



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

Schedule of Expenditures of Bond Proceeds
and Unaudited Supplementary Schedule

Year Ended June 30, 2022

(With Independent Auditors' Report Thereon)

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

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KPMG LLP
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Independent Auditors' Report

The Honorable Board of Trustees
Los Angeles Community College District:

Report on the Audit of the Schedule of Expenditures of Bond Proceeds

Opinion

We have audited the schedule of expenditures of bond proceeds of the Measure CC Bond Constriction Program (the Program) of the Los Angeles Community College District (the District) for the year ended June 30, 2022, and the related notes (the schedule).

In our opinion, the accompanying schedule presents fairly, in all material respects, the expenditures of the bond proceeds of the Program for the year ended June 30, 2022.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Schedule section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

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

Auditors' Responsibilities for the Audit of the Schedule

Our objectives are to obtain reasonable assurance about whether the schedule as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the schedule.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the schedule, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the schedule.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the schedule.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the schedule. The accompanying unaudited supplemental schedule of expenditures of bond proceeds is presented for purposes of additional analysis and is not a required part of the schedule. The unaudited supplementary schedule of expenditures of bond proceeds has not been subjected to the auditing procedures applied in the audit of the schedule, and accordingly, we do not express an opinion or provide any assurance on it.

Other Matter — Restriction on Use

Our report is intended solely for the information and use of the District and is not intended to be and should not be used by anyone other than these specified parties.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

KPMG LLP

Los Angeles, California
December 22, 2022

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

Schedule of Expenditures of Bond Proceeds

Year ended June 30, 2022

College direct costs:

Structural and equipment costs:

| | |
|--------------------------------------|-------------------|
| Construction (new) | \$ 46,227,707 |
| Construction (renovation) | 4,074,508 |
| Temporary facilities | 1,127,825 |
| Furniture, fixtures, and equipment | <u>7,639,133</u> |
| Total structural and equipment costs | <u>59,069,173</u> |

Other costs:

| | |
|-------------------|----------------|
| Demolition | <u>962,902</u> |
| Total other costs | <u>962,902</u> |

Development and support costs:

| | |
|-------------------------------------|-------------------|
| Pre-design/programming | 346,847 |
| Design | 8,923,640 |
| Specialty consulting | 2,347,672 |
| Project management | 4,824,743 |
| Inspection and testing | 2,011,354 |
| Reimbursable expenditures | <u>170,901</u> |
| Total development and support costs | <u>18,625,157</u> |

| | |
|----------------------------|-------------------|
| Total college direct costs | <u>78,657,232</u> |
|----------------------------|-------------------|

Programwide costs:

| | |
|---------------------------|----------------|
| Program management | 13,358,956 |
| Legal consulting fees | 1,041,056 |
| Compliance and audit fees | 402,785 |
| Rents and leases | <u>408,446</u> |

| | |
|-------------------------|-------------------|
| Total programwide costs | <u>15,211,243</u> |
|-------------------------|-------------------|

| | |
|--|-----------------------------|
| Total college direct costs and programwide costs | <u><u>\$ 93,868,475</u></u> |
|--|-----------------------------|

See accompanying notes to schedule of expenditures of bond proceeds.

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

Notes to Schedule of Expenditures of Bond Proceeds

Year ended June 30, 2022

(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 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 contract with Jacobs Project Management Company was renewed for an additional 2 years.

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 \$7,373,458 for the year ended June 30, 2022. This amount is included in Program Management.

(2) Basis of Presentation

The accompanying schedule of expenditures of bond proceeds for the year ended June 30, 2022 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 schedule 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, 2022, the full authorized \$3.1 billion of the G.O. Bond measure has been issued.

(4) Use of Estimates

The preparation of the accompanying schedule of expenditures in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions about future events,

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

Notes to Schedule of Expenditures of Bond Proceeds

Year ended June 30, 2022

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 schedule 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 schedule of expenditures of bond proceeds through December 22, 2022, the date at which the schedule was available to be issued. The District is not aware of any additional subsequent events, which would require recognition or disclosure in the schedule 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, 2022

(Unaudited)

| | 2022 Budget | Period from November 4, 2008 (inception) through year ended June 30, 2022 | Reclassifications | Subtotal | Cumulative reimbursements from the state of California as of June 30, 2022 | Cumulative expenditures of bond proceeds for the year ended June 30, 2022 |
|--|-------------------------|--|--------------------------|----------------------|---|--|
| College direct costs: | | | | | | |
| Structural and equipment costs: | | | | | | |
| Construction (new) | \$ 1,321,522,417 | 1,211,886,460 | — | 1,211,886,460 | (19,761,809) | 1,192,124,651 |
| Construction (renovation) | 620,842,910 | 555,959,671 | — | 555,959,671 | (7,018,058) | 548,941,613 |
| Hardscape/landscape | — | 193,527 | — | 193,527 | — | 193,527 |
| Temporary facilities | 17,990,673 | 13,385,503 | — | 13,385,503 | — | 13,385,503 |
| Furniture, fixtures, and equipment | 223,385,776 | 166,996,215 | — | 166,996,215 | (2,970,093) | 164,026,122 |
| Total structural and equipment costs | <u>2,183,741,776</u> | <u>1,948,421,376</u> | <u>—</u> | <u>1,948,421,376</u> | <u>(29,749,960)</u> | <u>1,918,671,416</u> |
| Other costs: | | | | | | |
| Land acquisition | 57,894,648 | 82,543,820 | — | 82,543,820 | — | 82,543,820 |
| Demolition | 27,712,732 | 16,057,922 | — | 16,057,922 | — | 16,057,922 |
| Total other costs | <u>85,607,380</u> | <u>98,601,742</u> | <u>—</u> | <u>98,601,742</u> | <u>—</u> | <u>98,601,742</u> |
| Development and support costs: | | | | | | |
| Master planning/EIR | 5,926,471 | 5,863,119 | — | 5,863,119 | — | 5,863,119 |
| Predesign/programming | 7,971,438 | 7,767,810 | — | 7,767,810 | — | 7,767,810 |
| Design | 282,770,615 | 263,799,938 | — | 263,799,938 | (556,644) | 263,243,294 |
| Specialty consulting | 233,895,165 | 207,156,223 | — | 207,156,223 | (18,839) | 207,137,384 |
| Project management | 329,830,391 | 201,482,117 | — | 201,482,117 | (281,460) | 201,200,657 |
| Inspection and testing | 71,358,297 | 61,056,758 | — | 61,056,758 | (146,535) | 60,910,223 |
| Reimbursable expenditures | 7,507,281 | 5,710,467 | — | 5,710,467 | — | 5,710,467 |
| Total development and support costs | <u>939,259,658</u> | <u>752,836,432</u> | <u>—</u> | <u>752,836,432</u> | <u>(1,003,478)</u> | <u>751,832,954</u> |
| Total college direct costs | <u>3,208,608,814</u> | <u>2,799,859,550</u> | <u>—</u> | <u>2,799,859,550</u> | <u>(30,753,438)</u> | <u>2,769,106,112</u> |
| Programwide costs: | | | | | | |
| Program management | 252,964,161 | 329,804,469 | — | 329,804,469 | 30,249 | 329,834,718 |
| Legal consulting fees | 49,147,675 | 33,818,306 | — | 33,818,306 | — | 33,818,306 |
| Compliance and audit fees | 10,784,054 | 9,119,411 | — | 9,119,411 | — | 9,119,411 |
| Bond measure election costs | — | 966,188 | — | 966,188 | — | 966,188 |
| Rents and leases | 49,179,445 | 25,668,754 | — | 25,668,754 | — | 25,668,754 |
| Total programwide costs | <u>362,075,335</u> | <u>399,377,128</u> | <u>—</u> | <u>399,377,128</u> | <u>30,249</u> | <u>399,407,377</u> |
| Total college direct costs and programwide costs | <u>3,570,684,149</u> | <u>3,199,236,678</u> | <u>—</u> | <u>3,199,236,678</u> | <u>(30,723,189)</u> | <u>3,168,513,489</u> |
| Unallocated interest and other funding | 32,921,964 | | | | | |
| Total college direct costs, programwide costs, and unallocated interest earned | <u>\$ 3,603,606,113</u> | | | | | |

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, 2022

(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, 2022.

(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, 2022.

(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, 2022, 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 \$30,723,189 from November 4, 2008 (inception) through year ended June 30, 2022, 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, 2022

(Unaudited)

(3) Reconciliation of Bond Proceeds

The following is a summary of total authorized and issued bond funds available at June 30, 2022:

| | |
|---|------------------------|
| Bonds authorized and issued | \$ 3,125,000,000 |
| Bonds authorized but not yet issued | <u>375,000,000</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 2022 | 54,885,924 |
| Other | <u>19,181,461</u> |
| Total bonds authorized, interest earned, and other | 3,574,067,385 |
| Less expenditures of bond proceeds for the period from November 4, 2008 of funds available at June 30, 2022 | <u>(3,168,513,489)</u> |
| Total authorized bond funds remaining at June 30, 2022 | <u>\$ 405,553,896</u> |



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Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Measure J Bond Construction Schedule 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 schedule of expenditures of bond proceeds of the Measure J Bond Construction Program (the Program) of the Los Angeles Community College District (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, and have issued our report thereon dated December 22, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the Program's 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 District's 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of the District's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the District's 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

Los Angeles, California
December 22, 2022



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

Schedule of Expenditures of Bond Proceeds
and Unaudited Supplementary Schedule

Year ended June 30, 2022

(With Independent Auditors' Report Thereon)

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

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Independent Auditors' Report

The Honorable Board of Trustees
Los Angeles Community College District:

Report on the Audit of the Schedule of Expenditures of Bond Proceeds

Opinion

We have audited the schedule of expenditures of bond proceeds of the Measure CC Bond Constriction Program (the Program) of the Los Angeles Community College District (the District) for the year ended June 30, 2022, and the related notes (the schedule).

In our opinion, the accompanying schedule presents fairly, in all material respects, the expenditures of the bond proceeds of the Program for the year ended June 30, 2022.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Schedule section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

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

Auditors' Responsibilities for the Audit of the Schedule

Our objectives are to obtain reasonable assurance about whether the schedule as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the schedule.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the schedule, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the schedule.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the schedule.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the schedule. The accompanying unaudited supplemental schedule of expenditures of bond proceeds is presented for purposes of additional analysis and is not a required part of the schedule. The unaudited supplementary schedule of expenditures of bond proceeds has not been subjected to the auditing procedures applied in the audit of the schedule, and accordingly, we do not express an opinion or provide any assurance on it.

Other Matter — Restriction on Use

Our report is intended solely for the information and use of the District and is not intended to be and should not be used by anyone other than these specified parties.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

KPMG LLP

Los Angeles, California
December 22, 2022

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

Schedule of Expenditures of Bond Proceeds

Year ended June 30, 2022

College direct costs:

Structural and equipment costs:

| | |
|--------------------------------------|-------------------|
| Construction (new) | \$ 58,009,279 |
| Construction (renovation) | 6,977,901 |
| Temporary facilities | 709,886 |
| Furniture, fixtures, and equipment | <u>3,901,596</u> |
| Total structural and equipment costs | <u>69,598,662</u> |

Other costs:

| | |
|-------------------|------------------|
| Land acquisition | 35,129 |
| Demolition | <u>1,900,181</u> |
| Total other costs | <u>1,935,310</u> |

Development and support costs:

| | |
|-------------------------------------|-------------------|
| Master planning | 287,460 |
| Pre-design/programming | 913,031 |
| Design | 25,491,955 |
| Specialty consulting | 2,734,488 |
| Project management | 14,928,337 |
| Inspection and testing | 3,224,515 |
| Reimbursable expenditures | <u>38,139</u> |
| Total development and support costs | <u>47,617,925</u> |

| | |
|----------------------------|--------------------|
| Total college direct costs | <u>119,151,897</u> |
|----------------------------|--------------------|

Programwide costs:

| | |
|--|-----------------------|
| Program management | 20,236,473 |
| Legal consulting fees | 1,577,017 |
| Compliance and audit fees | 610,149 |
| Rents and leases | <u>618,725</u> |
| Total programwide costs | <u>23,042,364</u> |
| Total college direct costs and programwide costs | <u>\$ 142,194,261</u> |

See accompanying notes to schedule of expenditures of bond proceeds.

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

Notes to Schedule of Expenditures of Bond Proceeds

Year ended June 30, 2022

(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 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 contract with Jacobs Project Management Company was renewed for an additional two years.

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 \$11,084,664 for the year ended June 30, 2022. This amount is included in Program Management.

(2) Basis of Presentation

The accompanying schedule of expenditures of bond proceeds for the year ended June 30, 2022 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 schedule 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, 2022, \$350 million of the G.O. Bond measure has been issued.

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

Notes to Schedule of Expenditures of Bond Proceeds

Year ended June 30, 2022

(4) Use of Estimates

The preparation of the accompanying schedule 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 schedule 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 schedule of expenditures of bond proceeds through December 22, 2022, the date at which the schedule was available to be issued. The District is not aware of any additional subsequent events, which would require recognition or disclosure in the schedule 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, 2022

(Unaudited)

| | <u>2022 Budget</u> | <u>Period from November 8, 2016 (inception) through June 30, 2022</u> | <u>Reclassifications</u> | <u>Subtotal</u> | <u>Cumulative reimbursements from the state of California as of June 30, 2022</u> | <u>Cumulative expenditures of bond proceeds for the year ended June 30, 2022</u> |
|--|-------------------------|---|--------------------------|--------------------|---|--|
| College direct costs: | | | | | | |
| Structural and equipment costs: | | | | | | |
| Construction (new) | \$ 920,258,740 | 108,266,078 | — | 108,266,078 | (4,446,041) | 103,820,037 |
| Construction (renovation) | 233,690,194 | 19,531,325 | — | 19,531,325 | — | 19,531,325 |
| Hardscape/landscape | 8,380,346 | — | — | — | — | — |
| Temporary facilities | 12,715,702 | 1,105,752 | — | 1,105,752 | — | 1,105,752 |
| Furniture, fixtures, and equipment | 184,212,100 | 13,489,581 | — | 13,489,581 | — | 13,489,581 |
| Total structural and equipment costs | <u>1,359,257,082</u> | <u>142,392,736</u> | <u>—</u> | <u>142,392,736</u> | <u>(4,446,041)</u> | <u>137,946,695</u> |
| Other costs: | | | | | | |
| Land acquisition | 188,966 | 183,233 | — | 183,233 | (155,254) | 27,979 |
| Demolition | 83,247,308 | 2,881,581 | — | 2,881,581 | — | 2,881,581 |
| Total other costs | <u>83,436,274</u> | <u>3,064,814</u> | <u>—</u> | <u>3,064,814</u> | <u>(155,254)</u> | <u>2,909,560</u> |
| Development and support costs: | | | | | | |
| Master planning/EIR | 7,984,390 | 5,439,937 | — | 5,439,937 | — | 5,439,937 |
| Predesign/programming | 13,543,911 | 7,703,526 | — | 7,703,526 | (31,847) | 7,671,679 |
| Design | 124,427,874 | 48,753,084 | — | 48,753,084 | (127,576) | 48,625,508 |
| Specialty consulting | 108,503,560 | 23,307,960 | — | 23,307,960 | (46,332) | 23,261,628 |
| Project management | 1,370,174,306 | 38,790,472 | — | 38,790,472 | — | 38,790,472 |
| Inspection and testing | 46,950,142 | 5,600,167 | — | 5,600,167 | — | 5,600,167 |
| Reimbursable expenditures | 5,449,436 | 78,235 | — | 78,235 | — | 78,235 |
| Total development and support costs | <u>1,677,033,619</u> | <u>129,673,381</u> | <u>—</u> | <u>129,673,381</u> | <u>(205,755)</u> | <u>129,467,626</u> |
| Total college direct costs | <u>3,119,726,975</u> | <u>275,130,931</u> | <u>—</u> | <u>275,130,931</u> | <u>(4,807,050)</u> | <u>270,323,881</u> |
| Programwide costs: | | | | | | |
| Program management | 168,084,650 | 12,685,554 | — | 12,685,554 | — | 12,685,554 |
| Legal consulting fees | 9,575,048 | 5,031,376 | — | 5,031,376 | — | 5,031,376 |
| Compliance and audit fees | 1,751,786 | 2,659,105 | — | 2,659,105 | — | 2,659,105 |
| Bond measure election costs | — | 4,772,937 | — | 4,772,937 | — | 4,772,937 |
| Rents and leases | 5,083,301 | 1,241,347 | — | 1,241,347 | — | 1,241,347 |
| Total programwide costs | <u>184,494,785</u> | <u>26,390,319</u> | <u>—</u> | <u>26,390,319</u> | <u>—</u> | <u>26,390,319</u> |
| Debt refinancing | 5,000,000 | — | — | — | — | — |
| Total college direct costs and programwide costs | <u>3,309,221,760</u> | <u>\$ 301,521,250</u> | <u>—</u> | <u>301,521,250</u> | <u>(4,807,050)</u> | <u>296,714,200</u> |
| Unallocated interest and other funding | <u>6,238,692</u> | | | | | |
| Total college direct costs, programwide costs, and unallocated interest earned | <u>\$ 3,315,460,452</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, 2022

(Unaudited)

(1) Background

The unaudited supplementary schedule of expenditures of bond proceeds presents expenditures for the year ended June 30, 2022.

(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, 2022.

(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, 2022, 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 \$4,807,051 from November 8, 2016 (inception) through year ended June 30, 2022, 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, 2022

(Unaudited)

(3) Reconciliation of Bond Proceeds

The following is a summary of total authorized and issued bond funds available at June 30, 2022:

| | |
|--|-------------------------|
| 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 2022 | <u>6,466,473</u> |
| Total bonds authorized, interest earned, and other | 3,306,466,473 |
| Less expenditures of bond proceeds for the period from November 8, 2016 of funds available at June 30, 2022 | <u>(296,714,200)</u> |
| Total authorized bond funds remaining at June 30, 2022 | <u>\$ 3,009,752,273</u> |



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Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Measure CC Bond Construction Schedule 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 schedule of expenditures of bond proceeds of the Measure CC Bond Construction Program (the Program) of the Los Angeles Community College District (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, and have issued our report thereon dated December 22, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the Program's 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 District's 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of the District's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the District's 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

Los Angeles, California
December 22, 2022



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

Schedule of Expenditures of Bond Proceeds
and Unaudited Supplementary Schedule

Year Ended June 30, 2022

(With Independent Auditors' Report Thereon)

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

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KPMG LLP
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Independent Auditors' Report

The Honorable Board of Trustees
Los Angeles Community College District:

Report on the Audit of the Schedule of Expenditures of Bond Proceeds

Opinion

We have audited the schedule of expenditures of bond proceeds of the Proposition A Bond Constriction Program (the Program) of the Los Angeles Community College District (the District) for the year ended June 30, 2022, and the related notes (the schedule).

In our opinion, the accompanying schedule presents fairly, in all material respects, the expenditures of the bond proceeds of the Program for the year ended June 30, 2022.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Schedule section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

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

Auditors' Responsibilities for the Audit of the Schedule

Our objectives are to obtain reasonable assurance about whether the schedule as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the schedule.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the schedule, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the schedule.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the schedule.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the schedule. The accompanying unaudited supplemental schedule of expenditures of bond proceeds is presented for purposes of additional analysis and is not a required part of the schedule. The unaudited supplementary schedule of expenditures of bond proceeds has not been subjected to the auditing procedures applied in the audit of the schedule, and accordingly, we do not express an opinion or provide any assurance on it.

Other Matter — Restriction on Use

Our report is intended solely for the information and use of the District and is not intended to be and should not be used by anyone other than these specified parties.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

KPMG LLP

Los Angeles, California
December 22, 2022

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

Schedule of Expenditures of Bond Proceeds

Year ended June 30, 2022

| | |
|--|------------------------|
| College direct costs: | |
| Structural and equipment costs: | |
| Construction (renovation) | \$ <u>1,812</u> |
| Total structural and equipment costs | <u>1,812</u> |
| Development and support costs: | |
| Specialty consulting | 2,098 |
| Total development and support costs | <u>2,098</u> |
| Total college direct costs | <u>3,910</u> |
| Programwide costs: | |
| Program management | 664 |
| Legal consulting fees | 52 |
| Compliance and audit fees | 20 |
| Rents and leases | <u>20</u> |
| Total programwide costs | <u>756</u> |
| Total college direct costs and programwide costs | \$ <u><u>4,666</u></u> |

See accompanying notes to schedule of expenditures of bond proceeds.

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

Notes to Schedule of Expenditures of Bond Proceeds

Year ended June 30, 2022

(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 contract with Jacobs Project Management Company was renewed for an additional two years.

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 \$364 for the year ended June 30, 2022. This amount is included in Program Management.

(2) Basis of Presentation

The accompanying schedule of expenditures of bond proceeds for the year ended June 30, 2022 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 schedule 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, 2022, all of the G.O. Bond measure has been issued.

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

Notes to Schedule of Expenditures of Bond Proceeds

Year ended June 30, 2022

(4) Use of Estimates

The preparation of the accompanying schedule 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 schedule 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 schedule of expenditures of bond proceeds through December 22, 2022, the date at which the schedule was available to be issued. The District is not aware of any additional subsequent events, which would require recognition or disclosure in the schedule 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, 2022

| | <u>2022 Budget</u> | <u>Period from April 10, 2001 (inception) through June 30, 2022</u> | <u>Reclassifications</u> | <u>Subtotal</u> | <u>Cumulative reimbursements from the State of California as of June 30, 2022</u> | <u>Cumulative expenditures of bond proceeds for the year ended June 30, 2022</u> |
|--|-------------------------|---|--------------------------|----------------------|---|--|
| College direct costs: | | | | | | |
| Structural and equipment costs: | | | | | | |
| Construction (new) | \$ 698,026,584 | 703,188,635 | — | 703,188,635 | (112,939,890) | 590,248,745 |
| Construction (renovation) | 225,428,409 | 220,079,762 | — | 220,079,762 | (13,714,856) | 206,364,906 |
| Hardscape/landscape | 125,771 | 125,771 | — | 125,771 | — | 125,771 |
| Temporary facilities | 24,330,123 | 21,906,937 | — | 21,906,937 | — | 21,906,937 |
| Furniture, fixtures, and equipment | 50,930,701 | 47,750,405 | — | 47,750,405 | (13,912,971) | 33,837,434 |
| Total structural and equipment costs | <u>998,841,588</u> | <u>993,051,510</u> | <u>—</u> | <u>993,051,510</u> | <u>(140,567,717)</u> | <u>852,483,793</u> |
| Other costs: | | | | | | |
| Land acquisition | 43,272,710 | 43,970,803 | — | 43,970,803 | — | 43,970,803 |
| Demolition | 84,884 | 541,500 | — | 541,500 | — | 541,500 |
| Total other costs | <u>43,357,594</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 | 14,624,155 | 15,348,988 | — | 15,348,988 | (186,299) | 15,162,689 |
| Predesign/programming | 8,394,089 | 8,735,380 | — | 8,735,380 | — | 8,735,380 |
| Design | 133,929,473 | 143,967,982 | — | 143,967,982 | (7,588,361) | 136,379,621 |
| Specialty consulting | 36,043,716 | 40,873,671 | — | 40,873,671 | (222,510) | 40,651,161 |
| Project management | 136,483,348 | 118,234,104 | — | 118,234,104 | (325,165) | 117,908,939 |
| Inspection and testing | 34,255,854 | 35,159,801 | — | 35,159,801 | (886,599) | 34,273,202 |
| Construction management | 503,589 | 523,943 | — | 523,943 | (401,473) | 122,470 |
| Reimbursable expenditures | 11,646,104 | 6,204,701 | — | 6,204,701 | (34,803) | 6,169,898 |
| Total development and support costs | <u>375,880,328</u> | <u>369,048,570</u> | <u>—</u> | <u>369,048,570</u> | <u>(9,645,210)</u> | <u>359,403,360</u> |
| Total college direct costs | <u>1,418,079,510</u> | <u>1,406,612,383</u> | <u>—</u> | <u>1,406,612,383</u> | <u>(150,212,927)</u> | <u>1,256,399,456</u> |
| Programwide costs: | | | | | | |
| Program management | 80,448,593 | 82,078,915 | — | 82,078,915 | — | 82,078,915 |
| Legal consulting fees | 6,031,983 | 6,028,509 | — | 6,028,509 | — | 6,028,509 |
| Compliance and audit fees | 2,642,980 | 2,722,937 | — | 2,722,937 | — | 2,722,937 |
| Bond measure election costs | 523,743 | 585,660 | — | 585,660 | — | 585,660 |
| Rents and leases | 1,264,869 | 1,345,915 | — | 1,345,915 | — | 1,345,915 |
| Total programwide costs | <u>90,912,168</u> | <u>92,761,936</u> | <u>—</u> | <u>92,761,936</u> | <u>—</u> | <u>92,761,936</u> |
| Debt refinancing | 55,595 | — | — | — | — | — |
| Total college direct costs and programwide costs | <u>1,509,047,273</u> | <u>1,499,374,319</u> | <u>—</u> | <u>1,499,374,319</u> | <u>(150,212,927)</u> | <u>1,349,161,392</u> |
| Unallocated interest and other funding | 2,825,304 | | | | | |
| Total college direct costs, programwide costs, and unallocated interest earned | <u>\$ 1,511,872,577</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, 2022

(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, 2022.

(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, 2022.

(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, 2022, 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 \$150,212,927 for the period from April 10, 2001 (inception) through year ended June 30, 2022, 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, 2022

(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, 2022:

| | |
|---|-----------------------------|
| 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, 2022 | <u>106,586,109</u> |
| Total bonds authorized, interest earned, and other | 1,364,530,424 |
| Less expenditures of bond proceeds for the period from April 20, 2001 (inception) through June 30, 2022 | <u>(1,349,161,392)</u> |
| Total authorized and issued bond funds and other bond related sources of funds available at June 30, 2022 | <u><u>\$ 15,369,032</u></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 Schedule 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 schedule of expenditures of bond proceeds of the Proposition A Bond Construction Program (the Program) of the Los Angeles Community College District (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, and have issued our report thereon dated December 22, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the Program's 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 District's 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of the District's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the District's 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

Los Angeles, California
December 22, 2022



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

Schedule of Expenditures of Bond Proceeds
and Unaudited Supplementary Schedule

Year Ended June 30, 2022

(With Independent Auditors' Report Thereon)

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

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KPMG LLP
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Independent Auditors' Report

The Honorable Board of Trustees
Los Angeles Community College District:

Report on the Audit of the Schedule of Expenditures of Bond Proceeds

Opinion

We have audited the schedule of expenditures of bond proceeds of the Proposition AA Bond Constriction Program (the Program) of the Los Angeles Community College District (the District) for the year ended June 30, 2022, and the related notes (the schedule).

In our opinion, the accompanying schedule presents fairly, in all material respects, the expenditures of the bond proceeds of the Program for the year ended June 30, 2022.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Schedule section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

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

Auditors' Responsibilities for the Audit of the Schedule

Our objectives are to obtain reasonable assurance about whether the schedule as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the schedule.

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.



- Identify and assess the risks of material misstatement of the schedule, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the schedule.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the schedule.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the schedule. The accompanying unaudited supplemental schedule of expenditures of bond proceeds is presented for purposes of additional analysis and is not a required part of the schedule. The unaudited supplementary schedule of expenditures of bond proceeds has not been subjected to the auditing procedures applied in the audit of the schedule, and accordingly, we do not express an opinion or provide any assurance on it.

Other Matter — Restriction on Use

Our report is intended solely for the information and use of the District and is not intended to be and should not be used by anyone other than these specified parties.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

KPMG LLP

Los Angeles, California
December 22, 2022

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

Schedule of Expenditures of Bond Proceeds

Year ended June 30, 2022

| | |
|--|-------------------------|
| College direct costs: | |
| Structural and equipment costs: | |
| Construction (renovation) | \$ <u>3,891</u> |
| Total structural and equipment costs | <u>3,891</u> |
| Other costs: | |
| Demolition | <u>8,585</u> |
| Total other costs | <u>8,585</u> |
| Development and support costs: | |
| Specialty consulting | 1,217 |
| Total development and support costs | <u>1,217</u> |
| Total college direct costs | <u>13,692</u> |
| Programwide costs: | |
| Program management | 2,325 |
| Legal consulting fees | 181 |
| Compliance and audit fees | 70 |
| Rents and leases | <u>71</u> |
| Total programwide costs | <u>2,648</u> |
| Total college direct costs and programwide costs | \$ <u><u>16,340</u></u> |

See accompanying notes to schedule of expenditures of bond proceeds.

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

Notes to Schedule of Expenditures of Bond Proceeds

Year ended June 30, 2022

(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 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 contract with Jacobs Project Management Company, was renewed for an additional two years.

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 \$1,274 for the year ended June 30, 2022. This amount is included in Program Management.

(2) Basis of Presentation

The accompanying schedule of expenditures of bond proceeds for the year ended June 30, 2022, 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 schedule 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, 2022, all of the G.O. Bond measure has been issued.

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

Notes to Schedule of Expenditures of Bond Proceeds

Year ended June 30, 2022

(4) Use of Estimates

The preparation of the accompanying schedule 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 schedule 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 schedule of expenditures of bond proceeds through December 22, 2022, the date at which the schedule was available to be issued. The District is not aware of any additional subsequent events, which would require recognition or disclosure in the schedule 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, 2022

(Unaudited)

| | <u>2022 Budget</u> | <u>Period from May 20, 2003 (inception) through Year ended June 30, 2022</u> | <u>Reclassifications</u> | <u>Subtotal</u> | <u>Cumulative reimbursements from the state of California as of June 30, 2022</u> | <u>Cumulative expenditures of bond proceeds for the year ended June 30, 2022</u> |
|--|-------------------------|--|--------------------------|----------------------|---|--|
| College direct costs: | | | | | | |
| Structural and equipment costs: | | | | | | |
| Construction (new) | \$ 386,750,700 | 373,358,909 | — | 373,358,909 | (55,704,747) | 317,654,161 |
| Construction (renovation) | 245,620,012 | 240,335,663 | — | 240,335,663 | (47,227,666) | 193,107,997 |
| Temporary facilities | 6,314,286 | 4,628,833 | — | 4,628,833 | — | 4,628,833 |
| Furniture, fixtures, and equipment | 40,084,809 | 38,109,476 | — | 38,109,476 | (2,828,479) | 35,280,997 |
| Total structural and equipment costs | <u>678,769,807</u> | <u>656,432,880</u> | <u>—</u> | <u>656,432,880</u> | <u>(105,760,892)</u> | <u>550,671,988</u> |
| Other costs: | | | | | | |
| Building acquisition | — | 19,704,402 | — | 19,704,402 | — | 19,704,402 |
| Demolition | 12,560,214 | 12,770,903 | — | 12,770,903 | — | 12,770,903 |
| Total other costs | <u>12,560,214</u> | <u>32,475,305</u> | <u>—</u> | <u>32,475,305</u> | <u>—</u> | <u>32,475,305</u> |
| Development and support costs: | | | | | | |
| Master planning/EIR | 4,314,353 | 4,462,689 | — | 4,462,689 | — | 4,462,689 |
| Pre-design/programming | 1,325,806 | 1,507,904 | — | 1,507,904 | — | 1,507,904 |
| Design | 69,873,408 | 77,941,182 | — | 77,941,182 | (7,830,786) | 70,110,395 |
| Specialty consulting | 33,987,855 | 30,759,520 | — | 30,759,520 | (1,494,707) | 29,264,813 |
| Project management | 83,741,369 | 75,559,101 | — | 75,559,101 | — | 75,559,101 |
| Inspection and testing | 22,058,836 | 22,642,833 | — | 22,642,833 | (200,629) | 22,442,204 |
| Construction management | — | 1,607 | — | 1,607 | 6,776 | 8,383 |
| Reimbursable expenditures | 4,644,237 | 2,951,055 | — | 2,951,055 | (754,703) | 2,196,352 |
| Total development and support costs | <u>219,945,865</u> | <u>215,825,890</u> | <u>—</u> | <u>215,825,890</u> | <u>(10,274,049)</u> | <u>205,551,841</u> |
| Total college direct costs | <u>911,275,886</u> | <u>904,734,075</u> | <u>—</u> | <u>904,734,075</u> | <u>(116,034,941)</u> | <u>788,699,134</u> |
| Programwide costs: | | | | | | |
| Program management | 42,500,552 | 47,484,858 | — | 47,484,858 | — | 47,484,858 |
| Legal consulting fees | 1,118,790 | 1,483,649 | — | 1,483,649 | — | 1,483,649 |
| Compliance and audit fees | 1,585,578 | 1,639,847 | — | 1,639,847 | — | 1,639,847 |
| Bond measure election costs | — | 1,206,719 | — | 1,206,719 | — | 1,206,719 |
| Rents and leases | 6,062,391 | 6,170,149 | — | 6,170,149 | — | 6,170,149 |
| Total programwide costs | <u>51,267,311</u> | <u>57,985,222</u> | <u>—</u> | <u>57,985,222</u> | <u>—</u> | <u>57,985,222</u> |
| Debt refinancing | <u>106,219,531</u> | <u>109,886,025</u> | <u>—</u> | <u>109,886,025</u> | <u>—</u> | <u>109,886,025</u> |
| Total college direct costs and programwide costs | \$ <u>1,068,762,728</u> | <u>1,072,605,322</u> | <u>—</u> | <u>1,072,605,322</u> | <u>(116,034,941)</u> | <u>956,570,381</u> |
| Unallocated interest and other funding | <u>4,151,161</u> | | | | | |
| Total college direct costs, programwide costs, and unallocated interest earned | \$ <u>1,072,913,890</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, 2022

(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, 2022.

(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, 2022.

(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, 2022, 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 \$116,034,941 for the period May 20, 2003 (inception) through year ended June 30, 2022, 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, 2022

(Unaudited)

(3) Reconciliation of Bond Proceeds

The following is a summary of total authorized and issued bond funds available at June 30, 2022:

| | |
|---|----------------------------|
| Bonds authorized and issued | \$ 980,000,000 |
| Other bond related sources of funds: | |
| Interest earned from May 20, 2003 (inception) through June 30, 2022 | 48,315,194 |
| 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 | 1,062,654,966 |
| Less expenditures of bonds proceeds for the period from May 20, 2003 through June 30, 2022 | <u>(1,059,889,757)</u> |
| Total authorized and issued bond funds and other bond related sources of funds available at June 30, 2022 | <u><u>\$ 2,765,209</u></u> |



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Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Proposition AA Bond Construction Schedule 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 schedule of expenditures of bond proceeds of the Proposition AA Bond Construction Program (the Program) of the Los Angeles Community College District (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, and have issued our report thereon dated December 22, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the Program's 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 District's 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of the District's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the District's 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

Los Angeles, California
December 22, 2022