



LOS ANGELES COMMUNITY COLLEGE DISTRICT

Basic Financial Statements and Supplemental Information

June 30, 2023 and 2022

(With Independent Auditors' Report Thereon)

LOS ANGELES COMMUNITY COLLEGE DISTRICT

June 30, 2023 and 2022

Los Angeles, California

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

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Table of Contents

	Page
Financial Section	
Chancellor's Message	i
Independent Auditors' Report	1
Management's Discussion and Analysis (unaudited)	4
Basic Financial Statements:	
Statements of Net Position	15
Statements of Revenue, Expenses, and Changes in Net Position	17
Statements of Cash Flows	18
Notes to Basic Financial Statements	20
Required Supplementary Information (unaudited)	
Schedule of the District's Proportionate Share of the Net Pension Liability and Schedule of District Contributions	48
Schedule of Changes in the Net OPEB Liability and Related Ratios	49
Supplemental Financial Information	
General Fund:	
Schedule of Balance Sheet Accounts	50
Schedule of Revenue, Expenditures, and Changes in Fund Balance Accounts	51
Special Revenue Funds:	
Combined Schedule of Balance Sheet Accounts	52
Combined Schedule of Revenue, Expenditures, and Changes in Fund Balance Accounts	53
Debt Service Fund:	
Schedule of Balance Sheet Accounts	54
Schedule of Revenue, Expenditures, and Changes in Fund Balance Accounts	55

Building Fund:

Schedule of Balance Sheet Accounts 56

Schedule of Revenue, Expenditures, and Changes in Fund Balance Accounts 57

Student Financial Aid Fund:

Schedule of Balance Sheet Accounts 58

Schedule of Revenue, Expenditures, and Changes in Fund Balance Accounts 59

Associated Student Organization Funds:

ASO Fund:

Combined Schedule of Balance Sheet Accounts 60

Combined Schedule of Revenue, Expenditures, and Changes in Fund Balance
Accounts 61

Student Representation Fee Fund:

Combined Schedule of Balance Sheet Accounts 62

Combined Schedule of Revenue, Expenditures, and Changes in Fund Balance
Accounts 63

Reconciliation of Annual Financial and Budget Report (CCFS-311) 64

Reconciliation of Governmental Funds to the Statement of Net Position 65

Notes to Other Supplemental Information 66

Additional Independent Auditors' Report

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed in Accordance
with *Government Auditing Standards* 67

Compliance Section

State Awards

Independent Auditors' Report on State Compliance 69

Other Supplemental Compliance Information

Schedule of District Organization, Board and Administration Members (unaudited) 72

Schedule of State Awards 74

Schedule of Workload Measures for State General Apportionment Annual 2022-23
Apportionment Attendance Report 75

Reconciliation of the 50 Percent Law Calculation to Audited Financial Statements 76

Reconciliation of Education Protection Account (EPA) Expenditures to Audited Financial
Statements 78

Notes to Other Supplemental Compliance Information 79

Summary of Auditors' Results and Schedule of Finding and Questioned Costs

Summary of Auditors' Results 81

Summary of State Award Findings and Questioned Costs 85

Summary Schedule of Prior Year Findings 92

Federal Awards

Independent Auditors' Report on Compliance for Each Major Federal Program and on Internal
Control Over Compliance Required by the Uniform Guidance 100

Independent Auditors' Report on Schedule of Expenditures of Federal Awards 103

Schedule of Expenditures of Federal Awards 105

Notes to Schedule of Expenditures of Federal Awards 111

Summary of Auditors' Results and Schedules of Finding and Questioned Costs

Summary of Auditors' Results 113

Schedule of Federal Award Findings and Questioned Costs 117

Summary Schedule of Prior Year Audit Findings 143

FINANCIAL SECTION



OFFICE OF THE CHANCELLOR

December 13, 2023

The Members, Board of Trustees
Los Angeles Community College District

Dear Board of Trustees:

I have reviewed and am pleased to submit the Annual Financial Report of the Los Angeles Community College District (District) for the fiscal year ended June 30, 2023. This report is presented in six sections, which include an introduction, the Independent Auditors' Report, the Management's Discussion and Analysis, the Basic Financial Statements, the Supplemental Financial Information, and Other Supplemental Information as noted in the table of contents. The report includes all Funds of the Los Angeles Community College District, as well as those of student organizations.

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

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

The nine Los Angeles community colleges comprise one of the nation's largest community college systems, which had its beginning in the California State Legislature in 1907 when the Caminetti Bill was passed permitting high schools to offer postgraduate courses. The Ballard Act of 1917 and the Deering Act of 1929 assured financial support for the state's community colleges.

Office (213) 891-2201
Fax (213) 891-2304
laccd.edu

770 Wilshire Blvd.
Los Angeles, CA 90017

RE: LACCD Annual Financial Report Letter

December 13, 2023

Pg. 2 of 3

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

The Los Angeles Community College District and its nine campuses provide a broad range of educational services to students within the Los Angeles County service area of more than 882 square miles. The District serves approximately 197,232 students, employs approximately 3,912 full-time and 4,230 part-time personnel.

Enrollment

The Los Angeles Community College District’s enrollment for the fiscal year ended June 30, 2023, increased by 4.08% from the previous year. The enrollment figures (credit student headcounts) by campus for the 2022-2023 fiscal years were as follows:

	Fall	Spring
East Los Angeles College	20,990	21,453
Los Angeles City College	12,801	12,689
Los Angeles Harbor College	7,511	7,606
Los Angeles Mission College	9,082	8,962
Los Angeles Pierce College	14,924	14,441
Los Angeles Southwest College	4,876	4,753
Los Angeles Trade-Technical College	10,219	10,042
Los Angeles Valley College	14,675	13,773
West Los Angeles College	8,701	9,044
Total Districtwide	103,779	102,763

The Los Angeles Community College District’s FTES (Full time equivalent student) figures for the fiscal year ended June 30, 2023, the measure by which the state of California funds Community Colleges decreased by 0.02% from 74,230 in fiscal year 2022, to 74,214 in fiscal year 2023. This decline was due to the management decision to shift summer FTES to the subsequent fiscal year. Fiscal year 2023 enrollment by campus are as follows:

RE: LACCD Annual Financial Report Letter

December 13, 2023

Pg. 3 of 3

	<u>Credit</u>	<u>Noncredit</u>
East Los Angeles College	17,120	1,685
Los Angeles City College	7,352	1,057
Los Angeles Harbor College	4,406	143
Los Angeles Mission College	4,999	469
Los Angeles Pierce College	9,971	695
Los Angeles Southwest College	2,721	375
Los Angeles Trade-Technical College	7,908	368
Los Angeles Valley College	8,643	1,048
West Los Angeles College	4,987	267
Total Districtwide	68,107	6,107

Your attention is directed to the Independent Auditors' Report, the Management's Discussion and Analysis, and the Basic Financial Statement sections, which represent the complete representation of the District's financial information.

Sincerely,



Francisco Rodriguez, Ph.D.
Chancellor



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 Audit of the Financial Statements

Opinion

We have audited the financial statements of the Los Angeles Community College District (the District), as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements for the years then ended as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2023 and 2022, and the changes in its financial position and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits 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 of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

U.S. generally accepted accounting principles require that management's discussion and analysis and required supplementary information as listed in the accompanying table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. Although our opinion on the basic financial statements is not affected, management's discussion and analysis does not include the 2021 amounts nor a discussion of the 2022 results in comparison to 2021, which is considered a material departure from prescribed guidelines. We do not express an opinion or provide any assurance on the information.

Supplementary Information

Our audit for the year ended June 30, 2023 was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements for the year ended June 30, 2023. The accompanying supplemental financial information for the year ended June 30, 2023 as listed in the accompanying table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended June 30, 2023 and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2023.



Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2023, 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 21, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Management's Discussion and Analysis

June 30, 2023 and 2022

(Unaudited)

This section presents the management's discussion and analysis (MD&A) of the Los Angeles Community College District's (the District's) financial activities for the fiscal year ended June 30, 2023. The MD&A has been prepared by management and should be read in conjunction with the basic financial statements and the notes thereto, which follow this section.

Financial Highlights

The assets of the District exceeded its liabilities as of June 30, 2023 by \$174.2 million (net position). Of this amount, a net deficit of \$773.6 million is unrestricted net position. The increase in net position of \$76.8 million as of June 30, 2023 in comparison to the prior year is primarily due to increase in special reserve revenues, increase in apportionment funding and increase in realized interest earnings on funds held with the County. The \$437.2 million (restricted net position) may be used for the District's ongoing obligations related to programs with internal and external restrictions.

The net increase in capital assets of \$82.0 million is primarily due to increases in construction related activities.

The District's revenue from operating activities decreased by \$57.0 million while operating expenses increased by \$86.5 million.

Overview of the Basic Financial Statements

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

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

Statements of Net Position

The statements of net position present end-of-year data concerning assets (current and noncurrent), deferred outflow of resources, liabilities (current and noncurrent), deferred inflow of resources, and net position as of June 30, 2023 and 2022. The statements of net position present the assets, liabilities, and net position of the

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Management's Discussion and Analysis

June 30, 2023 and 2022

(Unaudited)

District at June 30, 2023 and 2022. The statement of net position is a point-in-time financial statement. The purpose is to present to the readers of the basic financial statements a fiscal snapshot of the District. From the data presented, readers of the statements of net position are able to determine the assets available to continue the operations of the District. Readers are also able to determine how much the District owes vendors, investors, and lending institutions.

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

Statements of Revenue, Expenses, and Changes in Net Position

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

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

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Management's Discussion and Analysis

June 30, 2023 and 2022

(Unaudited)

Financial Analysis of the District as a Whole

Summary Schedule of Net Position

June 30, 2023 and 2022

	<u>2023</u>	<u>2022 (as restated)</u>	<u>Increase (decrease)</u>
Assets:			
Current and other assets	\$ 1,755,809,041	1,228,478,272	527,330,769
Capital assets, net	<u>4,590,644,005</u>	<u>4,508,671,387</u>	<u>81,972,618</u>
Total assets	6,346,453,046	5,737,149,659	609,303,387
Deferred outflows of resources	<u>495,608,750</u>	<u>487,818,360</u>	<u>7,790,390</u>
Total assets and deferred outflows of resources	<u>\$ 6,842,061,796</u>	<u>6,224,968,019</u>	<u>617,093,777</u>
Liabilities:			
Current liabilities	\$ 756,088,549	500,137,008	255,951,541
Noncurrent liabilities	<u>5,613,605,379</u>	<u>5,001,059,006</u>	<u>612,546,373</u>
Total liabilities	6,369,693,928	5,501,196,014	868,497,914
Deferred inflows of resources	<u>298,123,759</u>	<u>626,355,349</u>	<u>(328,231,590)</u>
Total liabilities and deferred inflows of resources	<u>\$ 6,667,817,687</u>	<u>6,127,551,363</u>	<u>540,266,324</u>
Net position:			
Net investment in capital assets	\$ 510,621,686	490,497,169	20,124,517
Restricted – expendable	437,172,653	505,644,036	(68,471,383)
Unrestricted	<u>(773,550,230)</u>	<u>(898,724,549)</u>	<u>125,174,319</u>
Total net position	<u>\$ 174,244,109</u>	<u>97,416,656</u>	<u>76,827,453</u>

Current and other assets increased by \$527.3 million. The net increase is due in part to the following:

- (1) A \$333.2 million net increase in restricted investments is primarily due to \$600.0 million in new Measure J and Measure CC General Obligation (G.O.) Bonds funds received during fiscal year 2022-23, net of ongoing construction related costs.
- (2) A \$38.0 million net decrease in deposit with trustee resulting from on-going repayment of outstanding bonds and related interests.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Management's Discussion and Analysis

June 30, 2023 and 2022

(Unaudited)

- (3) A \$189.2 million increase in cash and cash equivalents is primarily due to \$128.1 million increase in advance funding for several specially funded programs and \$34.4 million in new funding for scheduled maintenance.
- (4) A \$12.0 million decrease in prepaid expenses is related to usage of previously paid for inventory and services as part of on-going construction activities.
- (5) A \$56.0 million increase in accounts receivable is primarily due to delayed payment of apportionment funds from State.

Deferred outflows of resources increased by \$7.8 million. The net increase is due to the following:

- (1) A net \$23.2 million increase in pension and OPEB outflows caused by changes in the District's proportionate share of pension obligations and OPEB, including increase in employer contributions subsequent to measurement date that are not accounted for in expenses.
- (2) A \$15.4 million decrease in deferred outflow of resources-debt refunding is due to current interest expense recognition.

Current liabilities increased by \$256.0 million. The net increase is due in part to the following:

- (1) A \$94.6 million increase in accounts payable and accrued liabilities include \$55.9 million in the Education Protection Act (EPA) funds to be returned to State as a result of changes to apportionment funding sources as announced by the State Chancellor's office in June 2023; increase in other payables related to on-going construction activities.
- (2) A \$128.1 million increase in deferred revenue due to advance funding of several specially funded programs.
- (3) A 9.0 million increase in accrued interest liabilities that is primarily related to servicing of bond related debts.

Noncurrent liabilities increased by \$612.5 million. The net increase is due in part to the following:

- (1) A \$221.3 million increase in pension obligations primarily due to increase in actuarially determined obligations over plan assets.
- (2) A \$41.4 million increase in OPEB obligations, due to investment loss and changes to actuarially determined liability.
- (3) A net \$356.0 million increase in the noncurrent portion of long-term debt due to issuance of new GO bonds offset by debt payments of \$245.8 million.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Management's Discussion and Analysis

June 30, 2023 and 2022

(Unaudited)

Deferred inflows of resources decreased by \$328.2 million. The net decrease is due to changes in CalPERS, CalSTRS and, OPEB investment earnings, and changes in actuarial assumptions used.

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

Years ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022 (as restated)</u>	<u>Change</u>
Revenue:			
Operating revenue:			
Net tuition and fees	\$ 36,114,336	35,168,987	945,349
Grants and contracts, noncapital	189,487,831	251,042,011	(61,554,180)
Other	17,261,192	13,612,394	3,648,798
Other revenue:			
State apportionments, capital	37,396,970	26,528,492	10,868,478
Federal subsidy	22,171,259	20,028,001	2,143,258
Local tax for G.O. bonds	288,921,026	457,485,563	(168,564,537)
Nonoperating revenue:			
State apportionments, noncapital	513,112,086	456,281,224	56,830,862
Property taxes	303,160,721	269,549,565	33,611,156
Investment loss	(2,110,262)	(34,291,437)	32,181,175
Federal financial aid grants, noncapital	168,747,558	227,836,409	(59,088,851)
State financial aid grants, noncapital	80,587,124	51,674,084	28,913,040
Other	31,212,805	13,419,562	17,793,243
Total revenue	<u>1,686,062,646</u>	<u>1,788,334,855</u>	<u>(102,272,209)</u>
Expenses:			
Operating expenses:			
Salaries	591,767,021	547,007,964	44,759,057
Employee benefits, pension, and OPEB	161,722,645	112,068,351	49,654,294
Supplies, materials, and other operating expenses and services	223,443,687	211,957,105	11,486,582
Student grants	249,334,681	279,510,493	(30,175,812)
Depreciation and other	211,165,357	201,576,615	9,588,742
Total operating expenses	<u>1,437,433,391</u>	<u>1,352,120,528</u>	<u>85,312,863</u>
Nonoperating expenses:			
Interest expense	170,726,881	157,581,440	13,145,441
Other	1,074,921	1,398,000	(323,079)
Total expenses	<u>1,609,235,193</u>	<u>1,511,099,968</u>	<u>98,135,225</u>
Change in net position	76,827,453	277,234,887	(200,407,434)
Net position:			
Beginning of year	<u>97,416,656</u>	<u>(179,818,231)</u>	<u>277,234,887</u>
Net position, end of year	\$ <u>174,244,109</u>	<u>97,416,656</u>	<u>76,827,453</u>

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Management's Discussion and Analysis

June 30, 2023 and 2022

(Unaudited)

Operating revenue decreased by \$57.0 million. This is caused by decrease to grants and contracts primarily due to the completion of Higher Education Emergency Relief Fund (HEERF) program activities.

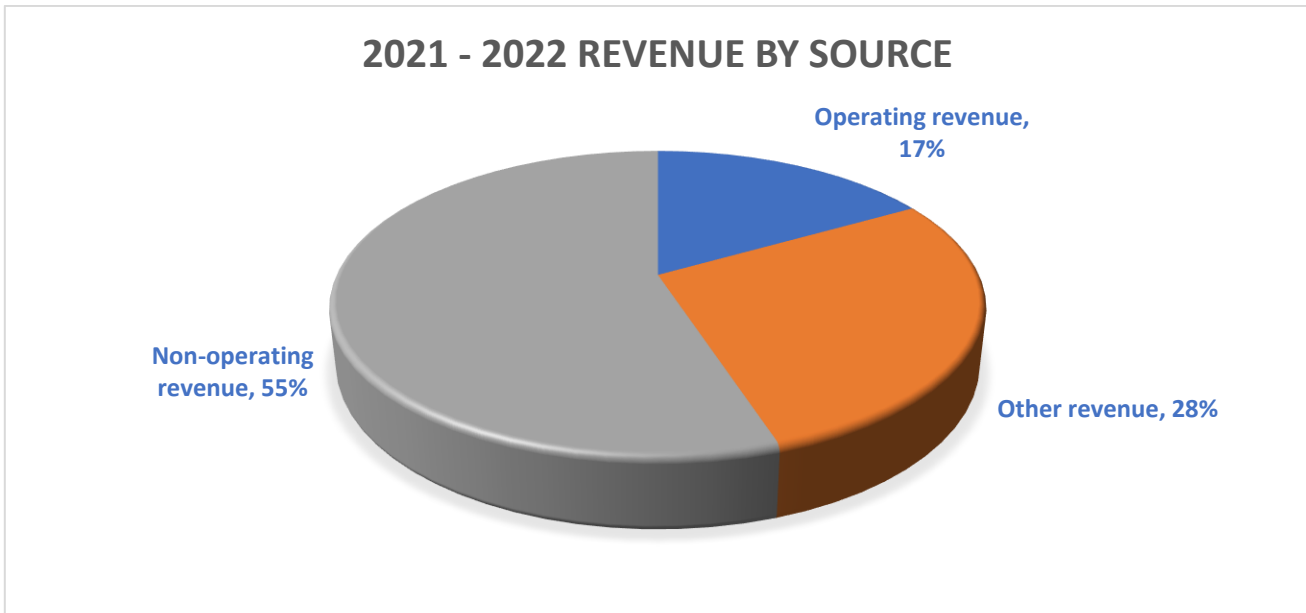
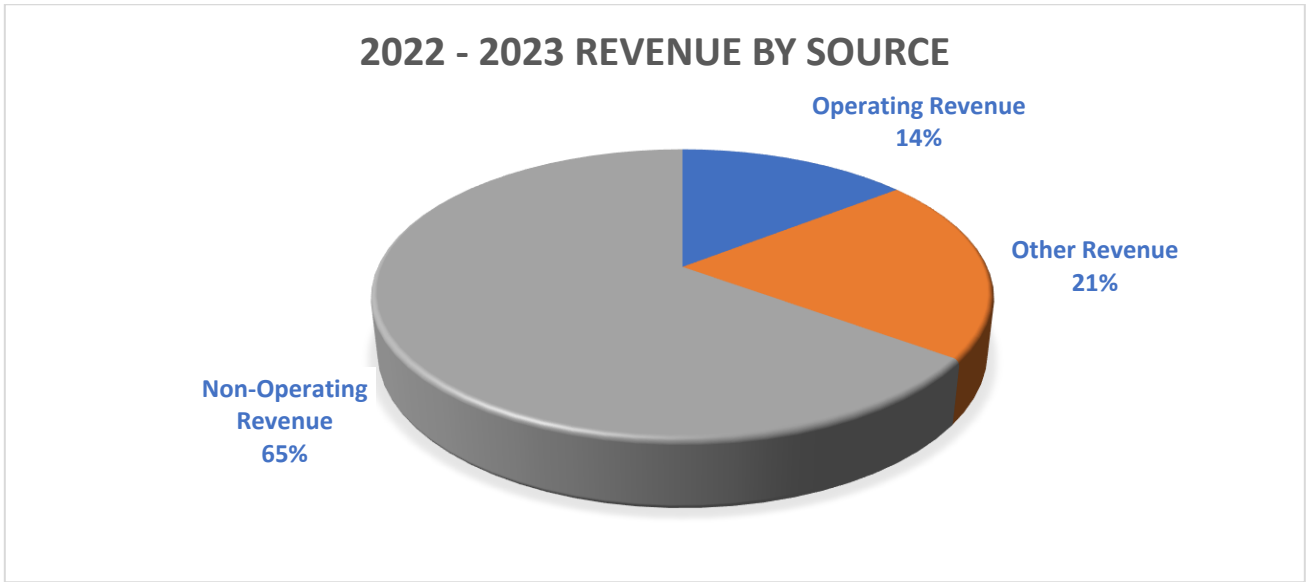
Other revenue decreased by \$155.6 million. The net decrease is due in part to the following:

- (1) A \$168.6 million decrease in local tax for G.O. bonds revenue related to the County's schedule in levying property taxes for the repayment of bond principal and interest liabilities as they become due.
- (2) A \$10.9 million increase in funding capital outlay projects under the Community College Construction Act.

Nonoperating revenue increased by \$110.2 million. The net increase is due in part to the following:

- (1) A \$56.8 million increase in state apportionments (non-capital) due to increase in the rate per full time equivalent student.
- (2) A \$59.1 million decrease in Federal Financial aid grants mostly related to the completion of HEERF grant program compared to prior year.
- (3) A \$28.9 million increase in State Financial aid grants related to addition of new State Financial Aid Grants.
- (4) A \$33.6 million increase in property taxes related to increase in assessed property values within the Los Angeles County.
- (5) A \$32.2 million increase in investment income resulting from realized and unrealized gains on investments held with the Los Angeles County Treasurer.
- (6) A \$17.8 million increase in other income related to a one-time state supplemental funding for student programs.

LOS ANGELES COMMUNITY COLLEGE DISTRICT
Management's Discussion and Analysis
June 30, 2023 and 2022
(Unaudited)



Operating expenses increased by \$86.5 million. The net increase is due in part to the following:

- (1) A \$44.8 million increase in employee salaries related to cost-of-living allowance adjustments.
- (2) A \$24.5 million increase in employee benefits related to increase in healthcare premium costs.

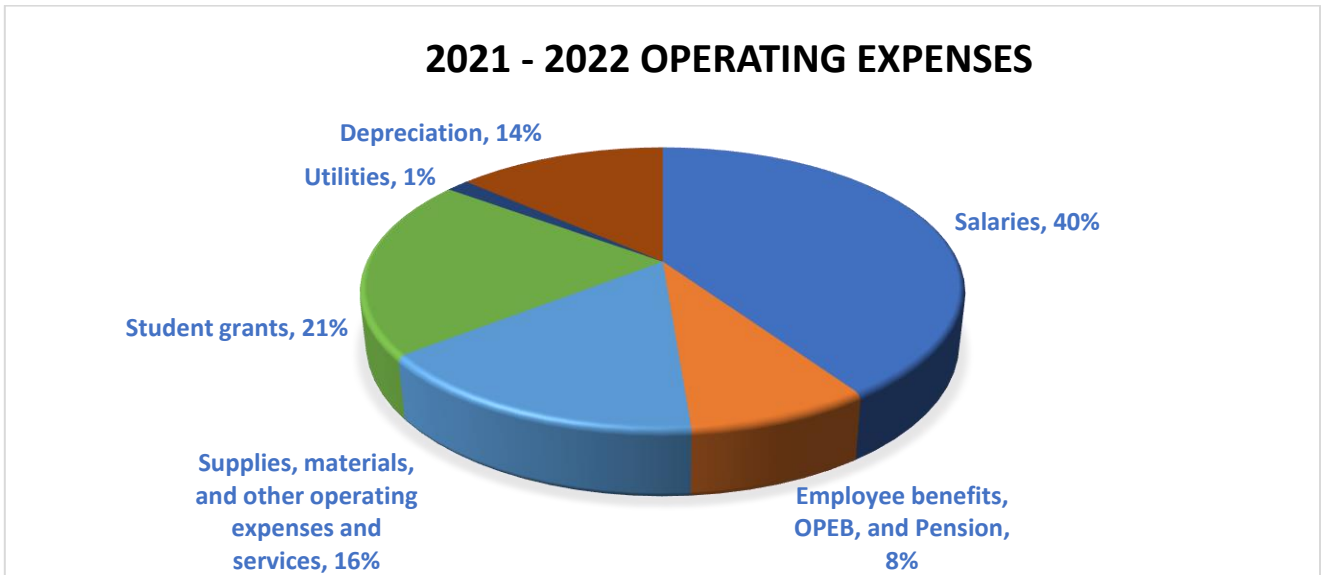
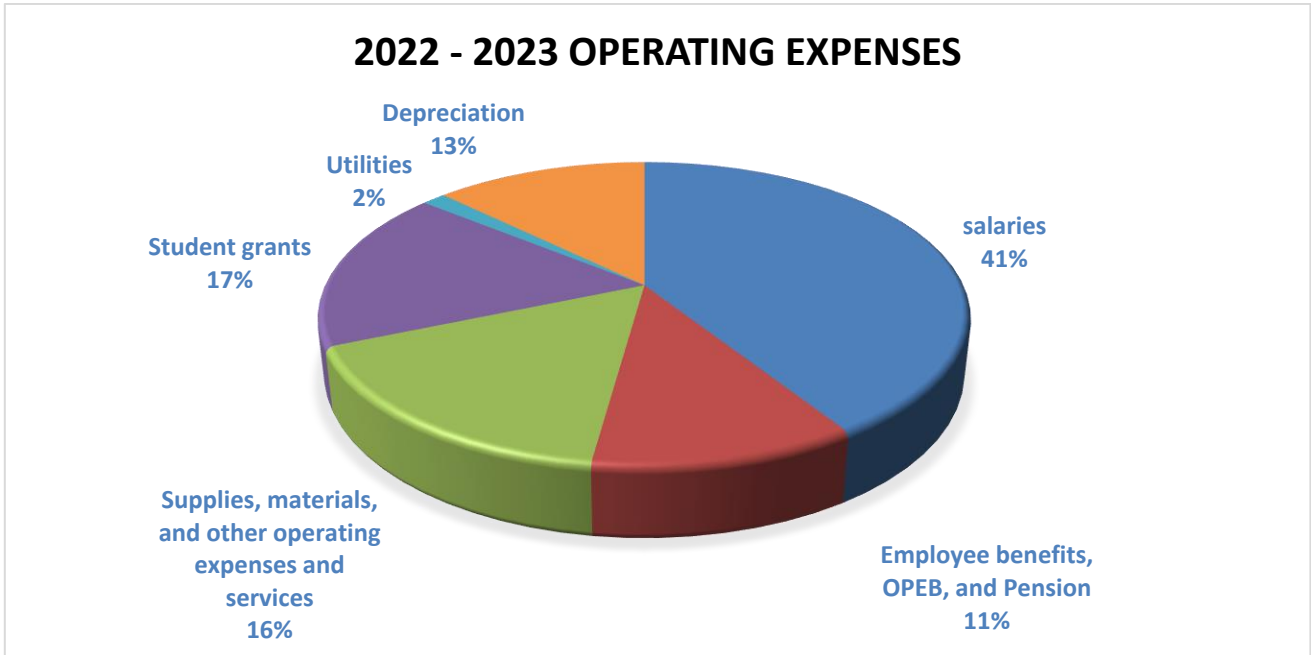
LOS ANGELES COMMUNITY COLLEGE DISTRICT

Management's Discussion and Analysis

June 30, 2023 and 2022

(Unaudited)

(3) A \$22.6 million increase in pensions expenses is related to increase in employer contribution rate to retirement.



LOS ANGELES COMMUNITY COLLEGE DISTRICT

Management's Discussion and Analysis

June 30, 2023 and 2022

(Unaudited)

Capital Assets and Debt Administration

Capital Assets

The District's investment in capital assets, net of accumulated depreciation, totaled \$4.59 billion and \$4.51 billion at June 30, 2023 and 2022, respectively. This investment comprises a broad range of capital assets, including land, buildings, construction in progress, subscription-based IT arrangements, infrastructure and land improvements, and furniture, fixtures and equipment.

The following schedule summarizes the District's capital assets as of June 30, 2023 and 2022:

	Capital Assets, Net	
	Balance at June 30	
	2023	2022
Land	\$ 198,829,856	198,829,856
Land improvements	573,271,071	562,786,800
Buildings	4,921,870,552	4,861,293,724
Construction in progress	853,303,574	675,845,409
Works of art	518,000	518,000
Library books and reference materials	16,205	16,205
Subscription-based IT arrangements	13,988,612	4,969,892
Furniture and equipment	230,435,809	218,807,553
Infrastructure	<u>14,162,634</u>	<u>14,162,634</u>
Total	6,806,396,313	6,537,230,073
Less accumulated depreciation	<u>(2,218,752,308)</u>	<u>(2,028,558,686)</u>
Net capital assets	<u>\$ 4,587,644,005</u>	<u>4,508,671,387</u>

In fiscal year 2023, the District added \$272.8 million of capital asset and depreciation of \$190.8 million.

During the year ended June 30, 2023, the District's investments in facility master plans, construction, and building improvements increased due to funding from Proposition A, Proposition AA, Measure J, and Measure CC bonds.

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

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

In May 2003, the voters passed another G.O. bond, Proposition AA, for \$980.0 million. The bond measure was designed to finance construction, building acquisition, equipment, and improvement of college and support

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Management's Discussion and Analysis

June 30, 2023 and 2022

(Unaudited)

facilities at the various campuses of the District and refinance other outstanding debts of the District and colleges.

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

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

Approximately \$6.4 billion has been spent to date for Proposition A, Proposition AA, Measure J, and Measure CC bonds combined for several capital projects at all nine colleges and to refinance outstanding debt (Certificates of Participation Notes) at both the District and colleges. The District anticipates completion of these capital projects by the year 2030. The District has issued to date all the authorized amounts of Proposition A and Proposition AA bonds, \$3.3 billion of Measure J and \$750.0 million of Measure CC authorization amounts.

Long-Term Debt

At June 30, 2023 and 2022, the District had \$4.5 billion and \$4.1 billion in long-term debt, respectively. The District's long-term debt increased during the year ended June 30, 2023, primarily as a result of issuance of G.O. bonds.

	<u>2023</u>	<u>2022</u>
G.O. bonds:		
Proposition A and AA, 2004 Series	\$ 33,670,000	33,670,000
Measure J, 2009 Series	75,000,000	75,000,000
Measure J, 2010 Series	1,025,000,000	1,025,000,000
Measure J, 2013 Series	7,000,000	13,000,000
Measure J, 2013 Series Refunding Bond	4,290,000	8,380,000
Measure J 2015 Series G	23,585,000	30,765,000
Proposition A, AA and Measure J 2015 Refunding Series A	100,790,000	144,260,000
2015 Proposition A, and AA Refunding Series B	10,115,000	14,965,000
Proposition A 2015 Refunding Series C	148,960,000	178,565,000
Measure J 2016 Series I	177,255,000	184,220,000
Measure J 2016 Refunding	172,315,000	173,020,000
Measure J 2017 Series J	231,845,000	239,880,000
Measure J 2019 Series K	275,440,000	275,440,000
2020 Refunding Bond	1,715,465,000	1,750,350,000
Measure CC 2022 Series C-1 and C-2	300,000,000	—
Measure J 2022 Series L	200,000,000	—
	<u>\$ 4,500,730,000</u>	<u>4,146,515,000</u>

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Management's Discussion and Analysis

June 30, 2023 and 2022

(Unaudited)

The District's debt rating from Moody's was Aaa at year ended June 30, 2023 and 2022 respectively. The District's debt rating from Standard and Poor's was AA+ at year ended June 30, 2023 and 2022.

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

Economic Factors

On July 10, 2023, the Governor signed the \$310.8 billion 2023-2024 State Budget Act plus additional trailer bills that impact the California Community Colleges. The 2023-2024 State Budget includes a total investment in Proposition 98 of \$108.3 billion. The 2023-24 budget provides total additional resources of roughly \$308.6 million to California Community Colleges apportionments and categorical programs.

Funding for the EPA will continue due to the passage of Proposition 55 in November 2016, of which the District will receive \$49.4 million for the 2023-2024 fiscal year.

Student Enrollment and State Funding

The student enrollment fee remains at \$46 per unit in 2023–2024. The Community College System is in the sixth year of the implementation of the Student-Centered Funding Formula (SCFF), which moves a portion of general fund apportionment away from enrollment-based funding and now recognizes student equity and outcomes. The SCFF includes a hold-harmless provision, which was modified to now include a funding floor. The District's 2024-25 funding will represent its new "floor", below which state apportionment cannot drop. Starting in 2025-26, LACCD will be funded at the SCFF generated amount that year or the new "floor" (2024-25 funding amount), whichever is higher.

Contacting the District's Financial Management

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

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Statements of Net Position

June 30, 2023 and 2022

Assets and Deferred Outflows of Resources	2023	2022 (as restated)
Current assets:		
Cash and cash equivalents (note 3)	\$ 667,312,273	480,210,347
Accounts receivable, net of allowance	197,695,938	141,660,590
Student loans receivable, net-current portion	—	80,499
Deposit with trustee – current portion (note 3)	344,918,691	304,964,658
Inventory	2,765,516	3,029,772
Prepaid expenses and other assets	<u>3,709,833</u>	<u>15,744,293</u>
Total current assets	<u>1,216,402,251</u>	<u>945,690,159</u>
Noncurrent assets:		
Restricted cash and cash equivalents (note 3)	8,304,008	6,249,051
Restricted investments (note 3)	485,079,804	151,867,902
Student loans receivable, net of allowance – noncurrent portion	—	681,485
Deposit with trustee – noncurrent portion (note 3)	46,022,978	123,989,675
Capital assets (note 4):		
Land	198,829,856	198,829,856
Land improvements	576,271,071	562,786,800
Buildings	4,921,870,552	4,861,293,724
Construction in progress	853,303,574	675,845,409
Library books and reference materials	16,205	16,205
Subscription-based information technology arrangements	13,988,612	4,969,892
Works of art	518,000	518,000
Furniture, fixtures, and equipment	230,435,809	218,807,553
Infrastructure	<u>14,162,634</u>	<u>14,162,634</u>
	6,809,396,313	6,537,230,073
Accumulated depreciation	<u>(2,218,752,308)</u>	<u>(2,028,558,686)</u>
Capital assets, net	<u>4,590,644,005</u>	<u>4,508,671,387</u>
Total assets	6,346,453,046	5,737,149,659
Deferred outflow of resources – pensions (note 5)	174,219,679	137,277,315
Deferred outflow of resources – OPEB (note 6)	141,472,392	155,243,908
Deferred outflow of resources – debt refunding (note 8)	<u>179,916,679</u>	<u>195,297,137</u>
Total assets and deferred outflow of resources	<u>\$ 6,842,061,796</u>	<u>6,224,968,019</u>

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Statements of Net Position

June 30, 2023 and 2022

Liabilities, Deferred Inflows of Resources, and Net Position	2023	2022 (as restated)
Current liabilities:		
Accounts payable and accrued liabilities	\$ 248,204,954	153,617,454
Unearned revenue	214,087,358	85,956,477
Compensated absences (note 8)	11,366,497	10,692,171
Supplemental retirement plan (note 8)	5,385,111	5,406,817
General liability (notes 8 and 9)	7,311,675	5,034,123
Workers' compensation (notes 8 and 9)	3,937,678	3,658,907
Accrued interest and other accrued liabilities	77,366,518	68,334,718
Amounts held in trust for others	620,781	531,417
Short-term subscription liability (note 4)	1,170,739	1,587,331
Long-term debt – current (note 8)	186,333,739	165,130,913
Lease liability – current (note 8)	303,499	186,680
Total current liabilities	756,088,549	500,137,008
Noncurrent liabilities:		
Compensated absences (note 8)	12,529,420	12,489,288
Supplemental retirement plan (note 8)	8,072,755	12,780,056
General liability (notes 8 and 9)	4,614,325	6,630,877
Workers' compensation (notes 8 and 9)	30,668,322	31,088,093
Net pension liability (note 5)	678,639,932	457,319,889
Net OPEB obligation (note 6)	405,901,413	364,535,924
Long-term subscription liability (note 4)	1,351,240	522,852
Long-term debt, net of current portion (note 8)	4,471,270,102	4,115,230,694
Lease liability, net of current portion (note 8)	557,870	461,333
Total noncurrent liabilities	5,613,605,379	5,001,059,006
Total liabilities	6,369,693,928	5,501,196,014
Deferred inflow of resources – pension (note 5)	88,254,131	317,627,986
Deferred inflow of resources – OPEB (note 6)	209,869,628	308,727,363
Total liabilities and deferred inflows	\$ 6,667,817,687	6,127,551,363
Net position:		
Net investment in capital assets	\$ 510,621,686	490,497,169
Restricted for:		
Expendable:		
Scholarships and loans	12,773,351	12,420,507
Capital projects	15,616,627	22,173,046
Debt service	354,207,322	422,550,107
Other special purposes	54,575,353	48,500,376
Unrestricted	(773,550,230)	(898,724,549)
Total net position	\$ 174,244,109	97,416,656

See accompanying notes to basic financial statements.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Statements of Revenue, Expenses, and Changes in Net Position

June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u> <u>(as restated)</u>
Operating revenue:		
Tuition and fees	\$ 91,726,387	87,998,449
Less scholarship discounts and allowances	<u>(55,612,051)</u>	<u>(52,829,462)</u>
Net tuition and fees	<u>36,114,336</u>	<u>35,168,987</u>
Grants and contracts, noncapital:		
Federal	77,122,705	133,887,261
State	78,767,849	95,385,234
Local	<u>33,597,277</u>	<u>21,769,516</u>
Net grants and contracts, noncapital	189,487,831	251,042,011
Auxiliary enterprise sales and charges	<u>17,261,192</u>	<u>13,612,394</u>
Total operating revenue	<u>242,863,359</u>	<u>299,823,392</u>
Operating expenses:		
Salaries	591,767,021	547,007,964
Employee benefits, pension, and OPEB	161,722,645	112,068,351
Supplies, materials, and other operating expenses and services	223,443,687	211,957,105
Student grant	249,334,681	279,510,493
Utilities	20,390,539	19,617,413
Depreciation	<u>190,774,818</u>	<u>181,959,202</u>
Total operating expenses	<u>1,437,433,391</u>	<u>1,352,120,528</u>
Operating loss	<u>(1,194,570,032)</u>	<u>(1,052,297,136)</u>
Nonoperating revenue and gains (expenses and losses):		
State apportionments, noncapital	513,112,086	456,281,224
Local property taxes	303,160,721	269,549,565
State taxes and other revenue	1,085,192	1,092,575
Investment income – noncapital	9,724,318	1,295,226
Investment income – capital	19,412,819	2,016,593
Interest expense on capital asset-related debt	<u>(170,726,881)</u>	<u>(157,581,440)</u>
Federal financial aid grants, noncapital	168,747,558	227,836,409
State financial aid grants, noncapital	80,587,124	51,674,084
Other nonoperating revenue	30,127,613	12,326,987
Other nonoperating expense	<u>(1,074,921)</u>	<u>(1,398,000)</u>
Investment loss	<u>(31,247,399)</u>	<u>(37,603,256)</u>
Total nonoperating revenue, net	<u>922,908,230</u>	<u>825,489,967</u>
Loss before other revenue, expenses, gains, or losses	<u>(271,661,802)</u>	<u>(226,807,169)</u>
State apportionments, capital	37,396,970	26,528,492
Federal subsidy	22,171,259	20,028,001
Local tax for G.O. bonds	<u>288,921,026</u>	<u>457,485,563</u>
Change in net position	76,827,453	277,234,887
Net position:		
Beginning of year, as adjusted	<u>97,416,656</u>	<u>(179,818,231)</u>
End of year	\$ <u>174,244,109</u>	\$ <u>97,416,656</u>

See accompanying notes to basic financial statements.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Statements of Cash Flows

June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Tuition and fees	\$ 28,690,136	49,045,818
Grants and contracts	351,078,366	282,205,303
Payments to suppliers	(190,524,642)	(214,276,057)
Payments for student grants	(269,373,737)	(249,103,360)
Payments for utilities	(20,390,539)	(19,617,413)
Payments to employees	(595,013,011)	(542,744,421)
Payments for benefits	(251,853,804)	(222,685,192)
Bookstore and cafeteria sales	16,224,271	13,945,537
Net cash used in operating activities	<u>(931,162,960)</u>	<u>(903,229,785)</u>
Cash flows from noncapital financing activities:		
State apportionments	493,391,983	518,729,780
Property taxes	303,160,721	269,549,565
State taxes and other revenues	1,085,192	1,092,575
Federal financial aid grants	168,747,558	227,836,409
State financial aid grants	80,587,124	51,674,084
Other receipts	30,658,283	12,708,298
Net cash provided by noncapital financing activities	<u>1,077,630,861</u>	<u>1,081,590,711</u>
Cash flows from capital financing activities:		
Proceeds from capital debt	597,777,491	—
Capital appropriations, local property tax, grant and gift, capital	37,396,970	26,528,492
Local tax for G.O. bond	368,939,384	464,513,108
Purchases of capital assets	(254,307,712)	(213,185,161)
Principal paid on capital debt	(245,785,000)	(262,735,000)
Interest paid on capital debt	(167,383,942)	(166,356,749)
Net cash provided by (used in) capital and related financing activities	<u>336,637,191</u>	<u>(151,235,310)</u>
Cash flows from investing activities:		
Proceeds from sales and maturity of Investments	689,354,656	632,245,335
Interest on investments	(11,509,486)	(34,510,161)
Purchase of Investments	(971,793,379)	(426,483,353)
Net cash (used in) provided by investing activities	<u>(293,948,209)</u>	<u>171,251,821</u>
Net increase in cash and cash equivalents	189,156,883	198,377,437
Cash and cash equivalents – beginning of the year	<u>486,459,398</u>	<u>288,081,961</u>
Cash and cash equivalents – end of year	<u>\$ 675,616,281</u>	<u>486,459,398</u>
Reconciliation of cash and cash equivalents:		
Cash and cash equivalents	\$ 667,312,273	480,210,347
Restricted cash and cash equivalents	8,304,008	6,249,051
Total	<u>\$ 675,616,281</u>	<u>486,459,398</u>

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Statements of Cash Flows

June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u> <u>(as restated)</u>
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (1,194,570,032)	(1,052,297,136)
Depreciation expense	190,774,818	181,959,202
Adjustments to reconcile operating loss to net cash used in operating activities:		
Receivables, net	7,330,971	42,261,461
Inventory	264,256	736,583
Other assets	12,051,116	(917,161)
Accounts payable	16,541,544	33,200,550
Unearned revenue	128,130,881	545,271
Amounts held in trust for others	89,364	33,061
General liability	261,000	147,000
Workers' compensation	(141,000)	(309,000)
Supplemental retirement	(4,729,007)	(10,303,320)
Compensated absences	714,458	(1,897,305)
Net OPEB obligation	(43,720,730)	(47,140,624)
Net pension obligations	(44,996,176)	(48,912,779)
Other liabilities	835,577	(335,588)
Net cash used in operating activities	\$ <u>(931,162,960)</u>	<u>(903,229,785)</u>
Noncash capital financing activities:		
Equipment acquired through new capital lease obligations	\$ 552,400	543,543
Subscription-Based Information Technology Arrangements	2,521,979	2,110,183
Additions to capital assets included in accounts payable	18,840,875	(4,616,239)
Changes in unrealized loss of investments	(31,247,399)	(37,603,256)

See accompanying notes to basic financial statements.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements

June 30, 2023 and 2022

(1) Organization and Reporting Entity

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

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

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

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

(b) Financial Reporting

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

(c) Net Position

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

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

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

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements

June 30, 2023 and 2022

Restricted nonexpendable: Subject to externally imposed conditions where the principal portion of net position is not to be expended for any reason. Only interest earned by the principal portion can be expended on purposes designated by the externally imposed conditions.

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

(d) Cash and Cash Equivalents

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

(e) Properties and Depreciation

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

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

Land improvements	15 years
Buildings	50 years
Furniture, fixtures, and equipment	3 to 7 years
Infrastructure	15 years
Library books and reference materials	7 years

The District's capitalization threshold is as follows:

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

(f) Accrued Employee Benefits

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

(g) Operating Revenue and Expenses

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

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements

June 30, 2023 and 2022

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

The District recognizes income when earned. During fiscal year 2022–23, funds received but not earned were recorded as unearned revenue.

(h) Reclassification

The fiscal year 2021–22 financial statements have been reclassified to conform with the fiscal year 2022–23 presentation.

(i) Income Taxes

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

(j) Estimates

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

(k) New Accounting Standards

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

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, effective for the District's fiscal year beginning July 1, 2022. The purpose of this statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. The guidance covers the recognition of the right to use as an asset, corresponding liability and provides capitalization criteria for outlays other than subscription payments, including implementation costs of SBITA. Management has reviewed and implemented the requirements of GASB Statement No. 96 as of fiscal year 2022-23. As part of the implementation, the District restated its fiscal year 2021-22 financial statements, recording a net increase of \$1,234,998 in net position. Refer to Footnote 4, Capital Assets for additional details.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements

June 30, 2023 and 2022

Changes to Fiscal Year 2021-22 Net Position Due to GASB 96 Implementation

July 1, 2021 reported Net Position	\$ (181,053,229)
Adjustments to Operating Expense due to GASB 96 Implementation	<u>1,234,998</u>
July 1, 2021 reported Net Position, as adjusted	<u>\$ (179,818,231)</u>

In April, 2022, the GASB issued Statement No. 99, *Omnibus 2023*. The purpose of this statement is to provide guidance on the accounting and financial reporting for specific issues related to leases, subscription-based IT arrangements, benchmark interest rate, non-monetary transaction disclosures, pledges of future revenues and focus of the government-wide financial statements. The requirements related to financial guarantees and derivative instruments are effective for the district's fiscal year starting July 1, 2023. The requirements related to leases, PPPs and SBITAs and the requirements related to extension of the use of LIBOR, SNAP distribution accounting, nonmonetary transaction disclosures, pledges of future revenues by pledging governments and terminology updates are not applicable to the District. Management has not yet determined the impact of GASB Statement No. 99 requirements on derivative instruments on the District's financial statements.

In June, 2023 the GASB issued Statement No. 100, *Accounting Changes and Error Corrections-an amendment of GASB Statement No. 62*, effective for the district's fiscal year starting July 1, 2024. The main purpose of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions and assessing accountability. The statement addresses the definition of accounting changes and correction of errors in previously issued financial statements. Management has not yet determined the impact of GASB Statement No. 91 on the District's financial statements.

In June, 2023, the GASB issued Statement No. 101, *Compensated Absences*, effective for the districts fiscal year starting July 1, 2025. The purpose of this statement is to provide guidance on recognition and measurement for compensated absences by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Management has not yet determined the impact of GASB Statement No. 101 on the District's financial statements.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements

June 30, 2023 and 2022

(3) Cash and Investments

Cash and investments at June 30, 2023 and 2022 consist of the following:

	2023	2022
Cash and cash equivalents in the county's treasury	\$ 582,792,924	399,470,514
Cash in banks	92,823,357	86,988,884
Total cash and cash equivalents	675,616,281	486,459,398
Investments and deposits with trustee:		
Investments in the county's treasury	871,841,172	576,715,316
Other	4,180,301	4,106,919
Total investments and deposits with trustee	876,021,473	580,822,235
Total cash, and investments and deposits with trustee	\$ 1,551,637,754	1,067,281,633

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

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

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

At June 30, 2023 and 2022, the District had \$1,454,634,096 and \$976,185,830 in cash, cash equivalents, and investments in the Los Angeles County Treasurer's Pool (the County Pool), respectively. The District reports amounts involuntarily invested in the County Pool as cash and cash equivalents as they function as a demand deposit account for the District and can be withdrawn from the pool without notice or penalty. The District reports amounts voluntarily invested in the County Pool

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements

June 30, 2023 and 2022

(such as unspent bond proceeds and local property tax collected to pay bond principal and interest) as investments given the potential limitations imposed on withdrawals as well as the weighted average life of the County's Pooled investments.

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

The Los Angeles County Treasurer's pooled investments are managed by the County's treasurer, who reports on a monthly basis to the County's supervisors. In addition, the function of the County Treasury Oversight Committee is to review and monitor the County's investment policy. The committee membership includes the treasurer and tax collector, the auditor controller, superintendent of schools, chief administrative officer, and a non-County representative. To manage the liquidity in the County Pool while still capturing the higher yield offered by longer maturities, the County's investment guidelines target a portfolio weighted average maturity range between 1.0 and 4.0 years. The weighted average maturity of cash and investments in the County Pool was 2.06 years and 2.56 years at June 30, 2023 and 2022, respectively. To mitigate the risk of securities with longer-term maturities in the investment pool, the treasurer has limited maturities that exceed one year to 75% of the last three years' average minimum total cash and investment. The investments in the County Pool with maturities that exceeded one year represented 38.50% and 39.88% of the total pool at June 30, 2023 and 2022, respectively.

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

(b) Other Investments

The District's other investments at June 30, 2023 and 2022 consist of nonnegotiable certificates of deposit held by the associated student organizations of \$4,180,301 and \$4,106,919, respectively. Securities, such as commercial paper and certificates of deposit, with short maturities and infrequent secondary market trades are typically priced via mathematical calculations and are therefore classified as Level 2 in the fair value hierarchy.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements

June 30, 2023 and 2022

(c) Fair Value Hierarchy

The following table summarizes the District's investments at June 30, 2023 in accordance with the fair value measurement hierarchy:

<u>Investment type</u>	<u>Fair value</u>	<u>Not required to be leveled</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Certificates of deposit	\$ 4,180,301	—	—	4,180,301	—
Investment in the county pool	871,841,172	871,841,172	—	—	—
Total investments	<u>\$ 876,021,473</u>	<u>871,841,172</u>	<u>—</u>	<u>4,180,301</u>	<u>—</u>

The following table summarizes the District's investments at June 30, 2022 in accordance with the fair value measurement hierarchy:

<u>Investment type</u>	<u>Fair value</u>	<u>Not required to be leveled</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Certificates of deposit	\$ 4,106,919	—	—	4,106,919	—
Investment in the county pool	576,715,316	576,715,316	—	—	—
Total investments	<u>\$ 580,822,235</u>	<u>576,715,316</u>	<u>—</u>	<u>4,106,919</u>	<u>—</u>

(4) Capital Assets

A summary of changes in capital assets is as follows:

	2023				<u>Balance at June 30, 2023</u>
	<u>Balance at June 30, 2022</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	
Capital assets not being depreciated:					
Land	\$ 198,829,856	—	—	—	198,829,856
Construction in process	675,845,409	251,430,309	(6,179)	(73,965,965)	853,303,574
Works of art	518,000	—	—	—	518,000
Total capital assets not being depreciated	<u>875,193,265</u>	<u>251,430,309</u>	<u>(6,179)</u>	<u>(73,965,965)</u>	<u>1,052,651,430</u>
Capital assets being depreciated:					
Land improvements	562,786,800	—	—	13,484,271	576,271,071
Buildings	4,861,293,724	95,134	—	60,481,694	4,921,870,552
Library books and reference materials	16,205	—	—	—	16,205
Subscription-based it arrangements	4,969,892	9,018,720	—	—	13,988,612
Furniture, fixtures, and equipment	218,807,553	12,219,929	(591,673)	—	230,435,809
Infrastructure	14,162,634	—	—	—	14,162,634
Total capital assets being depreciated	<u>5,662,036,808</u>	<u>21,333,783</u>	<u>(591,673)</u>	<u>73,965,965</u>	<u>5,756,744,883</u>
Total capital assets	6,537,230,073	272,764,092	(597,852)	—	6,809,396,313
Less accumulated depreciation	<u>(2,028,558,686)</u>	<u>(190,774,818)</u>	<u>581,196</u>	<u>—</u>	<u>(2,218,752,308)</u>
Capital assets, net	<u>\$ 4,508,671,387</u>	<u>81,989,274</u>	<u>(16,656)</u>	<u>—</u>	<u>4,590,644,005</u>

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements

June 30, 2023 and 2022

	2022				Balance at June 30, 2022
	Balance at June 30, 2021	Additions	Disposals	Transfers	
Capital assets not being depreciated:					
Land	\$ 198,829,856	—	—	—	198,829,856
Construction in process	616,434,197	200,021,086	(164,165)	(140,445,709)	675,845,409
Works of art	518,000	—	—	—	518,000
Total capital assets not being depreciated	815,782,053	200,021,086	(164,165)	(140,445,709)	875,193,265
Capital assets being depreciated:					
Land improvements	496,064,307	—	—	66,722,493	562,786,800
Buildings	4,786,938,098	748,860	—	73,606,766	4,861,293,724
Library books and reference materials	16,205	—	—	—	16,205
Subscription-based it arrangements	—	4,969,892	—	—	4,969,892
Furniture, fixtures, and equipment	211,633,622	7,125,185	(67,704)	116,450	218,807,553
Infrastructure	14,162,634	—	—	—	14,162,634
Total capital assets being depreciated	5,508,814,866	12,843,937	(67,704)	140,445,709	5,662,036,808
Total capital assets	6,324,596,919	212,865,023	(231,869)	—	6,537,230,073
Less accumulated depreciation	<u>(1,845,111,993)</u>	<u>(183,514,397)</u>	<u>67,704</u>	<u>—</u>	<u>(2,028,558,686)</u>
Capital assets, net	\$ <u>4,479,484,926</u>	<u>29,350,626</u>	<u>(164,165)</u>	<u>—</u>	<u>4,508,671,387</u>

Subscription-Based Information Technology Arrangements (SBITAs)

The District entered into several subscription-based information technology arrangements (SBITA) for various purposes, including but not limited to student information systems, enterprise resource planning systems and learning management systems. The District records SBITA assets and liabilities based on the present value of expected future payments over the agreement term. The payments are discounted at a rate of 5.08%, using the secured financing overnight rate (SOFR) which replaced LIBOR rates.

The District reported SBITA liability of \$2,521,979 and \$2,110,183 as of June 30, 2023 and June 30, 2022 respectively. The District also reported a SBITA right-to-use intangible asset of \$13,988,612 and \$4,969,892 as of June 30, 2023 and June 30, 2022 respectively.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements

June 30, 2023 and 2022

The following table represents commitments for SBITA assets with remaining terms as of June 30, 2023:

Maturity of SBITA liabilities

	<u>Payment</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 1,395,867	1,170,739	225,128
2025	509,604	439,068	70,536
2026	492,000	444,516	47,484
2027	<u>492,000</u>	<u>467,656</u>	<u>24,344</u>
Total future undiscounted SBITA payments	\$ <u>2,889,471</u>	<u>2,521,979</u>	<u>367,492</u>

(5) Employee Retirement Systems

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

(a) California State Teachers' Retirement System

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

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

Under the California Public Employees' Pension Reform Act of 2013 (AB340), effective January 1, 2013, new CalSTRS members are required to be under a new defined-benefit formula of 2% at age 62. The law establishes a limit on compensation that is counted toward calculating a member's pension. New CalSTRS members, starting on or after January 1, 2013, who like existing members, are not

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements

June 30, 2023 and 2022

covered by Social Security; the initial limit is 120% of 2013 Social Security Wages. It also limits postretirement public employment.

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

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

Employer contributions have increased from 8.25% to a total of 19.10% of payroll, phased in from 2013-14 to 2022-23. The State's total contribution to the Defined Benefit Program as a non-employer contributing entity is 8.328%.

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

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

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

(b) California Public Employees' Retirement System

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

Employees, who were hired prior to January 1, 2013, are eligible for retirement at the age of 50 with 5 years of service and are entitled to a monthly benefit of 1.1% of final compensation for each year of service credit. The rate is increased if retirement is deferred beyond the age of 50, up to age 63.

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

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

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements

June 30, 2023 and 2022

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

- Pensionable compensation cap – Caps the annual salary that can be used to calculate final compensation for all new school members at \$146,042 (2023 Social Security Contribution and Benefit Base) for employees that participate in Social Security or \$175,250 for those employees that do not participate in Social Security. Adjustments to the caps are permitted annually based on changes to the CPI for all urban consumers.
- Equal sharing of normal cost – For school's employers, a new member's initial contribution rate will be at least 50% of the total normal cost rate or the current contribution rate of similarly situated employees, whichever is greater (currently, Public Employees' Pension Reform Act (PEPRA) members contribute 8.0% and non-PEPRA members, 7.0%).

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

Benefit provisions for CalPERS are established by the Public Employees' Retirement Law (Part 3 of the California Government Code, Section. 20000 et seq.). CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the annual financial report may be obtained from the CalPERS website at

<https://www.calpers.ca.gov/docs/forms-publications/acfr-2022.pdf>.

Public Agency Retirement System – Alternate Retirement System

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

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

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

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

As of June 30, 2023, the District reported an aggregate liability of \$678,639,932 for its proportionate share of the CalPERS and CalSTRS net pension liabilities. As of June 30, 2022, the District reported

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements

June 30, 2023 and 2022

an aggregate liability of \$457,319,889 for its proportionate share of the CalPERS and CalSTRS net pension liabilities. The District's proportion of the CalPERS and CalSTRS net pension liability was calculated based on its proportionate share of total employer contributions to CalPERS and CalSTRS of 1.075% and 0.444% respectively.

For the year ended June 30, 2023 and 2022, the District recognized an aggregate pension expense of \$58,967,476 and \$36,344,510, respectively. At June 30, 2023 and 2022, the District reported aggregate deferred outflows and deferred inflows of resources related to pensions from the following sources:

	<u>June 30, 2023</u>		
	<u>CalPERS deferred outflows of resources</u>	<u>CalSTRS deferred outflows of resources</u>	<u>Total deferred outflows of resources- pensions</u>
District retirement contribution subsequent to the measurement date	\$ 48,174,034	55,789,618	103,963,652
Changes of assumptions used	—	15,300,240	15,300,240
Difference between expected and actual experience	1,671,712	253,080	1,924,792
Net difference between projected and actual experience on pension plan investments	40,548,332	—	40,548,332
Change in the district's proportionate share	—	12,482,663	12,482,663
Total deferred outflows of resources-pensions	<u>\$ 90,394,078</u>	<u>83,825,601</u>	<u>174,219,679</u>
	<u>June 30, 2022</u>		
	<u>CalPERS deferred outflows of resources</u>	<u>CalSTRS deferred outflows of resources</u>	<u>Total deferred outflows of resources – pensions</u>
District retirement contribution subsequent to the measurement date	\$ 39,465,243	45,801,046	85,266,289
Changes in assumptions used	1,469,054	30,380,638	31,849,692
Difference between expected and actual experience	7,274,184	535,800	7,809,984
Change in the district's proportion	—	12,351,350	12,351,350
Total deferred outflows of resources – pensions	<u>\$ 48,208,481</u>	<u>89,068,834</u>	<u>137,277,315</u>

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements

June 30, 2023 and 2022

	June 30, 2023		
	CaIPERS deferred inflows of resources	CaSTRS deferred inflows of resources	Total deferred inflows of resources- pensions
Changes in district's proportion	\$ 24,603,621	6,760,275	31,363,896
Difference between expected and actual experience	18,670,715	23,132,400	41,803,115
Net difference between projected and actual earnings on plan investments	—	15,087,120	15,087,120
Total deferred inflows of resources – pensions	\$ 43,274,336	44,979,795	88,254,131
	June 30, 2022		
	CaIPERS deferred inflows of resources	CaSTRS deferred inflows of resources	Total deferred inflows of resources- pensions
Change in the district's proportion	\$ 7,657,200	15,360,395	23,017,595
Difference between expected and actual experience	—	19,851,345	19,851,345
Net difference between projected and actual earnings on plan investments	95,897,416	178,861,630	274,759,046
Total deferred inflows of resources – pensions	\$ 103,554,616	214,073,370	317,627,986

The deferred outflows of resources related to pension resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. The deferred inflows of resources and deferred outflows of resources related to changes in assumptions used, the difference between expected and actual experience, the net difference between projected and actual earnings on pension plan investments, and the change in the District's proportion will be recognized in pension expense future periods as follows:

Year ending June 30:	
2024	\$ 7,018,545
2025	18,829,828
2026	(999,258)
2027	(19,877,986)
2028	8,544,331
Thereafter	<u>4,482,644</u>
Total	\$ <u>17,998,104</u>

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements

June 30, 2023 and 2022

(d) Contributions Required and Contributions Made

For fiscal year 2022-23, the District was required by statute to contribute 19.1%, 25.37%, 4.00%, and 4.00% of gross salary expenditures to STRS, PERS (pooled), Cash Balance, and PARS, respectively. Participants are required to contribute 10.25%, 7.00%, 4.00%, and 3.50% of gross salary to STRS, PERS, Cash Balance, and PARS, respectively, for the year ended June 30, 2023. As of June 30, 2023, 81.2% and 69.8% of the District's net pension liabilities for CalSTRS and CalPERS are funded, respectively.

The District's contributions for the years ended June 30, 2023, 2022, and 2021 are as follows:

	<u>Contributions</u>	<u>Percentage of required contributions</u>
STRS:		
2023	\$ 55,789,618	
2022	45,801,046	100 %
2021	42,876,295	100
PERS:		
2023	\$ 48,174,034	
2022	39,465,243	100 %
2021	34,695,521	100
Cash Balance STRS:		
2023	\$ 2,722,237	
2022	2,777,183	100 %
2021	2,183,694	100
PARS-ARS:		
2023	\$ 660,738	
2022	615,991	100 %
2021	561,062	100

The District's employer contributions to CalSTRS, CalPERS, Cash Balance, and PARS-ARS met the required contribution rate established by law for the years ended June 30, 2023, 2022, and 2021.

(e) Actuarial Methods and Assumptions

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

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements

June 30, 2023 and 2022

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

	June 30, 2023	
	CalSTRS	CalPERS
Measurement date	June 30, 2022	June 30, 2022
Valuation date	June 30, 2021	June 30, 2021
Actuarial assumptions:		
Discount rate	7.10 %	6.90 %
Inflation	2.75	2.30
Payroll growth	3.50	2.80
Projected salary increase	Varies by entry age and service	Varies by entry age and service
Investment rate of return	7.10 %	6.90 %

	June 30, 2022	
	CalSTRS	CalPERS
Measurement date	June 30, 2021	June 30, 2021
Valuation date	June 30, 2020	June 30, 2020
Actuarial assumptions:		
Discount rate	7.10 %	7.15 %
Inflation	2.75	2.50
Payroll growth	3.50	2.75
Projected salary increase	Varies by entry age and service	Varies by entry age and service
Investment rate of return	7.10 %	7.15 %

(f) Mortality Assumptions

(i) CalSTRS

CalSTRS mortality assumptions are based on the July 1, 2010, through June 30, 2015, experience study adopted by the board in February 2017. CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scale to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019 table, issued by the Society of Actuaries).

(ii) CalPERS

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

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements

June 30, 2023 and 2022

(g) Discount Rate

(i) CalSTRS

An analysis of future cash flows including contributions, investment returns, administrative expenses, and benefit payments was performed by a CalSTRS external actuary. The actuary determined that CalSTRS assets will be sufficient to pay all future benefit payments. Therefore, a blended discount rate was not used to calculate the net pension liability at June 30, 2023 and 2022, and the assumed investment rate of return, gross of administrative expenses, 7.1%, was used to discount all future benefits.

The long-term expected rate of return on pension plan investments of 7.1% was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

(ii) CalPERS

To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans are would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans ran out of assets. Therefore, the 6.90% discount rate is adequate, and the use of the municipal bond rate calculation is not necessary. The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

The long-term expected rate of return on pension plan investments of 6.90% was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

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

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

	<u>CalSTRS</u>	<u>CalPERS</u>	<u>Total</u>
1% decrease	6.10 %	5.90 %	
Net pension liability	\$ 523,977,720	534,333,423	1,058,311,143
Current discount rate	7.10 %	6.90 %	
Net pension liability	\$ 308,517,840	370,122,092	678,639,932
1% increase	8.10 %	7.90 %	
Net pension liability	\$ 129,621,360	233,994,414	363,615,774

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements

June 30, 2023 and 2022

(i) Rate of Return

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

	<u>New strategic allocations</u>	<u>Long-term rate of return</u>
CalSTRS – asset class:		
Global equity	42 %	4.8%
Fixed income	12	1.30
Private equity	13	6.30
Real estate	15	3.60
Risk mitigating strategies	10	1.80
Inflation sensitive	6	3.30
Cash	2	(0.40)
	<hr/>	
Total	100 %	
	<hr/> <hr/>	

	<u>New strategic allocations</u>	<u>Long-term rate of return</u>
CalPERS – asset class:		
Global equity - Cap-weighted	30%	4.54%
Global equity - Non-Cap-weighted	12	3.84
Private Equity	13	7.28
Treasury	5	0.27
Mortgage-backed Securities	5	0.50
Investment Grade Corporates	10	1.56
High Yield	5	2.27
Emerging Market Debt	5	2.48
Private Debt	5	3.57
Real Assets	15	3.21
Leverage	(5)	(0.59)
	<hr/>	
Total	100 %	
	<hr/> <hr/>	

(6) Other Postemployment Benefits

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

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements

June 30, 2023 and 2022

The District's net OPEB liability as of June 30, 2023 was measured as of June 30, 2022. The District's net OPEB liability as of June 30, 2022 was measured as of June 30, 2021. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020 rolled forward to the respective measurement dates.

(a) Plan Description

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

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

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

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

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

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

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

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements

June 30, 2023 and 2022

(b) Funding Policy

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

The trust is to be funded with annual contributions by the District of approximately 1.92% of the total full-time salary expenditures in the District. The District deposited \$7,100,756 and \$7,077,901 to the irrevocable trust with CalPERS during fiscal year 2023 and fiscal year 2022, respectively.

(c) Reconciliation of Net OPEB Liability

Included in the table below are details regarding the total OPEB Liability, plan fiduciary net position, and net OPEB liability for the measurement period from July 1, 2021 to June 30, 2022:

	Increase (decrease)		
	Total OPEB liability	Plan fiduciary net position	Net OPEB liability
Balance recognized at June 30, 2022	\$ 549,057,268	184,521,344	364,535,924
Changes recognized for the fiscal year:			
Service cost	12,698,449	—	12,698,449
Interest on the total OPEB liability	38,341,557	—	38,341,557
Benefit payments	(28,520,737)	(28,520,737)	—
Contributions from the employer	—	35,598,638	(35,598,638)
Net investment income	—	(25,831,734)	25,831,734
Administrative expense	—	(92,387)	92,387
Net changes	<u>22,519,269</u>	<u>(18,846,220)</u>	<u>41,365,489</u>
Balance recognized at June 30, 2023	<u>\$ 571,576,537</u>	<u>165,675,124</u>	<u>405,901,413</u>

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements

June 30, 2023 and 2022

Included in the table below are details regarding the total OPEB Liability, plan fiduciary net position, and net OPEB liability for the measurement period from July 1, 2020 to June 30, 2021:

	Increase (decrease)		
	Total OPEB liability	Plan fiduciary net position	Net OPEB liability
Balance recognized at June 30, 2021	\$ 730,873,503	138,247,935	592,625,568
Changes recognized for the fiscal year:			
Service cost	19,928,790	—	19,928,790
Interest on the total OPEB liability	42,050,449	—	42,050,449
Difference between expected & actual experience	(110,603,035)	—	(110,603,035)
Changes of assumptions	(106,674,710)		(106,674,710)
Benefit payments	(26,517,729)	(26,517,729)	—
Contributions from the employer	—	33,594,159	(33,594,159)
Net investment income	—	39,277,887	(39,277,887)
Administrative expense	—	(80,908)	80,908
Net changes	<u>(181,816,235)</u>	<u>46,273,409</u>	<u>(228,089,644)</u>
Balance recognized at June 30, 2022	<u>\$ 549,057,268</u>	<u>184,521,344</u>	<u>364,535,924</u>

The following table illustrates the impact of interest rate sensitivity on the net OPEB liability for fiscal year ended June 30, 2023:

	1% decrease (6.00%)	Current rate (7.00%)	1% increase (8.00%)
Net OPEB liability	\$ 482,168,783	405,901,413	343,103,376

The following table illustrates the impact of interest rate sensitivity on the net OPEB liability for fiscal year ended June 30, 2022:

	1% decrease (6.00%)	Current rate (7.00%)	1% increase (8.00%)
Net OPEB liability	\$ 438,093,688	364,535,924	304,006,584

The following table illustrates the impact of healthcare cost trend sensitivity on the net OPEB liability for fiscal year ended June 30, 2023:

	1% decrease	Trend rate	1% increase
Net OPEB liability	\$ 332,260,715	405,901,413	497,393,210

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements

June 30, 2023 and 2022

The following table illustrates the impact of healthcare cost trend sensitivity on the net OPEB liability for fiscal year ended June 30, 2022:

	<u>1% decrease</u>	<u>Trend rate</u>	<u>1% increase</u>
Net OPEB liability	\$ 298,050,369	364,535,924	446,930,304

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

The District recognized OPEB benefit of \$8,642,698 and \$11,201,290 for the years ended June 30, 2023 and June 30, 2022 respectively. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred outflows</u>	<u>Deferred inflows</u>
Difference between actual & expected experience	\$ 11,238,330	94,062,167
Net difference between expected and actual earnings on OPEB plan investments	16,528,545	—
Assumption changes	78,627,485	115,807,461
Contributions made in fiscal year ended June 30, 2023 after measurement date	<u>35,078,032</u>	<u>—</u>
Total	\$ <u>141,472,392</u>	<u>209,869,628</u>

At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred outflows</u>	<u>Deferred inflows</u>
Difference between actual & expected experience	\$ 14,910,987	122,974,655
Net difference between expected and actual earnings on OPEB plan investments	—	19,754,307
Assumption changes	104,393,587	165,998,401
Contributions made in fiscal year ended June 30, 2022 after measurement date	<u>35,939,334</u>	<u>—</u>
Total	\$ <u>155,243,908</u>	<u>308,727,363</u>

The deferred outflows of resources related to OPEB resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements

June 30, 2023 and 2022

year ending June 30, 2023. All other deferred outflows of resources and deferred inflows of resources related to OPEB above will be recognized in OPEB benefit as follows:

Year ending June 30:	
2024	\$ (38,404,867)
2025	(31,440,339)
2026	(4,300,409)
2027	(26,118,654)
2028	<u>(3,210,999)</u>
Total	\$ <u>(103,475,268)</u>

(e) Actuarial Assumptions

The total OPEB liability at June 30, 2023 was determined using the following actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

Actuarial assumptions	
Discount rate	7.00%
Expected long-term return on assets	7.00
Payroll increases	2.75
Inflation	2.50
Health care cost trend	4.00% for dental and vision. 5.95% for medical pre-medicare and 6.66% for medicare eligible decreasing to an ultimate rate of 4.5% for year 2027 and later years
Plan participation	Ranges from 20% to 100% based on benefits

The total OPEB liability at June 30, 2022 was determined using the following actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

Actuarial assumptions	
Discount rate	7.0%
Expected long-term return on assets	7.0
Payroll increases	2.75
Inflation	2.5
Health care cost trend	4.00% for dental and vision. 5.95% for medical pre-medicare and 6.66% for medicare eligible decreasing to an ultimate rate of 4.5% for year 2027 and later years
Plan participation	Ranges from 20% to 100% based on benefits

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements

June 30, 2023 and 2022

(f) Discount Rate

An analysis of future cash flows including contributions, investment returns, administrative expenses, and benefit payments was performed by an external actuary. The actuary determined that District's assets will be sufficient to pay all future benefit payments. Therefore, a blended discount rate was not used to calculate the net OPEB liability at June 30, 2023, and the assumed investment rate of return, gross of administrative expenses, 7%, was used to discount all future benefits.

(g) Long-Term expected rate of return

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

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

(h) Mortality Assumptions

Pub-2010, the first mortality study focused on United States public pension plan mortality, is intended to be used as a default mortality assumption for those Public Sector plans without credible experience to conduct their own mortality experience studies, or where no experience study has been performed. The study is based on experience of a large set of public pension systems in the United States during 2009-2013. The tables are broken out by job class and income/benefit level. Pub-2010 headcount-weighted tables for teachers are used for participants eligible for CalSTRS pension benefits. Pub-2010 headcount-weighted tables for general employees are used for all other participants. As indicated in the mortality study, the Pub-2010 tables should generally be used with a projection of longevity improvements beyond the 2010 base year. The improvement scale used in the valuation is MP-2021, which was the most recent projection methodology published by the SOA at the time of the valuation.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements

June 30, 2023 and 2022

(i) Other Benefits

Effective January 1, 2010, the District provided an annual contribution of \$1,500 to benefit active employees and pre-Medicare retirees into a health reimbursement account (HRA) except for fiscal year 2016-2017. Contributions made by the District were \$7.1 million and \$5.8 million for fiscal year ended June 30, 2023 and June 30, 2022, respectively.

(7) Commitments and Contingencies

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

The District is a defendant in various lawsuits at June 30, 2023. Although the outcome of these lawsuits is not presently determinable, in the opinion of management, based in part on the advice of counsel, the resolution of these matters will not have a material adverse effect on the basic financial condition of the District or is adequately covered by insurance.

The District has entered into various contracts for the construction of facilities throughout the campuses. At June 30, 2023, the total value of these outstanding commitments is \$846,508,560.

(8) Long-Term Liabilities

The following is a summary of long-term liabilities of the District for the years ended June 30, 2023 and 2022:

	2023				
	Balance at June 30, 2022	Additions	Deletions	Balance at June 30, 2023	Due within one year
General Obligation Bonds:					
2004 Series A and B	\$ 33,670,000	—	—	33,670,000	—
2009 Series A and B	75,000,000	—	—	75,000,000	—
2010 Series C, D, and E	1,025,000,000	—	—	1,025,000,000	—
2013 Series F	13,000,000	—	(6,000,000)	7,000,000	7,000,000
2013 Refunding Bond	8,380,000	—	(4,090,000)	4,290,000	4,290,000
Measure J 2015 Series G	30,765,000	—	(7,180,000)	23,585,000	7,510,000
Prop A, AA and Mea J 2015 Refunding Series A	144,260,000	—	(43,470,000)	100,790,000	47,915,000
Prop A and AA 2015 Refunding Series B	14,965,000	—	(4,850,000)	10,115,000	4,985,000
Proposition A 2015 Refunding Series C	178,565,000	—	(29,605,000)	148,960,000	32,430,000
Measure J 2016 Series I	184,220,000	—	(6,965,000)	177,255,000	7,105,000
Measure J 2016 Refunding	173,020,000	—	(705,000)	172,315,000	740,000
Measure J 2017 Series J	239,880,000	—	(8,035,000)	231,845,000	8,275,000
Measure J 2019 Series K	275,440,000	—	—	275,440,000	—
2020 Refunding Bond	1,750,350,000	—	(34,885,000)	1,715,465,000	35,005,000
Measure CC 2022 Series C-1 and C-2	—	400,000,000	(100,000,000)	300,000,000	11,215,000

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements

June 30, 2023 and 2022

	2023				
	<u>Balance at June 30, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2023</u>	<u>Due within one year</u>
Measure J 2022 Series L	\$ —	200,000,000	—	200,000,000	—
Unamortized bond premiums	133,846,606	43,672,772	(20,645,537)	156,873,841	19,863,739
Total General Obligation Bonds	4,280,361,606	643,672,772	(266,430,537)	4,657,603,841	186,333,739
Pension obligations	457,319,889	325,283,695	103,963,652	886,567,236	—
OPEB obligations	364,535,924	76,964,127	(35,598,638)	405,901,413	—
Supplemental retirement plan	18,186,873	—	(4,729,007)	13,457,866	5,385,111
Workers' compensation liabilities	34,747,000	3,796,678	(3,937,678)	34,606,000	3,937,678
General liabilities	11,665,000	7,572,676	(7,311,676)	11,926,000	7,311,675
Compensated absences	23,181,459	714,458	—	23,895,917	11,366,497
Subscription-Based liabilities	2,110,183	10,055,176	(9,643,380)	2,521,979	1,170,739
Lease liability	648,013	552,400	(339,044)	861,369	303,499
Total	\$ 5,192,755,947	1,068,611,982	(224,026,308)	6,037,341,621	215,808,938

	2022				
	<u>Balance at June 30, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2022</u>	<u>Due within one year</u>
General Obligation Bonds:					
2004 Series A and B	\$ 33,670,000	—	—	33,670,000	—
2009 Series A and B	75,000,000	—	—	75,000,000	—
2010 Series C, D, and E	1,025,000,000	—	—	1,025,000,000	—
2013 Series F	19,000,000	—	(6,000,000)	13,000,000	6,000,000
2013 Refunding Bond	12,270,000	—	(3,890,000)	8,380,000	4,090,000
Measure J 2015 Series G	37,670,000	—	(6,905,000)	30,765,000	7,180,000
Prop A, AA and Mea J 2015 Refunding Series A	183,545,000	—	(39,285,000)	144,260,000	43,470,000
Prop A and AA 2015 Refunding Series B	19,690,000	—	(4,725,000)	14,965,000	4,850,000
Proposition A 2015 Refunding Series C	205,540,000	—	(26,975,000)	178,565,000	29,605,000
Measure J 2016 Series I	190,920,000	—	(6,700,000)	184,220,000	6,965,000
Measure J 2016 Refunding	173,700,000	—	(680,000)	173,020,000	705,000
Measure J 2017 Series J	239,880,000	—	—	239,880,000	8,035,000
Measure J 2019 Series K	275,440,000	—	—	275,440,000	—
Measure CC 2019 Series B-1 and B-2	124,120,000	—	(124,120,000)	—	—
2020 Refunding Bond	1,793,805,000	—	(43,455,000)	1,750,350,000	34,885,000
Unamortized bond premiums	153,608,589	—	(19,761,982)	133,846,607	19,345,913
Total General Obligation Bonds	4,562,858,589	—	(282,496,982)	4,280,361,607	165,130,913

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements

June 30, 2023 and 2022

	2022				
	<u>Balance at June 30, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2022</u>	<u>Due within one year</u>
Pension obligations	\$ 831,008,079	—	(373,688,190)	457,319,889	—
OPEB obligations	592,625,568	62,060,147	(290,149,791)	364,535,924	—
Supplemental retirement plan	28,490,193	—	(10,303,320)	18,186,873	5,406,817
Workers' compensation liabilities	35,056,000	3,349,907	(3,658,907)	34,747,000	3,658,907
General liabilities	11,518,000	5,181,124	(5,034,124)	11,665,000	5,034,123
Compensated absences	25,078,764	5,635,258	(7,532,563)	23,181,459	10,692,171
Subscription-Based liabilities	—	2,211,183	—	2,211,183	—
Lease liability	318,674	543,543	(214,204)	648,013	186,680
Total	\$ 6,086,953,867	78,981,162	(973,078,081)	5,192,856,948	190,109,611

(a) General Obligation Bonds

The voters have passed four G.O. bond measures, which were designed to finance construction, building and equipment acquisition, capital improvement programs for each of the nine colleges and the Educational Service Center, and refinance other outstanding debts. On April 10, 2001, the voters of the County passed Proposition A, a \$1.2 billion G.O. bond measure. On May 20, 2003, the voters of the County passed Proposition AA, a \$980 million G.O. bond measure. On November 4, 2008, the voters of the County passed Measure J, a \$3.5 billion G.O. bond measure. On November 8, 2016 the voters of the County passed Measure CC, a \$3.3 billion G.O. bond measure. On November 8, 2022 the voters of the County passed Measure LA, a \$5.3 billion G.O. bond measure.

During fiscal year 2023, the District issued new Measure J G.O. Bond Series L for a total of \$200,000,000 and new Measure CC G.O. Bond Series C-1 (Tax-Exempt) for \$300,000,000 and Series C-2 (Federally Taxable) for \$100,000,000. The District has issued to date all the authorized amounts of Proposition A and Proposition AA, \$3.325 billion of Measure J, and \$750 million of Measure CC. The effective interest rate at the financial statement date is 5.03%.

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

June 30:	
2024	\$ 15,275,153
2025	10,679,933
2026	10,327,904
2027	11,041,225
2028	11,041,225
Thereafter	<u>121,551,239</u>
	<u>\$ 179,916,679</u>

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements

June 30, 2023 and 2022

Total debt service requirements to maturity of the G.O. bonds at June 30, 2023 are as follows:

	Total G.O. bond debt service		
	Principal	Interest	Total
Year(s) ending June 30:			
2024	\$ 166,470,000	177,648,019	344,118,019
2025	306,295,000	168,000,942	474,295,942
2026	342,005,000	156,966,071	498,971,071
2027	219,310,000	145,372,386	364,682,386
2028	197,925,000	139,379,274	337,304,274
2029–2033	1,136,415,000	613,447,097	1,749,862,097
2034–2038	873,165,000	458,057,186	1,331,222,186
2039–2043	620,770,000	286,284,266	907,054,266
2044–2048	435,540,000	144,538,763	580,078,763
2049–2053	202,835,000	13,841,719	216,676,719
Total	<u>\$ 4,500,730,000</u>	<u>2,303,535,723</u>	<u>6,804,265,723</u>

As part of the District’s owner-controlled insurance program (OCIP Program) to provide insurance for certain contractors building projects for the District, the District is a party to that certain multi-line deductible agreement with insurance companies to cover certain workers compensation and general liability claims against the District and its contractors. The insurance required that the District provides irrevocable letter of credit as a security for the District’s obligations with respect to the insurance agreements. As of June 30, 2023, the District has a total of \$14,317,782 of irrevocable line of credits from Bank of America and no outstanding balance.

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

(9) Risk Management

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

The District currently reports all of its risk management activities in the accompanying statements of net position. The balance of all outstanding workers’ compensation and incurred general liability claims is estimated based on information provided by an outside actuarial study performed in 2023. The amount of the outstanding liability at June 30, 2023 and 2022 includes estimates of future claim payments for known cases as well as provisions for incurred but not reported claims and adverse development on known cases, which occurred through that date.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements

June 30, 2023 and 2022

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

Changes in the balances of workers' compensation and general liability claims during fiscal years ended June 30, 2023 and 2022 were as follows:

		2023			
		Balance at July 1, 2022	Current year claims and changes in estimates	Claim payments	Balance at June 30, 2023
Workers' compensation	\$	34,747,000	3,796,678	(3,937,678)	34,606,000
General liability		11,665,000	7,572,676	(7,311,676)	11,926,000

		2022			
		Balance at July 1, 2021	Current year claims and changes in estimates	Claim payments	Balance at June 30, 2022
Workers' compensation	\$	35,056,000	3,349,907	(3,658,907)	34,747,000
General liability		11,518,000	5,181,124	(5,034,124)	11,665,000

During the years ended June 30, 2023 and 2022, the District made total premium payments of approximately \$8,336,813 and \$6,337,434 respectively, for general liability and workers' compensation claims.

(10) Subsequent Events

On July 6, 2023 the District sold \$225.0 million tax-exempt Election 2022 Measure LA General Obligation Bonds and \$75.0 million Federally Taxable Election 2022 Measure LA General Obligation Bonds, including \$13.3 million in Original Issue Premium. The Bonds were issued to finance the acquisition, construction, modernization and equipping of District sites and facilities.

REQUIRED SUPPLEMENTARY INFORMATION

LOS ANGELES COMMUNITY COLLEGE DISTRICT
 Schedule of the District's Proportionate Share of the Net Pension Liability and Schedule of District Contributions
 Year ended June 30, 2023
 (Unaudited)

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

CalSTRS and CalPERS pension plans

Last 10 fiscal years*

	2023		2022		2021		2020		2019		2018		2017		2016		2015	
	CalPERS	CalSTRS	CalPERS	CalSTRS	CalPERS	CalSTRS	CalPERS	CalSTRS	CalPERS	CalSTRS	CalPERS	CalSTRS	CalPERS	CalSTRS	CalPERS	CalSTRS	CalPERS	CalSTRS
District's proportion of the collective net pension liability	1.08 %	0.44 %	1.20 %	0.47 %	1.20%	0.48%	1.168%	0.463%	1.19%	0.46%	1.26%	0.48%	1.25 %	0.49 %	1.24 %	0.50 %	1.25 %	0.44 %
District's proportionate share of the collective net pension liability	\$ 370,122,092	308,517,840	243,452,289	213,867,600	366,813,969	464,194,110	340,511,602	418,163,080	317,928,714	424,610,340	300,437,166	444,828,800	246,283,271	394,699,280	182,497,163	337,293,240	141,882,731	256,538,429
District's covered payroll	172,262,081	270,691,759	167,611,212	265,487,898	167,611,212	265,487,898	178,362,183	291,001,088	164,252,336	232,616,579	160,196,105	249,804,253	155,882,522	235,851,422	126,834,679	211,421,078	126,834,679	211,421,078
District's proportionate share of the collective net pension liability as a percent of covered payroll	194.92 %	105.62 %	141.33 %	79.02 %	218.85%	174.85%	190.91%	143.70%	193.56%	182.54%	187.54%	178.07%	157.99 %	167.35 %	143.89 %	159.54 %	111.86 %	121.34 %
Pension plan's fiduciary net position as a percentage of total pension liability	69.76	81.20	80.97	87.21	70.00%	71.82%	70.00%	72.60%	70.85%	70.99%	72%	69%	0.74	0.70	79.43	74.00	83.38 %	76.21 %

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

Schedule of Districts contributions

CalSTRS pension plan

Last 10 fiscal years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
State and District contributions as a percentage of covered-employee payroll	26.91 %	25.79 %	29.00 %	30.63 %	22.05 %	19.49 %	16.67 %	12.78 %	12.92 %	11.68 %
Contractually required contribution	\$ 58,511,855	48,578,229	45,059,989	52,111,553	40,211,617	38,401,750	33,740,364	27,878,874	21,015,634	17,728,126
Contributions in relation to the contractually required contributions	58,511,855	48,578,229	45,059,989	52,111,553	40,211,617	38,401,750	33,740,364	27,878,874	21,015,634	17,728,126
Contribution deficiency (excess)	—	—	—	—	—	—	—	—	—	—
District's covered payroll	292,092,239	270,691,756	265,487,898	291,001,088	232,616,579	249,804,253	252,688,729	235,851,422	211,421,078	197,516,930
District contributions as a percentage of covered payroll	20.03 %	17.95 %	16.97 %	17.91 %	17.29 %	15.37 %	13.35 %	11.82 %	9.94 %	8.98 %

CalPERS pension plan

Last 10 fiscal years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 48,174,034	39,465,243	34,695,521	35,183,072	29,667,257	24,880,057	22,483,144	19,133,361	16,386,804	15,345,462
Contributions in relation to the contractually required contributions	48,174,034	39,465,243	34,695,521	35,183,072	29,667,257	24,880,057	22,483,144	19,133,361	16,386,804	15,345,462
Contribution deficiency (excess)	—	—	—	—	—	—	—	—	—	—
District's covered payroll	189,885,826	172,262,086	167,611,212	178,362,183	164,252,336	160,196,105	148,815,636	155,882,522	126,834,679	131,436,970

See accompanying independent auditors' report.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Schedule of Changes in the Net OPEB Liability and Related Ratios

June 30, 2023

(Unaudited)

	<u>Fiscal year ending 2023</u>	<u>Fiscal year ending 2022</u>	<u>Fiscal year ending 2021</u>	<u>Fiscal year ending 2020</u>	<u>Fiscal year ending 2019</u>	<u>Fiscal year ending 2018</u>
Last 10 Fiscal Years ¹						
Total OPEB liability:						
Service cost	\$ 12,698,449	19,928,790	11,443,435	18,234,238	18,702,117	22,086,708
Interest cost	38,341,557	42,050,449	39,513,407	38,524,312	36,830,247	34,243,769
Differences between expected and actual experiences	—	(110,603,035)	22,256,301	(62,786,248)	—	—
Changes of assumptions	—	(106,674,710)	155,713,253	(133,082,796)	(20,557,426)	(76,926,472)
Benefit payments	<u>(28,520,737)</u>	<u>(26,517,729)</u>	<u>(26,431,925)</u>	<u>(29,047,776)</u>	<u>(28,918,351)</u>	<u>(22,282,181)</u>
Net change in total OPEB liability	22,519,269	(181,816,235)	202,494,471	(168,158,270)	6,056,587	(42,878,176)
Total OPEB liability (beginning)	<u>549,057,268</u>	<u>730,873,503</u>	<u>528,379,032</u>	<u>696,537,302</u>	<u>690,480,715</u>	<u>733,358,891</u>
Total OPEB liability (ending)	\$ <u>571,576,537</u>	<u>549,057,268</u>	<u>730,873,503</u>	<u>528,379,032</u>	<u>696,537,302</u>	<u>690,480,715</u>
Plan fiduciary net position:						
Contributions – employer	\$ 35,598,638	33,594,159	33,034,149	35,413,966	35,453,915	28,346,435
Net investment income	(25,831,734)	39,277,887	4,714,950	7,349,161	8,189,050	9,213,372
Benefit payments	(28,520,737)	(26,517,729)	(26,431,925)	(29,047,776)	(28,918,351)	(22,282,181)
Administrative expense	<u>(92,387)</u>	<u>(80,908)</u>	<u>(65,866)</u>	<u>(58,495)</u>	<u>(54,119)</u>	<u>(45,438)</u>
Net change in plan fiduciary net position	(18,846,220)	46,273,409	11,251,308	13,656,856	14,670,495	15,232,188
Plan fiduciary net position (beginning)	<u>184,521,344</u>	<u>138,247,935</u>	<u>126,996,627</u>	<u>113,339,771</u>	<u>98,669,276</u>	<u>83,437,088</u>
Plan fiduciary net position (ending)	\$ <u>165,675,124</u>	<u>184,521,344</u>	<u>138,247,935</u>	<u>126,996,627</u>	<u>113,339,771</u>	<u>98,669,276</u>
Net OPEB liability (ending)	\$ 405,901,413	364,535,924	592,625,568	401,382,405	583,197,531	591,811,439
Plan fiduciary net position as a percentage of total OPEB liability	28.99 %	33.61 %	18.92 %	24.04 %	16.27 %	14.29 %
Covered-employee payroll	\$ 385,000,000	374,253,024	387,000,000	376,230,649	374,000,000	363,554,711
Net OPEB liability as a percentage of covered-employee payroll	105.43 %	97.40 %	153.13 %	106.69 %	155.94 %	162.78 %

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

See accompanying independent auditors' report.

SUPPLEMENTAL FINANCIAL INFORMATION

LOS ANGELES COMMUNITY COLLEGE DISTRICT

General Fund

June 30, 2023

Assets

Cash in county treasury	\$ 407,573,045
Cash in banks	57,592,879
Cash in revolving fund	157,961
Accounts, notes, interest and loans receivable, net	137,339,554
Due from other funds	1,765,725
Prepaid expenses and other assets	<u>1,526,538</u>
Total assets	\$ <u><u>605,955,702</u></u>

Liabilities and Fund Balance

Liabilities:

Accounts payable	\$ 154,010,571
Due to other funds	5,303,442
Other liabilities	1,375,825
Unearned revenue	<u>203,260,495</u>
Total liabilities	<u>363,950,333</u>

Fund balance:

Restricted	54,958,417
Unrestricted	<u>187,046,952</u>
Total fund balance	<u>242,005,369</u>
Total liabilities and fund balance	\$ <u><u>605,955,702</u></u>

See accompanying independent auditors' report.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

General Fund

Year ended June 30, 2023

Revenue:

Federal revenue:

Higher education acts	\$ 12,605,465
Job Training Partnership Act	3,558,904
Temporary Assistance for Needy Families (TANF)	967,837
Vocational Education Act	5,226,509
Veterans Education	14,000
College Work Study	2,041,123
Supplemental educational opportunity grants	121,487
Pell (basic educational opportunity grants)	181,700
Other	<u>50,455,371</u>
Total federal revenue	<u>75,172,396</u>

State revenue:

State apportionments	518,707,695
Tax relief subvention	1,085,192
State lottery	33,009,577
CA Works Oppor. and Responsibility to Kids	5,878,858
Extended opportunity program	12,487,300
Student Success and Support Program	45,560,764
Disabled Students Programs and Services	8,201,167
Other	<u>3,228,534</u>
Total state revenues	<u>628,159,087</u>

Local revenue:

Local property taxes	303,160,721
Enrollment fees	20,512,904
Tuition and fees, net of scholarship discounts and allowance	8,743,895
Community service fees	2,409,721
Parking fees	733
Health service fees	4,341,549
Interest	9,822,987
Other	<u>22,453,821</u>
Total local revenue	<u>371,446,331</u>
Total revenue	<u>1,074,777,814</u>

Expenditures:

Current:

Academic salaries	384,284,179
Classified salaries	193,576,639
Employee benefits	241,766,583
Books and supplies	16,734,869
Contract services, student grants, and other operating expenditures	179,773,444
Capital outlay and equipment replacement:	<u>26,762,715</u>
Total expenditures	<u>1,042,898,429</u>
Excess of revenue over expenditures	31,879,385

Other financing use:

Operating transfers out	<u>(25,437,543)</u>
Net increase in fund balance	6,441,842

Fund balances at July 1, 2022 235,563,527

Fund balances at June 30, 2023 \$ 242,005,369

See accompanying independent auditors' report.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Special Revenue Funds

June 30, 2023

Assets	Special revenue fund	Cafeteria fund	Child development fund	Bookstore fund	Total
Cash in county treasury	\$ 203,106,448	—	886,534	—	203,992,982
Cash in banks	3,017,491	2,726,328	2,082,568	9,261,799	17,088,186
Cash in revolving fund	—	995	—	93,605	94,600
Accounts, notes, interest, and loans receivable, net of allowance for doubtful accounts	428,612	236,584	3,580,634	1,038,654	5,284,484
Due from other funds	4,023,119	212,527	382,580	2,323,585	6,941,811
Inventory	—	86,349	—	2,662,238	2,748,587
Total assets	\$ 210,575,670	3,262,783	6,932,316	15,379,881	236,150,650
Liabilities and Fund Balance					
Liabilities:					
Accounts payable	\$ 1,416,047	41,179	942,414	1,213,059	3,612,699
Due to other funds	835,513	16,116	2,421,727	458,040	3,731,396
Unearned revenue	—	2,307	112,114	885,929	1,000,350
Total liabilities	2,251,560	59,602	3,476,255	2,557,028	8,344,445
Fund balances:					
Restricted – capital projects	208,324,110	—	—	—	208,324,110
Assigned – facility improvements and inventory	—	—	—	1,649,792	1,649,792
Assigned – program and capital expenditures	—	—	3,456,061	—	3,456,061
Unrestricted	—	3,203,181	—	11,173,061	14,376,242
Total fund balance	208,324,110	—	3,456,061	1,649,792	213,429,963
Total liabilities and fund balance	\$ 210,575,670	59,602	6,932,316	4,206,820	221,774,408

See accompanying independent auditors' report.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Special Revenue Funds

Year ended June 30, 2023

	Special revenue fund	Cafeteria fund	Child development fund	Bookstore fund	Total
Revenue:					
Federal revenue:					
Tuition and fees	\$ —	—	108,279	263	108,542
Child and adult care	—	—	2,152,860	—	2,152,860
Total federal revenue	—	—	2,261,139	263	2,261,402
State revenue:					
State apportionment	37,396,970	—	—	—	37,396,970
Other	—	—	12,502,120	—	12,502,120
Total state revenue	37,396,970	—	12,502,120	—	49,899,090
Local revenues:					
Bookstore sales	—	—	—	15,168,732	15,168,732
Interest	5,133,366	—	—	—	5,133,366
Other	11,415,328	1,531,443	—	535,015	13,481,786
Total local revenue	16,548,694	1,531,443	—	15,703,747	33,783,884
Total revenue	53,945,664	1,531,443	14,763,259	15,704,010	85,944,376
Expenditures:					
Current:					
Academic salaries	—	1,056	5,808,005	—	5,809,061
Classified salaries	—	297,331	3,486,852	3,930,312	7,714,495
Employee benefits	—	32,815	3,384,140	2,029,847	5,446,802
Books and supplies	—	902,610	688,260	10,894,740	12,485,610
Contract services, student grant, and other operating expenditures	8,760,247	60,415	756,379	375,041	9,952,082
Utilities	—	—	—	157,025	157,025
Capital outlay	1,551,090	5,907	360,082	97	1,917,176
Total expenditures	10,311,337	1,300,134	14,483,718	17,387,062	43,482,251
(Deficiency) excess of revenue over expenditures	43,634,327	231,309	279,541	(1,683,052)	42,462,125
Other financing sources – operating transfers in	15,596,092	388,510	566,780	1,962,876	18,514,258
Net increase in fund balances	59,230,419	619,819	846,321	279,824	60,976,383
Fund balances at July 1, 2022	149,093,691	2,583,362	2,609,740	12,543,029	166,829,822
Fund balances at June 30, 2023	\$ <u>208,324,110</u>	<u>3,203,181</u>	<u>3,456,061</u>	<u>12,822,853</u>	<u>227,806,205</u>

See accompanying independent auditors' report.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Debt Service Fund

June 30, 2023

Assets

Cash held with trustee	\$ 410,794,620
Accounts, notes, interest, and loans receivable, net	<u>29,178,479</u>
Total assets	<u><u>\$ 439,973,099</u></u>

Liabilities and Fund Balance

Liabilities:	
Unearned revenue	\$ 29,178,479
Other liabilities	<u>74,215,646</u>
Total liabilities	<u>103,394,125</u>
Fund balance:	
Restricted – expendable	<u>336,578,974</u>
Total fund balance	<u>336,578,974</u>
Total liabilities and fund balance	<u><u>\$ 439,973,099</u></u>

See accompanying independent auditors' report.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Debt Service Fund

Year ended June 30, 2023

Revenue:	
Local tax for G.O. bonds	\$ <u>377,242,204</u>
Total revenue	<u>377,242,204</u>
Expenditures:	
Debt service	245,785,000
Interest expense on capital asset-related debt	<u>175,991,960</u>
Total expenditures	<u>421,776,960</u>
Net decrease in fund balance	(44,534,756)
Fund balances at July 1, 2022	<u>381,113,730</u>
Fund balances at June 30, 2023	\$ <u><u>336,578,974</u></u>

See accompanying independent auditors' report.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Building Fund

June 30, 2023

Assets

Cash in county treasury	\$ 505,320,727
Cash in banks	5,277,843
Accounts, notes, interest, and loans receivable, net of allowance for doubtful accounts	5,506,612
Due from other funds	835,513
Prepaid expenses and other assets	<u>2,183,295</u>
Total assets	<u>\$ 519,123,990</u>

Liabilities and Fund Balance

Liabilities:	
Accounts payable	\$ 85,670,369
Due to other funds	<u>29,964</u>
Total liabilities	<u>85,700,333</u>
Fund balance:	
Assigned – capital expenditures	<u>433,423,657</u>
Total fund balance	<u>433,423,657</u>
Total liabilities and fund balance	<u>\$ 519,123,990</u>

See accompanying independent auditors' report.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Building Fund

Year ended June 30, 2023

Local revenue:	
Interest	\$ <u>14,279,453</u>
Total revenue	<u>14,279,453</u>
Expenditures:	
Other operating expenses and services	31,068,628
Capital outlay	<u>257,211,702</u>
Total expenditures	<u>288,280,330</u>
Net decrease in fund balance	<u>(274,000,877)</u>
Other financing sources :	
Proceeds from issuance of debt	<u>600,000,000</u>
Total other financing sources	<u>600,000,000</u>
Net increase in fund balance	325,999,123
Fund balances at July 1, 2022	<u>107,424,534</u>
Fund balances at June 30, 2023	\$ <u><u>433,423,657</u></u>

See accompanying independent auditors' report.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Student Financial Aid Fund

June 30, 2023

Assets

Cash in banks	\$	5,739,253
Accounts, notes, interest and loans receivable, net		<u>11,953,081</u>
Total assets	\$	<u><u>17,692,334</u></u>

Liabilities and Fund Balance

Liabilities:		
Accounts payable	\$	4,093,058
Due to other funds		478,247
Deferred revenue		<u>9,826,513</u>
Total liabilities		<u>14,397,818</u>
Fund balance:		
Restricted		<u>3,294,516</u>
Total fund balance		<u>3,294,516</u>
Total liabilities and fund balance	\$	<u><u>17,692,334</u></u>

See accompanying independent auditors' report.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Student Financial Aid Fund

Year ended June 30, 2023

Revenue:

Federal revenue:

Supplemental educational opportunity grants	\$ 4,410,165
Pell (basic educational opportunity grants)	134,747,934
Direct loan	16,823,102
Other	<u>12,563,806</u>
Total federal revenue	<u>168,545,007</u>

State revenue:

Extended opportunity program	10,152,496
CAL Grant	20,723,532
Other	<u>29,697,662</u>
Total state revenue	<u>60,573,690</u>

Local revenue:

Other	<u>476,535</u>
Total local revenue	<u>476,535</u>
Total revenue	<u>229,595,232</u>

Expenditure:

Student grants	<u>229,585,493</u>
Total expenditure	<u>229,585,493</u>
Excess of revenue over expenditure	<u>9,739</u>
Net increase in fund balance	9,739

Fund balances at July 1, 2022	<u>3,284,777</u>
Fund balances at June 30, 2023	<u>\$ 3,294,516</u>

See accompanying independent auditors' report.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Associated Student Organization Funds (ASO Funds)

June 30, 2023

	East Los Angeles College	Los Angeles City College	Los Angeles Harbor College	Los Angeles Mission College	Los Angeles Pierce College	Los Angeles Southwest College	Los Angeles Trade Technical College	Los Angeles Valley College	West Los Angeles College	Total
Assets										
Cash in banks	\$ 148,783	533,654	420,219	769,982	1,641,027	248,229	1,210,680	1,563,765	300,587	6,836,926
Investments	922,343	184,242	100,000	—	507,601	—	2,412,969	1,758	—	4,128,913
Accounts, notes, interest, and receivable, net of allowance for doubtful accounts	42,994	24,368	14,368	—	32,301	5,716	8,456	—	—	128,203
Inventory	—	—	—	—	16,757	—	—	—	175	16,932
Total assets	<u>\$ 1,114,120</u>	<u>742,264</u>	<u>534,587</u>	<u>769,982</u>	<u>2,197,686</u>	<u>253,945</u>	<u>3,632,105</u>	<u>1,565,523</u>	<u>300,762</u>	<u>11,110,974</u>
Liabilities and Fund Balance										
Liabilities:										
Accounts payable	\$ 27,127	13,955	14,393	205,738	—	10,452	526,693	34,442	13,861	846,661
Long-term liabilities	323,191	—	—	—	—	11,862	876,209	—	—	1,211,262
Other liabilities	—	—	—	—	1,095,393	—	—	—	—	1,095,393
Total liabilities	<u>350,318</u>	<u>13,955</u>	<u>14,393</u>	<u>205,738</u>	<u>—</u>	<u>22,314</u>	<u>1,402,902</u>	<u>34,442</u>	<u>13,861</u>	<u>—</u>
Fund balances:										
Assigned – future expenditures	<u>763,802</u>	<u>728,309</u>	<u>520,194</u>	<u>564,244</u>	<u>1,102,293</u>	<u>231,631</u>	<u>2,229,203</u>	<u>1,531,081</u>	<u>286,901</u>	<u>7,957,658</u>
Total fund balances	<u>763,802</u>	<u>728,309</u>	<u>520,194</u>	<u>564,244</u>	<u>1,102,293</u>	<u>231,631</u>	<u>2,229,203</u>	<u>1,531,081</u>	<u>286,901</u>	<u>7,957,658</u>
Total liabilities and fund balance	<u>\$ 1,114,120</u>	<u>742,264</u>	<u>534,587</u>	<u>769,982</u>	<u>2,197,686</u>	<u>253,945</u>	<u>3,632,105</u>	<u>1,565,523</u>	<u>300,762</u>	<u>11,110,974</u>

See accompanying independent auditors' report.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Associated Student Organization Funds (ASO Funds)

Year ended June 30, 2023

	East Los Angeles College	Los Angeles City College	Los Angeles Harbor College	Los Angeles Mission College	Los Angeles Pierce College	Los Angeles Southwest College	Los Angeles Trade Technical College	Los Angeles Valley College	West Los Angeles College	Total
Revenue:										
Other	\$ 190,149	114,302	77,447	78,847	144,548	27,602	92,461	160,239	56,111	941,706
Total revenue	<u>190,149</u>	<u>114,302</u>	<u>77,447</u>	<u>78,847</u>	<u>144,548</u>	<u>27,602</u>	<u>92,461</u>	<u>160,239</u>	<u>56,111</u>	<u>941,706</u>
Expenditure:										
Contract services and other operating expenditures	171,698	83,517	57,186	39,477	160,951	21,957	(169,291)	233,370	42,153	641,018
Total expenditure	<u>171,698</u>	<u>83,517</u>	<u>57,186</u>	<u>39,477</u>	<u>160,951</u>	<u>21,957</u>	<u>(169,291)</u>	<u>233,370</u>	<u>42,153</u>	<u>641,018</u>
Net increase (decrease) in fund balance	18,451	30,785	20,261	39,370	(16,403)	5,645	261,752	(73,131)	13,958	300,688
Fund balances at July 1, 2022	745,351	697,524	499,933	524,874	1,118,696	225,986	1,967,451	1,604,212	272,943	7,656,970
Fund balances at June 30, 2023	<u>\$ 763,802</u>	<u>728,309</u>	<u>520,194</u>	<u>564,244</u>	<u>1,102,293</u>	<u>231,631</u>	<u>2,229,203</u>	<u>1,531,081</u>	<u>286,901</u>	<u>7,957,658</u>

See accompanying independent auditors' report.

LOS ANGELES COMMUNITY COLLEGE DISTRICT
Associated Student Organization Funds (Student Representation Fee Fund)
June 30, 2023

Assets	East Los Angeles College	Los Angeles City College	Los Angeles Harbor College	Los Angeles Mission College	Los Angeles Pierce College	Los Angeles Southwest College	Los Angeles Trade Technical College	Los Angeles Valley College	West Los Angeles College	Total
Cash in banks	\$ 122,772	115,978	100,266	120,100	424,677	65,568	153,258	279,816	84,648	1,467,083
Accounts, notes, interest, and receivable, net of allowance for doubtful accounts	—	—	1,664	—	—	1,040	—	—	—	2,704
Investments	—	—	—	—	—	—	—	51,388	—	51,388
Total assets	\$ 122,772	115,978	101,930	120,100	424,677	66,608	153,258	331,204	84,648	1,521,175
Fund Balance										
Fund balance:										
Assigned – future expenditures	\$ 122,772	115,978	101,930	120,100	424,677	66,608	153,258	331,204	84,648	1,521,175
Total fund balance	122,772	115,978	101,930	120,100	424,677	66,608	153,258	331,204	84,648	1,521,175
Total liabilities and fund balance	\$ 122,772	115,978	101,930	120,100	424,677	66,608	153,258	331,204	84,648	1,521,175

See accompanying independent auditors' report.

LOS ANGELES COMMUNITY COLLEGE DISTRICT
Associated Student Organization Funds (Student Representation Fee Fund)
Year ended June 30, 2023

	East Los Angeles College	Los Angeles City College	Los Angeles Harbor College	Los Angeles Mission College	Los Angeles Pierce College	Los Angeles Southwest College	Los Angeles Trade Technical College	Los Angeles Valley College	West Los Angeles College	Total
Revenue:										
Other	\$ 99,152	57,044	28,674	37,842	73,530	18,784	51,436	64,672	34,704	465,838
Total revenue	<u>99,152</u>	<u>57,044</u>	<u>28,674</u>	<u>37,842</u>	<u>73,530</u>	<u>18,784</u>	<u>51,436</u>	<u>64,672</u>	<u>34,704</u>	<u>465,838</u>
Expenditure:										
Contract services and other operating expenditures	116,958	47,999	31,387	37,050	54,962	12,565	34,479	64,931	23,092	423,423
Total expenditure	<u>116,958</u>	<u>47,999</u>	<u>31,387</u>	<u>37,050</u>	<u>54,962</u>	<u>12,565</u>	<u>34,479</u>	<u>64,931</u>	<u>23,092</u>	<u>423,423</u>
Net increase (decrease) in fund balance	(17,806)	9,045	(2,713)	792	18,568	6,219	16,957	(259)	11,612	42,415
Fund balances at July 1, 2022	<u>140,578</u>	<u>106,933</u>	<u>104,643</u>	<u>119,308</u>	<u>406,109</u>	<u>60,389</u>	<u>136,301</u>	<u>331,463</u>	<u>73,036</u>	<u>1,478,760</u>
Fund balances at June 30, 2023	<u>\$ 122,772</u>	<u>115,978</u>	<u>101,930</u>	<u>120,100</u>	<u>424,677</u>	<u>66,608</u>	<u>153,258</u>	<u>331,204</u>	<u>84,648</u>	<u>1,521,175</u>

See accompanying independent auditors' report.

LOS ANGELES COMMUNITY COLLEGE DISTRICT
 Reconciliation of Annual Financial and Budget Report (CCFS-311)
 Year ended June 30, 2023

	General fund	Special revenue fund	Debt service fund	Building fund	Student financial aid fund	ASO fund	General long-term fixed assets	Other GASB Adj to general long-term debt	Total
June 30, 2023 total fund balances per annual financial budget report – 311	\$ 242,005,369	226,156,423	—	443,711,699	3,407,716	9,691,427	—	—	924,972,634
Audit adjustments to fund balance:									
Adjustments to cash with bond trustee	—	—	410,794,620	—	—	—	—	—	410,794,620
Adjustments to accrued interest expense	—	—	(175,991,959)	—	—	—	—	—	(175,991,959)
Adjustments to revenues	—	(173,415)	347,561,313	3,927,790	(113,200)	—	—	—	351,202,488
Adjustments to expenditures	—	70,472	(245,785,000)	(14,215,832)	—	(212,594)	—	—	(260,142,954)
Adjustments to bookstore's reserve for inventory and facility improvements	—	1,752,725	—	—	—	—	—	—	1,752,725
Adjustments to worker's compensation payable reserve	—	—	—	—	—	—	—	—	—
Adjustments and reclass	—	1,649,782	336,578,974	(10,288,042)	(113,200)	(212,594)	—	—	327,614,920
June 30, 2023 unaudited ending fund balance	242,005,369	227,806,205	336,578,974	433,423,657	3,294,516	9,478,833	—	—	1,252,587,554
Current assets:									
Adjustment to cash and deposit with trustee	—	—	—	—	—	—	—	(74,478,652)	(74,478,652)
Adjustments to receivables	—	—	—	—	—	—	—	37,509,702	37,509,702
Adjustments to payables	—	—	—	—	—	—	—	(89,174)	(89,174)
Capital assets are not financial resources and therefore are not reported as assets in government funds	—	—	—	—	—	—	4,590,644,005	—	4,590,644,005
Deferred Outflows	—	—	—	—	—	—	—	495,608,750	495,608,750
Long-term liabilities are not booked as part of fund balances:									
G.O. bonds	—	—	—	—	—	—	—	(4,500,730,000)	(4,500,730,000)
Unamortized premiums bond	—	—	—	—	—	—	—	(156,873,841)	(156,873,841)
Pension obligation	—	—	—	—	—	—	—	(678,639,932)	(678,639,932)
GASB Statement No. 75 implementation adjustment – OPEB	—	—	—	—	—	—	—	(405,901,413)	(405,901,413)
Supplemental retirement plan	—	—	—	—	—	—	—	(13,457,866)	(13,457,866)
Workers' compensation claims payable	—	—	—	—	—	—	—	(34,606,000)	(34,606,000)
General liability	—	—	—	—	—	—	—	(11,926,000)	(11,926,000)
Vacation benefits payable	—	—	—	—	—	—	—	(23,895,917)	(23,895,917)
Capital lease payable	—	—	—	—	—	—	—	(861,369)	(861,369)
SBITA liability	—	—	—	—	—	—	—	(2,521,979)	(2,521,979)
Deferred inflows	—	—	—	—	—	—	—	(298,123,759)	(298,123,759)
June 30, 2023 net position	\$ 242,005,369	227,806,205	336,578,974	433,423,657	3,294,516	9,478,833	4,590,644,005	(5,668,987,450)	174,244,109

See accompanying independent auditors' report.

LOS ANGELES COMMUNITY COLLEGE DISTRICT
 Reconciliation of Governmental Funds to the Statement of Net Position
 Year ended June 30, 2023

	General fund	Special revenue fund	Debt service fund	Building fund	Student financial aid fund	ASO fund *	General long-term fixed assets	Other GASB adj to general long-term debt	Total
June 30, 2023 ending fund balance	\$ 242,005,369	227,806,205	336,578,974	433,423,657	3,294,516	9,478,833	—	—	1,252,587,554
Current assets:									
Adjustment to receivables	—	—	—	—	—	—	—	37,509,702	37,509,702
Adjustment to payables	—	—	—	—	—	—	—	(89,174)	(89,174)
Adjustment to cash and deposit with trustee	—	—	—	—	—	—	—	(74,478,652)	(74,478,652)
Capital assets are not financial resources and therefore are not reported as assets in government funds	—	—	—	—	—	—	4,590,644,005	—	4,590,644,005
Deferred outflows	—	—	—	—	—	—	—	495,608,750	495,608,750
Long-term liabilities are not booked as part of fund balances:									
G.O. bonds	—	—	—	—	—	—	—	(4,500,730,000)	(4,500,730,000)
Unamortized premiums bond	—	—	—	—	—	—	—	(156,873,841)	(156,873,841)
Pension obligation	—	—	—	—	—	—	—	(678,639,932)	(678,639,932)
GASB Statement No. 75 implementation adjustment – OPEB	—	—	—	—	—	—	—	(405,901,413)	(405,901,413)
Supplemental Retirement Plan	—	—	—	—	—	—	—	(13,457,866)	(13,457,866)
Workers' compensation claims payable	—	—	—	—	—	—	—	(34,606,000)	(34,606,000)
General liability	—	—	—	—	—	—	—	(11,926,000)	(11,926,000)
Vacation benefits payable	—	—	—	—	—	—	—	(23,895,917)	(23,895,917)
Capital lease payable	—	—	—	—	—	—	—	(861,369)	(861,369)
SBITA liability	—	—	—	—	—	—	—	(2,521,979)	(2,521,979)
Deferred Inflows	—	—	—	—	—	—	—	(298,123,759)	(298,123,759)
June 30, 2023 net position	<u>\$ 242,005,369</u>	<u>227,806,205</u>	<u>336,578,974</u>	<u>433,423,657</u>	<u>3,294,516</u>	<u>9,478,833</u>	<u>4,590,644,005</u>	<u>(5,668,987,450)</u>	<u>174,244,109</u>

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

See accompanying independent auditors' report.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Other Supplemental Information

Year ended June 30, 2023

(1) Purpose of Schedules

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

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

(b) *Reconciliation of Governmental Funds to the Statement of Net Position*

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

ADDITIONAL INDEPENDENT AUDITORS' REPORT



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

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

The Honorable Board of Trustees:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Los Angeles Community College District (the District), which comprise the statement of net position as of June 30, 2023, and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 21, 2023.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been 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 its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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
December 21, 2023

COMPLIANCE SECTION

STATE AWARDS



Independent Auditor's Report on State Compliance

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

Report on State Compliance

Opinion on State Compliance

We have audited the Los Angeles Community College District's (the District) compliance with the types of compliance requirements described in Section 400 of the California Community Colleges Contracted District Audit Manual 2022-23 (CDAM), issued by the California Community Colleges Chancellor's Office for the year ended June 30, 2023. The state compliance requirements are identified in the Compliance Requirements section below.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the state programs for the year ended June 30, 2023.

Basis for Opinion on State Compliance

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of the CDAM. Our responsibilities under those standards and the CDAM are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the state programs. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements of state laws and regulations applicable to its state programs as identified in the Compliance Requirements section below and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's state programs.



Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Compliance Requirements

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

Section 411 – SCFF Data Management Control Environment
Section 412 – SCFF Supplemental Allocation Metrics
Section 413 – SCFF Success Allocation Metrics
Section 421 – Salaries of Classroom Instructors (50 Percent Law)
Section 423 – Apportionment for Activities Funded from Other Sources
Section 424 – Student Centered Funding Formula Base Allocation; FTES
Section 425 – Residency Determination for Credit Courses
Section 426 – Students Actively Enrolled Section 427 – Dual Enrollment (CCAP)
Section 427 – Dual Enrollment (CCAP)
Section 430 – Scheduled Maintenance Program Section 431 – Gann Limit Calculation
Section 431 – Gann Limit Calculation
Section 444 – Apprenticeship Related and Supplemental Instruction (RSI) Funds
Section 475 – Disabled Student Programs and Services (DSPS)
Section 490 – Propositions 1D and 51 State Bond Funded Projects
Section 491 – Education Protection Account Funds
Section 492 – Student Representative Fees Section 494 – State Fiscal Recovery Fund
Section 494 – State Fiscal Recovery Fund
Section 499 – COVID-19 Response Block Grant Expenditures



Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the CDAM, and which are described in the accompanying schedule of findings and questioned costs as findings SC 2023-001 to SC 2023-004. Our opinion on the state programs listed above is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the District's responses to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The District's responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Other Supplemental Compliance Information

Our audit was conducted for the purpose of forming an opinion on the District's compliance with the state laws and regulations described above. The Schedule of District Organization, Board and Administration Members, Schedule of State Awards, Schedule of Workload Measures for State General Apportionment Annual 2022-23 Apportionment Attendance Report, Reconciliation of the 50% Law Calculation to Audited Financial Statements, and Reconciliation of Education Protection Account (EPA) Expenditures to Audited Financial Statements for the year ended June 30, 2023 on pages 72 to 78 are presented for purposes of additional analysis as required by the CDAM. Such information is the responsibility of management, and, except for that portion marked "unaudited", was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We have applied certain limited procedures to the information in accordance with auditing standards generally accepted in the United States of America which consisted of comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements as of and for the year ended June 30, 2023, audited by other auditors whose report dated December 14, 2023 is included herein on pages 1 through 3. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing based on the requirements of the CDAM. Accordingly, this report is not suitable for any other purpose.

**Glendale, California
December 14, 2023**

OTHER SUPPLEMENTAL COMPLIANCE INFORMATION

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Schedule of District Organization, Board and Administration Members (unaudited)

Year ended June 30, 2023

The District Organization

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

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

Name	Office	Term expires
David Vela	President	December 13, 2024
Nichelle Henderson	First Vice President	December 13, 2024
Kelsey Lino	Second Vice President	December 13, 2024
Gabriel Buelna, Ph.D	Member	December 11, 2026
Steven F. Veres	Member	December 11, 2026
Sara Hernandez	Member	December 11, 2026
Andra Hoffman	Member	December 13, 2026
Alexy Cordova	Student Trustee	May 31, 2024

Name	Office
Dr. Francisco C. Rodriguez, Ph.D.	Chancellor
Dr. Melinda A. Nish	Deputy Chancellor
Dr. Nicole Albo-Lopez, Ed.D.	Interim Vice Chancellor, Educational Programs and Institutional Effectiveness
Carmen V. Lidz, MS	Vice Chancellor & Chief Information Officer
Jeanette L. Gordon	Vice Chancellor & Chief Financial Officer
Dr. Rueben C. Smith , D.C.Sc.	Vice Chancellor & Chief Facilities Executive
Maribel S. Medina, J.D.	General Counsel
Teyanna Williams, J.D.	Vice Chancellor, Human Resources

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Schedule of District Organization, Board and Administration Members (unaudited)

Year ended June 30, 2023

The College Presidents

Name	Office
Dr. Alberto J. Román	East Los Angeles College
Dr. Mary Gallagher	Los Angeles City College
Dr. Luis Dorado	Los Angeles Harbor College
Dr. Armida Ornelas	Los Angeles Mission College
Aracely Aguiar *	Los Angeles Pierce College
Dr. Anthony Culpepper *	Los Angeles Southwest College
Dr. Kathleen F. Burke *	L.A. Trade-Technical College
Dr. Barry Gribbons	Los Angeles Valley College
Dr. James M. Limbaugh	West Los Angeles College

* Interim

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Schedule of State Awards

Year ended June 30, 2023

<u>Program name</u>	<u>Cash received</u>	<u>Accounts receivable</u>	<u>Deferred income</u>	<u>Total program revenue</u>	<u>Total program expenditures</u>
Adult Education Block Grant	\$ 13,894,919	—	4,939,031	8,955,888	8,955,888
Basic Needs Centers and Staffing Support	5,976,175	—	3,954,702	2,021,473	2,021,473
Cal A and Middle Class Sch (MCS)	429,230	—	—	429,230	429,230
CAL Grants	20,294,302	—	—	20,294,302	20,287,303
CalKids	158,162	—	—	158,162	158,162
California College Promise	6,665,904	—	1,750,500	4,915,404	4,915,404
California State Preschool Program	5,700,651	1,957,747	—	7,658,398	7,658,398
CalWORKs	10,785,401	—	4,906,543	5,878,858	5,878,858
Chafee grant	69,843	—	—	69,843	69,843
Cooperating Agencies Resources for Education (CARE)	3,513,137	—	1,131,173	2,381,964	2,381,964
COVID-19 Recovery Block Grant	53,277,982	—	45,405,702	7,872,280	7,872,280
Disabled Students Program and Services (DSPS)	10,509,523	—	2,308,355	8,201,168	8,201,168
Emergency Financial Assistance	1,874,569	—	2,737	1,871,832	1,871,832
Extended Opportunity Program and Services (EOPS)	21,721,824	—	5,178,262	16,543,562	16,543,562
Family Child Care Homes	534,968	99,667	—	634,635	634,635
Financial Aid Technology	317,472	—	—	317,472	379,542
Foster and Kinship Care Education (FKCE)	684,794	—	914	683,880	683,880
General Child Care and Development	2,058,568	953,184	—	3,011,752	3,011,752
Guided Pathways	6,391,103	—	2,869,163	3,521,940	3,521,940
Innovation in Higher Education	393,778	—	282,539	111,239	111,239
LGBTQ+ students	500,000	—	439,359	60,641	60,641
Math, Engineering, and Science Achievement	556,383	76,876	397,293	235,966	235,966
Mental Health Support	5,427,357	—	3,939,769	1,487,588	1,487,588
Middle College High School (MCHS)	302,641	—	199,949	102,692	102,692
NextUp	5,527,218	—	1,812,950	3,714,268	3,714,268
Nursing Education	2,035,633	—	594,110	1,441,523	1,441,523
One-Time Block Grant/ Instructional Equipment/Deferred Maintenance	14,855,758	—	13,922,852	932,906	8,281,745
Osher Scholarship	188,330	—	—	188,330	188,330
Rapid Rehousing	1,515,698	—	785,525	730,173	730,173
Rising Scholars Network	918,000	—	482,515	435,485	435,485
Regional K-16 Education Collaboratives	7,252,000	—	6,074,021	1,177,979	1,177,979
SFRF Emergency Financial Assistance	12,943,461	—	—	12,943,461	12,946,198
Strong Workforce Program – Local	29,287,649	—	16,167,542	13,120,107	13,120,107
Strong Workforce Program – Regional	4,085,879	3,873,909	4,263	7,955,525	7,955,525
Student Equity and Achievement	66,492,057	—	20,931,293	45,560,764	45,560,764
Student Financial Aid Administration	5,742,494	—	356,798	5,385,696	5,385,696
Student Food and Housing Support	4,745,686	—	2,907,618	1,838,068	1,838,068
Student Retention and Enrollment	17,469,686	—	6,340,601	11,129,085	11,129,085
Student Success Completion Grant	27,410,424	—	—	27,410,424	27,410,424
Veterans Resource Center	1,564,029	—	580,199	983,830	983,830
Other State Assistance Programs	41,157,660	—	37,407,092	3,750,568	3,750,568
Total state programs	\$ 415,230,348	6,961,383	186,073,370	236,118,361	243,525,008

See accompanying independent auditor's report on schedule of state awards and state compliance.

LOS ANGELES COMMUNITY COLLEGE DISTRICT
Schedule of Workload Measures for State General Apportionment
Annual 2022-23 Apportionment Attendance Report
Year ended June 30, 2023

Categories	Reported data
A. Summer intersession (Summer Seg 2 only):	
1. Noncredit	1,449
2. Credit	3,373
B. Summer intersession (Summer Seg 1 only):	
1. Noncredit	20
2. Credit	52
C. Primary terms (Exclusive of summer intersessions):	
1. Census procedure courses:	
a. Weekly census contact hours	24,170
b. Daily census contact hours	4,500
2. Actual hours of attendance procedure courses:	
a. Noncredit	3,022
b. Credit	4,209
3. Independent study/work experience education courses:	
a. Weekly census procedure crs	16,454
b. Daily census procedure crs	15,349
c. Noncredit independent study	1,616
D. Total FTES	74,214

Supplemental Information

E. In-service training courses	3,597
H. Basic skills courses:	
1. Noncredit	4,815
2. Credit	331
I. CCFS-320 Addendum: CDCP Noncredit FTES	5,055
J. Centers FTES:	
1. Noncredit	N/A
2. Credit	N/A

See accompanying independent auditor's report on state compliance.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Reconciliation of the 50 Percent Law Calculation to Audited Financial Statements

Year ended June 30, 2023

	Object/TOP code	Activity (ECSA) ECS 84362 A Instructional Salary Cost AC 0100-5900 and AC 6110			Activity (ECSB) ECS 84362 B Total CEE AC 0100 – 6799		
		Reported data	Audit adjustments	Revised data	Reported data	Audit adjustments	Reported data
Academic salaries:							
Instructional salaries:							
Contract or regular	1100	\$ 126,534,036	—	126,534,036	126,585,198	—	126,585,198
Other	1300	121,658,517	—	121,658,517	122,273,730	—	122,273,730
Total instructional salaries		248,192,553	—	248,192,553	248,858,928	—	248,858,928
Noninstructional salaries:							
Contract or regular	1200	—	—	—	59,305,908	—	59,305,908
Other	1400	—	—	—	7,251,513	—	7,251,513
Total noninstructional salaries		—	—	—	66,557,421	—	66,557,421
Total academic salaries		248,192,553	—	248,192,553	315,416,349	—	315,416,349
Classified salaries:							
Noninstructional salaries:							
Regular status	2100	—	—	—	119,873,906	—	119,873,906
Other	2300	—	—	—	6,960,102	—	6,960,102
Total noninstructional salaries		—	—	—	126,834,008	—	126,834,008
Instructional aides:							
Regular status	2200	11,476,298	—	11,476,298	12,819,422	—	12,819,422
Other	2400	1,396,174	—	1,396,174	1,566,327	—	1,566,327
Total instructional aides		12,872,472	—	12,872,472	14,385,749	—	14,385,749
Total classified salaries		12,872,472	—	12,872,472	141,219,757	—	141,219,757
Employee benefits	3000	101,321,951	—	101,321,951	204,633,852	—	204,633,852
Supplies and materials	4000	—	—	—	4,308,693	—	4,308,693
Other operating expenses	5000	4,887,911	—	4,887,911	109,105,024	—	109,105,024
Equipment replacement	6420	—	—	—	—	—	—
Total expenditures prior to exclusions		367,274,887	—	367,274,887	774,683,675	—	774,683,675

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Reconciliation of the 50 Percent Law Calculation to Audited Financial Statements

Year ended June 30, 2023

	Object/TOP code	Activity (ECSA) ECS 84362 A Instructional Salary Cost AC 0100-5900 and AC 6110			Activity (ECSB) ECS 84362 B Total CEE AC 0100 – 6799		
		Reported data	Audit adjustments	Revised data	Reported data	Audit adjustments	Reported data
Exclusions:							
Activities to exclude:							
Instructional staff-retirees' benefits and retirement incentives	5900	\$ —	—	—	—	—	—
Student health services above amount collected	6441	—	—	—	—	—	—
Student transportation	6491	—	—	—	279,021	—	279,021
Noninstructional staff-retirees' benefits and retirement incentives	6740	—	—	—	33,529,792	—	33,529,792
Objects to exclude:							
Rents and leases	5060	—	—	—	2,411,516	—	2,411,516
Lottery expenditures:							
Academic salaries	1000	—	—	—	—	—	—
Classified salaries	2000	—	—	—	—	—	—
Employee benefits	3000	—	—	—	—	—	—
Supplies and materials:							
Software	4100	—	—	—	—	—	—
Books, magazines, and periodicals	4200	—	—	—	—	—	—
Instructional supplies and materials	4300	—	—	—	—	—	—
Noninstructional, supplies, and materials	4400	—	—	—	—	—	—
Total supplies and materials		—	—	—	—	—	—
Other operating expenses and services	5000	—	—	—	21,930,225	—	21,930,225
Capital outlay:							
Library books	6000	—	—	—	—	—	—
Equipment:							
Equipment – additional	6410	—	—	—	—	—	—
Equipment – replacement	6420	—	—	—	—	—	—
Total equipment		—	—	—	—	—	—
Total capital outlay		—	—	—	—	—	—
Other outgo	7000	—	—	—	—	—	—
Total exclusions		—	—	—	58,150,554	—	58,150,554
Total for ECS 84362, 50% law		\$ 367,274,887	—	367,274,887	716,533,121	—	716,533,121
Percent of CEE (Instructional salary cost/Total CEE)		51.26 %		51.26 %	100 %		100 %
50% of current expense of education					\$ 358,266,561		\$ 358,266,561

See accompanying independent auditor's report on state compliance.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

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

Year ended June 30, 2023

<u>Activity classification</u>	<u>Activity code</u>				<u>Total</u>
EPA proceeds	8630				\$ 49,418,747
<u>Activity classification</u>	<u>Activity code</u>	<u>Salaries and benefits (1000-3000)</u>	<u>Operating expenses (4000-5000)</u>	<u>Capital outlay (6000)</u>	<u>Total</u>
Instructional activities	0100-5900	\$ 49,332,374	—	—	49,332,374
Other support activities	6XXX	86,373	—	—	86,373
Total expenditures for EPA		\$ 49,418,747	—	—	49,418,747
Revenue less expenditures					\$ —

See accompanying independent auditor's report on state compliance.

LOS ANGELES COMMUNITY COLLEGE DISTRICT
Notes to Other Supplemental Compliance Information
Year ended June 30, 2023

(1) Purpose of Schedules

(a) Schedule of State Awards

The Schedule of State Awards includes the State grant activity of the District under categorical programs of the State of California for the year ended June 30, 2023.

(b) Schedule of Workload Measures for State General Apportionment

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

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

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

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

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

(2) Basis of Presentation and Accounting of State Awards

(a) Basis of Presentation

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

(i) Schedule of State Awards

The information in the Schedule of State Awards is presented to comply with the reporting requirements of the *California Community Colleges Contracted District Audit Manual (CDAM) 2022-23*.

(b) Basis of Accounting

The accompanying Schedule of State Awards is presented using the accrual basis of accounting.

LOS ANGELES COMMUNITY COLLEGE DISTRICT
Notes to Other Supplemental Compliance Information
Year ended June 30, 2023

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

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

State revenue in fund financial statements:

General fund	\$ 628,159,051
Special reserve fund	37,396,970
Child development fund	12,502,120
Student financial aid fund	<u>60,573,690</u>
Total state revenue in fund statements	<u>\$ 738,631,831</u>

State Revenue in Schedule of State Awards

Total state revenue	\$ 236,118,361
Add general fund:	
Basic and equalization aid	\$ 419,178,214
State mandated costs	3,228,534
State lottery	33,009,577
Tax relief subvention	1,085,192
Other state funds	<u>8,614,983</u>
Total general fund revenue	465,116,500
Add special revenue fund:	
Community College Construction Act	<u>37,396,970</u>
Total state revenue in fund statements	<u>\$ 738,631,831</u>

**SUMMARY OF AUDITORS' RESULTS AND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR STATE AWARDS**

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Schedule of Findings and Questioned Costs

Summary of Auditors' Results

Year ended June 30, 2023

(1) Summary of Auditors' Results

Financial Statements

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

State Awards

- d) Internal control over financial reporting:
- Material Weakness(es) identified: **None.**
 - Significant deficiencies identified that are not considered to be material weaknesses: **None.**
- e) The type of auditor's report issued on compliance for state programs: **Unmodified.**

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Schedule of Findings and Questioned Costs

Summary of Auditors' Results

Year ended June 30, 2023

(2) Summary of State Findings

Finding No.	Section No.	Compliance and Description	Page No.
SC 2023-001	Section 427	<i>Dual Enrollment (CCAP):</i> Untimely K-12 Supplemental Application Form	83
SC 2023-002	Section 427	<i>Dual Enrollment (CCAP):</i> Incomplete K-12 Supplemental Application Form	85
SC 2023-003	Section 475	<i>Disabled Student Programs & Services (DSPS):</i> Missing Signatures on Student Educational Contract (SEC)	86
SC 2023-004	Section 411	<i>SCFF Data Management Control Environment:</i> Improvement on the IT General Controls (ITGC) for Information Systems Used for Student-Centered Funding Formula (SCFF)	88

SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Schedule of State Findings and Questioned Costs

Year ended June 30, 2023

Finding SC 2023-001: Untimely K-12 Supplemental Application Form

State Compliance Requirement Information

<i>State Compliance Section:</i>	Section 427
<i>State Compliance Requirement:</i>	Dual Enrollment (CCAP)
<i>Campus:</i>	Los Angeles Valley College

Criteria or Specific Requirement:

Per *Contracted District Audit Manual, Section 427-Dual Enrollment (CCAP)*, auditors are required to determine if the governing board of a school district authorized pupils, upon recommendation of the principal of the pupil's school of attendance, and with parental consent, to attend a community college during any session or term as special part-time or full-time students and to undertake one or more courses of instruction offered at the community college level.

The governing board of a school district may determine which pupils would benefit from advanced scholastic or vocational work. The intent of this section is to provide educational enrichment opportunities for a limited number of eligible pupils, rather than to reduce current course requirements of elementary and secondary schools, and also to help ensure a smoother transition from high school to college for pupils by providing them with greater exposure to the collegiate atmosphere (Advanced Education [48800-48802]).

References:

Contracted District Audit Manual (CDAM) FY2022-23
California Education Code of Regulations Title 2

Identified Condition:

For 5 of 28 students sampled, we noted that the student's K-12 Supplemental Application Form was not approved and signed by the Student, Parent, and High School official (counselor) during fiscal year (FY) 2022-23. We noted that these forms were instead approved during FY 2023-24. These students were able to enroll in courses during school FY 2022-2023, although the K-12 Supplemental Application Forms were signed and approved during school FY 2023-2024.

Cause and Effect:

During the pandemic, it was necessary for the campus to implement temporary, informal procedures in order to enroll K-12 students in a timely manner.

Without a fully executed K-12 Supplemental Application Form, a student should not be allowed to enroll in courses at the college.

Questioned Costs:

None.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Schedule of State Findings and Questioned Costs

Year ended June 30, 2023

Recommendation:

We recommend that the campus enhance existing procedures to ensure that K-12 Supplemental Application Forms are properly and timely signed by all required parties and maintained on file for the applicable FY. Additionally, a review procedure should be implemented to ensure that all required documentation is maintained on file prior to allowing K-12 students to enroll in courses at the college.

Views of Responsible Officials and Planned Corrective Actions:

During the pandemic, we worked with our high school partners to offer dual enrollment and College and Career Access Pathways (CCAP) classes, while navigating COVID surges and tight safety protocols. Part of this required us to adapt existing processes to enable students to enroll and participate without delay. To that end, we developed a temporary process where:

- Students were selected by the high school to participate in dual enrollment/ CCAP programs.
- The high school sent lists of students approved to enroll in particular classes.
- Los Angeles Valley College cleared students on the High School (HS) Control page and enrolled them in the class(es).
- Los Angeles Valley College collected K-12 forms to document the process which had already occurred.

On February 28, 2023, Governor Gavin Newsom terminated California's COVID-19 State of Emergency, but enrollment for Spring 2023 began in November 2022. Now that the pandemic is officially over, Los Angeles Valley College will return to pre-COVID procedures for collecting Supplemental Applications for Students in Grades K-12, clearing students on the HS Control page and enrolling students in classes.

The Office of Academic Affairs has a grant to expand CCAP offerings. As part of the grant, they are responsible for:

- Collecting paper or dynamic K-12 Forms
- Enter the K-12 Form into the Student Information System on the HS Control page.
- Enrolling K12 students into the approved class(es) from their K-12 Form.
- Delivering all K-12 forms to the Office of Admissions and Records properly signed and dated by the census date.

Personnel responsible for implementation: Brandon Hildreth, Dean and Ashley Dunn, Registrar

Positions of responsible personnel: Dean and Registrar

Date of Implementation: Spring 2024. Enrollment begins October 2023

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Schedule of State Findings and Questioned Costs

Year ended June 30, 2023

Finding SC 2023-002: Incomplete K-12 Supplemental Application Form

State Compliance Requirement Information

<i>State Compliance Section:</i>	Section 427
<i>State Compliance Requirement:</i>	Dual Enrollment (CCAP)
<i>Campus:</i>	Los Angeles City College

Criteria or Specific Requirement:

Per *Contracted District Audit Manual, Section 427-Dual Enrollment (CCAP)*, auditors are required to determine if the governing board of a school district authorized pupils, upon recommendation of the principal of the pupil's school of attendance, and with parental consent, to attend a community college during any session or term as special part-time or full-time students and to undertake one or more courses of instruction offered at the community college level.

The governing board of a school district may determine which pupils would benefit from advanced scholastic or vocational work. The intent of this section is to provide educational enrichment opportunities for a limited number of eligible pupils, rather than to reduce current course requirements of elementary and secondary schools, and also to help ensure a smoother transition from high school to college for pupils by providing them with greater exposure to the collegiate atmosphere (Advanced Education [48800-48802]).

References:

Contracted District Audit Manual (CDAM) FY2022-23
California Education Code of Regulations Title 2

Identified Condition:

For 1 of 19 concurrent students sampled, we noted that the student's K-12 Supplemental Application Form did not include 1 of the 4 courses that the student was enrolled in. Thus, there was no formal approval for the student to enroll in the course during Spring term.

Cause and Effect:

Campus personnel were not able to locate the fully executed K-12 Supplemental Application Form for the course that was enrolled in by the student.

Without an approved K-12 Supplemental Application Form maintained on file, a student should not be allowed to enroll in courses at the college.

Questioned Costs:

None.

Recommendation:

We recommend that the campus enhance existing procedures to ensure compliance with the requirements for K-12 students to enroll in only approved courses at the college and that applications are appropriately saved as to not be misplaced. We recommend that the campus enhance existing procedures to ensure that approved K-12 Supplemental Application Forms are properly maintained on file. Additionally, a review

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Schedule of State Findings and Questioned Costs

Year ended June 30, 2023

procedure should be implemented to ensure that all required documentation is maintained on file prior to allowing K-12 students to enroll in courses at the college.

Views of Responsible Officials and Planned Corrective Actions:

To ensure compliance with the requirements for K-12 students to enroll in only approved courses at the college and that applications are appropriately saved as to not be misplaced, we have made significant improvements during the 2023-2024 school year. We will continue to explore new ways to make this process as efficient as possible while following the correct procedures. Improvements currently include the following:

1. We onboarded 2 instructor special assignment faculty members, each at .67 release to support Dual Enrollment (DE) efforts; hired 4 registration assistants to physically go to the high schools and support students/counselors/parents in the DE enrollment progress.
2. We now host “drop in” zoom hours M-Th, 4-6 pm through our welcome center where parents of students, students, and high school counselors can drop by and get matriculation support.
3. The new DE ISAs (Instructor Special Assignment) are going to host “drop in” zoom support for high school DE contacts weekly, during K-12 hours of operation.
4. The DE ISAs have created a step-by-step guide for high school students for the enrollment process.
5. We have created a link tree on social media with access to DE forms, DE canvas shell, request forms, DE staff contact email, and link to DE homepage on LACC website.
6. We have created a DE Canvas shell with resources for high school partners.
7. We will be hosting separate semesterly training sessions on zoom for high school partners, DE faculty, and DE parents to inform them about DE expectations, requirements, etc.

Personnel responsible for implementation: Rocio Rubalcava

Position of responsible personnel: Registrar

Date of Implementation: June 1, 2023

Finding SC 2023-003: Missing Signatures on Student Educational Contract (SEC)

State Compliance Requirement Information

<i>State Compliance Section:</i>	Section 475
<i>State Compliance Requirement:</i>	Disabled Student Programs & Services (DSPS)
<i>Campus:</i>	Los Angeles Southwest College

Criteria or Specific Requirement:

Per Contracted District Audit Manual, Section 475 – Disabled Student Programs & Services (DSPS), Community College students with disabilities are those who have applied to or enrolled at a community college who, because of a verified disability, cannot benefit from general education classes, activities, and services without additional DSPS program support services to mitigate the effects of the educational limitations due to the disability.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Schedule of State Findings and Questioned Costs

Year ended June 30, 2023

Auditors are required to review student files for DSPS eligibility with the exception of confidential learning disability testing protocols. Documentation of the interactive process in the DSPS file demonstrates compliance, (California Code of Regulations, title 5, sections 56000-56076, 59114, and 59116 Management Information Systems Data Mart – DSPS reports).

One of the suggested audit procedures is to test student files for eligibility, including the documentation that they are “enrolled” prior to January 1, 2017, or have “applied to or enrolled” in the college after January 1, 2017 for state-sponsored disabled student services programs or courses.

According to the Implementing Guidelines for Title 5 DSPS Regulations released by the Chancellor’s Office, California, each college shall generate an Academic Accommodation Plan (AAP), previously known as the SEC, and maintain a record of the interactive process between each DSPS student and a DSPS certified staff member. An AAP may be in print, electronic, or other form. There must be some indication of interaction between the student and the college, which may take the form of a signature on a paper form or electronic signature.

References:

Contracted District Audit Manual (CDAM) FY2022-23
California Code of Regulations Title 5
Implementing Guidelines for Title 5 DSPS Regulations

Identified Condition:

For 1 of the 20 students sampled, we noted the student’s DSPS AAP was missing the student’s signature and DSPS staff signatures.

Cause and Effect:

The AAP application was not fully executed.

Questioned Costs:

None.

Recommendation:

We recommend that the campus enhance procedures to ensure that student applications are properly signed, reviewed and approved, and maintained on file.

Views of Responsible Officials and Planned Corrective Actions:

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

The DSPS office will implement a file review system in which the Office Assistant will audit new student files to ensure all forms are properly completed. Each file will contain a checklist including all required documents. Once the counselor meets with a new student, a file will be created and stored on the shared drive. Each week, the Office Assistant will review the files and mark each completed document on the checklist. Once the checklist is complete, the file will be saved on the shared drive.

This process will ensure all forms are complete and contain the appropriate signatures.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Schedule of State Findings and Questioned Costs

Year ended June 30, 2023

Personnel responsible for implementation: Dr. Ralph Davis

Position of responsible personnel: Dean, Student Services

Date of Implementation: October 23, 2023

Finding SC 2023-004: Improvement on the IT General Controls (ITGC) for Information Systems Used for Student-Centered Funding Formula (SCFF)

State Compliance Requirement Information

State Compliance Section:

Section 411

State Compliance Requirement:

SCFF Data Management Control Environment

Criteria or Specific Requirement:

Title 5 section 58311 outlines the Principles for Sound Fiscal Management for the community college system. These regulatory principles require districts to implement and maintain effective internal controls to ensure that fiscal objectives are met, define fiscal responsibilities, and establish staff accountability, adhere to appropriate fiscal policies and procedures, and maintain information systems that provide timely, accurate, and reliable fiscal information for planning, decision making and budgetary control. Compliance with these principles helps ensure that community college districts submit accurate and complete SCFF metric data to the Chancellor's Office.

To encourage improvements in data management practices across the community college system, the Chancellor's Office commissioned the Fiscal Crisis and Management Assistance Team (FCMAT) to gather information and provide recommendations. The procedures suggested here are in alignment with the recommendations of the Data Management Practices Review released by FCMAT in June 2019. The report describes data management best practices, tools used by some districts to assist in building and maintaining documentation, as well as a typical local process for completing term-end data submissions.

Per Contracted District Audit Manual, Section 411 – SCFF Data Management Control Environment, districts should demonstrate adequate oversight of data management practices including, but not limited to:

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

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

References:

Contracted District Audit Manual (CDAM) FY2022-23

California Code of Regulations Title 5

FCMAT CCCC Data Management Practices Review (June 2019)

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Schedule of State Findings and Questioned Costs

Year ended June 30, 2023

Identified Condition:

In our review of the District's *policies, procedures, and responsibilities over collecting, processing, and reporting SCFF data* for fiscal year 2022-23, we noted that the following were *established and implemented* in relation to Section 411 compliance requirements (a) and (b):

- a) The policies and practices for the management of data used in SCFF were documented and approved in March 2021 with subsequent updates made in August 2022 and July 2023. These policies and practices are subject to review and update annually.
- b) Desk procedures showing the attendance accounting data flow and tasks relative to CCFS-320 and MIS data preparation and submissions were established and implemented.
- c) The data stewardship committee was established to provide oversight and governance on data management practices. In addition, responsible, accountable, consulted, informed (RACI) matrices were documented that clearly define the ownership of SCFF data management processes and tasks.
- d) Relevant personnel are provided with training and professional development opportunities relevant to the processing and reporting of SCFF data. California Community Colleges resource center provides webinars, resources, and best practices which are made available to personnel responsible for SCFF data.

However, in our assessment related to the District's compliance with Section 411 compliance requirement (c), where we reviewed and tested the *IT environment and controls surrounding the information systems used for SCFF*, we identified the following *areas* to further improve the District's IT environment:

- A. Formally Establish and Document Risk Acceptance Process (*repeat finding*)
Refer to finding FA 2023-003 Item A.
- B. Perform Regular Backup Restoration Tests (*repeat finding*)
Refer to finding FA 2023-003 Item B.
- C. Perform Timely Access Revocation and Regular Access Reviews (*repeat finding*)
Refer to finding FA 2023-003 Item C.
- D. Maintain and Review Logs of Users' Activity for both SAP and PS SIS
Refer to finding FA 2023-003 Item E.
- E. Implement Data-at-Rest Encryption for Devices Storing Customer Data
Refer to finding FA 2023-003 Item F.
- F. Enforce Strict Compliance on Controls over SAP Direct to Production Changes
Refer to finding FA 2023-003 Item G.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Schedule of State Findings and Questioned Costs

Year ended June 30, 2023

Cause and Effect:

- A. Formally Establish and Document Risk Acceptance Process *(repeat finding)*
Refer to finding FA 2023-003 Item A.
- B. Perform Regular Backup Restoration Tests *(repeat finding)*
Refer to finding FA 2023-003 Item B.
- C. Perform Timely Access Revocation and Regular Access Reviews *(repeat finding)*
Refer to finding FA 2023-003 Item C.
- D. Maintain and Review Logs of Users' Activity for both SAP and PS SIS
Refer to finding FA 2023-003 Item E.
- E. Implement Data-at-Rest Encryption for Devices Storing Customer Data
Refer to finding FA 2023-003 Item F.
- F. Enforce Strict Compliance on Controls over SAP Direct to Production Changes
Refer to finding FA 2023-003 Item G.

Questioned Costs:

None.

Recommendation:

We recommend the following to further improve the District's IT environment:

- A. Formally Establish and Document Risk Acceptance Process *(repeat finding)*
Refer to finding FA 2023-003 Item A.
- B. Perform Regular Backup Restoration Tests *(repeat finding)*
Refer to finding FA 2023-003 Item B.
- C. Perform Timely Access Revocation and Regular Access Reviews *(repeat finding)*
Refer to finding FA 2023-003 Item C.
- D. Maintain and Review Logs of Users' Activity for both SAP and PS SIS
Refer to finding FA 2023-003 Item E.
- E. Implement Data-at-Rest Encryption for Devices Storing Customer Data
Refer to finding FA 2023-003 item F.
- F. Enforce Strict Compliance on Controls over SAP Direct to Production Changes
Refer to finding FA 2023-003 Item G.

Furthermore, we strongly recommend that the District establish a close collaboration among the Office of the Internal Audit, Educational Programs & Institutional Effectiveness (EPIE), and the Office of Information Technology to review, enforce, and monitor effective IT controls relevant to information systems used to process SCFF data.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Schedule of State Findings and Questioned Costs

Year ended June 30, 2023

Notwithstanding the observations noted above, in performing test work over the District's compliance with state compliance requirements Section 412 – SCFF Supplemental Allocation Metrics and Section 413 – SCFF Success Allocation Metrics, we noted the District's compliance with timely, accurate, and reliable reporting of supplemental and student success metrics data (headcount) to the Chancellor's Office through MIS and the CCFS-320 online reporting system.

Views of Responsible Officials and Planned Corrective Actions:

- A. Formally Establish and Document Risk Acceptance Process *(repeat finding)*
Refer to finding FA 2023-003 Item A.
- B. Perform Regular Backup Restoration Tests *(repeat finding)*
Refer to finding FA 2023-003 Item B.
- C. Perform Timely Access Revocation and Regular Access Reviews *(repeat finding)*
Refer to finding FA 2023-003 Item C.
- D. Maintain and Review Logs of Users' Activity for both SAP and PS SIS
Refer to finding FA 2023-003 Item E.
- E. Implement Data-at-Rest Encryption for Devices Storing Customer Data
Refer to finding FA 2023-003 item F.
- F. Enforce Strict Compliance on Controls over SAP Direct to Production Changes
Refer to finding FA 2023-003 Item G.

**SUMMARY SCHEDULE OF PRIOR YEAR
STATE COMPLIANCE AUDIT FINDINGS**

LOS ANGELES COMMUNITY COLLEGE DISTRICT
 Summary Schedule of Prior Year State Compliance Audit Findings
 Year ended June 30, 2023

Finding Reference and Description	Identified Condition and Prior Year's Corrective Action Plan	Current Status	Explanation if not fully implemented
<p>SC 2022-001</p> <p>Section 427</p> <p><i>Dual Enrollment (CCAP)</i></p> <p>CCAP Agreement Not Fully Executed</p>	<p>Identified Condition:</p> <p>For 1 of the 5 College and Careers Access Pathways (CCAP) agreements selected for test work, we noted that the agreement was not fully executed (signed) and approved by both parties.</p> <p>Views of Responsible Officials and Planned Corrective Actions:</p> <p>For the 1 out of 5 CCAP agreements, the Alhambra Unified School District requires that LACCD/ELAC sign the agreement first. The agreement was approved by the LACCD Board of Trustees in the June 2022 meeting and was signed by an ELAC authorized signatory. The agreement was then mailed to Alhambra Unified School District for their signature. ELAC has reached-out to Alhambra Unified School District but is awaiting approval by the Alhambra Unified School District's Board of Trustee. ELAC followed its approval process as required by District policy. ELAC will review all CCAP agreements to ensure that all agreements are fully executed and approved by the respective partner institution's governing body before such agreements are included in any CCAP agreement list.</p>	<p>Implemented (January 2023)</p>	<p>Not applicable</p>

LOS ANGELES COMMUNITY COLLEGE DISTRICT
 Summary Schedule of Prior Year State Compliance Audit Findings
 Year ended June 30, 2023

Finding Reference and Description	Identified Condition and Prior Year's Corrective Action Plan	Current Status	Explanation if not fully implemented
<p>SC 2022-002</p> <p>Section 427</p> <p><i>Dual Enrollment (CCAP)</i></p> <p>Lack of Approved K-12 Supplemental Application Forms</p>	<p>Identified Condition:</p> <p>For 2 of 10 students sampled, we noted that there were no approved K-12 Supplemental Application Forms signed by the parents and high school official (counselor).</p> <p>Views of Responsible Officials and Planned Corrective Actions:</p> <p>The Dual Enrollment office will continue to utilize Dynamic Forms. However, if there is a parent or counselor that is not versed in the Dynamic Forms process; they will be provided with guidance. Additionally, the Dual Enrollment team will implement Viatron, which is a document management platform that is utilized by Admissions and Records. This will help organize, catalogue and secure important enrollment documents for K-12 students. It is the same document management platform that is utilized by Admissions and Records. The Dual Enrollment team will only have access to upload the documents; Admissions and Records will be the “keeper” of the document, minimizing any loss of documents between offices.</p>	<p>Implemented (January 2023)</p>	<p>Not applicable</p>

LOS ANGELES COMMUNITY COLLEGE DISTRICT
 Summary Schedule of Prior Year State Compliance Audit Findings
 Year ended June 30, 2023

Finding Reference and Description	Identified Condition and Prior Year's Corrective Action Plan	Current Status	Explanation if not fully implemented
<p>2022-003</p> <p>Section 411</p> <p><i>SCFF Data Management Control Environment</i></p> <p>Improvement on the IT General Controls (ITGC) for Information Systems Used in the Collection and Reporting of Student-Centered Funding Formula (SCFF) Data</p> <p>(Repeat Finding)</p>	<p>Identified Condition:</p> <p>As part of item #c of the compliance requirement – controls on information systems used to collect and report SCFF data, we noted the following on the relevant IT general controls impacting the District's Student Information Systems (SIS):</p> <p>A. Perform regular backup restoration tests</p> <p>The District performed a comprehensive Tabletop Disaster Recovery (DR) exercise for both SAP and SIS during the audit period. As part of the exercise, the DR Team simulated a scenario, fully supported with recovery considerations, steps, results, recovery challenges, and key recommendations to improve moving forward – the exercise was also reviewed and approved by Vice Chancellor and Chief Information Officer. However, a key activity which is the actual backup restoration testing was not performed as part of the tabletop exercise or at any point during the audit period.</p>	Partially implemented	Repeat finding See SC 2023-004

LOS ANGELES COMMUNITY COLLEGE DISTRICT
 Summary Schedule of Prior Year State Compliance Audit Findings
 Year ended June 30, 2023

Finding Reference and Description	Identified Condition and Prior Year's Corrective Action Plan	Current Status	Explanation if not fully implemented
	<p><i>B. Improve server and network security (repeat finding)</i></p> <p>Server and network security can be further improved. While the District has taken steps on securing systems, we noted the following:</p> <ul style="list-style-type: none"> i. The latest SAP server vulnerability reports showed one (1) critical and one (1) high vulnerability which remains outstanding since its last scan on September 24, 2022. Based on the vulnerability scan policy, a reasonable effort shall be made to remediate high and critical vulnerabilities within 30 calendar days of discovery. The longer the vulnerability issues remain unaddressed, the higher the security risks that the District faces. ii. We noted that a critical security update for SIS Database Server released on August 9, 2022, was installed on October 16, 2022. Based on the District's policy, patches designated as "Critical" by the manufacturer must be installed as soon as feasible without introducing instability or impacting service availability of production systems, and no later than thirty days after release. (Repeat finding). 		

LOS ANGELES COMMUNITY COLLEGE DISTRICT
 Summary Schedule of Prior Year State Compliance Audit Findings
 Year ended June 30, 2023

Finding Reference and Description	Identified Condition and Prior Year's Corrective Action Plan	Current Status	Explanation if not fully implemented
	<p>iii. We noted that the firewall rules included telnet which can lead to potential sniffing or eavesdropping attacks as the privileged credentials are sent in the network in clear text. This was subsequently removed by IT as of November 2022.</p> <p>C. Perform timely access revocation and system access review (repeat finding)</p> <p>Based on test of controls to verify that access of terminated employees is timely removed in Active Directory (AD), SAP, and SIS, we noted that out of the 30 terminated employees selected for testing:</p> <ul style="list-style-type: none"> i. One (1) user was active in AD ii. Two (2) users were still active in SAP iii. 16 users were still active in SIS <p>Moreover, while a privileged user access review is performed for AD, there is no review performed to check the validity of regular users in AD, and the validity and appropriateness of users in SAP and SIS. The purpose of properly establishing periodic user access review, coupled with limiting and monitoring administrative access within the system, is to ensure management's</p>		

LOS ANGELES COMMUNITY COLLEGE DISTRICT
 Summary Schedule of Prior Year State Compliance Audit Findings
 Year ended June 30, 2023

Finding Reference and Description	Identified Condition and Prior Year's Corrective Action Plan	Current Status	Explanation if not fully implemented
	<p>understanding of the overall systems operation, its internal workflow requirements, and the segregation of duties within the systems that is required so that employees are not granted excessive, incompatible system access levels and workflow capabilities.</p> <p>D. Optimize account lockout configuration in SAP Database</p> <p>Inspection of password configuration for SAP Database revealed that account lockout duration and threshold are set to unlimited. Based on the District's password standard, account lockout duration and threshold should be set at 15 minutes and 10 invalid logon attempts, respectively.</p> <p>Views of Responsible Officials and Planned Corrective Actions:</p> <p>A. Perform regular backup restoration tests. The District is planning to complete a backup restoration by the end of Q1 2023.</p> <p>The District is in the process of procuring professional services and appropriate licensing to complete the backup restoration test. The revised estimated date for completion is August 31, 2023.</p>		

LOS ANGELES COMMUNITY COLLEGE DISTRICT
 Summary Schedule of Prior Year State Compliance Audit Findings
 Year ended June 30, 2023

Finding Reference and Description	Identified Condition and Prior Year's Corrective Action Plan	Current Status	Explanation if not fully implemented
	<p><i>B. Improve server and network security</i></p> <p>i. The District has completed reviewing the changes needed to address the identified critical vulnerabilities. The vulnerability patch will be applied by the end of the 2022 calendar year.</p> <p>The District applied the vendor recommended solution for the vulnerability, but it did not provide the expected resolution. It was determined that a complete reconfiguration and replacement of the server will be necessary. The team has been continuing to work with the vendor and the revised completion date is June 30, 2023.</p> <p>ii. The District completed the high vulnerability patch on November 10, 2022.</p> <p>iii. The District completed the critical patch updates outside of the identified 30 calendar day window due to minimizing substantial business impact. The patching periods fell under the critical business time period. Verbal approval was provided but the District will strictly follow procedure to obtain written authorization from the VC/CIO for delaying the patching.</p>		

LOS ANGELES COMMUNITY COLLEGE DISTRICT
 Summary Schedule of Prior Year State Compliance Audit Findings
 Year ended June 30, 2023

Finding Reference and Description	Identified Condition and Prior Year's Corrective Action Plan	Current Status	Explanation if not fully implemented
	<p>C. <i>Perform timely access revocation and system access review</i></p> <p>i. The District has undergone a comprehensive discovery of our current environments and scoped out opportunities to optimize the deprovisioning synchronization. This scope has been incorporated into a public solicitation which completed early Fall 2022. Currently, the District awaits board authorization on issuing a professional services contract to begin the effort. The target is to initialize a project in January to automate deprovisioning synchronization of employees across the multiple EPR systems. Meanwhile, regular access reviews of SAP and SIS will be a separate process that will be regularly conducted. The target completion is early Q2 2023.</p> <p>The District received board approval on the project. A project was initiated and the target completion of the automation is 12/23/2023.</p>		

FEDERAL AWARDS



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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Los Angeles Community College District's (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2023. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of federal award findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal programs.



Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance with those requirements which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of federal award findings and questioned costs as findings FA 2023-001 to FA 2023 -006. Our opinion on each major program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the District's responses to the noncompliance findings identified in our compliance audit described in the accompanying schedule of federal award findings and questioned costs. The District's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.



Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a deficiency in internal control over compliance that we consider to be a significant deficiency.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of federal award findings and questioned costs as finding FA 2022 – 002 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of federal award findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Glendale, California
December 14, 2023



655 N. Central Avenue
Suite 1550
Glendale, CA 91203

www.vasquez.cpa

213-873-1700
OFFICE

LOS ANGELES
SAN DIEGO
IRVINE
SACRAMENTO
FRESNO
PHOENIX
LAS VEGAS
MANILA, PH

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

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

Report on the Schedule of Expenditures of Federal Awards

Opinion on the Schedule of Expenditures of Federal Awards

We have audited the schedule of expenditures of federal awards (Schedule) of the Los Angeles Community College District (the District) for the year ended June 30, 2023.

In our opinion, the accompanying schedule of expenditures of federal awards referred to above presents fairly, in all material respects, the federal expenditures of the Los Angeles Community College District for the year ended June 30, 2023, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of the Schedule of Expenditures of Federal Awards 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.

Management's Responsibilities for the Schedule of Expenditures of Federal Awards

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



Auditor's Responsibilities for Schedule of Expenditures of Federal Awards

Our objectives are to obtain reasonable assurance about whether the Schedule is free from material misstatement, whether due to fraud or error, and to issue an auditor's 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, *Government Auditing Standards*, and the Uniform Guidance 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.

**Glendale, California
December 14, 2023**

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Schedule of Expenditures of Federal Awards

Year ended June 30, 2023

Federal grantor/pass-through grantor/program or cluster title	Assistance listing number	Award or pass-through identification number	Passed through to subrecipients	Total federal expenditures
Major Programs:				
US Department of Education:				
Student Financial Assistance Cluster:				
Direct Program:				
Federal Supplement Educational Opportunity Grants (FSEOG):				
Los Angeles City College	84.007	P007A210450	\$ —	522,218
East Los Angeles College	84.007	P007A210365	—	934,673
Educational Service Center	84.007	-	—	12,895
Los Angeles Harbor College	84.007	P007A210451	—	273,213
Los Angeles Mission College	84.007	P007A210452	—	144,600
Los Angeles Pierce College	84.007	P007A210453	—	766,595
Los Angeles Southwest College	84.007	P007A210455	—	194,250
Los Angeles Trade Technical College	84.007	P007A210456	—	600,940
Los Angeles Valley College	84.007	P007A210457	—	568,130
West Los Angeles College	84.007	P007A210676	—	408,238
			—	<u>4,425,752</u>
Federal Work Study Program:				
Los Angeles City College	84.033	P033A210450	—	421,046
East Los Angeles College	84.033	P033A210365	—	607,228
Los Angeles Harbor College	84.033	P033A210451	—	110,526
Los Angeles Mission College	84.033	P033A210452	—	205,203
Los Angeles Pierce College	84.033	P033A210453	—	105,656
Los Angeles Southwest College	84.033	P033A210455	—	181,561
Los Angeles Trade Technical College	84.033	P033A210456	—	166,825
Los Angeles Valley College	84.033	P033A210457	—	242,059
West Los Angeles College	84.033	P033A210676	—	75,681
			—	<u>2,115,785</u>
Federal Perkins Loan Program:				
Los Angeles City College	84.038	-	—	21,755
East Los Angeles College	84.038	-	—	47,593
			—	<u>69,348</u>
Federal Pell Grant Program:				
Los Angeles City College	84.063	P063P210033	—	17,106,174
East Los Angeles College	84.063	P063P215263	—	28,252,978
Los Angeles Harbor College	84.063	P063P210034	—	7,330,341
Los Angeles Mission College	84.063	P063P210658	—	8,647,276
Los Angeles Pierce College	84.063	P063P210035	—	19,066,696
Los Angeles Southwest College	84.063	P063P215261	—	5,454,299
Los Angeles Trade Technical College	84.063	P063P215260	—	14,398,592
Los Angeles Valley College	84.063	P063P210036	—	18,515,052
West Los Angeles College	84.063	P063P215262	—	7,935,302
			—	<u>126,706,710</u>
Federal Direct Student Loans:				
Los Angeles City College	84.268	P268K220033	—	4,885,352
East Los Angeles College	84.268	P268K225263	—	1,219,159
Los Angeles Harbor College	84.268	P268K220034	—	369,315
Los Angeles Mission College	84.268	P268K220658	—	806,979
Los Angeles Pierce College	84.268	P268K220035	—	3,816,682
Los Angeles Southwest College	84.268	P268K225261	—	606,330
Los Angeles Trade Technical College	84.268	P268K225260	—	1,383,631
Los Angeles Valley College	84.268	P268K220036	—	1,894,790
West Los Angeles College	84.268	P268K225262	—	1,525,012
			—	<u>16,507,250</u>
Total Student Financial Assistance Cluster				<u>149,824,845</u>
Direct Program:				
Higher Education Emergency Relief Fund (HEERF):				
HEERF – Student Aid Portion:				
Los Angeles City College	84.425E	P425E200850	—	515,230
East Los Angeles College	84.425E	P425E200918	—	2,426,953
Los Angeles Harbor College	84.425E	P425E200846	—	1,137,000
Los Angeles Mission College	84.425E	P425E200842	—	1,280,750
Los Angeles Pierce College	84.425E	P425E200844	—	2,702,067
Los Angeles Southwest College	84.425E	P425E201592	—	1,551,876
Los Angeles Trade Technical College	84.425E	P425E204139	—	2,016,541
Los Angeles Valley College	84.425E	P425E201278	—	308,185
West Los Angeles College	84.425E	P425E201301	—	406,288
			—	<u>12,344,890</u>

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Schedule of Expenditures of Federal Awards

Year ended June 30, 2023

Federal grantor/pass-through grantor/program or cluster title	Assistance listing number	Award or pass-through identification number	Passed through to subrecipients	Total federal expenditures
HEERF – Institutional Portion:				
Los Angeles City College	84.425F	P425F202306	\$ —	1,931,294
East Los Angeles College	84.425F	P425F202199	—	10,538,840
Los Angeles Harbor College	84.425F	P425F202149	—	375,692
Los Angeles Mission College	84.425F	P425F202265	—	2,765,936
Los Angeles Pierce College	84.425F	P425F202148	—	3,164,742
Los Angeles Southwest College	84.425F	P425F202151	—	2,460,812
Los Angeles Trade Technical College	84.425F	P425F203076	—	5,854,208
Los Angeles Valley College	84.425F	P425F202381	—	1,232,695
West Los Angeles College	84.425F	P425F202260	—	1,468,432
			—	29,792,651
HEERF – Minority Serving Institutions:				
Los Angeles City College	84.425L	P425L200437	—	1,643,815
East Los Angeles College	84.425L	P425L200450	—	2,307,362
Los Angeles Harbor College	84.425L	P425L200438	—	64,817
Los Angeles Mission College	84.425L	P425L200402	—	339,696
Los Angeles Pierce College	84.425L	P425L200439	—	27,141
Los Angeles Southwest College	84.425L	P425L210022	—	782,960
Los Angeles Trade Technical College	84.425L	P425L200440	—	846,721
Los Angeles Valley College	84.425L	P425L200445	—	449,692
West Los Angeles College	84.425L	P425L200441	—	92,486
			—	6,554,690
HEERF – Supplemental Assistance to Institutions of Higher Education				
Los Angeles Southwest College	84.425S	P425S210161	—	917,445
Total Higher Education Emergency Relief Fund				
			—	49,609,676
US Department of Health and Human Services:				
477 Cluster Program:				
Passed-through California Community College's Chancellors Office:				
Temporary Assistance for Needy Families (TANF):				
Los Angeles City College	93.558	4362501711014	—	113,235
East Los Angeles College	93.558	4362501711014	—	133,738
Los Angeles Harbor College	93.558	4362501711014	—	81,089
Los Angeles Mission College	93.558	4362501711014	—	75,526
Los Angeles Pierce College	93.558	4362501711014	—	69,054
Los Angeles Southwest College	93.558	4362501711014	—	112,131
Los Angeles Trade Technical College	93.558	4362501711014	—	155,254
Los Angeles Valley College	93.558	4362501711014	—	153,620
West Los Angeles College	93.558	4362501711014	—	74,669
			—	968,316
Passed-through California Department of Education:				
Child Care and Development Block Grant:				
Family Child Care Homes:				
Los Angeles Mission College	93.575	CFCC-2009	—	180,352
General Child Care and Development Program:				
East Los Angeles College	93.575	CCTR-2105	—	55,926
Los Angeles Mission College	93.575	CCTR-2105	—	345,207
Los Angeles Valley College	93.575	CCTR-2105	—	242,284
Assembly Bill 82 Stipend:				
Los Angeles City College	93.575	-	—	21,499
Los Angeles Harbor College	93.575	-	—	25,601
Los Angeles Mission College	93.575	-	—	45,438
Los Angeles Pierce College	93.575	-	—	23,037
Los Angeles Southwest College	93.575	-	—	8,761
Los Angeles Trade Technical College	93.575	-	—	19,732
Los Angeles Valley College	93.575	-	—	549
Child Care Lic Faculty Stabiliz Stipends:				
Los Angeles City College	93.575	-	—	3,019
East Los Angeles College	93.575	-	—	6,187
Los Angeles Mission College	93.575	-	—	11,500
Los Angeles Pierce College	93.575	-	—	6,500
Los Angeles Southwest College	93.575	-	—	16,500
Los Angeles Valley College	93.575	-	—	315
West Los Angeles College	93.575	-	—	2,117
Assembly Bill 131 Stipend:				
East Los Angeles College	93.575	-	—	449
Los Angeles Harbor College	93.575	-	—	5,055
Los Angeles Mission College	93.575	-	—	1,626
Los Angeles Pierce College	93.575	-	—	308
Los Angeles Valley College	93.575	-	—	14,842
West Los Angeles College	93.575	-	—	4,410
			—	1,041,214

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Schedule of Expenditures of Federal Awards

Year ended June 30, 2023

Federal grantor/pass-through grantor/program or cluster title	Assistance listing number	Award or pass-through identification number	Passed through to subrecipients	Total federal expenditures
Child Care Mandatory and Matching Funds of the Child Care and Development Fund:				
Los Angeles Mission College	93.596	CFCC-2009	\$ —	196,879
East Los Angeles College	93.596	CCTR-2105	—	63,435
Los Angeles Mission College	93.596	CCTR-2105	—	391,563
Los Angeles Valley College	93.596	CCTR-2105	—	274,819
			<u>—</u>	<u>926,696</u>
Total 477 Cluster Program			<u>—</u>	<u>2,936,226</u>
US Department of Labor:				
Direct Program:				
H-1B Job Training Grant:				
West Los Angeles College	17.268	HG-33046-19-60-A-6	3,354,613	4,109,405
Total US Department of Labor			<u>3,354,613</u>	<u>4,109,405</u>
Total Major Programs			<u>3,354,613</u>	<u>206,480,152</u>
Non-Major Programs:				
US Department of Agriculture:				
Passed-through California Department of Education:				
Child and Adult Care Food Programs:				
Los Angeles City College	10.558	04056-CACFP-19-CC-CS	—	17,022
East Los Angeles College	10.558	04056-CACFP-19-CC-CS	—	56,687
Los Angeles Harbor College	10.558	04056-CACFP-19-CC-CS	—	38,274
Los Angeles Mission College	10.558	04056-CACFP-19-CC-CS	—	61,947
Los Angeles Pierce College	10.558	04056-CACFP-19-CC-CS	—	48,213
Los Angeles Southwest College	10.558	04056-CACFP-19-CC-CS	—	46,239
Los Angeles Trade Technical College	10.558	04056-CACFP-19-CC-CS	—	50,907
Los Angeles Valley College	10.558	04056-CACFP-19-CC-CS	—	35,222
West Los Angeles College	10.558	04056-CACFP-19-CC-CS	—	23,051
Total Child and Adult Care Food Programs			<u>—</u>	<u>377,562</u>
Passed-through Foundation for California Community Colleges:				
State Administrative Match Grant for Supplemental Nutrition Assistance Program:				
Los Angeles City College	10.561	00004499	—	7,179
Fresh Success:				
West Los Angeles College	10.561	00004130	—	106,359
Total US Department of Agriculture			<u>—</u>	<u>491,100</u>
US Department of Labor:				
Workforce Innovation and Opportunity Act (WIOA) Cluster:				
Passed-through South Bay Workforce Investment Board:				
1-Train South Bay Workforce Invest Board:				
Dislocated Worker Formula Grants:				
Los Angeles Mission College	17.278	17-W182	—	336
Passed-through Employment Development Department (EDD):				
EDD Strengthening Working Families:				
Los Angeles Valley College	17.258	AA111079	—	153,532
Passed-through Wagner-Peyser:				
EDD CA Youth Leader Corps Student Internship:				
East Los Angeles College	17.207	-	—	86,100
Los Angeles Trade Technical College	17.207	-	—	27,600
Passed-through American Association of Community Colleges:				
Closing Equity Gaps in Allied Health:				
Los Angeles Mission College	17.261	23A60CC000007-01-00	—	117,009
Total Workforce Innovation and Opportunity Act (WIOA) Cluster			<u>—</u>	<u>384,577</u>
Total US Department of Labor			<u>—</u>	<u>384,577</u>
National Aeronautics and Space Administration:				
Direct program:				
Minority University Research & Education Project:				
Los Angeles Pierce College	43.008	80NSSC18M0124	—	42,957
Total National Aeronautics and Space Administration:			<u>—</u>	<u>42,957</u>
National Science Foundation:				
Direct programs:				
Advancing Scholars Successful Undergradu:				
Los Angeles City College	47.076	2021548	—	123,312
Biology Major in Mathematics, NSF:				
Los Angeles Mission College	47.076	1832348	—	252,843
Biotechnology Program NSF:				
Los Angeles Mission College	47.076	2054891	—	257,101

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Schedule of Expenditures of Federal Awards

Year ended June 30, 2023

Federal grantor/pass-through grantor/program or cluster title	Assistance listing number	Award or pass-through identification number	Passed through to subrecipients	Total federal expenditures
Filling Skills Gaps Geo-Spatial Eng NSF:				
East Los Angeles College	47.076	1801188	\$ —	2,333
Increasing Retention of Veterans in Engr:				
East Los Angeles College	47.076	1821721	—	169,201
Scholarship in STEM to Achieve Results:				
East Los Angeles College	47.076	1458676	—	4,229
Collaborative Research: EAGER NSF:				
East Los Angeles College	47.050	2039086	—	35,011
Training Skilled Biomanufa Workforce NSF:				
Los Angeles Pierce College	47.076	2100575	—	235,390
Pathways and Career Explorations in STEM:				
Los Angeles Pierce College	47.076	2121999	—	151,778
Improving Student Career Readiness Exper:				
Los Angeles Pierce College	47.076	1955360	—	32,009
Pathways and Career Explorations in STEM:				
Los Angeles Valley College	47.076	2121999	—	272,867
Hispanic Serving Institution Precise NSF:				
West Los Angeles College	47.076	2115189	—	25,783
			—	1,561,857
Total National Science Foundation			—	1,561,857
US Department of Education:				
Direct program:				
Adult Education – Basic Grants to States:				
Los Angeles City College	84.002	2021-64740	—	1,884,909
East Los Angeles College	84.002	2021-64740	—	259,447
Los Angeles Harbor College	84.002	2021-64740	—	63,045
Los Angeles Pierce College	84.002	2021-64740	—	10,563
Los Angeles Southwest College	84.002	2021-64740	—	608,596
Los Angeles Trade-Technical College	84.002	2021-64740	—	25,656
Los Angeles Valley College	84.002	2021-64740	—	326,126
West Los Angeles College	84.002	2021-64740	—	109,687
			—	3,288,029
Total Adult Education – Basic Grants to States			—	3,288,029
Direct Program:				
Higher Education Institutional Aid:				
Los Angeles City College	84.031	P031C160251	—	42,834
Los Angeles City College	84.031	P031S200120	—	241,063
East Los Angeles College	84.031	P031S150078	—	26,658
Los Angeles Harbor College	84.031	P031S210101	—	597,761
Los Angeles Mission College	84.031	P031S200103	—	774,312
Los Angeles Mission College	84.031	P031C210203	—	1,107,280
Los Angeles Pierce College	84.031	P031S220118	—	215,418
Los Angeles Southwest College	84.031	P031P210003	—	143,530
Los Angeles Valley College	84.031	P031C160111	—	122,432
Los Angeles Valley College	84.031	P031S190289	—	781,525
Los Angeles Valley College	84.031	P031S200222	—	530,847
West Los Angeles College	84.031	P031S180053	—	477,284
			—	5,060,944
Passed-through The University Corporation:				
Bridging the Gap Enhancing AIMS2 for St:				
Los Angeles Pierce College	84.031	A17-0013-S004	—	10,203
			—	5,071,147
Total Higher Education Institutional Aid			—	5,071,147
Direct Program:				
TRIO Cluster:				
TRIO – Student Support Services:				
Los Angeles City College	84.042	P042A200354	—	404,918
Los Angeles Harbor College	84.042	P042A210947	—	298,929
Los Angeles Mission College	84.042	P042A201696	—	166,612
Los Angeles Southwest College	84.042	P042A201432	—	277,059
Los Angeles Southwest College	84.042	P042A201884	—	409,361
Los Angeles Valley College	84.042	P042A201769	—	321,919
West Los Angeles College	84.042	P042A201592	—	141,405
			—	2,020,203
TRIO – Student Parent Support Program:				
Los Angeles Valley College	84.335	P335A210004	—	189,021
TRIO – Talent Search:				
Los Angeles Southwest College	84.044	P044A210635	—	479,147
West Los Angeles College	84.044	P044A210940	—	349,719
			—	828,866

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Schedule of Expenditures of Federal Awards

Year ended June 30, 2023

Federal grantor/pass-through grantor/program or cluster title	Assistance listing number	Award or pass-through identification number	Passed through to subrecipients	Total federal expenditures
TRIO – Upward Bound:				
Los Angeles City College	84.047	P047A170544	\$ —	32,397
Los Angeles City College	84.047	P047A170247	—	121,068
Los Angeles City College	84.047	P047A220450	—	371,069
Los Angeles City College	84.047	P047A220451	—	297,601
Los Angeles Valley College	84.047	P047A170038	—	76,198
Los Angeles Valley College	84.047	P047M170100	—	151,816
Los Angeles Valley College	84.047	P047M220124	—	176,689
Los Angeles Valley College	84.047	P047A221464	—	202,280
West Los Angeles College	84.047	P047A170859	—	147,541
West Los Angeles College	84.047	P047A170970	—	220,546
West Los Angeles College	84.047	P047M170175	—	49,759
West Los Angeles College	84.047	P047M170351	—	51,353
West Los Angeles College	84.047	P047M220513	—	91,301
West Los Angeles College	84.047	P047M220511	—	98,421
West Los Angeles College	84.047	P047A221057	—	256,200
West Los Angeles College	84.047	P047A221058	—	198,722
			—	2,542,961
TRIO – Educational Opportunity Centers:				
West Los Angeles College	84.066	P066A210285	—	283,461
			—	5,864,512
Total TRIO Cluster				
Passed-through California Community College's Chancellors Office:				
Career and Technical Education – Basic Grant to States (Perkins V):				
Perkins V Title I-C:				
Los Angeles City College	84.048	19-C01-027	—	661,806
East Los Angeles College	84.048	19-C01-027	—	1,059,741
Educational Service Center	84.048	19-C01-027	—	261,166
Los Angeles Harbor College	84.048	19-C01-027	—	278,007
Los Angeles Mission College	84.048	19-C01-027	—	389,876
Los Angeles Pierce College	84.048	19-C01-027	—	564,265
Los Angeles Southwest College	84.048	19-C01-027	—	275,796
Los Angeles Trade Technical College	84.048	19-C01-027	—	593,381
Los Angeles Valley College	84.048	19-C01-027	—	561,489
West Los Angeles College	84.048	19-C01-027	—	580,782
			—	5,226,309
Total Career and Technical Education – Basic Grant to States (Perkins IV)				
Passed-through California Department of Rehabilitation:				
Rehabilitation Services Vocational Rehabilitation Grants to States:				
College to Career Program:				
West Los Angeles College	84.126	31792	—	201,605
Passed-through Loyola Marymount University,				
Center for International Business Education:				
Educational Service Center	84.220	19-006-S1	—	1,000
Passed-through Los Angeles Unified School District:				
Gaining Early Awareness and Readiness for Undergraduate Programs:				
Los Angeles City College	84.334	4400007127	—	20,875
Los Angeles City College	84.334	4400007145	—	9,889
Los Angeles City College	84.334	4400007467	—	17,736
Los Angeles City College	84.334	4400008257	—	3,331
Los Angeles Mission College	84.334	4400009593	—	11,508
Los Angeles Trade Technical College	84.334	4400007128	—	32,345
Los Angeles Trade-Technical College	84.334	4400007146	—	41,275
			—	136,959
Total Gaining Early Awareness and Readiness for Undergraduate Programs				
Direct Programs:				
Fund for Improvement of Postsecondary Education:				
Los Angeles City College	84.116	P116Z220162	—	393,028
Los Angeles City College	84.116	P116Z220130	—	72,462
Educational Service Center	84.116	P116Z220007	—	163,352
Los Angeles Mission College	84.116	P116Z220162	—	37,611
Los Angeles Valley College	84.116	P116Z220162	—	84,908
			—	751,361
			—	20,540,922
Total US Department of Education				

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Schedule of Expenditures of Federal Awards

Year ended June 30, 2023

Federal grantor/pass-through grantor/program or cluster title	Assistance listing number	Award or pass-through identification number	Passed through to subrecipients	Total federal expenditures
Passed-through California Department of Education:				
Foster Care – Title IV-E:				
Los Angeles City College	93.658	-	\$ —	49,236
East Los Angeles College	93.658	-	—	35,142
Los Angeles Harbor College	93.658	-	—	49,282
Los Angeles Mission College	93.658	-	—	123,139
Los Angeles Pierce College	93.658	-	—	26,734
Los Angeles Southwest College	93.658	-	—	34,575
Los Angeles Trade Technical College	93.658	-	—	53,766
West Los Angeles College	93.658	-	—	43,394
			<u>—</u>	<u>415,268</u>
Passed-through Baldwin Park Unified School District:				
Early Head Start Baldwin Park Unified School District:				
Los Angeles Trade Technical College	93.600	PO 2303603	—	18,137
Los Angeles Trade Technical College	93.600	PO 2303604	—	190,080
			<u>—</u>	<u>208,217</u>
Total Foster Care – Title IV-E			<u>—</u>	<u>623,485</u>
Total US Department of Health and Human Services			<u>—</u>	<u>623,485</u>
Corporation for National and Community Service:				
American Recovery and Reinvestment Act (ARRA):				
AmeriCorps:				
Los Angeles City College	94.006	-	—	20,620
East Los Angeles College	94.006	-	—	28,716
Los Angeles Harbor College	94.006	-	—	2,370
Los Angeles Mission College	94.006	-	—	13,644
Los Angeles Pierce College	94.006	-	—	333
Los Angeles Southwest College	94.006	-	—	4,000
Los Angeles Trade Technical College	94.006	-	—	123,603
Los Angeles Valley College	94.006	-	—	20,731
West Los Angeles College	94.006	-	—	4,901
Total Corporation for National and Community Service			<u>—</u>	<u>218,918</u>
Total Non-Major Programs			<u>—</u>	<u>23,863,816</u>
Total Expenditures of Federal Awards			<u>\$ 3,354,613</u>	<u>230,343,968</u>

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

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2023

(1) Purpose of Schedule

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

The SEFA includes all federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other government agencies for the year ended June 30, 2023.

(b) Basis of Presentation

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

(i) SEFA

The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The SEFA presents only a selected portion of the operations of the District. It is not intended to and does not represent the financial position, changes in net position, or cash flows of the District.

(c) Basis of Accounting

The accompanying SEFA is presented using the accrual basis of accounting.

Expenditures on the SEFA are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District utilizes a negotiated indirect cost rate for salary and wages of 30.9% for the year ended June 30, 2023.

(2) Federal Student Loan Programs

The federal student loan programs listed below are administered directly by the District, and balances and transactions relating to these programs are included in the District’s basic financial statements. Loans outstanding at the beginning of the year and loans made during the year and administrative cost allowances are included in the federal expenditures presented in the SEFA. Loan advances made to students for the year ended June 30, 2023 and loans outstanding held by the District as of June 30, 2023 are as follows:

<u>Cluster name/program title</u>	<u>Assistance listing number</u>	<u>Loan advances made</u>	<u>Loan balances outstanding</u>
Student Financial Assistance Cluster:			
Federal Perkins Loan Program	84.038	\$ —	69,348
Federal Direct Student Loans	84.268	16,507,250	—

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2023

(3) Administrative Cost Allowances

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

Student Financial Assistance Cluster:		
Federal Supplemental Educational Opportunity Grant	\$	121,487
Federal Work Study Program		<u>22,338</u>
Total	\$	<u><u>143,825</u></u>

(4) Federal Clusters of Programs

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

	<u>Assistance listing number</u>	<u>Expenditures</u>
Student Financial Assistance Cluster:		
Federal Supplement Educational Opportunity Grants (FSEOG)	84.007	\$ 4,425,752
Federal Work Study Program (FWS)	84.033	2,115,784
Federal Pell Grant Program (PELL)	84.063	126,706,710
Federal Direct Student Loans (Direct Loan)	84.268	<u>16,507,250</u>
Total Student Financial Assistance Cluster		\$ <u><u>149,755,496</u></u>
TRIO Cluster:		
TRIO – Student Support Services	84.042	\$ 2,020,203
TRIO – Talent Search	84.044	828,866
TRIO – Student Parent Support	84.335	189,021
TRIO – Upward Bound	83.047	2,542,961
TRIO – Educational Opportunity Centers	84.066	<u>283,461</u>
Total TRIO Cluster		\$ <u><u>5,864,512</u></u>
477 Cluster:		
Temporary Assistance for Needy Families (TANF):	93.558	\$ 968,316
Child Care and Development Block Grant:	93.575	1,041,214
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	<u>926,696</u>
Total Student Financial Assistance Cluster		\$ <u><u>2,936,226</u></u>

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

LOS ANGELES COMMUNITY COLLEGE DISTRICT
Schedule of Federal Award Findings and Questioned Costs
Summary of Auditors' Results
Year ended June 30, 2023

(1) Summary of Auditors' Results

Financial Statements

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

Federal Awards

- a) Internal control over financial reporting:
- Material Weakness(es) identified: **None**
 - Significant deficiencies identified that are not considered to be material weaknesses: **Yes. See finding FA 2023-002.**
- b) The type of report issued on compliance for major programs:
- Student Financial Assistance Cluster **Unmodified.**
 - Higher Education Emergency Relief Fund **Unmodified.**
 - 477 Cluster **Unmodified.**
 - H-1B Job Training Grant **Unmodified.**
- c) Any audit findings which are required to be reported in accordance with the Uniform Guidance: **Yes. See findings FA 2023-001 to FA 2023-006.**
- d) Dollar threshold used to distinguish between Type A and Type B programs: **\$3,000,000**
- e) Major Programs
- Student Financial Assistance (SFA) Cluster
 - ALN 84.007 Federal Supplemental Educational Opportunity Grant (FSEOG)
 - ALN 84.033 Federal Work Study (FWS)
 - ALN 84.038 Federal Perkins Loans (FPL)
 - ALN 84.063 Federal Pell Grant (PELL)

LOS ANGELES COMMUNITY COLLEGE DISTRICT
Schedule of Federal Award Findings and Questioned Costs
Summary of Auditors' Results
Year ended June 30, 2023

- ALN 84.268 Federal Direct Student Loans (Direct Loan)
- ALN 93.364 Nursing Student Loans
- ALN 84.425 Higher Education Emergency Relief Fund (HEERF)
- 477 Cluster
 - ALN 93.558 Temporary Assistance for Needy Families (TANF)
 - ALN 93.575 Child Care and Development Block Grant (CCDBG)
 - ALN 93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CCDF)
- ALN 17.268 H-1B Job Training Grant

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

(2) Summary of Financial Statement Findings

None.

LOS ANGELES COMMUNITY COLLEGE DISTRICT
Schedule of Federal Award Findings and Questioned Costs
Summary of Auditors' Results
Year ended June 30, 2023

(3) Summary of Federal Findings

Finding No.	Assistance Listing No.	Compliance and Description	Page No.
<i>Student Financial Assistance Cluster:</i>			
FA 2023-001	SFA Cluster	<i>Eligibility:</i> Incorrect Federal Pell Grant Amounts Awarded (Repeat Finding)	117
FA 2023-002	SFA Cluster	<i>Special Tests and Provisions – Return of Title IV Funds:</i> Incorrect Calculation of Return of Title IV Funds, Untimely Notification of Grant Overpayment to Students and Secretary, Distance Education Courses – Lack of Formal Process to Determine Accuracy of Student Withdrawal Date (Repeat Finding)	120
FA 2023-003	SFA Cluster	<i>Special Tests and Provisions – Gramm Leach Bliley Act (GLBA) – Student Information Security:</i> Formally Establish and Document Risk Acceptance Process, Perform Regular Backup Restoration Tests, Perform Timely Access Revocation and Regular Access Reviews, Perform Necessary Due Diligence to Regularly Evaluate All Third-party Safeguards, Maintain and Review Logs of Users' Activity for both SAP and PS SIS, Implement Data-at-Rest Encryption for Devices Storing Customer Data, Enforce Strict Compliance on Controls over SAP Direct to Production Changes (Repeat Finding)	129
FA 2023-004	SFA Cluster	<i>Special Tests and Provisions – Using a Servicer or Financial Institution to Deliver Title IV Credit Balances to a Card or Other Access Device:</i> Failure to Submit URL to the Secretary of Education for Publication in a Centralized Database Accessible to the Public	137
<i>Higher Education Emergency Relief Fund:</i>			
FA 2023-005	84.425	<i>Reporting:</i> Untimely and Incomplete Posting of Quarterly Reports to the College's Website and Inaccurate Reported Expenditures Captured in the Published Website's Quarterly Reports.	139

LOS ANGELES COMMUNITY COLLEGE DISTRICT
 Schedule of Federal Award Findings and Questioned Costs
 Summary of Auditors' Results
 Year ended June 30, 2023

Finding No.	Assistance Listing No.	Compliance and Description	Page No.
<i>H-1B Job Training Grant:</i>			
FA 2023-006	17.268	<i>Reporting:</i> Untimely Submission of Quarterly Financial Reports	141

**SCHEDULE OF FEDERAL AWARD FINDINGS
AND QUESTIONED COSTS**

LOS ANGELES COMMUNITY COLLEGE DISTRICT
Schedule of Federal Award Findings and Questioned Costs
Year ended June 30, 2023

Finding FA 2023-001: Eligibility: Incorrect Federal Pell Grant Amounts Awarded (Repeat Finding)

Federal Program Information

<i>Assistance Listing Number:</i>	ALN 84.063
<i>Federal Program Name:</i>	Student Financial Assistance Cluster. <i>Federal Pell Grant Program</i>
<i>Federal Agency:</i>	U.S. Department of Education
<i>Passed Through Entity:</i>	N/A
<i>Federal Award Number:</i>	P063P200033 (Steve to Confirm)
<i>Federal Award Year:</i>	July 1, 2022, to June 30, 2023
<i>Campus:</i>	West Los Angeles College
<i>Compliance Requirement:</i>	Eligibility

Criteria or Specific Requirement:

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

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

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

Identified Condition:

Of the twenty (20) students selected for eligibility test work at West Los Angeles College, we noted the following:

- 1 student had an incorrectly calculated Federal Pell Grant award, which resulted in an understatement of the disbursement to the student by \$773. The student was eligible to receive \$1,273 yet received \$500 in Winter 2023.

LOS ANGELES COMMUNITY COLLEGE DISTRICT
Schedule of Federal Award Findings and Questioned Costs
Year ended June 30, 2023

Cause and Effect:

The institution has reviewed the student’s award and determined that the student was inadvertently disbursed \$500 instead of \$1,273 which is considered to be an underpayment. Once identified by the auditors, the award has since been corrected and refunded to the student. The Central Financial Aid Systems Unit and the District’s Student Information System (SIS) Information Technology department have reviewed both system controls and manual intervention, but the cause remains undetermined.

Questioned Costs:

A. Description of Sample and Population

Campus	OPED	Sample			Population from which the sample was drawn				
		Students receiving pell (No.)	Pell disbursed spring/summer (\$)	Pell disbursed fall/winter (\$)	Total pell disbursed (\$)	Students receiving pell (No.)	Pell disbursed spring/summer (\$)	Pell disbursed fall/winter (\$)	Total pell disbursed (\$)
City	00122300	20	\$ 35,323	32,135	67,458	4,463	\$ 8,674,108	8,445,295	17,119,403
South west	00704700	20	30,391	19,305	49,696	1,594	2,494,972	2,966,697	5,461,669
West	00859600	20	15,332	13,137	28,469	2,132	3,789,392	4,155,402	7,944,794
		60	\$ 81,046	64,577	145,623	8,189	\$ 14,958,472	15,567,394	30,525,866

B. Description of Finding

Campus	Student identifier	Term	OPED	Pell disbursed (\$)	Pell underpayment (\$)	Pell overpayment (\$)	Net effect (\$)
West	900508371	Fall/Winter	00859600	\$ 500	(773)	—	(773)
				\$ 500	(773)	—	(773)

The District has a known net understatement of Pell Grant award disbursements of (\$773). The projected total net understatement of the Pell Grant award disbursements is \$186,345 as follows:

	Projected net (understatement overstatement)
Fall/Winter	\$ (186,345)
Spring/Summer	—
Total	<u>\$ (186,345)</u>

This is computed by dividing the error found in the samples per term (Fall/Winter term – net underpayment (\$773) and Spring/Summer terms – \$0) over the total Pell awards disbursed in the sample size per term (Winter term – \$64,577, and Spring/Summer terms – \$81,046) multiplied by the total Pell awards disbursed for

LOS ANGELES COMMUNITY COLLEGE DISTRICT
Schedule of Federal Award Findings and Questioned Costs
Year ended June 30, 2023

the identified colleges per term (Fall/Winter term – \$15,567,394 and Spring/Summer terms – \$14,958,472). The computation is made on a per-term basis on a campus level and not on a district-wide level.

Recommendation:

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

Views of Responsible Officials and Planned Corrective Actions:

The District believes this error was an isolated incident and the effect is minimal as we performed an extensive review of all nine campuses' Pell grant award disbursements for the term and found that this was the only similar award. The District will monitor disbursements and will perform reconciliation on a monthly basis.

Personnel Responsible for Implementation: FA Office and the Central Financial Aid Unit.

Position of Responsible Personnel: FA Managers

Expected Date of Implementation: Already Implemented

LOS ANGELES COMMUNITY COLLEGE DISTRICT
Schedule of Federal Award Findings and Questioned Costs
Year ended June 30, 2023

Finding FA 2023-002: Special Tests and Provision: Return of Title IV Funds: Incorrect Calculation of Return of Title IV Funds, Untimely Notification of Grant Overpayment to Students and Secretary, Distance Education Courses – Lack of Formal Process to Determine Accuracy of Student Withdrawal Date (Repeat Finding)

Federal Program Information

Federal Catalog Number: ALN 84.007, 84.033, 84.038, 84.048, 84.063 and 84.268

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

Federal Agency: U.S. Department of Education

Passed Through Entity: N/A

Federal Award Number: P007A210456, P063P215260, P268K225260
P007A210676, P063P215262, P268K225262, 21-C01-740

Federal Award Year: July 1, 2022, to June 30, 2023

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

Compliance Requirement: Special Tests and Provisions – Return of Title IV Funds

Criteria or Specific Requirement:

Per 34 Code of Federal Regulations 668.22 (a)(1) through (a)(5):

When a recipient of Title IV grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV aid earned by the student as of the student's withdrawal date. If the total amount of Title IV assistance earned by the student is less than the amount that was disbursed to the student or on his or her behalf as of the date of the institution's determination that the student withdrew, the difference must be returned to the Title IV programs as outlined in this section and no additional disbursements may be made to the student for the payment period or period of enrollment. If the amount the student earned is greater

LOS ANGELES COMMUNITY COLLEGE DISTRICT
Schedule of Federal Award Findings and Questioned Costs
Year ended June 30, 2023

than the amount disbursed, the difference between the amounts must be treated as a post-withdrawal disbursement.

Per the Uniform Guidance Compliance Supplement:

Withdrawal Date:

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

- a. The institution is required to take attendance for some or all of its students by an entity outside of the institution (such as the institution's accrediting agency or state agency);
- b. The institution itself has a requirement that its instructors take attendance; or
- c. The institution or an outside entity has a requirement that can only be met by taking attendance or a comparable process, including, but not limited to, requiring that students in a program demonstrate attendance in the classes of that program or a portion of that program (34 CFR 668.22(b)(3)).

Note: As provided in the [Department's Program Integrity Q&As for Return of Title IV Funds](#), the monitoring of whether online students log into classes does not by itself result in an institution being an institution that is required to take attendance for Title IV, HEA program purposes because monitoring logins alone is not monitoring academic engagement (as defined under 34 CFR 600.2). However, an institution that collects and maintains information about students' online activities for the purpose of tracking academic engagement is considered to be an institution that is required to take attendance for programs involving such tracking if that tracking:

1. Involves monitoring student attendance in a synchronous class, lecture, recitation, or field or laboratory activity, physically or online via a distance education platform, where there is an opportunity for interaction between the instructor and students; or
2. Is used to administratively withdraw students or to enforce an institutional attendance policy.

If an institution is not required to take attendance, the withdrawal date is (1) the date, as determined by the institution, that the student began the withdrawal process prescribed by the institution; (2) the date, as determined by the institution, that the student otherwise provided official notification to the institution, in writing or orally, of his or her intent to withdraw; (3) if the student ceases attendance without providing official notification to the institution of his or her withdrawal, the midpoint of the payment period or, if applicable, the period of enrollment; (4) if the institution determines that a student did not begin the withdrawal process or otherwise notify the institution of the intent to withdraw due to illness, accident, grievous personal loss or other circumstances beyond the student's control, the date the institution determines is related to that circumstance; (5) if a student does not return from an approved leave of absence, the date that the institution determines the student began the leave of absence; or (6) if the student takes an unapproved leave of absence, the date that the student began the leave of absence. Notwithstanding the above, an institution that is not required to take attendance may use as the withdrawal date, the last date of attendance at an academically related activity as documented by the institution (34 CFR 668.22(c) and (l)).

LOS ANGELES COMMUNITY COLLEGE DISTRICT
 Schedule of Federal Award Findings and Questioned Costs
 Year ended June 30, 2023

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

Timing of Return of Title IV Funds

Returns of Title IV funds are required to be deposited or transferred into the SFA account or electronic fund transfers initiated to ED as soon as possible, but no later than 45 days after the date the institution determines that the student withdrew. Returns by check are late if the check is issued more than 45 days after the institution determined the student withdrew or the date on the canceled check shows the check was endorsed more than 60 days after the date the institution determined that the student withdrew (34 CFR 668.173(b)).

An institution that is not required to take attendance must determine the withdrawal date for a student who withdraws without providing notification to the institution no later than 30 days after the end of the earlier of the (1) payment period or period of enrollment, (2) academic year in which the student withdrew, or (3) educational program from which the student withdrew (34 CFR 668.22(j)). The institution must also notify the recipient of Title IV loans returned (34 CFR 685.306(a)(2)).

Identified Condition:

Summary

No.	Identified Condition	Campus
A.	Incorrect Calculation of Return to Title IV Funds	East Los Angeles College Los Angeles Southwest College
B.	Untimely Notification of Grant Overpayment to the Secretary	Los Angeles Southwest College
C.	Distance Education Courses – Lack of Formal Process to Determine Accuracy of Student Withdrawal Date	Los Angeles City College East Los Angeles College Los Angeles Harbor College Los Angeles Mission College Los Angeles Pierce College Los Angeles Southwest College Los Angeles Trade Technical College Los Angeles Valley College West Los Angeles College

LOS ANGELES COMMUNITY COLLEGE DISTRICT
Schedule of Federal Award Findings and Questioned Costs
Year ended June 30, 2023

Description

A. *Incorrect Calculation of Return to Title IV Funds*

East Los Angeles College

We noted 1 of 15 students selected for return of Title IV funds test work from the population of students who had withdrawn, dropped out, or never began attendance that had an incorrect calculation of percentage of completion for Spring 2023 based on the student's actual number of days completed during the enrollment period. The student was enrolled in a session module course, which is a program that does not span the entire length of the payment period or period of enrollment. For this type of course, the student's "actively enrolled days" should have been used in the return of Title IV funds calculation. This error resulted in an overstatement of the institutional return by \$13 and an overstatement of the student's return by \$21. The effect of the overstatement of the student's return did not result in a questioned cost due to grant protection.

Los Angeles Southwest College

We noted 6 of 20 students selected for return of Title IV funds test work from the population of students who had withdrawn, dropped out or never began attendance for Fall 2022 that had had an incorrect calculation of the percentage of completion based on the student's number of days completed during the enrollment period.

For 3 students, these errors resulted in:

- 1 student with an understatement of institutional return of \$37 and an understatement of student return of \$287.
- 1 student with an understatement of institutional return of \$11 and an understatement of student return of \$197.
- 1 student with an overstatement of institutional return of \$10 and overstatement of student return of \$20. The effect of the above overstatement of the student return did not result in questioned costs due to grant protection.

For the remaining 3 students, we noted these students were enrolled in a session module course, which is a program that does not span the entire length of the payment period or period of enrollment. For this type of course, the student's "actively enrolled days" should have been used in the return of Title IV funds calculation. These errors resulted in:

- 1 student with an overstatement of institutional return of \$30.
- 1 student with an overstatement of institutional return of \$187.
- 1 student with an overstatement of institutional return of \$21 and an overstatement of student return of \$9. The effect of the overstatement of the student return did not result in questioned costs due to grant protection.

LOS ANGELES COMMUNITY COLLEGE DISTRICT
Schedule of Federal Award Findings and Questioned Costs
Year ended June 30, 2023

B. *Untimely Notification of Grant Overpayment to the Secretary*

We noted that 1 out of 15 students selected for compliance test work at East Los Angeles College that owed an overpayment of \$187 as a result of the student's withdrawal was referred to the Secretary of the Department of Education beyond the 30-day timeframe from the date of the institution's determination that the student withdrew and owed overpayments as a result of the student's withdrawal. The required notification was submitted to the National Student Loan Data System (NSLDS) 260 days late.

C. *Distance Education Courses – Lack of Formal Process to Determine Accuracy of Student Withdrawal Date*

The District has not yet implemented a formal process in place to monitor a student's active participation in an online class and engagement in academic activities related to a distance education (DE) course in order to determine the reasonableness and accuracy of the student's withdrawal date in the system. Currently, the withdrawal date used in the calculation of return to Title IV funds is the actual date the student initiates the withdrawal from the course in the system.

Cause and Effect:

A. *Incorrect Calculation of Return to Title IV Funds*

East Los Angeles College

The Financial Aid Technician who processed the Spring 2023 return to Title IV had an oversight on that record during his review process. He had a family emergency during that period and had to leave in the middle of his review process. As a result, he forgot to deduct the spring break period from the total number of days for the enrollment period. This caused the calculation to be slightly off.

Los Angeles Southwest College

The person who was assigned the role of handling the return to Title IV program received limited training before he assumed the duties of return to Title IV calculations while also having to maintain his full load as a Financial Aid Technician. In addition to the limited training, there were changes as to how the program was administered and modules were calculated. This is an arduous task for a seasoned professional and a very challenging task for a novice at best. As with all newly assigned duties, given more time he would have become an expert in handling this program with minimal to zero errors.

B. *Untimely Notification of Grant Overpayment to the Secretary*

Every two weeks a new batch of return to Title IV report is released to be processed. The urgency for each report to be completed within a certain time frame created confusion for the NSLDS reporting due date. The same Financial Aid Technician was in charge of completing each step of the process. East Los Angeles College has the largest return to Title IV population. The demand to meet the deadline process caused an oversight for the NSLDS report.

LOS ANGELES COMMUNITY COLLEGE DISTRICT
Schedule of Federal Award Findings and Questioned Costs
Year ended June 30, 2023

C. Distance Education Courses – Lack of Formal Process to Determine Accuracy of Student Withdrawal Date

The calculation of return to Title IV funds is a complex process. The District has invested significant resources to improve the accuracy of the process. The District is centralizing and automating the return to Title IV process to minimize potential errors. However, there are still manual aspects to the process. In particular, distance education courses (DE) require faculty to withdraw students from Canvas, the online content delivery application, and Peoplesoft, the District’s student information system. Peoplesoft is used to maintain student records and for administering aid. Incorrect information entered into either system can lead to an incorrect return to Title IV calculation, resulting in institutional liability and/or disciplinary action taken by the U.S. Department of Education.

Questioned Costs:

A. Incorrect Calculation of Return to Title IV Funds

Description of Sample and Population

Campus	OPED	Sample				Population from which the sample was drawn			
		Students receiving Pell (No.)	Pell disbursed fall/spring (\$)	Pell disbursed summer (\$)	Total Pell disbursed (\$)	Students receiving Pell (No.)	Pell disbursed fall/spring (\$)	Pell disbursed summer (\$)	Total Pell disbursed (\$)
West	00859600	20	\$ 45,213	—	45,213	191	\$ 279,946	4,251	284,197
Trade	00122700	15	13,963	1,724	15,687	478	488,065	9,244	497,309
Southwest	00704700	20	13,950	838	14,788	163	154,366	10,261	164,627
Mission	01255000	15	13,760	419	14,179	178	145,602	838	146,440
East	02226000	15	15,233	432	15,665	615	561,409	11,205	572,614
City	00122300	20	40,074	—	40,074	525	665,036	9,228	674,264
Harbor	00122400	15	16,969	1,587	18,556	149	137,771	3,263	141,034
Pierce	00122600	15	6,738	—	6,738	548	432,851	12,607	445,458
Valley	00122800	15	10,393	—	10,393	354	330,616	6,698	337,314
		150	\$ 176,293	5,000	181,293	3,201	\$ 3,195,662	67,595	3,263,257

Description of Finding

Campus	Student identifier	Term	OPED	Pell disbursed (\$)	Pell return due from school (under-statement) (\$)	Pell return due from school over-statement (\$)	Pell return due from student (under-statement) (\$)	Pell return due from student over-statement (No.)	Net effect returns	Pell Post-withdrawal disbursement (under-statement) (\$)	Pell Post-withdrawal disbursement over-statement (\$)	Net effect PWD
East	900584102	Spring	02226000	\$ 419	—	13	—	21	34	—	—	—
Southwest	882666382	Fall	00704700	1,724	(37)	—	(287)	—	(324)	—	—	—
Southwest	889389457	Fall	00704700	1,293	(11)	—	(197)	—	(208)	—	—	—
Southwest	889946304	Fall	00704700	210	—	10	—	20	30	—	—	—
Southwest	882552442	Spring	00704700	419	—	30	—	—	30	—	—	—
Southwest	885295978	Spring	00704700	1,293	—	187	—	—	187	—	—	—
Southwest	900570600	Spring	00704700	419	—	21	—	9	30	—	—	—
				\$ 5,777	(48)	261	(484)	50	(221)	—	—	—

LOS ANGELES COMMUNITY COLLEGE DISTRICT
Schedule of Federal Award Findings and Questioned Costs
Year ended June 30, 2023

The District has a known net understatement of the amount due from the student of \$434 and a known net overstatement of the amount due from the District of \$213. The Projected total net understatement of amounts due from both the student and District is \$4,006 as follows:

		Pell return due from school/student projected net (understatement) overstatement
Summer	\$	—
Fall/Spring		(4,006)
Total	\$	(4,006)

This is computed by dividing the errors found in samples per term (Summer term – net understatement \$0 and Fall/Spring terms – net understatement \$221 over the total Pell awards disbursed in the sample size per term (Summer term – \$5,000 and Fall/Spring terms – \$176,293) multiplied by the total Pell awards disbursed for the identified colleges per term (Summer term – \$67,595 and Fall/Spring terms – \$3,195,662). The computation is made on a per-term basis on a campus level and not on a district-wide level.

B. *Untimely Notification of Grant Overpayment to the Secretary*

None.

C. *Distance Education Courses – Lack of Formal Process to Determine Accuracy of Student Withdrawal Date*

None.

Recommendation:

We recommend that the District evaluate and improve its existing process and control procedures related to the return of Title IV funds, including notification and return due date requirements. This will help ensure 1) that the returns of Title IV funds are accurately calculated and 2) compliance with the notification and return due date requirements, in accordance with the Uniform Guidance and the Code of Federal Regulation.

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

LOS ANGELES COMMUNITY COLLEGE DISTRICT
Schedule of Federal Award Findings and Questioned Costs
Year ended June 30, 2023

Views of Responsible Officials and Planned Corrective Actions:

A. *Incorrect Calculation of Return to Title IV Funds*

East Los Angeles College

The corrective action plan that will be put in place is to develop a chart with a predetermined number of days based on the enrollment period. This will avoid the manual counting of the number of days for each student. We also trained an additional staff member to help with the workload. This will ensure that errors will be caught before the completion of the review process. Implementation will begin in Spring 2024. Staff is currently being trained.

Personnel Responsible for Implementation: Gavino Herrera

Position of Responsible Personnel: Financial Aid Supervisor

Expected Date of Implementation: Spring 2024

Los Angeles Southwest College

The corrective action that we are implementing to remediate this finding is to move the campus return to Title IV processing to the "R2T4 Unit" at the District Office.

Personnel Responsible for Implementation: Muniece R. Bruton

Position of Responsible Personnel: Financial Aid Manager

Expected Date of Implementation: December 1, 2023

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

East Los Angeles College

The Corrective Action plan is being implemented by providing an additional staff member to assist with the return to Title IV process along with helping with the validation to ensure calculation, notification, and reporting to NSLDS will be completed on a timely basis. A reminder is set in the Financial Aid Technician Outlook calendar to help remind them to help meet the deadline of the reporting requirement.

Personnel Responsible for Implementation: Gavino Herrera

Position of Responsible Personnel: Financial Aid Supervisor

Expected Date of Implementation: Fall 2023

LOS ANGELES COMMUNITY COLLEGE DISTRICT
Schedule of Federal Award Findings and Questioned Costs
Year ended June 30, 2023

C. *Distance Education Courses – Lack of Formal Process to Determine Accuracy of Student Withdrawal Date*

In the fall 2022 term, the District implemented training for all Distance Education (DE) faculty members to reduce the risk of data entry errors. DE faculty receive follow-up notifications at the beginning of every term). In addition, the District attempted to conduct random sampling to ensure the accuracy of the data entry. However, the District did not have the authorization or resources to perform sampling during the audit period. As a result, the corrective action plan (CAP) was only partially implemented during fiscal year 2023. In fall 2023, the District secured the human resources and required authorizations to conduct random sampling of the faculty data entry. The District's Internal Audit Department (IAD) is performing random sampling of all campuses. As of fall 2023, all corrective actions have been fully implemented.

Personnel Responsible for Implementation: Steve Giorgi, Betsy Regalado, Keyna Crenshaw

Position of Responsible Personnel: Financial Aid Manager, Associate Vice Chancellor of Educational Programs and Institutional Effectiveness, LACCD Supervising Auditor)

Expected Date of Implementation: Fall 2023

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Schedule of Federal Award Findings and Questioned Costs

Year ended June 30, 2023

Finding FA 2023-03: Special Tests and Provision: Gramm Leach Bliley Act - Student Information Security – Formally Establish and Document Risk Acceptance Process, Perform Regular Backup Restoration Tests, Perform Timely Access Revocation and Regular Access Reviews, Perform Necessary Due Diligence to Regularly Evaluate All Third-party Safeguards, Maintain and Review Logs of Users' Activity for both SAP and PS SIS, Implement Data-at-Rest Encryption for Devices Storing Customer Data, Enforce Strict Compliance on Controls over SAP Direct to Production Changes (Repeat Finding)

Federal Program Information

<i>Assistance Listing Number:</i>	ALN 84.007, 84.033, 84.038, 84.048, 84.063 and 84.268
<i>Federal Program Name:</i>	Student Financial Assistance Cluster
<i>Federal Agency:</i>	U.S. Department of Education
<i>Passed Through Entity:</i>	N/A
<i>Federal Award Number:</i>	Various
<i>Federal Award Year:</i>	July 1, 2022, to June 30, 2023
<i>Compliance Requirement:</i>	Special Tests and Provisions – Gramm Leach Bliley Act – Student Information Security

Criteria or Specific Requirement:

The Gramm-Leach-Bliley Act (Pub. L. No. 106-102) (GLBA) requires financial institutions to explain their information-sharing practices to their customers and to safeguard sensitive data (16 CFR 314). The Federal Trade Commission considers Title IV-eligible institutions that participate in Title IV Educational Assistance Programs as “financial institutions” and subject to the Gramm-Leach-Bliley Act because they appear to be significantly engaged in wiring funds to consumers (16 CFR 313.3(k)(2)(vi)). Institutions agree to comply with GLBA in their Program Participation Agreement with ED. Institutions must protect student financial aid information, with particular attention to information provided to institutions by ED or otherwise obtained in support of the administration of the Federal student financial aid programs (16 CFR 314.3; HEA 483(a)(3)(E) and HEA 485B(d)(2)).

On December 9, 2021, the FTC issued final regulations for 16 CFR Part 314 to implement the GLBA information safeguarding standards that institutions must implement. These regulations significantly modified the requirements that institutions must meet under GLBA. The regulations established minimum standards that institutions must meet. The FTC stated that it “believes many of the requirements outlined in the Final Rule are so fundamental to any information security program that the information security programs of many financial institutions will already include them if those programs are in compliance with the current Safeguards Rule.” Institutions are required to be in compliance with the revised requirements no later than June 9, 2023.

Institutions are required to develop, implement, and maintain a comprehensive information security program that is written in one or more readily accessible parts. The regulations require the written information security program to include nine elements for institutions with 5,000 or more customers, (16 CFR 314.3(a)). The written information security program for institutions with fewer than 5,000 customers must address seven elements

LOS ANGELES COMMUNITY COLLEGE DISTRICT
Schedule of Federal Award Findings and Questioned Costs
Year ended June 30, 2023

(16 CFR 314.3(a) and 16 CFR 314.6). In the preamble to the Final Rule, the FTC stated, “Proposed § 314.4 [Elements] altered the current Rule’s required elements of an information security program and added several new elements.” The FTC also stated, “[t]he elements for the information security programs set forth in this section [16 CFR 314.4] are high-level principles that set forth basic issues the programs must address, and do not prescribe how they will be addressed.” The elements that an institution must address in its written information security program are at 16 CFR 314.4. At a minimum, an institution’s written information security program:

- Designates a qualified individual responsible for overseeing and implementing the institution’s information security program and enforcing the information security program in compliance (16 CFR 314.4(a)).
- Provides for the information security program to be based on a risk assessment that identifies reasonably foreseeable internal and external risks to the security, confidentiality, and integrity of customer information (as the term customer information applies to the institution) that could result in the unauthorized disclosure, misuse, alteration, destruction, or other compromise of such information, and assesses the sufficiency of any safeguards in place to control these risks (16 CFR 314.4(b)).
- Provides for the design and implementation of safeguards to control the risks the institution identifies through its risk assessment (16 CFR 314.4(c)). At a minimum, the institution’s written information security program must address the implementation of the minimum safeguards identified in 16 CFR 314.4(c)(1) through (8). The eight minimum safeguards that the written information security program must address are summarized as follows:
 - Implement and periodically review access controls.
 - Conduct a periodic inventory of data, noting where it’s collected, stored, or transmitted.
 - Encrypt customer information on the institution’s system and when it’s in transit.
 - Assess apps developed by the institution.
 - Implement multi-factor authentication for anyone accessing customer information on the institution’s system.
 - Dispose of customer information securely
 - Anticipate and evaluate changes to the information system or network.
 - Maintain a log of authorized users’ activity and keep an eye out for unauthorized access.
- Provides for the institution to regularly test or otherwise monitor the effectiveness of the safeguards it has implemented (16 CFR 314.4(d)).
- Provides for the implementation of policies and procedures to ensure that personnel are able to enact the information security program (16 CFR 314.4(e)(1)).
- Addresses how the institution will oversee its information system service providers (16 CFR 314.4(f)).
- Provides for the evaluation and adjustment of its information security program in light of the results of the required testing and monitoring; any material changes to its operations or business arrangements; the results of the required risk assessments; or any other circumstances that it knows or has reason to know may have a material impact the institution’s information security program (16 CFR 314.4(g)).

LOS ANGELES COMMUNITY COLLEGE DISTRICT
Schedule of Federal Award Findings and Questioned Costs
Year ended June 30, 2023

The first element that an institution's written information security program must address is the designation of an individual with responsibility for implementing and enforcing an institution's written information security program. The regulations refer to this individual as the Qualified Individual. If an institution has not designated a Qualified Individual, it is not in compliance with the GLBA requirements. The Qualified Individual has ultimate responsibility and accountability for implementing and enforcing the institution's information security program (16 CFR 314.4(a)). The regulations do provide for an institution to use a service provider as a Qualified Individual. In cases where an institution uses a service provider as the Qualified Individual, the institution must:

- Retain responsibility for compliance with GLBA.
- Designate a senior member of its personnel responsible for direction and oversight of the Qualified Individual; and
- Require the service provider or affiliate to maintain an information security program that protects the institution in accordance with the requirements of the regulations at 16 CFR Part 314(a)(1) through (3).

Because the written information security program may be in one or more readily accessible parts and the Qualified Individual is responsible for implementing and monitoring the information security program, ED expects that the Qualified Individual would be able to provide the written information security program that addresses the elements required for the written information security program to the auditors.

Identified Conditions:

A. Formally Establish and Document Risk Acceptance Process *(repeat finding)*

The District's Written Information Security Program does not explicitly define the criteria for accepting potential risks. A related process document, which was committed to be completed in the prior year, is still in development as of September 2023.

B. Perform Regular Backup Restoration Tests *(repeat finding)*

The District performed a comprehensive Tabletop Disaster Recovery (DR) exercise for both SAP and SIS during the audit period. As part of the exercise, the DR Team simulated a scenario, fully supported with recovery considerations, steps, results, recovery challenges, and key recommendations to improve moving forward – the exercise was also reviewed and approved by the Vice Chancellor and Chief Information Officer. However, a key activity which is the actual backup restoration testing was not performed as part of the tabletop exercise or at any point during the audit period.

C. Perform Timely Access Revocation and Regular Access Reviews *(repeat finding)*

Based on a test of controls to verify that access of terminated employees is timely removed in Active Directory (AD), SAP, and PeopleSoft Student Information System (PS SIS), we noted that out of the terminated employees subject to testing:

1. 13 users were active in AD, three (3) of whom have logged in after their termination.
2. 76 users were still active in SAP, 19 of whom have logged in after their termination.
3. 81 users were still active in PS SIS, 42 of whom have logged in after their termination.

LOS ANGELES COMMUNITY COLLEGE DISTRICT
Schedule of Federal Award Findings and Questioned Costs
Year ended June 30, 2023

Moreover, while a privileged user access review is performed for AD, there is no review performed to check the validity of regular users in AD and the validity and appropriateness of users in SAP and SIS. Employee functions and/or responsibilities may change over time; thus, previously provisioned access may no longer be valid. Furthermore, a new compliance requirement, which requires institutions to perform periodic access reviews for physical access in the data centers where the critical student information systems are hosted [16 CFR 314.4(c)(1)], was also not performed during the audit period.

D. Perform Necessary Due Diligence to Regularly Evaluate All Third-party Safeguards

16 CFR 314.4(f), a new compliance requirement, requires institutions to periodically assess service providers based on the risk they present and the continued adequacy of their safeguards. However, we noted that contracts for the following service providers were renewed by the District without sufficient information security review from 2020 to 2022 and the period thereafter.

- a. XAP – used for requesting, sending, and receiving electronic transcripts.
- b. Bank Mobile – used for student refund processing.
- c. Campus Logic – used for student online verification processing.

These contracts were instituted before the adoption of the District's Information Security Program and thus, were adopted and renewed thereafter without an Information Security Review.

E. Maintain and Review Logs of Users' Activity for both SAP and PS SIS

A new compliance requirement, which requires institutions to monitor and log the activity of authorized users and detect unauthorized access or use of, or tampering with, customer information by such users [16 CFR 314.4(c)(8)], is not currently implemented by the District.

F. Implement Data-at-Rest Encryption for Devices Storing Customer Data

A new compliance requirement, which requires institutions to protect by encryption all students' data held at rest [16 CFR 314.4(c)(3)], is not currently implemented by the District (e.g., SAP and SIS servers).

G. Enforce Strict Compliance on Controls over SAP Direct to Production Changes

SAP production client was opened on 10/03/2022 and 11/09/2022 without sufficient documentation that it was authorized and approved. Opening the production client, if not controlled, carries a significant risk since changes can be made directly to the production environment without transport requests, thereby circumventing any established change management controls.

Cause and Effect:

A. Formally Establish and Document Risk Acceptance Process

The absence of a formal risk acceptance process can lead to inappropriate risk treatment and a lack of oversight in managing risks, resulting in inconsistent approaches that may not align with the District's overall risk tolerance.

LOS ANGELES COMMUNITY COLLEGE DISTRICT
Schedule of Federal Award Findings and Questioned Costs
Year ended June 30, 2023

B. Perform Regular Backup Restoration Tests

Lack of proper restoration testing may hinder the District from recovering its data completely and accurately.

C. Perform Timely Access Revocation and Regular Access Reviews

Failure to deactivate or remove accounts of terminated employees timely may result in unauthorized access to the District's resources and sensitive information. Furthermore, the absence of user access reviews increases the risk of inappropriate users or access remaining undetected over time which may be used to process unauthorized transactions or view confidential information.

D. Perform Necessary Due Diligence to Regularly Evaluate All Third-party Safeguards

Non-performance of review may result in the District relying on IT service providers with ineffective information security controls making them susceptible to data breaches. A breach in a third-party system may expose the District to financial, operational, legal, and reputational damages.

E. Maintain and Review Logs of Users' Activity for both SAP and PS SIS

Without adequate logging and monitoring of users' activity, security incidents, including suspicious and unauthorized activities may not be detected and responded to in a timely manner.

F. Implement Data-at-Rest encryption for Devices Storing Customer Data

Data that is held to devices without encryption is vulnerable to unauthorized access, especially if physical and logical controls are compromised. In the event of a breach, sensitive data, such as students' information may be exposed.

G. Enforce Strict Compliance on Controls over SAP Direct to Production Changes

Insufficient controls over client opening may result in the implementation of unauthorized changes directly into the production environment. This increases the risk that changes to the system may not follow the District's change management process (documentation, authorization, testing, and approval) prior to the implementation of the change to the production environment.

Recommendation:

A. Formally Establish and Document Risk Acceptance Process

We recommend that the District establish and implement the District's Risk Acceptance process that details the criteria and conditions for accepting potential risks. We also recommend that the District ensure this is aligned with the District's objectives, overall risk tolerance, and current practices in identifying, assessing, and mitigating risks.

B. Perform Regular Backup Restoration Tests

Together with the DR tabletop exercises, we recommend that backup restoration tests should be performed at least once per year. Detailed testing schedules should be drafted based on DRP specifications and required restoration of the critical systems. Documentation of such tests should be maintained for full management awareness and approval.

LOS ANGELES COMMUNITY COLLEGE DISTRICT
Schedule of Federal Award Findings and Questioned Costs
Year ended June 30, 2023

C. Perform Timely Access Revocation and Regular Access Reviews

1. We recommend that the District revoke the access of terminated employees and review the activities performed by those accounts after their termination date to ensure the validity and appropriateness of activities/transactions performed by these accounts, if any.
2. Concurrently, the District should improve the account termination procedures to ensure that access to terminated employees is timely revoked.
3. We also recommend that regular access reviews for AD, SAP, PS SIS, and the physical accesses to data centers where these systems are hosted, are performed, and documented (for both regular and privileged users) to ensure that only valid and appropriate users remain in the system and have access to relevant information. The review may include, but is not limited to the following:
 - a. Document management control over the completeness and accuracy of the reports used in the review.
 - b. Define designated functions/roles to perform the review.
 - c. Monitor timeliness of the performance of the review and execution of corrective actions as a result of the review

D. Perform Necessary Due Diligence to Regularly Evaluate All Third-party Safeguards

Revisit the District's current practices for evaluating third-party provider's information security to ensure that all third-party are reviewed and evaluated regularly. At the minimum, the process should involve continuous monitoring, contractual provisions summarizing security requirements, and a strategy for addressing security vulnerabilities identified during reviews.

E. Maintain and Review Logs of Users' Activity for both SAP and PS SIS

Formally establish a process for logging and monitoring users' activity which includes collection, retention, regular review, and documentation of user activity logs. The review should be aligned with the District's access management practices to ensure that only authorized users are allowed to access information that is aligned with their functions and responsibilities.

F. Implement Data-at-Rest encryption for Devices Storing Customer Data

The District should establish and implement data-at-rest encryption for endpoint devices to ensure that data is inaccessible to unauthorized users in cases when logical and physical measures are compromised.

G. Strictly Implement Processes and Control for Direct Changes in the SAP Production Environment

Ensure that production client openings, particularly those related to direct production changes, strictly adhere to the District's Change Management Procedure. These client openings and the related changes should be properly documented, authorized, and validated prior to implementation.

LOS ANGELES COMMUNITY COLLEGE DISTRICT
Schedule of Federal Award Findings and Questioned Costs
Year ended June 30, 2023

Views of Responsible Officials and Planned Corrective Actions:

A. Formally Establish and Document Risk Acceptance Process

Requirements for risk assessments and risk acceptance processes to comply with GLBA were expanded in June of 2023. The District engaged a third-party consultant to conduct a GLBA-compliant risk assessment and advise on recommended changes to the District's Written Information Security Plan (WISP) to comply with the new requirements. The findings and recommendations were presented to the District in October of 2023 and are currently under review. The District will initiate a project to formalize risk acceptance by December 31st, 2023, and implement the risk acceptance process by June 30, 2024.

B. Perform Regular Backup Restoration Tests

The District has engaged with a third party to build a testing environment to physically test restoration of the SIS environment. Initiation of the project is pending processing of the Purchase Order. The District anticipates completion of the restoration by December 31st, 2023.

With respect to SAP, the District is currently engaged in an effort to migrate the SAP database to HANA. When this project is complete, the same test environment will be capable of performing physical recovery tests for SAP. The HANA migration is estimated to be completed on February 28th, 2024.

C. Perform Timely Access Revocation and Regular Access Reviews

With respect to the District's Single Sign-On (ADFS or SSO) environments, the District engaged professional services consultants to address this item by automating the disablement of employee accounts based upon the termination of assignment. The work is currently underway. The target completion of the process is December 15, 2023. With respect to the SAP environment, the District has engaged with a vendor to implement Multifactor Authentication (MFA) in the SAP environment. Work will begin upon processing the Purchase Order. Once both efforts are complete, disabling employee accounts in SSO, SIS and SAP will be performed automatically based upon the termination of assignments according to criteria established by Human Resources.

With respect to access reviews of SIS and SAP, the District is currently researching the export of user audit logs to the District's analysis environment to enable regular reviews. The new target to perform regular access reviews for SAP and SIS is the end of Q1 2024.

With respect to physical access reviews, the District Information Security Team will perform an annual review of relevant operational protocols for data center access with the appropriate internal teams and perform an audit of data access at a minimum of once per year. The first annual protocol review will be completed by December 1st, 2023. The first annual audit will commence no later than March 1st, 2024.

D. Perform Necessary Due Diligence to Regularly Evaluate All Third-party Safeguards

To prevent recurrence, the LACCD Information Security Team will coordinate an annual review of Administrative Protocol 3723A: Information Security Evaluation of Third-Party Providers with District Financial Aid, Procurement and Educational Programming and Institutional Effectiveness (EPIE) leadership teams to help assure future relevant contracts are provided to the Information Security Team prior to renewal to allow for timely security review.

LOS ANGELES COMMUNITY COLLEGE DISTRICT
Schedule of Federal Award Findings and Questioned Costs
Year ended June 30, 2023

E. Maintain and Review Logs of Users' Activity for both SAP and PS SIS

The District is currently researching the export of user audit logs to the District's analysis environment to enable regular reviews. The new target to perform regular access reviews for SAP and SIS is the end of Q1 2024.

F. Implement data encryption for Devices Storing Customer Data

The District engaged a third-party consultant to perform a comprehensive review of PeopleSoft security controls, including the implementation of encryption of financial aid data within PeopleSoft. The results are pending. Based upon those recommendations, the District will work with encryption providers to develop and implement field-level encryption of financial aid data in SIS as appropriate.

With respect to end-user devices storing sensitive data, the District recently adopted workstation hardening requirements that include whole-disk encryption for desktop and laptop computers used by personnel who routinely access sensitive information, including financial aid data. The District will implement the standards on workstations used by employees in financial aid and institutional research by June 30, 2024. Once this is complete, additional workstations will be encrypted in order of potential risk.

G. Strictly Implement Processes and Control for Direct Changes in the SAP Production Environment

The requests for direct changes in SAP production will be tracked and included in our help desk requests so that an auditable trail can be created leading to the purpose and completion of the production changes. Additionally, direct production change requests will be reviewed and approved following the LACCD Change Control process. Minor updates that do not fall within the change control guidelines will require managerial approval within the help desk system.

Personnel Responsible for Implementation: Carmen V. Lidz

Position of Responsible Personnel: Vice Chancellor & Chief Information Officer

LOS ANGELES COMMUNITY COLLEGE DISTRICT
Schedule of Federal Award Findings and Questioned Costs
Year ended June 30, 2023

Finding FA 2023-004: Special Tests and Provisions – Using a Servicer or Financial Institution to Deliver Title IV Credit Balances to a Card or Other Access Device – Failure to Submit URL to the Secretary of Education for Publication in a Centralized Database Accessible to the Public

Federal Catalog Number: ALN 84.007, 84.033, 84.038, 84.063, and 93.364

Federal Program Name: Student Financial Assistance Cluster:
Federal Supplement Educational Opportunity Grants (FSEOG)
Federal Work-Study Program (FWS)
Federal Perkins Loan Program
Federal Pell Grant Program
Federal Direct Student Loans
Nursing Student Loans (NSL)

Federal Agency: U.S. Department of Education (ED)

Passed Through Entity: N/A

Federal Award Number: *FSEOG*
P007A210450, P007A210365, P007A210451,
P007A210452, P007A210453, P007A210455,
P007A210456, P007A210457, P007A210676

FWS
P033A210450, P033A210365, P033A210451,
P033A210452, P033A210453, P033A210455,
P033A210456, P033A210457, P033A210676

Pell
P063P210033, P063P215263, P063P210034,
P063P210658, P063P210035, P063P215261,
P063P215260, P063P210036, P063P215262

NSL
P268K220033, P268K225263, P268K220034,
P268K220658, P268K220035, P268K225261,
P268K225260, P268K220036, P268K225262

Federal Award Year: July 1, 2022, to June 30, 2023

Campuses: Los Angeles Community College District

Compliance Requirement: Special Tests and Provisions: Using a Servicer or Financial Institution to Deliver Title IV Credit Balances to a Card or Other Access Device

LOS ANGELES COMMUNITY COLLEGE DISTRICT
Schedule of Federal Award Findings and Questioned Costs
Year ended June 30, 2023

Criteria or Specific Requirements:

Per 34 Code of Federal Regulations 668.164 Disbursing Funds:

In Tier One (T1) arrangement, an institution located in a State has a contract with a third-party servicer under which the servicer performs one or more of the functions associated with processing direct payments of Title IV, HEA program funds on behalf of the institution. The institution or third-party servicer makes payments to one or more financial accounts that are offered to students under the contract; a financial account where information about the account is communicated directly to students by the third-party servicer, or the institution on behalf of or in conjunction with the third-party servicer; or a financial account where information about the account is communicated directly to students by an entity contracting with or affiliated with the third-party servicer.

Institutions with a T1 arrangement should ensure that no later than September 1, 2017, and then no later than 60 days following the most recently completed award year thereafter, disclose conspicuously on the institution's Website and in a format established by the Secretary of Education the total consideration for the most recently completed award year, monetary and non-monetary, paid or received by the parties under the terms of the contract; and for any year in which the institution's enrolled students open 30 or more financial accounts under the T1 arrangement, the number of students who had financial accounts under the contract at any time during the most recently completed award year, and the mean and median of the actual costs incurred by those account holders.

The institution should also provide the Secretary with an up-to-date Uniform Resource Locator (URL) for the contract and contract data as described above for publication in a centralized database accessible to the public.

Identified Condition:

We noted that the District's URL link to the contract with BMTX, Inc. (BankMobile) and other required information was not included in the latest Cash Management Contracts Database published by ED on March 2022 as the District was unable to provide the URL link to ED for the award year ended June 30, 2023.

Cause and Effect:

Due to a miscommunication between the District staff and Bankmobile staff, the website link was not submitted to the Department of Education, although the report was published and available to the public.

Questioned Costs:

None.

Recommendation:

We recommend that the District review its roles and responsibilities with Bankmobile and implement control procedures to ensure that the District remains compliant with the requirements of Uniform Guidance and the Code of Federal Regulation.

Views of Responsible Officials and Planned Corrective Actions:

The District has taken responsibility for providing the Department of Education with the website link and will provide that going forward.

LOS ANGELES COMMUNITY COLLEGE DISTRICT
Schedule of Federal Award Findings and Questioned Costs
Year ended June 30, 2023

Personnel Responsible for Implementation: Nyame-Tease Prempeh
Position of Responsible Personnel: Assistant Director of Accounting
Expected Date of Implementation: November 1, 2023

Finding FA 2023-005: Reporting – Untimely and Incomplete Posting of Quarterly Reports to the College’s Website and Inaccurate Reported Expenditures Captured in the Published Website’s Quarterly Reports.

<i>Federal Catalog Number:</i>	ALN 84.425E, 84.425F, and 84.425L
<i>Federal Program Name:</i>	Higher Education Emergency Relief Fund
<i>Federal Agency:</i>	U.S. Department of Education
<i>Passed Through Entity:</i>	N/A
<i>Federal Award Number:</i>	P425E200844, P425F202148, P425L200439, P425E204139, P425F203076, P425L200440
<i>Federal Award Year:</i>	July 1, 2022, to June 30, 2023
<i>Campuses:</i>	Los Angeles Pierce College Los Angeles Trade Technical College
<i>Compliance Requirement:</i>	Reporting

Criteria or Specific Requirements:

Per U.S. Department of Education Notice of Public Posting Requirement of Grant Information for Higher Education Emergency Relief Fund (HEERF) Grantees:

The Certification and Agreements for the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (CRRSAA) and American Rescue Plan (ARP) (a)(1) and (a)(4) funds provide that each institution applying for HEERF funds must promptly and timely provide a detailed accounting of the use and expenditure of the funds in such manner and with such frequency as the Secretary may require. Each HEERF participating institution must post the information listed below on the institution’s primary website, as an initial report under the CRRSAA and ARP (a)(1) and (a)(4) programs. This report is associated with the approved information collection under OMB control number 1801–0005.

This information must appear in a format and location that is easily accessible to the public. This information must also be updated no later than 10 days after the end of each calendar quarter (September 30, December 31, March 31, and June 30) thereafter, unless the Secretary specifies an alternative method of reporting.

LOS ANGELES COMMUNITY COLLEGE DISTRICT
Schedule of Federal Award Findings and Questioned Costs
Year ended June 30, 2023

Identified Condition:

A. *Untimely Posting of Quarterly Reports on the College's Website*

We noted that Los Angeles Pierce College's Quarterly Budget and Expenditure Report for all HEERF I, II, and III grant funds covering the quarter ending December 31, 2022, and March 31, 2023, were not publicly posted on the college's primary website.

B. *Incomplete Posting of Published Links Related to the Quarterly Report on the College's Website*

We noted that Los Angeles Trade Technical College's Quarterly Budget and Expenditure Report for all HEERF I, II, and III grant funds covering the quarter ending June 30, 2023, was not completely posted on the college's primary website. The link to the quarterly report ending June 30, 2023, was published on time, but the link incorrectly redirects to the March 31, 2023, quarterly report.

C. *Inaccuracy of Quarterly Expenditures Reported on the College's Website*

We noted that the expenditures reported in Los Angeles Pierce College's Quarterly Budget and Expenditure Report for all HEERF I, II, and III grant funds covering the quarter ending December 31, 2022, and June 30, 2023, were inaccurate.

- For the quarter ending December 31, 2022, the expenditures were overstated by \$284,593 due to the inclusion of the expenditures already reported from the previous quarter ending September 30, 2022. Per inquiry, the preparer inadvertently reported the expenditures on a cumulative basis.
- For the quarter ending June 30, 2023, the expenditures were erroneously reported at zero amounts which resulted in an understatement by the actual expenditures incurred amounting to \$2,007,950.

Cause and Effect:

Los Angeles Trade Technical College

The reports were posted to the website on time. However, due to a clerical error, the link for the June 30, 2023, report directed users to the March 31, 2023, report. The effect was that, although the correct file existed on the server, there was no link for users to access it. This has been corrected.

Los Angeles Pierce College

The college experienced a break in the coordination of the report review which resulted in an error on the published report. There was also a misunderstanding about accumulating data from prior reported periods.

Questioned Costs:

None.

Recommendation:

We recommend that the campuses review their approval process prior to posting the reports online by having formal preparer and approver signoffs to ensure that the supporting documents correctly match the reports posted online. Additionally, we recommend the campuses enhance coordination between the report approver

LOS ANGELES COMMUNITY COLLEGE DISTRICT
Schedule of Federal Award Findings and Questioned Costs
Year ended June 30, 2023

and the website manager to ensure that the reports are properly linked in the backend of the website and are timely posted if already prepared.

Views of Responsible Officials and Planned Corrective Actions:

Los Angeles Trade Technical College

The cause of the incorrect link was a clerical error, and the error has since been corrected, the condition no longer exists and is resolved.

Personnel Responsible for Implementation: LATTC – Charalambos Ziogas/Daniel Friedman

Position of Responsible Personnel: VPAS/CFA

Expected Date of Implementation: October 16, 2023

Los Angeles Pierce College

The college will work with District staff to update the process of reviewing, approving, and publishing or providing the reports to appropriate websites and agencies.

Personnel Responsible for Implementation: Ron Paquette

Position of Responsible Personnel: Associate Vice President, Admin Services

Expected Date of Implementation: November 1, 2023

Finding FA 2023-006 Reporting: Untimely Submission of Quarterly Financial Reports

Federal Program Information

<i>Federal Catalog Number:</i>	ALN 17.268
<i>Federal Program Name:</i>	H-1B Job Training Grant
<i>Federal Agency:</i>	U.S. Department of Labor
<i>Passed Through Entity:</i>	N/A
<i>Federal Award Number:</i>	HG-33046-19-60-A-6
<i>Federal Award Year:</i>	July 1, 2022 to June 30, 2023
<i>Campus:</i>	West Los Angeles College
<i>Compliance Requirement:</i>	Reporting

Criteria or Specific Requirement:

Per the terms and conditions of the grant agreement, with the U.S. Department of Labor (DOL) – Employment and Training Administration (ETA), all ETA recipients are required to report quarterly financial data on the ETA-9130 Form. ETA-9130 reports are due no later than 45 calendar days after the end of each specified reporting quarter.

LOS ANGELES COMMUNITY COLLEGE DISTRICT
 Schedule of Federal Award Findings and Questioned Costs
 Year ended June 30, 2023

Identified Condition:

We noted that 2 out of 4 quarterly financial reports ETA-9130 were certified late on the U.S. Department of Labor website as follows:

Quarter Ending	Due Date	Submission Date Attempted	Date of Submission
9/30/2022	11/15/2022	11/7/2022	11/18/2022
3/31/2023	5/15/2023	5/15/2023	6/9/2023

Per inquiry with the District, the Accounting Department attempted to certify the quarterly reports before the due date but encountered log-in issues on the U.S. DOL website which prevented certifying timely. The District requested a reporting extension from Joshua Hodges, Federal Project Officer for the Office of Special Initiatives and Demonstrations, U.S. DOL-ETA. Mr. Hodges did not authorize the extension and suggested submitting the quarterly reports via the Payment Management System (PMS) and coordinating with the agency’s technical team to resolve issues.

Cause and Effect:

The District’s approval officers were available to certify the reports, however, due to technical issues with the PMS system, certification could not be completed within the allotted time.

Questioned Costs:

None.

Recommendation:

We recommend the district schedule and finalize its quarterly reports submission a week or two before the due date to ensure that sufficient time is available to resolve unforeseen issues, such as the technical problems with the U.S DOL website. Otherwise, an authorized waiver from the agency must be secured for late reporting.

Views of Responsible Officials and Planned Corrective Actions:

The District will review reporting timelines and reschedule to allow additional time for unforeseen issues.

Personnel Responsible for Implementation: Nyame-Tease Prempeh
 Position of Responsible Personnel: Assistant Director of Accounting
 Expected Date of Implementation: November 1, 2023

**SUMMARY SCHEDULE OF PRIOR YEAR
SINGLE AUDIT FINDINGS**

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2023

Finding Reference and Description	Identified Condition and Prior Year's Corrective Action Plan	Current Status	Explanation if not fully implemented
<p>FA 2022-001</p> <p>SFA Cluster <i>Eligibility:</i> Incorrect Federal Pell Grant Amounts Awarded</p> <p>(Repeat Finding)</p>	<p>Identified Condition:</p> <p>Of the 15 students selected for eligibility test work at Los Angeles City College, we noted that 1 student had an incorrectly calculated Federal Pell grant award, which resulted in an understatement of the disbursement to the student by \$419. The student was eligible to receive \$419 yet received none in Summer 2020.</p> <p>Views of Responsible Officials and Planned Corrective Actions:</p> <p>The District has already developed an automated summer Pell solution. The solution has been tested by the field and Central Financial Aid Unit and will be implemented Summer 2023</p>	<p>Partially implemented</p> <p>(Expect full implementation by 6/12/2023)</p>	<p>Repeat finding See FA 2023-001</p>
<p>FA 2022-002</p> <p>SFA Cluster; <i>Special Tests and Provisions – Return of Title IV Funds:</i> Incorrect Calculation of Return of Title IV Funds, Untimely Notification of Grant Overpayment to Students and Secretary, and Distance Education Courses – Lack of Formal Process to Determine</p>	<p>Identified Condition:</p> <p>A. Incorrect Calculation of Return of Title IV Funds</p> <p><i>West Los Angeles College</i> We noted 1 of 15 students selected for return of Title IV funds testwork from the population of students who had withdrawn, dropped out, or never began attendance that had an incorrectly determined withdrawal date in Summer 2022, the effect of which decreased the amount due from school by \$681.</p>	<p>Partially implemented</p>	<p>Repeat finding See FA 2023-002</p>

LOS ANGELES COMMUNITY COLLEGE DISTRICT
 Summary Schedule of Prior Year Single Audit Findings
 Year ended June 30, 2023

Finding Reference and Description	Identified Condition and Prior Year's Corrective Action Plan	Current Status	Explanation if not fully implemented
<p>Accuracy of Student Withdrawal Date</p> <p>(Repeat Finding)</p>	<p>B. <i>Untimely Notification of Grant Overpayment to Students and Secretary</i></p> <p><i>Los Angeles Southwest College</i> We noted that 2 of 15 students selected for compliance test work were notified beyond 30 days from the date of the institution's determination that the student withdrew and owed overpayments as a result of the students' withdrawal. The required notification was submitted to both students 11 days after the institution's determination date.</p> <p><i>Los Angeles Trade Technical College</i> We noted that 1 of 15 students selected for compliance test work was never provided with a Post Withdrawal Disbursement notification. Consequently, no disbursement was made to the student.</p> <p>C. <i>Distance Education Courses – Lack of Formal Process to Determine Accuracy of Student Withdrawal Date</i></p> <p>For distance education (DE) courses, we noted that the withdrawal date used in the calculation of return to Title IV funds is the actual date the student initiated the withdrawal from the course in the system. The District does not currently have a formal process in place to monitor a student's active</p>		

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Summary Schedule of Prior Year Single Audit Findings

Year ended June 30, 2023

Finding Reference and Description	Identified Condition and Prior Year's Corrective Action Plan	Current Status	Explanation if not fully implemented
	<p>participation in an online class and engagement in academic activities related to a DE course in order to determine the reasonableness and accuracy of the student's withdrawal date in the system.</p> <p>Views of Responsible Officials and Planned Corrective Actions:</p> <p>A. <i>Incorrect Calculation of Return of Title IV Funds</i></p> <p>This is an isolated incident, but in order to automate the manual process, the District will incorporate a query logic in the R2T4 program. Internal control has been substantially strengthened which has reduced the number of issues year-over-year.</p> <p>B. <i>Untimely Notification of Grant Overpayment to Students and Secretary</i></p> <p>The school inadvertently failed to report the student overpayment to NSDLS timely. Due to SIS communication limitations with this last batch for the summer 2022 term, the District was unable to send the notification through SIS and had to send the R2T4 OP notification outside of SIS manually resulting in the late notification. The District will improve on timely notifications.</p>		

LOS ANGELES COMMUNITY COLLEGE DISTRICT
 Summary Schedule of Prior Year Single Audit Findings
 Year ended June 30, 2023

Finding Reference and Description	Identified Condition and Prior Year's Corrective Action Plan	Current Status	Explanation if not fully implemented
	<p>C. Distance Education Courses – Lack of Formal Process to Determine Accuracy of Student Withdrawal Date</p> <p>The District will provide communications to all faculty throughout the semester instructing them to assess individual student participation in the class and to exclude students from the class if prior to exclusion deadlines, or drop students if exclusion deadlines have passed. Communications will be timed around core deadlines for enrollment and financial aid processes. The Distant Education coordinators will be informed of the new standard to supplement the existing required and optional trainings currently provided to teaching faculty.</p>		
<p>FA 2022-003</p> <p>SFA Cluster: <i>Special Tests and Provisions – Gramm-Leach Bliley Act – Student Information Security:</i></p> <p>Perform Regular Backup Restoration Tests, Improve Server and Network Security, Perform Timely Access Revocation and System Access Review, Strengthen</p>	<p>Identified Conditions:</p> <p>A. Perform regular backup restoration tests</p> <p>The District performed a comprehensive Tabletop Disaster Recovery (DR) exercises for both SAP and SIS during the audit period. As part of the exercise, the DR Team simulated a scenario, fully supported with recovery considerations, steps, results, recovery challenges, and key recommendations to improve moving forward – the exercise was also reviewed and approved by Vice Chancellor and</p>	Partially implemented	Repeat finding See FA 2023-003

LOS ANGELES COMMUNITY COLLEGE DISTRICT
 Summary Schedule of Prior Year Single Audit Findings
 Year ended June 30, 2023

Finding Reference and Description	Identified Condition and Prior Year's Corrective Action Plan	Current Status	Explanation if not fully implemented
Password Controls – Optimize Account Lockout Configuration in SAP Database, Establish and Document Approval of IT Policies and Procedures (Repeat Finding)	Chief Information Officer. However, a key activity which is the actual backup restoration testing was not performed as part of the tabletop exercise or at any point during the audit period. B. Improve server and network security Server and network security can be further improved. While the District has taken steps on securing systems, we noted the following: <ul style="list-style-type: none"> i. The latest SAP server vulnerability reports showed one (1) critical and one (1) high vulnerability which remains outstanding since its last scan on September 24, 2022. Based on the vulnerability scan policy, a reasonable effort shall be made to remediate high and critical vulnerabilities within 30 calendar days of discovery. The longer the vulnerability issues remain unaddressed, the higher the security risks that the District faces. ii. We noted that a critical security update for SIS Database Server released on August 9, 2022, was installed on October 16, 2022. Based on the District's policy, patches designated as "Critical" by the manufacturer must be installed as soon as feasible without introducing instability or impacting service availability of production 		

LOS ANGELES COMMUNITY COLLEGE DISTRICT
 Summary Schedule of Prior Year Single Audit Findings
 Year ended June 30, 2023

Finding Reference and Description	Identified Condition and Prior Year's Corrective Action Plan	Current Status	Explanation if not fully implemented
	<p>systems, and no later than thirty days after release. (Repeat finding)</p> <p>iii. We noted that the firewall rules included telnet which can lead to potential sniffing or eavesdropping attacks as the privileged credentials are sent in the network in clear text. This was subsequently removed by IT as of November 2022.</p> <p>C. Perform timely access revocation and system access review</p> <p>Based on test of controls to verify that access of terminated employees are timely removed in Active Directory (AD), SAP, and SIS, we noted that out of the 30 terminated employees selected for testing:</p> <p>i. One (1) user was active in AD</p> <p>ii. Two (2) users were still active in SAP</p> <p>iii. 16 users were still active in SIS</p> <p>Moreover, while a privileged user access review is performed for AD, there is no review performed to check the validity of regular users in AD, and the validity and appropriateness of users in SA and SIS. The purpose of properly establishing periodic user access review, coupled with limiting and monitoring</p>		

LOS ANGELES COMMUNITY COLLEGE DISTRICT
 Summary Schedule of Prior Year Single Audit Findings
 Year ended June 30, 2023

Finding Reference and Description	Identified Condition and Prior Year's Corrective Action Plan	Current Status	Explanation if not fully implemented
	<p>administrative access within the system, is to ensure management's understanding of the overall systems operation, its internal workflow requirements, and the segregation of duties within the systems that is required so that employees are not granted excessive, incompatible system access levels and workflow capabilities.</p> <p>D. Strengthen password controls – optimize account lockout configuration in SAP Database</p> <p>Inspection of password configuration for SAP Database revealed that account lockout duration and threshold are set to unlimited. Based on the District's password standard, account lockout duration and threshold should be set at 15 minutes and 10 invalid logon attempts, respectively.</p> <p>E. Establish and document approval of IT policies and procedures</p> <p>Inspection of IT-related policies and procedures showed the following documentations committed in the prior year, but are still in development as of November 2022:</p> <ul style="list-style-type: none"> • Risk Acceptance Process • Portable Media Restriction 		

LOS ANGELES COMMUNITY COLLEGE DISTRICT
 Summary Schedule of Prior Year Single Audit Findings
 Year ended June 30, 2023

Finding Reference and Description	Identified Condition and Prior Year's Corrective Action Plan	Current Status	Explanation if not fully implemented
	<p>Views of Responsible Officials and Planned Corrective Actions:</p> <p>A. Perform regular backup restoration tests</p> <p>The District is planning to complete a backup restoration by the end of Q1 2023.</p> <p>The District is in the process of procuring professional services and appropriate licensing to complete the backup restoration test. The revised estimated date for completion is August 31, 2023.</p> <p>B. Improve server and network security</p> <p>i. The District has completed reviewing the changes needed to address the identified critical vulnerabilities. The vulnerability patch will be applied by the end of the 2022 calendar year. The District applied the vendor recommended solution for the vulnerability, but it did not provide the expected resolution. It was determined that a complete reconfiguration and replacement of the server will be necessary. The team has been continuing to work with the vendor and the revised completion date is June 30, 2023.</p> <p>ii. The District completed the high vulnerability patch on November 10, 2022.</p>		

LOS ANGELES COMMUNITY COLLEGE DISTRICT
 Summary Schedule of Prior Year Single Audit Findings
 Year ended June 30, 2023

Finding Reference and Description	Identified Condition and Prior Year's Corrective Action Plan	Current Status	Explanation if not fully implemented
	<p>iii. The District completed the critical patch updates outside of the identified 30 calendar day window due to minimizing substantial business impact. The patching periods fell under the critical business time period. Verbal approval was provided but the District will strictly follow procedure to obtain written authorization from the VC/CIO for delaying the patching.</p> <p>C. Perform timely access revocation and system access review</p> <p>i. The District has undergone a comprehensive discovery of our current environments and scoped out opportunities to optimize the deprovisioning synchronization. This scope has been incorporated into a public solicitation which completed early Fall 2022. Currently, the District awaits board authorization on issuing a professional services contract to begin the effort. The target is to initialize a project in January to automate deprovisioning synchronization of employees across the multiple EPR systems. Meanwhile, regular access reviews of SAP and SIS will be a separate process that will be regularly conducted. The target completion is early Q2 2023.</p>		

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Summary Schedule of Prior Year Single Audit Findings

Year ended June 30, 2023

Finding Reference and Description	Identified Condition and Prior Year's Corrective Action Plan	Current Status	Explanation if not fully implemented
	<p>The District received board approval on the project. A project was initiated and the target completion of the automation is 12/23/2023.</p>		
<p>FA 2022-004</p> <p><i>H1-B Job Training Grant: Activities Allowed or Unallowed and Allowable Costs / Cost Principles: Expenditures Recorded In Incorrect Period</i></p>	<p>Identified Condition:</p> <p>At West Los Angeles College, we noted that 2 out of 25 expenditures sampled were recorded in the incorrect period, for a total of \$146,328. The expenditures were related to subrecipient payments that were incurred in fiscal year 2021 but were incorrectly recorded in fiscal year 2022.</p> <p>Views of Responsible Officials and Planned Corrective Actions:</p> <p>The Accounting Office will require all program personnel to complete a checklist of all expenditures incurred close to the end of the fiscal year in order to identify any expenditures that need to be accrued.</p>	<p>Implemented</p>	<p>Not applicable</p>