrawal disbursement by \$2,674. Not all students accept post-withdrawal disbursements. As such, questioned cost is not extrapolated.

B. Untimely Notification of Grant Overpayment to Students and Secretary

None.

C. Untimely Determination of Withdrawal Date

None.

D. Untimely Payment of Post-Withdrawal Disbursement

None.

Recommendation:

We recommend that additional controls are implemented at the course instructor level to effectively monitor student participation and engagement in academic activities related to DE courses in order for the instructor to determine an estimated last date of attendance and the reasonableness and accuracy of a student’s withdrawal date listed in the system. This will help ensure that the withdrawal date used in the calculation of return of Title IV funds is accurate.

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Additionally, we recommend that the District evaluate and improve its existing process and control procedures related to the return of Title IV funds. This will help ensure that the returns of Title IV funds are accurately calculated and are in accordance with the Uniform Guidance and the Code of Federal Regulation.

We also recommend that the District implement additional monitoring controls to ensure compliance with the notification and return due date requirements.

Views of Responsible Officials and Planned Corrective Actions:

A. Incorrect Calculation of Return to Title IV Funds

The District concurs with the finding of Incorrect Calculation of Return to Title IV (R2T4). To remediate this issue, the District has made the decision to centralize R2T4 processing within the Central Financial Aid Unit to ensure uniform and consistent processing.

With regards to the exceptions noted for incorrectly determined withdrawal dates as it relates to DE courses, the District will provide communications to all faculty throughout the semester instructing them to assess individual student participation in the class and to exclude students from the class if prior to exclusion deadlines, or drop students if exclusion deadlines have passed. The communications will refer to the Academic Senate guidelines on regular and substantive interaction and use of authentic assessments to ensure that active participation is being effectively evaluated. Communications will be times around core deadlines for enrollment and financial aid processes. The DE Coordinators will be informed of the new standard to supplement the existing required and optional trainings currently provided to teaching faculty.

B. Untimely Notification of Grant Overpayment to Students and Secretary

The District concurs with the Untimely Notification of Grant Overpayment to Students and Secretary finding. The District will centralize R2T4 processing within the Central Financial Aid Unit to ensure uniform and consistent processing.

C. Untimely Determination of Withdrawal Date

The District concurs with the Untimely Determination of Withdrawal Date finding. The District will provide communications to all faculty throughout the semester instructing them to assess individual student participation in the class and to exclude students from the class if prior to exclusion deadlines, or drop students if exclusion deadlines have passed. The communications will refer to the Academic Senate guidelines on regular and substantive interaction and use of authentic assessments to ensure that active participation is being effectively evaluated. Communications will be times around core deadlines for enrollment and financial aid processes. The Distance Education Coordinators will be informed of the new standard to supplement the existing required and optional trainings currently provided to teaching faculty.

D. Untimely Payment of Post-Withdrawal Disbursement

The District concurs with the Untimely Return or Unearned Title IV funds finding. The corrective action in A above will negate this finding. The District will centralize R2T4 processing within the Central Financial Aid Unit to ensure uniform and consistent processing.

Personnel responsible for implementation: Steve Giorgi
Position of responsible personnel: Financial Aid Manager
Expected date of implementation: Fall 2022

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Finding FA 2021-004: Special Tests and Provisions - Borrower Data and Reconciliation (Direct Loans): Inaccurate Reporting of Direct Loan Disbursement and Lack of Review of SAS Reconciliation (Repeat Finding)

Federal Program Information

<i>Assistance Listing Number:</i>	ALN 84.268
<i>Federal Program Name:</i>	Student Financial Assistance Cluster; <i>Federal Direct Student Loans</i>
<i>Federal Agency:</i>	U.S. Department of Education
<i>Passed Through Entity:</i>	N/A
<i>Federal Award Number:</i>	P268K215260 and P268K215262
<i>Federal Award Year:</i>	July 1, 2020, to June 30, 2021
<i>Campus:</i>	Los Angeles Trade Technical College West Los Angeles College (Repeat Finding)
<i>Compliance Requirement:</i>	Special Tests and Provisions - Borrower Data and Reconciliation (Direct Loans)

Criteria or Specific Requirement:

The *Uniform Guidance Compliance Supplement* requires that institutions report all loan disbursements and submit required records to the Direct Loan Servicing System (DLSS) via the Common Origination and Disbursement (COD) within 15 days of disbursement (OMB No. 1845-0021).

Further, institutions are required to prepare monthly reconciliations of School Account Statement (SAS) files. Each month, the Common Origination and Disbursement (COD) provides institutions with a SAS data file which consists of a Cash Summary, Cash Detail, and Loan Detail records. The school is required to reconcile these files to the institution's financial records.

Identified Condition:

Los Angeles Trade Technical College

We noted 1 of the 4 monthly SAS reconciliations selected for compliance testwork was not reviewed for reasonableness and accuracy.

West Los Angeles College

We noted 1 of 15 students selected for compliance testwork that had a disbursement date of 3/25/2021 which was inaccurately reported as 10/1/2020 and 2/9/2021 to the DLSS via the COD report.

Causes and Effect:

Los Angeles Trade Technical College

The lack of secondary review of the SAS reconciliation was due to staff oversight as a result of holiday break and all staff being on vacation.

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West Los Angeles College

The student record was manually awarded in the SIS, however the reported disbursement dates were inadvertently not updated on COD.

Questioned Costs:

None.

Recommendation:

We recommend that the District implement additional monitoring controls to ensure compliance with required record reporting and reconciliation requirements. Reconciliation is an important control to ensure students have been awarded the correct amounts of aid. Additionally, updating COD accordingly will help ensure that award disbursement dates and amounts agree to the information in SIS and that COD reporting is accurate.

Views of Responsible Officials and Planned Corrective Actions:

Los Angeles Trade Technical College

A second review of SAS reconciliation will be conducted by a Financial Aid (FA) Supervisor and approved by FA Manager.

West Los Angeles College

We will monitor manually entered awarded Direct Loans and reported COD disbursement dates weekly with a secondary review by a college/district FA Technician or FA Supervisor.

Personnel responsible for implementation: Glenn Schenk (WLAC) & Derek Zelaya (LATTC)
Position of responsible personnel: WLAC Financial Aid Manager & LATTC FA Supervisor
Expected date of Implementation: Dec 2021

Finding FA 2021-005: Reporting: Inaccurate Pell Disbursement Information Reported to COD (Repeat Finding)

Federal Program Information

<i>Assistance Listing Number:</i>	ALN 84.063
<i>Federal Program Name:</i>	Student Financial Assistance Cluster; <i>Federal Pell Grant Program</i>
<i>Federal Agency:</i>	U.S. Department of Education
<i>Passed Through Entity:</i>	N/A
<i>Federal Award Number:</i>	P063P205260
<i>Federal Award Year:</i>	July 1, 2020, to June 30, 2021
<i>Campus:</i>	Los Angeles Trade Technical College
<i>Compliance Requirement:</i>	Reporting- Financial Reporting

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Criteria or Specific Requirement:

The Uniform Guidance Compliance Supplement requires the auditors to verify that the institutions submit the disbursement records, which report the actual disbursement date and the amount of the disbursement, within 15 calendar days after the school makes a payment or becomes aware of the need to adjust previously reported student payment date of expected student payment data.

Identified Condition:

We noted 1 of 20 students selected for compliance testwork at Los Angeles Trade Technical College had a disbursement date of 4/21/2021 which was inaccurately reported as 5/10/2021 via the Common Origination and Disbursement (COD) report.

Causes and Effect:

The date of disbursement on COD was inadvertently not updated by the Financial Aid Technician during the Pell reconciliation process resulting in the incorrect disbursement date reported on COD.

Questioned Costs:

None.

Recommendation:

We recommend that the District implement additional monitoring controls to help ensure accuracy of COD reporting and compliance with required record reporting requirements.

Views of Responsible Officials and Planned Corrective Actions:

A second review of Pell reconciliation will be conducted by a FA Supervisor for manually updated COD records.

Personnel responsible for implementation: Derek Zelaya
Position of responsible personnel: FA Supervisor
Expected date of Implementation: December 2021

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Finding FA 2021-006: Special Tests and Provision: Enrollment Reporting: Inaccurate and Untimely Reporting of Enrollment Data Elements (Repeat Finding)

Federal Program Information

Assistance Listing Number: ALN 84.063 and 84.268

Federal Program Name: Student Financial Assistance Cluster;
Federal Pell Grant Program
Federal Direct Student Loans

Federal Agency: U.S. Department of Education

Passed Through Entity: N/A

Federal Award Number: P063P205263, P063P200033, P063P200034,
P063P200035, P063P200036, and P063P205260

P268K215263, P268K210033, P268K210034,
P268K210035, P268K210036, and P268K215260

Federal Award Year: July 1, 2020, to June 30, 2021

Campuses: East Los Angeles College (Repeat Finding)
Los Angeles City College (Repeat Finding)
Los Angeles Harbor College
Los Angeles Pierce College (Repeat Finding)
Los Angeles Valley College
Los Angeles Trade Technical College

Compliance Requirement: Special Tests and Provisions – Enrollment Reporting

Criteria or Specific Requirement:

Per 34 CFR section 674.19; Pell, 34 CFR section 690.83(b) (2); FFEL, 34 CFR section 682.610; Direct Loan, 34 CFR section 685.309, an institution shall submit, in accordance with deadline dates established by the Secretary, through publication in the Federal Register, other reports and information the Secretary requires and shall comply with the procedures the Secretary finds necessary to ensure that the reports are correct.

At a minimum, schools are required to certify enrollment for all those who are included on the roster file Title IV aid recipients at least every two months and within 15 days of the date that NSLDS sends a roster file to the school or its third-party servicer.

Identified Condition:

In performing testwork over the enrollment reporting, we noted the following:

East Los Angeles College

Of the 15 students selected for compliance testwork, we noted:

- 1 student had an incorrect effective date reported.
- 7 students had status changes that were reported late to the NSLDS. This late reporting ranged from 3 to 17 days.

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Los Angeles City College

Of the 15 students selected for compliance testwork, we noted 3 students had status changes that were reported late to the NSLDS. This late reporting ranged from 1 to 18 days.

Los Angeles Harbor College

Of the 20 students selected for compliance testwork, we noted 2 students had status changes that were reported late to the NSLDS. This late reporting ranged from 1 to 14 days.

Los Angeles Pierce College

Of the 15 students selected for compliance testwork, we noted 1 student had a status change that was reported late to the NSLDS. This late reporting was 101 days late.

Los Angeles Trade Technical College

Of the 20 students selected for compliance testwork, we noted 2 students had incorrect effective dates reported.

Los Angeles Valley College

Of the 20 students selected for compliance testwork, we noted the following:

- 2 students had status changes that were reported late to the NSLDS. This late reporting was 5 days late.
- 2 students had inaccurately reported effective dates for the programs the students attended.
- 2 students had no support for the reported Published Program Lengths of the programs the students attended.
- 4 students had no support for the reported Classification of Instructional Programs (CIP) codes of the programs the students attended.

Causes and Effect:

The number and severity of the exceptions noted related to enrollment reporting was drastically reduced in 2020-21 academic year. The exceptions noted were mainly isolated to the first submission of the Spring 2021 term. At this time, District IT was reconfiguring and making enhancements to the current enrollment report. District IT resources were constrained at the time and the configuration took additional time to test. Because of this, there were delays in our first of term submission, which accounted for the late reporting to the NSLDS.

The enhancements made to our reports were one-time additions. In the future, the timing of when enhancements are made to the enrollment reports will be scheduled and planned with more anticipation.

Effective dates and published program lengths are typically reviewed during the resubmission for program participation approval. During the past academic year, the college was scheduled to review programs and effective dates prior to submitting its PPA for final approval. Although, this is a collaborative effort, the review of programs and start dates, has not occurred prior to the start of each semester. In the future, the review of all programs eligible or not, shall be reviewed on a consistent and timely basis to avoid discrepancies.

Questioned Costs:

None.

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Recommendation:

We recommend that the District continue to review its current business process and implement process improvements and technical enhancements necessary to ensure compliance with enrollment reporting requirements. Additionally, the timing of such improvements and technical enhancements should be coordinated in advance to meet the District's reporting requirements.

Views of Responsible Officials and Planned Corrective Actions:

There will be planned and established times for making enhancements to the enrollment reports in order to ensure timely submission of enrollment reports. In addition, District IT has reconfigured the NSC reporting module to report status start dates for students who withdraw from all of their classes starting in the Fall 2022 term. In the past, the campus would have to manually enter these dates. This enhancement will mean less manual entry from the campus.

There will also be planned and established periods of program and course reviews to ensure the accuracy of each CIP code and program. These reviews will be conducted by a task force comprised of representatives from Financial Aid, Admissions & Records and Academic Services to ensure up to date information as well as proper identification of each program and/or courses of study within each academic term and year moving forward.

Personnel responsible for implementation: Ryan Cornner and Maury Pearl, Financial Aid Manager
Position of responsible personnel: Vice Chancellor, Educational Programs & Institutional Effectiveness Associate Vice Chancellor and Associate Vice Chancellor, Educational Programs & Institutional Effectiveness
Expected date of Implementation: February 2022

Finding FA 2021-007: Special Tests and Provision: Perkins Loan Recordkeeping and Record Retention: Lack of Loan Record Supporting Documentation

Federal Program Information

<i>Assistance Listing Number:</i>	ALN 84.063 and 84.268
<i>Federal Program Name:</i>	Student Financial Assistance Cluster; Federal Perkins Loan Program
<i>Federal Agency:</i>	U.S. Department of Education
<i>Passed Through Entity:</i>	N/A
<i>Federal Award Number:</i>	Various
<i>Federal Award Year:</i>	July 1, 2020, to June 30, 2021
<i>Campuses:</i>	Los Angeles Harbor College Los Angeles Trade Technical College Los Angeles Valley College
<i>Compliance Requirement:</i>	Special Tests and Provisions – Perkins Loan Recordkeeping and Record Retention

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Criteria or Specific Requirement:

Per 34 CFR section 674.19(e)(2)(iii) *Retention of Records - Loan records*, an institution shall maintain a repayment history for each borrower. This repayment history must show the date and amount of each repayment over the life of the loan. It must also indicate the amount of each repayment credited to principal, interest, collection costs, and either penalty or late charges.

Identified Condition:

Los Angeles Harbor College

Of the 21 students selected for compliance testwork, we noted 1 student did not have retained repayment record as required.

Los Angeles Trade Technical College

Of the 22 students selected for compliance testwork, we noted 4 students did not have retained repayment records as required.

Los Angeles Valley College

Of the 25 students selected for compliance testwork, we noted 4 students did not have retained repayment record as required.

Causes and Effect:

Forty plus years of Perkins records are maintained at the District for all nine District colleges. The records are stored in multiple locations. Accessibility to the storage locations has been limited due to the COVID-19 pandemic. The District could not locate the student repayment record files noted but will continue to search for them as it closes out the Perkins Loan program. The District will assume liability for Perkins loan student repayment record files that cannot be located.

Questioned Costs:

None.

Recommendation:

We recommend that the District continue to review its current business process and implement process improvements and technical enhancements necessary to ensure compliance with Perkins Loan Recordkeeping and Record Retention requirements.

Views of Responsible Officials and Planned Corrective Actions:

The District has begun closing out the Perkins Loan Program. The District will assign all existing and eligible Perkins promissory notes to the U.S. Department of Education. The District will assume liability for ineligible or missing promissory notes.

Personnel responsible for implementation: Steve Giorgi
Position of responsible personnel: Financial Aid Manager
Expected date of Implementation: December 31, 2022

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Finding FA 2021-008: Special Tests and Provision: Gramm Leach Bliley Act - Student Information Security - Update Disaster Recovery Plan (DRP) and Perform Regular Disaster Recovery (DR) and Backup Restoration Tests, Improve Server and Network Security, Enhance Password Policy and Strengthen Password Controls, Document Approval of IT Process Documentation, Perform Timely Access Revocation and System Access Review, and Document Approval of Human Resources (HR) Process Documentation

Federal Program Information

Assistance Listing Number: ALN 84.007, 84.003, 84.063, 84.268, 93.364
Federal Program Name: Student Financial Assistance Cluster
Federal Agency: U.S. Department of Education
Passed Through Entity: N/A
Federal Award Number: Various
Federal Award Year: July 1, 2020, to June 30, 2021
Compliance Requirement: Special Tests and Provisions – Gramm Leach Bliley Act – Student Information Security

Criteria or Specific Requirement:

Per GLB Act Safeguards Rule, Title 16 CFR Part 314, institutions are required to develop, implement, and maintain a comprehensive information security plan that is written and describes their program to protect sensitive information. In addition to developing their own safeguards, institutions covered by the Rule are responsible for taking steps to ensure that their affiliates and service providers safeguard sensitive information in their care. As part of its plan, the institution must:

- a) Designate an employee or employees to coordinate its information security program.
- b) Identify reasonably foreseeable internal and external risks to the security, confidentiality, and integrity of student information that could result in the unauthorized disclosure, misuse, alteration, destruction, or other compromises of such information, and assess the sufficiency of any safeguards in place to control these risks. At a minimum, such a risk assessment should include consideration of risks in each relevant area of operations, including:
 - Employee training and management;
 - Information systems, including network and software design, as well as information processing, storage, transmission and disposal; and
 - Detecting, preventing and responding to attacks, intrusions, or other systems failures
- c) Design and implement information safeguards to control the risks you identify through risk assessment, and regularly test or otherwise monitor the effectiveness of the safeguards' key controls, systems, and procedures.
- d) Oversee service providers, by:
 - Taking reasonable steps to select and retain service providers that are capable of maintaining appropriate safeguards for the student information at issue; and
 - Requiring your service providers by contract to implement and maintain such safeguards.

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- e) Evaluate and adjust your information security program in light of the results of the testing and monitoring required by paragraph (c) of this section; any material changes to your operations or business arrangements; or any other circumstances that you know or have reason to know may have a material impact on your information security program.

Also, per sections 501 and 505 (b)(2) of the GLB Act, institutions are required to comply with standards set forth for developing, implementing, and maintaining reasonable administrative, technical, and physical safeguards to protect the security, confidentiality, and integrity of student information. This part applies to all sensitive information in the institution's possession, regardless of whether such information pertains to individuals with whom the institution has a student relationship or pertains to the students of other financial institutions that have provided such information to the institution. The objectives of section 501(b) of the Act, and of this part, are to:

- (1) Ensure the security and confidentiality of student information;
- (2) Protect against any anticipated threats or hazards to the security or integrity of such information; and
- (3) Protect against unauthorized access to or use of such information that could result in substantial harm or inconvenience to any student.

Identified Conditions:

A. Update the Disaster Recovery Plan (DRP) and perform regular Disaster Recovery (DR) and backup restoration tests

The District established the Administrative Procedure 3724 Information Technology – Disaster Recovery (DRP) to document the strategy to support and recover critical information and systems in the event of a disaster. During our review, the DRP was in draft state and was subsequently reviewed and approved on December 21, 2021. The following observations were noted for the DRP to be comprehensive and effective:

- 1. The application tiering or criticality was based on an internal risk assessment performed by the Office of Information Technology (IT). The criticality of the systems should be driven by a business impact assessment (BIA) performed by relevant stakeholders, such as system users, process owners, and risk management, among others, to ensure that all critical systems are identified, and appropriate strategies are developed and tested.
- 2. All the necessary supporting infrastructure and security systems, were not included in the DRP, such as network switches, routers, firewall, network and endpoint security systems relevant to ensure the availability and security of the critical systems.
- 3. The criteria necessary for measuring effectiveness of the DRP were not documented in the DRP. The criteria should include recovery time objective and recovery point objective, among others, aligned with the stakeholder requirements in the BIA. In addition, the plan to resume to normal operations after the disaster is not documented in the DRP.
- 4. Recovery and restoration of SAP and SIS have not been effectively tested. DRP testing for SAP and authentication systems has not yet been performed while testing

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for SIS has been partially performed. On June 25, 2020, IT performed restoration of all components of SIS using the backup from a non-production environment with a copy of the full production data. While the SIS restoration test provided a way to measure the effectiveness of the strategy and learn about improvement areas, its effectiveness cannot be completely ascertained unless the actual secondary production system was restored. Moreover, DRP testing did not involve relevant business stakeholders to test system functionalities and data integrity, and sign-off on the successful completion of the DRP testing. Lastly, the DRP test did not include the plan to resume to normal operations following the disaster.

B. Improve server and network security

Server and network security can be further improved. While the District has taken steps on securing systems, we noted the following:

1. There were 3 SAP servers with Windows 2008 operating system which has an end of life and support last 1/14/2020. This was subsequently remediated by IT as of January 21, 2022.
2. During the audit, the vulnerability report for SAP servers showed 9 critical and 11 high severity vulnerabilities that were outstanding for more than 30 days after it was first discovered. Based on the vulnerability scan policy, reasonable effort will be made to remediate high and critical vulnerabilities within 30 calendar days of discovery. The longer the vulnerability issues remain unaddressed, the higher the risk that these vulnerabilities can be exploited, and the systems compromised. The IT was able to remediate the vulnerabilities and to date, only 3 vulnerabilities remain outstanding.
3. We noted that the latest SIS and SAP servers' patches as of October 2021 are applied in August and May 2021, respectively. Based on policy, new patches should be applied within one month of release by the manufacturer.
4. We noted that one of the firewall rules allowed traffic through telnet that allows attackers to use sniffing or eavesdropping attacks, thereby exposing privileged credentials sent in clear text through the network.

C. Enhance password policy and strengthen password controls

There were no established password security standards governing all password settings for AD, SAP, and SIS. Standards for the following password settings should be adequately documented and enforced:

- Minimum password length
- Password complexity
- Maximum password age
- Minimum password age
- Password history
- Idle time
- Account lockout duration
- Account lockout threshold
- Reset account lockout counter after

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In addition, all password settings for AD, SIS, and SAP could be improved through assessment and alignment with applicable industry security baselines deemed appropriate by the District.

D. Document approval of IT process documentation

Evidence of formal approval for IT protocols were not existing at the time of the audit. The use of protocols serves as guidelines to help ensure the technology-enabled components and processes of the organization will function as intended and ensure proper succession planning, and training of future IT personnel. In addition, up to date process documentation enables proper IT governance.

It was noted that the following process documentation committed in the prior year plan of action and milestones (POAM) have not yet been approved:

- Risk Acceptance Process
- User Access Review
- Portable Media Restriction
- Technology Hardening Standards

The IT signified that these are scheduled to be completed in 2022.

E. Perform timely access revocation and system access review

Based on testwork to verify existence of terminated employees in Active Directory (AD), SAP, and SIS, we noted that out of the 30 terminated employees selected for testwork:

- i. One user was active in AD
- ii. 18 were still active in SAP
- iii. 28 were still active in SIS, of which 13 logged into the system after their termination date

Moreover, while a privilege user access review is performed for AD, there is no regular and documented review to ensure that all regular users of AD, SAP and SIS are valid. The purpose of properly establishing periodic user access review, coupled with limiting and monitoring administrative access within the system, is to ensure management's understanding of the overall systems operation, its internal workflow requirements, and the segregation of duties within the systems that is required so that employees are not granted excessive, incompatible system access levels and workflow capabilities.

F. Document approval of HR process documentation

Evidence of formal approval for HR guides and protocols were not existing at the time of the audit. The use of process documentation serves as management guidelines to help ensure the processes of the organization will function as intended and ensure proper succession planning, and training of future HR personnel. In addition, up to date HR process documentation enable proper HR governance.

It was noted that the following process documentation have not yet been approved:

- Employee Separations
- Death of Employee
- Completion of Assignment
- Open Ended Adjunct Assignment
- Job Change

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Cause and Effect:

A. Update the Disaster Recovery Plan (DRP) and perform regular disaster recovery (DR) and backup restoration tests

Lack of comprehensive DRP that is aligned with the BCP and developed and tested with adequate involvement with the stakeholders may lead to ineffective execution of the DRP when a disaster occurs.

B. Improve server and network security

Vulnerabilities in the systems may be exploited leading to malicious or unauthorized activities that could impact system and data integrity, or disclosure of confidential or sensitive information.

C. Enhance password policy and strengthen password controls

Account compromise due to weak security controls may lead to malicious or unauthorized activities that may remain undetected timely and impact system and data integrity, or disclosure of confidential or sensitive information.

D. Document approval of IT process documentation

Unvetted or unapproved operational procedures within the IT function leads to a lack of direction and awareness of the appropriate tasks which must be performed regularly to ensure the proper utility of IT resources, protection and confidentiality of data, and system management measures.

E. Perform timely access revocation and system access review

The risk of unauthorized access and security incidents or violations within the systems may occur. Unauthorized system access may lead to malicious or unauthorized activities that may remain undetected and impact system and data integrity or disclosure of sensitive information.

F. Document approval of HR process documentation

Unvetted or unapproved operational procedures within the HR function leads to a lack of direction and awareness of the appropriate tasks which must be performed on a regular basis to ensure the proper utility of HR resources.

Recommendations:

A. Update the Disaster Recovery Plan (DRP) and perform regular disaster recovery (DR) and backup restoration tests

We recommend the following as the District updates the DRP and establish the related DR protocols and test plans:

1. Align the DRP with the enterprise wide BCP based on business impact assessment performed by all relevant stakeholders, such as process owners, system users, IT, risk management and compliance, among others.

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2. Revisit the DRP to ensure that all relevant supporting system infrastructure and components are covered when disaster recovery procedures for systems, especially SAP and SIS, are activated.
3. Establish specific objectives and criteria to measure effectiveness of the DRP, such as recovery time objective and recovery point objective, per criticality of systems and processes identified in the BIA. Test the effectiveness of the DRP against these objectives with the relevant stakeholders. Documentation of such tests should be maintained for full management awareness and approval.
4. Establish the plan to resume operations to normal after the disaster. This should include the guidelines to get operations back to the primary production environment, including validation of systems and data and communication plan with the internal and external stakeholders.

B. Improve server and network security

To significantly improve security, we recommend that LACCD revisit and enforce appropriate and effective vulnerability and patch management processes and controls. Standard protection measures might not provide ample security due to the rising cases of malware attacks. Proper patch management and updating operating systems of servers is necessary to combat various forms of cyber-attacks.

C. Enhance password policy and strengthen password controls

To maintain adequate access security controls, the District should re-assess security of current password settings and additional access controls in place. Establish password security standards appropriate to the systems, with consideration to the residual security risks that exist within the current control environment using system security standards applicable to the District, such as National Institute of Standards and Technology (NIST), Center for Internet Security (CIS) or Microsoft baseline security standards. Implement the established password security standards and adjust controls, as necessary, relevant to the evolving risks associated with system access.

D. Document approval of IT process documentation

Management should ensure that IT process have been adequately developed and approved for the proper guidance and execution of IT functions. Committing the protocols to writing would ensure a higher level of operational compliance and would provide grounds for management action if operational procedures do not meet their objectives. A management review of all process should be performed, at least, on an annual basis to ensure the capture of new changes and deletions of processes and technologies.

E. Perform timely access revocation and system access review

We recommend that management improve account termination procedures to ensure that access of terminated employees is timely revoked. It also recommended that regular access reviews should be performed and documented. The purpose of this review is to ensure that accounts are still valid where the account owner/s are current employees of the organization, the account has a known business purpose, and access is appropriately granted to the accounts.

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F. Document approval of HR process documentation

Management should ensure that HR process documentation have been adequately developed and approved for the proper guidance and execution of HR functions. Committing the process to writing would ensure a higher level of operational compliance and would provide grounds for management action if operational procedures do not meet their objectives. A management review should be performed, at least, on an annual basis to ensure the capture of new changes and deletions of processes.

Views of Responsible Officials and Planned Corrective Actions:

A. Update the Disaster Recovery Plan (DRP) and perform regular disaster recovery (DR) and backup restoration tests

- The District established the Administrative Procedure 3724 Information Technology – Disaster Recovery (DRP) to document the strategy to support and recover critical information and systems in the event of a disaster.
- The District engaged a third-party vendor with expertise in developing Disaster Recovery Planning who finalized the Technology Disaster Recovery Plan in December 2021.
- The District is currently finalizing Disaster Recovery testing protocols for SIS and SAP and intends to conduct full testing prior to September 30, 2022.

Personnel responsible for implementation: Carmen V. Lidz

Position of responsible personnel: Vice Chancellor & Chief Information Officer

Date of Implementation: September 30, 2022

B. Improve server and network security

1. The Office of Information Technology runs vulnerability scans regularly and has remediated most of the high-priority vulnerabilities identified. As of January 21, 2022, there were three vulnerabilities that remain outstanding. The District is currently consulting with software vendor on the remediation plan and will remediate as soon as practically feasible.

2. Administrative Procedure 3723 has been revised to adequately reflect the patch management protocols and provide guidelines on the implementation schedule of patches based on criticality.

Applicable Excerpt:

“Patches designated as “Critical” by the manufacturer must be installed as soon as feasible without introducing instability or impacting service availability of production systems, and no later than thirty days after release. A delay of more than thirty days must be approved in writing by the Vice Chancellor/Chief Information Officer.

New or modified ‘non-urgent’ security patches designated by the manufacturer must be scheduled and installed as part of the upcoming quarterly maintenance cycle without introducing instability or impacting service availability of production systems, and no later than 120 days after release.”

3. The auditor identified specific network vulnerabilities associated with an unencrypted communication service, Telnet, and recommended a secure alternative, Secure Shell (SSH). The District removed Telnet from all firewall rules in December of 2021. The remaining switches that use Telnet do not support SSH due to their age. Telnet on switches

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that do not support SSH will be disabled as feasible, and access to administrative access to those switches will be done directly via console, which eliminates the immediate concern. Plans are being developed to replace these older switches with newer switches that support SSH.

Personnel responsible for implementation: Carmen V. Lidz
Position of responsible personnel: Vice Chancellor & Chief Information Officer
Date of Implementation: As soon as practically feasible

C. Enhance password policy and strengthen password controls

The Office of Information Technology is in the process of developing an implementation plan to update password security to align it with recommendations from the National Institute for Standards and Technology (NIST). Implementation will require coordination with multiple LACCD business and instructional units; completion is anticipated prior to Fall, 2022.

Personnel responsible for implementation: Carmen V. Lidz
Position of responsible personnel: Vice Chancellor & Chief Information Officer
Date of Implementation: Fall 2022

D. Document approval of IT process documentation

The Office of Information Technology provided updated process documents to the auditors that clearly denoted approval for existing processes and will follow the auditor's recommendation for processes developed in the future.

Personnel responsible for implementation: Carmen V. Lidz
Position of responsible personnel: Vice Chancellor & Chief Information Officer

E. Perform timely access revocation and system access review

The District agrees with the finding and are working to implement a corrective action. HR targets summer 2022 for defining Business Processes and associated business rules and will work with IT to implement revised business rules in the system.

Personnel responsible for implementation: Mercedes Gutierrez
Position of responsible personnel: Interim Vice Chancellor – Human Resources
Date of Implementation: Summer 2022

F. Document approval of HR process documentation

The District agrees with the finding and are working to implement a corrective action. HR targets summer 2022 for defining Business Processes and associated business rules and will work with IT to implement revised business rules in the system.

Personnel responsible for implementation: Mercedes Gutierrez
Position of responsible personnel: Interim Vice Chancellor – Human Resources
Date of Implementation: Summer 2022

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Finding FA 2021-009: Reporting - Untimely Website Posting of Quarterly Student Aid Report (Repeat Finding)

Federal Program Information

Assistance Listing Number: ALN 84.425E
Federal Program Name: Higher Education Emergency Relief Fund (HEERF) - Student Aid Portion
Federal Agency: U.S. Department of Education
Passed Through Entity: N/A
Federal Award Year: June 30, 2021
Campuses: East Los Angeles College
Los Angeles Pierce College
Los Angeles Trade Tech College
Los Angeles Valley College
Compliance Requirement: Reporting

Criteria or Specific Requirement:

Per *the Compliance Supplement*, Quarterly Public Reporting for (a)(1) Institutional Portion, (a)(2), and (a)(3) funds (Assistance Listings 84.425F, 84.425J, 84.425K, 84.425L, 84.425M, 84.425N, 84.425S). The institutional quarterly portion reporting requirements involve publicly posting completed forms on the institution's website.

The forms must be conspicuously posted on the institution's primary website on the same page the reports of the institution's activities as to the emergency financial aid grants to students (Student Aid Portion) are posted.

A new, separate form must be posted covering aggregate amounts spent for HEERF I, HEERF II, and HEERF III funds each quarterly reporting period (September 30, December 31, March 31, June 30), concluding after an institution has expended and liquidated all (a)(1) Institutional Portion, (a)(2), and (a)(3) funds and checks the "final report" box. Institutions must post this quarterly report form no later than *10 days after the end of each calendar quarter* (October 10, January 10, April 10, July 10) apart from the first report, which was due October 30, 2020, and the report covering the first quarter of 2021, which is due July 10, 2021.

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Identified Condition

In performing reporting compliance testwork, we noted the following campuses posted their student aid reports on their respective websites beyond the required 10 day timeframe as follows:

Campus	Quarter Ended		Date Posted	Number of days late
	Due	Due Date		
East Los Angeles College	December 31, 2020	January 10, 2021	January 20, 2021	10 days
	June 30, 2021	July 10, 2021	July 12, 2021	2 days
	D e c e m b e			
Los Angeles Trade Tech College	June 30, 2021	July 10, 2021	July 13, 2021	3 days
Los Angeles Valley College	December 31, 2020	January 10, 2021	January 19, 2021	9 days
	June 30, 2021	July 10, 2021	July 12, 2021	2 days

Causes and Effect.

The District generated expenditure reports at the end of each quarter, after closing the general ledger. This was done in order to capture all program expenditures in the quarterly student aid reports. Given that the District's month end closing dates occur after the 10th deadline, this resulted in the quarterly reports being posted late on their respective websites.

Questioned Costs

None.

Recommendation

We recommend that the District implement a monitoring control regarding the website posting requirements to ensure the necessary information is posted within 10 days of the quarter end.

Views of Responsible Officials and Planned Corrective Actions

The District concurs with the finding. Effective July 2021, the District has implemented a process to post all quarterly expenditure reports on the college websites before the required due dates.

Personnel responsible for implementation:

Personnel Responsible for Implementation: Nyame-Tease Prempeh

Position of responsible personnel: Accounting Manager

Date of Implementation: July 2021

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Finding FA 2021 – 010: Activities Allowed or Unallowed and Allowable Costs / Cost Principles - Lack of Supporting Payroll Documents (*Repeat Finding*)

Federal Program Information

<i>Assistance Listing Number:</i>	ALN 84.425F
<i>Federal Program Name:</i>	Higher Education Emergency Relief Fund (HEERF) – Institutional Portion
<i>Federal Agency:</i>	U.S. Department of Education
<i>Passed Through Entity:</i>	N/A
<i>Federal Award Year:</i>	April 13, 2021, to June 30, 2021
<i>Campuses:</i>	Los Angeles Harbor College
<i>Compliance Requirement:</i>	Activities Allowed or Unallowed and Allowable Costs / Cost Principles

Criteria or Specific Requirement:

According to the Institutional Portion Certification and Agreement, Recipient retains discretion in determining how to allocate and use the funds provided hereunder, provided that funds will be spent only on those costs for which Recipient has a reasoned basis for concluding such costs have a clear nexus to significant changes to the delivery of instruction due to the coronavirus.

Identified Condition

In performing allowable costs testwork over payroll at Los Angeles Harbor College, we noted that for 3 of 25 payroll expenditure transactions selected, there were no supporting documents that would show evidence of allowability of these payroll expenditures charged to the grant.

Causes and Effect

Previous college management misinterpreted the program's requirements and considered the payroll expenditures to be "lost revenue". When the error was identified, the fiscal year-end had passed and it was too late to correct the accounting records for the year in question.

Questioned Costs

\$10,577, with total evaluated cost for adjustments made at \$105,455.

Views of Responsible Officials and Planned Corrective Actions

Management agrees with the finding. The college has instituted a stronger review and approval process for expenses charged to the HEERF program. Qualified and trained personnel, who are knowledgeable of the program guidelines, have been assigned to the expense review process. The charge in question has since been reversed from the program expenditures.

Personnel responsible for implementation: Reagan Romali
Position of responsible personnel: Vice President, Administrative Services
Date of Implementation: July 2021

SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS

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Finding SC 2021-001: Instructor did not Meet Minimum Qualifications (*Repeat Finding*)

State Compliance Requirement Information

State Compliance Section:	Section 427
State Compliance Requirement:	Dual Enrollment (CCAP and Non-CCAP)
Campus:	Los Angeles Southwest College

Criteria or Specific Requirement:

Per *Contracted District Audit Manual, Section 427-Dual Enrollment (CCAP and Non-CCAP)*, auditors are required to determine if the instructor teaching each course satisfies applicable minimum qualifications (Cal. Code Regs., tit. 5, sections 53410 et seq. and 58060).

Per *CCR 5 section 53410. Minimum Qualifications for Instructors of Credit Courses, Counselors, and Librarians*. The minimum qualifications for service as a community college faculty member teaching any credit course, or as a counselor or librarian, shall be satisfied by meeting any one of the following requirements:

- (i) Possession of a master's degree, or equivalent foreign degree, in the discipline of the faculty member's assignment.
- (ii) Possession of a master's degree, or equivalent foreign degree, in a discipline reasonably related to the faculty member's assignment and possession of a bachelor's degree, or equivalent foreign degree, in the discipline of the faculty member's assignment.
- (iii) For faculty assigned to teach courses in disciplines where the master's degree is not generally expected or available, but where a related bachelor's or associate degree is generally expected or available, possession of either:
 - a bachelor's degree in the discipline directly related to the faculty member's teaching assignment or equivalent foreign degree plus two years of professional experience directly related to the faculty member's teaching assignment; or
 - an associate degree in the discipline directly related to the faculty member's teaching assignment or equivalent foreign degree plus six years of professional experience directly related to the faculty member's teaching assignment.
- (iv) For faculty assigned to teach courses in disciplines where the master's degree is not generally expected or available, and where a related bachelor's or associate degree is not generally expected or available, possession of either:
 - any bachelor's degree or equivalent foreign degree plus two years of professional experience directly related to the faculty member's teaching assignment; or
 - any associate degree or equivalent foreign degree plus six years of professional experience directly related to the faculty member's teaching assignment.

Per *CCR 5 section 58060. Valid Employment Qualifications*. For the purposes of Sections 58051 and 58056, the employee is deemed authorized to perform the services because he or she is employed pursuant to a valid, unrevoked credential issued by the Board of Governors or pursuant to minimum qualifications adopted by the Board of Governors or equivalencies pursuant to Section 53430.

- (i) If the person serves pursuant to a credential,
 - It must authorize the holder to provide instruction in the particular subject matter or matters; and

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- It must authorize the holder to provide that instruction during the period in which the holder is providing it.
- (ii) If the person serves pursuant to minimum qualifications adopted by the Board of Governors or equivalencies, the qualifications or equivalencies must be related to the assignment and effective during the period of instruction for which attendance is being claimed.
- (iii) For purposes of this section, an employee is deemed authorized to perform the services if he or she is employed as a faculty intern.

References:

Contracted District Audit Manual (CDAM) FY2020-21

California Code of Regulations Title 5

Identified Condition:

For 1 of 60 instructors sampled, we noted the instructor's credentials did not meet the minimum qualifications required for the subject.

Causes and Effect:

The faculty member was cleared for a single subject but the college assigned the faculty member to another subject without requesting clearance for the additional subject.

Questioned Costs:

None.

Recommendation:

We recommend that the campus enhance existing procedures to ensure compliance with the minimum qualifications requirements.

Views of Responsible Officials and Planned Corrective Actions:

The District agrees with the finding and will implement the following corrective action plan:

- (1) The college will confirm subject minimum qualifications clearance prior to assignment of new subjects to faculty that differ from that for which the faculty was originally hired
- (2) When mismatch is identified by Human Resources, written denial communication will be provided to the college and faculty member for misaligned subject
- (3) Assignment review in successive semester to ensure no assignments in disciplines for which a faculty is deemed to not meet minimum qualifications.

Personnel responsible for implementation: Shawn Tramel, College Department Chair and College Dean and/or Administrator in Charge

Position of responsible personnel: Human Resources Academic Recruitment: Administrative Analyst, College Department Chair, College Dean and Vice President Academic Affairs

Date of Implementation: Spring 2022

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Finding SC 2021-002: Documentation Over Current Student-Centered Funding Formula (SCFF) Data Management Practices (*Repeat Finding*)

State Compliance Requirement Information

State Compliance Section: Section 411
State Compliance Requirement: SCFF Data Management Control Environment

Criteria or Specific Requirement:

Districts should demonstrate adequate oversight of data management practices including, but not limited to:

- a) Policies and procedures over SCFF data management should be implemented, adhered to, and maintained to ensure that data collected and reported to the Chancellor's Office through MIS and the CCFS-320 Attendance Accounting portals are accurate and complete.
- b) Responsibilities for SCFF data management should be clearly defined and assigned.
- c) Information systems used to collect and report SCFF data should be monitored and maintained to ensure that timely, accurate, and reliable SCFF data is available for planning, decision making, and budgetary control.

A significant deficiency exists if policies and procedures over SCFF data management are nonexistent, outdated, or not implemented.

References:

Contracted District Audit Manual (CDAM) FY2020-21
California Code of Regulations Title 5

Identified Condition:

In our review over the District's compliance with the SCFF Data Management Control Environment requirements, we noted that the following were established and implemented during fiscal year 2020-21:

- a) The policies and procedures for the management of data used in SCFF were documented and approved in March 2021 with subsequent updates made in September 2021. These policies and procedures are subject to review and update annually.
- b) Desk procedures showing the attendance accounting data flow and tasks relative to CCFS-320 and MIS data preparation and submissions were established and implemented.
- c) The data stewardship committee was established to provide oversight and governance on data management practices. In addition, responsible, accountable, consulted, informed (RACI) matrices were documented that clearly defines ownership of SCFF data management processes and tasks.
- d) Relevant personnel are provided trainings and professional development opportunities relevant to the processing and reporting of SCFF data. California Community Colleges resource center website provides webinars, resources and best practices that are made available to personnel responsible for SCFF data.
- e) Information systems are managed to ensure that availability and integrity of SCFF data stored, processed, and submitted are maintained. General system controls such as regular system health check, testing and implementation of compliance and regulatory changes, application fixes, and enhancements to PeopleSoft Student Information System (SIS) through the standard

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change management process, access security, backup and restoration controls are implemented.

In addition, the District's Division of Educational Programs and Institutional Effectiveness (EPIE), in collaboration with the nine colleges, District IT, and attendance accounting, among others, performs regular monitoring, review and validation of SCFF data. The system processes that assign accounting method and the CCFS-320 module reports are tested every year before updates are deployed in SIS production system. Errors encountered in the MIS submission are also validated and coordinated with relevant personnel for resolution. These errors are communicated to District-level committees for improvement of the next MIS submission.

The following observations were noted to the District's policies and procedures documentation:

1. In fiscal year 2020-21, the District started implementing a framework for maintaining Board Policies (BP), Administrative Procedures (AP) and protocols that is aligned with the new Community College League of California (CCLC) model. The framework aims to adequately document the District's requirements and good governance and internal control practices and ensure that all policies and procedures go through regular review and approval within a 3-year period, at a minimum. The District will revise their BPs and APs as well when they receive any legally required or recommended updates from the CCLC. The District's Office of the General Counsel (OGC) is responsible for tracking and maintaining compliance to the regular review and approval of the BPs and APs. While the implementation is in its early stages, there are still several District policies and procedures that are in the process of being reviewed and converted to APs, such as the procedures below. At the same time, an effective monitoring process to keep track of the timing and schedule of the review and approval is yet to be formally established.
 - E-13: Attendance and Attendance Accounting and E-97: Scheduling of Instruction, Breaks, and Passing will be replaced by AP 5070: Attendance
 - E-85: Admission and Residence Classification of Non-Citizens and E-86: Nonresident Tuition Exemption for Eligible Children of Deported or Voluntarily Deported Parents will be replaced by AP 5020: Nonresident Tuition
 - E-94: Residency Classification will be replaced by AP 5015: Residence Determination
2. While the District's data management policies and procedures were implemented to ensure accuracy and completeness of SCFF data, it can be further improved by establishing a process for formal signoff on data submissions for the supplemental allocation metrics, specifically Pell Grant recipients and California College Promise Grant recipients, and success allocation metrics by appropriate personnel accountable for the SCFF data. The process should also consider the appropriate signoffs required in cases where data is required by the Chancellor's Office to be resubmitted relative to the changes made to the data.

Cause and Effect:

The process for converting procedures to a new format, as well as reviewing and approving such requires significant time and effort as it involves collaboration and input from various District personnel, committees, and constituent groups. Administrative Procedures and protocols are currently in the process of being completely updated and aligned with the new CCLC model. Processes and practices may not effectively align to the District's objectives or address relevant risks if all policies and procedures are not reviewed and approved timely.

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Recommendation:

We recognize that the District has made significant progress in maintaining an adequate SCFF compilation document and implementing sound data management practices and controls. All data management documentation, including administrative procedures and protocols, should be reviewed, and approved regularly for continued relevance and effectiveness in achieving the District's objectives and addressing related risks. Any significant change to the District's processes resulting from new requirements and/or improvements should be documented and reviewed by management in a timely manner to determine that the control activities are designed and implemented appropriately. The District should establish an effective process to ensure continued compliance with the regular review and approval of policies and procedures in accordance with the new policy framework.

Moreover, to establish overall accountability and finality of the data submissions, we recommend that the District work to develop a signoff process approved by appropriate District management. Such documentation will help formally manage and support current data management practices, and ensure all required elements outlined in CDAM Section 411 have been properly addressed and formally documented in a sufficient level of detail.

Views of Responsible Officials and Planned Corrective Actions:

The District will review SCFF data management documentation and protocols [Policies and Practices for Management of Data Used in the Student Centered Funding Formula (SCFF)] on an annual basis. In addition, a schedule for the review of administrative procedures (APs) will be developed to ensure that the procedures utilized in SCFF data management are correct and up-to-date. To improve the SCFF data management process, the District will also establish a formal sign-off process for all submissions and re-submissions of MIS data related to supplemental and success metrics.

Personnel responsible for implementation: Ryan Cornner and Maury Pearl
Position of responsible personnel: Vice Chancellor and Associate Vice Chancellor, Educational Programs & Institutional Effectiveness
Date of Implementation: April 30, 2022

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

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 Summary Schedule of Prior Year Audit Findings
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Finding Reference and Description	Identified Condition and Prior Year's Corrective Action Plan	Current Status	Explanation if not fully implemented
<p>FA 2020-001</p> <p>SFA Cluster</p> <p><i>Eligibility:</i></p> <p>Incorrect Federal Pell Grants Amounts Awarded</p> <p>(Repeat Finding)</p>	<p>Identified Condition:</p> <p><i>East Los Angeles College</i></p> <p>Of the 15 students selected for eligibility testwork, we noted 1 student that had an incorrectly calculated Federal Pell grant award, which resulted in an understatement of the disbursement to the student by \$525. The student was eligible to receive \$525, yet the student received none in Summer 2019.</p> <p><i>Los Angeles Mission College</i></p> <p>We noted 1 of 15 students selected for eligibility testwork that had an incorrectly calculated Federal Pell grant award, which resulted in an understatement of the disbursement to the student by \$513 and a decrease in post-withdrawal disbursement by \$8. The student was eligible to receive \$513, yet the student received none in Summer 2019. The student was inadvertently excluded from the return to Title IV funds population of Summer 2020 which resulted in a decrease in post-withdrawal disbursement by \$8.</p> <p><i>Los Angeles Pierce College</i></p> <p>We noted 1 of 15 students selected for eligibility testwork that had an incorrectly calculated Federal Pell grant award, which resulted in an understatement of the disbursement to the student by \$1,005. The student was eligible to receive</p>	<p>Partially Implemented</p>	<p>Repeat current year finding FA 2021-001</p>

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Finding Reference and Description	Identified Condition and Prior Year's Corrective Action Plan	Current Status	Explanation if not fully implemented
	<p>\$1,549, yet the student received \$544 in Summer 2019.</p> <p><i>Los Angeles Southwest College</i></p> <p>Of the 20 students selected for eligibility testwork, we noted the following:</p> <ul style="list-style-type: none"> - 1 student had an incorrectly calculated Federal Pell grant award, which resulted in an understatement of the disbursement to the student by \$1,524. The student was eligible to receive \$1,524, yet received none in Summer 2019. - 1 student had an incorrectly calculated Federal Pell grant award, which resulted in an understatement of the disbursement to the student by \$762. The student was eligible to receive \$1,524, yet received \$762 in Summer 2019. <p><i>Los Angeles Trade Technical College</i></p> <p>Of the 15 students selected for eligibility testwork, we noted the following:</p> <ul style="list-style-type: none"> - 2 students had an incorrectly calculated Federal Pell grant award, which resulted in a total understatement of the disbursement to the students by \$1,114. The students were eligible to receive \$557 each, yet received none in Summer 2019. - 1 student had an incorrectly calculated Federal Pell grant award, which resulted in an 		

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Finding Reference and Description	Identified Condition and Prior Year's Corrective Action Plan	Current Status	Explanation if not fully implemented
	<p>overstatement of the disbursement to the student by \$1,548. The student was eligible to receive \$1,549, yet received \$3,048 in Spring 2020.</p> <p><i>West Los Angeles College</i></p> <p>Of the 20 students selected for eligibility testwork, we noted the following:</p> <ul style="list-style-type: none"> - 1 student had an incorrectly calculated Federal Pell grant award, which resulted in an understatement of the disbursement to the student by \$1,549. The student was eligible to receive \$1,549, yet received none in Summer 2019. - 1 student had an incorrectly calculated Federal Pell grant award, which resulted in an understatement of the disbursement to the student by \$544. The student was eligible to receive \$544, yet received none in Summer 2019. - 1 student had an incorrectly calculated Federal Pell grant award, which resulted in an understatement of the disbursement to the student by \$1,524. The student was eligible to receive \$1,524, yet received none in Summer 2019. <p>Views of Responsible Officials and Planned Corrective Actions:</p> <p>The District concurs with the finding and has taken corrective action to remediate the issue. The</p>		

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 Year ended June 30, 2021

Finding Reference and Description	Identified Condition and Prior Year's Corrective Action Plan	Current Status	Explanation if not fully implemented
	Central Financial Aid Unit (CFAU) developed and disseminated a report for campuses to use that compares eligibility for both current and upcoming award years. This will help simplify the review process and errors. The comparison report will be implemented for the upcoming summer term. The District will also explore the possibility of automating the review process with the Information Technology department.		
FA 2020-002	Identified Condition:	Partially Implemented	Repeat current year finding FA 2021-004
SFA Cluster	<i>Los Angeles Southwest College</i>		
<i>Special Tests and Provisions – Borrower Data and Reconciliation</i>	We noted 1 of 20 students selected for compliance testwork at Los Angeles Southwest College, that had a disbursement date of 4/21/20 which was inaccurately reported as 2/11/20 and was reported late to the DLSS via the COD report. The required report was submitted 20 days after the disbursement was made to the student and, therefore, the submission was 5 days late.		
<i>(Direct Loans):</i>			
Untimely and Inaccurate Reporting of Direct Loan Disbursement	<i>West Los Angeles College</i>		
(Repeat Finding)	Of the 20 students selected for compliance testwork, we noted the following: <ul style="list-style-type: none"> - 1 student's disbursements made on 1/17/20 and 2/21/20 were reported inaccurately as 10/1/19 and 2/11/20, respectively. The disbursement record on 2/21/20 was also reported late to the DLSS via the COD report. The required reports were submitted 31 days after the respective disbursements were made 		

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	<p>to the student and, therefore, the submissions were each 16 days late.</p> <ul style="list-style-type: none"> - 1 student's disbursements made on 1/14/20 and 2/12/20 were reported inaccurately as 10/1/19 and 2/11/20, respectively. The disbursement record on 2/12/20 was also reported late to the DLSS via the COD report. The required report was submitted 40 days after the disbursement was made to the student and, therefore, the submission was 25 days late. - 1 student's disbursements made on 12/11/19, 1/14/20, and 2/12/20 were reported inaccurately as 10/1/19, 10/1/19, and 2/11/20, respectively. The disbursement record on 2/12/20 was also reported late to the DLSS via the COD report. The required reports were submitted 40 days after the respective disbursements were made to the student and, therefore, the submissions were each 25 days late. <p>Views of Responsible Officials and Planned Corrective Actions:</p> <p>The District concurs with the finding. We believe this is an isolated incident and it has been remediated through additional training by the campus.</p>		
<p>FA 2020-003</p> <p>SFA Cluster</p> <p><i>Special Tests and Provisions – Return of Title IV Funds:</i></p>	<p>Identified Condition:</p> <p>During our testwork over the Return of Title IV funds, we noted exceptions over our selected samples which resulted to incorrect calculation of R2T4 funds, untimely notification, untimely return</p>	<p>Partially Implemented</p>	<p>Repeat current year finding FA 2021-003</p>

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<p>Incorrect Calculation of Return of Title IV Funds, Untimely Notification of Grant Overpayment to Students and Secretary and Untimely Return of Unearned Title IV funds, Untimely Determination of Withdrawal Date, and Untimely Payment of Post-Withdrawal Disbursement</p> <p>(Repeat Finding)</p>	<p>of unearned R2T4 funds and untimely payment of post-withdrawal disbursement.</p> <p>Views of Responsible Officials and Planned Corrective Actions:</p> <p>A. Incorrect Calculation of Return of Title IV Funds</p> <p>The District concurs with the Incorrect Calculation of Return to Title IV (R2T4) Funds finding. To remediate this issue, the campus will retrain those individuals responsible for performing R2T4 calculations and CFAU and the campus will implement a secondary review process to ensure accuracy. The combination of training and secondary reviews should ensure the eligibility amounts are determined correctly for R2T4 purposes.</p> <p>B. Untimely Notification of Grant Overpayment to Students and Secretary and Untimely Return of Unearned Title IV funds</p> <p>The District concurs with the Untimely Notification of Grant Overpayment to Students and Secretary and Untimely Return of Unearned Title IV funds finding. The corrective action in item A above will negate this finding.</p>		

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	<p>C. <i>Untimely and Inaccurate Determination of Withdrawal Date</i></p> <p>The District concurs with the Inaccurate Determination of Withdrawal Date funding. To remediate this issue, the campus will provide additional training to those individuals responsible for performing the R2T4 function.</p> <p>D. <i>Untimely Notification of Post-Withdrawal Disbursement to Students and Payment of Post-Withdrawal Disbursement</i></p> <p>The campus will provide additional training to those individuals responsible for performing the R2T4 function.</p>		
FA 2020-004	<p>Identified Condition:</p> <p>In performing reporting compliance testwork, we noted certain line items in Part V (Federal Work-Study Program) of the Fiscal Year 2020 FISAP report that did not agree to the related supporting documentation.</p> <p>Views of Responsible Officials and Planned Corrective Actions:</p> <p>The District agrees with the finding. The District will revise its procedures to ensure that finalized data is used for the initial submission of the FISAP.</p>	Implemented	
<p>SFA Cluster</p> <p><i>Reporting:</i></p> <p>Annual FISAP Report - Lack of Supporting Documentation</p>			

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<p>FA 2020-005</p> <p>SFA Cluster</p> <p><i>Reporting:</i></p> <p>Untimely and Inaccurate Pell Disbursement Information Reported to COD</p> <p>(Repeat Finding)</p>	<p>Identified Condition:</p> <p>During our testwork over reporting, we noted exceptions over our sampled items which resulted to untimely and inaccurate Pell disbursement information reported to the COD.</p> <p>Views of Responsible Officials and Planned Corrective Actions:</p> <p>The District concurs with the findings. The campuses will provide additional training to those individuals responsible for processing Direct Loans.</p>	<p>Partially Implemented</p>	<p>Repeat current year finding FA 2021-005</p>
<p>FA 2020-006</p> <p>SFA Cluster</p> <p><i>Eligibility:</i></p> <p>Overstatement of Unmet Need</p>	<p>Identified Condition:</p> <p>In our testwork, we noted exceptions over our samples which resulted to inaccurate calculation and overstatement of unmet need.</p> <p>Views of Responsible Officials and Planned Corrective Actions:</p> <p><i>Los Angeles City College and West Los Angeles College</i></p> <p>The District concurs with the findings. The District will ensure the correct non-resident tuition is set during the financial aid rollover process. The values will be double checked by the rollover team.</p>	<p>Implemented</p>	

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	<i>East Los Angeles College</i>		
	The District concurs with the finding. The campus will provide training to staff regarding the budget update process.		
FA 2020-007	Identified Condition:	Partially Implemented	Repeat current year finding FA 2021-006
SFA Cluster	In our testwork we noted inaccurate enrollment data elements over our sampled items.		
<i>Special Tests and Provisions – Enrollment Reporting:</i>	Views of Responsible Officials and Planned Corrective Actions:		
Inaccurate Reporting of Enrollment Data Elements (Repeat Finding)	The District's IT has tested and reconfigured the NSC reporting module to account for the EW notation and accurately treat it as a drop. EPIE will continue to monitor unit load calculations, regularly sampling and reviewing cases of EW notations to ensure that unit load has been accurately calculated.		
FA 2020-008	Identified Condition:	Partially Implemented	Repeat current year finding FA 2021-008
SFA Cluster	In our review of the District's compliance with the GLBA requirement, we noted that the District needs to implement procedures to address the following: outdated IT Policies and Inadequate Systems Hardening.		
<i>Special Tests and Provisions – Gramm-Leach Bliley</i>			
<i>Act – Student Information Security:</i>			
Outdated IT Policies; Inadequate Systems Hardening to Reduce Security Risk			

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(Repeat Finding)	<p>Views of Responsible Officials and Planned Corrective Actions:</p> <p>A. Outdated IT Policies</p> <p>The District is aware of this issue and has previously prepared a plan and is in the process of addressing it. As noted above, this effort was delayed as part of an informed risk-based decision to respond to the Covid-19 pandemic. Drafts of IT-related administrative procedures aligned to recommendations of the Community College League are complete, and under review for adoption by the District. Target completion and adoption will be April-June 2021 pending review and Board Approval. Additional information security operational protocols recommended by the California Community College. Chancellor's Office relevant to systems security will be developed and adopted throughout 2021.</p> <p>B. Inadequate Systems Hardening to Reduce Security Risk</p> <p>The District agrees with the identified conditions, and is implementing the following actions:</p> <p>a) With respect to penetration testing, the District has allocated resources to engage an independent security analyst to perform penetration testing and anticipates completion by May 31, 2021.</p>		

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	b) With respect to the Plan of Action and Milestones (POAM) and HR Corrective Action Plan, the District will prioritize implementation of critical recommendations from the POAM in a timely manner.		
FA 2020-009	Identified Condition:	Partially Implemented	Repeat current year finding FA 2021-009
Higher Education Emergency Relief Fund CFDA 84.425 E	In performing reporting compliance testwork, we noted the following colleges posted their student aid reports on their respective websites beyond the required 30 day timeframe.		
<i>Reporting:</i>	Views of Responsible Officials and Planned Corrective Actions:		
Untimely Website Posting of Student Aid Report	The campuses will implement a process to review the Department of Education's website every 30 days or sooner so that updates are noted in a timely manner.		
FA 2020-010	Identified Condition:	Partially Implemented	Repeat current year finding FA 2021-010
Higher Education Emergency Relief Fund CFDA 84.425 F	In performing allowable costs testwork over payroll at Los Angeles Harbor College, we noted that for all 3 of the payroll expenditures selected, there was not appropriate supporting documents for evidence of allowability of these payroll expenditures charged to the grant.		
Activities Allowed or Unallowed and Allowable Costs/Cost	Views of Responsible Officials and Planned Corrective Actions:		
<i>Principles:</i>	Management agrees that the charged payroll expenses in their totality cannot be substantiated with physical evidence such as time and effort		
Lack of Supporting Payroll Documents			

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FA 2020-011	Identified Condition:	Implemented	
<p data-bbox="201 808 459 867">Higher Education – Institutional Aid</p> <p data-bbox="201 899 590 958">Activities Allowed or Unallowed and Allowable Costs/Cost</p> <p data-bbox="201 987 338 1015"><i>Principles:</i></p> <p data-bbox="201 1047 531 1105">Lack of Supporting Payroll Documents</p>	<p data-bbox="655 808 1289 1062">In performing allowable costs testwork over payroll-related expenditures charged to the grant, we noted that for 9 out of 25 employees sampled, there was no timesheet documentation evidencing the time and effort expended on the program. We noted that these 9 employees were identified in the contract budget as authorized to charge time to the program fund.</p> <p data-bbox="655 1091 1236 1149">Views of Responsible Officials and Planned Corrective Actions:</p> <p data-bbox="655 1179 1289 1300">Management is in agreement that internal controls must be put in place to ensure that supporting documents are consistently completed for any payroll costs that are charged to specific programs.</p>		

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<p>SC 2020-001</p> <p>Section 427</p> <p><i>Dual Enrollment of K-12 (CCAP and Non-CCAP):</i></p> <p>Instructor did not Meet Minimum Qualifications</p>	<p>Identified Condition:</p> <p>For 1 of 60 instructors sampled, we noted the instructor's credentials did not meet the minimum qualifications required for the subject.</p> <p>Views of Responsible Officials and Planned Corrective Actions:</p> <p>A process will be developed to prevent Colleges from assigning instructors to teach a subject for which they have not been approved to meet the minimum qualification requirements.</p>	<p>Partially Implemented</p>	<p>Repeat current year finding SC 2021-001</p>
<p>SC 2020-002</p> <p>Section 411</p> <p><i>Student Centered Funding Formula (SCFF) Data Management Control Environment:</i></p> <p>Documentation Over Current SCFF Data Management Practices</p>	<p>Identified Condition:</p> <p>In our review of the District's compiled policy documentation, we noted the following observations: the District's compiled policies and practices documentation over SCFF data management has not been finalized and formally reviewed and approved by District management. Moreover, many of the Administrative Regulations, which are the basis for the documentation, are outdated.</p> <p>Views of Responsible Officials and Planned Corrective Actions:</p> <p>The District is currently in the process of completely updating Board Rules and Administrative Regulations in order to align with the CCLC model policy framework. This process is expected to be completed in 2021.</p>	<p>Partially Implemented</p>	<p>Repeat current year finding SC 2021-002</p>

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	<p>The SCFF data governance document will also be updated to include the additional requested information such as the RACI matrices and data flow charts for all SCFF metrics. The document will be reviewed through District data governance processes and approved by appropriate District management. District IT and EPIE will also document that periodic assessments of information systems have been conducted and are in compliance with District security policies.</p>		