



LOS ANGELES COMMUNITY COLLEGE DISTRICT

Basic Financial Statements and Supplemental Information

June 30, 2022 and 2021

(With Independent Auditors' Report Thereon)

LOS ANGELES COMMUNITY COLLEGE DISTRICT

June 30, 2022 and 2021

Los Angeles, California

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

LOS ANGELES COMMUNITY COLLEGE DISTRICT

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FINANCIAL SECTION



OFFICE OF THE CHANCELLOR

CITY
EAST
HARBOR
MISSION
PIERCE
SOUTHWEST
TRADE-TECH
VALLEY
WEST

December 14, 2022

Members of the Board of Trustees
Los Angeles Community College District

Dear Board of Trustees:

I have reviewed and am pleased to submit the Annual Financial Report of the Los Angeles Community College District (District) for the fiscal year ended June 30, 2022. 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.

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Historical Background

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

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

The Los Angeles Community College District serves approximately 189,301 students, employs approximately 3,617 full-time and 4,528 part-time personnel and covers a service area of more than 882 square miles.

Enrollment

The Los Angeles Community College District's enrollment for the fiscal year ended June 30, 2022, decreased by 12.71% from the previous year. The enrollment figures (credit student headcounts) by campus for the 2021-2022 fiscal years were as follows:

	<u>Fall</u>	<u>Spring</u>
East Los Angeles College	22,285	19,588
Los Angeles City College	12,697	12,120
Los Angeles Harbor College	7,018	6,704
Los Angeles Mission College	8,872	8,359
Los Angeles Pierce College	14,886	12,972
Los Angeles Southwest College	4,524	4,353
Los Angeles Trade–Technical College	9,807	9,060
Los Angeles Valley College	13,868	13,036
West Los Angeles College	9,419	8,885
Instructional Television	—	—
Total Districtwide	<u>103,376</u>	<u>95,077</u>

The Los Angeles Community College District's FTES (Full-time equivalent student) figures for the fiscal year ended June 30, 2022, the measure by which the state of California funds Community Colleges decreased by 13.93% from 86,246 in fiscal year 2021, to 74,230 in fiscal year 2022. Fiscal year 2022 enrollment by campus are as follows:

	<u>Credit</u>	<u>Noncredit</u>
East Los Angeles College	17,553	1,476
Los Angeles City College	7,939	836
Los Angeles Harbor College	4,325	117
Los Angeles Mission College	4,971	258
Los Angeles Pierce College	9,652	846
Los Angeles Southwest College	2,686	413
Los Angeles Trade-Technical College	7,364	405
Los Angeles Valley College	8,428	611
West Los Angeles College	5,952	398
Instructional Television	—	—
Total Districtwide	<u>68,870</u>	<u>5,360</u>

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 C. Rodriguez, Ph.D.
Chancellor
Los Angeles Community College District



KPMG LLP
Suite 1500
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Los Angeles, CA 90071-2629

Independent Auditors' Report

The Honorable Board of Trustees
Los Angeles Community College District:

Report on the 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, 2022 and 2021, 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, 2022 and 2021, 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 2020 amounts nor a discussion of the 2021 results in comparison to 2020, 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, 2022 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, 2022. The accompanying supplemental financial information for the year ended June 30, 2022 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, 2022 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, 2022.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance

KPMG LLP

Los Angeles, California
December 15, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Management's Discussion and Analysis

June 30, 2022 and 2021

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, 2022. 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, 2022 by \$96.2 million (net position). Of this amount, a net deficit of \$900 million is unrestricted net position. The increase in net position of \$277 million as of June 30, 2022 in comparison to the prior year is primarily due to significant decreases in the District's share of Pension and Other Post-Employment Benefits (OPEB) liabilities, and one-time increases in Federal and State funding for certain activities. The \$505.6 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 \$25.7 million is primarily due to increase in construction related activities.

The District's revenue from operating activities increased by \$76 million while operating expenses decreased by \$38.6 million.

Overview of the Basic Financial Statements

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

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

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Management's Discussion and Analysis

June 30, 2022 and 2021

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, 2022 and 2021. The statements of net position present the assets, liabilities, and net position of the District at June 30, 2022 and 2021. 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, 2022 and 2021

Financial Analysis of the District as a Whole

Summary Schedule of Net Position

June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>	<u>Increase (decrease)</u>
Assets:			
Current and other assets	\$ 1,228,478,272	1,330,933,566	(102,455,294)
Capital assets, net	<u>4,505,256,690</u>	<u>4,479,484,926</u>	<u>25,771,764</u>
Total assets	5,733,734,962	5,810,418,492	(76,683,530)
Deferred outflows of resources	<u>487,818,360</u>	<u>570,604,118</u>	<u>(82,785,758)</u>
Total assets and deferred outflows of resources	\$ <u>6,221,553,322</u>	<u>6,381,022,610</u>	<u>(159,469,288)</u>
Liabilities:			
Current liabilities	\$ 498,480,161	590,784,770	(92,304,609)
Noncurrent liabilities	<u>5,000,536,154</u>	<u>5,783,254,851</u>	<u>(782,718,697)</u>
Total liabilities	5,499,016,315	6,374,039,621	(875,023,306)
Deferred inflows of resources	<u>626,355,349</u>	<u>188,036,218</u>	<u>438,319,131</u>
Total liabilities and deferred inflows of resources	\$ <u>6,125,371,664</u>	<u>6,562,075,839</u>	<u>(436,704,175)</u>
Net position:			
Net investment in capital assets	\$ 490,497,169	444,750,175	45,746,994
Restricted – expendable	505,644,036	447,244,348	58,399,688
Unrestricted	<u>(899,959,547)</u>	<u>(1,073,047,752)</u>	<u>173,088,205</u>
Total net position	\$ <u>96,181,658</u>	<u>(181,053,229)</u>	<u>277,234,887</u>

Current and other assets decreased by \$102.5 million. The net decrease is due in part to the following:

- (1) A \$218.2 million net decrease in restricted investments is primarily due to on-going construction expenditure with no new G.O. bond issuance proceeds received by the District.
- (2) A \$16.1 million net increase in deposit with trustee due to increase in property tax levy in anticipation of higher payment of G.O. Bonds principal and interest due next fiscal year.
- (3) A \$199.7 million increase in cash and cash equivalents directly related in part to collections on receivables and deferred apportionment funding from prior fiscal year, and increase in deferred maintenance funding.
- (4) A \$0.9 million increase in prepaid expenses is primarily related to new service and warranty contracts paid in advance.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Management's Discussion and Analysis

June 30, 2022 and 2021

Deferred outflows of resources decreased by \$82.8 million. The net decrease is due to the following:

- (1) A \$36.5 million decrease in deferred outflows of resources for pensions was primarily caused by changes in the District's proportionate share of the CalPERS and CalSTRS pension obligations resulting from changes in assumptions used.
- (2) A \$31 million decrease relates to Other Postemployment Benefits (OPEB) primarily due to changes in assumptions used to value the obligation.
- (3) A \$15.4 million decrease in deferred outflow of resources-debt refunding is due to current interest expense recognition.

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

- (1) A \$25.4 million net increase in accounts payable and accrued liabilities due in part to increase in contracts and purchases in preparation for student and employee full return to in-person instruction and work.
- (2) A \$117.4 million decrease in the current portion of long-term debt related to decrease in outstanding long-term debt.

Noncurrent liabilities decreased by \$782.7 billion. The net decrease is due in part to the following:

- (1) A \$373.7 million decrease in pension obligations, due to the changes in economic and non-economic assumptions and experience over the measurement period.
- (2) A \$228.1 million decrease in OPEB obligations, due to the changes in economic and non-economic assumptions and experience over the measurement period.
- (3) A \$165.1 million decrease in the noncurrent portion of long-term debt as they convert to current liability or retired.
- (4) A 10.3 million decrease in the supplemental retirement plan (SRP) liabilities related to payment on plan liability.
- (5) A \$4.7 million decrease in the noncurrent portion of compensated absences as a result of employees' usage of vacation time and pay out to SRP retirees.
- (6) A \$1 million decrease in the non-current portions of general liabilities resulting from the conversion of certain liabilities to current as they become due.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Management's Discussion and Analysis

June 30, 2022 and 2021

Deferred inflows of resources decreased by \$438.3 million. The net increase is due to changes in CalPERS, CalSTRS, OPEB investment earnings, and changes in assumptions used.

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

Years ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>	<u>Change</u>
Revenue:			
Operating revenue:			
Net tuition and fees	\$ 35,168,987	52,631,801	(17,462,814)
Grants and contracts, noncapital	251,042,011	163,396,686	87,645,325
Other	13,612,394	7,768,053	5,844,341
Other revenue:			
State apportionments, capital	26,528,492	3,611,490	22,917,002
Federal subsidy	20,028,001	20,000,343	27,658
Local tax for G.O. Bonds	457,485,563	397,048,795	60,436,768
Nonoperating revenue:			
State apportionments, noncapital	456,281,224	411,162,858	45,118,366
Property taxes	269,549,565	265,611,201	3,938,364
Investment loss	(34,291,437)	(5,181,330)	(29,110,107)
Federal financial aid grants, noncapital	227,836,409	219,394,393	8,442,016
State financial aid grants, noncapital	51,674,084	32,670,579	19,003,505
Other	13,419,562	15,721,875	(2,302,313)
Total revenue	<u>1,788,334,855</u>	<u>1,583,836,744</u>	<u>204,498,111</u>
Expenses:			
Operating expenses:			
Salaries	547,007,964	534,964,029	12,043,935
Employee benefits, pension, and OPEB	112,068,351	294,033,284	(181,964,933)
Supplies, materials, and other operating expenses and services	211,957,105	151,753,812	60,203,293
Student grants	279,510,493	223,881,013	55,629,480
Depreciation and other	201,576,615	186,134,405	15,442,210
Total operating expenses	<u>1,352,120,528</u>	<u>1,390,766,543</u>	<u>(38,646,015)</u>
Nonoperating expenses:			
Interest expense	157,581,440	122,489,070	35,092,370
Other	1,398,000	647,797	750,203
Total expenses	<u>1,511,099,968</u>	<u>1,513,903,410</u>	<u>(2,803,442)</u>
Change in net position	<u>(1,459,425,884)</u>	<u>(3,246,122,804)</u>	<u>1,786,696,920</u>
Net position:			
Beginning of year	<u>(181,053,229)</u>	<u>(250,986,563)</u>	<u>69,933,334</u>
Net position, end of year	<u>\$ (1,640,479,113)</u>	<u>(3,497,109,367)</u>	<u>1,856,630,254</u>

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Management's Discussion and Analysis

June 30, 2022 and 2021

The summary of revenue, expenses, and net position reflects that revenue exceeded expenses by \$277.2 million at the end of the year, as explained below.

Operating revenue increased by \$76 million. The net increase is due in part to the following:

- (1) A \$87.6 million increase in grants and contracts primarily due to significant work performed in mitigating the effects of the pandemic as funded by the HEERF program.
- (2) A \$5.8 million increase in auxiliary enterprise revenue as a result of the college stores gaining back revenues lost during the pandemic years.
- (3) A \$17.5 million decrease in tuition and fees revenue primarily related to decrease in fee paying FTES and recognition of bad debt expense related to student fee receivables.

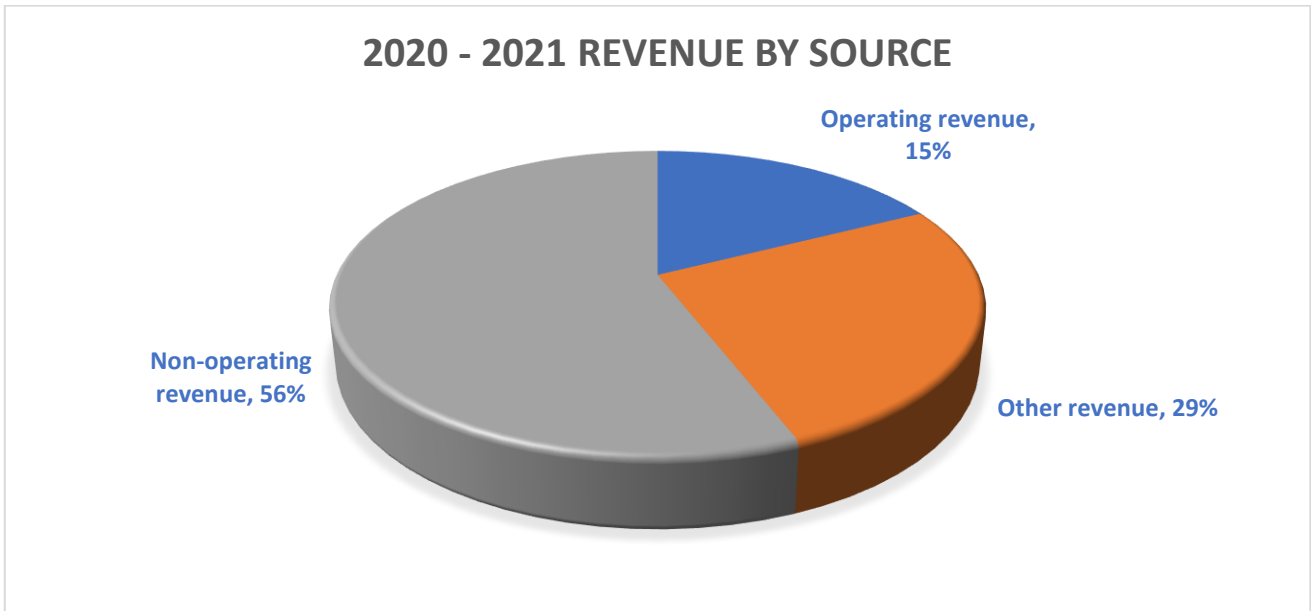
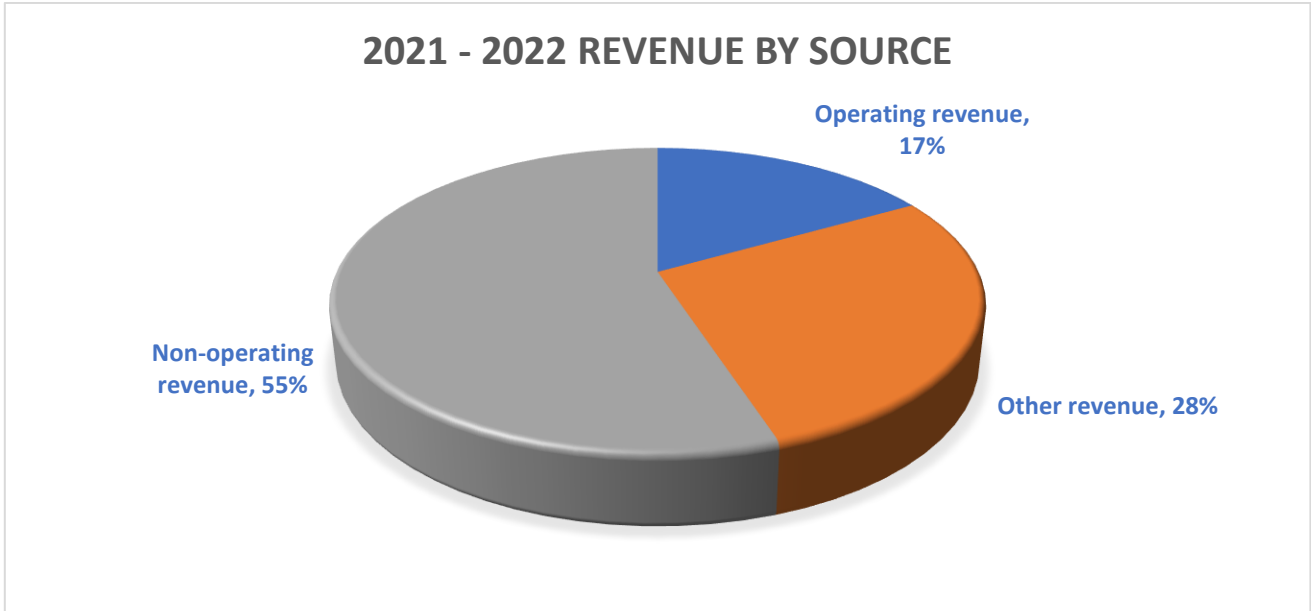
Other revenue increased by \$83.4 million. The net increase is due in part to the following:

- (1) A \$60.4 million increase in local tax for G.O. bonds revenue related to property taxes levied in anticipation of the District's debt issuances.
- (2) A \$22.9 million increase in state apportionment (capital) related to funding for capital outlay projects under the Community College Construction Act.

Nonoperating revenue increased by \$9.2 million. The net increase is due in part to the following:

- (1) A \$45.1 million increase in state apportionments (non-capital) due to increase in property tax collections and Education Protection Act funding which reduce general apportionment allocation.
- (2) A \$27.4 million increase in Federal and State Financial aid grants mostly related to HEERF grant program.
- (3) A \$3.9 million increase in property taxes related to increase in assessed property values within the Los Angeles County.
- (4) A \$29.1 million decrease in investment income resulting from realized losses on investments held with the Los Angeles County Treasurer.
- (5) A \$2.3 million decrease in other income related to deferring the performance of some specially funded programs due to the on-going pandemic.
- (6) A \$35.1 million increase in interest expense on capital asset related debt due to implementation of GASB Statement No. 89 for which all construction related interest expense were recognized instead of capitalized in prior years.

LOS ANGELES COMMUNITY COLLEGE DISTRICT
Management's Discussion and Analysis
June 30, 2022 and 2021



Operating expenses decreased by \$38.6 million. The net decrease is due in part to the following:

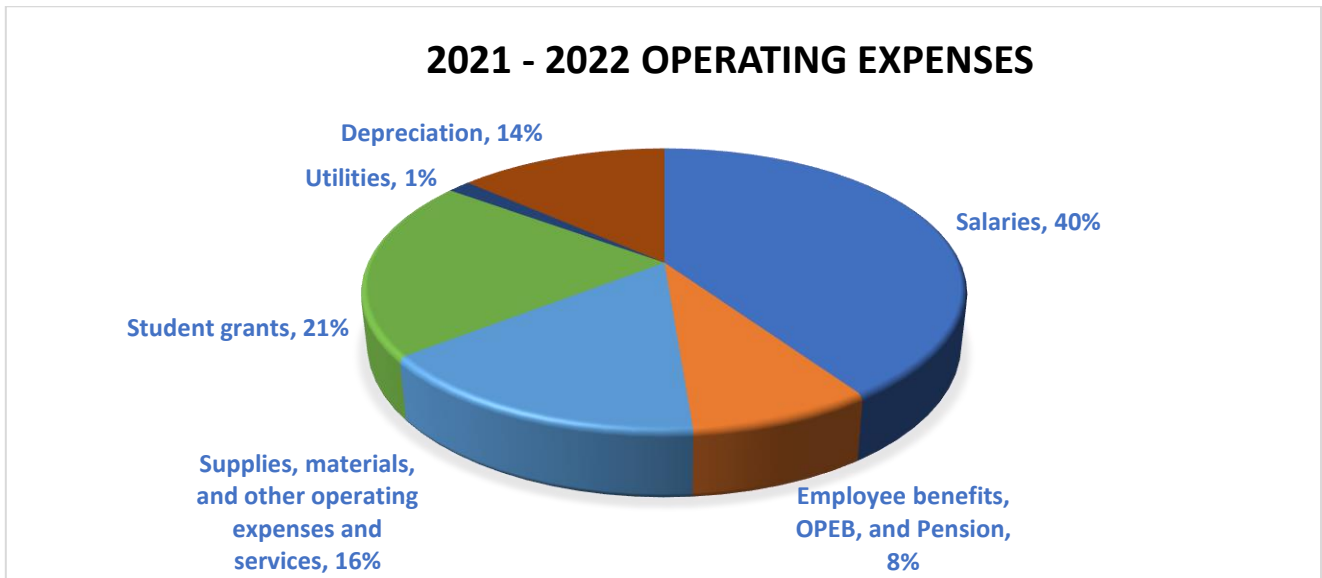
- (1) A \$12 million increase in employee salaries due to increase in cost of living allowance adjustments.
- (2) A \$49.4 million decrease in employee benefits related to decreases in Pensions and OPEB actuarially determined expenses resulting from changes in economic and non-economic assumptions.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

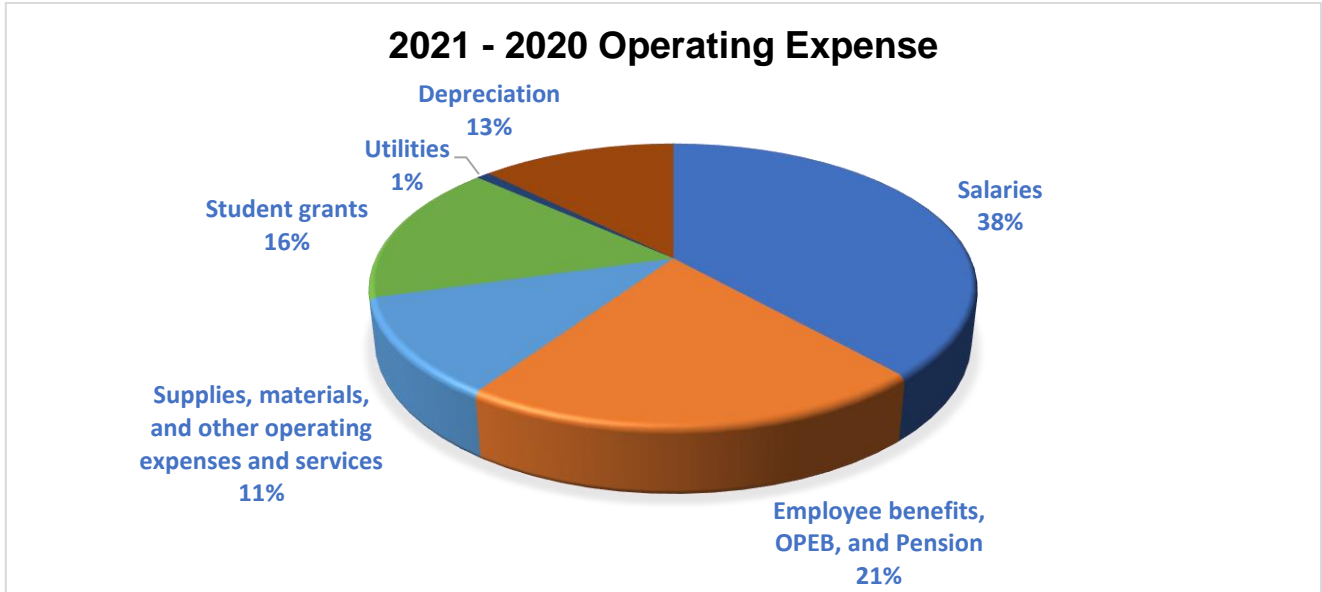
Management's Discussion and Analysis

June 30, 2022 and 2021

- (3) A \$101.7 million decrease in pensions expense is related to actuarially determined expenses resulting from changes in mortality assumptions, discount rates and other economic and non-economic assumptions.
- (4) A \$60.2 million increase in supplies, materials, and other operating expenses is primarily due to increase in HEERF grant related expenses as the District prepared to complete the performance of the program.
- (5) A \$55.6 million increase in student grants expenditures due to increase in grants provided to students as part of the close out of the HEERF program.
- (6) A \$7.7 million increase in utilities due to increased usage of college and district office facilities as students and employees return to in-person activities.
- (7) A \$7.8 million increase in depreciation expense related to capital assets.



LOS ANGELES COMMUNITY COLLEGE DISTRICT
Management's Discussion and Analysis
June 30, 2022 and 2021



Capital Assets and Debt Administration

Capital Assets

The District's investment in capital assets, net of accumulated depreciation, totaled \$4.51 billion and \$4.48 billion at June 30, 2022 and 2021, respectively. This investment comprises a broad range of capital assets, including land, buildings, construction in progress, works of art, infrastructure and land improvements, and furniture, fixtures and equipment.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Management's Discussion and Analysis

June 30, 2022 and 2021

The following schedule summarizes the District's capital assets as of June 30, 2022 and 2021:

Capital Assets, Net

	Balance at June 30	
	2022	2021
Land	\$ 198,829,856	198,829,856
Land improvements	562,786,800	496,064,307
Buildings	4,861,293,724	4,786,938,098
Construction in progress	675,845,409	616,434,197
Works of art	518,000	518,000
Library Books & Reference Materials	16,205	16,205
Furniture and equipment	218,807,553	211,633,622
Infrastructure	14,162,634	14,162,634
Total	6,532,260,181	6,324,596,919
Less accumulated depreciation	<u>(2,027,003,491)</u>	<u>(1,845,111,993)</u>
Net capital assets	<u>\$ 4,505,256,690</u>	<u>4,479,484,926</u>

In fiscal year 2022, the District added \$207.7 million of capital asset, and depreciation of \$181.9 million.

During the year ended June 30, 2022, the District's investments in facility master plans, construction, and building improvements increased due to funding from Proposition A, Proposition AA, Measure J, and Measure CC bonds.

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

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

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

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

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.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Management's Discussion and Analysis

June 30, 2022 and 2021

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

Long-Term Debt

At June 30, 2022 and 2021, the District had \$4.1 billion and \$4.4 billion in long-term debt, respectively. The District's long-term debt decreased during the year ended June 30, 2022, primarily as a result of payment on outstanding G.O. bonds.

	<u>2022</u>	<u>2021</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	13,000,000	19,000,000
Measure J, 2013 Series Refunding Bond	8,380,000	12,270,000
Measure J 2015 Series G	30,765,000	37,670,000
Proposition A, AA and Measure J 2015 Refunding Series A	144,260,000	183,545,000
2015 Proposition A, and AA Refunding Series B	14,965,000	19,690,000
Proposition A 2015 Refunding Series C	178,565,000	205,540,000
Measure J 2016 Series I	184,220,000	190,920,000
Measure J 2016 Refunding	173,020,000	173,700,000
Measure J 2017 Series J	239,880,000	239,880,000
Measure J 2019 Series K	275,440,000	275,440,000
Measure CC 2019 Series B-1 and B-2	—	124,120,000
2020 Refunding Bond	<u>1,750,350,000</u>	<u>1,793,805,000</u>
	<u>\$ 4,146,515,000</u>	<u>4,409,250,000</u>

The District's debt rating from Moody's was Aaa at year ended June 30, 2022 and 2021 respectively. The District's debt rating from Standard and Poor's was AA+ at year ended June 30, 2022 and 2021.

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

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Management's Discussion and Analysis

June 30, 2022 and 2021

Economic Factors

On June 27, 2022, the Governor signed the \$308 billion 2022-2023 State Budget Act plus additional trailer bills that impact the California Community Colleges. The 2022-2023 State Budget includes a total investment in Proposition 98 of \$110.3 billion. The 2022-23 budget provides total additional resources of \$4 billion to California Community Colleges apportionments and categorical programs and increases the SCFF's funding rates.

Funding for the Education Protection Act (EPA) will continue due to the passage of Proposition 55 in November 2016, of which the District will receive \$198.1 million for the 2022-2023 fiscal year.

Student Enrollment and State Funding

The student enrollment fee remains at \$46 per unit in 2021–2022. The Community College System is in the fifth 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

COVID-19 and Related Impacts on the District

The District ceased in-classroom instruction and student services in March 2020 and shifted to remote delivery of instruction and services for the remainder of the Spring 2020 semester and for the Summer 2020 semester. The instruction in the Fall 2020 through Spring 2021 semesters was primarily remote. The District returned to in-person instruction in Fiscal Year 2021-22, though it also offers remote instruction as an alternative.

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

On December 27, 2020, the Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (CRRSAA) authorized \$82 billion in funding to the Higher Education Emergency Relief Fund, or HEERFII. The District was allocated approximately \$105 million in HEERFII funds and has received \$101 million during fiscal years 2021 and 2022.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Management's Discussion and Analysis

June 30, 2022 and 2021

The Higher Education Emergency Relief Fund III (HEERF III) was authorized by the American Rescue Plan (ARP), Public Law 117-2, signed into law on March 11, 2021, providing \$39.6 billion in support to institutions of higher education to serve students and ensure learning continues during the COVID-19 pandemic. The District was allocated approximately \$193 million in HEERFIII funding and has received \$169 million during fiscal years 2021 and 2022.

The District was also allocated approximately \$20 million and has received \$10 million as part of HEERF funds that were made available to Minority Serving Institutions (MSI).

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, students, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, please contact the 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, 2022 and 2021

Assets and Deferred Outflows of Resources	2022	2021
	<u> </u>	<u> </u>
Current assets:		
Cash and cash equivalents (note 3)	\$ 480,210,347	280,486,340
Accounts receivable, net of allowance	141,660,590	238,751,687
Student loans receivable, net-current portion	80,499	34,350
Deposit with trustee – current portion (note 3)	304,964,658	412,844,453
Inventory	3,029,772	3,766,355
Prepaid expenses and other assets	<u>15,744,293</u>	<u>14,827,131</u>
Total current assets	<u>945,690,159</u>	<u>950,710,316</u>
Noncurrent assets:		
Restricted cash and cash equivalents (note 3)	6,249,051	7,595,621
Restricted investments (note 3)	151,867,902	370,043,286
Student loans receivable, net of allowance – noncurrent portion	681,485	2,584,343
Deposit with trustee – noncurrent portion (note 3)	123,989,675	—
Capital assets (note 4):		
Land	198,829,856	198,829,856
Land improvements	562,786,800	496,064,307
Buildings	4,861,293,724	4,786,938,098
Construction in progress	675,845,409	616,434,197
Library Books & Reference Materials	16,205	16,205
Works of art	518,000	518,000
Furniture, fixtures, and equipment	218,807,553	211,633,622
Infrastructure	<u>14,162,634</u>	<u>14,162,634</u>
	6,532,260,181	6,324,596,919
Accumulated depreciation	<u>(2,027,003,491)</u>	<u>(1,845,111,993)</u>
Capital assets, net	<u>4,505,256,690</u>	<u>4,479,484,926</u>
Total assets	5,733,734,962	5,810,418,492
Deferred outflow of resources – pensions (note 5)	137,277,315	173,743,315
Deferred outflow of resources – OPEB (note 6)	155,243,908	186,183,208
Deferred outflow of resources – debt refunding (note 8)	<u>195,297,137</u>	<u>210,677,595</u>
Total assets and deferred outflow of resources	\$ <u>6,221,553,322</u>	<u>6,381,022,610</u>

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Statements of Net Position

June 30, 2022 and 2021

Liabilities, Deferred Inflows of Resources, and Net Position	2022	2021
	<u> </u>	<u> </u>
Current liabilities:		
Accounts payable and accrued liabilities	\$ 232,451,202	207,015,368
Unearned revenue	7,122,729	6,577,458
Compensated absences (note 8)	10,692,171	7,858,837
Supplemental retirement plan (note 8)	5,406,817	5,427,166
General liability (notes 8 and 9)	5,034,123	3,994,334
Workers' compensation (notes 8 and 9)	3,658,907	3,843,856
Accrued interest and other accrued liabilities	68,265,202	72,994,572
Amounts held in trust for others	531,417	498,356
Long-term debt – current (note 8)	165,130,913	282,496,983
Lease liability – current (note 8)	186,680	77,840
	<u>498,480,161</u>	<u>590,784,770</u>
Noncurrent liabilities:		
Compensated absences (note 8)	12,489,288	17,219,927
Supplemental retirement plan (note 8)	12,780,056	23,063,027
General liability (notes 8 and 9)	6,630,877	7,523,666
Workers' compensation (notes 8 and 9)	31,088,093	31,212,144
Net pension liability (note 5)	457,319,889	831,008,079
Net OPEB obligation (note 6)	364,535,924	592,625,568
Long-term debt, net of current portion (note 8)	4,115,230,694	4,280,361,606
Lease liability, net of current portion (note 8)	461,333	240,834
	<u>5,000,536,154</u>	<u>5,783,254,851</u>
Total liabilities	5,499,016,315	6,374,039,621
Deferred inflow of resources – pension (note 5)	317,627,986	29,318,575
Deferred inflow of resources – OPEB (note 6)	308,727,363	158,717,643
	<u>6,125,371,664</u>	<u>6,562,075,839</u>
Net position:		
Net investment in capital assets	490,497,169	444,750,175
Restricted for:		
Expendable:		
Scholarships and loans	12,420,507	12,379,561
Capital projects	22,173,046	21,219,427
Debt service	422,550,107	385,927,208
Other special purposes	48,500,376	27,718,152
Unrestricted	(899,959,547)	(1,073,047,752)
Total net position	\$ <u>96,181,658</u>	<u>(181,053,229)</u>

See accompanying notes to basic financial statements.

LOS ANGELES COMMUNITY COLLEGE DISTRICT
Statements of Revenue, Expenses, and Changes in Net Position
June 30, 2022 and 2021

	2022	2021
Operating revenue:		
Tuition and fees	\$ 87,998,449	114,843,142
Less scholarship discounts and allowances	(52,829,462)	(62,211,341)
Net tuition and fees	35,168,987	52,631,801
Grants and contracts, noncapital:		
Federal	133,887,261	40,130,831
State	95,385,234	96,063,371
Local	21,769,516	27,202,484
Net grants and contracts, noncapital	251,042,011	163,396,686
Auxiliary enterprise sales and charges	13,612,394	7,768,053
Total operating revenue	299,823,392	223,796,540
Operating expenses:		
Salaries	547,007,964	534,964,029
Employee benefits, pension, and OPEB	112,068,351	294,033,284
Supplies, materials, and other operating expenses and services	211,957,105	151,753,812
Student grant	279,510,493	223,881,013
Utilities	19,617,413	11,965,379
Depreciation	181,959,202	174,169,026
Total operating expenses	1,352,120,528	1,390,766,543
Operating loss	(1,052,297,136)	(1,166,970,003)
Nonoperating revenue (expenses):		
State apportionments, noncapital	456,281,224	411,162,858
Local property taxes	269,549,565	265,611,201
State taxes and other revenue	1,092,575	1,104,901
Investment income – noncapital	1,295,226	457,676
Investment income – capital	2,016,593	3,267,838
Interest expense on capital asset-related debt	(157,581,440)	(122,489,070)
Federal financial aid grants, noncapital	227,836,409	219,394,393
State financial aid grants, noncapital	51,674,084	32,670,579
Other nonoperating revenue	12,326,987	14,616,974
Other nonoperating expense	(1,398,000)	(647,797)
Investment loss	(37,603,256)	(8,906,844)
Total nonoperating revenue, net	825,489,967	816,242,709
Loss before other revenue, expenses, gains, or losses	(226,807,169)	(350,727,294)
State apportionments, capital	26,528,492	3,611,490
Federal subsidy	20,028,001	20,000,343
Local tax for G.O. bonds	457,485,563	397,048,795
Change in net position	277,234,887	69,933,334
Net position:		
Beginning of year	(181,053,229)	(250,986,563)
End of year	\$ 96,181,658	(181,053,229)

See accompanying notes to basic financial statements.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Statements of Cash Flows

June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Tuition and fees	\$ 49,045,818	36,218,266
Grants and contracts	282,205,303	139,180,512
Payments to suppliers	(215,511,055)	(145,425,387)
Payments for student grants	(249,103,360)	(256,329,552)
Payments for utilities	(19,617,413)	(11,965,379)
Payments to employees	(542,744,421)	(535,451,537)
Payments for benefits	(222,685,192)	(226,527,009)
Bookstore and cafeteria sales	13,945,537	8,573,008
Net cash used in operating activities	<u>(904,464,783)</u>	<u>(991,727,078)</u>
Cash flows from noncapital financing activities:		
State apportionments	518,729,780	385,263,177
Property taxes	269,549,565	265,506,678
State taxes and other revenues	1,092,575	1,104,901
Federal financial aid grants	227,836,409	219,394,393
State financial aid grants	51,674,084	32,670,579
Other receipts	12,708,298	14,260,921
Net cash provided by noncapital financing activities	<u>1,081,590,711</u>	<u>918,200,649</u>
Cash flows from capital financing activities:		
Capital appropriations, Local Property tax, Grant and Gift, Capital	26,528,492	3,611,490
Local tax for G.O. Bond	464,513,108	412,788,367
Purchases of capital assets	(211,950,163)	(193,483,473)
Principal paid on capital debt	(262,735,000)	(88,405,000)
Interest paid on capital debt	(166,356,749)	(185,893,247)
Net cash used in capital and related financing activities	<u>(150,000,312)</u>	<u>(51,381,863)</u>
Cash flows from investing activities:		
Proceeds from sales and maturity of Investments	632,245,335	527,718,271
Interest on investments	(34,510,161)	(3,370,109)
Purchase of Investments	(426,483,353)	(443,845,182)
Net cash provided by investing activities	<u>171,251,821</u>	<u>80,502,980</u>
Net increase (decrease) in cash and cash equivalents	198,377,437	(44,405,312)
Cash and cash equivalents – beginning of the year	<u>288,081,961</u>	<u>332,487,273</u>
Cash and cash equivalents – end of year	\$ <u>486,459,398</u>	\$ <u>288,081,961</u>
Reconciliation of cash and cash equivalents:		
Cash and cash equivalents	\$ 480,210,347	280,486,340
Restricted cash and cash equivalents	6,249,051	7,595,621
Total	\$ <u>486,459,398</u>	\$ <u>288,081,961</u>

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Statements of Cash Flows

June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (1,052,297,136)	(1,166,970,003)
Depreciation expense	181,959,202	174,169,026
Adjustments to reconcile operating loss to net cash used in operating activities:		
Receivables, net	41,026,463	(73,094,115)
Inventory	736,583	362,196
Other assets	(917,161)	(7,009,936)
Accounts payable	33,200,550	16,597,522
Unearned revenue	545,271	(102,453)
Amounts held in trust for others	33,061	1,752
General liability	147,000	(1,306,000)
Workers' compensation	(309,000)	(1,978,000)
Supplemental retirement	(10,303,320)	17,381,763
Compensated absences	(1,897,305)	3,810,166
Net OPEB obligation	(47,140,624)	(13,978,434)
Net pension obligations	(48,912,779)	60,460,183
Other liabilities	<u>(335,588)</u>	<u>(70,745)</u>
Net cash used in operating activities	\$ <u>(904,464,783)</u>	<u>(991,727,078)</u>
Noncash capital financing activities:		
Equipment acquired through new capital lease obligations	\$ 543,543	153,436
Additions to capital assets included in accounts payable	(4,616,239)	1,672,157
Bond proceeds wired directly to escrow account for refunding ¹	—	1,793,805,000

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

See accompanying notes to basic financial statements.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements

June 30, 2022 and 2021

(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.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements

June 30, 2022 and 2021

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

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

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

(d) Cash and Cash Equivalents

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

(e) Properties and Depreciation

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

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

Land improvements	15 years
Buildings	50 years
Building improvements	20 years
Furniture, fixtures, and equipment	3 to 7 years
Vehicles	5 years
Infrastructure	15 years
Leasehold improvements	7 years
Photovoltaic Generating Facility	30 to 50 years

The District's capitalization threshold is as follows:

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

LOS ANGELES COMMUNITY COLLEGE DISTRICT

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(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.

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.

(h) *Income Taxes*

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

(i) *Estimates*

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

(j) *New Accounting Standards*

In June 2017, the GASB issued Statement No. 87, *Leases*. The purpose of this statement is to enhance consistency in accounting and financial reporting by providing a methodology for identifying and reporting lease arrangements and obligations. The District adopted the statement for the fiscal year ended June 30, 2022. The adoption did not have a material impact of the financial statements.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, effective for District's fiscal year beginning July 1, 2021. The objectives of this statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing and (2) to simplify accounting for interest cost incurred before the end of a construction period. Management has reviewed and determined that the District is currently recognizing as expense, all interest costs incurred before the end of a construction period.

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

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

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

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

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

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In April, 2022, the GASB issued Statement No. 99, *Omnibus 2022*. 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 SBITs are effective for the district's fiscal year starting July 1, 2022. 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 effective for the district's fiscal year starting July 1, 2022. Management has not yet determined the impact of GASB Statement No. 99 on the District's financial statements.

In June, 2022 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, 2023. 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, 2022, the GASB issued Statement No. 101, *Compensated Absences*, effective for the districts fiscal year starting July 1, 2024. 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.

(3) Cash and Investments

Cash and investments at June 30, 2022 and 2021 consist of the following:

	2022	2021
Cash and cash equivalents in the County's treasury	\$ 399,470,514	206,728,954
Cash in banks	86,988,884	81,353,007
Total cash and cash equivalents	486,459,398	288,081,961
Investments and deposits with trustee:		
Investments in the County's treasury	576,715,316	778,582,784
Other	4,106,919	4,304,955
Total investments and deposits with trustee	580,822,235	782,887,739
Total cash, and investments and deposits with trustee	\$ 1,067,281,633	1,070,969,700

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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, 2022 and 2021, the District had \$976,185,830 and \$985,311,738 in cash, cash equivalents, and investments in the Los Angeles County Treasurer's Pool (the County Pool), respectively. The District reports amounts involuntarily invested in the County Pool as cash and cash equivalents as they function as a demand deposit account for the District and can be withdrawn from the pool without notice or penalty. The District reports amounts voluntarily invested in the County Pool (such as unspent bond proceeds and local property tax collected to pay bond principal and interest) as investments given the potential limitations imposed on withdrawals as well as the weighted average life of the County's Pooled investments.

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

The Los Angeles County Treasurer's pooled investments are managed by the County's treasurer, who reports on a monthly basis to the County's supervisors. In addition, the function of the County Treasury Oversight Committee is to review and monitor the County's investment policy. The committee membership includes the treasurer and tax collector, the auditor controller, superintendent of schools, chief administrative officer, and a non-County representative. To manage the liquidity in the County

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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 2.56 years and 2.86 years at June 30, 2022 and 2021, 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 39.88% and 36.66% of the total pool at June 30, 2022 and 2021, 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, 2022 and 2021 consist of nonnegotiable certificates of deposit held by the associated student organizations of \$4,106,919 and \$4,304,955, respectively. Securities, such as commercial paper and certificates of deposit, with short maturities and infrequent secondary market trades are typically priced via mathematical calculations and are therefore classified as Level 2 in the fair value hierarchy.

(c) Fair Value Hierarchy

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

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

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

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

(4) Capital Assets

A summary of changes in capital assets is as follows:

	<u>Balance at June 30, 2021</u>	<u>2022</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	616,434,197	200,021,086	(164,165)	(140,445,709)	675,845,409
Works of art	<u>518,000</u>	—	—	—	<u>518,000</u>
Total capital assets not being depreciated	<u>815,782,053</u>	<u>200,021,086</u>	<u>(164,165)</u>	<u>(140,445,709)</u>	<u>875,193,265</u>
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 & Reference Materials	16,205	—	—	—	16,205
Furniture, fixtures, and equipment	211,633,622	7,125,185	(67,704)	116,450	218,807,553
Infrastructure	<u>14,162,634</u>	—	—	—	<u>14,162,634</u>
Total capital assets being depreciated	<u>5,508,814,866</u>	<u>7,874,045</u>	<u>(67,704)</u>	<u>140,445,709</u>	<u>5,657,066,916</u>
Total capital assets	6,324,596,919	207,895,131	(231,869)	—	6,532,260,181
Less accumulated depreciation	<u>(1,845,111,993)</u>	<u>(181,959,202)</u>	<u>67,704</u>	—	<u>(2,027,003,491)</u>
Capital assets, net	<u>\$ 4,479,484,926</u>	<u>25,935,929</u>	<u>(164,165)</u>	—	<u>4,505,256,690</u>

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

Capitalized Interest

Included in additions to capital assets is \$31,606,252 in capitalized interest for the year ended June 30, 2021. There was no capitalize interest for the year ended June 30, 2022.

(5) Employee Retirement Systems

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

(a) California State Teachers' Retirement System

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

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

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

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

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

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

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

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

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

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Notes to Basic Financial Statements

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(b) California Public Employees' Retirement System

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

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

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

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

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

- Pensionable compensation cap – Caps the annual salary that can be used to calculate final compensation for all new school members at \$147,000 (2022 Social Security Contribution and Benefit Base) for employees that participate in Social Security or \$161,969 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, PEPRA members contribute 7.0% 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/page/forms-publications>.

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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, 2022, the District reported an aggregate liability of \$457,319,889 for its proportionate share of the CalPERS and CalSTRS net pension liabilities. As of June 30, 2021, the District reported an aggregate liability of \$831,008,079 for its proportionate share of the CalPERS and CalSTRS net pension liabilities. 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 1.198% and 0.47% respectively.

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For the year ended June 30, 2022 and 2021, the District recognized an aggregate pension expense of \$36,344,510 and \$138,031,999, respectively. At June 30, 2022 and 2021, the District reported aggregate deferred outflows and deferred inflows of resources related to pensions from the following sources:

	June 30, 2022		
	CalPERS deferred outflows of resources	CalSTRS deferred outflows of resources	Total deferred outflows of resources – pensions
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	<u>—</u>	<u>12,351,350</u>	<u>12,351,350</u>
Total deferred outflows of resources – pensions	\$ <u>48,208,481</u>	<u>89,068,834</u>	<u>137,277,315</u>
	June 30, 2021		
	CalPERS deferred outflows of resources	CalSTRS deferred outflows of resources	Total deferred outflows of resources – pensions
District retirement contribution subsequent to the measurement date	\$ 34,695,521	42,876,295	77,571,816
Changes in assumptions used	1,334,982	45,265,500	46,600,482
Difference between expected and actual experience	18,191,435	819,090	19,010,525
Net difference between projected and actual earnings on pension plan investments	7,109,805	11,206,580	18,316,385
Change in the District's proportion	<u>—</u>	<u>12,244,107</u>	<u>12,244,107</u>
Total deferred outflows of resources – pensions	\$ <u>61,331,743</u>	<u>112,411,572</u>	<u>173,743,315</u>

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	<u>June 30, 2022</u>		
	<u>CalPERS deferred inflows of resources</u>	<u>CalSTRS deferred inflows of resources</u>	<u>Total deferred inflows of resources- pensions</u>
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	<u>95,897,416</u>	<u>178,861,630</u>	<u>274,759,046</u>
Total deferred inflows of resources – pensions	\$ <u><u>103,554,616</u></u>	<u><u>214,073,370</u></u>	<u><u>317,627,986</u></u>
	<u>June 30, 2021</u>		
	<u>CalPERS deferred inflows of resources</u>	<u>CalSTRS deferred inflows of resources</u>	<u>Total deferred inflows of resources- pensions</u>
Changes in the District's proportion	\$ 9,467,230	6,760,275	16,227,505
Difference between expected and actual experience	—	13,091,070	13,091,070
Total deferred inflows of resources – pensions	\$ <u><u>9,467,230</u></u>	<u><u>19,851,345</u></u>	<u><u>29,318,575</u></u>

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, 2022. 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:	
2023	\$ (54,963,253)
2024	(59,788,215)
2025	(68,994,770)
2026	(75,934,764)
2027	(1,767,485)
Thereafter	<u>(4,168,473)</u>
Total	\$ <u><u>(265,616,960)</u></u>

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements

June 30, 2022 and 2021

(d) Contributions Required and Contributions Made

For fiscal year 2021-22, the District was required by statute to contribute 16.92%, 22.91%, 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, 2022. As of June 30, 2022, 87.2% and 81.0% of the District's net pension liabilities for CalSTRS and CalPERS are funded, respectively.

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

The District's contributions for the years ended June 30, 2022, 2021, and 2020 are as follows:

	<u>Contributions</u>	<u>Percentage of required contributions</u>
STRS:		
2022	\$ 45,801,046	100%
2021	42,876,295	100%
2020	49,761,186	100%
PERS:		
2022	\$ 39,465,243	100%
2021	34,695,521	100%
2020	35,183,072	100%
Cash Balance STRS:		
2022	\$ 2,777,183	100%
2021	2,183,694	100%
2020	2,350,367	100%
PARS-ARS:		
2022	\$ 615,991	100%
2021	561,062	100%
2020	611,507	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, 2022, 2021 and 2020.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements

June 30, 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.

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

	June 30, 2022	
	CaSTRS	CaIPERS
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 %

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

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements

June 30, 2022 and 2021

(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.

(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, 2022 and 2021, and the assumed investment rate of return, gross of administrative expenses, 7.10%, was used to discount all future benefits.

The long-term expected rate of return on pension plan investments of 7.10% was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

(ii) CalPERS

To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans 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 7.15% discount rate is adequate, and the use of the municipal bond rate calculation is not necessary. The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

The long-term expected rate of return on pension plan investments of 7.15% was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements

June 30, 2022 and 2021

(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>CaSTRS</u>	<u>CaPERS</u>	<u>Total</u>
1% decrease	6.10 %	6.15 %	
Net pension liability	\$ 435,398,600	410,860,360	846,258,960
Current discount rate	7.10 %	7.15 %	
Net pension liability	\$ 213,887,600	243,432,289	457,319,889
1% increase	8.10 %	8.15 %	
Net pension liability	\$ 30,037,700	104,864,526	134,902,226

(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>
CaSTRS – 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	<u>100 %</u>	

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements

June 30, 2022 and 2021

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

(6) Other Postemployment Benefits

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

The District's net OPEB liability as of June 30, 2022 was measured as of June 30, 2021. The District's net OPEB liability as of June 30, 2021 was measured as of June 30, 2020. 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.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements

June 30, 2022 and 2021

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.

(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 \$7,077,901 and \$7,076,430 to the irrevocable trust with CalPERS during FY 2022 and FY 2021, respectively.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements

June 30, 2022 and 2021

(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, 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>

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements

June 30, 2022 and 2021

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

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

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 interest rate sensitivity on the net OPEB liability for fiscal year ended June 30, 2021:

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

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

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

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements

June 30, 2022 and 2021

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

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

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

The District recognized OPEB expenses (benefit) of (\$11,201,290) and \$19,688,571 for the years ended June 30, 2022 and June 30, 2021 respectively. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred outflows	Deferred inflows
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	35,939,334	—
Total	\$ 155,243,908	308,727,363

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements

June 30, 2022 and 2021

At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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

The deferred outflows of resources related to OPEB resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2022. 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:	
2023	\$ (54,418,587)
2024	(46,613,468)
2025	(39,237,398)
2026	(12,097,469)
2027	(33,915,714)
Thereafter	<u>(3,140,153)</u>
Total	\$ <u>(189,422,789)</u>

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements

June 30, 2022 and 2021

(e) Actuarial Assumptions

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

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

Actuarial assumptions	
Discount rate	5.7 %
Expected long-term return on assets	7.3
Payroll increases	2.75
Inflation	2.5
Health care cost trend	4.0% for dental and vision. 6.30% for medical pre-medicare and 7.19% 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

(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, 2022, and the assumed investment rate of return, gross of administrative expenses, 7.00%, was used to discount all future benefits.

The net OPEB liability at June 30, 2020 was measure using a blended discount rate as it was determined that assets will not be sufficient to pay all future benefit payments for current members. The blended rate included the assumed investment rate of return of 7.30% through fiscal year 2068 and a 20-year municipal bond rate of 2.21% through fiscal year 2119.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements

June 30, 2022 and 2021

(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.

(i) Other Benefits

Effective January 1, 2010, the District provided an annual contribution of \$1,500 to benefit active employees and pre-Medicare retirees into a health reimbursement account (HRA) except for FY 2016-2017. Contributions made by the District were \$5.8 million and \$6.6 million for fiscal year ended June 30, 2022 and June 30, 2021, respectively.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements

June 30, 2022 and 2021

(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, 2022. 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, 2022, the total value of these outstanding commitments is \$717,791,392.

(8) Long-Term Liabilities

The following is a summary of long-term liabilities of the District for the years ended June 30, 2022 and 2021:

	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
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
Lease liability	318,674	543,543	(214,204)	648,013	186,680
Total	\$ 6,086,953,867	76,769,979	(973,078,081)	5,190,645,765	190,109,611

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements

June 30, 2022 and 2021

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

(a) General Obligation Bonds

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

During FY2022, the District did not issue any new G.O. Bond. The District has issued to date all the authorized amounts of Proposition A and Proposition AA, \$3.125 billion of Measure J, and \$350 million of Measure CC. The effective interest rate at the financial statement date is 4.95%.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements

June 30, 2022 and 2021

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:		
2023	\$	15,380,458
2024		15,275,153
2025		10,679,933
2026		10,327,904
2027		11,041,225
Thereafter		<u>132,592,464</u>
	\$	<u><u>195,297,137</u></u>

Total debt service requirements to maturity of the G.O. bonds at June 30, 2022 are as follows:

	Total G.O. bond debt service		
	Principal	Interest	Total
Year(s) ending June 30:			
2023	\$ 145,785,000	158,378,985	304,163,985
2024	155,255,000	152,928,394	308,183,394
2025	163,980,000	147,119,567	311,099,567
2026	215,545,000	142,804,071	358,349,071
2027	138,710,000	136,386,886	275,096,886
2028–2032	1,051,120,000	609,301,198	1,660,421,198
2033–2037	859,945,000	472,286,643	1,332,231,643
2038–2042	701,555,000	317,091,616	1,018,646,616
2043–2047	416,855,000	173,258,629	590,113,629
2048–2052	<u>297,765,000</u>	<u>30,736,969</u>	<u>328,501,969</u>
Total	\$ <u><u>4,146,515,000</u></u>	<u><u>2,340,292,958</u></u>	<u><u>6,486,807,958</u></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, 2022, 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.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements

June 30, 2022 and 2021

(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 2020. The amount of the outstanding liability at June 30, 2022 and 2021 includes estimates of future claim payments for known cases as well as provisions for incurred but not reported claims and adverse development on known cases, which occurred through that date.

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

Changes in the balances of workers' compensation and general liability claims during fiscal years ended June 30, 2022 and 2021 were as follows:

		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
		2021			
		Balance at July 1, 2020	Current year claims and changes in estimates	Claim payments	Balance at June 30, 2021
Workers' compensation	\$	37,034,000	1,865,856	(3,843,856)	35,056,000
General liability		12,824,000	2,688,335	(3,994,335)	11,518,000

During the years ended June 30, 2022 and 2021, the District made total premium payments of approximately \$6,337,434 and \$4,952,420, respectively, for general liability and workers' compensation claims.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements

June 30, 2022 and 2021

(10) Subsequent Events

During August 2022, the District met with the rating agencies to reaffirm its credit ratings. Moody's reaffirmed the District's Aaa rating and Standard and Poor's reaffirmed the District's AA+ rating.

On September 14, 2022, the District sold \$300 million tax-exempt Election 2016 Measure CC General Obligation Bonds and \$100 million Federally Taxable Election 2016 Measure CC General Obligation Bonds. On September 15, 2022, the District sold \$200 million tax-exempt Election 2008 Measure J General Obligation Bonds. Funds were received on September 29, 2022.

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
June 30, 2022 and 2021

Year ended June 30, 2022

(Unaudited)

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

CalSTRS and CalPERS pension plans

Last 10 fiscal years*

	2022		2021	
	CalPERS	CalSTRS	CalPERS	CalSTRS
District's proportion of the collective net pension liability	1.20%	0.47%	1.20%	0.48%
District's proportionate share of the collective net pension liability	\$ 243,696,117	213,867,600	366,813,969	464,194,110
District's covered payroll	172,262,081	270,691,759	167,611,212	265,487,898
District's proportionate share of the collective net pension liability as a percent of covered payroll	141.47%	79.02%	218.85%	174.85%
Pension plan's fiduciary net position as a percentage of total pension liability	80.97%	87.21%	70.00%	71.82%

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

Schedule of Districts contributions

CalSTRS pension plan

Last 10 fiscal years*

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

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

CalPERS pension plan

Last 10 fiscal years*

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

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

See accompanying independent auditors' report.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Schedule of Changes in the Net OPEB Liability and Related Ratios

June 30, 2022 and 2021

(Unaudited)

	<u>Fiscal year ending 2022</u>	<u>Fiscal year ending 2021</u>	<u>Fiscal year ending 2020</u>	<u>Fiscal year ending 2019</u>
Last 10 Fiscal Years ¹				
Total OPEB liability:				
Service cost	\$ 19,928,790	11,443,435	18,234,238	18,702,117
Interest cost	42,050,449	39,513,407	38,524,312	36,830,247
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)
Benefit payments	<u>(26,517,729)</u>	<u>(26,431,925)</u>	<u>(29,047,776)</u>	<u>(28,918,351)</u>
Net change in total OPEB liability	(181,816,235)	202,494,471	(168,158,270)	6,056,587
Total OPEB liability (beginning)	<u>730,873,503</u>	<u>528,379,032</u>	<u>696,537,302</u>	<u>690,480,715</u>
Total OPEB liability (ending)	<u>\$ 549,057,268</u>	<u>730,873,503</u>	<u>528,379,032</u>	<u>696,537,302</u>
Plan fiduciary net position:				
Contributions – employer	\$ 33,594,159	33,034,149	35,413,966	35,453,915
Net investment income	39,277,887	4,714,950	7,349,161	8,189,050
Benefit payments	(26,517,729)	(26,431,925)	(29,047,776)	(28,918,351)
Administrative expense	<u>(80,908)</u>	<u>(65,866)</u>	<u>(58,495)</u>	<u>(54,119)</u>
Net change in plan fiduciary net position	46,273,409	11,251,308	13,656,856	14,670,495
Plan fiduciary net position (beginning)	<u>138,247,935</u>	<u>126,996,627</u>	<u>113,339,771</u>	<u>98,669,276</u>
Plan fiduciary net position (ending)	<u>\$ 184,521,344</u>	<u>138,247,935</u>	<u>126,996,627</u>	<u>113,339,771</u>
Net OPEB liability (ending)	\$ 364,535,924	592,625,568	401,382,405	583,197,531
Plan fiduciary net position as a percentage of total OPEB liability	33.61%	18.92%	24.04%	16.27%
Covered-employee payroll	\$ 374,253,024	387,000,000	376,230,649	374,000,000
Net OPEB liability as a percentage of covered-employee payroll	97.40%	153.13%	106.69%	155.94%

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, 2022 and 2021

June 30, 2022

Assets

Cash in county treasury	\$ 265,431,350
Cash in banks	62,135,033
Cash in revolving fund	161,083
Accounts, notes, interest and loans receivable, net	70,247,824
Due from other funds	337,186
Prepaid expenses and other assets	<u>4,039,896</u>
Total assets	<u>\$ 402,352,372</u>

Liabilities and Fund Balance

Liabilities:

Accounts payable	\$ 154,633,930
Due to other funds	5,960,543
Other liabilities	531,417
Unearned revenue	<u>5,662,955</u>
Total liabilities	<u>166,788,845</u>

Fund balance:

Restricted	45,890,636
Unrestricted	<u>189,672,891</u>
Total fund balance	<u>235,563,527</u>
Total liabilities and fund balance	<u>\$ 402,352,372</u>

See accompanying independent auditors' report.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

General Fund

June 30, 2022 and 2021

Year ended June 30, 2022

Revenue:

Federal revenue:

Higher education acts	\$ 11,731,433
Job Training Partnership Act	3,319,432
Temporary Assistance for Needy Families (TANF)	992,555
Vocational Education Act	4,509,414
Veterans Education	16,080
College Work Study	1,337,281
Supplemental educational opportunity grants	129,618
Pell (basic educational opportunity grants)	166,800
Other	<u>111,670,449</u>
Total federal revenue	<u>133,873,062</u>

State revenue:

State apportionments	461,820,980
Tax relief subvention	1,092,575
State lottery	26,340,235
CA Works Oppor. & Responsibility to Kids	4,884,517
Extended opportunity program	10,988,375
Student Success and Support Program	42,699,429
Disabled Students Programs and Services	7,429,155
Other	<u>2,860,787</u>
Total state revenues	<u>558,116,053</u>

Local revenue:

Local property taxes	269,549,564
Enrollment fees	20,863,751
Tuition and fees, net of scholarship discounts and allowance	7,940,096
Community service fees	6,116,295
Parking fees	3,019,254
Health service fees	4,610,790
Interest	1,301,179
Other	<u>22,202,774</u>
Total local revenue	<u>335,603,703</u>

Total revenue 1,027,592,818

Expenditures:

Current:

Academic salaries	358,688,296
Classified salaries	176,358,312
Employee benefits	207,803,612
Books and supplies	19,837,184
Contract services, student grants, and other operating expenditures	161,740,319
Capital outlay and equipment replacement:	<u>20,160,041</u>
Total expenditures	<u>944,587,764</u>

Excess of revenue over expenditures 83,005,054

Other financing use:

Operating transfers out (26,113,763)

Net increase in fund balance 56,891,291

Fund balances at July 1, 2021 178,672,236

Fund balances at June 30, 2022 \$ 235,563,527

See accompanying independent auditors' report.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Special Revenue Funds

June 30, 2022 and 2021

June 30, 2022

Assets	Special revenue fund	Cafeteria fund	Child development fund	Bookstore fund	Total
Cash in county treasury	\$ 151,292,195		1,059,482		152,351,677
Cash in banks	124,026	2,074,550	(511,440)	6,323,271	8,010,407
Cash in revolving fund		995	(1,433)	114,397	113,959
Accounts, notes, interest, and loans receivable, net of allowance for doubtful accounts	362,078	94,977	2,970,156	668,404	4,095,615
Due from other funds		402,045	228,750	5,961,627	6,592,422
Inventory		77,316		2,907,118	2,984,434
Total assets	\$ 151,778,299	2,649,883	3,745,515	15,974,817	174,148,514
Liabilities and Fund Balance					
Liabilities:					
Accounts payable	\$ 1,230,506	32,557	1,123,353	1,717,641	4,104,057
Due to other funds	1,454,102	16,286	12,422	272,051	1,754,861
Unearned revenue	—	17,678	—	1,442,096	1,459,774
Total liabilities	2,684,608	66,521	1,135,775	3,431,788	7,318,692
Fund balances:					
Restricted – Capital Projects	149,093,691	—	—	—	149,093,691
Unrestricted	—	2,583,362	—	10,790,304	13,373,666
Assigned – facility improvements and inventory	—	—	—	1,752,725	1,752,725
Assigned – program and capital expenditures	—	—	2,609,740	—	2,609,740
Total fund balance	149,093,691	2,583,362	2,609,740	12,543,029	166,829,822
Total liabilities and fund balance	\$ 151,778,299	2,649,883	3,745,515	15,974,817	174,148,514

See accompanying independent auditors' report.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Special Revenue Funds

June 30, 2022 and 2021

Year ended June 30, 2022

	Special revenue fund	Cafeteria fund	Child development fund	Bookstore fund	Total
Revenue:					
Federal revenue:					
Tuition and fees	\$ —	—	101,525	—	101,525
Child and adult care	—	—	1,701,917	—	1,701,917
Total federal revenue	—	—	1,803,442	—	1,803,442
State revenue:					
State apportionment	26,528,492	—	—	—	26,528,492
Other	—	—	10,718,943	—	10,718,943
Total state revenue	26,528,492	—	10,718,943	—	37,247,435
Local revenues:					
Bookstore sales	—	—	—	12,777,891	12,777,891
Interest	850,369	—	—	—	850,369
Other	471,055	1,320,600	—	176,962	1,968,617
Total local revenue	1,321,424	1,320,600	—	12,954,853	15,596,877
Total revenue	27,849,916	1,320,600	12,522,385	12,954,853	54,647,754
Expenditures:					
Current:					
Academic salaries	—	656	5,124,763	—	5,125,419
Classified salaries	—	179,600	2,824,229	3,465,104	6,468,933
Employee benefits	—	39,812	3,397,461	1,865,970	5,303,243
Books and supplies	—	577,262	457,799	9,343,185	10,378,246
Contract services, student grant, and other operating expenditures	16,954,616	30,751	811,737	1,054,290	18,851,394
Utilities	—	—	—	114,993	114,993
Capital outlay	(124,098)	3,172	139,087	2,913	21,074
Total expenditures	16,830,518	831,253	12,755,076	15,846,455	46,263,302
(Deficiency) excess of revenue over expenditures	11,019,398	489,347	(232,691)	(2,891,602)	8,384,452
Other financing sources – operating transfers in	14,511,960	311,250	690,757	3,527,848	19,041,815
Net increase in fund balances	25,531,358	800,597	458,066	636,246	27,426,267
Fund balances at July 1, 2021	123,562,333	1,782,765	2,151,674	11,906,783	139,403,555
Fund balances at June 30, 2022	\$ 149,093,691	2,583,362	2,609,740	12,543,029	166,829,822

See accompanying independent auditors' report.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Debt Service Fund

June 30, 2022 and 2021

June 30, 2022

Assets

Cash held with trustee	\$ 447,476,402
Accounts, notes, interest, and loans receivable, net	<u>51,655,626</u>
Total assets	<u>\$ 499,132,028</u>

Liabilities and Fund Balance

Liabilities:	
Unearned revenue	\$ 51,655,626
Other liabilities	<u>66,362,672</u>
Total liabilities	<u>118,018,298</u>
Fund balance:	
Restricted – Expendable	<u>381,113,730</u>
Total fund balance	<u>381,113,730</u>
Total liabilities and fund balance	<u>\$ 499,132,028</u>

See accompanying independent auditors' report.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Debt Service Fund

June 30, 2022 and 2021

Year ended June 30, 2022

Revenue:

Local tax for G.O. bonds	\$ <u>461,394,326</u>
Total revenue	<u>461,394,326</u>

Expenditures:

Debt service	262,735,000
Interest expense on capital asset-related debt	<u>161,962,965</u>
Total expenditures	<u>424,697,965</u>

Net increase in fund balance 36,696,361

Fund balances at July 1, 2021 344,417,369

Fund balances at June 30, 2022 \$ 381,113,730

See accompanying independent auditors' report.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Building Fund

June 30, 2022 and 2021

June 30, 2022

Assets

Cash in county treasury	\$ 154,141,238
Cash in banks	4,009,839
Accounts, notes, interest, and loans receivable, net of allowance for doubtful accounts	912,451
Due from other funds	1,454,102
Prepaid expenses and other assets	11,704,397
Total assets	<u>\$ 172,222,027</u>

Liabilities and Fund Balance

Liabilities:

Accounts payable	\$ 64,797,493
Due to other funds	
Total liabilities	<u>64,797,493</u>

Fund balance:

Assigned – capital expenditures	<u>107,424,534</u>
Total fund balance	<u>107,424,534</u>
Total liabilities and fund balance	<u>\$ 172,222,027</u>

See accompanying independent auditors' report.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Building Fund

June 30, 2022 and 2021

Year ended June 30, 2022

Local revenue:	
Interest	\$ <u>1,166,224</u>
Total revenue	<u>1,166,224</u>
Expenditures:	
Other operating expenses and services	7,896,185
Capital outlay	<u>216,609,385</u>
Total expenditures	224,505,570
Net decrease in fund balance	(223,339,346)
Fund balances at July 1, 2021	<u>330,763,880</u>
Fund balances at June 30, 2022	\$ <u><u>107,424,534</u></u>

See accompanying independent auditors' report.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Student Financial Aid Fund

June 30, 2022 and 2021

June 30, 2022

Assets

Cash in banks	\$	4,900,968
Accounts, notes, interest and loans receivable, net		7,187,405
Due from other funds		<u>514,063</u>
Total assets	\$	<u><u>12,602,436</u></u>

Liabilities and Fund Balance

Liabilities:

Accounts payable	\$	8,135,290
Due to other funds		<u>1,182,369</u>
Total liabilities		<u>9,317,659</u>

Fund balance:

Restricted		<u>3,284,777</u>
Total fund balance		<u>3,284,777</u>
Total liabilities and fund balance	\$	<u><u>12,602,436</u></u>

See accompanying independent auditors' report.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Student Financial Aid Fund

June 30, 2022 and 2021

Year ended June 30, 2022

Revenue:

Federal revenue:

Supplemental educational opportunity grants	\$ 5,881,507
Pell (basic educational opportunity grants)	113,428,715
Direct loan	12,236,460
Other	<u>94,602,009</u>
Total federal revenue	<u>226,148,691</u>

State revenue:

Extended opportunity program	7,670,423
CAL Grant	29,443,761
Other	<u>444,215</u>
Total state revenue	<u>37,558,399</u>

Local revenue:

Other	<u>539,859</u>
Total local revenue	<u>539,859</u>
Total revenue	<u>264,246,949</u>

Expenditure:

Student grants	<u>264,350,282</u>
Total expenditure	<u>264,350,282</u>
Excess of revenue over expenditure	<u>(103,333)</u>
Net decrease in fund balance	(103,333)

Fund balances at July 1, 2021	<u>3,388,110</u>
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Fund balances at June 30, 2022	<u><u>\$ 3,284,777</u></u>
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See accompanying independent auditors' report.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Associated Student Organization Funds (ASO Funds)

June 30, 2022 and 2021

June 30, 2022

Assets	East	Los Angeles	Los Angeles	Los Angeles	Los Angeles	Los Angeles	Los Angeles	Los Angeles	West Los	Total
	Los Angeles College	City College	Harbor College	Mission College	Pierce College	Southwest College	Trade Technical College	Valley College	Angeles College	
Cash in banks	\$ 277,300	529,539	414,433	535,816	1,188,048	247,624	1,142,156	1,628,614	285,523	6,249,053
Investments	787,679	179,985	100,000	200,280	610,453	—	2,175,381	1,758	—	4,055,536
Accounts, notes, interest, and receivable, net of allowance for doubtful accounts	375	1,775	—	—	—	241	7,707	8,316	—	18,414
Inventory	—	—	—	—	16,757	—	—	—	175	16,932
Total assets	\$ 1,065,354	711,299	514,433	736,096	1,815,258	247,865	3,325,244	1,638,688	285,698	10,339,935
Liabilities and Fund Balance										
Liabilities:										
Accounts payable	\$ 280	13,775	14,500	211,222	1,824	10,017	481,584	34,476	12,755	780,433
Long-term liabilities	319,723	—	—	—	—	11,862	876,209	—	—	1,207,794
Other liabilities	—	—	—	—	694,738	—	—	—	—	694,738
Total liabilities	320,003	13,775	14,500	211,222	696,562	21,879	1,357,793	34,476	12,755	2,682,965
Fund balances:										
Assigned – future expenditures	745,351	697,524	499,933	524,874	1,118,696	225,986	1,967,451	1,604,212	272,943	7,656,970
Total fund balances	745,351	697,524	499,933	524,874	1,118,696	225,986	1,967,451	1,604,212	272,943	7,656,970
Total liabilities and fund balance	\$ 1,065,354	711,299	514,433	736,096	1,815,258	247,865	3,325,244	1,638,688	285,698	10,339,935

See accompanying independent auditors' report.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Associated Student Organization Funds (ASO Funds)

June 30, 2022 and 2021

Year ended June 30, 2022

	<u>East Los Angeles College</u>	<u>Los Angeles City College</u>	<u>Los Angeles Harbor College</u>	<u>Los Angeles Mission College</u>	<u>Los Angeles Pierce College</u>	<u>Los Angeles Southwest College</u>	<u>Los Angeles Trade Technical College</u>	<u>Los Angeles Valley College</u>	<u>West Los Angeles College</u>	<u>Total</u>
Revenue:										
Other	\$ 203,680	107,860	80,061	86,284	172,154	28,712	77,537	163,977	62,188	982,453
Total revenue	<u>203,680</u>	<u>107,860</u>	<u>80,061</u>	<u>86,284</u>	<u>172,154</u>	<u>28,712</u>	<u>77,537</u>	<u>163,977</u>	<u>62,188</u>	<u>982,453</u>
Expenditure:										
Contract services and other operating expenditures	147,224	63,964	44,439	42,052	29,009	16,457	373,175	108,226	36,790	861,336
Total expenditure	<u>147,224</u>	<u>63,964</u>	<u>44,439</u>	<u>42,052</u>	<u>29,009</u>	<u>16,457</u>	<u>373,175</u>	<u>108,226</u>	<u>36,790</u>	<u>861,336</u>
Net increase (decrease) in fund balance	56,456	43,896	35,622	44,232	143,145	12,255	(295,638)	55,751	25,398	121,117
Fund balances at July 1, 2021	<u>688,895</u>	<u>653,628</u>	<u>464,311</u>	<u>480,642</u>	<u>975,551</u>	<u>213,731</u>	<u>2,263,089</u>	<u>1,548,461</u>	<u>247,545</u>	<u>7,535,853</u>
Fund balances at June 30, 2022	<u>\$ 745,351</u>	<u>697,524</u>	<u>499,933</u>	<u>524,874</u>	<u>1,118,696</u>	<u>225,986</u>	<u>1,967,451</u>	<u>1,604,212</u>	<u>272,943</u>	<u>7,656,970</u>

See accompanying independent auditors' report.

LOS ANGELES COMMUNITY COLLEGE DISTRICT
Associated Student Organization Funds (Student Representation Fee Fund)
June 30, 2022 and 2021
June 30, 2022

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	\$ 140,578	106,933	104,643	119,308	406,109	59,004	136,301	279,047	73,036	1,424,959
Accounts, notes, interest, and receivable, net of allowance for doubtful accounts	—	—	—	—	—	1,385	—	1,033	—	2,418
Investments	—	—	—	—	—	—	—	51,383	—	51,383
Total assets	\$ 140,578	106,933	104,643	119,308	406,109	60,389	136,301	331,463	73,036	1,478,760
Fund Balance										
Fund balance:										
Assigned – future expenditures	\$ 140,578	106,933	104,643	119,308	406,109	60,389	136,301	331,463	73,036	1,478,760
Total fund balance	140,578	106,933	104,643	119,308	406,109	60,389	136,301	331,463	73,036	1,478,760
Total liabilities and fund balance	\$ 140,578	106,933	104,643	119,308	406,109	60,389	136,301	331,463	73,036	1,478,760

See accompanying independent auditors' report.

LOS ANGELES COMMUNITY COLLEGE DISTRICT
Associated Student Organization Funds (Student Representation Fee Fund)
June 30, 2022 and 2021
Year ended June 30, 2022

	<u>East Los Angeles College</u>	<u>Los Angeles City College</u>	<u>Los Angeles Harbor College</u>	<u>Los Angeles Mission College</u>	<u>Los Angeles Pierce College</u>	<u>Los Angeles Southwest College</u>	<u>Los Angeles Trade Technical College</u>	<u>Los Angeles Valley College</u>	<u>West Los Angeles College</u>	<u>Total</u>
Revenue:										
Other	\$ 108,801	63,486	31,018	42,306	80,920	21,206	51,940	70,346	40,180	510,203
Total revenue	<u>108,801</u>	<u>63,486</u>	<u>31,018</u>	<u>42,306</u>	<u>80,920</u>	<u>21,206</u>	<u>51,940</u>	<u>70,346</u>	<u>40,180</u>	<u>510,203</u>
Expenditure:										
Contract services and other operating expenditures	109,655	71,586	39,896	31,933	109,197	13,696	37,773	45,637	27,668	487,041
Total expenditure	<u>109,655</u>	<u>71,586</u>	<u>39,896</u>	<u>31,933</u>	<u>109,197</u>	<u>13,696</u>	<u>37,773</u>	<u>45,637</u>	<u>27,668</u>	<u>487,041</u>
Net increase (decrease) in fund balance	(854)	(8,100)	(8,878)	10,373	(28,277)	7,510	14,167	24,709	12,512	23,162
Fund balances at July 1, 2021	<u>141,432</u>	<u>115,033</u>	<u>113,521</u>	<u>108,935</u>	<u>434,386</u>	<u>52,879</u>	<u>122,134</u>	<u>306,754</u>	<u>60,524</u>	<u>1,455,598</u>
Fund balances at June 30, 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>

See accompanying independent auditors' report.

LOS ANGELES COMMUNITY COLLEGE DISTRICT
 Reconciliation of Annual Financial and Budget Report (CCFS-311)
 Year ended June 30, 2022

	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, 2022 total fund balances per annual financial budget report – 311	\$ 228,776,084	165,077,097	—	103,496,742	3,397,980	9,358,800	—	—	510,106,703
Audit adjustments to fund balance:									
Adjustments to cash with bond trustee	—	—	876,568,148	—	—	—	—	—	876,568,148
Adjustments to accrued interest expense	—	—	(232,719,418)	—	—	(223,069)	—	—	(232,942,487)
Adjustments to accrued interest income	—	—	—	—	—	—	—	—	—
Adjustments to investment income	—	—	—	—	—	—	—	—	—
Adjustments to payables	—	—	—	—	—	—	—	—	—
Adjustments to revenues	(14,946,899)	281,380	—	9,771,820	(113,200)	—	—	—	(5,006,899)
Adjustments to expenditures	19,834,342	(384,267)	(262,735,000)	(5,844,026)	(3)	(1)	—	—	(249,128,955)
Adjustments to bookstore's reserve for inventory and facility improvements	—	1,855,612	—	—	—	—	—	—	1,855,612
Adjustments to worker's compensation payable reserve	1,900,000	—	—	—	—	—	—	—	1,900,000
Adjustments and reclass	<u>6,787,443</u>	<u>1,752,725</u>	<u>381,113,730</u>	<u>3,927,794</u>	<u>(113,203)</u>	<u>(223,070)</u>	<u>—</u>	<u>—</u>	<u>393,245,419</u>
June 30, 2022 unaudited ending fund balance	<u>235,563,527</u>	<u>166,829,822</u>	<u>381,113,730</u>	<u>107,424,536</u>	<u>3,284,777</u>	<u>9,135,730</u>	<u>—</u>	<u>—</u>	<u>903,352,122</u>
Current assets:									
Adjustment to cash and deposit with trustee	—	—	—	—	—	—	—	(43,231,253)	(43,231,253)
Capital assets are not financial resources and therefore are not reported as assets in government funds	—	—	—	—	—	—	4,505,256,690	—	4,505,256,690
GASB Statement No. 75 implementation adjustment – OPEB	—	—	—	—	—	—	—	(364,535,924)	(364,535,924)
Deferred Outflows	—	—	—	—	—	—	—	472,457,965	472,457,965
Long-term liabilities are not booked as part of fund balances:									
G.O. bonds	—	—	—	—	—	—	59,986,856	(4,146,515,004)	(4,086,528,148)
Unamortized premiums bond	—	—	—	—	—	—	—	(133,846,606)	(133,846,606)
Pension obligation	—	—	—	—	—	—	—	(457,319,889)	(457,319,889)
Supplemental retirement plan	—	—	—	—	—	—	—	(18,186,873)	(18,186,873)
Workers' compensation claims payable	—	—	—	—	—	—	—	(34,747,000)	(34,747,000)
General liability	—	—	—	—	—	—	—	(11,665,000)	(11,665,000)
Vacation benefits payable	—	—	—	—	—	—	—	(23,181,459)	(23,181,459)
Capital lease payable	—	—	—	—	—	—	—	(648,013)	(648,013)
Deferred inflows	—	—	—	—	—	—	—	(610,994,954)	(610,994,954)
June 30, 2022 net position	<u>\$ 235,563,527</u>	<u>166,829,822</u>	<u>381,113,730</u>	<u>107,424,536</u>	<u>3,284,777</u>	<u>9,135,730</u>	<u>4,565,243,546</u>	<u>(5,372,414,010)</u>	<u>96,181,658</u>

See accompanying independent auditors' report.

LOS ANGELES COMMUNITY COLLEGE DISTRICT
 Reconciliation of Governmental Funds to the Statement of Net Position
 Year ended June 30, 2022

	General fund	Special revenue fund	Debt service fund	Building Fund	Student financial aid fund	ASO fund *	General long-term fixed assets	Other GASB adj to general long-term debt	Total
June 30, 2021 unaudited ending fund balance	\$ 235,563,527	166,829,822	381,113,730	107,424,536	3,284,777	9,135,730	—	—	903,352,122
Current assets:									
1 Adjustment to receivables	—	—	—	—	—	—	—	—	—
2 Adjustment to payables	—	—	—	—	—	—	—	—	—
3 Adjustment to cash and deposit with trustee	—	—	—	—	—	—	—	(43,231,253)	(43,231,253)
4 Prepaid assets	—	—	—	—	—	—	—	—	—
5 Capital assets are not financial resources and therefore are not reported as assets in government funds	—	—	—	—	—	—	4,505,256,690	—	4,505,256,690
6 Other assets are not financial resources and therefore are not reported as assets in government funds	—	—	—	—	—	—	—	—	—
7 Deferred outflows	—	—	—	—	—	—	—	472,457,965	472,457,965
Long-term liabilities are not booked as part of fund balances:									
8 G.O. bonds	—	—	—	—	—	—	59,986,856	(4,146,515,004)	(4,086,528,148)
9 Unamortized premiums bond	—	—	—	—	—	—	—	(133,846,606)	(133,846,606)
10 Pension obligation	—	—	—	—	—	—	—	(457,319,889)	(457,319,889)
11 GASB Statement No. 75 implementation adjustment – OPEB	—	—	—	—	—	—	—	(364,535,924)	(364,535,924)
12 Supplemental Retirement Plan	—	—	—	—	—	—	—	(18,186,873)	(18,186,873)
13 Workers' compensation claims payable	—	—	—	—	—	—	—	(34,747,000)	(34,747,000)
14 General liability	—	—	—	—	—	—	—	(11,665,000)	(11,665,000)
15 Vacation benefits payable	—	—	—	—	—	—	—	(23,181,459)	(23,181,459)
16 Capital lease payable	—	—	—	—	—	—	—	(648,013)	(648,013)
17 Deferred Inflows	—	—	—	—	—	—	—	(610,994,954)	(610,994,954)
June 30, 2021 net position	\$ 235,563,527	166,829,822	381,113,730	107,424,536	3,284,777	9,135,730	4,565,243,546	(5,372,414,010)	96,181,658

* 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, 2022

(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, 2022, 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 15, 2022.

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 15, 2022

COMPLIANCE SECTION

STATE AWARDS



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Independent Auditor's Report on Schedule of State Awards

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

Report on the Schedule of State Awards

Opinion on the Schedule of State Awards

We have audited the schedule of state awards (Schedule) of the Los Angeles Community College District (the District) for the year ended June 30, 2022.

In our opinion, the accompanying schedule of state awards referred to above presents fairly, in all material respects, the state expenditures of the Los Angeles Community College District for the year ended June 30, 2022, 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); and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Schedule of State 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 State 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 the Audit of the Schedule of State 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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the Schedule.

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

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

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

**Glendale, California
December 16, 2022**



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 2021-22* (CDAM), issued by the California Community Colleges Chancellor's Office for the year ended June 30, 2022. 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, 2022.

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 430 – Scheduled Maintenance Program
- 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 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 2022-001 to SC 2022-003. 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 other supplemental compliance information on pages 80 through 87 is presented for purposes of additional analysis as required by the CDAM. Such information is the responsibility of management. The information has been subjected to the auditing procedures applied in the audit of the District's compliance with the types of compliance requirements described in the CDAM, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting records, financial statements as of and for the year ended June 30, 2022 audited by other auditors, whose report is included herein on pages 1 through 3, and other records, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental compliance information is fairly stated, in all material respects, in relation to the financial statements as a whole, audited by other auditors whose report was dated December 15, 2022.

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 16, 2022**

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Schedule of State Awards

Year ended June 30, 2022

Program name	Cash received	Accounts receivable	Deferred income	Total program revenue	Total program expenditures
Adult Education Block Grant	\$ 12,446,958	\$ —	\$ 5,048,104	\$ 7,398,854	\$ 7,398,850
Basic Needs Centers and Staffing Support	2,625,483	—	2,422,698	202,785	202,785
CAL Grants	18,586,673	239,223	—	18,825,896	18,816,784
Cal A & Middle Class Sch (MCS)	145,584	—	—	145,584	145,584
California College Promise	5,581,219	—	1,800,989	3,780,230	3,780,230
California State Preschool Program	4,171,848	1,431,007	—	5,602,855	5,602,855
CalWORKs	9,605,249	—	4,720,732	4,884,517	4,884,517
Cooperating Agencies Resources for Education (CARE)	2,141,583	—	438,279	1,703,304	1,703,300
COVID-19 Response Block Grant	5,208,753	—	7,908	5,200,845	5,208,595
Disabled Students Program & Services (DSPS)	7,966,254	—	537,100	7,429,154	7,429,153
Emergency Financial Assist Low-Income CC Student	8,790,779	—	—	8,790,779	8,611,823
Equal Employment Opportunity	50,000	—	—	50,000	9,320
Extended Opportunity Program and Services (EOPS)	16,834,740	—	2,753,199	14,081,541	14,081,469
Family Child Care Homes	472,676	108,064	—	580,740	580,740
Financial Aid Technology	317,472	—	—	317,472	484,440
Foster and Kinship Care Education (FKCE)	684,355	—	—	684,355	684,936
General Child Care and Development	2,025,710	982,430	—	3,008,140	3,008,140
Guided Pathways	5,292,238	—	2,154,046	3,138,192	3,138,192
Innovation in Higher Education	518,653	—	393,778	124,875	124,875
LSP Allocation for Operational Services	103,919	—	96,865	7,054	7,054
Math, Engineering, & Science Achievement	200,060	—	131,433	68,627	68,627
Mental Health Support	2,937,392	—	2,652,217	285,175	285,175
Middle College High School (MCHS)	241,920	—	151,441	90,479	90,479
NEXTUP	4,547,930	—	1,673,977	2,873,953	2,873,950
Nursing Education	2,070,856	—	782,564	1,288,292	1,288,292
One-Time Block Grant/ Instructional Equipment/Deferred Maintenance	16,630,635	—	—	16,630,635	2,348,967
Osher Scholarship	172,500	22,800	—	195,300	195,302
Rapid Rehousing	1,075,415	—	815,698	259,717	259,717
Strong Workforce Program - Local	31,637,685	—	17,775,086	13,862,599	13,862,599
Strong Workforce Program - Regional	761,301	5,860,222	—	6,621,523	6,619,974
Student Equity and Achievement	58,754,358	—	16,054,928	42,699,430	42,699,430
Student Financial Aid Administration	4,839,335	—	—	4,839,335	4,491,822
Student Food and Housing Support	2,583,052	—	2,182,597	400,455	400,455
Student Retention and Enrollment	9,320,574	—	5,328,520	3,992,054	3,992,054
Student Success Completion Grant	11,118,299	—	397,103	10,721,196	10,721,196
Veterans Resource Center	1,551,628	86,728	979,349	659,007	659,003
Other State Assistance Programs	3,463,893	987,916	2,486,039	1,965,770	2,238,690
Total state programs	\$ 255,476,979	\$ 9,718,390	\$ 71,784,650	\$ 193,410,719	\$ 178,999,374

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

OTHER SUPPLEMENTAL COMPLIANCE INFORMATION

LOS ANGELES COMMUNITY COLLEGE DISTRICT
 Schedule of District Organization, Board, and Administration Members
 June 30, 2022

The District Organization

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

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

The Board of Trustees

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

The Administration

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

/

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Schedule of District Organization, Board and Administration Members
Year ended June 30, 2022

The College Presidents

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

* Interim

LOS ANGELES COMMUNITY COLLEGE DISTRICT
 Schedule of Workload Measures for State General Apportionment
 Annual 2021- 22 Apportionment Attendance Report
 Year ended June 30, 2022

Categories	Reported data
A. Summer intersession (Summer Seg 2 only):	
1. Noncredit	1,560
2. Credit	3,208
B. Summer intersession (Summer Seg 1 only):	
1. Noncredit	12
2. Credit	4,505
C. Primary terms (Exclusive of summer intersessions):	
1. Census procedure courses:	
a. Weekly census contact hours	20,354
b. Daily census contact hours	3,859
2. Actual hours of attendance procedure courses:	
a. Noncredit	1,280
b. Credit	3,517
3. Independent study/work experience education courses:	
a. Weekly census procedure crs	20,143
b. Daily census procedure crs	13,283
c. Noncredit independent study	2,506
D. Total FTES	74,229

Supplemental Information

E. In-service training courses	2,924
H. Basic skills courses:	
1. Noncredit	3,926
2. Credit	342
I. CCFS-320 Addendum: CDCP Noncredit FTES	3,984
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, 2022

	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	\$ 116,919,905	—	116,919,905	117,057,527	—	117,057,527
Other	1300	104,799,350	—	104,799,350	104,965,921	—	104,965,921
Total instructional salaries		<u>221,719,255</u>	<u>—</u>	<u>221,719,255</u>	<u>222,023,448</u>	<u>—</u>	<u>222,023,448</u>
Noninstructional salaries:							
Contract or regular	1200	—	—	—	51,495,538	—	51,495,538
Other	1400	—	—	—	5,964,452	—	5,964,452
Total noninstructional salaries		<u>—</u>	<u>—</u>	<u>—</u>	<u>57,459,990</u>	<u>—</u>	<u>57,459,990</u>
Total academic salaries		<u>221,719,255</u>	<u>—</u>	<u>221,719,255</u>	<u>279,483,438</u>	<u>—</u>	<u>279,483,438</u>
Classified salaries:							
Noninstructional salaries:							
Regular status	2100	—	—	—	106,045,489	—	106,045,489
Other	2300	—	—	—	4,566,180	—	4,566,180
Total noninstructional salaries		<u>—</u>	<u>—</u>	<u>—</u>	<u>110,611,669</u>	<u>—</u>	<u>110,611,669</u>
Instructional aides:							
Regular status	2200	9,191,032	—	9,191,032	10,436,800	—	10,436,800
Other	2400	722,055	—	722,055	816,409	—	816,409
Total instructional aides		<u>9,913,087</u>	<u>—</u>	<u>9,913,087</u>	<u>11,253,209</u>	<u>—</u>	<u>11,253,209</u>
Total classified salaries		<u>9,913,087</u>	<u>—</u>	<u>9,913,087</u>	<u>121,864,878</u>	<u>—</u>	<u>121,864,878</u>
Employee benefits	3000	69,622,532	—	69,622,532	176,389,757	—	176,389,757
Supplies and materials	4000	—	—	—	3,641,681	—	3,641,681
Other operating expenses	5000	3,529,093	—	3,529,093	82,317,424	—	82,317,424
Equipment replacement	6420	—	—	—	—	—	—
Total expenditures prior to exclusions		<u>304,783,967</u>	<u>—</u>	<u>304,783,967</u>	<u>663,697,178</u>	<u>—</u>	<u>663,697,178</u>

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, 2022

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	—	—	247,251	—	247,251
Noninstructional staff-retirees' benefits and retirement incentives	6740	—	—	36,145,432	—	36,145,432
Objects to exclude:						
Rents and leases	5060	—	—	1,597,586	—	1,597,586
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	—	—	17,947,609	—	17,947,609
Capital outlay:						
Library books	6000	—	—	—	—	—
Equipment:						
Equipment – additional	6400	—	—	—	—	—
Equipment – replacement	6410	—	—	—	—	—
	6420	—	—	—	—	—
Total equipment		—	—	—	—	—
Total capital outlay		—	—	—	—	—
Other outgo	7000	—	—	—	—	—
Total exclusions		—	—	55,937,878	—	55,937,878
Total for ECS 84362, 50% law		\$ 304,783,967	—	304,783,967	607,759,300	607,759,300
Percent of CEE (Instructional salary cost/Total CEE)		50%		50%	100%	100%
50% of current expense of education				\$ 303,879,650		\$ 303,879,650

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, 2022

<u>Activity classification</u>	<u>Activity code</u>				<u>Total</u>
EPA proceeds	8630				\$ 198,102,931
		Salaries and benefits (1000-3000)	Operating expenses (4000-5000)	Capital outlay (6000)	Total
<u>Activity classification</u>	<u>Activity code</u>				
Instructional activities	0100-5900	\$ 197,311,482			197,311,482
Other support activities	6XXX	765,386			765,386
Total expenditures for EPA		<u>\$ 198,076,868</u>	<u>—</u>	<u>—</u>	<u>198,076,868</u>
Revenue less expenditures					<u>\$ 26,063</u>

See accompanying independent auditor's report on state compliance.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to State Awards and Other Supplemental Compliance Information

Year ended June 30, 2022

(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, 2022.

(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 the 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) 2021–22*.

(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 State Awards and Other Supplemental Compliance Information

Year ended June 30, 2022

(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	\$	558,116,053
Special reserve fund		26,528,492
Child development fund		10,718,943
Student financial aid fund		37,558,399
Total state revenue in fund statements	\$	<u>632,921,887</u>

State Revenue in Schedule of State Awards

Total state revenue	\$	193,410,719
Add general fund:		
Basic and equalization aid	\$	382,739,081
State mandated costs		2,810,785
State lottery		26,340,235
Tax relief subvention		1,092,575
Total general fund revenue		<u>412,982,676</u>
Add special revenue fund:		
Community College Construction Act		26,528,492
Total state revenue in fund statements	\$	<u>632,921,887</u>

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

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Schedule of Findings and Questioned Costs

Summary of Auditors' Results

Year ended June 30, 2022

(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, 2022

(2) SUMMARY OF STATE FINDINGS

Finding No.	Section No.	Compliance and Description	Page No.
SC 2022-001	Section 427	<i>Dual Enrollment (CCAP):</i> CCAP Agreement Not Fully Executed	90
SC 2022-002	Section 427	<i>Dual Enrollment (CCAP):</i> Lack of Approved K-12 Supplemental Application Forms	91
SC 2022-003	Section 411	<i>Student Centered Funding Formula (SCFF) Data</i> <i>Management Control Environment:</i> Improvement on the IT General Controls (ITGC) for Information Systems Used in the Collection and Reporting of Student-Centered Funding Formula (SCFF) Data (<i>Repeat Finding</i>)	93

SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Schedule of State Findings and Questioned Costs

Year ended June 30, 2022

Finding SC 2022-001: CCAP Agreement Not Fully Executed

State Compliance Requirement Information

State Compliance Section:	Section 427
State Compliance Requirement:	Dual Enrollment (CCAP)
Campus:	East Los Angeles College

Criteria or Specific Requirement:

Per *Contracted District Audit Manual, Section 427 - Dual Enrollment (CCAP)*, auditors are required to determine if the participating community college district entered into a CCAP partnership with a public school district partner that is governed by an AB 288 CCAP Partnership Agreement approved by the governing boards of both districts. EC § 76004(a) Before adopting the AB 288 CCAP Partnership Agreement, the governing board of each district, at an open public meeting of that board, shall present the dual enrollment partnership agreement as an informational item. EC § 76004(b) The governing board of each district, at a subsequent open public meeting of that board, shall take comments from the public and approve or disapprove the proposed AB 288 CCAP Partnership Agreement.

References:

Contracted District Audit Manual (CDAM) FY2021-22

Identified Condition:

For 1 of the 5 College and Careers Access Pathways (CCAP) agreements selected for testwork, we noted that the agreement was not fully executed (signed) and approved by both parties.

Causes and Effect:

For the one CCAP agreement with Alhambra Unified School District, there is currently no fully executed CCAP agreement. The Alhambra Unified School District requires that East Los Angeles College sign the agreement first. The agreement was approved by the District Board of Trustees on February 7, 2018 and was signed by the campus authorized signatory. In accordance with District policy, the agreement was then mailed to Alhambra Unified School District for their signature. The campus has reached out to Alhambra Unified School District but the agreement is currently awaiting approval by the Alhambra Unified School District Board of Trustees.

Without a fully executed CCAP agreement, the K-12 students should not be able to enroll in courses at East Los Angeles College.

Questioned Costs:

None.

Recommendation:

We recommend that the campus improve existing procedures to ensure that CCAP agreements are properly signed by all required parties on a timely basis and that fully executed agreements are properly maintained on file.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Schedule of State Findings and Questioned Costs

Year ended June 30, 2022

Views of Responsible Officials and Planned Corrective Actions:

The campus followed the approval procedures in accordance with District policy. The campus will implement an additional procedure to review all CCAP agreements to ensure that all agreements are 1) fully executed and approved by the respective partner institution's governing body before such agreements are included in any CCAP agreement list and 2) are properly maintained on file.

Personnel responsible for implementation:	Michael Pascual
Position of responsible personnel:	Vice President of Administrative Services
Date of Implementation:	January 1, 2023

Finding SC 2022-002: Lack of Approved K-12 Supplemental Application Forms

State Compliance Requirement Information

State Compliance Section:	Section 427
State Compliance Requirement:	Dual Enrollment (CCAP)
Campus:	Los Angeles Mission 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) FY2021-22
California Education Code of Regulations Title 2

Identified Condition:

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).

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Schedule of State Findings and Questioned Costs

Year ended June 30, 2022

Causes and Effect:

Los Angeles Mission College's Dual Enrollment Team experienced a complete change in staff (Student Services Assistant, Admissions and Records assistant, and recently Dean over the area). The previous team was utilizing Dynamic Forms and uploading required documents that needed additional information via a OneDrive folder. The current Dual Enrollment team were able to identify the documents in Dynamic Forms that were either missing a parent signature or a high school counselor signature. Both forms have been retrieved and signature secured. However, the original document was not located.

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.

Recommendation:

We recommend that the campus enhance existing procedures to ensure that K-12 Supplemental Application Forms are properly signed by all required parties and maintained on file. Additionally, a review procedure should be implemented to ensure 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:

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 already being utilized by Admissions and Records. This will help organize, catalogue and secure important enrollment documents for K-12 students. The Dual Enrollment Team will only have access to Viatron to upload the documents. Admissions and Records will be the "keeper" of the document, thereby minimizing any loss of documents between offices.

Personnel responsible for implementation:

Dr. Laura B. Cantu

Position of responsible personnel:

Vice President, Academic Affairs

Date of Implementation: December:

January 1, 2023

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Schedule of State Findings and Questioned Costs

Year ended June 30, 2022

Finding SC 2021-003: Improvement on the IT General Controls (ITGC) for Information Systems Used in the Collection and Reporting of Student-Centered Funding Formula (SCFF) Data (Repeat Finding)

State Compliance Requirement Information

State Compliance Section: Section 411

State Compliance Requirement: SCFF Data Management Control Environment

Criteria or Specific Requirement:

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) FY2020-21
California Code of Regulations Title 5

Identified Condition:

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):

A. Perform regular backup restoration tests

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.

B. Improve server and network security (repeat finding)

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

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Schedule of State Findings and Questioned Costs

Year ended June 30, 2022

- 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)*
- 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.

C. Perform timely access revocation and system access review *(repeat finding)*

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:

- 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

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 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.

D. Optimize account lockout configuration in SAP Database

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.

Cause and Effect:

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

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Schedule of State Findings and Questioned Costs

Year ended June 30, 2022

Recommendation:

A. 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.

B. Improve server and network security

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

C. Perform timely access revocation and system access review

1. We recommend that Management 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, Management should improve the account termination procedures to ensure that access of terminated employees is timely revoked.
3. We also recommend that a regular access review is performed and documented (for both regular and privileged users) to ensure that only valid and appropriate users remain in the system. The review may include, but are not limited to the following:
 - a. Document management control over 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. Optimize account lockout configuration in SAP Database

To further improve the security of SAP Database, we recommend for the District to align the current password configuration of SAP Database with the District's password standards.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Schedule of State Findings and Questioned Costs

Year ended June 30, 2022

Views of Responsible Officials and Planned Corrective Actions:

A. Perform regular backup restoration tests

- i. The District is planning to complete a backup restoration by the end of Q1 2023.

B. Improve server and network security

- 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.
- ii. The District completed the high vulnerability patch on November 10, 2022.
- 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.

C. Perform timely access revocation and system access review

- 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.

D. Optimize account lockout configuration in SAP Database

- i. The SAP Database accounts identified are system accounts that are not used for any type of interactive login. The password policy has been applied to interactive login accounts only thus these accounts were not included. The District is currently exploring the feasibility of applying these policies to the system accounts without impact to downstream automated processes.

Personnel responsible for implementation:

Carmen V. Lidz

Position of responsible personnel:

Vice Chancellor & Chief Information Officer

Date of Implementation:

July 2023

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

LOS ANGELES COMMUNITY COLLEGE DISTRICT
 Summary Schedule of Prior Year Audit Findings
 Year ended June 30, 2022

Finding Reference and Description	Identified Condition and Prior Year's Corrective Action Plan	Current Status	Explanation if not fully implemented
<p>SC 2021-001</p> <p>Section 427</p> <p><i>Dual Enrollment of K-12 (CCAP and Non-CCAP)</i></p> <p>Instructor did not Meet Minimum Qualifications</p> <p>(Repeat Finding)</p>	<p>Identified Condition:</p> <p>For 1 of 60 instructors sampled, we noted the instructor s credentials did not meet the minimum qualifications required for the subject.</p> <p>Views of Responsible Officials and Planned Corrective Actions:</p> <p>The District agrees with the finding and will implement the following corrective action plan:</p> <ol style="list-style-type: none"> (1) The college will confirm subject minimum qualifications clearance prior to assignment of new subjects to faculty that differ from that for which the faculty was originally hired (2) When mismatch is identified by Human Resources, written denial communication will be provided to the college and faculty member for misaligned subject (3) Assignment review in successive semester to ensure no assignments in disciplines for which a faculty is deemed to not meet minimum qualifications. 	Implemented	Not applicable
<p>SC 2021-002</p> <p>Section 411</p> <p>Documentation Over Current Student-Centered Funding Formula (SCFF)</p>	<p>Identified Condition:</p> <p>In our review over the District s compliance with the SCFF Data Management Control Environment requirements, we noted that the following were established and implemented during fiscal year 2020-21:</p>	Partially implemented	Repeat current year finding SC 2022-003.

LOS ANGELES COMMUNITY COLLEGE DISTRICT
 Summary Schedule of Prior Year Audit Findings
 Year ended June 30, 2022

Finding Reference and Description	Identified Condition and Prior Year's Corrective Action Plan	Current Status	Explanation if not fully implemented
Data Management Practices (Repeat Finding)	<p>a) The policies and procedures for the management of data used in SCFF were documented and approved in March 2021 with subsequent updates made in September 2021. These policies and procedures are subject to review and update annually.</p> <p>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.</p> <p>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 ownership of SCFF data management processes and tasks.</p> <p>d) Relevant personnel are provided training and professional development opportunities relevant to the processing and reporting of SCFF data. California Community Colleges resource center website provides webinars, resources and best practices that are made available to personnel responsible for SCFF data.</p> <p>e) Information systems are managed to ensure that availability and integrity of SCFF data stored, processed, and submitted are maintained. General system controls such as regular system health check, testing and implementation of compliance and regulatory changes, application fixes, and enhancements to PeopleSoft Student Information System (SIS) through the standard</p>		

LOS ANGELES COMMUNITY COLLEGE DISTRICT
 Summary Schedule of Prior Year Audit Findings
 Year ended June 30, 2022

Finding Reference and Description	Identified Condition and Prior Year's Corrective Action Plan	Current Status	Explanation if not fully implemented
	<p>change management process, access security, backup and restoration controls are implemented.</p> <p>In addition, the District's Division of Educational Programs and Institutional Effectiveness (EPIE), in collaboration with the nine colleges, District IT, and attendance accounting, among others, performs regular monitoring, review and validation of SCFF data. The system processes that assign accounting method and the CCFS-320 module reports are tested every year before updates are deployed in SIS production system. Errors encountered in the MIS submission are also validated and coordinated with relevant personnel for resolution. These errors are communicated to District-level committees for improvement of the next MIS submission.</p> <p>The following observations were noted to the District's policies and procedures documentation:</p> <ol style="list-style-type: none"> 1. In fiscal year 2020-21, the District started implementing a framework for maintaining Board Policies (BP), Administrative Procedures (AP) and protocols that is aligned with the new Community College League of California (CCLC) model. The framework aims to adequately document the District's requirements and good governance and internal control practices and ensure that all policies and procedures go through regular review and approval within a 3-year period, at a minimum. The District will revise their BPs and APs as well 		

LOS ANGELES COMMUNITY COLLEGE DISTRICT
 Summary Schedule of Prior Year Audit Findings
 Year ended June 30, 2022

Finding Reference and Description	Identified Condition and Prior Year's Corrective Action Plan	Current Status	Explanation if not fully implemented
	<p>when they receive any legally required or recommended updates from the CCLC. The District's Office of the General Counsel (OGC) is responsible for tracking and maintaining compliance to the regular review and approval of the BPs and APs. While the implementation is in its early stages, there are still several District policies and procedures that are in the process of being reviewed and converted to APs, such as the procedures below. At the same time, an effective monitoring process to keep track of the timing and schedule of the review and approval is yet to be formally established.</p> <ul style="list-style-type: none"> - E-13: Attendance and Attendance Accounting and E-97: Scheduling of Instruction, Breaks, and Passing will be replaced by AP 5070: Attendance - E-85: Admission and Residence Classification of Non-Citizens and E-86: Nonresident Tuition Exemption for Eligible Children of Deported or Voluntarily Deported Parents will be replaced by AP 5020: Nonresident Tuition - E-94: Residency Classification will be replaced by AP 5015: Residence Determination <p>2. While the District's data management policies and procedures were implemented to ensure accuracy and completeness of SCFF data, it can be further improved by establishing a process for formal signoff on data submissions for the supplemental</p>		

LOS ANGELES COMMUNITY COLLEGE DISTRICT
 Summary Schedule of Prior Year Audit Findings
 Year ended June 30, 2022

Finding Reference and Description	Identified Condition and Prior Year's Corrective Action Plan	Current Status	Explanation if not fully implemented
	<p>allocation metrics, specifically Pell Grant recipients and California College Promise Grant recipients, and success allocation metrics by appropriate personnel accountable for the SCFF data. The process should also consider the appropriate signoffs required in cases where data is required by the Chancellor's Office to be resubmitted relative to the changes made to the data.</p> <p>Views of Responsible Officials and Planned Corrective Actions:</p> <p>The District will review SCFF data management documentation and protocols [Policies and Practices for Management of Data Used in the Student Centered Funding Formula (SCFF)] on an annual basis. In addition, a schedule for the review of administrative procedures (APs) will be developed to ensure that the procedures utilized in SCFF data management are correct and up to date. To improve the SCFF data management process, the District will also establish a formal sign-off process for all submissions and re-submissions of MIS data related to supplemental and success metrics.</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, 2022. 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, 2022.

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 2022 – 001 to FA 2022 – 004. 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, as defined above. 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
February 3, 2023



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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, 2022.

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, 2022, 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
February 3, 2023**

LOS ANGELES COMMUNITY COLLEGE DISTRICT
Schedule of Expenditures of Federal Awards
Year ended June 30, 2022

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	\$ -	\$ 600,888
East Los Angeles College	84.007	P007A210365	-	1,211,675
Educational Service Center	84.007	-	-	524
Los Angeles Harbor College	84.007	P007A210451	-	435,537
Los Angeles Mission College	84.007	P007A210452	-	365,193
Los Angeles Pierce College	84.007	P007A210453	-	1,019,035
Los Angeles Southwest College	84.007	P007A210455	-	400,050
Los Angeles Trade Technical College	84.007	P007A210456	-	898,992
Los Angeles Valley College	84.007	P007A210457	-	738,447
West Los Angeles College	84.007	P007A210676	-	567,184
			-	6,237,525
Federal Work Study Program:				
Los Angeles City College	84.033	P033A210450	-	377,774
East Los Angeles College	84.033	P033A210365	-	444,908
Los Angeles Harbor College	84.033	P033A210451	-	49,340
Los Angeles Mission College	84.033	P033A210452	-	163,624
Los Angeles Pierce College	84.033	P033A210453	-	51,645
Los Angeles Southwest College	84.033	P033A210455	-	59,092
Los Angeles Trade Technical College	84.033	P033A210456	-	71,498
Los Angeles Valley College	84.033	P033A210457	-	132,582
West Los Angeles College	84.033	P033A210676	-	66,107
			-	1,416,570
Federal Perkins Loan Program:				
Los Angeles City College	84.038	-	-	395,868
East Los Angeles College	84.038	-	-	354,937
Los Angeles Harbor College	84.038	-	-	5,467
Los Angeles Pierce College	84.038	-	-	176,431
Los Angeles Southwest College	84.038	-	-	162,907
Los Angeles Trade Technical College	84.038	-	-	97,491
Los Angeles Valley College	84.038	-	-	293,599
West Los Angeles College	84.038	-	-	132,021
			-	1,618,721
Federal Pell Grant Program:				
Los Angeles City College	84.063	P063P210033	-	16,605,708
East Los Angeles College	84.063	P063P215263	-	24,954,227
Los Angeles Harbor College	84.063	P063P210034	-	6,844,908
Los Angeles Mission College	84.063	P063P210658	-	7,680,887
Los Angeles Pierce College	84.063	P063P210035	-	17,452,785
Los Angeles Southwest College	84.063	P063P215261	-	4,567,711
Los Angeles Trade Technical College	84.063	P063P215260	-	11,247,010
Los Angeles Valley College	84.063	P063P210036	-	16,823,899
West Los Angeles College	84.063	P063P215262	-	7,251,580
			-	113,428,715
Federal Direct Student Loans:				
Los Angeles City College	84.268	P268K220033	-	3,617,711
East Los Angeles College	84.268	P268K225263	-	869,885
Los Angeles Harbor College	84.268	P268K220034	-	215,658
Los Angeles Mission College	84.268	P268K220658	-	627,385
Los Angeles Pierce College	84.268	P268K220035	-	3,307,559
Los Angeles Southwest College	84.268	P268K225261	-	404,906
Los Angeles Trade Technical College	84.268	P268K225260	-	829,796
Los Angeles Valley College	84.268	P268K220036	-	1,283,362
West Los Angeles College	84.268	P268K225262	-	1,080,198
			-	12,236,460

LOS ANGELES COMMUNITY COLLEGE DISTRICT
Schedule of Expenditures of Federal Awards
Year ended June 30, 2022

Federal grantor/pass-through grantor/program or cluster title	Assistance listing number	Award or pass-through identification number	Passed through to subrecipients	Total federal expenditures
<u>US Department of Health and Human Services:</u>				
Direct program:				
Nursing Student Loans:				
Los Angeles City College	93,364	-	-	2,197
East Los Angeles College	93,364	-	-	1,200
Los Angeles Harbor College	93,364	-	-	8,291
Los Angeles Pierce College	93,364	-	-	2,297
Los Angeles Southwest College	93,364	-	-	9,284
Los Angeles Trade Technical College	93,364	-	-	6,250
Los Angeles Valley College	93,364	-	-	33,573
			-	63,092
Total Student Financial Assistance Cluster				135,001,083
<u>US Department of Education:</u>				
Direct Program:				
Higher Education Institutional Aid:				
Los Angeles City College	84.031	P031C160251	-	872,425
Los Angeles City College	84.031	P031S200120	-	196,184
East Los Angeles College	84.031	P031S150126	-	13,854
East Los Angeles College	84.031	P031S150078	-	91,386
East Los Angeles College	84.031	P031C160250	-	501,085
Los Angeles Harbor College	84.031	P031S160232	-	384,620
Los Angeles Harbor College	84.031	P031C160050	-	528,637
Los Angeles Harbor College	84.031	P031S210101	-	353,254
Los Angeles Mission College	84.031	P031C210203	-	463,884
Los Angeles Mission College	84.031	P031S200103	-	497,493
Los Angeles Southwest College	84.031	P031P210003	-	105,236
Los Angeles Valley College	84.031	P031S150126	-	59,614
Los Angeles Valley College	84.031	P031C160111	-	539,810
Los Angeles Valley College	84.031	P031S190289	-	707,814
Los Angeles Valley College	84.031	P031S200222	-	390,058
West Los Angeles College	84.031	P031S180053	-	394,325
			-	6,099,679
Passed-through The University Corporation:				
Bridging the Gap Enhancing AIMS2 for St:				
Los Angeles Pierce College	84.031	A17-0013-S004	-	9,443
Total Higher Education Institutional Aid				6,109,122
Direct Program:				
TRIO Cluster:				
TRIO – Student Support Services:				
Los Angeles City College	84.042	P042A200354	-	263,055
Los Angeles Harbor College	84.042	P042A160490	-	26,052
Los Angeles Harbor College	84.042	P042A210947	-	298,952
Los Angeles Mission College	84.042	P042A201696	-	271,106
Los Angeles Southwest College	84.042	P042A201432	-	253,168
Los Angeles Southwest College	84.042	P042A201884	-	420,326
Los Angeles Valley College	84.042	P042A201769	-	237,886
West Los Angeles College	84.042	P042A201592	-	272,091
			-	2,042,636
TRIO – Talent Search:				
Los Angeles Southwest College	84.044	P044A160617	-	160,812
Los Angeles Southwest College	84.044	P044A210635	-	186,555
West Los Angeles College	84.044	P044A210940	-	247,975
West Los Angeles College	84.044	P044A160817	-	55,160
			-	650,502

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Schedule of Expenditures of Federal Awards

Year ended June 30, 2022

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	-	418,799
Los Angeles City College	84.047	P047A170247	-	330,669
Los Angeles Valley College	84.047	P047A170038	-	303,603
Los Angeles Valley College	84.047	P047M170100	-	211,164
West Los Angeles College	84.047	P047A170859	-	392,150
West Los Angeles College	84.047	P047A170970	-	355,463
West Los Angeles College	84.047	P047M170175	-	117,296
West Los Angeles College	84.047	P047M170351	-	155,443
			<hr/>	<hr/>
			-	2,284,587
TRIO – Educational Opportunity Centers:				
West Los Angeles College	84.066	P066A210285	-	231,279
West Los Angeles College	84.066	P066A160194	-	56,226
			<hr/>	<hr/>
			-	287,505
			<hr/>	<hr/>
			-	5,265,230
Total TRIO Cluster				
Direct Program:				
Higher Education Emergency Relief Fund (HEERF)				
HEERF – Student Aid Portion				
Los Angeles City College	84.425E	P425E200850	-	11,055,017
East Los Angeles College	84.425E	P425E200918	-	22,317,740
Los Angeles Harbor College	84.425E	P425E200846	-	4,530,443
Los Angeles Mission College	84.425E	P425E200842	-	5,638,500
Los Angeles Pierce College	84.425E	P425E200844	-	12,776,565
Los Angeles Southwest College	84.425E	P425E201592	-	3,449,246
Los Angeles Trade Technical College	84.425E	P425E204139	-	11,223,645
Los Angeles Valley College	84.425E	P425E201278	-	12,664,775
West Los Angeles College	84.425E	P425E201301	-	5,141,200
			<hr/>	<hr/>
			-	88,797,131
HEERF – Institutional Portion				
Los Angeles City College	84.425F	P425F202306	-	15,087,887
East Los Angeles College	84.425F	P425F202199	-	28,746,390
Los Angeles Harbor College	84.425F	P425F202149	-	3,566,774
Los Angeles Mission College	84.425F	P425F202265	-	6,789,549
Los Angeles Pierce College	84.425F	P425F202148	-	22,774,072
Los Angeles Southwest College	84.425F	P425F202151	-	4,390,541
Los Angeles Trade Technical College	84.425F	P425F203076	-	12,974,725
Los Angeles Valley College	84.425F	P425F202381	-	15,032,712
West Los Angeles College	84.425F	P425F202260	-	5,118,479
			<hr/>	<hr/>
			-	114,481,129
HEERF – Minority Serving Institutions				
East Los Angeles College	84.425L	P425L200450	-	937,918
Los Angeles Harbor College	84.425L	P425L200438	-	972,589
Los Angeles Mission College	84.425L	P425L200402	-	37,440
Los Angeles Pierce College	84.425L	P425L200439	-	1,410,766
Los Angeles Valley College	84.425L	P425L200445	-	1,715,226
West Los Angeles College	84.425L	P425L200441	-	674,031
			<hr/>	<hr/>
			-	5,747,970
			<hr/>	<hr/>
			-	209,026,230
Total Higher Education Emergency Relief Fund				
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	21-C01-740	-	506,665
East Los Angeles College	84.048	21-C01-740	-	839,177
Educational Service Center	84.048	21-C01-740	-	215,223
Los Angeles Harbor College	84.048	21-C01-740	-	256,859
Los Angeles Mission College	84.048	21-C01-740	-	361,806
Los Angeles Pierce College	84.048	21-C01-740	-	506,781
Los Angeles Southwest College	84.048	21-C01-740	-	266,523
Los Angeles Trade Technical College	84.048	21-C01-740	-	551,733
Los Angeles Valley College	84.048	21-C01-740	-	472,866
West Los Angeles College	84.048	21-C01-740	-	531,782
			<hr/>	<hr/>
			-	4,509,415
Total Career and Technical Education – Basic Grant to States (Perkins IV)				

LOS ANGELES COMMUNITY COLLEGE DISTRICT
Schedule of Expenditures of Federal Awards
Year ended June 30, 2022

<u>Federal grantor/pass-through grantor/program or cluster title</u>	<u>Assistance listing number</u>	<u>Award or pass-through identification number</u>	<u>Passed through to subrecipients</u>	<u>Total federal expenditures</u>
<u>U.S. Department of Labor:</u>				
Direct Program:				
H-1B Job Training Grant				
West Los Angeles College	17.268	HG-33046-19-60-A-6	2,544,095	3,056,091
Total U.S. Department of Labor			2,544,095	3,056,091
Total Major Programs			-	362,967,171
Non-Major Programs:				
<u>US Department of Agriculture:</u>				
Passed-through California Department of Education:				
Child and Adult Care Food Programs:				
Los Angeles City College	10.558	04056-CACFP-19-CC-CS	-	14,985
East Los Angeles College	10.558	04056-CACFP-19-CC-CS	-	32,652
Los Angeles Harbor College	10.558	04056-CACFP-19-CC-CS	-	9,887
Los Angeles Mission College	10.558	04056-CACFP-19-CC-CS	-	39,936
Los Angeles Pierce College	10.558	04056-CACFP-19-CC-CS	-	19,169
Los Angeles Southwest College	10.558	04056-CACFP-19-CC-CS	-	19,774
Los Angeles Trade Technical College	10.558	04056-CACFP-19-CC-CS	-	8,187
Los Angeles Valley College	10.558	04056-CACFP-19-CC-CS	-	43,684
West Los Angeles College	10.558	04056-CACFP-19-CC-CS	-	8,223
Total Child and Adult Care Food Programs			-	196,497
Passed-through Foundation for California Community Colleges:				
State Administrative Match Grant for Supplemental Nutrition Assistance Program				
Los Angeles City College	10.561	00004499	-	284,139
Fresh Success				
West Los Angeles College	10.561	00004130	-	25,304
Total U.S. Department of Agriculture			-	505,940
<u>US Department of Labor:</u>				
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	-	647
Passed-through Employment Development Department (EDD):				
EDD Strengthening Working Families				
Los Angeles Valley College	17.258	AA111079	-	263,511
Passed-through City of Glendale:				
Regional Biotechnology Tech Industry:				
Los Angeles Valley College	17.258	AA111043	-	80,000
Passed-through American Association of Community Colleges:				
Expanding Community College Apprenticeships Initiative				
Los Angeles City College	17.285	AP-33025-19-75-A-11	-	3,454
East Los Angeles College	17.285	AP-33025-19-75-A-11	-	26,000
Total Workforce Innovation and Opportunity Act (WIOA) Cluster			-	373,612
Total U.S. Department of Labor			-	373,612
<u>National Aeronautics and Space Administration:</u>				
Direct program:				
Minority University Research & Education Project:				
Los Angeles Pierce College	43.008	80NSSC18M0124	-	37,785
Total National Aeronautics and Space Administration:			-	37,785

LOS ANGELES COMMUNITY COLLEGE DISTRICT
Schedule of Expenditures of Federal Awards
Year ended June 30, 2022

Federal grantor/pass-through grantor/program or cluster title	Assistance listing number	Award or pass-through identification number	Passed through to subrecipients	Total federal expenditures
<u>National Science Foundation:</u>				
Direct programs:				
Advancing Scholars Successful Undergradu Los Angeles City College	47.076	2021548	-	63,388
Biology Major in Mathematics, NSF Los Angeles Mission College	47.076	1832348	-	237,140
Biotechnology Program NSF Los Angeles Mission College	47.076	2054891	-	126,771
Filling Skills Gaps Geo-Spatial Eng NSF East Los Angeles College	47.076	1801188	-	111,802
Increasing Retention of Veterans in Engr East Los Angeles College	47.076	1821721	-	200,394
Scholarship in STEM to Achieve Results East Los Angeles College	47.076	1458676	-	156,462
Collaborative Research: EAGER NSF East Los Angeles College	47.050	2039086	-	9,269
Training Skilled Biomanufa Workforce NSF Los Angeles Pierce College	47.076	2100575	-	163,696
Pathways and Career Explorations in STEM Los Angeles Pierce College	47.076	2121999	-	9,635
Improving Student Career Readiness Exper Los Angeles Pierce College	47.076	1955360	-	118,127
Pathways and Career Explorations in STEM Los Angeles Valley College	47.076	2121999	-	66,066
Hispanic Serving Institution Precise NSF West Los Angeles College	47.076	2115189	-	81,614
Passed-through Digital World Biology:				
Developing CURE in Antibody Engineer NSF Los Angeles Pierce College	47.076	DUE 2055036	-	16,219
Passed-through California State University, Dominguez Hills Foundation:				
Diversity, Equity & Inclusion DEITIES Educational Service Center	47.076	1928740-3CSN	-	61,984
Total National Science Foundation			-	1,422,567
<u>US Department of Education:</u>				
Direct program:				
Adult Education – Basic Grants to States:				
Los Angeles City College	84.002	2021-64740	-	1,584,237
East Los Angeles College	84.002	2021-64740	-	331,849
Los Angeles Harbor College	84.002	2021-64740	-	15,743
Los Angeles Mission College	84.002	2021-64740	-	124,255
Los Angeles Pierce College	84.002	2021-64740	-	7,039
Los Angeles Southwest College	84.002	2021-64740	-	530,584
Los Angeles Valley College	84.002	2021-64740	-	203,541
West Los Angeles College	84.002	2021-64740	-	148,572
Total Adult Education – Basic Grants to States			-	2,945,820
Passed-through California Department of Rehabilitation:				
Rehabilitation Services Vocational Rehabilitation Grants to States:				
College to Career Program West Los Angeles College	84.126	31792	-	212,464
Passed-through Loyola Marymount University,				
Center for International Business Education:				
Educational Service Center	84.220	19-006-S1	-	7,886
Passed-through Los Angeles Unified School District:				
Gaining Early Awareness and Readiness for Undergraduate Programs:				
Los Angeles City College	84.334	4400007127	-	13,493
Los Angeles City College	84.334	4400007145	-	6,807
Los Angeles City College	84.334	4400007467	-	63,120
Los Angeles City College	84.334	4400008257	-	11,683
Los Angeles Trade Technical College	84.334	4400007128	-	23,694
Los Angeles Trade-Technical College	84.334	4400007146	-	20,880
Total Gaining Early Awareness and Readiness for Undergraduate Programs			-	139,677

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Schedule of Expenditures of Federal Awards

Year ended June 30, 2022

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
Direct Programs:				
Child Care Access Means Parents in School				
Los Angeles Valley College	84.335	P335A170063	-	152,702
Student Parent Support Program				
Los Angeles Valley College	84.335	P335A210004	-	196,251
			-	348,953
			-	3,654,800
Total U.S. Department of Education				
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	-	125,884
East Los Angeles College	93.558	4362501711014	-	133,083
Los Angeles Harbor College	93.558	4362501711014	-	69,423
Los Angeles Mission College	93.558	4362501711014	-	83,233
Los Angeles Pierce College	93.558	4362501711014	-	74,262
Los Angeles Southwest College	93.558	4362501711014	-	124,054
Los Angeles Trade Technical College	93.558	4362501711014	-	161,613
Los Angeles Valley College	93.558	4362501711014	-	170,772
West Los Angeles College	93.558	4362501711014	-	81,691
			-	1,024,015
Passed-through California Department of Education:				
Child Care and Development Block Grant:				
Family Child Care Homes:				
Los Angeles Mission College	93.575	CFCC-0009	-	93,708
General Child Care and Development Program:				
East Los Angeles College	93.575	CCTR-0101	-	16,968
Los Angeles Mission College	93.575	CCTR-0101	-	278,589
Los Angeles Valley College	93.575	CCTR-0101	-	192,261
Assembly Bill 82 Stipend:				
East Los Angeles College	93.575	-	-	41,345
Los Angeles Harbor College	93.575	-	-	309
Los Angeles Pierce College	93.575	-	-	9,487
Los Angeles Southwest College	93.575	-	-	33,686
Los Angeles Trade Technical College	93.575	-	-	13,895
Los Angeles Valley College	93.575	-	-	35,833
Child Care Lic Faculty Stabiliz Stipends				
West Los Angeles College	93.575	-	-	15,986
Los Angeles City College	93.575	-	-	3,481
East Los Angeles College	93.575	-	-	313
Los Angeles Valley College	93.575	-	-	11,185
Assembly Bill 131 Stipend:				
West Los Angeles College	93.575	-	-	8,383
Los Angeles City College	93.575	-	-	3,000
East Los Angeles College	93.575	-	-	12,750
Los Angeles Harbor College	93.575	-	-	2,285
Los Angeles Mission College	93.575	-	-	57,144
Los Angeles Pierce College	93.575	-	-	9,848
Los Angeles Southwest College	93.575	-	-	9,530
Los Angeles Trade Technical College	93.575	-	-	12,851
Los Angeles Valley College	93.575	-	-	13,292
West Los Angeles College	93.575	-	-	5,400
			-	881,529
Child Care Mandatory and Matching Funds of the Child Care and Development Fund				
Los Angeles Mission College	93.596	CFCC-0009	-	196,879
East Los Angeles College	93.596	CCTR-0101	-	25,287
Los Angeles Mission College	93.596	CCTR-0101	-	415,192
Los Angeles Valley College	93.596	CCTR-0101	-	286,535
			-	923,893
			-	2,829,437
Total 477 Cluster Program				

LOS ANGELES COMMUNITY COLLEGE DISTRICT
Schedule of Expenditures of Federal Awards
Year ended June 30, 2022

<u>Federal grantor/pass-through grantor/program or cluster title</u>	<u>Assistance listing number</u>	<u>Award or pass-through identification number</u>	<u>Passed through to subrecipients</u>	<u>Total federal expenditures</u>
Passed-through California Department of Education:				
Foster Care – Title IV-E:				
Los Angeles City College	93.658	-	-	53,035
East Los Angeles College	93.658	-	-	43,385
Los Angeles Harbor College	93.658	-	-	59,027
Los Angeles Mission College	93.658	-	-	55,226
Los Angeles Pierce College	93.658	-	-	26,783
Los Angeles Southwest College	93.658	-	-	42,685
Los Angeles Trade Technical College	93.658	-	-	56,185
West Los Angeles College	93.658	-	-	47,979
Total Foster Care – Title IV-E			-	384,305
Passed-through California State University Northridge:				
BUILD @ CSUN:				
East Los Angeles College	93.310	A-15-0012-S019	-	3,274
Bridges to the Future:				
East Los Angeles College	93.859	ELAC231516	-	6,340
Total U.S. Department of Health and Human Services			-	3,223,356
US Department of Transportation:				
Federal Highway Administration:				
Highway Training and Education:				
Dwight David Eisenhower Transportation Fellowship Program:				
East Los Angeles College	20.215	693JJ32145119	-	10,290
Total U.S. Department of Transportation			-	10,290
Corporation for National and Community Service:				
American Recovery and Reinvestment Act (ARRA):				
AmeriCorps:				
Los Angeles City College	94.006	-	-	13,177
East Los Angeles College	94.006	-	-	30,880
Los Angeles Harbor College	94.006	-	-	13,500
Los Angeles Mission College	94.006	-	-	8,607
Los Angeles Pierce College	94.006	-	-	1,161
Los Angeles Trade Technical College	94.006	-	-	71,955
Los Angeles Valley College	94.006	-	-	4,573
West Los Angeles College	94.006	-	-	20,721
Total Corporation for National and Community Service			-	164,574
Total Non-Major Programs			-	9,392,924
Total Expenditures of Federal Awards			\$ -	\$ 372,360,095

See accompanying notes to schedule of expenditures of federal awards 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, 2022

(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, 2022.

(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 40% for the year ended June 30, 2022.

(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, 2022 and loans outstanding held by the District as of June 30, 2022 are as follows:

Cluster name/ program title	Assistance listing number	Loan advances made	Loan balances outstanding
Student Financial Assistance Cluster:			
Federal Perkins Loan Program	84.038	\$ -	\$ 1,610,525
Federal Direct Student Loans	84.268	-	12,236,460
Nursing Student Loans	83.364	-	63,092

LOS ANGELES COMMUNITY COLLEGE DISTRICT
Notes to Schedule of Expenditures of Federal Awards
Year ended June 30, 2022

(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	\$	129,817
Federal Work Study Program		<u>30,565</u>
Total	\$	<u><u>160,382</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	\$ 6,237,525
Federal Work Study Program (FWS)	84.033	1,416,570
Federal Perkins Loan Program (FPL)	84.038	1,618,721
Federal Pell Grant Program (PELL)	84.063	113,428,715
Federal Direct Student Loans (Direct Loan)	84.268	12,236,460
Nursing Student Loans	93.364	<u>63,092</u>
Total Student Financial Assistance Cluster		\$ <u><u>135,001,083</u></u>
TRIO Cluster:		
TRIO - Student Support Services	84.042	\$ 2,042,636
TRIO - Talent Search	84.044	650,502
TRIO - Upward Bound	83.047	2,284,587
TRIO - Educational Opportunity Centers	84.066	<u>287,505</u>
Total TRIO Cluster		\$ <u><u>5,265,230</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, 2022

(1) SUMMARY OF AUDITORS' RESULTS

Financial Statements

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

Federal Awards

- | | |
|--|--|
| d) Internal control over financial reporting: | |
| • Material Weakness(es) identified: | None |
| • Significant deficiencies identified that are not considered to be material weaknesses: | Yes. See finding FA 2022 – 002. |
| e) The type of report issued on compliance for major programs: | |
| • Student Financial Assistance Cluster | Unmodified. |
| • TRIO Cluster | Unmodified. |
| • Higher Education Institutional Aid | Unmodified; |
| • Career and Technical Education – Basic Grants to States (Perkins IV) | Unmodified. |
| • Higher Education Emergency Relief Fund | Unmodified. |
| • H-1B Job Training Grant | Unmodified. |
| f) Any audit findings which are required to be reported in accordance with the Uniform Guidance: | Yes. See findings FA 2022 – 001 to FA 2022 – 004. |
| g) Dollar threshold used to distinguish between Type A and Type B programs: | \$3,000,000 |

LOS ANGELES COMMUNITY COLLEGE DISTRICT
Schedule of Federal Award Findings and Questioned Costs
Summary of Auditors' Results
Year ended June 30, 2022

(1) SUMMARY OF AUDITORS' RESULTS (CONTINUED)

h) Major Programs

- Student Financial Assistance (SFA) Cluster
 - ALN 84.007 Federal Supplemental Educational Opportunity Grant (FSEOG)
 - ALN 84.033 Federal Work Study (FWS)
 - ALN 84.038 Federal Perkins Loans (FPL)
 - ALN 84.063 Federal Pell Grant (PELL)
 - ALN 84.268 Federal Direct Student Loans (Direct Loan)
 - ALN 93.364 Nursing Student Loans
- TRIO Cluster
 - ALN 84.042 TRIO – Student Support Services
 - ALN 84.044 TRIO – Talent Search
 - ALN 84.047 TRIO – Upward Bound
 - ALN 84.066 TRIO – Educational Opportunity Centers
- ALN 84.031 Higher Education Institutional Aid
- ALN 84.048 Career and Technical Education – Basic Grants To States (Perkins IV)
- ALN 84.425 Higher Education Emergency Relief Fund (HEERF)
- ALN 17.268 H-1B Job Training Grant

- i) 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, 2022

(3) SUMMARY OF FEDERAL FINDINGS

<u>Finding No.</u>	<u>Assistance Listing No.</u>	<u>Compliance and Description</u>	<u>Page No.</u>
SFA Cluster:			
FA 2022-001	SFA Cluster	<i>Eligibility:</i> Incorrect Federal Pell Grant Amounts Awarded (Repeat Finding)	119
FA 2022-002	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, and Distance Education Courses - Lack of Formal Process To Determine Accuracy of Student Withdrawal Date (Repeat Finding)	122
FA 2023-003	SFA Cluster	<i>Special Tests and Provisions – Gramm-Leach Bliley Act – Student Information Security:</i> Perform Regular Backup Restoration Tests, Improve Server and Network Security, Perform Timely Access Revocation and System Access Review, Strengthen Password Controls - Optimize Account Lockout Configuration in SAP Database, and Establish and Document Approval of IT Policies and Procedures (Repeat Finding)	130
H-1B Job Training Grant:			
FA 2021-004	17.268	<i>Activities Allowed or Unallowed and Allowable Costs/ Cost Principles:</i> Expenditures Recorded in Incorrect Period	137

**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, 2022

Finding FA 2022-001: 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
<i>Federal Award Year:</i>	July 1, 2021, to June 30, 2022
<i>Campus:</i>	Los Angeles City 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 Payment and Disbursement Schedules for determining Pell awards each year. The Payment or Disbursement Schedule provides the maximum annual amount a student would receive for a full academic year for a given enrollment status, Expected Family Contribution (EFC), and Cost of Attendance (COA). The Payment Schedule is used to determine the annual award for full-time, three-quarter time, half-time, and less-than-half-time students.

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

Identified Condition:

Of the 15 students selected for eligibility testwork 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.

LOS ANGELES COMMUNITY COLLEGE DISTRICT
 Schedule of Federal Award Findings and Questioned Costs
 Year ended June 30, 2022

Causes and Effect:

One overpayment was identified during the audit period due to a class withdrawn after Pell disbursement. In addition, the underpayment identified related to the summer term is due to manual processing. The summer term is unique because it requires District staff to manually review Pell awards from two aid years to ensure the student receives the highest award. The process is labor intensive and complex. Incorrect awards can result in institutional liability.

Questioned Costs:

A. Description of Sample and Population

Campus	OPEID	Sample				Population from which the Sample was drawn			
		Students Receiving Pell (No.)	Pell Disbursed Fall/Spring (\$)	Pell Disbursed Summer (\$)	Total Pell Disbursed (\$)	Students Receiving Pell (No.)	Pell Disbursed Fall/Spring (\$)	Pell Disbursed Summer (\$)	Total Pell Disbursed (\$)
City	00122300	15	\$ 49,799	\$ 3,276	\$ 53,075	8,112	\$ 15,064,831	\$ 1,190,435	\$ 16,255,266
Trade	00122700	15	55,092	1,624	56,716	5,730	10,425,586	572,731	10,998,317
Southwest	00704700	15	46,375	419	46,794	2,342	4,014,566	433,188	4,447,754
Mission	01255000	20	66,414	5,447	71,861	3,886	7,064,280	462,891	7,527,171
East	02226000	20	77,451	1,668	79,119	12,646	22,487,212	1,576,464	24,063,676
Harbor	00122400	15	48,739	3,599	52,338	3,495	6,298,043	471,930	6,769,973
Pierce	00122600	28	89,493	1,217	90,710	8,508	16,042,513	1,104,197	17,146,710
Valley	0122800	15	50,394	2,450	52,844	8,139	15,544,969	1,083,027	16,627,996
West	00859600	15	61,875	6,661	68,536	3,543	6,567,698	503,286	7,070,984
		<u>158</u>	<u>\$ 545,632</u>	<u>\$ 26,361</u>	<u>\$ 571,993</u>	<u>56,401</u>	<u>\$ 103,509,698</u>	<u>\$ 7,398,149</u>	<u>\$ 110,907,847</u>

B. Description of Finding

Campus	Student Identifier	Term	OPEID	Pell Disbursed (\$)	Pell Underpayment (\$)	Pell Overpayment (\$)	Net Effect (\$)
City	880078077	Summer	00122300	\$ 3,276	\$ (419)	\$ -	\$ (419)
				<u>\$ 3,276</u>	<u>\$ (419)</u>	<u>\$ -</u>	<u>\$ (419)</u>

The District has a known net understatement of Pell grant award disbursements of \$419. The projected total net understatement of the Pell grant award disbursements is \$117,592 as follows:

	Projected Net
	(Understatement)
	Overstatement
Summer	\$ (117,592)
Fall/Spring	-
Total	<u>\$ (117,592)</u>

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This is computed by dividing the error found in the samples per term (Summer term – net underpayment (\$419) and Fall/Spring terms – \$0) over the total Pell awards disbursed in the sample size per term (Summer term - \$26,361 and Fall/Spring terms - \$545,632) multiplied by the total Pell awards disbursed for the identified colleges per term (Summer term - \$7,398,149 and Fall/Spring terms - \$103,509,698). The computation is made on a per-term basis on a campus level and not on a district-wide level.

Recommendation:

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

Views of Responsible Officials and Planned Corrective Actions:

The District has already developed an automated summer Pell solution. The solution has been tested by the field and Central Financial Aid Unit (CFAU) and will be implemented Summer 2023.

Personnel responsible for implementation: Steve Giorgi
Position of responsible personnel: CFAU Financial Aid Manager
Expected date of Implementation: Summer 2023

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Finding FA 2022-002: 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, and Distance Education Courses – Lack of Formal Process to Determine Accuracy of Student Withdrawal Date (Repeat Finding)

Federal Program Information

<i>Federal Catalog Number:</i>	ALN 84.063 and 84.268
<i>Federal Program Name:</i>	Student Financial Assistance Cluster: <i>Federal Pell Grant Program</i> <i>Federal Direct Student Loans</i>
<i>Federal Agency:</i>	U.S. Department of Education
<i>Passed Through Entity:</i>	N/A
<i>Federal Award Number:</i>	P063P210033, P063P215263, P063P210034, P063P210658, P063P210035, P063P215261, P063P215260, P063P210036, P063P215262, P268K220033, P268K225263, P268K220034, P268K220658, P268K220035, P268K225261, P268K225260, P268K220036, P268K225262
<i>Federal Award Year:</i>	July 1, 2021, to June 30, 2022
<i>Campuses:</i>	Los Angeles City College (Repeat Finding) East Los Angeles College Los Angeles Harbor College (Repeat Finding) Los Angeles Mission College 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)
<i>Compliance Requirement:</i>	Special Tests and Provisions – Return of Title IV Funds

Criteria or Specific Requirement:

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

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

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Per the *Uniform Guidance Compliance Supplement*:

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

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

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

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

An institution must refer to the Secretary, in accordance with procedures required by the Secretary, an overpayment of Title IV, HEA grant funds owed by a student as a result of the student's withdrawal from the institution if— (A) The student does not repay the overpayment in full to the institution, or enter a repayment agreement with the institution or the Secretary in

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accordance with paragraph (h)(4)(i) of this section within the earlier of 45 days from the date the institution sends a notification to the student of the overpayment or 45 days from the date the institution was required to notify the student of the overpayment;

- C. For an institution that is not required to take attendance, an institution must determine the withdrawal date for a student who withdraws without providing notification to the institution no later than 30 days after the end of the earlier of the (1) payment period or period of enrollment, (2) academic year in which the student withdrew, or (3) educational program from which the student withdrew.
- D. The institution must disburse directly to a student any amount of a post-withdrawal disbursement of grant funds that is not credited to the student's account. The institution must make the disbursement as soon as possible, but no later than 45 days after the date of the institution's determination that the student withdrew, as defined in paragraph (l)(3) of this section.
- E. 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.

Per 668.173 Refund reserve standards.

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

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Identified Condition:

Summary No.	Identified Condition	Campus
A.	Incorrect Calculation of Return of Title IV Funds	West Los Angeles College
B.	Untimely Notification of Grant Overpayment to Students and Secretary	Los Angeles Southwest College Los Angeles Trade Technical 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

Description

A. Incorrect Calculation of Return of Title IV Funds

West Los Angeles College

We noted 1 of 15 students selected for return of Title IV funds testwork from the population of students who had withdrawn, dropped out, or never began attendance that had an incorrectly determined withdrawal date in Summer 2022, the effect of which decreased the amount due from school by \$681.

B. Untimely Notification of Grant Overpayment to Students and Secretary

Los Angeles Southwest College

We noted that 2 of 15 students selected for compliance testwork 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.

Los Angeles Trade Technical College

We noted that 1 of 15 students selected for compliance testwork was never provided with a Post Withdrawal Disbursement notification. Consequently, no disbursement was made to the student.

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

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 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.

Causes and Effect:

A. Incorrect Calculation of Return of Title IV Funds

The incorrect calculation of Return of Title IV (R2T4) funds was caused by human error. Staff failed to create the R2T4 worksheet timely, which could result in disciplinary action taken by the U.S. Department of Education.

B. Untimely Notification of Grant Overpayment to Students and Secretary

Untimely notification of grant overpayment to students and secretary was caused by human error. FA Technicians failed to send overpayment notifications timely, which may result in untimely return of unearned Title IV funds. Untimely notifications and untimely result of Title IV aid can result in institutional liability and disciplinary action taken by the U.S. Department of Education

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 manual process. An incorrect calculation can result in institutional liability and/or disciplinary action taken by the U.S. Department of Education.

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Questioned Costs:

A. Incorrect Calculation of Return of Title IV Funds

Description of Sample and Population

Campus	OPEID	Sample			Population from which the Sample was drawn				
		Students Receiving Pell (No.)	Pell Disbursed Fall/Spring (\$)	Pell Disbursed Summer (\$)	Total Pell Disbursed (\$)	Students Receiving Pell (No.)	Pell Disbursed Fall/Spring (\$)	Pell Disbursed Summer (\$)	Total Pell Disbursed (\$)
West	00859600	15	\$ 10,133	\$ 10,711	\$ 20,844	249	\$ 238,939	\$ 18,304	\$ 257,243
Trade	00122700	15	3,740	1,965	5,705	545	432,592	25,655	458,247
Southwest	00704700	15	8,397	3,252	11,649	185	113,703	15,035	128,738
Mission	01255000	20	6,425	1,233	7,658	260	177,904	11,210	189,114
East	02226000	20	9,681	1,732	11,413	744	551,530	39,022	590,552
City	00122300	15	19,666	3,300	22,966	884	702,237	28,560	730,797
Harbor	00122400	15	5,435	3,264	8,699	182	130,612	11,503	142,115
Pierce	00122600	20	15,326	3,993	19,319	569	452,233	20,971	473,204
Valley	0122800	15	5,169	2,419	7,588	512	297,254	44,658	341,912
		150	\$ 83,972	\$ 31,869	\$ 115,841	4,130	\$ 3,097,004	\$ 214,918	\$ 3,311,922

Description of Finding

Campus	Student Identifier	Term	OPEID	Pell Disbursed (\$)	Pell Return Due From School (Understatement) (\$)	Pell Return Due From School (Overstatement) (\$)	Pell Return Due From Student (Understatement) (\$)	Pell Return Due From Student (Overstatement) (\$)	Net Effect Returns	Pell Postwithdrawal Disbursement (Understatement) (\$)	Pell Postwithdrawal Disbursement (Overstatement) (\$)	Net Effect PWD
West	900535061	Summer	00859600	\$ -	\$ (681)	\$ -	\$ -	\$ -	(681)	\$ -	\$ -	\$ -
Southwest	881941724	Summer	00704700	407	-	125	(154)	-	(29)	-	6	6
Southwest	889761314	Summer	00704700	407	-	99	-	70	169	-	-	-
Trade	900471887	Summer	00122700	407	-	-	-	192	192	-	-	-
				\$ 1,221	\$ (681)	\$ 224	\$ (154)	\$ 282	\$ (350)	\$ -	\$ 6	\$ 6

The District has a known net overstatement of the amount due from the student of \$108 and known net understatement of the amount due from District of (\$457). The projected total net understatement of amounts due from both the student and District is \$2,358 as follows:

	Pell Return Due From School/Student Projected Net (Understatement) Overstatement
Summer	\$ (2,358)
Fall/Spring	-
Total	<u>\$ (2,358)</u>

This is computed by dividing the errors found in samples per term (Summer term – net understatement \$350 and Fall/Spring terms – net understatement \$0 over the total Pell awards disbursed in the sample size per term (Summer term - \$31,869 and Fall/Spring terms - \$83,972) multiplied by the total Pell awards disbursed for the identified colleges per term (Summer term - \$214,918 and Fall/Spring terms - \$3,097,004). The computation is made on a per-term basis on a campus level and not on a district-wide level.

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The District has a known net overstatement of the post-withdrawal disbursement by \$6. Not all students accept post-withdrawal disbursements. As such, questioned cost is not extrapolated.

B. Untimely Notification of Grant Overpayment to Students and Secretary
Refer to item A. above.

C. Distance Education Courses – Lack of Formal Process to Determine Accuracy of Student Withdrawal Date
None.

Recommendation:

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 course 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 return of title IV funds is accurate.

Additionally, 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.

Views of Responsible Officials and Planned Corrective Actions:

A. Incorrect Calculation of Return of Title IV Funds

The student in question has an unusual circumstance because the college canceled the last enrolled class. The student was correctly identified as a withdrawal through an external student information system (SIS) query designed to identify students with unusual circumstances not currently identified by the R2T4 program. Unfortunately, the R2T4 worksheet was not manually added to the SIS due to an inadvertent oversight. We believe this is an isolated incident, but in order to automate the manual process, CFAU requested the Office of Information Technology to incorporate the external query logic into the R2T4 program. The worksheet has been manually added. Note that the internal controls have been substantially strengthened which has reduced the number of students impacted year-over-year.

B. Untimely Notification of Grant Overpayment to Students and Secretary

The college 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.

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

With regards to student withdrawal dates as it relates to DE courses, the District will provide communications to all faculty throughout the semester instructing them to assess individual student participation in the class and to exclude students from the class if prior to exclusion deadlines, or drop students if exclusion deadlines have passed. The communications will refer to the Academic Senate guidelines on regular and substantive interaction and use of authentic assessments to ensure that active participation is being effectively evaluated. Communications will be times around core deadlines for enrollment and financial aid processes. The DE Coordinators will be informed of the new standard to supplement the existing required and optional trainings currently provided to teaching faculty. This process will be implemented in Fall 2022.

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

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Finding FA 2022-003: Special Tests and Provision: Gramm Leach Bliley Act - Student Information Security - Perform Regular Backup Restoration Tests, Improve Server and Network Security, Perform Timely Access Revocation and System Access Review, Strengthen Password Controls – Optimize Account Lockout Configuration in SAP Database, and Establish and Document Approval of IT Policies and Procedures

Federal Program Information

<i>Assistance Listing Number:</i>	ALN 84.007, 84.033, 84.063, 84.264, 93.364
<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, 2021, to June 30, 2022
<i>Compliance Requirement:</i>	Special Tests and Provisions – Gramm Leach Bliley Act – Student Information Security

Criteria or Specific Requirement:

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

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

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

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

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

Identified Conditions:

A. Perform regular backup restoration tests

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 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.

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B. Improve server and network security *(Repeat Finding)*

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

- 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)
- 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.

C. Perform timely access revocation and system access review *(Repeat Finding)*

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:

- 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

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 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.

D. Strengthen password controls – optimize account lockout configuration in SAP Database

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.

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E. Establish and document approval of IT policies and procedures *(Repeat finding)*

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:

- Risk Acceptance Process
- Portable Media Restriction

Cause and Effect:

A. Perform regular backup restoration tests

Lack of proper restoration testing may hinder the District to recover its data completely and accurately.

B. Improve server and network security

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

C. Perform timely access revocation and system access review

The risk of unauthorized access and security incidents or violations within the systems may occur. Furthermore, unauthorized or inappropriate access in the system increases the risk that unauthorized activities, including viewing and/or disclosure of confidential information, and fraudulent activities may be performed and not be detected and corrected on time.

D. Strengthen password controls – optimize account lockout configuration in SAP Database

Inadequate security and password settings may lead to unauthorized access to the relevant IT environment that may result in the processing of unauthorized transactions or viewing of confidential information.

E. Establish and document approval of IT policies and procedures

With policies and procedures not yet fully reviewed, approved and implemented, the District may face the risk of obsolete operational procedures within the IT function which may result in processes and controls not being consistently performed across teams within the critical IT processes of the organization. As a result, tasks that must be performed regularly to ensure the proper utility of IT resources, protection and confidentiality of data, and system management measures may not be performed.

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Recommendation:

A. 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.

B. Improve server and network security

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

C. Perform timely access revocation and system access review

1. We recommend that Management 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, Management should improve the account termination procedures to ensure that access of terminated employees is timely revoked.
3. We also recommend that regular access review is performed and documented (for both regular and privilege users) to ensure that only valid and appropriate users remain in the system. The review may include, but are not limited to the following:
 - a. Document management control over 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. Strengthen password controls – optimize account lockout configuration in SAP Database

To further improve the security of SAP Database, we recommend for the District to align the current password configuration of SAP Database with the District's password standards.

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E. Establish and document approval of IT policies and procedures

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

Views of Responsible Officials and Planned Corrective Actions:

A. Perform regular backup restoration tests

- i. The District is planning to complete a backup restoration by the end of Q1 2023.

B. Improve server and network security

- 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.
- ii. The District completed the high vulnerability patch on November 10, 2022.
- 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.

C. Perform timely access revocation and system access review

- 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.

D. Strengthen password controls – optimize account lockout configuration in SAP Database

- i. The SAP Database accounts identified are system accounts that are not used for any type of interactive login. The password policy has been applied to interactive login accounts only thus these accounts were not included. The District is currently exploring the feasibility of applying these policies to the system accounts without impact to downstream automated processes.

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E. Establish and document approval of IT policies and procedures

- i. The LACCD Office of Information Technology Information Security Team has completed the initial draft of the Operational Protocol for Portable Media, which is currently under review. The OIT anticipates implementation will be completed by March 31, 2023.
- ii. An Operational Protocol for Risk Acceptance of SIS Permissions requires finalizing a formal Role-Based Access Control (RBAC) model for SIS. This process was delayed due to leadership changes in the Office of Educational Programs and Institutional Effectiveness (EPIE), the main process stakeholder, that occurred during the audit year. The OIT anticipates that the RBAC will be finalized and a Risk Acceptance Process for SIS permissions will be finalized and implemented by June 30, 2023.

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, 2022

**Finding FA 2022-004: Activities Allowed or Unallowed and Allowable Costs / Cost Principles:
Expenditures Recorded In Incorrect Period**

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, 2021 to June 30, 2022
<i>Campus:</i>	West Los Angeles College
<i>Compliance Requirement:</i>	Activities Allowed or Unallowed and Allowable Costs / Cost Principles

Criteria or Specific Requirement:

Per Title 2, Part 200, Subpart E, §200.403- Factors affecting allowability of costs, except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards:

(e) Be determined in accordance with generally accepted accounting principles (GAAP), except, for state and local governments and Indian tribes only, as otherwise provided for in this part.

Identified Condition:

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.

Causes and Effect:

Per inquiry with the District, the cost is still within the program's period of performance. The grant period is from July 15, 2019 to June 30, 2024. For the year ended June 30, 2021, the program team did not have a monitoring control in place to ensure expenses were recorded in the correct period. As a result, some expenses incurred near the end of the fiscal year are reported in the incorrect period.

Questioned Costs:

None.

Recommendation:

We recommend that the District implement a monitoring control that would identify expenditures incurred near the end of the fiscal year and ensure that they are recorded in the proper period.

LOS ANGELES COMMUNITY COLLEGE DISTRICT
Schedule of Federal Award Findings and Questioned Costs
Year ended June 30, 2022

Views of Responsible Officials and Planned Corrective Actions:

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.

Personnel responsible for implementation: Nyame-Tease Prempeh

Position of responsible personnel: Assistant Director of Accounting

Date of Implementation: July 1, 2023

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Summary Schedule of Prior Year Audit Findings

Year ended June 30, 2022

Finding Reference and Description	Identified Condition and Prior Year's Corrective Action Plan	Current Status	Explanation if not fully implemented
<p>FA 2021-001</p> <p>SFA Cluster <i>Eligibility:</i> Incorrect Federal Pell Grants Amounts Awarded (Repeat Finding)</p>	<p>Identified Condition:</p> <p><i>Los Angeles City College</i></p> <p>Of the 15 students selected for eligibility testwork, we noted the following:</p> <ul style="list-style-type: none"> - 1 student had an incorrectly calculated Federal Pell grant award, which resulted in a total understatement of the disbursement to the student by \$48. The student was eligible to receive \$394 yet received \$2,380 in Fall 2020. The student was eligible to receive \$3,172 yet received \$1,138 in Spring 2021. - 1 student had an incorrectly calculated Federal Pell grant award, which resulted in an understatement of the disbursement to the student by \$407. The student was eligible to receive \$407 yet received none in Summer 2020. - 1 student had an incorrectly calculated Federal Pell grant award, which resulted in an understatement of the disbursement to the student by \$724. The student was eligible to receive \$724 yet received none in Summer 2021. - 1 student had an incorrectly calculated Federal Pell grant award, which resulted in an overstatement of the disbursement to the student by \$2,779. The student was eligible to receive \$394 yet received \$3,173 in Fall 2020. 	<p>Partially Implemented.</p> <p>The Office of Information Technology (OIT) is currently developing an automated Summer Pell Solution that will repackage students. The solution is near completion and will be ready for next summer (Summer 2023).</p>	<p>Repeat current year finding FA 2022-001</p>

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Summary Schedule of Prior Year Audit Findings

Year ended June 30, 2022

Finding Reference and Description	Identified Condition and Prior Year's Corrective Action Plan	Current Status	Explanation if not fully implemented
	<p>- 1 student had an incorrectly calculated Federal Pell grant award, which resulted in an overstatement of the disbursement to the student by \$796. The student was eligible to receive \$394 yet received \$1,190 in Spring 2021.</p> <p><i>Los Angeles Harbor College</i></p> <p>We noted 1 of the 20 students selected for eligibility had an incorrectly calculated Federal Pell grant award, which resulted in an understatement of the disbursement to the student by \$407. The student was eligible to receive \$407 yet received none in Summer 2020.</p> <p><i>Los Angeles Mission College</i></p> <p>Of the 15 students selected for eligibility testwork, we noted the following:</p> <ul style="list-style-type: none"> - 1 student had an incorrectly calculated Federal Pell grant award, which resulted in an understatement of the disbursement to the student by \$394. The student was eligible to receive \$394 yet received none in Summer 2020. - 1 student had an incorrectly calculated Federal Pell grant award, which resulted in an overstatement of the disbursement to the student by \$1,180. The student was eligible to 		

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Summary Schedule of Prior Year Audit Findings

Year ended June 30, 2022

Finding Reference and Description	Identified Condition and Prior Year's Corrective Action Plan	Current Status	Explanation if not fully implemented
	<p>receive \$407 yet received \$1,587 in Summer 2021.</p> <p><i>Los Angeles Southwest College</i></p> <p>Of the 15 students selected for eligibility testwork, we noted the following:</p> <ul style="list-style-type: none"> - 1 student had an incorrectly calculated Federal Pell grant award, which resulted in an understatement of the disbursement to the student by \$1,587. The student was eligible to receive \$1,587 yet received none in Spring 2021. - The student had an incorrectly calculated Federal Pell grant award, which resulted in an understatement of the disbursement to the student by \$599. The student was eligible to receive \$2,397 yet received \$1,798 in Spring 2021. <p><i>Los Angeles Trade Technical College</i></p> <p>Of the 20 students selected for eligibility testwork, we noted the following:</p> <ul style="list-style-type: none"> - 1 student had an incorrectly calculated Federal Pell grant award, which resulted in an overstatement of the disbursement to the student by \$793. The student was eligible to 		

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Summary Schedule of Prior Year Audit Findings

Year ended June 30, 2022

Finding Reference and Description	Identified Condition and Prior Year's Corrective Action Plan	Current Status	Explanation if not fully implemented
	<p>receive \$1,586 yet received \$2,379 in Spring 2021.</p> <ul style="list-style-type: none"> - 1 student had an incorrectly calculated Federal Pell grant award, which resulted in an overstatement of the disbursement to the student by \$873. The student was eligible to receive \$874 yet received \$1,747 in Spring 2021. <p><i>West Los Angeles College</i></p> <p>Of the 15 students selected for eligibility testwork, we noted the following:</p> <ul style="list-style-type: none"> - 1 student had an incorrectly calculated Federal Pell grant award, which resulted in an understatement of the disbursement to the student by \$1986. The student was eligible to receive \$2,380 yet received \$394 in Summer 2021. - 1 student had an incorrectly calculated Federal Pell grant award, which resulted in an understatement of the disbursement to the student by \$394. The student was eligible to receive \$394 yet received none in Summer 2020. 		

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Summary Schedule of Prior Year Audit Findings

Year ended June 30, 2022

Finding Reference and Description	Identified Condition and Prior Year's Corrective Action Plan	Current Status	Explanation if not fully implemented
<p>FA 2021-002</p> <p>SFA Cluster <i>Verification:</i> Inaccurate Information (Repeat Finding)</p>	<p>Views of Responsible Officials and Planned Corrective Actions:</p> <p>The District concurs with the finding. The District has decided to automate the review process in the 2022-23 aid year using the Student Information System (SIS). The automated solution will require extensive programming of the SIS but will result in less errors in the summer term.</p> <hr/> <p>Identified Condition:</p> <p>Of the 13 students selected for verification testwork at Harbor College, we noted 1 student with incorrect federal income tax paid information which resulted in an understatement of the expected family contribution (EFC) by \$123 and an overpayment of Pell grant award disbursement by \$200.</p> <p>Views of Responsible Officials and Planned Corrective Actions:</p> <p>The campus will review the verification policy and procedure with staff and will also conduct refresher training with staff on how to properly split income attributable to each parent.</p>	<p>Implemented</p>	<p>Not applicable</p>

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Summary Schedule of Prior Year Audit Findings

Year ended June 30, 2022

Finding Reference and Description	Identified Condition and Prior Year's Corrective Action Plan	Current Status	Explanation if not fully implemented
<p>FA 2021-003</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, Untimely Determination of Withdrawal Date, and Untimely Payment of Post-Withdrawal Disbursements</p> <p>(Repeat Finding)</p>	<p>Identified Condition:</p> <p>During our testwork over the Return of Title IV funds, we noted exceptions over our selected samples which resulted in incorrect calculation of Return of Title IV funds, untimely notification of grant overpayments to students and Secretary, untimely determination of withdrawal date, and untimely payment of post-withdrawal disbursement.</p> <p>Views of Responsible Officials and Planned Corrective Actions:</p> <p>A. Incorrect Calculation of Return of Title IV Funds</p> <p>The District concurs with the finding of Incorrect Calculation of Return to Title IV (R2T4). To remediate this issue, the District has made the decision to centralize R2T4 processing within the Central Financial Aid Unit to ensure uniform and consistent processing.</p> <p>With regards to the exceptions noted for incorrectly determined withdrawal dates as it relates to DE courses, the District will provide communications to all faculty throughout the semester instructing them to assess individual student participation in the class and to exclude students from the class if prior to exclusion deadlines, or drop students if exclusion</p>	<p>Partially Implemented.</p> <p>The District hired four FA Technicians in August 2022 for R2T4 processing. Currently, training is in process with the expectation of performing R2T4 calculations District-wide during the Fall 2022 term.</p> <p>The District will provide additional training to faculty during Fall 2022 term.</p> <p>The District will add a reminder to faculty to drop students based on their last academically related activity when logged into the system during Fall 2022</p>	<p>Repeat current year finding FA 2022-002</p>

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Summary Schedule of Prior Year Audit Findings

Year ended June 30, 2022

Finding Reference and Description	Identified Condition and Prior Year's Corrective Action Plan	Current Status	Explanation if not fully implemented
	<p>deadlines have passed. The communications will refer to the Academic Senate guidelines on regular and substantive interaction and use of authentic assessments to ensure that active participation is being effectively evaluated. Communications will be times around core deadlines for enrollment and financial aid processes. The DE Coordinators will be informed of the new standard to supplement the existing required and optional trainings currently provided to teaching faculty.</p> <p><i>B. Untimely Notification of Grant Overpayment to Students and Secretary</i></p> <p>The District concurs with the Untimely Notification of Grant Overpayment to Students and Secretary finding. The District will centralize R2T4 processing within the Central Financial Aid Unit to ensure uniform and consistent processing.</p> <p><i>C. Untimely Determination of Withdrawal Date</i></p> <p>The District concurs with the Inaccurate Determination of Withdrawal Date finding. The District will provide communications to all faculty throughout the semester instructing them to assess individual student participation in the class and to exclude students from the class if prior to exclusion deadlines or drop students if exclusion deadlines</p>	<p>term. Email reminders will be sent to faculty monthly.</p> <p>The Office of Internal Audit (OIA) will begin sampling students during the Fall 2022 term to ensure regulatory compliance.</p>	

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Summary Schedule of Prior Year Audit Findings

Year ended June 30, 2022

Finding Reference and Description	Identified Condition and Prior Year's Corrective Action Plan	Current Status	Explanation if not fully implemented
	<p>have passed. The communications will refer to the Academic Senate guidelines on regular and substantive interaction and use of authentic assessments to ensure that active participation is being effectively evaluated. Communications will be times around core deadlines for enrollment and financial aid processes. The Distance Education Coordinators will be informed of the new standard to supplement the existing required and optional trainings currently provided to teaching faculty.</p> <p><i>D. Untimely Payment of Post-Withdrawal Disbursement</i></p> <p>The District concurs with the Untimely Return or Unearned Title IV funds finding. The corrective action in A above will negate this finding. The District will centralize R2T4 processing within the Central Financial Aid Unit to ensure uniform and consistent processing.</p>		

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Summary Schedule of Prior Year Audit Findings

Year ended June 30, 2022

FA 2021-004	Identified Condition:	Implemented	Not applicable
<p>SFA Cluster <i>Special Tests and Provisions – Borrower Data and Reconciliation (Direct Loans):</i> Inaccurate Reporting of Direct Loan Disbursement and Lack of Review of SAS Reconciliation</p>	<p><i>Los Angeles Trade Technical College</i></p> <p>We noted 1 of the 4 monthly SAS reconciliations selected for compliance testwork was not reviewed for reasonableness and accuracy.</p> <p><i>West Los Angeles College</i></p>		
(Repeat Finding)	<p>We noted 1 of 15 students selected for compliance testwork that had a disbursement date of 3/25/2021 which was inaccurately reported as 10/1/2020 and 2/9/2021 to the DLSS via the COD report.</p>		
	<p>Views of Responsible Officials and Planned Corrective Actions:</p>		
	<p><i>Los Angeles Trade Technical College</i></p> <p>A second review of SAS reconciliation will be conducted by a Financial Aid (FA) Supervisor and approved by FA Manager.</p>		
	<p><i>West Los Angeles College</i></p> <p>We will monitor manually entered awarded Direct Loans and reported COD disbursement dates weekly with a secondary review by a college/district FA Technician or FA Supervisor.</p>		

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Summary Schedule of Prior Year Audit Findings

Year ended June 30, 2022

Finding Reference and Description	Identified Condition and Prior Year's Corrective Action Plan	Current Status	Explanation if not fully implemented
FA 2021-005	The District agrees with the finding. The District will revise its procedures to ensure that finalized data is used for the initial submission of the FISAP.	Implemented	Not applicable
<p>SFA Cluster <i>Reporting:</i> Inaccurate Pell Disbursement Information Reported to COD (Repeat Finding)</p>	<p>Identified Condition:</p> <p>We noted 1 of 20 students selected for compliance testwork at Los Angeles Trade Technical College had a disbursement date of 4/21/2021 which was inaccurately reported as 5/10/2021 via the Common Origination and Disbursement (COD) report.</p> <p>Views of Responsible Officials and Planned Corrective Actions:</p> <p>A second review of Pell reconciliation will be conducted by a FA Supervisor for manually updated COD records.</p>	Implemented	Not applicable
FA 2021-006	<p>Identified Condition:</p> <p>In performing testwork over the enrollment reporting, we noted the following:</p> <p><i>East Los Angeles College</i></p> <p>Of the 15 students selected for compliance testwork, we noted:</p>	Implemented	Not applicable
<p>SFA Cluster <i>Special Tests and Provisions – Enrollment Reporting:</i> Inaccurate and Untimely Reporting of Enrollment Data Elements (Repeat Finding)</p>			

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Summary Schedule of Prior Year Audit Findings

Year ended June 30, 2022

Finding Reference and Description	Identified Condition and Prior Year's Corrective Action Plan	Current Status	Explanation if not fully implemented
	<ul style="list-style-type: none"> - 1 student had an incorrect effective date reported. - 7 students had status changes that were reported late to the NSLDS. This late reporting ranged from 3 to 17 days. 		
	<p><i>Los Angeles City College</i></p> <p>Of the 15 students selected for compliance testwork, we noted 3 students had status changes that were reported late to the NSLDS. This late reporting ranged from 1 to 18 days.</p>		
	<p><i>Los Angeles Harbor College</i></p> <p>Of the 20 students selected for compliance testwork, we noted 2 students had status changes that were reported late to the NSLDS. This late reporting ranged from 1 to 14 days.</p>		
	<p><i>Los Angeles Pierce College</i></p> <p>Of the 15 students selected for compliance testwork, we noted 1 student had a status change that was reported late to the NSLDS. This late reporting was 101 days late.</p>		

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Summary Schedule of Prior Year Audit Findings

Year ended June 30, 2022

Finding Reference and Description	Identified Condition and Prior Year's Corrective Action Plan	Current Status	Explanation if not fully implemented
	<p><i>Los Angeles Trade Technical College</i></p> <p>Of the 20 students selected for compliance testwork, we noted 2 students had incorrect effective dates reported.</p> <p><i>Los Angeles Valley College</i></p> <p>Of the 20 students selected for compliance testwork, we noted the following:</p> <ul style="list-style-type: none"> - 2 students had status changes that were reported late to the NSLDS. This late reporting was 5 days late. - 2 students had inaccurately reported effective dates for the programs the students attended. - 2 students had no support for the reported Published Program Lengths of the programs the students attended. - 4 students had no support for the reported Classification of Instructional Programs (CIP) codes of the programs the students attended. <p>Views of Responsible Officials and Planned Corrective Actions:</p> <p>There will be planned and established times for making enhancements to the enrollment reports in order to ensure timely submission of enrollment reports. In addition, District IT has reconfigured the</p>		

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Summary Schedule of Prior Year Audit Findings

Year ended June 30, 2022

Finding Reference and Description	Identified Condition and Prior Year's Corrective Action Plan	Current Status	Explanation if not fully implemented
FA 2021-007	Identified Condition:	Partially Implemented	The District is in the process of assigning defaulted Perkins greater than 2 years to the Department of Education. This is expected to be completed by June 30, 2023.
<p>SFA Cluster <i>Special Tests and Provisions – Perkins Loan Recordkeeping and Record Retention:</i> Lack of Loan Record Supporting Documentation</p>	<p><i>Los Angeles Harbor College</i></p> <p>Of the 21 students selected for compliance testwork, we noted 1 student did not have retained repayment record as required.</p>		

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Summary Schedule of Prior Year Audit Findings

Year ended June 30, 2022

Finding Reference and Description	Identified Condition and Prior Year's Corrective Action Plan	Current Status	Explanation if not fully implemented
	<p><i>Los Angeles Trade Technical College</i></p> <p>Of the 22 students selected for compliance testwork, we noted 4 students did not have retained repayment records as required.</p> <p><i>Los Angeles Valley College</i></p> <p>Of the 25 students selected for compliance testwork, we noted 4 students did not have retained repayment record as required.</p> <p>Views of Responsible Officials and Planned Corrective Actions:</p> <p>The District has begun closing out the Perkins Loan Program. The District will assign all existing and eligible Perkins promissory notes to the U.S. Department of Education. The District will assume liability for ineligible or missing promissory notes.</p>		
<p>FA 2021-008</p> <p>SFA Cluster <i>Special Tests and Provisions – Gramm-Leach Bliley Act – Student Information Security: Update of Disaster Recovery Plan (DRP), Performance of Regular Disaster Recovery and</i></p>	<p>Identified Condition:</p> <p>In our review of the District's compliance with the GLBA requirement, we noted that the District needs to implement procedures to address the following:</p>	<p>Partially Implemented</p> <p>Item F. - implemented</p>	<p>Repeat current year finding FA 2022-003</p>

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Summary Schedule of Prior Year Audit Findings

Year ended June 30, 2022

Finding Reference and Description	Identified Condition and Prior Year's Corrective Action Plan	Current Status	Explanation if not fully implemented
Backup Restoration Tests, Improvement of Server and Network Security, Performance Timely Access Revocation and System Access Review, Enhancement of Password Policy, Strengthening of Password Controls and Documentation of the Approval for IT Policies and Procedures	A. Update the Disaster Recovery Plan (DRP) and perform regular disaster recovery (DR) and backup restoration tests B. Improve server and network security C. Enhance password policy and strengthen password controls D. Document approval of IT process documentation E. Perform timely access revocation and system access review F. Document approval of HR process documentation		
(Repeat Finding)	Views of Responsible Officials and Planned Corrective Actions:		
	A. Update the Disaster Recovery Plan (DRP) and perform regular disaster recovery (DR) and backup restoration tests		
	<ul style="list-style-type: none"> The District established the Administrative Procedure 3724 Information Technology – Disaster Recovery (DRP) to document the strategy to support and recover critical 		

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Summary Schedule of Prior Year Audit Findings

Year ended June 30, 2022

Finding Reference and Description	Identified Condition and Prior Year's Corrective Action Plan	Current Status	Explanation if not fully implemented
	<p>information and systems in the event of a disaster.</p> <ul style="list-style-type: none"> • The District engaged a third-party vendor with expertise in developing Disaster Recovery Planning who finalized the Technology Disaster Recovery Plan in December 2021. • The District is currently finalizing Disaster Recovery testing protocols for SIS and SAP and intends to conduct full testing prior to September 30, 2022. <p>B. Improve server and network security</p> <ul style="list-style-type: none"> - The Office of Information Technology runs vulnerability scans regularly and has remediated most of the high-priority vulnerabilities identified. As of January 21, 2022, there were three vulnerabilities that remain outstanding. The District is currently consulting with software vendor on the remediation plan and will remediate as soon as practically feasible. - Administrative Procedure 3723 has been revised to adequately reflect the patch management protocols and provide guidelines on the implementation schedule of patches based on criticality. 		

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Summary Schedule of Prior Year Audit Findings

Year ended June 30, 2022

Finding Reference and Description	Identified Condition and Prior Year's Corrective Action Plan	Current Status	Explanation if not fully implemented
	<p>Applicable Except: "Patches designated as "Critical" by the manufacturer must be installed as soon as feasible without introducing instability or impacting service availability of production systems, and no later than thirty days after release. A delay of more than thirty days must be approved in writing by the Vice Chancellor/Chief Information Officer.</p> <p>New or modified "non-urgent" security patches designated by the manufacturer must be scheduled and installed as part of the upcoming quarterly maintenance cycle without introducing instability or impacting service availability of production systems, and no later than 120 days after release."</p> <p>– The auditor identified specific network vulnerabilities associated with an unencrypted communication service, Telnet, and recommended a secure alternative, Secure Shell (SSH). The District removed Telnet from all firewall rules in December of 2021. The remaining switches that use Telnet do not support SSH due to their age. Telnet on switches that do not support SSH will be disabled as feasible, and access to administrative access to those switches will be</p>		

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Summary Schedule of Prior Year Audit Findings

Year ended June 30, 2022

Finding Reference and Description	Identified Condition and Prior Year's Corrective Action Plan	Current Status	Explanation if not fully implemented
	<p>done directly via console, which eliminates the immediate concern. Plans are being developed to replace these older switches with newer switches that support SSH.</p> <p>C. Enhance password policy and strengthen password controls</p> <p>The Office of Information Technology is in the process of developing an implementation plan to update password security to align it with recommendations from the National Institute for Standards and Technology (NIST). Implementation will require coordination with multiple LACCD business and instructional units; completion is anticipated prior to Fall 2022.</p> <p>D. Document approval of IT Process Documentation</p> <p>The Office of Information Technology provided updated process documents to the auditors that clearly denoted approval for existing processes and will follow the auditor's recommendation for processes developed in the future.</p>		

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Summary Schedule of Prior Year Audit Findings

Year ended June 30, 2022

Finding Reference and Description	Identified Condition and Prior Year's Corrective Action Plan	Current Status	Explanation if not fully implemented
E. Perform timely access revocation and system access review	The District agrees with the finding and are working to implement a corrective action. HR targets summer 2022 for defining Business Processes and associated business rules and will work with IT to implement revised business rules in the system.		
F. Document approval of HR process documentation	The District agrees with the finding and are working to implement a corrective action. HR targets summer 2022 for defining Business Processes and associated business rules and will work with IT to implement revised business rules in the system.		
FA 2021-009 Higher Education Emergency Relief Fund CFDA 84.425 E <i>Reporting:</i> Untimely Website Posting of Quarterly Student Aid Report (Repeat Finding)	Identified Condition: In performing reporting compliance testwork, we noted the following campuses posted their student aid reports on their respective websites beyond the required 10 day timeframe: – East Los Angeles College – Los Angeles Trade Tech College – Los Angeles Valley College	Implemented	Not applicable

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Summary Schedule of Prior Year Audit Findings

Year ended June 30, 2022

Finding Reference and Description	Identified Condition and Prior Year's Corrective Action Plan	Current Status	Explanation if not fully implemented
<p>FA 2021-010</p> <p>Higher Education Emergency Relief Fund CFDA 84.425 F</p> <p><i>Activities Allowed or Unallowed and Allowable Costs/Cost Principles:</i> Lack of Supporting Payroll Documents</p> <p>(Repeat Finding)</p>	<p>Views of Responsible Officials and Planned Corrective Actions:</p> <p>The District concurs with the finding. Effective July 2021, the District has implemented a process to post all quarterly expenditure reports on the college websites before the required due dates.</p> <hr/> <p>Identified Condition:</p> <p>In performing allowable costs testwork over payroll at Los Angeles Harbor College, we noted that for 3 of 25 payroll expenditure transactions selected, there were no supporting documents that would show evidence of allowability of these payroll expenditures charged to the grant.</p> <p>Views of Responsible Officials and Planned Corrective Actions:</p> <p>Management agrees with the finding. The college has instituted a stronger review and approval process for expenses charged to the HEERF program. Qualified and trained personnel, who are knowledgeable of the program guidelines, have been assigned to the expense review process. The charge in question has since been reversed from the program expenditures.</p>	Implemented	Not applicable