



**LOS ANGELES COMMUNITY COLLEGE DISTRICT  
MEASURE J BOND CONSTRUCTION PROGRAM**

Statement of Expenditures of Bond Proceeds  
and Unaudited Supplementary Schedule

Year Ended June 30, 2021

(With Independent Auditors' Report Thereon)

**LOS ANGELES COMMUNITY COLLEGE DISTRICT  
MEASURE J BOND CONSTRUCTION PROGRAM**

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

## Independent Auditors' Report

The Honorable Board of Trustees  
Los Angeles Community College District:

### Report on the Statement

We have audited the accompanying statement of expenditures of bond proceeds of the Measure J Bond Construction Program (the Program) of the Los Angeles Community College District (the District) for the year ended June 30, 2021, and the related notes to the statement of expenditures of bond proceeds.

#### *Management's Responsibility for the Statement of Expenditures of Bond Proceeds*

Management is responsible for the preparation and fair presentation of this statement of expenditures of bond proceeds 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 the statement of expenditures of bond proceeds that is free from material misstatement, whether due to fraud or error.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on the statement of expenditures of bond proceeds 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 statement of expenditures of bond proceeds is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement of expenditures of bond proceeds. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the statement of expenditures of bond proceeds, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the statement of expenditures of bond proceeds in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, 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 statement of expenditures of bond proceeds.

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

#### *Opinion on the Statement of Expenditures of Bond Proceeds*

In our opinion, the statement of expenditures of bond proceeds referred to above presents fairly, in all material respects, the expenditures of the Los Angeles Community College District's Program for the year ended June 30, 2021, in accordance with U.S. generally accepted accounting principles.



*Other Matters*

*Purpose of Report*

As described in note 2 to the statement of expenditures of bond proceeds, the accompanying statement of expenditures of bond proceeds was prepared to comply with the requirements of California's Proposition 39, *Smaller Classes, Safer Schools, and Financial Accountability Act*.

*Unaudited Supplementary Schedule of Expenditures of Bond Proceeds*

Our audit was conducted for the purpose of forming an opinion on the statement of expenditures of bond proceeds of the Program. The accompanying unaudited supplementary schedule of expenditures of bond proceeds of the Program of the District for the year ended June 30, 2021 is presented for purposes of additional analysis and is not a required part of the statement of expenditures of bond proceeds.

The unaudited supplementary schedule of expenditures of bond proceeds has not been subjected to the auditing procedures applied in the audit of the statement of expenditures of bond proceeds, and accordingly, we do not express an opinion or provide any assurance on it.

**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 and grant agreements, and other matters as it relates to the Program. The purpose of that report is 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 internal control over financial reporting or on compliance as it relates to the Program. 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 as it relates to the Program.

**KPMG LLP**

Los Angeles, California  
March 2, 2022

**LOS ANGELES COMMUNITY COLLEGE DISTRICT  
MEASURE J BOND CONSTRUCTION PROGRAM**

Statement of Expenditures of Bond Proceeds

Year ended June 30, 2021

College direct costs:

Structural and equipment costs:

Construction (new)	\$ 50,727,969
Construction (renovation)	15,231,580
Temporary facilities	163,688
Furniture, fixtures, and equipment	<u>7,651,412</u>
Total structural and equipment costs	<u>73,774,649</u>

Other costs:

Demolition	<u>2,720,894</u>
Total other costs	<u>2,720,894</u>

Development and support costs:

Pre-design/programming	95,197
Design	6,871,267
Specialty consulting	2,328,258
Project management	5,798,533
Inspection and testing	3,900,784
Reimbursable expenditures	<u>145,009</u>
Total development and support costs	<u>19,139,048</u>

Total college direct costs	<u>95,634,591</u>
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Programwide costs:

Program management	17,304,771
Legal consulting fees	1,644,763
Compliance and audit fees	749,266
Rents and leases	<u>836,456</u>

Total programwide costs	<u>20,535,256</u>
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Total college direct costs and programwide costs	<u>\$ 116,169,847</u>
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See accompanying notes to statement of expenditures of bond proceeds.

**LOS ANGELES COMMUNITY COLLEGE DISTRICT  
MEASURE J BOND CONSTRUCTION PROGRAM**

Notes to Statement of Expenditures of Bond Proceeds

Year ended June 30, 2021

**(1) Program Background**

In November 2008, the Los Angeles Community College District (the District) electorate approved the passage of a \$3.5 billion property tax financed bond measure under the requirements of the Proposition 39, *Smaller Classes, Safer Schools and Financial Accountability Act*, of the State of California (the Act), known as Measure J (the Program). This Program was intended to supplement the District's cumulative \$2.225 billion Proposition AA and A Bond Construction Programs of the nine college master plans. The college master plans identify areas for improvements needed to prepare the colleges to meet the future needs of the community and provide a time line for addressing those needs within the next 10 years.

The program is intended to increase educational opportunities, raise student achievement, and improve health and safety conditions on the campuses of the nine colleges within the District through the replacement and/or repair and rehabilitation of deteriorating buildings; the construction, furnishing, and equipping of classrooms, laboratories, libraries, and related facilities; the repair and upgrading of electrical wiring for computer technology, heating, air conditioning, and plumbing; complete earthquake retrofitting; improvement of campus safety, fire security, parking, and lighting; and the improvement of current or to be acquired real property to relieve overcrowding of the facilities on these campuses.

The District's board of trustees approved an award of the contract for program management (Program Manager) services to Jacobs Project Management Company, effective October 15, 2017, the Board of Trustees authorized an agreement with Jacobs Project Management Company to provide program management services for the bond program for a five year period.

The Program Manager is responsible for managing all program-related activities, including the maintenance of the master schedule and the master program budget. The Program Manager provides its own staff and services for budgeting, accounting, contracting, and supervising the program. The annual contract amount paid to the Program Manager related to the Measure J Bond Construction Program totaled \$9,373,469 for the year ended June 30, 2021. This amount is included in Program Management.

**(2) Basis of Presentation**

The accompanying statement of expenditures of bond proceeds for the year ended June 30, 2021 has been prepared on the accrual basis of accounting. The Act requires an annual, independent financial audit of the expenditures of proceeds from the sale of the school facilities bonds until all of the proceeds have been expended. Accordingly, the accompanying statement of expenditures of bond proceeds includes all amounts expended using bond proceeds regardless of expenditure type.

**(3) Bond Issuances**

On November 4, 2008, the voters of the Los Angeles County (the County) passed Measure J, a \$3.5 billion General Obligation (G.O.) Bond measure. 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. As of June 30, 2021, the full authorized \$2.825 billion of the G.O. Bond measure has been issued.

**LOS ANGELES COMMUNITY COLLEGE DISTRICT  
MEASURE J BOND CONSTRUCTION PROGRAM**

Notes to Statement of Expenditures of Bond Proceeds

Year ended June 30, 2021

**(4) Use of Estimates**

The preparation of the accompanying statement of expenditures in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions about future events, specifically for expense accruals. These estimates and the underlying assumptions affect the reported amounts of expenses. These estimates and assumptions are based on management's best estimates and judgment. Changes in those estimates resulting from continuing changes in the economic environment will be reflected in the statement of expenditures in future periods. Actual results could differ from these estimates.

**(5) Subsequent Events**

The District has evaluated subsequent events from the date of the statement of expenditures of bond proceeds through March 2, 2022, the date at which the statement was available to be issued. The District is not aware of any additional subsequent events, which would require recognition or disclosure in the statement of expenditures of bond proceeds.

**LOS ANGELES COMMUNITY COLLEGE DISTRICT  
MEASURE J BOND CONSTRUCTION PROGRAM**

Unaudited Supplementary Schedule of Expenditures of Bond Proceeds

For the year ended June 30, 2021

(Unaudited)

	<b>2021 Budget</b>	<b>Period from November 4, 2008 (inception) through year ended June 30, 2021</b>	<b>Reclassifications</b>	<b>Subtotal</b>	<b>Cumulative reimbursements from the state of California as of June 30, 2021</b>	<b>Cumulative expenditures of bond proceeds for the year ended June 30, 2021</b>
<b>College direct costs:</b>						
<b>Structural and equipment costs:</b>						
Construction (new)	\$ 1,312,751,302	1,181,658,061	(6,037,481)	1,175,620,580	(19,761,809)	1,155,858,771
Construction (renovation)	636,648,429	556,753,043	(4,793,866)	551,959,177	(7,004,568)	544,954,609
Hardscape/landscape	—	193,527	—	193,527	—	193,527
Temporary facilities	17,976,419	13,019,127	(1,807,630)	11,211,497	—	11,211,497
Furniture, fixtures, and equipment	226,060,939	160,163,013	(763,676)	159,399,337	(2,970,093)	156,429,244
<b>Total structural and equipment costs</b>	<b>2,193,437,089</b>	<b>1,911,786,771</b>	<b>(13,402,653)</b>	<b>1,898,384,118</b>	<b>(29,736,470)</b>	<b>1,868,647,648</b>
<b>Other costs:</b>						
Land acquisition	57,894,648	82,543,820	—	82,543,820	—	82,543,820
Demolition	24,516,143	14,657,796	—	14,657,796	—	14,657,796
<b>Total other costs</b>	<b>82,410,791</b>	<b>97,201,616</b>	<b>—</b>	<b>97,201,616</b>	<b>—</b>	<b>97,201,616</b>
<b>Development and support costs:</b>						
Master planning/EIR	5,977,841	5,863,119	—	5,863,119	—	5,863,119
Predesign/programming	8,541,581	7,483,783	(63,966)	7,419,817	—	7,419,817
Design	277,781,065	263,711,986	(8,360,381)	255,351,605	(556,644)	254,794,961
Specialty consulting	237,869,400	205,487,748	(11,332)	205,476,416	(18,839)	205,457,577
Project management	357,635,922	199,356,099	(2,663,392)	196,692,707	(251,211)	196,441,496
Inspection and testing	70,950,218	59,539,388	(693)	59,538,695	(146,535)	59,392,160
Reimbursable expenditures	7,613,593	5,533,140	(1,037)	5,532,103	—	5,532,103
<b>Total development and support costs</b>	<b>966,369,620</b>	<b>746,975,263</b>	<b>(11,100,801)</b>	<b>735,874,462</b>	<b>(973,229)</b>	<b>734,901,233</b>
<b>Total college direct costs</b>	<b>3,242,217,500</b>	<b>2,755,963,650</b>	<b>(24,503,454)</b>	<b>2,731,460,196</b>	<b>(30,709,699)</b>	<b>2,700,750,497</b>
<b>Programwide costs:</b>						
Program management	250,055,255	282,152,041	—	282,152,041	—	282,152,041
Legal consulting fees	49,147,675	32,412,572	—	32,412,572	—	32,412,572
Compliance and audit fees	10,622,596	9,607,848	—	9,607,848	—	9,607,848
Bond measure election costs	—	966,188	—	966,188	—	966,188
Rents and leases	49,179,445	25,366,732	—	25,366,732	—	25,366,732
<b>Total programwide costs</b>	<b>359,004,971</b>	<b>350,505,381</b>	<b>—</b>	<b>350,505,381</b>	<b>—</b>	<b>350,505,381</b>
<b>Total college direct costs and programwide costs</b>	<b>3,601,222,471</b>	<b>3,106,469,031</b>	<b>(24,503,454)</b>	<b>3,081,965,577</b>	<b>(30,709,699)</b>	<b>3,051,255,878</b>
Unallocated interest and other funding	(27,805,349)					
<b>Total college direct costs, programwide costs, and unallocated interest earned</b>	<b>\$ 3,573,417,122</b>					

See independent auditors' report and accompanying notes to unaudited supplementary schedule of expenditures of bond proceeds.



**UNAUDITED SUPPLEMENTARY SCHEDULE OF EXPENDITURES  
OF BOND PROCEEDS**

**LOS ANGELES COMMUNITY COLLEGE DISTRICT  
MEASURE J BOND CONSTRUCTION PROGRAM**

Notes to Unaudited Supplementary Schedule of Expenditures of Bond Proceeds

Year ended June 30, 2021

(Unaudited)

**(1) Background**

The unaudited supplementary schedule of expenditures of bond proceeds presents expenditures of the Los Angeles Community College District's Measure J Bond Construction Program for the year ended June 30, 2021.

**(2) Basis of Presentation**

The accompanying unaudited schedule of expenditures of bond proceeds has been prepared on the accrual basis of accounting and includes the following:

**(a) Budget**

The amounts included within the budget column in the accompanying unaudited supplementary schedule of expenditures of bond proceeds represent reasonable estimates of the costs that will be expended to complete the various projects at each of the Los Angeles Community College District's (the District) colleges.

**(b) Cumulative Expenditures**

The amounts included within the cumulative expenditures of bond proceeds in the accompanying unaudited supplementary schedule of expenditures of bond proceeds may include reclassifications and reimbursements from other funding sources for the period from November 4, 2008 (inception) through June 30, 2021.

**(c) Unallocated interest and other funding**

Interest earned and other funding sources include interest earned on bond issuances that has yet been approved for specific projects and other funding sources for the multi – funded project that include future reimbursements from the State of California among other similar sources.

**(d) Reclassifications**

Adjustments and reclassifications were made between the District's various Proposition bonds programs during the year ended June 30, 2021, which were related to prior years.

**(e) Cumulative Reimbursements from the State of California and Other Nonbond Sources**

The District received amounts from the State of California as reimbursement for various multi-funded projects. These projects were to be funded by both state funds and bond proceeds. Prior to filing claims and receipt of funds from the state, eligible Measure J bond proceeds were used to fund the projects. The reimbursements received by the District, totaling \$30,709,699 from November 4, 2008 (inception) through year ended June 30, 2021, have been reflected in the accompanying unaudited supplementary schedule of expenditures of bond proceeds as a reduction of expenditures made with bond proceeds by cost classification on a cumulative basis.

**LOS ANGELES COMMUNITY COLLEGE DISTRICT  
MEASURE J BOND CONSTRUCTION PROGRAM**

Notes to Unaudited Supplementary Schedule of Expenditures of Bond Proceeds

Year ended June 30, 2021

(Unaudited)

**(3) Reconciliation of Bond Proceeds**

The following is a summary of total authorized and issued bond funds available at June 30, 2021:

Bonds authorized and issued	\$ 2,825,000,000
Bonds authorized but not yet issued	<u>675,000,000</u>
Total bonds authorized	3,500,000,000
Other bond related sources of funds:	
Interest earned for the period from November 4, 2008 (inception) through 2021	54,235,661
Other	<u>19,181,461</u>
Total bonds authorized, interest earned, and other	3,573,417,122
Less expenditures of bond proceeds for the period from November 4, 2008 of funds available at June 30, 2021	<u>(3,051,255,878)</u>
Total authorized bond funds remaining at June 30, 2021	<u>\$ 522,161,244</u>



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 Measure J Bond Construction Statement of Expenditures of Bond Proceeds Performed in Accordance With *Government Auditing Standards***

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

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 Measure J Bond Construction statement of expenditures of bond proceeds (statement of expenditures of bond proceeds) of the Los Angeles Community College District (the District) for the year ended June 30, 2021, and have issued our report thereon dated March 2, 2022.

*Internal Control Over Financial Reporting*

In planning and performing our audit of the statement of expenditures of bond proceeds, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the statement of expenditures of bond proceeds, 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's statement of expenditures of bond proceeds 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 statement of expenditures of bond proceeds 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 statement amounts. 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



**LOS ANGELES COMMUNITY COLLEGE DISTRICT  
PROPOSITION A BOND CONSTRUCTION PROGRAM**

Statement of Expenditures of Bond Proceeds  
and Unaudited Supplementary Schedule

Year Ended June 30, 2021

(With Independent Auditors' Report Thereon)

**LOS ANGELES COMMUNITY COLLEGE DISTRICT  
PROPOSITION A BOND CONSTRUCTION PROGRAM**

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

## Independent Auditors' Report

The Honorable Board of Trustees  
Los Angeles Community College District:

### Report on the Statement

We have audited the accompanying statement of expenditures of bond proceeds of the Proposition A Bond Construction Program (the Program) of the Los Angeles Community College District (the District) for the year ended June 30, 2021, and the related notes to the statement of expenditures of bond proceeds.

#### *Management's Responsibility for the Statement of Expenditures and Bond Proceeds*

Management is responsible for the preparation and fair presentation of this statement of expenditures and bond proceeds 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 the statement of expenditures of bond proceeds that is free from material misstatement, whether due to fraud or error.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on the statement of expenditures of bond proceeds 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 statement of expenditures of bond proceeds is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement of expenditures of bond proceeds. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the statement of expenditures of bond proceeds, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the statement of expenditures of bond proceeds in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, 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 statement of expenditures of bond proceeds.

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

#### *Opinion on the Statement of Expenditures of Bond Proceeds*

In our opinion, the statement of expenditures of bond proceeds referred to above presents fairly, in all material respects, the expenditures of the Los Angeles Community College District's Program for the year ended June 30, 2021, in accordance with U.S. generally accepted accounting principles.





*Other Matters*

*Purpose of Report*

As described in note 2 to the statement of expenditures of bond proceeds, the accompanying statement of expenditures of bond proceeds was prepared to comply with the requirements of California's Proposition 39, *Smaller Classes, Safer Schools and Financial Accountability Act*.

*Unaudited Supplementary Schedule of Expenditures of Bond Proceeds*

Our audit was conducted for the purpose of forming an opinion on the statement of expenditures of bond proceeds of the Program. The accompanying unaudited supplementary schedule of expenditures of bond proceeds of the Program of the District for the year ended June 30, 2021 is presented for purposes of additional analysis and is not a required part of the statement of expenditures of bond proceeds.

The unaudited supplementary schedule of expenditures of bond proceeds has not been subjected to the auditing procedures applied in the audit of the statement of expenditures of bond proceeds, and accordingly, we do not express an opinion or provide any assurance on it.

**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, and grant agreements and other matters as it relates to the Program. The purpose of that report is 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 internal control over financial reporting or on compliance as it relates to the Program. 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 as it relates to the Program.

**KPMG LLP**

Los Angeles, California  
March 2, 2022

**LOS ANGELES COMMUNITY COLLEGE DISTRICT  
PROPOSITION A BOND CONSTRUCTION PROGRAM**

Statement of Expenditures of Bond Proceeds

Year ended June 30, 2021

College direct costs:

Structural and equipment costs:

Construction (new)	\$ 248,203
Construction (renovation)	387,789
Furniture, fixtures, and equipment	<u>23,014</u>
Total structural and equipment costs	<u>659,006</u>

Other costs:

Demolition	<u>48,808</u>
Total other costs	<u>48,808</u>

Development and support costs:

Pre-design/programming	170,092
Design	14,007
Specialty consulting	64,493
Project management	179,233
Inspection and testing	<u>2,160</u>
Total development and support costs	<u>429,985</u>

Total college direct costs	<u>1,137,799</u>
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Programwide costs:

Program management	198,114
Legal consulting fees	18,830
Compliance and audit fees	8,578
Rents and leases	<u>9,576</u>

Total programwide costs	<u>235,098</u>
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Total college direct costs and programwide costs	<u>\$ 1,372,897</u>
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See accompanying notes to statement of expenditures of bond proceeds.

**LOS ANGELES COMMUNITY COLLEGE DISTRICT  
PROPOSITION A BOND CONSTRUCTION PROGRAM**

Notes to Statement of Expenditures of Bond Proceeds

Year ended June 30, 2021

**(1) Program Background**

In April 2001, the Los Angeles Community College District (the District) became the first community college district in the State of California to pass a property tax financed bond (Proposition A) under the requirements of the Proposition 39, *Smaller Classes, Safer Schools and Financial Accountability Act*, of the State of California (the Act). Passed by voters at a value of \$1.245 billion, the District's Proposition A Bond Construction Program (the Program) was one of the largest community college bonds ever passed in California at that time. The bond measure was designed to implement a capital improvement program for each of the nine colleges within the District.

The program is intended to increase educational opportunities, raise student achievement, and improve health and safety conditions on the campuses of the nine colleges within the District through the replacement and/or repair and rehabilitation of deteriorating buildings; the construction, furnishing, and equipping of classrooms, laboratories, libraries, and related facilities; the repair and upgrading of electrical wiring for computer technology, heating, air conditioning, and plumbing; complete earthquake retrofitting; improvement of campus safety, fire security, parking, and lighting; and the improvement of current or to be acquired real property to relieve overcrowding of the facilities on these campuses.

The District's board of trustees approved an award of the contract for program management (Program Manager) services to Jacobs Project Management Company, effective October 15, 2017, to provide program management services for the bond program for a five year period.

The Program Manager is responsible for managing all program related activities, including the maintenance of the master schedule and the master program budget. The Program Manager provides its own staff and services for budgeting, accounting, contracting, and supervising the program. The annual contract amount paid to the Program Manager related to the Proposition A Bond Construction Program totaled \$107,312 for the year ended June 30, 2021. This amount is included in Program Management.

**(2) Basis of Presentation**

The accompanying statement of expenditures of bond proceeds for the year ended June 30, 2021 has been prepared on the accrual basis of accounting. The Act requires an annual, independent financial audit of the expenditures of proceeds from the sale of the school facilities bonds until all of the proceeds have been expended. Accordingly, the accompanying statement of expenditures of bond proceeds includes all amounts expended using bond proceeds regardless of expenditure type.

**(3) Bond Issuances**

On April 10, 2001, the voters of Los Angeles County passed Proposition A, a \$1.245 billion General Obligation (G.O.) Bond Measure. 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. As of June 30, 2021, all of the G.O. Bond measure has been issued.

**LOS ANGELES COMMUNITY COLLEGE DISTRICT  
PROPOSITION A BOND CONSTRUCTION PROGRAM**

Notes to Statement of Expenditures of Bond Proceeds

Year ended June 30, 2021

**(4) Use of Estimates**

The preparation of the accompanying statement of expenditures in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions about future events, specifically for expense accruals. These estimates and the underlying assumptions affect the reported amounts of expenses. These estimates and assumptions are based on management's best estimates and judgment. Changes in those estimates resulting from continuing changes in the economic environment will be reflected in the statement of expenditures in future periods. Actual results could differ from these estimates.

**(5) Subsequent Events**

The District has evaluated subsequent events from the date of the statement of expenditures of bond proceeds through March 2, 2022, the date at which the statement was available to be issued. The District is not aware of any additional subsequent events, which would require recognition or disclosure in the statement of expenditures of bond proceeds.

**UNAUDITED SUPPLEMENTARY SCHEDULE OF EXPENDITURES  
OF BOND PROCEEDS**

**LOS ANGELES COMMUNITY COLLEGE DISTRICT  
PROPOSITION A BOND CONSTRUCTION PROGRAM**

Unaudited Supplementary Schedule of Expenditures of Bond Proceeds

Year ended June 30, 2021

	<u>2021 Budget</u>	<u>Period from April 10, 2001 (inception) through June 30, 2021</u>	<u>Reclassifications</u>	<u>Subtotal</u>	<u>Cumulative reimbursements from the State of California as of June 30, 2021</u>	<u>Cumulative expenditures of bond proceeds for the year ended June 30, 2021</u>
College direct costs:						
Structural and equipment costs:						
Construction (new)	\$ 601,001,299	699,516,869	3,453,145	702,970,014	(112,931,827)	590,038,187
Construction (renovation)	225,645,848	220,428,870	(427,419)	220,001,451	(13,721,659)	206,279,792
Hardscape/landscape	125,771	125,771	—	125,771	—	125,771
Temporary facilities	24,481,290	20,099,307	1,807,630	21,906,937	—	21,906,937
Furniture, fixtures, and equipment	51,679,701	46,986,729	763,676	47,750,405	(13,912,971)	33,837,434
Total structural and equipment costs	<u>902,933,909</u>	<u>987,157,546</u>	<u>5,597,032</u>	<u>992,754,578</u>	<u>(140,566,457)</u>	<u>852,188,121</u>
Other costs:						
Land acquisition	144,549,238	43,970,803	—	43,970,803	—	43,970,803
Building acquisition	—	—	—	—	—	—
Demolition	84,884	541,500	—	541,500	—	541,500
Total other costs	<u>144,634,122</u>	<u>44,512,303</u>	<u>—</u>	<u>44,512,303</u>	<u>—</u>	<u>44,512,303</u>
Development and support costs:						
Master planning/EIR	14,373,572	15,348,988	—	15,348,988	(186,299)	15,162,689
Predesign/programming	8,394,413	8,731,932	3,448	8,735,380	—	8,735,380
Design	133,050,519	140,043,026	3,914,533	143,957,559	(7,588,361)	136,369,198
Specialty consulting	36,269,413	40,883,728	(8,469)	40,875,259	(222,510)	40,652,749
Project management	135,440,726	116,632,098	1,612,664	118,244,762	(325,165)	117,919,597
Inspection and testing	34,339,816	35,159,108	693	35,159,801	(886,599)	34,273,202
Construction management	503,589	523,943	—	523,943	(401,473)	122,470
Reimbursable expenditures	11,866,954	6,204,701	—	6,204,701	(34,803)	6,169,898
Total development and support costs	<u>374,239,002</u>	<u>363,527,524</u>	<u>5,522,869</u>	<u>369,050,393</u>	<u>(9,645,210)</u>	<u>359,405,183</u>
Total college direct costs	<u>1,421,807,033</u>	<u>1,395,197,373</u>	<u>11,119,901</u>	<u>1,406,317,274</u>	<u>(150,211,667)</u>	<u>1,256,105,607</u>
Programwide costs:						
Program management	80,448,593	80,889,848	—	80,889,848	—	80,889,848
Legal consulting fees	6,057,584	5,866,196	—	5,866,196	—	5,866,196
Compliance and audit fees	2,642,980	2,575,396	—	2,575,396	—	2,575,396
Bond measure election costs	523,743	585,660	—	585,660	—	585,660
Rents and leases	1,264,869	1,290,820	—	1,290,820	—	1,290,820
Total programwide costs	<u>90,937,769</u>	<u>91,207,920</u>	<u>—</u>	<u>91,207,920</u>	<u>—</u>	<u>91,207,920</u>
Total college direct costs and programwide costs	<u>1,512,744,802</u>	<u>1,486,405,293</u>	<u>11,119,901</u>	<u>1,497,525,194</u>	<u>(150,211,667)</u>	<u>1,347,313,527</u>
Unallocated interest and other funding	<u>(148,381,093)</u>					
Total college direct costs, programwide costs, and unallocated interest earned	<u>\$ 1,364,363,709</u>					

See independent auditors' report and accompanying notes to unaudited supplementary schedule of expenditures of bond proceeds.

**LOS ANGELES COMMUNITY COLLEGE DISTRICT  
PROPOSITION A BOND CONSTRUCTION PROGRAM**

Notes to Unaudited Supplementary Schedule of Expenditures of Bond Proceeds

Year ended June 30, 2021

(Unaudited)

**(1) Background**

The unaudited supplementary schedule of expenditures of bond proceeds presents expenditures of the Los Angeles Community College District's Proposition A Bond Construction Program for the year from April 10, 2001 (inception) through June 30, 2021.

**(2) Basis of Presentation**

The accompanying unaudited supplementary schedule of expenditures of bond proceeds has been prepared on the accrual basis of accounting and includes the following:

**(a) Budget**

The amounts included within the budget column in the accompanying unaudited supplementary schedule of expenditures of bond proceeds represent reasonable estimates of the costs that will be expended to complete the various projects at each of the Los Angeles Community College District's (the District) colleges.

**(b) Cumulative Expenditures**

The amounts included within the cumulative expenditures of bond proceeds in the accompanying unaudited supplementary schedule of expenditures of bond proceeds exclude reclassifications and reimbursements from other funding sources for the period from April 10, 2001 (inception) through June 30, 2021.

**(c) Unallocated Interest and Other Funding**

Interest earned and other funding sources include interest earned on bond issuances that has yet been approved for specific projects and other funding sources for the multi-funded project that include future reimbursements from the State of California among other similar sources.

**(d) Reclassifications**

Adjustments and reclassifications were made between the District's various Proposition bond programs during the year ended June 30, 2021, which were related to prior years.

**(e) Cumulative Reimbursements from the State of California**

The District received amounts from the State of California and other non-Proposition A funding sources as reimbursement for various multifunded projects. These projects were to be funded by both state funds and bond proceeds. Prior to filing claims and receipt of funds from the state, eligible Proposition A bond proceeds were used to fund the projects. The reimbursements received by the District, totaling \$150,211,667 for the period from April 10, 2001 (inception) through year ended June 30, 2021, have been reflected in the accompanying unaudited supplementary schedule of expenditures of bond proceeds as a reduction of expenditures made with bond proceeds by cost classification on a cumulative basis.

**LOS ANGELES COMMUNITY COLLEGE DISTRICT  
PROPOSITION A BOND CONSTRUCTION PROGRAM**

Notes to Unaudited Supplementary Schedule of Expenditures of Bond Proceeds

Year ended June 30, 2021

(Unaudited)

**(3) Reconciliation of Bond Proceeds**

The following is a summary of total authorized and issued bond funds and other bond related sources of funds available at June 30, 2021:

Bonds authorized and issued	\$ 1,245,000,000
Other bond related sources of funds:	
Additional proceeds from General Obligation Refunding Bonds, 2005 Series A	12,330,000
Other	614,315
Interest earned for the period from April 10, 2001 (inception) through June 30, 2021	<u>106,419,394</u>
Total bonds authorized, interest earned, and other	1,364,363,709
Less expenditures of bond proceeds for the period from April 20, 2001 (inception) through June 30, 2021	<u>(1,347,313,527)</u>
Total authorized and issued bond funds and other bond related sources of funds available at June 30, 2021	<u>\$ 17,050,182</u>





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 Proposition A Bond Construction Statement of Expenditures of Bond Proceeds Performed in Accordance With *Government Auditing Standards***

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

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 Proposition A Bond Construction statement of expenditures of bond proceeds (statement of expenditures of bond proceeds) of Los Angeles Community College District (the District) for the year ended June 30, 2021, and have issued our report thereon dated March 2, 2022.

*Internal Control Over Financial Reporting*

In planning and performing our audit of the statement of expenditures of bond proceeds, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the statement of expenditures of bond proceeds, 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's statement of expenditures of bond proceeds 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 statement of expenditures of bond proceeds is 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 the statement of expenditures of bond proceeds amounts. 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



**LOS ANGELES COMMUNITY COLLEGE DISTRICT  
PROPOSITION AA BOND CONSTRUCTION PROGRAM**

Statement of Expenditures of Bond Proceeds  
and Unaudited Supplementary Schedule

Year Ended June 30, 2021

(With Independent Auditors' Report Thereon)

**LOS ANGELES COMMUNITY COLLEGE DISTRICT  
PROPOSITION AA BOND CONSTRUCTION PROGRAM**

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

## Independent Auditors' Report

The Honorable Board of Trustees  
Los Angeles Community College District:

### Report on the Statement

We have audited the accompanying statement of expenditures of bond proceeds of the Proposition AA Bond Construction Program (the Program) of the Los Angeles Community College District (the District) for the year ended June 30, 2021, and the related notes to the statement of expenditures of bond proceeds.

#### *Management's Responsibility for the Statement of Expenditures of Bond Proceeds*

Management is responsible for the preparation and fair presentation of this statement of expenditures of bond proceeds 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 the statement of expenditures of bond proceeds that is free from material misstatement, whether due to fraud or error.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on the statement of expenditures of bond proceeds 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 statement of expenditures of bond proceeds is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement of expenditures of bond proceeds. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the statement of expenditures of bond proceeds, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the statement of expenditures of bond proceeds in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, 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 statement of expenditures of bond proceeds.

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

#### *Opinion on the Statement of Expenditures of Bond Proceeds*

In our opinion, the statement of expenditures of bond proceeds referred to above presents fairly, in all material respects, the expenditures of the Los Angeles Community College District's Program for the year ended June 30, 2021, in accordance with U.S. generally accepted accounting principles.



*Other Matters*

*Purpose of Report*

As described in note 2 to the statement of expenditures of bond proceeds, the accompanying statement of expenditures of bond proceeds was prepared to comply with the requirements of California's Proposition 39, *Smaller Classes, Safer Schools and Financial Accountability Act*.

*Unaudited Supplementary Schedule of Expenditures of Bond Proceeds*

Our audit was conducted for the purpose of forming an opinion on the statement of expenditures of bond proceeds of the Program. The accompanying unaudited supplementary schedule of expenditures of bond proceeds of the Program of the District for the year ended June 30, 2021 is presented for purposes of additional analysis and is not a required part of the statement of expenditures of bond proceeds.

The unaudited supplementary schedule of expenditures of bond proceeds has not been subjected to the auditing procedures applied in the audit of the statement of expenditures of bond proceeds, and accordingly, we do not express an opinion or provide any assurance on it.

**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, and grant agreements and other matters as it relates to the Program. The purpose of that report is 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 internal control over financial reporting or on compliance as it relates to the Program. 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 as it relates to the Program.

**KPMG LLP**

Los Angeles, California  
March 2, 2022

**LOS ANGELES COMMUNITY COLLEGE DISTRICT  
PROPOSITION AA BOND CONSTRUCTION PROGRAM**

Statement of Expenditures of Bond Proceeds

Year ended June 30, 2021

College direct costs:		
Structural and equipment costs:		
Construction (renovation)	\$	1,519,980
Furniture, fixtures, and equipment		<u>219,262</u>
Total structural and equipment costs		<u>1,739,242</u>
Other costs:		
Demolition		<u>146,418</u>
Total other costs		<u>146,418</u>
Development and support costs:		
Design		343,330
Specialty consulting		27,242
Project management		35,759
Inspection and testing		<u>3,209</u>
Total development and support costs		<u>409,540</u>
Total college direct costs		<u>2,295,200</u>
Programwide costs:		
Program management		391,025
Legal consulting fees		37,166
Compliance and audit fees		16,930
Rents and leases		<u>18,901</u>
Total programwide costs		<u>464,022</u>
Total college direct costs and programwide costs	\$	<u><u>2,759,222</u></u>

See accompanying notes to statement of expenditures of bond proceeds.

**LOS ANGELES COMMUNITY COLLEGE DISTRICT  
PROPOSITION AA BOND CONSTRUCTION PROGRAM**

Notes to Statement of Expenditures of Bond Proceeds

Year ended June 30, 2021

**(1) Program Background**

In May 2003, the Los Angeles Community College District (the District) electorate approved the passage of a \$980 million property tax financed bond measure under the requirements of the Proposition 39, Smaller Classes, Safer Schools and Financial Accountability Act, of the State of California (the Act), known as Proposition AA (the Program). This Program was intended to supplement the District's \$1.245 billion Proposition A Bond Construction Program of the nine college master plans. The college master plans identify areas for improvement needed to prepare the colleges to meet the future needs of the community and provide a time line for addressing those needs within the next 10 years.

The Program is intended to prepare students for jobs and four-year colleges; train nurses, police, firefighters, and emergency medical personnel; improve health, safety, and security conditions on the campuses of the nine colleges within the District through the construction of computer technology centers to train students for high tech jobs; repair deteriorating classrooms, science laboratories, and libraries; expand educational centers in underserved communities; upgrade heating, plumbing, wiring, roofs, sewers, energy efficiency, and water conservation; improve campus environmental standards, safety, lighting, fire alarms, sprinklers, intercoms, and fire doors; and acquire/improve real property and/or build new classrooms to relieve overcrowding.

The District's board of trustees approved an award of the contract for program management (Program Manager) services to Jacobs Project Management Company effective October 15, 2017 to provide program management services for the bond program for a five year period.

The Program Manager is responsible for managing all program-related activities, including the maintenance of the master schedule and the master program budget. The Program Manager provides its own staff and services for budgeting, accounting, contracting, and supervising the program. The annual contract amount paid to the Program Manager related to the Proposition AA Bond Construction Program totaled \$211,806 for the year ended June 30, 2021. This amount is included in Program Management.

**(2) Basis of Presentation**

The accompanying statement of expenditures of bond proceeds for the year ended June 30, 2021, has been prepared on the accrual basis of accounting. The Act requires an annual, independent financial audit of the expenditures of proceeds from the sale of the school facilities bonds until all of the proceeds have been expended. Accordingly, the accompanying statement of expenditures of bond proceeds includes all amounts expended using bond proceeds regardless of expenditure type.

**(3) Bond Issuances**

On May 2003, the voters of the Los Angeles County (the County) passed Proposition AA, a \$980 million General Obligation (G.O.) Bond measure. 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. As of June 30, 2021, all of the G.O. Bond measure has been issued.



**LOS ANGELES COMMUNITY COLLEGE DISTRICT  
PROPOSITION AA BOND CONSTRUCTION PROGRAM**

Notes to Statement of Expenditures of Bond Proceeds

Year ended June 30, 2021

**(4) Use of Estimates**

The preparation of the accompanying statement of expenditures in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions about future events, specifically for expense accruals. These estimates and the underlying assumptions affect the reported amounts of expenses. These estimates and assumptions are based on management's best estimates and judgment. Changes in those estimates resulting from continuing changes in the economic environment will be reflected in the statement of expenditures in future periods. Actual results could differ from these estimates.

**(5) Subsequent Events**

The District has evaluated subsequent events from the date of the statement of expenditures of bond proceeds through March 2, 2022 the date at which the statement was available to be issued. The District is not aware of any additional subsequent events, which would require recognition or disclosure in the statement of expenditures of bond proceeds.

**UNAUDITED SUPPLEMENTARY SCHEDULE OF EXPENDITURES  
OF BOND PROCEEDS**

**LOS ANGELES COMMUNITY COLLEGE DISTRICT  
PROPOSITION AA BOND CONSTRUCTION PROGRAM**

Unaudited Supplementary Schedule of Expenditures of Bond Proceeds

For the year ended June 30, 2021

(Unaudited)

	<u>2021 Budget</u>	<u>Period from May 20, 2003 (inception) through Year ended June 30, 2021</u>	<u>Reclassifications</u>	<u>Subtotal</u>	<u>Cumulative reimbursements from the state of California as of June 30, 2021</u>	<u>Cumulative expenditures of bond proceeds for the year ended June 30, 2021</u>
College direct costs:						
Structural and equipment costs:						
Construction (new)	\$ 390,722,975	370,734,999	2,584,336	373,319,335	(55,701,247)	317,618,088
Construction (renovation)	245,438,532	235,090,731	5,221,284	240,312,015	(47,227,666)	193,084,349
Temporary facilities	6,318,377	4,628,833	—	4,628,833	—	4,628,833
Furniture, fixtures, and equipment	40,078,054	38,109,476	—	38,109,476	(2,828,479)	35,280,997
Total structural and equipment costs	<u>682,557,938</u>	<u>648,564,039</u>	<u>7,805,620</u>	<u>656,369,659</u>	<u>(105,757,392)</u>	<u>550,612,267</u>
Other costs:						
Land acquisition	122,883,026	103,319,376	—	103,319,376	—	103,319,376
Building acquisition	—	19,704,402	—	19,704,402	—	19,704,402
Demolition	12,745,678	12,761,185	—	12,761,185	—	12,761,185
Total other costs	<u>135,628,704</u>	<u>135,784,963</u>	<u>—</u>	<u>135,784,963</u>	<u>—</u>	<u>135,784,963</u>
Development and support costs:						
Master planning/EIR	4,329,313	4,462,689	—	4,462,689	—	4,462,689
Predesign/programming	1,325,806	1,447,386	60,518	1,507,904	—	1,507,904
Design	69,229,872	73,485,334	4,445,848	77,931,182	(7,820,786)	70,110,396
Specialty consulting	33,959,097	30,720,220	19,801	30,740,021	(1,494,707)	29,245,314
Project management	84,214,379	74,509,177	1,050,729	75,559,906	—	75,559,906
Inspection and testing	22,058,855	22,642,833	—	22,642,833	(193,852)	22,448,981
Construction management	—	1,607	—	1,607	—	1,607
Reimbursable expenditures	4,902,070	2,950,018	1,037	2,951,055	(754,703)	2,196,352
Total development and support costs	<u>220,019,392</u>	<u>210,219,264</u>	<u>5,577,933</u>	<u>215,797,197</u>	<u>(10,264,048)</u>	<u>205,533,149</u>
Total college direct costs	<u>1,038,206,034</u>	<u>994,568,266</u>	<u>13,383,553</u>	<u>1,007,951,819</u>	<u>(116,021,440)</u>	<u>891,930,379</u>
Programwide costs:						
Program management	42,500,552	45,046,801	—	45,046,801	—	45,046,801
Legal consulting fees	1,134,940	1,195,641	—	1,195,641	—	1,195,641
Compliance and audit fees	1,585,578	1,510,031	—	1,510,031	—	1,510,031
Bond measure election costs	—	1,206,719	—	1,206,719	—	1,206,719
Rents and leases	6,062,391	6,081,293	—	6,081,293	—	6,081,293
Total programwide costs	<u>51,283,461</u>	<u>55,040,485</u>	<u>—</u>	<u>55,040,485</u>	<u>—</u>	<u>55,040,485</u>
Debt refinancing	—	109,886,025	—	109,886,025	—	109,886,025
Total college direct costs and programwide costs	<u>\$ 1,089,489,495</u>	<u>1,159,494,776</u>	<u>13,383,553</u>	<u>1,172,878,329</u>	<u>(116,021,440)</u>	<u>1,056,856,889</u>
Unallocated interest and other funding	(26,955,995)					
Total college direct costs, programwide costs, and unallocated interest earned	<u>\$ 1,062,533,500</u>					

See independent auditors' report and accompanying notes to unaudited supplementary schedule of expenditures of bond proceeds.

**LOS ANGELES COMMUNITY COLLEGE DISTRICT  
PROPOSITION AA BOND CONSTRUCTION PROGRAM**

Notes to Unaudited Supplementary Schedule of Expenditures of Bond Proceeds

Year ended June 30, 2021

(Unaudited)

**(1) Background**

The unaudited supplementary schedule of expenditures of bond proceeds presents expenditures of the Los Angeles Community College District's Proposition AA Bond Construction Program for the year ended June 30, 2021.

**(2) Basis of Presentation**

The accompanying unaudited schedule of expenditures of bond proceeds has been prepared on the accrual basis of accounting and includes the following:

**(a) Budget**

The amounts included within the budget column in the accompanying unaudited supplementary schedule of expenditures of bond proceeds represent reasonable estimates of the costs that will be expended to complete the various projects at each of the Los Angeles Community College District's (the District) colleges.

**(b) Cumulative Expenditures**

The amounts included within the cumulative expenditures of bond proceeds in the accompanying unaudited supplementary schedule of expenditures of bond proceeds exclude reclassifications and reimbursements from other funding sources for the period from May 20, 2003 (inception) through June 30, 2021.

**(c) Unallocated interest and other funding**

Interest earned and other funding sources include interest earned on bond issuances that has yet been approved for specific projects and other funding sources for the multi-funded project that include future reimbursements from the State of California among other similar sources.

**(d) Reclassifications**

Adjustments and reclassifications were made between the District's various Proposition 39 bond programs during the year ended June 30, 2021, which were related to prior years.

**(e) Cumulative Reimbursements from the State of California**

The District received amounts from the State of California as reimbursement for various multifunded projects. These projects were to be funded by both state funds and bond proceeds. Prior to filing claims and receipt of funds from the state, eligible Proposition AA bond proceeds were used to fund the projects. The reimbursements received by the District totaling \$116,021,440 for the period May 20, 2003 (inception) through year ended June 30, 2021, have been reflected in the accompanying unaudited supplementary schedule of expenditures of bond proceeds as a reduction of expenditures made with bond proceeds by cost classification on a cumulative basis.

**LOS ANGELES COMMUNITY COLLEGE DISTRICT  
PROPOSITION AA BOND CONSTRUCTION PROGRAM**

Notes to Unaudited Supplementary Schedule of Expenditures of Bond Proceeds

Year ended June 30, 2021

(Unaudited)

**(3) Reconciliation of Bond Proceeds**

The following is a summary of total authorized and issued bond funds available at June 30, 2021:

Bonds authorized and issued	\$ 980,000,000
Other bond related sources of funds:	
Interest earned from May 20, 2003 (inception) through June 30, 2021	48,193,728
Proceeds from sale of property purchased with bond funds	29,974,680
Other income	<u>4,365,092</u>
Total bonds authorized, interest earned, and other	1,062,533,500
Less expenditures of bonds proceeds for the period from May 20, 2003 through June 30, 2021	<u>(1,056,856,889)</u>
Total authorized and issued bond funds and other bond related sources of funds available at June 30, 2021	<u>\$ 5,676,611</u>



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 Proposition AA Bond Construction Statement of Expenditures of Bond Proceeds Performed in Accordance With *Government Auditing Standards***

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

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 Proposition AA Bond Construction Program statement of expenditures of bond proceeds (statement of expenditures of bond proceeds) of Los Angeles Community College District (the District) for the year ended June 30, 2021, and have issued our report thereon dated March 2, 2022.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the statement of expenditures of bond proceeds, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the statement of expenditures of bond proceeds, 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's statement of expenditures of bond proceeds 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 statement of expenditures of bond proceeds is 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 the statement of expenditures of bond proceeds amounts. 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



**LOS ANGELES COMMUNITY COLLEGE DISTRICT  
MEASURE CC BOND CONSTRUCTION PROGRAM**

Statement of Expenditures of Bond Proceeds  
and Unaudited Supplementary Schedule

Year ended June 30, 2021

(With Independent Auditors' Report Thereon)



**LOS ANGELES COMMUNITY COLLEGE DISTRICT  
MEASURE CC BOND CONSTRUCTION PROGRAM**

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

## Independent Auditors' Report

The Honorable Board of Trustees  
Los Angeles Community College District

### Report on the Statement

We have audited the accompanying statement of expenditures of bond proceeds of the Measure CC Bond Construction Program (the Program) of the Los Angeles Community College District (the District) for the year ended June 30, 2021, and the related notes to the statement of expenditures of bond proceeds.

#### *Management's Responsibility for the Statement of Expenditures and Bond Proceeds*

Management is responsible for the preparation and fair presentation of this statement of expenditures and bond proceeds 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 the statement of expenditures of bond proceeds that is free from material misstatement, whether due to fraud or error.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on the statement of expenditures of bond proceeds 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 statement of expenditures of bond proceeds is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement of expenditures of bond proceeds. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the statement of expenditures of bond proceeds, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the statement of expenditures of bond proceeds in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, 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 statement of expenditures of bond proceeds.

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

#### *Opinion on the Statement of Expenditures of Bond Proceeds*

In our opinion, the statement of expenditures of bond proceeds referred to above presents fairly, in all material respects, the expenditures of the Los Angeles Community College District's Program for the year ended June 30, 2021, in accordance with U.S. generally accepted accounting principles.



*Other Matters*

*Purpose of Report*

As described in note 2 to the statement of expenditures of bond proceeds, the accompanying statement of expenditures of bond proceeds was prepared to comply with the requirements of California's Proposition 39, *Smaller Classes, Safer Schools, and Financial Accountability Act*.

*Unaudited Supplementary Schedule of Expenditures of Bond Proceeds*

Our audit was conducted for the purpose of forming an opinion on the statement of expenditures of bond proceeds of the Program. The accompanying unaudited supplementary schedule of expenditures of bond proceeds of the Program of the District for the year ended June 30, 2021, is presented for purposes of additional analysis, and is not a required part of the statement of expenditures of bond proceeds.

The unaudited supplementary schedule of expenditures of bond proceeds has not been subjected to the auditing procedures applied in the audit of the statement of expenditures of bond proceeds, and accordingly, we do not express an opinion or provide any assurance on it.

**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 and grant agreements, and other matters as it relates to the Program. The purpose of this report is 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 internal control over financial reporting or on compliance as it relates to the Program. This 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 as it relates to the Program.

**KPMG LLP**

Los Angeles, California  
March 2, 2022

**LOS ANGELES COMMUNITY COLLEGE DISTRICT  
MEASURE CC BOND CONSTRUCTION PROGRAM**

Statement of Expenditures of Bond Proceeds

Year ended June 30, 2021

College direct costs:

Structural and equipment costs:

Construction (new)	\$ 35,167,359
Construction (renovation)	7,662,298
Temporary facilities	372,079
Furniture, fixtures, and equipment	<u>5,476,024</u>
Total structural and equipment costs	<u>48,677,760</u>

Other costs:

Land acquisition	118,786
Demolition	<u>618,844</u>
Total other costs	<u>737,630</u>

Development and support costs:

Master planning	43,809
Pre-design/programming	2,578,058
Design	13,564,843
Specialty consulting	3,051,042
Project management	12,769,061
Inspection and testing	1,743,229
Reimbursable expenditures	<u>9,649</u>
Total development and support costs	<u>33,759,691</u>

Total college direct costs	<u>83,175,081</u>
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Programwide costs:

Program management	14,094,104
Legal consulting fees	1,339,600
Compliance and audit fees	610,250
Rents and leases	<u>681,263</u>
Total programwide costs	<u>16,725,217</u>

Total college direct costs and programwide costs	<u>\$ 99,900,298</u>
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See accompanying notes to statement of expenditures of bond proceeds.

**LOS ANGELES COMMUNITY COLLEGE DISTRICT  
MEASURE CC BOND CONSTRUCTION PROGRAM**

Notes to Statement of Expenditures of Bond Proceeds

Year ended June 30, 2021

**(1) Program Background**

In November 2016, the Los Angeles Community College District (the District) electorate approved the passage of a \$3.3 billion property tax financed bond measure under the requirements of the, *Los Angeles Community College District Affordable Education, Job Training, Classroom Safety Measure*, known as Measure CC (the Program) in accordance with Proposition 39, Smaller Classes, Safer Schools and Financial Accountability Act, of the State of California (the Act). This Program supplements the District's cumulative \$5.725 billion Proposition AA and A, and Measure J Bond Construction Programs of the nine college master plans. The college master plans identify areas for improvements needed to prepare the colleges to meet the future needs of the community and provide a time line for addressing those needs within the next 10 years.

The program is intended to increase educational opportunities, raise student achievement, and improve health and safety conditions on the campuses of the nine colleges within the District through the replacement and/or repair and rehabilitation of deteriorating buildings; the construction, furnishing, and equipping of classrooms, laboratories, libraries, and related facilities; the repair and upgrading of electrical wiring for computer technology, heating, air conditioning, and plumbing; complete earthquake retrofitting; improvement of campus safety, fire security, parking, and lighting; and the improvement of current or to be acquired real property to relieve overcrowding of the facilities on these campuses.

The District's board of trustees approved an award of the contract for program management (Program Manager) services to Jacobs Project Management Company, effective October 15, 2017, the Board of Trustees authorized an agreement to provide program management services for the bond program for a five year period.

The Program Manager is responsible for managing all program-related activities, including the maintenance of the master schedule and the master program budget. The Program Manager provides its own staff and services for budgeting, accounting, contracting, and supervising the program. The annual contract amount paid to the Program Manager related to the Measure CC Bond Construction Program totaled \$7,634,348 for the year ended June 30, 2021. This amount is included in Program Management.

**(2) Basis of Presentation**

The accompanying statement of expenditures of bond proceeds for the year ended June 30, 2021 has been prepared on the accrual basis of accounting. The Act requires an annual, independent financial audit of the expenditures of proceeds from the sale of the school facilities bonds until all of the proceeds have been expended. Accordingly, the accompanying statement of expenditures of bond proceeds includes all amounts expended using bond proceeds regardless of expenditure type.

**(3) Bond Issuances**

On November 8, 2016, the voters of the Los Angeles County (the County) passed Measure CC, a \$3.3 billion General Obligation (G.O.) Bond measure. 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. As of June 30, 2021, \$350 million of the G.O. Bond measure has been issued.

**LOS ANGELES COMMUNITY COLLEGE DISTRICT  
MEASURE CC BOND CONSTRUCTION PROGRAM**

Notes to Statement of Expenditures of Bond Proceeds

Year ended June 30, 2021

**(4) Use of Estimates**

The preparation of the accompanying statement of expenditures in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions about future events, specifically for expense accruals. These estimates and the underlying assumptions affect the reported amounts of expenses. These estimates and assumptions are based on management's best estimates and judgment. Changes in those estimates resulting from continuing changes in the economic environment will be reflected in the statement of expenditures in future periods. Actual results could differ from these estimates.

**(5) Subsequent Events**

The District has evaluated subsequent events from the date of the statement of expenditures of bond proceeds through March 2, 2022, the date at which the statement was available to be issued. The District is not aware of any additional subsequent events, which would require recognition or disclosure in the statement of expenditures of bond proceeds.

**UNAUDITED SUPPLEMENTARY SCHEDULE OF EXPENDITURES  
OF BOND PROCEEDS**

**LOS ANGELES COMMUNITY COLLEGE DISTRICT  
MEASURE CC BOND CONSTRUCTION PROGRAM**

Unaudited Supplementary Schedule of Expenditures of Bond Proceeds

Year ended June 30, 2021

(Unaudited)

	<u>2021 Budget</u>	<u>Period from November 8, 2016 (inception) through June 30, 2021</u>	<u>Reclassifications</u>	<u>Subtotal</u>	<u>Cumulative reimbursements from the state of California as of June 30, 2021</u>	<u>Cumulative expenditures of bond proceeds for the year ended June 30, 2021</u>
College direct costs:						
Structural and equipment costs:						
Construction (new)	\$ 916,181,379	51,237,258	—	51,237,258	(3,352,054)	47,885,204
Construction (renovation)	189,203,365	12,584,197	—	12,584,197	—	12,584,197
Hardscape/landscape	8,380,346	—	—	—	—	—
Temporary facilities	5,748,088	393,351	—	393,351	—	393,351
Furniture, fixtures, and equipment	128,702,620	9,481,645	—	9,481,645	—	9,481,645
Total structural and equipment costs	<u>1,248,215,798</u>	<u>73,696,451</u>	<u>—</u>	<u>73,696,451</u>	<u>(3,352,054)</u>	<u>70,344,397</u>
Other costs:						
Land acquisition	188,966	155,254	—	155,254	(155,254)	—
Demolition	91,771,583	1,009,366	—	1,009,366	—	1,009,366
Total other costs	<u>91,960,549</u>	<u>1,164,620</u>	<u>—</u>	<u>1,164,620</u>	<u>(155,254)</u>	<u>1,009,366</u>
Development and support costs:						
Master planning/EIR	9,377,166	5,150,564	—	5,150,564	—	5,150,564
Predesign/programming	14,503,985	6,916,481	—	6,916,481	(31,847)	6,884,634
Design	114,483,136	23,487,642	—	23,487,642	(127,576)	23,360,066
Specialty consulting	105,389,797	20,600,040	—	20,600,040	(46,332)	20,553,708
Project management	1,492,789,188	24,293,010	—	24,293,010	—	24,293,010
Inspection and testing	45,676,851	2,322,601	—	2,322,601	—	2,322,601
Reimbursable expenditures	5,411,612	42,226	—	42,226	—	42,226
Total development and support costs	<u>1,787,631,735</u>	<u>82,812,564</u>	<u>—</u>	<u>82,812,564</u>	<u>(205,755)</u>	<u>82,606,809</u>
Total college direct costs	<u>3,127,808,082</u>	<u>157,673,635</u>	<u>—</u>	<u>157,673,635</u>	<u>(3,713,063)</u>	<u>153,960,572</u>
Programwide costs:						
Program management	165,339,767	30,576,445	—	30,576,445	—	30,576,445
Legal consulting fees	9,575,048	4,578,240	—	4,578,240	—	4,578,240
Compliance and audit fees	1,751,786	1,271,840	—	1,271,840	—	1,271,840
Bond measure election costs	—	4,772,937	—	4,772,937	—	4,772,937
Rents and leases	5,083,301	1,697,923	—	1,697,923	—	1,697,923
Total programwide costs	<u>181,749,902</u>	<u>42,897,385</u>	<u>—</u>	<u>42,897,385</u>	<u>—</u>	<u>42,897,385</u>
Debt refinancing	5,000,000	—	—	—	—	—
Total college direct costs and programwide costs	3,314,557,984	\$ <u>200,571,020</u>	—	<u>200,571,020</u>	<u>(3,713,063)</u>	<u>196,857,957</u>
Unallocated interest and other funding	<u>(8,319,292)</u>					
Total college direct costs, programwide costs, and unallocated interest earned	\$ <u>3,306,238,692</u>					

See accompanying notes to unaudited supplementary schedule of expenditures of bond proceeds.



**LOS ANGELES COMMUNITY COLLEGE DISTRICT  
MEASURE CC BOND CONSTRUCTION PROGRAM**

Notes to Unaudited Supplementary Schedule of Expenditures of Bond Proceeds

Year ended June 30, 2021

(Unaudited)

**(1) Background**

The unaudited supplementary schedule of expenditures of bond proceeds presents expenditures for the year ended June 30, 2021.

**(2) Basis of Presentation**

The accompanying unaudited schedule of expenditures of bond proceeds has been prepared on the accrual basis of accounting and includes the following:

**(a) Budget**

The amounts included within the budget column in the accompanying unaudited supplementary schedule of expenditures of bond proceeds represent reasonable estimates of the costs that will be expended to complete the various projects at each of the Los Angeles Community College District's (the District) colleges.

**(b) Cumulative Expenditures**

The amounts included within the cumulative expenditures of bond proceeds in the accompanying unaudited supplementary schedule of expenditures of bond proceeds exclude reclassifications and reimbursements from other funding sources for the period from November 8, 2016 (inception) through June 30, 2021.

**(c) Unallocated interest and other funding**

Interest earned and other funding sources include interest earned on bond issuances that has yet been approved for specific projects and other funding sources for the multi-funded project that include future reimbursements from the State of California among other similar sources.

**(d) Reclassifications**

Adjustments and reclassifications were made between the District's various Proposition 39 bond programs during the year ended June 30, 2021, which were related to prior years.

**(e) Cumulative Reimbursements from the State of California and Other Nonbond Sources**

The District received amounts from the State of California as reimbursement for various multi-funded projects. These projects were to be funded by both state funds and bond proceeds. Prior to filing claims and receipt of funds from the state, eligible Measure CC bond proceeds were used to fund the projects. The reimbursements received by the District, totaling \$3,713,063 from November 8, 2016 (inception) through year ended June 30, 2021, have been reflected in the accompanying unaudited supplementary schedule of expenditures of bond proceeds as a reduction of expenditures made with bond proceeds by cost classification on a cumulative basis.

**LOS ANGELES COMMUNITY COLLEGE DISTRICT  
MEASURE CC BOND CONSTRUCTION PROGRAM**

Notes to Unaudited Supplementary Schedule of Expenditures of Bond Proceeds

Year ended June 30, 2021

(Unaudited)

**(3) Reconciliation of Bond Proceeds**

The following is a summary of total authorized and issued bond funds available at June 30, 2021:

Bonds authorized and issued	\$ 350,000,000
Bonds authorized but not yet issued	<u>2,950,000,000</u>
Total bonds authorized	3,300,000,000
Other bond related sources of funds:	
Interest earned for the period from November 8, 2016 (inception) through 2021	<u>6,238,692</u>
Total bonds authorized, interest earned, and other	3,306,238,692
Less expenditures of bond proceeds for the period from November 8, 2016 of funds available at June 30, 2021	<u>(196,857,957)</u>
Total authorized bond funds remaining at June 30, 2021	<u>\$ 3,109,380,735</u>



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 Measure CC Bond Construction Statement of Expenditures of Bond Proceeds Performed in Accordance With *Government Auditing Standards***

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

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 Measure CC Bond Construction statement of expenditures of bond proceeds (statement of expenditures of bond proceeds) of Los Angeles Community College District (the District) for the year ended June 30, 2021, and have issued our report thereon dated March 2, 2022.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the statement of expenditures of bond proceeds, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the statement of expenditures of bond proceeds, 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's statement of expenditures of bond proceeds 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 statement of expenditures of bond proceeds is 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 the statement of expenditures of bond proceeds amounts. 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