



LOS ANGELES COMMUNITY COLLEGE DISTRICT

Basic Financial Statements and Supplemental Information

June 30, 2020 and 2019

(With Independent Auditors' Report Thereon)

LOS ANGELES COMMUNITY COLLEGE DISTRICT

June 30, 2020 and 2019

Los Angeles, California

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

LOS ANGELES COMMUNITY COLLEGE DISTRICT

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INTRODUCTION



OFFICE OF THE CHANCELLOR

CITY
EAST
HARBOR
MISSION
PIERCE
SOUTHWEST
TRADE-TECH
VALLEY
WEST

December 16, 2020

The Members, Board of Trustees
Los Angeles Community College District

Dear Board of Trustees:

I have reviewed and am pleased to submit the Annual Financial Report of the Los Angeles Community College District (District) for the fiscal year ending June 30, 2020. This report is presented in six sections, (1) Introduction, (2) Independent Auditors' Report, (3) Management's Discussion and Analysis, (4) Basic Financial Statements, (5) Supplemental Financial Information, and (6) 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 conditions for the year. The Basic Financial Statements include the three financial statements, as well as the notes to the basic financial statements. The Supplementary Financial 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 (FTES) 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, and 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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The District and its nine campuses provide a broad range of educational services to students within the Los Angeles area. The nine Los Angeles community colleges comprise one of the nation’s largest community college systems—the result of a movement, which had its beginning in the California State Legislature in 1907, the year the Caminetti Bill was passed, permitting high schools to offer postgraduate courses. The Ballard Act of 1917 and the Deering Act of 1929 assured financial support for the state’s community colleges.

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

The Los Angeles Community College District serves approximately 229,793 students, employs approximately 4,029 full-time and 5,076 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, 2020 decreased by 0.11% from the previous year. The enrollment figures (credit student headcounts) by campus for the 2019-2020 fiscal years were as follows:

	<u>Fall</u>	<u>Spring</u>
East Los Angeles College	24,556	24,468
Los Angeles City College	15,071	15,075
Los Angeles Harbor College	9,079	8,521
Los Angeles Mission College	10,395	10,061
Los Angeles Pierce College	18,895	18,246
Los Angeles Southwest College	5,891	6,117
Los Angeles Trade–Technical College	13,517	13,080
Los Angeles Valley College	16,516	16,310
West Los Angeles College	12,510	12,214
Total Districtwide	<u>126,430</u>	<u>124,092</u>

The Los Angeles Community College District's FTES (Full-time equivalent student) figures for the fiscal year ended June 30, 2020, the measure by which the state of California funds Community Colleges increased by 0.66% from 98,140 in fiscal year 2019, to 98,792 in fiscal year 2020. Fiscal year 2020 enrollment by campus are as follows:

	<u>Credit</u>	<u>Noncredit</u>
East Los Angeles College	22,570	2,411
Los Angeles City College	9,912	1,169
Los Angeles Harbor College	5,454	123
Los Angeles Mission College	6,212	506
Los Angeles Pierce College	13,601	478
Los Angeles Southwest College	3,915	618
Los Angeles Trade-Technical College	10,584	715
Los Angeles Valley College	11,168	832
West Los Angeles College	8,091	433
Total Districtwide	<u>91,507</u>	<u>7,285</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



KPMG LLP
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Los Angeles, CA 90071-2629

Independent Auditors' Report

The Honorable Board of Trustees
Los Angeles Community College District:

Report on the Financial Statements

We have audited the accompanying financial statements of the Los Angeles Community College District (the District) as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements for the years then ended, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Los Angeles Community College District as of June 30, 2020 and 2019, and the changes in its financial position and its cash flows for the years then ended, in accordance with U.S. generally accepted accounting principles.



Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 4 to 16, the schedule of the District's proportionate share of the net pension liability and schedule of District contributions on page 54, and the schedule of changes in the net OPEB liability and related ratios on page 55, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Management has omitted a discussion of the 2019 information in the management's discussion and analysis that U.S. generally accepted accounting principles require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplemental and Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplemental financial information on pages 56 to 73, the reconciliation of annual financial and budget report (CCFS-311) to audited financial statements on page 87, and the reconciliation of governmental funds to the statement of net position on page 89, which are presented based on the requirements of the *Contracted District Audit Manual issued by the California Community Colleges Chancellor's Office*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The other supplemental information on pages 74-86, 88, 90-93 has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.



Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2020 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

KPMG LLP

Los Angeles, California
December 16, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Management's Discussion and Analysis

June 30, 2020 and 2019

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, 2020. The MD&A has been prepared by management and should be read in conjunction with the basic financial statements and the notes thereto, which follow this section.

Financial Highlights

The liabilities of the District exceeded its assets as of June 30, 2020 by \$251 million (net position). Of this amount, a net deficit of \$1.04 billion is unrestricted net position. The decrease in net position of \$139.5 million as of June 30, 2020 in comparison to the prior year is primarily due to the declining of State Apportionments, State Taxes and other revenue, Investment Gains and Local Taxes levied for General Obligation Bonds. The \$264.2 million (restricted net position) may be used for the District's ongoing obligations related to programs with internal and external restrictions. The remaining component of the District's net position represents \$520.9 million of net amounts invested in capital assets.

The net increase in capital assets of \$16.6 million is primarily due to the net addition of \$186.8 million in capital assets related to construction activities, equipment purchases of \$5.5 million and recognition of \$175.7 million in depreciation expense.

The District's revenue from operating activities increased by \$9.9 million while operating expenses increased by \$72.5 million.

Overview of the Basic Financial Statements

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

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

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Management's Discussion and Analysis

June 30, 2020 and 2019

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, 2020 and 2019. The statements of net position present the assets, liabilities, and net position of the District at June 30, 2020 and 2019. 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, 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, 2020 and 2019

Financial Analysis of the District as a Whole

Summary Schedule of Net Position

June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>	<u>Increase (decrease)</u>
Assets:			
Current and other assets	\$ 1,338,852,226	1,177,174,195	161,678,031
Capital assets, net	<u>4,426,744,367</u>	<u>4,410,111,371</u>	<u>16,632,996</u>
Total assets	5,765,596,593	5,587,285,566	178,311,027
Deferred outflows of resources	<u>356,406,141</u>	<u>379,143,734</u>	<u>(22,737,593)</u>
Total assets and deferred outflows of resources	\$ 6,122,002,734	5,966,429,300	155,573,434
Liabilities:			
Current liabilities	\$ 423,939,688	434,704,090	(10,764,402)
Noncurrent liabilities	<u>5,690,982,841</u>	<u>5,541,808,873</u>	<u>149,173,968</u>
Total liabilities	6,114,922,529	5,976,512,963	138,409,566
Deferred inflows of resources	<u>258,066,768</u>	<u>101,429,731</u>	<u>156,637,037</u>
Total liabilities and deferred inflows of resources	\$ 6,372,989,297	6,077,942,694	295,046,603
Net position:			
Net investment in capital assets	\$ 520,868,331	494,184,192	26,684,139
Restricted – expendable	264,241,884	421,408,376	(157,166,492)
Unrestricted	<u>(1,036,096,778)</u>	<u>(1,027,105,962)</u>	<u>(8,990,816)</u>
Total net position	\$ (250,986,563)	(111,513,394)	(139,473,169)

Current and other assets increased by \$161.7 million. The net increase is due in part to the following:

- (1) A \$326.5 million net increase in restricted investments is primarily due to \$550 million in new Measure J and Measure CC General Obligation (G.O) Bonds, \$6.8 million in interest income and \$228.5 million in bond construction expenses.
- (2) A \$122 million net decrease in deposit with trustee due to decrease in property tax levy for the payment of G.O Bonds principal and interest due next fiscal year.
- (3) A \$70.1 million net decrease in cash and cash equivalents is primarily related to \$47 million of General Apportionment payments scheduled to be received in subsequent fiscal year, and \$9 million increase in

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Management's Discussion and Analysis

June 30, 2020 and 2019

accounts receivable related to specially funded program funds to be collected in subsequent fiscal year and a net \$13.9 million decrease in accounts payable as a result of timely payment on invoices.

- (4) A \$30.1 million net increase in accounts receivable due in part to outstanding apportionment receivables from the State.
- (5) A \$3.2 million decrease in prepaid expenses is primarily caused by the recognition of prepayments for FY 2019-2020 Supplementary Retirement Plan invoice.

Deferred outflows of resources decreased by \$22.7 million. The net decrease is due to the following:

- (1) A \$10.2 million decrease in deferred outflows of resources for pensions was primarily caused by changes in the District's proportionate share of the CalPERS and CalSTRS pension obligations and changes in the assumptions used.
- (2) A \$2.4 million decrease relates to Other Postemployment Benefits (OPEB) primarily due to drop in pay-go and trust contribution after the measurement date of June 30, 2019.
- (3) A \$10.2 million decrease due to the amortization of prepaid interest.

Current liabilities decreased by \$10.8 million. The net decrease is due in part to the following:

- (1) A \$13.9 million net decrease in accounts payable and accrued liabilities due to the decrease of \$4.7 million in accruals under the building fund and a \$14 million decrease in the other current liabilities including trade accounts payable and \$4.2 million increase in financial aid liabilities.
- (2) A \$5.9 million increase in accrued interest and other accrued liabilities caused by increase in accrued interest on capital asset related debt.
- (3) A \$1.96 million decrease in current portion of the General Liability based on the changes in actuarially determined general liability amount as of June 30, 2020.

Noncurrent liabilities increased by \$149.2 million. The net increase is due in part to the following:

- (1) A \$16 million increase in pension obligations, due to the changes in actuarially determined pension obligation amount as of June 30, 2020.
- (2) A \$181.8 million decrease in OPEB obligations, due to the changes in actuarially determined OPEB valuation assumptions.
- (3) A \$315 million increase in the noncurrent portion of long-term debt is primarily due to issuance of \$550 million new Measure J and Measure CC G.O Bonds.

Deferred inflows of resources increased by \$156.6 million. The net increase is due to changes in CalPERS, CalSTRS, OPEB investment earnings, and changes in assumptions used.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Management's Discussion and Analysis

June 30, 2020 and 2019

Net position decreased by \$139.5 million. The net decrease is due in part to the following:

- (1) A \$26.7 million increase in net investment in capital assets is primarily due to \$16.6 million increase in net assets, \$3.0 million investment gain, \$10.2 million decrease in deferred outflows, \$314.5 million increase in bonds payable and unamortized issue premium, and \$331.8 million increase in unspent proceeds.
- (2) A \$157.2 million decrease in restricted net position is primarily due to decrease in tax levied for the payment of GO Bond principal and bond interest due next fiscal year.
- (3) A \$9.0 million decrease in unrestricted net position caused by losses in revenue generated from local programs and enterprise activities as a result of the COVID-19 pandemic.

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

Years ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>	<u>Change</u>
Revenue:			
Operating revenue:			
Net tuition and fees	\$ 43,405,206	51,770,198	(8,364,992)
Grants and contracts, noncapital	176,187,862	152,947,888	23,239,974
Other	17,570,370	22,559,646	(4,989,276)
Other revenue:			
State apportionments, capital	369,018	971,385	(602,367)
Federal subsidy	19,963,200	19,814,069	149,131
Local tax for G.O. Bonds	257,654,258	412,298,825	(154,644,567)
Nonoperating revenue:			
State apportionments, noncapital	445,064,336	467,346,342	(22,282,006)
Property taxes	244,543,201	235,183,092	9,360,109
Investment income	15,775,073	27,804,994	(12,029,921)
Federal financial aid grants, noncapital	162,877,312	150,682,891	12,194,421
State financial aid grants, noncapital	30,297,104	23,414,800	6,882,304
Other	24,071,359	21,414,323	2,657,036
Total revenue	<u>1,437,778,299</u>	<u>1,586,208,453</u>	<u>(148,430,154)</u>
Expenses:			
Operating expenses:			
Salaries	548,690,003	525,979,506	22,710,497
Employee benefits, pension, and OPEB	225,114,123	233,774,898	(8,660,775)

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Management's Discussion and Analysis

June 30, 2020 and 2019

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

Years ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>	<u>Change</u>
Supplies, materials, and other operating expenses and services	\$ 207,264,463	182,494,414	24,770,049
Student grants	239,611,053	201,974,629	37,636,424
Depreciation and other	<u>190,609,222</u>	<u>194,537,169</u>	<u>(3,927,947)</u>
Total operating expenses	1,411,288,864	1,338,760,616	72,528,248
Nonoperating expenses:			
Interest expense	164,499,009	165,735,326	(1,236,317)
Other	<u>1,463,595</u>	<u>71,138</u>	<u>1,392,457</u>
Total expenses	<u>1,577,251,468</u>	<u>1,504,567,080</u>	<u>72,684,388</u>
Change in net position	(139,473,169)	81,641,373	(221,114,542)
Net position:			
Beginning of year	<u>(111,513,394)</u>	<u>(193,154,767)</u>	<u>81,641,373</u>
Net position, end of year	\$ <u><u>(250,986,563)</u></u>	\$ <u><u>(111,513,394)</u></u>	\$ <u><u>(139,473,169)</u></u>

The summary of revenue, expenses, and net position reflects that expenses exceed revenue by \$139.5 million at the end of the year, as explained below.

Operating revenue increased by \$9.9 million. The net increase is due in part to the following:

- (1) A \$23.2 million increase in grants and contracts primarily due to Federal CARES grants for students and institutions as well as State grants for categorical programs.
- (2) A \$5.0 million decrease in bookstore, cafeteria, and other auxiliary enterprise revenue as a result of shutting down operations due to the COVID-19 pandemic.
- (3) A \$8.4 million decrease in tuition and fees revenue due to refunds provided to students for disenrolling in classes as a result of the COVID-19 pandemic.

Other revenue decreased by \$155.1 million. The net decrease is due in part to the following:

- (1) A \$154.6 million decrease in local tax for G.O. bonds revenue related to property taxes levied for the District's debt issuances.

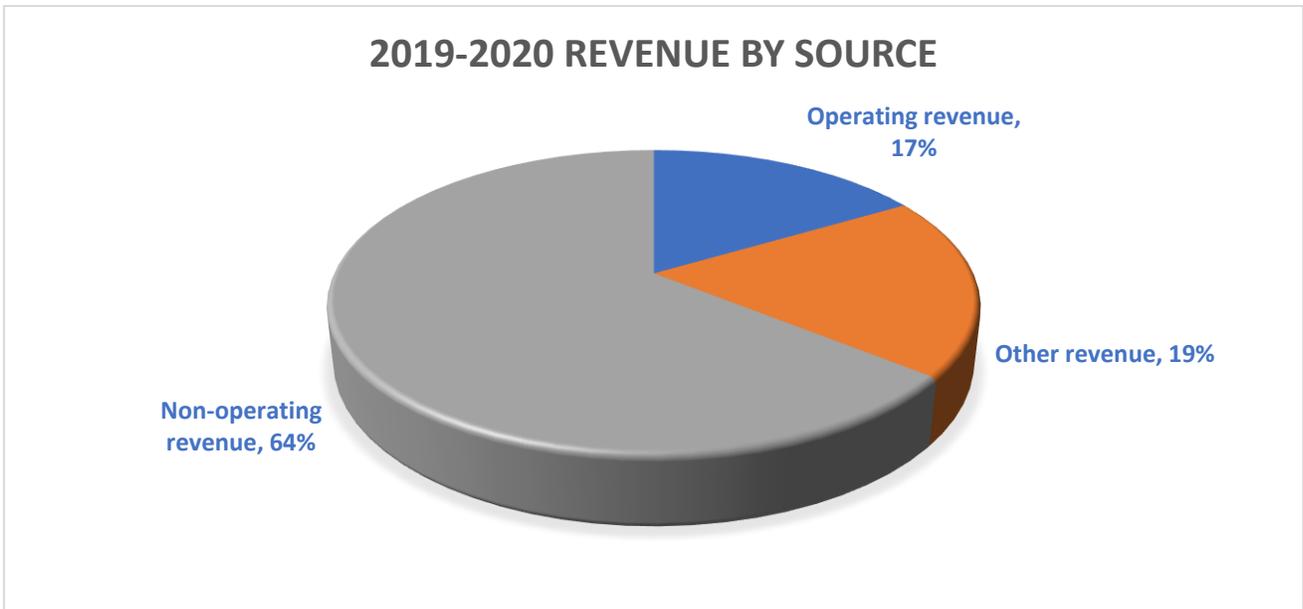
LOS ANGELES COMMUNITY COLLEGE DISTRICT

Management's Discussion and Analysis

June 30, 2020 and 2019

Nonoperating revenue decreased by \$3.2 million. The net decrease is due in part to the following:

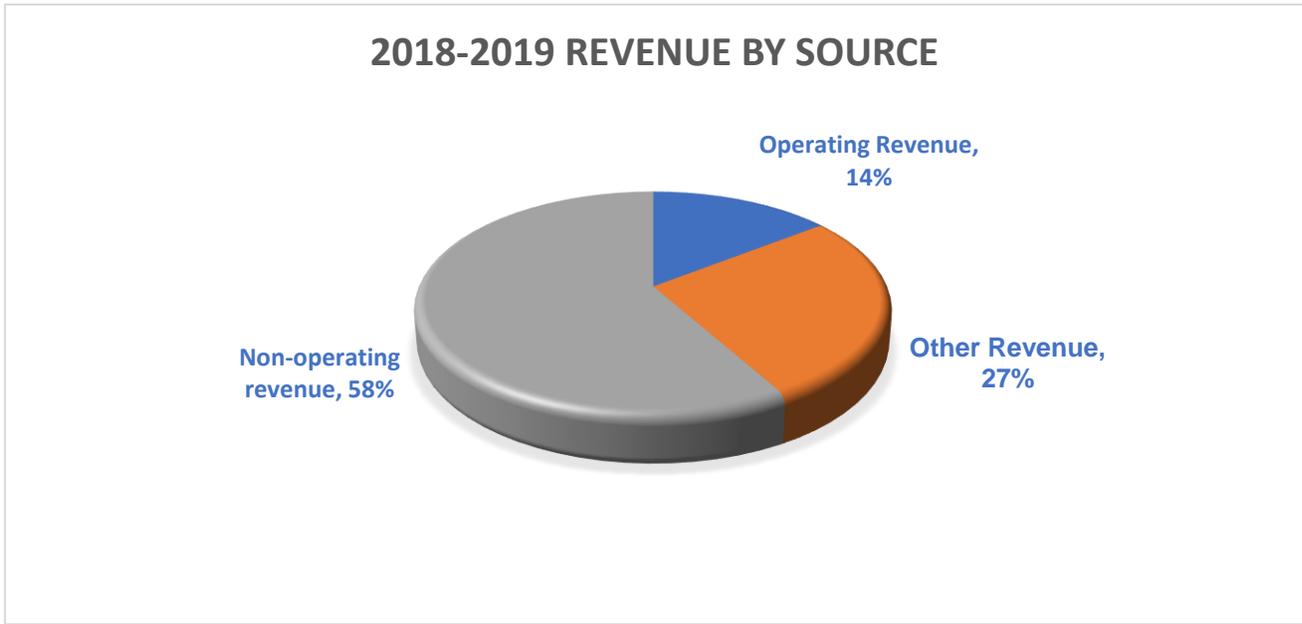
- (1) A \$22.3 million decrease in state apportionments (non-capital) due to decrease in the state budget allocation for education.
- (2) A \$12.0 million increase in Federal Financial Aid grants and \$6.9 million increase in State Financial Aid grants related to increase in the number of students qualified for aid and an increase in the maximum award per student.



LOS ANGELES COMMUNITY COLLEGE DISTRICT

Management's Discussion and Analysis

June 30, 2020 and 2019



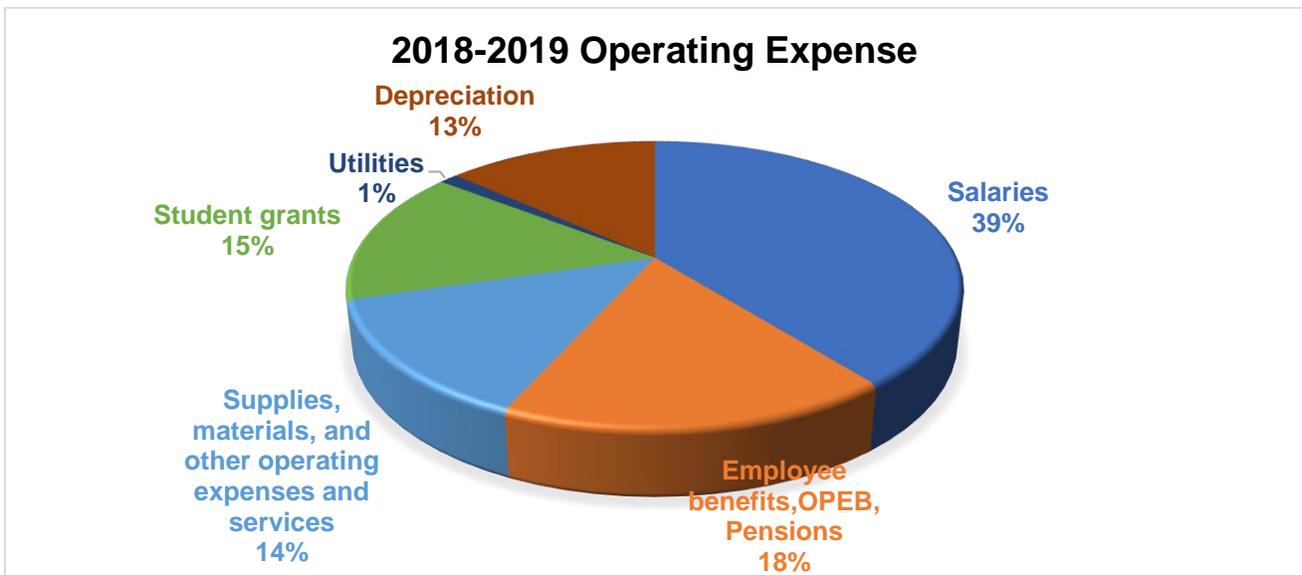
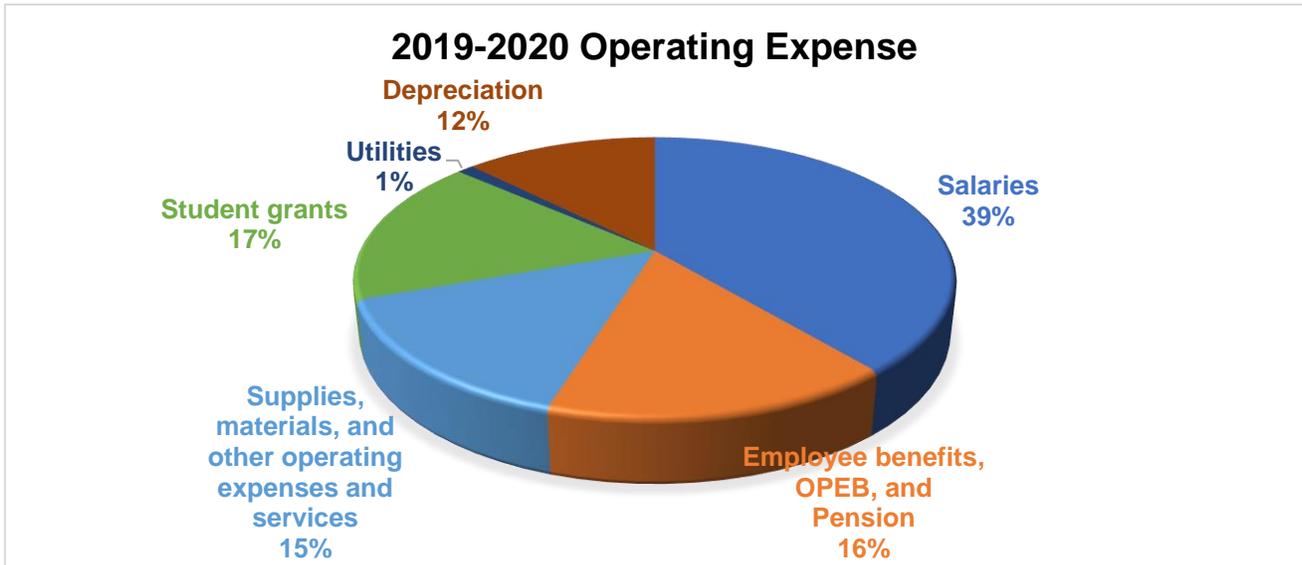
Operating expenses increased by \$72.5 million. The net increase is due in part to the following:

- (1) A \$22.7 million increase in employee salaries due to the cost of living adjustments.
- (2) An \$8.7 million decrease in employee benefits related to actuarially determined expenses resulting from changes in mortality assumptions, discount rates and other economic and non-economic assumptions.
- (3) A \$24.8 million increase in supplies, materials, and other operating expenses is primarily due to increase in construction related activities.
- (4) A \$37.6 million increase in student grants expenditures due to increase in the number of students who were qualified for State and Federal grants.
- (5) A \$3.9 million decrease in depreciation expense related to capital assets due to full depreciation of certain buildings in the District.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Management's Discussion and Analysis

June 30, 2020 and 2019



Capital Assets and Debt Administration

Capital Assets

The District's investment in capital assets, net of accumulated depreciation, totaled \$4.43 billion and \$4.41 billion at June 30, 2020 and 2019, 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, 2020 and 2019

The following schedule summarizes the District's capital assets as of June 30, 2020 and 2019:

Capital Assets, Net

	Balance at June 30	
	2020	2019
Land	\$ 198,829,856	198,829,856
Land improvements	481,903,023	464,769,443
Buildings	4,560,523,904	4,500,463,849
Construction in progress	640,024,829	530,286,746
Works of art	518,000	518,000
Library Books & Reference Materials	15,569	15,569
Furniture and equipment	204,564,197	199,676,278
Infrastructure	<u>11,796,361</u>	<u>11,687,515</u>
Total	6,098,175,739	5,906,247,256
Less accumulated depreciation	<u>(1,671,431,372)</u>	<u>(1,496,135,885)</u>
Net capital assets	<u>\$ 4,426,744,367</u>	<u>4,410,111,371</u>

In fiscal year 2020, the District added \$223.2 million of capital assets including capitalized interest of \$23.8 million, depreciation of \$175.7 million and disposal of \$30.9 million of assets, net of accumulated depreciation.

During the year ended June 30, 2020, 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 had 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 \$1.245 billion. The bond measure was designed to implement a capital improvement program for each of the nine colleges within the District.

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

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

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Management's Discussion and Analysis

June 30, 2020 and 2019

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

Approximately \$5.4 billion has been spent to date for Proposition A, Proposition AA, Measure J, and Measure CC bonds combined for several capital projects at all nine colleges and to refinance outstanding debt (Certificates of Participation Notes) at both the District and colleges. The District anticipates completion of these capital projects by the year 2030. The District has issued to date all the authorized amounts of Proposition A and Proposition AA bonds, \$3.125 billion of Measure J and \$350 million of Measure CC authorization amounts.

Long-Term Debt

At June 30, 2020 and 2019, the District had \$4.2 billion and \$3.9 billion in long-term debt, respectively. The District's long-term debt increased during the year ended June 30, 2020, primarily as a result of the issuance of G.O. bonds.

	<u>2020</u>	<u>2019</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	199,000,000	202,000,000
Measure J, 2013 Series Refunding Bond	35,410,000	38,945,000
Measure J 2015 Series G	205,725,000	212,070,000
Proposition A, AA and Measure J 2015 Refunding Series A	1,395,190,000	1,429,435,000
2015 Proposition A, and AA Refunding Series B	24,305,000	28,830,000
Proposition A 2015 Refunding Series C	230,015,000	252,150,000
Measure J 2016 Series I	197,360,000	210,570,000
Measure J 2016 Refunding	174,345,000	174,965,000
Measure J 2017 Series J	239,880,000	247,755,000
Measure J 2019 Series K	275,440,000	—
Measure CC 2019 Series B-1 and B-2	124,120,000	—
	<u>\$ 4,234,460,000</u>	<u>3,930,390,000</u>

The District's debt rating from Moody's was Aaa and Aa1 at year ended June 30, 2020 and 2019 respectively. The District's debt rating from Standard and Poor's was AA+ at year ended June 30, 2020 and 2019.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Management's Discussion and Analysis

June 30, 2020 and 2019

Further information regarding the District's capital assets and long-term debt can be found in notes 4 and 9 in the accompanying basic financial statements.

Economic Factors

On June 26, 2020, the Governor signed the \$202.1 billion 2020-2021 State budget bill plus additional trailer bills that impact the California Community Colleges (CCC). The 2020-2021 State Budget includes a total investment in Proposition 98 of \$70.9 billion, a decrease of \$6.8 billion from last year's Budget, primarily due to a drop in projected state general fund revenues. While the 2020-2021 budget prevents immediate cuts to CCC apportionments and categorical, it defers \$1.5 billion in CCC funding to 2021-2022.

In addition, the California Community College system received \$120 million in federal and state relief funds in the form of a block grant to support student learning and mitigate learning loss related to the COVID-19 pandemic.

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 \$95.7 million for the 2020-2021 fiscal year.

Student Enrollment and State Funding

The student enrollment fee remains at \$46 per unit in 2020–2021. The Community College System is in the third year of the implementation of the Student Centered Funding Formula (SCFF), which moves a portion of general fund apportionment away from enrollment-based funding and now recognizes student equity and outcomes. The SCFF includes a hold-harmless provision, which was extended by an additional two years in the 2020-2021 budget act, in order to provide districts financial stability providing minimum revenue funding levels over the years of transition. This provision ensures that the District will receive no less in total apportionment funding than they received in FY 2017-2018 with adjustments for COLA.

COVID-19 and Related Impacts on the District

The global outbreak of the novel coronavirus COVID-19 ("COVID-19"), a respiratory disease declared to be a pandemic (the "Pandemic") by the World Health Organization, is significantly affecting the national capital markets, the national and State economies, and will negatively impact the operations and finances of the District.

On March 17, 2020, the Governor signed Senate Bill 89 ("SB 89"), which amends the Budget Act of 2019 by appropriating \$500,000,000 from the State General Fund for any purpose related to executing the emergency proclamation issued by the Governor on March 4, 2020. On March 19, 2020, the Governor ordered all State residents to stay home or at their place of residence to protect the general health and well-being, except as needed to maintain continuity of 16 critical infrastructure sectors described therein (the "Stay Home Order"). 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 is expected to be primarily remote, with the exception of classes that support the State's essential infrastructure workforce. The District is continuing to work with the County Department of Public Health to determine how best to offer limited on-campus instruction.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Management's Discussion and Analysis

June 30, 2020 and 2019

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 \$14.25 billion in funding for higher education, 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 has received approximately \$42.5 million pursuant to the CARES Act. Over 50,000 students at the District have received emergency financial aid grants through the CARES Act.

Contacting the District's Financial Management

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

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Statements of Net Position

June 30, 2020 and 2019

Assets and Deferred Outflows of Resources	2020	2019
Current assets:		
Cash and cash equivalents (note 3)	\$ 324,982,137	396,080,108
Accounts receivable, net of allowance	125,089,486	94,969,918
Student loans receivable, net-current portion	306,192	162,649
Deposit with trustee – current portion (note 3)	277,484,374	300,621,443
Inventory	4,128,551	3,731,294
Prepaid expenses and other assets	<u>7,811,462</u>	<u>11,028,178</u>
Total current assets	<u>739,802,202</u>	<u>806,593,590</u>
Noncurrent assets:		
Restricted cash and cash equivalents (note 3)	7,505,136	6,465,238
Restricted investments (note 3)	562,101,982	235,625,593
Student loans receivable, net of allowance – noncurrent portion	2,954,389	3,094,844
Deposit with trustee – noncurrent portion (note 3)	26,488,517	125,394,930
Capital assets (note 4):		
Land	198,829,856	198,829,856
Land improvements	481,903,023	464,769,443
Buildings	4,560,523,904	4,500,463,849
Construction in progress	640,024,829	530,286,746
Library Books & Reference Materials	15,569	15,569
Works of art	518,000	518,000
Furniture, fixtures, and equipment	204,564,197	199,676,278
Infrastructure	<u>11,796,361</u>	<u>11,687,515</u>
	6,098,175,739	5,906,247,256
Accumulated depreciation	<u>(1,671,431,372)</u>	<u>(1,496,135,885)</u>
Capital assets, net	<u>4,426,744,367</u>	<u>4,410,111,371</u>
Total assets	5,765,596,593	5,587,285,566
Deferred outflow of resources – pensions (note 5)	179,828,113	190,012,636
Deferred outflow of resources – OPEB (note 6)	33,034,149	35,413,966
Deferred outflow of resources – debt refunding (note 8)	<u>143,543,879</u>	<u>153,717,132</u>
Total assets and deferred outflow of resources	<u>\$ 6,122,002,734</u>	<u>5,966,429,300</u>

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Statements of Net Position

June 30, 2020 and 2019

Liabilities, Deferred Inflows of Resources, and Net Position	2020	2019
Current liabilities:		
Accounts payable and accrued liabilities	\$ 181,399,003	195,364,458
Unearned revenue	6,679,911	6,451,238
Compensated absences (note 8)	9,382,792	9,350,814
Supplemental retirement plan (note 8)	5,565,068	5,565,068
General liability (notes 8 and 9)	3,912,310	5,873,847
Workers' compensation (notes 8 and 9)	4,034,806	4,440,484
Accrued interest and other accrued liabilities	92,567,143	86,680,625
Amounts held in trust for others	496,604	502,169
Long-term debt – current (note 8)	119,841,155	120,366,864
Capital leases – current (note 8)	60,896	108,523
Total current liabilities	<u>423,939,688</u>	<u>434,704,090</u>
Noncurrent liabilities:		
Compensated absences (note 8)	11,885,806	8,697,667
Supplemental retirement plan (note 8)	5,543,362	11,130,135
General liability (notes 8 and 9)	8,911,690	6,490,153
Workers' compensation (notes 8 and 9)	32,999,194	33,346,516
Net pension liability (note 5)	758,674,682	742,539,054
Net OPEB obligation (note 6)	401,382,405	583,197,531
Long-term debt, net of current portion (note 8)	4,471,400,778	4,156,379,848
Capital leases, net of current portion (note 8)	184,924	27,969
Total noncurrent liabilities	<u>5,690,982,841</u>	<u>5,541,808,873</u>
Total liabilities	6,114,922,529	5,976,512,963
Deferred inflow of resources – pension (note 5)	47,276,587	33,524,007
Deferred inflow of resources – OPEB (note 6)	210,790,181	67,905,724
Total liabilities and deferred inflows	<u>\$ 6,372,989,297</u>	<u>6,077,942,694</u>
Net position:		
Net investment in capital assets	\$ 520,868,331	494,184,192
Restricted for:		
Expendable:		
Scholarships and loans	11,669,743	10,870,306
Capital projects	15,856,270	23,055,236
Debt service	221,620,492	356,464,683
Other special purposes	15,095,379	31,018,151
Unrestricted	<u>(1,036,096,778)</u>	<u>(1,027,105,962)</u>
Total net position	<u>\$ (250,986,563)</u>	<u>(111,513,394)</u>

See accompanying notes to basic financial statements.

LOS ANGELES COMMUNITY COLLEGE DISTRICT
Statements of Revenue, Expenses, and Changes in Net Position
Years ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Operating revenue:		
Tuition and fees	\$ 111,811,298	127,101,511
Less scholarship discounts and allowances	<u>(68,406,092)</u>	<u>(75,331,313)</u>
Net tuition and fees	<u>43,405,206</u>	<u>51,770,198</u>
Grants and contracts, noncapital:		
Federal	71,817,248	46,278,444
State	82,709,491	89,479,911
Local	<u>21,661,123</u>	<u>17,189,533</u>
Net grants and contracts, noncapital	<u>176,187,862</u>	<u>152,947,888</u>
Auxiliary enterprise sales and charges	<u>17,570,370</u>	<u>22,559,646</u>
Total operating revenue	<u>237,163,438</u>	<u>227,277,732</u>
Operating expenses:		
Salaries	548,690,003	525,979,506
Employee benefits, pension, and OPEB	225,114,123	233,774,898
Supplies, materials, and other operating expenses and services	207,264,463	182,494,414
Student grant	239,611,053	201,974,629
Utilities	14,912,935	15,697,518
Depreciation	<u>175,696,287</u>	<u>178,839,651</u>
Total operating expenses	<u>1,411,288,864</u>	<u>1,338,760,616</u>
Operating loss	<u>(1,174,125,426)</u>	<u>(1,111,482,884)</u>
Nonoperating revenue (expenses):		
State apportionments, noncapital	445,064,336	467,346,342
Local property taxes	244,543,201	235,183,092
State taxes and other revenue	1,136,538	7,952,820
Investment income – noncapital	2,765,393	4,110,907
Investment income – capital	8,768,786	9,092,798
Interest expense on capital asset-related debt	(164,499,009)	(165,735,326)
Federal financial aid grants, noncapital	162,877,312	150,682,891
State financial aid grants, noncapital	30,297,104	23,414,800
Other nonoperating revenue	22,934,821	13,461,503
Other nonoperating expense	(1,463,595)	(71,138)
Investment Income	<u>4,240,894</u>	<u>14,601,289</u>
Total nonoperating revenue, net	<u>756,665,781</u>	<u>760,039,978</u>
Loss before other revenue, expenses, gains, or losses	<u>(417,459,645)</u>	<u>(351,442,906)</u>
State apportionments, capital	369,018	971,385
Federal subsidy	19,963,200	19,814,069
Local tax for G.O. bonds	<u>257,654,258</u>	<u>412,298,825</u>
Change in net position	<u>(139,473,169)</u>	<u>81,641,373</u>
Net position:		
Beginning of year	<u>(111,513,394)</u>	<u>(193,154,767)</u>
End of year	<u>\$ (250,986,563)</u>	<u>(111,513,394)</u>

See accompanying notes to basic financial statements.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Statements of Cash Flows

Years ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Tuition and fees	\$ 43,109,756	48,904,014
Grants and contracts	166,222,448	150,063,461
Payments to suppliers	(168,866,112)	(163,993,137)
Payments for student grants	(227,303,548)	(205,592,888)
Payments for utilities	(14,912,935)	(15,697,518)
Payments to employees	(548,191,414)	(527,913,362)
Payments for benefits	(222,983,209)	(208,229,189)
Bookstore and cafeteria sales	16,981,286	23,614,183
Net cash used in operating activities	<u>(955,943,728)</u>	<u>(898,844,436)</u>
Cash flows from noncapital financing activities:		
State apportionments	394,035,033	469,700,907
Property taxes	244,543,201	235,183,092
State taxes and other revenue	1,136,538	7,952,820
Federal financial aid grants	162,877,312	150,682,891
State financial aid grants	30,297,104	23,414,800
Other receipts	21,822,443	13,540,914
Net cash provided by noncapital financing activities	<u>854,711,631</u>	<u>900,475,424</u>
Cash flows from capital financing activities:		
Proceeds from capital debt issuances	588,855,037	—
Capital appropriations, local property tax, grant, and gift, capital	369,018	971,385
Local tax for G.O. bond	283,564,072	431,391,345
Purchases of capital assets	(207,234,226)	(171,557,381)
Principal paid on capital debt and leases	(245,930,000)	(235,440,000)
Interest paid on capital debt and leases	(200,353,498)	(204,856,919)
Net cash provided by (used in) capital financing activities	<u>219,270,403</u>	<u>(179,491,570)</u>
Cash flows from investing activities:		
Proceeds from sales and maturity of investments	660,101,199	612,359,775
Interest on investments	16,591,785	28,621,602
Purchase of investments	(864,789,363)	(442,891,500)
Net cash (used in) provided by investing activities	<u>(188,096,379)</u>	<u>198,089,877</u>
Net (decrease) increase in cash and cash equivalents	(70,058,073)	20,229,295
Cash and cash equivalents – beginning of the year	<u>402,545,346</u>	<u>382,316,051</u>
Cash and cash equivalents – end of year	\$ <u>332,487,273</u>	\$ <u>402,545,346</u>
Reconciliation of cash and cash equivalents:		
Cash and cash equivalents	\$ 324,982,137	396,080,108
Restricted cash and cash equivalents	7,505,136	6,465,238
Total	\$ <u>332,487,273</u>	\$ <u>402,545,346</u>

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Statements of Cash Flows

Years ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (1,174,125,426)	(1,111,482,884)
Depreciation expense	175,696,287	178,839,651
Adjustments to reconcile operating loss to net cash used in operating activities:		
Receivables, net	(6,424,295)	12,225,897
Inventory	(397,257)	765,029
Other assets	34,134,806	1,394,191
Accounts payable	14,786,390	111,564
Unearned revenue	228,673	(8,468,418)
Amounts held in trust for others	(5,565)	1,497
General liability	460,000	4,373,000
Workers' compensation	(753,000)	(913,000)
Supplemental retirement plan expense	(5,586,773)	(5,565,068)
Compensated absences	3,220,117	990,439
Net OPEB obligation	(36,550,852)	(14,754,126)
Net pension obligations	40,072,731	43,041,722
Other liabilities	<u>(699,564)</u>	<u>596,070</u>
Net cash used in operating activities	\$ <u><u>(955,943,728)</u></u>	<u><u>(898,844,436)</u></u>
Noncash capital financing activities:		
Equipment acquired through new capital lease obligations	\$ 170,224	—
Additions to capital assets included in accounts payable	(7,912,146)	18,067,728
Amortization of accrued original interest premium	28,429,813	24,961,478
Amortization of prepaid interest	(10,173,253)	(10,173,253)

See accompanying notes to basic financial statements.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements

June 30, 2020 and 2019

(1) Organization and Reporting Entity

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

For financial reporting purposes, the District includes all funds that are controlled by or dependent on the District's board of trustees. The District's basic financial statements include the financial activities of the District and the totals of the trust and agency 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, 2020 and 2019

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

Restricted nonexpendable: Subject to externally imposed conditions where the principal portion of net position is not to be expended for any reason; only interest earned by the principal portion can be expended on purposes designated by the externally imposed conditions. At June 30, 2020 and 2019, the District did not have any restricted nonexpendable net position.

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

(d) Cash and Cash Equivalents

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

(e) Properties and Depreciation

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

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

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

The District's capitalization threshold is as follows:

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

LOS ANGELES COMMUNITY COLLEGE DISTRICT

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(f) *Accrued Employee Benefits*

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

(g) *Operating Revenue and Expenses*

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

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

(h) *Income Taxes*

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

(i) *Estimates*

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

(j) *Current Environment*

In March 2020, the World Health Organization declared the novel coronavirus (COVID-19) a pandemic. The outbreak of the disease has affected travel, commerce and financial markets globally, including in the United States. The continued spread of COVID-19 and its impact on social interaction, travel, economies and financial markets may adversely affect operations and financial condition, including, among other things, (i) the ability of Loyola to conduct its operations and/or the cost of operations, (ii) governmental and non-governmental funding, and (iii) financial markets impacting investments valuation and interest rates.

Commencing March 2020, course instruction was conducted virtually. Students continued to meet their academic requirements for the remainder of the 2019 - 20 academic year. In addition, the start of 2020-21 academic year will remain a virtual learning environment. While some faculty and staff are working on-campus to ensure continuity of essential operations, most faculty and staff have transitioned to remote work. Given the uncertainty over the progression of the virus and governmental emergency directives, there is no timetable for when instruction and campus operations will return to normal.

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The COVID-19 pandemic has negatively affected national, state, and local economies and global financial markets, and the education landscape in general. While the financial impact on the District cannot be quantified at this time, the pandemic may have a material effect on the current and future financial profile and operating performance of the District. The District continues to monitor the course of the pandemic and is prepared to take additional measures to protect the health of the District community and promote the continuity of its academic mission.

(k) New Accounting Standards

In May 2020, the GASB issued Statement No. 95 (GASB 95), *Postponement of the Effective Dates of Certain Authoritative Guidance*, with the primary objective of providing temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. As a result of GASB 95, all GASB Statements that would have been applicable in fiscal year 2020 were delayed until fiscal year 2021 or later.

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*, effective for the District's fiscal year beginning July 1, 2020. The purpose of this statement is to enhance consistency in reporting by identifying fiduciary activities and how they should be reported. Management has reviewed and determined that the District does not have any reportable Fiduciary Activities as required by GASB Statement No. 84.

In June 2017, the GASB issued Statement No. 87, *Leases*, effective for the District's fiscal year beginning July 1, 2021. The purpose of this statement is to enhance consistency in accounting and financial reporting by providing a methodology for identifying and reporting lease arrangements and obligations. Management has not yet determined the impact of GASB Statement No. 87 on the District's financial statements.

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

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests*, effective for the District's fiscal year beginning July 1, 2020. The purpose of this statement is to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. Management has concluded that the District does not hold any majority equity interest in any legally separate entity.

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

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

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

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

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

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

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Notes to Basic Financial Statements

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(3) Cash and Investments

Cash and investments at June 30, 2020 and 2019 consist of the following:

	2020	2019
Cash and cash equivalents in the County's treasury	\$ 246,019,539	315,860,683
Cash in banks	86,467,734	86,684,663
Total cash and cash equivalents	332,487,273	402,545,346
Investments and deposits with trustee:		
Investments in the County's treasury	862,455,873	657,767,704
Other	3,619,000	3,874,262
Total investments and deposits with trustee	866,074,873	661,641,966
Total cash, and investments and deposits with trustee	\$ 1,198,562,146	1,064,187,312

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

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the District has the ability to access at the measurement date.
- 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, 2020 and 2019, the District had \$1,108,475,412 and \$973,628,387 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

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Notes to Basic Financial Statements

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equivalents as they function as a demand deposit account for the District and can be withdrawn from the pool without notice or penalty. The District reports amounts voluntarily invested in the County Pool (such as unspent bond proceeds and local property tax collected to pay bond principal and interest) as investments given the potential limitations imposed on withdrawals as well as the weighted average life of the County's Pooled investments.

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

The Los Angeles County Treasurer's pooled investments are managed by the County's treasurer, who reports on a monthly basis to the County's supervisors. In addition, the function of the County Treasury Oversight Committee is to review and monitor the County's investment policy. The committee membership includes the treasurer and tax collector, the auditor controller, superintendent of schools, chief administrative officer, and a non-County representative. To manage the liquidity in the County Pool while still capturing the higher yield offered by longer maturities, the County's investment guidelines target a portfolio weighted average maturity range between 1.0 and 2.0 years. The weighted average maturity of cash and investments in the County Pool was 1.62 years and 1.50 years at June 30, 2020 and 2019, 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 31.59% and 48.89% of the total pool at June 30, 2020 and 2019, 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, 2020 and 2019 consist of nonnegotiable certificates of deposit held by the associated student organizations of \$3,619,000 and \$3,874,262, 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.

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Notes to Basic Financial Statements

June 30, 2020 and 2019

(c) Fair Value Hierarchy

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

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

The following table summarizes the District's investments at June 30, 2019 in accordance with the fair value measurement hierarchy:

<u>Investment type</u>	<u>Fair value</u>	<u>Not required to be leveled</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Certificates of deposit	\$ 3,874,262	—	—	3,874,262	—
Investment in the County Pool	<u>657,767,704</u>	<u>657,767,704</u>	—	—	—
Total investments	<u>\$ 661,641,966</u>	<u>657,767,704</u>	—	3,874,262	—

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Notes to Basic Financial Statements

June 30, 2020 and 2019

(4) Capital Assets

A summary of changes in capital assets is as follows:

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

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements

June 30, 2020 and 2019

	2019				Balance at June 30, 2019
	Balance at June 30, 2018	Additions	Disposals	Transfers	
Capital assets not being depreciated:					
Land	\$ 198,829,856	—	—	—	198,829,856
Construction in process	452,923,190	204,997,826	(4,658,464)	(122,975,806)	530,286,746
Works of art	518,000	—	—	—	518,000
Total capital assets not being depreciated	652,271,046	204,997,826	(4,658,464)	(122,975,806)	729,634,602
Capital assets being depreciated:					
Land improvements	461,504,470	—	—	3,264,973	464,769,443
Buildings	4,385,077,009	79,887	—	115,306,953	4,500,463,849
Library Books & Reference Materials	—	15,569	—	—	15,569
Furniture, fixtures, and equipment	194,764,116	5,624,991	(712,829)	—	199,676,278
Infrastructure	7,127,341	156,294	—	4,403,880	11,687,515
Total capital assets being depreciated	5,048,472,936	5,876,741	(712,829)	122,975,806	5,176,612,654
Total capital assets	5,700,743,982	210,874,567	(5,371,293)	—	5,906,247,256
Less accumulated depreciation	(1,318,008,852)	(178,839,651)	712,618	—	(1,496,135,885)
Capital assets, net	\$ 4,382,735,130	32,034,916	(4,658,675)	—	4,410,111,371

Capitalized Interest

Included in additions to capital assets is \$23,815,965 and \$21,699,761 of capitalized interest for the years ended June 30, 2020 and 2019, respectively.

(5) Employee Retirement Systems

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

(a) California State Teachers' Retirement System

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

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Notes to Basic Financial Statements

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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 10.25% for CalSTRS 2% at 62 members.

Employer contributions will increase from 8.25% to a total of 16.15% of payroll, phased in from 2013–14 to 2020–21. 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

June 30, 2020 and 2019

(b) California Public Employees' Retirement System

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

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

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

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

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

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

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

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

Public Agency Retirement System – Alternate Retirement System

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

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

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

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

As of June 30, 2020, the District reported an aggregate liability of \$758,674,682 for its proportionate share of the CalPERS and CalSTRS net pension liabilities. The net pension liabilities were measured as of June 30, 2019, and the total pension liabilities used to calculate the net pension liabilities were determined based on actuarial valuations as of June 30, 2018. 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 1.168% and 0.463%, respectively.

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Notes to Basic Financial Statements

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For the year ended June 30, 2020 and 2019, the District recognized an aggregate pension expense of \$125,008,723 and \$110,579,547, respectively. At June 30, 2020 and 2019, the District reported aggregate deferred outflows and deferred inflows of resources related to pensions from the following sources:

	June 30, 2020		
	CalPERS deferred outflows of resources	CalSTRS deferred outflows of resources	Total deferred outflows of resources – pensions
District retirement contribution subsequent to the measurement date	\$ 35,183,072	49,761,186	84,944,258
Changes in assumptions used	16,207,630	52,888,490	69,096,120
Difference between expected and actual experience	<u>24,732,095</u>	<u>1,055,640</u>	<u>25,787,735</u>
Total deferred outflows of resources – pensions	<u>\$ 76,122,797</u>	<u>103,705,316</u>	<u>179,828,113</u>
	June 30, 2019		
	CalPERS deferred outflows of resources	CalSTRS deferred outflows of resources	Total deferred outflows of resources – pensions
District retirement contribution subsequent to the measurement date	\$ 29,667,257	37,870,568	67,537,825
Changes in assumptions used	31,743,780	65,964,360	97,708,140
Difference between expected and actual experience	20,842,242	1,316,700	22,158,942
Net difference between projected and actual earnings on pension plan investments	<u>2,607,729</u>	<u>—</u>	<u>2,607,729</u>
Total deferred outflows of resources – pensions	<u>\$ 84,861,008</u>	<u>105,151,628</u>	<u>190,012,636</u>

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Notes to Basic Financial Statements

June 30, 2020 and 2019

	June 30, 2020		
	CalPERS deferred inflows of resources	CalSTRS deferred inflows of resources	Total deferred inflows of resources – pensions
Changes in assumptions used	\$ —	11,783,350	11,783,350
Net difference between projected and actual earnings on pension plan investments	3,157,962	16,107,770	19,265,732
Change in the District's proportion	<u>9,467,230</u>	<u>6,760,275</u>	<u>16,227,505</u>
Total deferred inflows of resources – pensions	<u>\$ 12,625,192</u>	<u>34,651,395</u>	<u>47,276,587</u>
	June 30, 2019		
	CalPERS deferred inflows of resources	CalSTRS deferred inflows of resources	Total deferred inflows of resources – pensions
Changes in assumptions used	\$ —	6,167,700	6,167,700
Net difference between projected and actual earnings on pension plan investments	—	16,350,180	16,350,180
Change in the District's proportion	<u>7,622,763</u>	<u>3,383,364</u>	<u>11,006,127</u>
Total deferred inflows of resources – pensions	<u>\$ 7,622,763</u>	<u>25,901,244</u>	<u>33,524,007</u>

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements

June 30, 2020 and 2019

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

Year ending June 30:	
2021	\$ 35,476,079
2022	(329,105)
2023	6,362,202
2024	10,944,544
2025	(3,619,025)
Thereafter	<u>(1,227,427)</u>
Total	<u>\$ 47,607,268</u>

(d) Contributions Required and Contributions Made

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

For fiscal year 2018-19, the District was required by statute to contribute 16.28%, 18.062%, 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, 2019. All CalPERS participants are required to contribute 7% of gross salary to CalPERS as of fiscal year 2018-19. As of June 30, 2019, 71.00% and 70.80% of the District's net pension liabilities for CalSTRS and CalPERS are funded, respectively.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements

June 30, 2020 and 2019

The District's contributions for the years ended June 30, 2020, 2019, and 2018 are as follows:

	<u>Contributions</u>	<u>Percentage of required contributions</u>
CalSTRS:		
2020	\$ 49,761,186	100 %
2019	37,870,568	100
2018	36,046,753	100
CalPERS:		
2020	\$ 35,183,072	100 %
2019	29,667,257	100
2018	24,880,057	100
Cash balance CalSTRS:		
2020	\$ 2,350,367	100 %
2019	2,341,638	100
2018	2,354,997	100
PARS-ARS:		
2020	\$ 611,507	100 %
2019	721,896	100
2018	765,259	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, 2020, 2019 and 2018.

(e) Actuarial Methods and Assumptions

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

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements

June 30, 2020 and 2019

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

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

	June 30, 2019	
	CalSTRS	CalPERS
Measurement date	June 30, 2018	June 30, 2018
Valuation date	June 30, 2017	June 30, 2017
Actuarial assumptions:		
Discount rate	7.10 %	7.15 %
Inflation	2.75 %	2.625 %
Payroll growth	3.50 %	2.875 %
Projected salary increase	Varies by entry age and service	Varies by entry age and service
Investment rate of return	7.10 %	7.00 %

(f) Mortality Assumptions

(i) CalSTRS

CalSTRS mortality assumptions are based on the July 1, 2010, through June 30, 2015, experience study adopted by the board in February 2017. CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scale to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016 table, issued by the Society of Actuaries).

(ii) CalPERS

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

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements

June 30, 2020 and 2019

(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, 2020 and 2019, and the assumed investment rate of return, gross of administrative expenses, 7.10%, was used to discount all future benefits.

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

(ii) CalPERS

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

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

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

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

	<u>CalSTRS</u>	<u>CalPERS</u>	<u>Total</u>
1% decrease	6.10 %	6.15 %	
Net pension liability	\$ 622,679,440	490,771,200	1,113,450,640
Current discount rate	7.10 %	7.15 %	
Net pension liability	\$ 418,163,080	340,511,602	758,674,682
1% increase	8.10 %	8.15 %	
Net pension liability	\$ 248,580,070	215,792,484	464,372,554

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements

June 30, 2020 and 2019

(i) Rate of Return

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

	<u>New strategic allocations</u>	<u>Long-term rate of return</u>
CalSTRS – asset class:		
Global equity	47 %	4.80 %
Fixed income	12	1.30
Private equity	13	6.30
Real estate	13	3.60
Risk Mitigating Strategies	9	1.80
Inflation sensitive	4	3.30
Cash	2	(0.40)
	<hr/>	
Total	100 %	
	<hr/> <hr/>	

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

(6) Other Postemployment Benefits

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

Effective, July 1, 2017, the District adopted GASB Statement No. 75. The OPEB amounts at June 30, 2020 and 2019 are determined using July 1, 2019 and July 1, 2017 valuation reports, respectively. The July 1, 2017 valuation was based on a measurement date of June 30, 2017 and a measurement period of July 1, 2016 to June 30, 2017. The July 1, 2017 valuation report was rolled forward to measure the OPEB

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements

June 30, 2020 and 2019

amounts at June 30, 2018, the measurement date for June 30, 2019. The July 1, 2019 valuation is based on a measurement date of June 30, 2019 and a measurement period of July 1, 2018 to June 30, 2019.

(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:

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

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

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

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

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

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

(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.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements

June 30, 2020 and 2019

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 \$6,602,224 and \$6,366,190 to the irrevocable trust with CalPERS during FY 2020 and FY 2019, respectively.

(c) Reconciliation of Net OPEB Liability

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

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

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements

June 30, 2020 and 2019

The table below shows the details regarding total OPEB liability, plan fiduciary net position, and net OPEB liability for the measurement period from July 1, 2017 to June 30, 2018.

	Increase (decrease)		
	Total OPEB liability	Plan fiduciary net position	Net OPEB liability
Balance recognized at June 30, 2018	\$ 690,480,715	98,669,276	591,811,439
Changes recognized for the fiscal year:			
Service cost	18,702,117	—	18,702,117
Interest on the total OPEB liability	36,830,247	—	36,830,247
Changes of assumptions	(20,557,426)	—	(20,557,426)
Benefit payments	(28,918,351)	(28,918,351)	—
Contributions from the employer	—	35,453,915	(35,453,915)
Net investment income	—	8,189,050	(8,189,050)
Administrative expense	—	(54,119)	54,119
Net changes	<u>6,056,587</u>	<u>14,670,495</u>	<u>(8,613,908)</u>
Balance recognized at June 30, 2019	<u>\$ 696,537,302</u>	<u>113,339,771</u>	<u>583,197,531</u>

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

	1% decrease (6.50%)	Current rate (7.50%)	1% increase (8.50%)
Total OPEB liability	\$ 599,034,144	528,379,032	470,269,094
Plan fiduciary net position	<u>126,996,627</u>	<u>126,996,627</u>	<u>126,996,627</u>
Net OPEB liability	<u>\$ 472,037,517</u>	<u>401,382,405</u>	<u>343,272,467</u>

The following table illustrates the impact of interest rate sensitivity on the net OPEB liability for fiscal year ended June 30, 2019:

	1% decrease (4.50%)	Current rate (5.50%)	1% increase (6.50%)
Total OPEB liability	\$ 809,432,648	696,537,302	606,345,310
Plan fiduciary net position	<u>113,339,771</u>	<u>113,339,771</u>	<u>113,339,771</u>
Net OPEB liability	<u>\$ 696,092,877</u>	<u>583,197,531</u>	<u>493,005,539</u>

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements

June 30, 2020 and 2019

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

	<u>1% decrease</u>	<u>Trend rate</u>	<u>1% increase</u>
Total OPEB liability	\$ 465,430,283	528,379,032	606,177,421
Plan fiduciary net position	<u>126,996,627</u>	<u>126,996,627</u>	<u>126,996,627</u>
Net OPEB liability	\$ <u>338,433,656</u>	<u>401,382,405</u>	<u>479,180,794</u>

The following table illustrates the impact of healthcare cost trend sensitivity on the net OPEB liability for fiscal year ended June 30, 2019:

	<u>1% decrease</u>	<u>Trend rate</u>	<u>1% increase</u>
Total OPEB liability	\$ 594,415,884	696,537,302	826,916,205
Plan fiduciary net position	<u>113,339,771</u>	<u>113,339,771</u>	<u>113,339,771</u>
Net OPEB liability	\$ <u>481,076,113</u>	<u>583,197,531</u>	<u>713,576,434</u>

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

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

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

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements

June 30, 2020 and 2019

For the year ended June 30, 2019, the District recognized OPEB expenses of \$29,624,101. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred outflows</u>	<u>Deferred inflows</u>
Net difference between expected and actual earnings on OPEB plan investments	\$ —	(2,368,043)
Assumption changes	—	(65,537,681)
Contributions made in fiscal year ended June 30, 2019 after measurement date	<u>35,413,966</u>	<u>—</u>
Total	\$ <u>35,413,966</u>	<u>(67,905,724)</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, 2020. All other deferred outflows of resources and deferred inflows of resources related to OPEB above will be recognized in OPEB expense as follows:

Year ending June 30:	
2021	\$ (51,857,046)
2022	(51,857,046)
2023	(43,354,131)
2024	(35,549,015)
2025	<u>(28,172,943)</u>
Total	\$ <u>(210,790,181)</u>

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements

June 30, 2020 and 2019

(e) Actuarial Assumptions

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

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

The total OPEB liability at June 30, 2019, was determined using the following actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

Actuarial assumptions	
Discount rate	5.50%
Expected long-term return on assets	7.28%
Payroll increases	3.00%
Inflation	2.75%
Health care cost trend	4.0% for dental and vision. 7.9% for medical pre-medicare and 8.8% for medicare eligible decreasing 0.4 to 0.6% per year to an ultimate rate of 5% for year 2025 and later years
Plan participation	Ranges from 40% 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, 2020, and the assumed investment rate of return, gross of administrative expenses, 7.50%, was used to discount all future benefits.

The net OPEB liability at June 30, 2019 was measured using a blended discount rate as it was determined that assets will not be sufficient to pay all future benefit payments for current members. The blended rate included the assumed investment rate of return of 7.28% through fiscal year 2051 and a 20-year municipal bond rate of 3.53% through fiscal year 2115.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements

June 30, 2020 and 2019

(g) Long-Term expected rate of return

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

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

(h) Mortality Assumptions

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

(i) Other Benefits

Effective January 1, 2010, the District provided an annual contribution of \$1,500 to benefit active employees and pre-Medicare retirees into a health reimbursement account (HRA) except for FY 2016-2017. Contributions made by the District were \$6.4 million and \$6.1 million for fiscal year ended June 30, 2020 and June 30, 2019, respectively.

(7) Commitments and Contingencies

The District receives a substantial portion of its total revenue under various governmental grants, all of which pay the District based on reimbursable cost as defined by each grant. Reimbursement recorded

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements

June 30, 2020 and 2019

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, 2020. 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, 2020, the total value of these outstanding commitments is \$409,480,320.

(8) Long-Term Liabilities

The following is a summary of long-term liabilities of the District for the years ended June 30, 2020 and 2019:

	2020				
	Balance at June 30, 2019	Additions	Deletions	Balance at June 30, 2020	Due within one year
General Obligation Bonds:					
2004 Series A and B	\$ 33,670,000	—	—	33,670,000	—
2007 Series A	—	—	—	—	—
2008 Series E1 and F1	—	—	—	—	—
2009 Series A and B	75,000,000	—	—	75,000,000	—
2010 Series C, D, and E	1,025,000,000	—	—	1,025,000,000	—
2013 Series F	202,000,000	—	(3,000,000)	199,000,000	5,000,000
2013 Refunding Bond	38,945,000	—	(3,535,000)	35,410,000	3,710,000
Measure J 2015 Series G	212,070,000	—	(6,345,000)	205,725,000	6,625,000
Prop A, AA and Mea J 2015 Refunding Series A	1,429,435,000	—	(34,245,000)	1,395,190,000	36,895,000
Prop A and AA 2015 Refunding Series B	28,830,000	—	(4,525,000)	24,305,000	4,615,000
Proposition A 2015 Refunding Series C	252,150,000	—	(22,135,000)	230,015,000	24,475,000
Measure J 2016 Series I	210,570,000	—	(13,210,000)	197,360,000	6,440,000
Measure J 2016 Refunding	174,965,000	—	(620,000)	174,345,000	645,000
Measure J 2017 Series J	247,755,000	—	(7,875,000)	239,880,000	—
Measure J 2019 Series K	—	300,000,000	(24,560,000)	275,440,000	—
Measure CC 2019 Series B-1 and B-2	—	250,000,000	(125,880,000)	124,120,000	—
Unamortized bond premiums	346,356,709	38,855,037	(28,429,813)	356,781,933	31,436,155
Pension obligations	742,539,054	16,135,628	—	758,674,682	—
OPEB obligations	583,197,531	—	(181,815,126)	401,382,405	—
Supplemental retirement plan	16,695,204	—	(5,586,773)	11,108,430	5,565,068
Workers' compensation liabilities	37,787,000	3,281,806	(4,034,806)	37,034,000	4,034,806
General liabilities	12,364,000	4,372,311	(3,912,311)	12,824,000	3,912,310
Compensated absences	18,048,481	14,050,056	(10,829,939)	21,268,598	9,382,792
Capital lease obligations	136,492	216,877	(107,549)	245,820	60,896
Total	\$ 5,687,514,471	626,911,715	(480,646,317)	5,833,779,868	142,797,027

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements

June 30, 2020 and 2019

	2019				
	Balance at June 30, 2018	Additions	Deletions	Balance at June 30, 2019	Due within one year
General Obligation Bonds:					
2004 Series A and B	\$ 33,670,000	—	—	33,670,000	—
2006 Series E	—	—	—	—	—
2007 Series A	—	—	—	—	—
2008 Series E1 and F1	15,155,000	—	(15,155,000)	—	—
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	205,000,000	—	(3,000,000)	202,000,000	3,000,000
2013 Refunding Bond	42,305,000	—	(3,360,000)	38,945,000	3,535,000
Measure J 2015 Series G	218,205,000	—	(6,135,000)	212,070,000	6,345,000
Proposition A, AA and Measure J 2015 Refunding Series A	1,446,665,000	—	(17,230,000)	1,429,435,000	34,245,000
2015 Proposition A, and AA Refunding Series B	33,270,000	—	(4,440,000)	28,830,000	4,525,000
Proposition A 2015 Refunding Series C	272,085,000	—	(19,935,000)	252,150,000	22,135,000
Measure J 2016 Series I	223,910,000	—	(13,340,000)	210,570,000	13,210,000
Measure J 2017 Series J	300,000,000	—	(52,245,000)	247,755,000	7,875,000
Measure CC 2017 Series A-1 and A-2	100,000,000	—	(100,000,000)	—	—
Measure J 2016 Refunding	175,565,000	—	(600,000)	174,965,000	620,000
Unamortized bond premiums	371,318,186	—	(24,961,477)	346,356,709	24,876,864
Pension obligations	745,265,966	—	(2,726,912)	742,539,054	—
OPEB obligations	591,811,439	26,840,007	(35,453,915)	583,197,531	—
Supplemental retirement plan	22,260,272	—	(5,565,068)	16,695,204	5,565,068
Workers' compensation liabilities	38,700,000	3,527,484	(4,440,484)	37,787,000	4,440,484
General liabilities	7,991,000	10,246,847	(5,873,847)	12,364,000	5,873,847
Compensated absences	17,058,042	10,341,253	(9,350,814)	18,048,481	9,350,814
Capital lease obligations	586,795	—	(450,303)	136,492	108,523
Total	\$ 5,960,821,700	50,955,591	(324,262,820)	5,687,514,471	145,705,600

(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 FY2020, the District issued new Measure J G.O. Bond Series K for a total of \$300,000,000 and new Measure CC G.O. Bond Series B-1 Tax-Exempt for \$150,000,000 and Series B-2 (Taxable) for \$100,000,000. 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 new G.O. Bond measures were issued with interest ranging from 1.65% to 5.00%. The effective interest rate at the financial statement date is 4.62%.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements

June 30, 2020 and 2019

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:		
2021	\$	10,173,253
2022		10,173,253
2023		10,173,253
2024		10,173,253
2025		10,108,572
Thereafter		<u>92,742,295</u>
	\$	<u><u>143,543,879</u></u>

Total debt service requirements to maturity of the G.O. bonds at June 30, 2020 are as follows:

	Total G.O. bond debt service		
	Principal	Interest	Total
Year(s) ending June 30:			
2021	\$ 88,405,000	213,867,903	302,272,903
2022	219,280,000	204,984,207	424,264,207
2023	110,900,000	197,123,276	308,023,276
2024	120,250,000	191,807,257	312,057,257
2025	129,455,000	185,943,301	315,398,301
2026–2030	844,325,000	813,928,356	1,658,253,356
2031–2035	1,017,790,000	573,455,437	1,591,245,437
2036–2040	800,715,000	384,708,727	1,185,423,727
2041–2045	427,780,000	228,267,693	656,047,693
2046–2050	<u>475,560,000</u>	<u>83,068,201</u>	<u>558,628,201</u>
Total	\$ <u><u>4,234,460,000</u></u>	<u><u>3,077,154,358</u></u>	<u><u>7,311,614,358</u></u>

The County levies property taxes in order to make G.O. bond principal and interest payments on behalf of the District.

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, 2020, the District has a total of \$33,323,507 of irrevocable line of credits from Bank of America and no outstanding balance.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements

June 30, 2020 and 2019

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. Although there is no required collateral for this standby letter of credit, the District has set up an escrow account and trust agreement to pay for workers' compensation claims and general liability claims in connection with bond funded projects. At June 30, 2020, this escrow account has a deposit balance of \$26,412,085.

(9) Risk Management

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

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

The District currently reports all of its risk management activities in the accompanying statements of net position. The balance of all outstanding workers' compensation and incurred general liability claims is estimated based on information provided by an outside actuarial study performed in 2020. The amount of the outstanding liability at June 30, 2020 and 2019 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, 2020 and 2019 were as follows:

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

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements

June 30, 2020 and 2019

	2019			
	Balance at July 1, 2018	Current year claims and changes in estimates	Claim payments	Balance at June 30, 2019
Workers' compensation	\$ 38,700,000	3,527,484	(4,440,484)	37,787,000
General liability	7,991,000	10,246,847	(5,873,847)	12,364,000

During the years ended June 30, 2020 and 2019, the District made total payments of insurance premiums of approximately \$3,940,123 and \$4,223,032, respectively, for general liability and workers' compensation claims.

(10) Subsequent Events

On October 29, 2020, the District has issued \$1,793,805,000 2020 in G.O. Refunding Bonds (Federally Taxable) wherein proceeds will be used to advance refund its outstanding bonds of \$1,530,610,000 and pay cost of issuance incurred. This transaction has generated a net present value savings of \$104,182,458.

REQUIRED SUPPLEMENTAL INFORMATION

LOS ANGELES COMMUNITY COLLEGE DISTRICT
Schedule of the District Proportionate Share of the Net Pension Liability and
Schedule of District Contributions
Year ended June 30, 2020
(Unaudited)

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

CalSTRS and CalPERS pension plans

Last 10 fiscal years*

	2020		2019	
	CalPERS	CalSTRS	CalPERS	CalSTRS
District's proportion of the collective net pension liability	1.168%	0.463%	1.192%	0.462%
District's proportionate share of the collective net pension liability	\$ 340,511,602	418,163,080	317,928,714	424,610,340
District's covered payroll	178,362,183	291,001,088	164,252,336	232,616,579
District's proportionate share of the collective net pension liability as a percent of covered payroll	190.91%	143.70%	193.56%	182.54%
Pension plan's fiduciary net position as a percentage of total pension liability	70.00%	72.60%	70.80%	71.00%

* 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*

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
State & District contributions as a percentage of covered-employee payroll	30.63 %	22.05 %	19.49%	16.67%	12.78%	12.92%	11.68%	11.87%	11.05%	10.76%
Contractually required contribution	\$ 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	17,216,865
Contributions in relation to the contractually required contributions	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	17,216,865
Contribution deficiency (excess)	—	—	—	—	—	—	—	—	—	—
District's covered payroll	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	192,583,183
District contributions as a percentage of covered payroll	17.91 %	17.29 %	15.37%	13.35%	11.82%	9.94%	8.98%	9.37%	9.01%	8.94%

* 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*

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	\$ 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	14,039,142
Contributions in relation to the contractually required contributions	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	14,039,142
Contribution deficiency (excess)	—	—	—	—	—	—	—	—	—	—
District's covered payroll	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	130,436,025

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

See accompanying independent auditors' report.

LOS ANGELES COMMUNITY COLLEGE DISTRICT
Schedule of Changes in the Net OPEB Liability and Related Ratios
Year ended June 30, 2020
(Unaudited)

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

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

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

See accompanying independent auditors' report.

SUPPLEMENTAL FINANCIAL INFORMATION

LOS ANGELES COMMUNITY COLLEGE DISTRICT

General Fund

Schedule of Balance Sheet Accounts

June 30, 2020

Assets

Cash in county treasury	\$	149,701,607
Cash in banks		40,381,150
Cash in revolving fund		157,569
Accounts, notes, interest and loans receivable, net		78,727,506
Due from other funds		2,138,142
Prepaid expenses and other assets		<u>5,019,412</u>
Total assets	\$	<u><u>276,125,386</u></u>

Liabilities and Fund Balance

Liabilities:

Accounts payable	\$	108,722,446
Due to other funds		5,660,665
Amounts held in trusts		496,604
Unearned revenue		<u>5,367,241</u>

Total liabilities 120,246,956

Fund balance:

Restricted		14,658,990
Unrestricted		<u>141,219,440</u>

Total fund balance 155,878,430

Total liabilities and fund balance \$ 276,125,386

See accompanying independent auditors' report.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

General Fund

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

Year ended June 30, 2020

Revenue:

Federal revenue:

Higher education acts	\$ 14,596,111
Job Training Partnership Act	2,572,940
Temporary Assistance for Needy Families (TANF)	1,075,055
Vocational Education Act	4,361,938
Veterans Education	20,190
College Work Study	3,822,859
Supplemental educational opportunity grants	109,056
Pell (basic educational opportunity grants)	235,370
Other	<u>7,748,889</u>
Total federal revenue	<u>34,542,408</u>

State revenue:

State apportionments	442,408,283
Tax relief subvention	1,136,538
State lottery	19,924,218
CA Works Oppor. & Responsibility to Kids	5,623,845
Extended opportunity program	10,154,612
Student Success and Support Program	37,361,659
Disabled Students Programs and Services	7,255,622
Other	<u>3,909,674</u>
Total state revenues	<u>527,774,451</u>

Local revenue:

Local property taxes	244,543,201
Enrollment fees	24,796,963
Tuition and fees, net of scholarship discounts and allowance	10,163,188
Community service fees	3,443,940
Parking fees	2,192,118
Health service fees	1,912,133
Student fees and charges	679,263
Interest	2,723,016
Other	<u>29,597,886</u>
Total local revenue	<u>320,051,708</u>

Total revenue 882,368,567

Expenditures:

Current:

Academic salaries	347,174,313
Classified salaries	188,766,715
Employee benefits	212,970,733
Books and supplies	12,672,817
Contract services, student grants, and other operating expenditures	106,854,037
Capital outlay and equipment replacement:	10,929,457
Other	<u>6,171,935</u>

Total expenditures 885,540,007

Excess of revenue over expenditures (3,171,440)

Other financing use:

Operating transfers out (21,364,074)

Net increase in fund balance (24,535,514)

Fund balances at July 1, 2019 180,413,944

Fund balances at June 30, 2020 \$ 155,878,430

See accompanying independent auditors' report.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Special Revenue Funds

Combined Schedule of Balance Sheet Accounts

June 30, 2020

Assets	Special revenue fund	Cafeteria fund	Child development fund	Bookstore fund	Total
Cash in county treasury	\$ 118,301,066	—	(3,347,804)	—	114,953,262
Cash in banks	1,654,711	750,100	2,690,117	3,878,195	8,973,123
Cash in revolving fund	—	995	—	89,854	90,849
Accounts, notes, interest, and loans receivable, net of allowance for doubtful accounts	609,704	84,197	1,166,605	3,995,665	5,856,171
Due from other funds	—	316,476	618,332	435,765	1,370,573
Inventory	—	64,330	—	4,048,785	4,113,115
Total assets	\$ 120,565,481	1,216,098	1,127,250	12,448,264	135,357,093
Liabilities and Fund Balance					
Liabilities:					
Accounts payable	\$ 983,831	—	661,893	648,001	2,293,725
Due to other funds	124,162	67,716	28,969	1,748,184	1,969,031
Unearned revenue	—	17,448	—	1,295,222	1,312,670
Total liabilities	1,107,993	85,164	690,862	3,691,407	5,575,426
Fund balances:					
Capital projects	119,457,488	—	—	—	119,457,488
Unrestricted	—	1,130,934	—	6,773,815	7,904,749
Reserve for facility improvements and inventory	—	—	—	1,983,042	1,983,042
Reserve for program and capital expenditures	—	—	436,388	—	436,388
Total fund balance	119,457,488	1,130,934	436,388	8,756,857	129,781,667
Total liabilities and fund balance	\$ 120,565,481	1,216,098	1,127,250	12,448,264	135,357,093

See accompanying independent auditors' report.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Special Revenue Funds

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

Year ended June 30, 2020

	<u>Special revenue fund</u>	<u>Cafeteria fund</u>	<u>Child development fund</u>	<u>Bookstore fund</u>	<u>Total</u>
Revenue:					
Federal revenue:					
Tuition and fees	\$ —	—	239,192	—	239,192
Child and adult care	202,794	—	1,805,329	—	2,008,123
Other	—	—	—	—	—
Total federal revenue	<u>202,794</u>	<u>—</u>	<u>2,044,521</u>	<u>—</u>	<u>2,247,315</u>
State revenue:					
State apportionment	369,018	—	—	—	369,018
Other	—	—	7,948,359	—	7,948,359
Total state revenue	<u>369,018</u>	<u>—</u>	<u>7,948,359</u>	<u>—</u>	<u>8,317,377</u>
Local revenues:					
Food service sales	—	643,484	—	543,017	1,186,501
Bookstore sales	—	—	—	16,204,274	16,204,274
Interest	1,989,700	—	42,377	—	2,032,077
Other	652,547	232,585	3,019	—	888,151
Total local revenue	<u>2,642,247</u>	<u>876,069</u>	<u>45,396</u>	<u>16,747,291</u>	<u>20,311,003</u>
Total revenue	<u>3,214,059</u>	<u>876,069</u>	<u>10,038,276</u>	<u>16,747,291</u>	<u>30,875,695</u>
Expenditures:					
Current:					
Academic salaries	—	—	5,007,291	—	5,007,291
Classified salaries	—	211,889	3,260,412	4,241,136	7,713,437
Employee benefits	—	30,514	2,527,622	1,811,135	4,369,271
Books and supplies	—	693,313	526,729	12,376,212	13,596,254
Contract services, student grant, and other operating expenditures	17,000,918	16,653	413,197	54,107	17,484,875
Utilities	—	2,323	—	190,270	192,593
Capital outlay	271,288	6,406	51,080	320,287	649,061
Total expenditures	<u>17,272,206</u>	<u>961,098</u>	<u>11,786,331</u>	<u>18,993,147</u>	<u>49,012,782</u>
(Deficiency) excess of revenue over expenditures	(14,058,147)	(85,029)	(1,748,055)	(2,245,856)	(18,137,087)
Other financing sources – operating transfers in	<u>13,681,250</u>	<u>231,270</u>	<u>805,887</u>	<u>66,175</u>	<u>14,784,582</u>
Net increase (decrease) in fund balances	(376,897)	146,241	(942,168)	(2,179,681)	(3,352,505)
Fund balances at July 1, 2019	<u>119,834,385</u>	<u>984,693</u>	<u>1,378,556</u>	<u>10,936,538</u>	<u>133,134,172</u>
Fund balances at June 30, 2020	\$ <u>119,457,488</u>	<u>1,130,934</u>	<u>436,388</u>	<u>8,756,857</u>	<u>129,781,667</u>

See accompanying independent auditors' report.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Debt Service Fund

Schedule of Balance Sheet Accounts

June 30, 2020

Assets

Cash held with trustee	\$	276,683,702
Accounts, notes, interest, and loans receivable, net		<u>26,109,188</u>
Total assets	\$	<u><u>302,792,890</u></u>

Liabilities and Fund Balance

Liabilities:		
Unearned revenue	\$	26,109,188
Other liabilities		<u>90,258,281</u>
Total liabilities		<u>116,367,469</u>
Fund balance:		
Restricted – Expendable		<u>186,425,421</u>
Total fund balance		<u>186,425,421</u>
Total liabilities and fund balance	\$	<u><u>302,792,890</u></u>

See accompanying independent auditors' report.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Debt Service Fund

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

Year ended June 30, 2020

Expenditures:

Current:

Debt service	\$ 245,930,000
Interest expense on capital asset-related debt	<u>206,571,534</u>
Total expenditures	<u>452,501,534</u>
Deficit of expenditures over revenue	<u>(452,501,534)</u>

Other financing source:

Local tax for G.O. bonds	<u>322,454,328</u>
Total other financing sources	<u>322,454,328</u>
Net increase in fund balance	(130,047,206)

Fund balances at July 1, 2019 316,472,627

Fund balances at June 30, 2020 \$ 186,425,421

See accompanying independent auditors' report.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Postretirement Health Insurance Fund

Schedule of Balance Sheet Accounts

June 30, 2020

Assets

Assets	\$	_____
Total assets	\$	_____

Liabilities and Fund Balance

Liability:		
Unfunded OPEB payable	\$	_____
Total liability		_____
Fund balance:		
Restricted		_____
Total fund balance		_____
Total liabilities and fund balance	\$	_____

See accompanying independent auditors' report.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Postretirement Health Insurance Fund

Schedule of Revenue, Expenditures, and Changes in Fund Balance (Deficit) Accounts

Year ended June 30, 2020

Revenue:		
Other nonoperating revenue	\$	<u>22,732</u>
Total local revenue		<u>22,732</u>
Expenditures:		
Current		<u>6,602,224</u>
Total expenditure		<u>6,602,224</u>
Excess of revenue expenditure over		<u>(6,579,492)</u>
Other financing sources:		
Operating transfers in		<u>6,579,492</u>
Total other financing sources		<u>6,579,492</u>
Net increase in fund balance		—
Fund deficit at July 1, 2019		<u>—</u>
Fund deficit at June 30, 2020	\$	<u><u>—</u></u>

See accompanying independent auditors' report.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Scholarship and Loan Fund

Schedule of Balance Sheet Accounts

June 30, 2020

Assets

Cash held with trustee	\$	
Accounts, notes, interest and loans receivable, net		<hr/>
Total assets	\$	<hr/> <hr/> <u>—</u>

Liabilities and Fund Balance

Liabilities:		
Due to other funds	\$	
Other liabilities		<hr/>
Total liabilities		<hr/> <hr/> <u>—</u>
Fund balance:		
Reserve for expendable fund balance		
Reserve for nonexpendable fund balance		<hr/>
Total fund balance		<hr/> <hr/> <u>—</u>
Total liabilities and fund balance	\$	<hr/> <hr/> <u>—</u>

See accompanying independent auditors' report.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Scholarship and Loan Fund

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

Year ended June 30, 2020

Revenue:		
Investment income – noncapital		\$ _____
Total revenues		_____
Expenditures:		
Other operating expenses and services		_____
Total expenditures		_____
Excess of expenditure over revenues		_____
Net decrease in fund balance		_____
Fund balances at July 1, 2019		_____
Fund balances at June 30, 2020		\$ _____

See accompanying independent auditors' report.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Building Fund

Schedule of Balance Sheet Accounts

June 30, 2020

Assets

Cash in county treasury	\$ 556,871,399
Cash in banks	9,929,155
Accounts, notes, interest, and loans receivable, net of allowance for doubtful accounts	1,919,366
Due from other funds	47,304
Prepaid expenses and other assets	2,792,050
Deposit with trustee	<u>26,412,085</u>
Total assets	<u>\$ 597,971,359</u>

Liabilities and Fund Balance

Liabilities:

Accounts payable	\$ 61,647,949
Due to other funds	<u>42,349</u>
Total liabilities	<u>61,690,298</u>

Fund balance:

Reserve for capital expenditures	<u>536,281,061</u>
Total fund balance	<u>536,281,061</u>
Total liabilities and fund balance	<u>\$ 597,971,359</u>

See accompanying independent auditors' report.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Building Fund

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

Year ended June 30, 2020

Local revenue:	
Interest	\$ 6,779,086
Other	<u>89,983</u>
Total revenue	<u>6,869,069</u>
Expenditures:	
Other operating expenses and services	32,107,056
Other non-operating income	62,150
Capital outlay	<u>196,289,603</u>
Total expenditures	<u>228,458,809</u>
Deficit of expenditures over revenue	<u>(221,589,740)</u>
Other financing source:	
Proceeds from issuance of debt	<u>550,000,000</u>
Total other financing source	<u>550,000,000</u>
Net increase in fund balance	328,410,260
Fund balances at July 1, 2019	<u>207,870,801</u>
Fund balances at June 30, 2020	<u>\$ 536,281,061</u>

See accompanying independent auditors' report.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Student Financial Aid Fund

Schedule of Balance Sheet Accounts

June 30, 2020

Assets

Cash in banks	\$	5,262
Accounts, notes, interest and loans receivable, net		6,728,669
Due from other funds		<u>4,315,691</u>
Total assets	\$	<u><u>11,049,622</u></u>

Liabilities and Fund Balance

Liabilities:

Accounts payable	\$	7,511,571
Due to other funds		<u>141,145</u>
Total liabilities		<u>7,652,716</u>

Fund balance:

Restricted		<u>3,396,906</u>
Total fund balance		<u>3,396,906</u>
Total liabilities and fund balance	\$	<u><u>11,049,622</u></u>

See accompanying independent auditors' report.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Student Financial Aid Fund

Statement of Revenue, Expenditures, and Changes in Fund Balances

Year ended June 30, 2020

Revenue:

Federal revenue:

Supplemental educational opportunity grants	\$	3,747,748
Pell (basic educational opportunity grants)		154,962,278
Direct loan		19,325,862
Other		20,108,145
Total federal revenue		<u>198,144,033</u>

State revenue:

Extended opportunity program		6,855,228
CAL Grant		30,297,105
Other		182,473
Total state revenue		<u>37,334,806</u>

Local revenue:

Other		<u>603,342</u>
Total local revenue		<u>603,342</u>
Total revenue		<u>236,082,181</u>

Expenditure:

Student grants		<u>235,959,440</u>
Total expenditure		<u>235,959,440</u>
Excess of revenue over expenditure		<u>122,741</u>
Net increase in fund balance		122,741

Fund balances at July 1, 2019 3,274,165

Fund balances at June 30, 2020 \$ 3,396,906

See accompanying independent auditors' report.

LOS ANGELES COMMUNITY COLLEGE DISTRICT
 Expendable Trust Fund – Associated Student Organization Funds and Agency Funds
 ASO Trust Fund – Combined Schedule of Balance Sheet Accounts
 June 30, 2020

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	\$ 240,972	442,270	341,645	668,610	1,450,888	220,276	1,233,557	1,433,143	311,066	6,342,427
Investments	770,424	175,421	100,000	195,374	610,453	—	1,714,198	1,758	—	3,567,628
Accounts, notes, interest, and receivable, net of allowance for doubtful accounts	8,586	1,775	—	—	—	6,385	43,461	47,691	—	107,898
Inventory	—	—	—	—	15,262	—	—	—	175	15,437
Capital assets	30,290	—	—	—	—	—	255,327	26,287	—	311,904
Total assets	<u>\$ 1,050,272</u>	<u>619,466</u>	<u>441,645</u>	<u>863,984</u>	<u>2,076,603</u>	<u>226,661</u>	<u>3,246,543</u>	<u>1,508,879</u>	<u>311,241</u>	<u>10,345,294</u>
Liabilities and Fund Balance										
Liabilities:										
Accounts payable	\$ 4,173	13,107	13,471	213,756	4,800	11,342	457,809	—	51,461	769,919
Unearned revenue	—	—	—	—	—	—	—	—	—	—
Long-term liabilities	284,619	—	—	—	—	11,862	879,430	—	—	1,175,911
Other liabilities	—	—	—	—	1,100,209	—	—	32,744	—	1,132,953
Total liabilities	<u>288,792</u>	<u>13,107</u>	<u>13,471</u>	<u>213,756</u>	<u>1,105,009</u>	<u>23,204</u>	<u>1,337,239</u>	<u>32,744</u>	<u>51,461</u>	<u>3,078,783</u>
Fund balances:										
Investment in fixed assets	30,290	—	—	—	—	—	255,327	26,287	—	311,904
Fund balances – designated for future expenditures	731,190	606,359	428,174	650,228	971,594	203,457	1,653,977	1,449,848	259,780	6,954,607
Total fund balances	<u>761,480</u>	<u>606,359</u>	<u>428,174</u>	<u>650,228</u>	<u>971,594</u>	<u>203,457</u>	<u>1,909,304</u>	<u>1,476,135</u>	<u>259,780</u>	<u>7,266,511</u>
Total liabilities and fund balance	<u>\$ 1,050,272</u>	<u>619,466</u>	<u>441,645</u>	<u>863,984</u>	<u>2,076,603</u>	<u>226,661</u>	<u>3,246,543</u>	<u>1,508,879</u>	<u>311,241</u>	<u>10,345,294</u>

See accompanying independent auditors' report.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Expendable Trust Fund – Associated Student Organization Funds and Agency Funds

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

Year ended June 30, 2020

	East Los Angeles College	Los Angeles City College	Los Angeles Harbor College	Los Angeles Mission College	Los Angeles Pierce College	Los Angeles Southwest College	Los Angeles Trade Technical College	Los Angeles Valley College	West Los Angeles College	Total
Revenue:										
Other	\$ 299,995	163,194	114,775	329,022	210,487	47,315	178,208	254,075	129,434	1,726,505
Total revenue	<u>299,995</u>	<u>163,194</u>	<u>114,775</u>	<u>329,022</u>	<u>210,487</u>	<u>47,315</u>	<u>178,208</u>	<u>254,075</u>	<u>129,434</u>	<u>1,726,505</u>
Expenditure:										
Contract services and other operating expenditures	301,968	91,469	44,537	282,792	97,471	16,985	371,519	63,480	34,327	1,304,548
Total expenditure	<u>301,968</u>	<u>91,469</u>	<u>44,537</u>	<u>282,792</u>	<u>97,471</u>	<u>16,985</u>	<u>371,519</u>	<u>63,480</u>	<u>34,327</u>	<u>1,304,548</u>
Net increase (decrease) in fund balance	(1,973)	71,725	70,238	46,230	113,016	30,330	(193,311)	190,595	95,107	421,957
Fund balances at July 1, 2019	<u>763,453</u>	<u>534,634</u>	<u>357,936</u>	<u>603,998</u>	<u>858,578</u>	<u>173,127</u>	<u>2,102,615</u>	<u>1,285,540</u>	<u>164,673</u>	<u>6,844,554</u>
Fund balances at June 30, 2020	<u>\$ 761,480</u>	<u>606,359</u>	<u>428,174</u>	<u>650,228</u>	<u>971,594</u>	<u>203,457</u>	<u>1,909,304</u>	<u>1,476,135</u>	<u>259,780</u>	<u>7,266,511</u>

See accompanying independent auditors' report.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Expendable Trust Fund – Associated Student Organization Funds and Agency Funds
 Student Representation Fee Trust Fund – Combined Schedule of Balance Sheet Accounts
 June 30, 2020

	East Los Angeles College	Los Angeles City College	Los Angeles Harbor College	Los Angeles Mission College	Los Angeles Pierce College	Los Angeles Southwest College	Los Angeles Trade Technical College	Los Angeles Valley College	West Los Angeles College	Total
Assets										
Cash in banks	\$ 97,709	104,312	98,407	90,815	387,186	39,852	101,690	202,213	40,527	1,162,711
Accounts, notes, interest, and receivable, net of allowance for doubtful accounts	5,475	—	—	—	—	3,220	—	14,851	—	23,546
Investments	—	—	—	—	—	—	—	51,372	—	51,372
Due From Other Funds	17,972	9,577	4,845	5,453	13,591	3,451	8,014	11,194	6,504	80,601
Total assets	<u>\$ 121,156</u>	<u>113,889</u>	<u>103,252</u>	<u>96,268</u>	<u>400,777</u>	<u>46,523</u>	<u>109,704</u>	<u>279,630</u>	<u>47,031</u>	<u>1,318,230</u>
Fund Balance										
Fund balance:										
Fund balances – designated for future expenditures	\$ 121,156	113,889	103,252	96,268	400,777	46,523	109,704	279,630	47,031	1,318,230
Total fund balance	<u>121,156</u>	<u>113,889</u>	<u>103,252</u>	<u>96,268</u>	<u>400,777</u>	<u>46,523</u>	<u>109,704</u>	<u>279,630</u>	<u>47,031</u>	<u>1,318,230</u>
Total liabilities and fund balance	<u>\$ 121,156</u>	<u>113,889</u>	<u>103,252</u>	<u>96,268</u>	<u>400,777</u>	<u>46,523</u>	<u>109,704</u>	<u>279,630</u>	<u>47,031</u>	<u>1,318,230</u>

See accompanying independent auditors' report.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Expendable Trust Fund – Associated Student Organization Funds and Agency Funds

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

Year ended June 30, 2020

	East Los Angeles College	Los Angeles City College	Los Angeles Harbor College	Los Angeles Mission College	Los Angeles Pierce College	Los Angeles Southwest College	Los Angeles Trade Technical College	Los Angeles Valley College	West Los Angeles College	Total
Revenue:										
Other	\$ 83,262	63,530	27,552	32,932	62,849	18,476	45,521	58,423	49,308	441,853
Total revenue	<u>83,262</u>	<u>63,530</u>	<u>27,552</u>	<u>32,932</u>	<u>62,849</u>	<u>18,476</u>	<u>45,521</u>	<u>58,423</u>	<u>49,308</u>	<u>441,853</u>
Expenditure:										
Contract services and other operating expenditures	38,873	48,152	14,909	9,774	23,764	100	9,392	—	14,084	159,048
Total expenditure	<u>38,873</u>	<u>48,152</u>	<u>14,909</u>	<u>9,774</u>	<u>23,764</u>	<u>100</u>	<u>9,392</u>	<u>—</u>	<u>14,084</u>	<u>159,048</u>
Net increase (decrease) in fund balance	44,389	15,378	12,643	23,158	39,085	18,376	36,129	58,423	35,224	282,805
Fund balances at July 1, 2019	76,767	98,511	90,609	73,110	361,692	28,147	73,575	221,207	11,807	1,035,425
Fund balances at June 30, 2020	\$ <u>121,156</u>	<u>113,889</u>	<u>103,252</u>	<u>96,268</u>	<u>400,777</u>	<u>46,523</u>	<u>109,704</u>	<u>279,630</u>	<u>47,031</u>	<u>1,318,230</u>

See accompanying independent auditors' report.

OTHER SUPPLEMENTAL INFORMATION

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Schedule of District Organization, Board, and Administration Members

June 30, 2020

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

<u>Name</u>	<u>Office</u>	<u>Term expires</u>
Andra Hoffman	President	December 11, 2020
Steven F. Veres	First Vice President	December 09, 2022
Dr. Gabriel Buelna	Second Vice President	December 09, 2022
Mike Fong	Member	December 11, 2020
Ernest H. Moreno	Member	December 09, 2022
Scott J. Svonkin	Member	December 11, 2020
David Vela	Member	December 11, 2020
Alfredo Gama Salmeron	Student Trustee	May 31, 2020

The Administration

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

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Schedule of District Organization, Board, and Administration Members

June 30, 2020

The College Presidents

Name	Office
Dr. Raul Rodriguez*	East Los Angeles College
Dr. Mary Gallagher	Los Angeles City College
Dr. Otto W. K. Lee	Los Angeles Harbor College
Dr. Monte E. Perez	Los Angeles Mission College
Dr. Alexis S. Montevirgen	Los Angeles Pierce College
Dr. Seher Awan	Los Angeles Southwest College
Dr. Katrina VanderWoude	Los Angeles Trade-Technical College
Dr. Barry Gribbons	Los Angeles Valley College
Dr. James M. Limbaugh	West Los Angeles College

* Interim

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Schedule of Expenditures of Federal Awards

Year ended June 30, 2020

Federal grantor/pass-through grantor/program or cluster title	Federal CFDA number	Award or pass-through identification number	Passed through to subrecipients	Total federal expenditures
Major Programs:				
U.S. Department of Education:				
Direct programs:				
Student Financial Assistance Cluster:				
Federal Supplement Educational Opportunity Grants (FSEOG):				
Los Angeles City College	84.007		\$ —	467,653
East Los Angeles College	84.007		—	700,229
Educational Service Center	84.007		—	2,707
Los Angeles Harbor College	84.007		—	166,537
Los Angeles Mission College	84.007		—	265,087
Los Angeles Pierce College	84.007		—	621,431
Los Angeles Southwest College	84.007		—	179,164
Los Angeles Trade Technical College	84.007		—	607,918
Los Angeles Valley College	84.007		—	502,310
West Los Angeles College	84.007		—	343,749
			<hr/>	<hr/>
			—	3,856,785
Federal Work Study Program:				
Los Angeles City College	84.033		—	528,281
East Los Angeles College	84.033		—	897,495
Educational Service Center	84.033		—	2,438
Los Angeles Harbor College	84.033		—	334,648
Los Angeles Mission College	84.033		—	240,779
Los Angeles Pierce College	84.033		—	458,567
Los Angeles Southwest College	84.033		—	248,246
Los Angeles Trade Technical College	84.033		—	473,225
Los Angeles Valley College	84.033		—	425,875
West Los Angeles College	84.033		—	339,906
			<hr/>	<hr/>
			—	3,949,460
Federal Perkins Loan Program:				
Los Angeles City College	84.038		—	465,290
East Los Angeles College	84.038		—	380,439
Los Angeles Harbor College	84.038		—	78,585
Los Angeles Mission College	84.038		—	40,914
Los Angeles Pierce College	84.038		—	261,244
Los Angeles Southwest College	84.038		—	251,452
Los Angeles Trade Technical College	84.038		—	656,988
Los Angeles Valley College	84.038		—	307,683
West Los Angeles College	84.038		—	241,468
			<hr/>	<hr/>
			—	2,684,063
Federal Pell Grant Program:				
Los Angeles City College	84.063		—	19,478,682
East Los Angeles College	84.063		—	35,395,076
Los Angeles Harbor College	84.063		—	9,463,316
Los Angeles Mission College	84.063		—	9,890,747
Los Angeles Pierce College	84.063		—	23,368,107
Los Angeles Southwest College	84.063		—	8,195,600
Los Angeles Trade Technical College	84.063		—	17,089,430
Los Angeles Valley College	84.063		—	21,844,594
West Los Angeles College	84.063		—	10,506,194
			<hr/>	<hr/>
			—	155,231,746

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Schedule of Expenditures of Federal Awards

Year ended June 30, 2020

Federal grantor/pass-through grantor/program or cluster title	Federal CFDA number	Award or pass-through identification number	Passed through to subrecipients	Total federal expenditures
U.S. Department of Education:				
Direct programs:				
Student Financial Assistance Cluster:				
Federal Direct Student Loans:				
Los Angeles City College	84.268		\$ —	4,954,242
East Los Angeles College	84.268		—	1,207,044
Los Angeles Harbor College	84.268		—	295,961
Los Angeles Mission College	84.268		—	1,063,974
Los Angeles Pierce College	84.268		—	5,096,955
Los Angeles Southwest College	84.268		—	1,091,126
Los Angeles Trade Technical College	84.268		—	1,854,972
Los Angeles Valley College	84.268		—	1,872,975
West Los Angeles College	84.268		—	1,891,772
			<u>—</u>	<u>19,329,021</u>
Total Student Financial Assistance Cluster				
			<u>—</u>	<u>185,114,167</u>
U.S. Department of Health and Human Services:				
Direct programs:				
Student Financial Assistance Cluster:				
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
			<u>—</u>	<u>63,092</u>
Total Student Financial Assistance Cluster				
			<u>—</u>	<u>185,114,167</u>
U.S. Department of Education:				
Direct programs:				
Higher Education Emergency Relief Fund (HEERF):				
HEERF – Student Aid Portion:				
Los Angeles City College	84.425E		—	1,878,300
East Los Angeles College	84.425E		—	3,291,600
Los Angeles Harbor College	84.425E		—	1,453,070
Los Angeles Mission College	84.425E		—	1,470,242
Los Angeles Pierce College	84.425E		—	3,847,398
Los Angeles Southwest College	84.425E		—	1,111,427
Los Angeles Trade Technical College	84.425E		—	2,559,676
Los Angeles Valley College	84.425E		—	3,077,312
West Los Angeles College	84.425E		—	1,107,905
			<u>—</u>	<u>19,796,930</u>
HEERF – Institutional Portion:				
Los Angeles City College	84.425F		—	341,419
East Los Angeles College	84.425F		—	719,869
Los Angeles Harbor College	84.425F		—	—
Los Angeles Mission College	84.425F		—	—
Los Angeles Pierce College	84.425F		—	66,575
Los Angeles Trade Technical College	84.425F		—	332,266
Los Angeles Valley College	84.425F		—	—
West Los Angeles College	84.425F		—	149,874
			<u>—</u>	<u>1,610,003</u>
HEERF – MSI Portion:				
Los Angeles City College	84.425L		—	1,391,609
East Los Angeles College	84.425L		—	363,034
Los Angeles Harbor College	84.425L		—	771,837
Los Angeles Mission College	84.425L		—	122,030
Los Angeles Pierce College	84.425L		—	186,065
Los Angeles Southwest College	84.425L		—	81,688
Los Angeles Trade Technical College	84.425L		—	187,918
Los Angeles Valley College	84.425L		—	419,069
West Los Angeles College	84.425L		—	338,092
			<u>—</u>	<u>3,861,342</u>
Total Higher Education Emergency Relief Fund				
			<u>—</u>	<u>25,268,275</u>

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Schedule of Expenditures of Federal Awards

Year ended June 30, 2020

Federal grantor/pass-through grantor/program or cluster title	Federal CFDA number	Award or pass-through identification number	Passed through to subrecipients	Total federal expenditures
U.S. Department of Treasury:				
Passed-through California Community College's Chancellors Office:				
COVID-19 Block Grant	21.019		\$ —	1,827,335
U.S. Department of Health and Human Services:				
Passed-through California Community College's Chancellors Office:				
477 Cluster:				
Temporary Assistance for Needy Families (TANF):				
Los Angeles City College	93.558	4362501711014	—	141,090
East Los Angeles College	93.558	4362501711014	—	132,252
Los Angeles Harbor College	93.558	4362501711014	—	64,946
Los Angeles Mission College	93.558	4362501711014	—	93,017
Los Angeles Pierce College	93.558	4362501711014	—	83,436
Los Angeles Southwest College	93.558	4362501711014	—	114,652
Los Angeles Trade Technical College	93.558	4362501711014	—	177,495
Los Angeles Valley College	93.558	4362501711014	—	183,100
West Los Angeles College	93.558	4362501711014	—	85,067
			<u>—</u>	<u>1,075,055</u>
Passed-through California Department of Education:				
477 Cluster:				
Family Child Care Homes:				
Los Angeles Mission College	93.575	CFCC-9009	—	90,503
Los Angeles Mission College	93.575	CCTR-9098	—	235,096
Los Angeles Valley College	93.575	CCTR-9098	—	100,274
			<u>—</u>	<u>425,873</u>
General Child Care and Development Program				
Los Angeles Mission College	93.596	CFCC-9009	—	196,876
Los Angeles Mission College	93.596	CCTR-9098	—	511,422
Los Angeles Valley College	93.596	CCTR-9098	—	218,133
			<u>—</u>	<u>926,431</u>
Total 477 Cluster			<u>—</u>	<u>2,427,359</u>
Total Major Programs			<u>—</u>	<u>214,637,136</u>
Non-Major Programs				
U.S. Department of Agriculture :				
Passed-through California Department of Education:				
Child and Adult Care Food Programs:				
Los Angeles City College	10.558	04056-CACFP-19-CC-CS	—	30,941
East Los Angeles College	10.558	04056-CACFP-19-CC-CS	—	83,062
Los Angeles Harbor College	10.558	04056-CACFP-19-CC-CS	—	41,485
Los Angeles Mission College	10.558	04056-CACFP-19-CC-CS	—	53,289
Los Angeles Los Angeles Pierce College	10.558	04056-CACFP-19-CC-CS	—	42,220
Los Angeles Southwest College	10.558	04056-CACFP-19-CC-CS	—	72,805
Los Angeles Trade Technical College	10.558	04056-CACFP-19-CC-CS	—	26,988
Los Angeles Valley College	10.558	04056-CACFP-19-CC-CS	—	54,491
West Los Angeles College	10.558	04056-CACFP-19-CC-CS	—	9,042
Total Child and Adult Care Food Programs			<u>—</u>	<u>414,323</u>

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Schedule of Expenditures of Federal Awards

Year ended June 30, 2020

Federal grantor/pass-through grantor/program or cluster title	Federal CFDA number	Award or pass-through identification number	Passed through to subrecipients	Total federal expenditures
U.S. Department of Agriculture :				
Passed-through The University Corporation:				
Pathways to Success Hispanic Standard Registration Diet				
Los Angeles Mission College	10.223	A18-0017-S001	\$ —	59,162
Passed-through CSU Chico Research Foundation:				
CalFresh Outreach Services				
Los Angeles Los Angeles Pierce College	10.561	18-3057	—	916
U.S. Department of Labor:				
Direct Program:				
H-1B Job Training Grant				
West Los Angeles College	17.268	HG-33046-19-60-A-6	—	482,559
Passed-through South Bay Workforce Investment Board:				
Workforce Innovation and Opportunity Act (WIOA) Cluster				
1-Train South Bay Workforce Invest Board				
Los Angeles Mission College	17.278	17-W182	—	4,206
Passed-through Employment Development Department:				
Workforce Innovation and Opportunity Act (WIOA) Cluster				
EDD Strengthening Working Families				
Los Angeles Valley College	17.258	K8109255	—	41,217
Los Angeles Valley College	17.258	K9113043	—	97,157
			—	138,374
Passed-through City of Glendale				
Workforce Innovation and Opportunity Act (WIOA) Cluster				
Regional BioTech Tech Industry				
Los Angeles Valley College	17.258	AA-32213-18-55-A-6	—	39,652
Total Workforce Innovation and Opportunity Act (WIOA) Cluster			—	182,232
Passed-through American Association of Community Colleges				
Expanding Community College Apprenticeships Initiative	17.285	AP-33025-19-75-A-11	—	86,113
National Aeronautics and Space Administration:				
Direct programs:				
Minority University Research & Education Project				
Los Angeles Pierce College	43.008	80NSSC18M0124	—	76,202
National Science Foundation:				
Direct programs:				
Education and Human Resources Program				
Biotechnology Program NSF				
Los Angeles Mission College	47.076	1700152	—	58,734
Biology Major in Mathematics, NSF				
Los Angeles Mission College	47.076	1832348	—	199,655
Filling Skills Gaps Geo-Spatial Eng NSF				
East Los Angeles College	47.076	1801188	—	177,321
Increasing Retention of Veterans in Engr				
East Los Angeles College	47.076	1821721	—	183,719
Scholarship in STEM to Achieve Results				
East Los Angeles College	47.076	1458676	—	102,552
Consortium for Undergraduate Research Experiences				
Los Angeles City College	47.049	AST-1460538	—	28,096
Total Education and Human Resources Program			—	750,077

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Schedule of Expenditures of Federal Awards

Year ended June 30, 2020

Federal grantor/pass-through grantor/program or cluster title	Federal CFDA number	Award or pass-through identification number	Passed through to subrecipients	Total federal expenditures
National Science Foundation:				
Passed-through The University Corporation:				
Mathematical and Physical Sciences				
RE-C^2: Research Experi in Community College NSF				
Los Angeles Mission College	47.049	F-15-3665-LAMC	\$ —	1,920
Los Angeles Los Angeles Pierce College	47.049	F-15-3665-LAPC	—	20,043
Total Mathematical and Physical Sciences			—	21,963
U.S. Department of Education:				
Direct programs:				
Higher Education Institutional Aid				
Los Angeles City College	84.031		—	1,302,496
East Los Angeles College	84.031		—	2,388,134
Los Angeles Harbor College	84.031		—	2,135,473
Los Angeles Mission College	84.031		—	472,505
Los Angeles Trade Technical College	84.031		—	169,027
Los Angeles Valley College	84.031		—	1,830,949
West Los Angeles College	84.031		—	589,524
			—	8,888,108
Passed-through The University Corporation:				
Higher Education Institutional Aid				
Bridging the Gap: Enhancing AIMS2 for St				
Los Angeles Pierce College	84.031	A17-0013-S004	—	54,441
Developing California's Workforce				
Los Angeles Pierce College	84.031	A17-0033-S001	—	12,619
Total Higher Education Institutional Aid			—	8,955,168
Child Care Access Means Parents in School				
Los Angeles Valley College	84.335		—	318,468
U.S. Department of Education:				
Direct programs:				
TRIO Cluster:				
TRIO-Student Support Services:				
Los Angeles City College	84.042		—	368,363
Los Angeles Harbor College	84.042		—	306,372
Los Angeles Mission College	84.042		—	259,799
Los Angeles Southwest College	84.042		—	774,589
Los Angeles Valley College	84.042		—	258,856
West Los Angeles College	84.042		—	242,826
			—	2,210,805
TRIO-Talent Search:				
Los Angeles Southwest College	84.044		—	231,743
West Los Angeles College	84.044		—	334,679
			—	566,422
TRIO-Upward Bound:				
Los Angeles City College	84.047		—	711,911
Los Angeles Valley College	84.047		—	527,042
West Los Angeles College	84.047		—	977,754
			—	2,216,707
TRIO-Educational Opportunity Centers:				
West Los Angeles College	84.066		—	257,651
Total TRIO Cluster			—	5,251,585

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Schedule of Expenditures of Federal Awards

Year ended June 30, 2020

Federal grantor/pass-through grantor/program or cluster title	Federal CFDA number	Award or pass-through identification number	Passed through to subrecipients	Total federal expenditures
U.S. Department of Education:				
Passed-through California Community College's Chancellors Office:				
Career and Technical Education – Basic Grant to States (Perkins IV)				
Perkins Title I-C				
Los Angeles City College	84.048	19-C01-027	\$ —	409,344
East Los Angeles College	84.048	19-C01-027	—	750,479
Educational Service Center	84.048	19-C01-027	—	217,563
Los Angeles Harbor College	84.048	19-C01-027	—	239,901
Los Angeles Mission College	84.048	19-C01-027	—	313,081
Los Angeles Pierce College	84.048	19-C01-027	—	450,528
Los Angeles Southwest College	84.048	19-C01-027	—	223,136
Los Angeles Trade Technical College	84.048	19-C01-027	—	501,355
Los Angeles Valley College	84.048	19-C01-027	—	407,211
West Los Angeles College	84.048	19-C01-027	—	433,673
			<hr/>	<hr/>
			—	3,946,271
CTE Transitions				
Los Angeles City College	84.048	19-C01-027	—	46,105
East Los Angeles College	84.048	19-C01-027	—	46,196
Los Angeles Harbor College	84.048	19-C01-027	—	46,196
Los Angeles Mission College	84.048	19-C01-027	—	46,195
Los Angeles Pierce College	84.048	19-C01-027	—	46,195
Los Angeles Southwest College	84.048	19-C01-027	—	46,195
Los Angeles Trade Technical College	84.048	19-C01-027	—	46,195
Los Angeles Valley College	84.048	19-C01-027	—	46,195
West Los Angeles College	84.048	19-C01-027	—	46,195
			<hr/>	<hr/>
			—	415,667
Total Career and Technical Education – Basic Grant to States (Perkins IV)				
			<hr/>	<hr/>
			—	4,361,938
Passed-through California Department of Education:				
Adult Education – Basic Grant to States:				
Adult Education and Family Literacy:				
Los Angeles City College	84.002	19-6474-00	—	1,185,304
East Los Angeles College	84.002	19-6474-00	—	229,234
Los Angeles Mission College	84.002	19-6474-00	—	153,015
Los Angeles Southwest College	84.002	19-6474-00	—	521,199
Los Angeles Trade-Technical College	84.002	19-6474-00	—	93,293
Los Angeles Valley College	84.002	19-6474-00	—	121,883
West Los Angeles College	84.002	19-6474-00	—	666
			<hr/>	<hr/>
Total Adult Education – Basic Grant to States				
			—	2,304,594
Passed-through California Department of Rehabilitation:				
Rehabilitation Services Vocational Rehabilitation Grants to States				
College to Career Program DOR				
West Los Angeles College	84.126	30,741	—	249,999
Passed-through Los Angeles Unified School District:				
Gaining Early Awareness and Readiness for Undergraduate Programs				
Los Angeles City College	84.334	4400003423	—	9,132
Los Angeles City College	84.334	4400007127	—	71,676
Los Angeles City College	84.334	4400007145	—	11,211
Los Angeles City College	84.334	4400007467	—	6,999
Los Angeles Trade Technical College	84.334	4400007128	—	10,653
Los Angeles Trade-Technical College	84.334	4400007146	—	20,447
			<hr/>	<hr/>
Total Gaining Early Awareness and Readiness for Undergraduate Programs				
			—	130,118

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Schedule of Expenditures of Federal Awards

Year ended June 30, 2020

<u>Federal grantor/pass-through grantor/program or cluster title</u>	<u>Federal CFDA number</u>	<u>Award or pass-through identification number</u>	<u>Passed through to subrecipients</u>	<u>Total federal expenditures</u>
Passed-through Loyola Marymount University: Center for International Business Educate Educational Service Center	84.220	19-006-S1	\$ —	—
U.S. Department of Education: Passed-through Cal State L.A. University Auxiliary Services, INC: Fund for the Improvement of Postsecondary Education First in the World CSULA West Los Angeles College	84.116	WLAC231225	—	71,686
U.S. Department of Health and Human Services: Passed-through California Community College's Chancellors Office: Foster Care – Title IV-E Foster and Kinship Care Education 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 West Los Angeles College	93.658 93.658 93.658 93.658 93.658 93.658 93.658 93.658		— — — — — — — —	43,039 50,756 71,951 78,825 42,425 52,463 49,036 30,901
Total Foster Care – Title IV-E			—	419,396
Passed-through Cal State L.A. University Auxiliary Services, INC: Biomedical Research and Training Bridges to the Future Los Angeles City College	93.859	LACC231516	—	7,700
Passed-through California State University Northridge Trans-NIH Research Support BUILD @ CSUN East Los Angeles College Los Angeles Valley College	93.310 93.310	A-15-0012-S019 A-15-0012-S017	— —	6,025 23,497
Total Trans-NIH Research Support			—	29,522
U.S. Department of Transportation: Direct Program: Highway Training and Education Dwight David Eisenhower Transportation Fellowship Program Dwight David Eisenhower Transportation Fellowship Program	20.215 20.215	693JJ320045146 693JJ320045147	— —	5,000 5,000
Total Highway Training and Education			—	10,000
U.S. Institute of Museum and Library Services Passed-through Califa Group State of California Grants to States California Revealed Project	45.310	LS-00-18-0005-18	—	9,667
Corporation for National and Community Service: Direct Program: AmeriCorps American Recovery and Reinvestment Act (ARRA): 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	94.006 94.006 94.006 94.006 94.006 94.006 94.006 94.006 94.006 94.006		— — — — — — — — — —	68,420 66,930 2,501 9,318 19,828 6,105 95,072 16,297 26,744
Total AmeriCorps			—	311,215
Total Non-Major Programs			—	24,504,603
Total Expenditures of Federal Awards			\$ —	239,141,739

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

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Schedule of State Awards

Year ended June 30, 2020

Program name	Cash received	Accounts receivable	Deferred income	Total program revenue	Total program expenditures
Adult Education Block Grant	\$ 13,220,893	—	4,493,583	8,727,310	8,727,305
Basic Skills	—	—	—	—	3,490,142
CAL Grants	18,545,396	—	128,043	18,417,353	18,412,489
California Apprenticeship Initiative	81,388	—	—	81,388	81,388
California College Promise	5,494,065	—	2,760,057	2,734,008	2,734,010
California College Promise Innovation Grant	693,901	—	—	693,901	693,901
California State Preschool Program	3,679,028	1,126,431	—	4,805,459	4,805,457
CalWORKs	6,733,645	—	1,109,800	5,623,845	5,623,845
Cooperating Agencies Resources for Education (CARE)	1,627,815	—	215,421	1,412,394	1,412,394
Disabled Students Program & Services (DSPS)	7,588,572	—	332,952	7,255,620	8,277,727
Economic and Workforce Development	100,597	521,481	—	622,078	622,077
Equal Employment Opportunity	50,000	—	26,196	23,804	23,804
Extended Opportunity Program and Services (EOPS)	13,662,912	—	769,353	12,893,559	12,893,559
Family Child Care Homes	417,052	124,016	—	541,068	541,068
Financial Aid Technology	317,968	—	—	317,968	989,376
Foster and Kinship Care Education (FKCE)	702,596	—	61,538	641,058	641,057
General Child Care and Development	1,159,156	928,472	—	2,087,628	2,087,629
Guided Pathways	8,805,311	—	5,677,494	3,127,817	3,127,816
Innovation in Higher Education	1,107,223	—	717,425	389,798	389,798
Mental Health Support	801,263	—	446,858	354,405	354,405
Middle College High School (MCHS)	—	100,000	—	100,000	100,000
NEXTUP	2,951,710	90,978	338,802	2,703,886	2,628,291
Nursing Education	1,316,049	—	462,499	853,550	853,550
One-Time Block Grant/Instructional Equipment/Deferred Maintenance	1,062,347	—	—	1,062,347	2,599,018
Osher Scholarship	135,525	—	8,800	126,725	124,876
Professional Development Services	2,376,110	244,729	—	2,620,839	2,620,839
Strong Workforce Program – Local	30,757,306	—	16,666,091	14,091,215	14,091,215
Strong Workforce Program – Regional	3,282,493	3,853,173	—	7,135,666	7,135,143
Student Equity	46,147,546	—	8,785,887	37,361,659	40,939,761
Student Financial Aid Administration	5,115,298	—	—	5,115,298	5,502,551
Student Success & Support (Credit)	—	—	—	—	4,053,386
Student Success & Support (Noncredit)	—	—	—	—	1,005,022
Student Success Completion Grant	11,899,580	—	13,360	11,886,220	11,886,220
Veterans Resource Center	1,157,774	231,865	624,675	764,964	764,963
Other State Assistance Programs	3,510,837	1,202,347	934,010	3,779,174	2,614,423
Total state programs	\$ 194,501,356	8,423,492	44,572,844	158,352,004	172,848,505

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

LOS ANGELES COMMUNITY COLLEGE DISTRICT
 Schedule of Workload Measures for State General Apportionment
 Annual 2019–20 Apportionment Attendance Report

Categories	Reported data
A. Summer intersession (Summer Seg 2 only):	
1. Noncredit	1,768
2. Credit	3,288
B. Summer intersession (Summer Seg 1 only):	
1. Noncredit	8
2. Credit	5,358
C. Primary terms (Exclusive of summer intersessions):	
1. Census procedure courses:	
a. Weekly census contact hours	53,300
b. Daily census contact hours	7,101
2. Actual hours of attendance procedure courses:	
a. Noncredit	5,507
b. Credit	4,968
3. Independent study/work experience education courses:	
a. Weekly census procedure crs	9,406
b. Daily census procedure crs	8,088
c. Noncredit independent study	—
D. Total FTES	98,792
Supplemental information	
E. In-service training courses	3,639
H. Basic skills courses:	
1. Noncredit	5,120
2. Credit	718
I. CCFS-320 Addendum: CDCP Noncredit FTES	4,806
J. Centers FTES:	
1. Noncredit	N/A
2. Credit	N/A

See accompanying independent auditors' report.

LOS ANGELES COMMUNITY COLLEGE DISTRICT
 Reconciliation of the 50 Percent Law Calculation to Audited Financial Statements
 Year ended June 30, 2020

	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	\$ 125,333,449	—	125,333,449	125,320,281	—	125,320,281
Other	1300	108,079,625	—	108,079,625	108,720,867	—	108,720,867
Total instructional salaries		<u>233,413,074</u>	<u>—</u>	<u>233,413,074</u>	<u>234,041,148</u>	<u>—</u>	<u>234,041,148</u>
Noninstructional salaries:							
Contract or regular	1200	—	—	—	50,848,487	—	50,848,487
Other	1400	—	—	—	5,232,782	—	5,232,782
Total noninstructional salaries		<u>—</u>	<u>—</u>	<u>—</u>	<u>56,081,269</u>	<u>—</u>	<u>56,081,269</u>
Total academic salaries		<u>233,413,074</u>	<u>—</u>	<u>233,413,074</u>	<u>290,122,417</u>	<u>—</u>	<u>290,122,417</u>
Classified salaries:							
Noninstructional salaries:							
Regular status	2100	—	—	—	110,514,789	—	110,514,789
Other	2300	—	—	—	5,456,915	—	5,456,915
Total noninstructional salaries		<u>—</u>	<u>—</u>	<u>—</u>	<u>115,971,704</u>	<u>—</u>	<u>115,971,704</u>
Instructional aides:							
Regular status	2200	12,025,524	—	12,025,524	12,662,232	—	12,662,232
Other	2400	1,920,230	—	1,920,230	2,220,334	—	2,220,334
Total instructional aides		<u>13,945,754</u>	<u>—</u>	<u>13,945,754</u>	<u>14,882,566</u>	<u>—</u>	<u>14,882,566</u>
Total classified salaries		<u>13,945,754</u>	<u>—</u>	<u>13,945,754</u>	<u>130,854,270</u>	<u>—</u>	<u>130,854,270</u>
Employee benefits	3000	84,599,303	—	84,599,303	184,887,977	—	184,887,977
Supplies and materials	4000	—	—	—	4,178,474	—	4,178,474
Other operating expenses	5000	5,169,665	—	5,169,665	82,238,249	—	82,238,249
Equipment replacement	6420	—	—	—	—	—	—
Total expenditures prior to exclusions		<u>\$ 337,127,796</u>	<u>—</u>	<u>337,127,796</u>	<u>692,281,387</u>	<u>—</u>	<u>692,281,387</u>

LOS ANGELES COMMUNITY COLLEGE DISTRICT
 Reconciliation of the 50 Percent Law Calculation to Audited Financial Statements
 Year ended June 30, 2020

	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
Exclusions:						
Activities to exclude:						
Instructional staff-retirees' benefits and retirement incentives	5900	\$ —	—	—	—	—
Student health services above amount collected	6441	—	—	—	—	—
Student transportation	6491	—	—	—	47,279	47,279
Noninstructional staff-retirees' benefits and retirement incentives	6740	—	—	—	29,470,700	29,470,700
Objects to exclude:						
Rents and leases	5060	—	—	—	2,158,831	2,158,831
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	—	—	—	14,966,623	14,966,623
Capital outlay:						
Library books	6000	—	—	—	—	—
Equipment:						
Equipment – additional	6410	—	—	—	—	—
Equipment – replacement	6420	—	—	—	—	—
Total equipment		—	—	—	—	—
Total capital outlay		—	—	—	—	—
Other outgo	7000	—	—	—	—	—
Total exclusions		—	—	—	46,643,433	46,643,433
Total for ECS 84362, 50% law		\$ 337,127,796	—	337,127,796	645,637,954	645,637,954
Percent of CEE (Instructional salary cost/Total CEE)		52.22 %		52.22 %	100.00 %	100.00 %
50% of current expense of education					\$ 322,818,977	322,818,977

See accompanying independent auditors' report.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

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

Year ended June 30, 2020

	General fund	Special revenue fund	Debt service fund	Retirees' health insurance 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, 2020 total fund balances per annual financial budget report – 311	\$ 152,289,482	127,798,636	—	—	538,637,844	3,396,906	8,584,741	—	—	830,707,609
Audit adjustments to fund balance:										
Adjustments to cash with bond trustee	—	—	276,683,702	—	—	—	—	—	—	276,683,702
Adjustments to accrued interest expense	—	—	(90,258,281)	—	—	—	—	—	—	(90,258,281)
Adjustments to accrued interest income	—	—	—	—	—	—	—	—	—	—
Adjustments to investment income	—	—	—	—	—	—	—	—	—	—
Adjustments to payables	—	—	—	—	—	—	—	—	—	—
Adjustments to revenues	1,846,484	(453,368)	—	—	5,266,639	—	—	—	—	6,659,755
Adjustments to expenditures	(157,536)	453,357	—	—	(7,623,422)	—	—	—	—	(7,327,601)
Adjustments to bookstore's reserve for inventory and facility improvements	—	1,983,042	—	—	—	—	—	—	—	1,983,042
Adjustments to worker's compensation payable reserve	1,900,000	—	—	—	—	—	—	—	—	1,900,000
Adjustments and reclass	3,588,948	1,983,031	186,425,421	—	(2,356,783)	—	—	—	—	189,640,617
June 30, 2020 unaudited ending fund balance	155,878,430	129,781,667	186,425,421	—	536,281,061	3,396,906	8,584,741	—	—	1,020,348,226
Current assets:										
Adjustment to receivables	—	—	—	—	—	—	—	—	—	—
Adjustment to payables	—	—	—	—	—	—	—	—	—	—
Adjustment to cash and deposit with trustee	—	—	—	—	—	—	—	—	3,278,847	3,278,847
Prepaid assets	—	—	—	—	—	—	—	—	143,543,879	143,543,879
Capital assets are not financial resources and therefore are not reported as assets in government funds	—	—	—	—	—	—	—	4,426,432,463	—	4,426,432,463
Other assets are not financial resources and therefore not reported as assets in government funds	—	—	—	—	—	—	—	—	—	—
GASB Statement No. 75 implementation adjustment – OPEB	—	—	—	—	—	—	—	—	(401,382,405)	(401,382,405)
Deferred outflows	—	—	—	—	—	—	—	—	196,634,757	196,634,757
Long-term liabilities are not booked as part of fund balances:										
G.O. bonds	—	—	—	—	—	—	—	34,394,399	(4,234,460,003)	(4,200,065,604)
Unamortized premiums bond	—	—	—	—	—	—	—	—	(356,781,933)	(356,781,933)
Pension obligation	—	—	—	—	—	—	—	—	(758,674,682)	(758,674,682)
Supplemental retirement plan	—	—	—	—	—	—	—	—	(11,108,430)	(11,108,430)
Workers' compensation claims payable	—	—	—	—	—	—	—	—	(37,034,000)	(37,034,000)
General liability	—	—	—	—	—	—	—	—	(12,824,000)	(12,824,000)
Vacation benefits payable	—	—	—	—	—	—	—	—	(21,268,598)	(21,268,598)
Capital lease payable	—	—	—	—	—	—	—	—	(245,820)	(245,820)
Deferred inflows	—	—	—	—	—	—	—	—	(241,839,263)	(241,839,263)
June 30, 2020 net position	\$ 155,878,430	129,781,667	186,425,421	—	536,281,061	3,396,906	8,584,741	4,460,826,862	(5,732,161,651)	(250,986,563)

See accompanying independent auditors' report.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

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

Year ended June 30, 2020

<u>Activity classification</u>	<u>Activity code</u>				<u>Total</u>
EPA proceeds	8630				\$ 51,234,516
<u>Activity classification</u>	<u>Activity code</u>	<u>Salaries and benefits (1000-3000)</u>	<u>Operating expenses (4000-5000)</u>	<u>Capital outlay (6000)</u>	<u>Total</u>
Instructional activities	0100-5900	\$ 51,049,717	—	—	51,049,717
Other support activities	6XXX	184,799	—	—	184,799
Total expenditures for EPA		<u>\$ 51,234,516</u>	<u>—</u>	<u>—</u>	<u>51,234,516</u>
Revenue less expenditures				\$	<u>—</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, 2020

	General fund	Special revenue fund	Debt service fund	Retirees' health insurance fund	Scholarship loan 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, 2020 unaudited ending fund balance	\$ 155,878,430	129,781,667	186,425,421	—	—	536,281,061	3,396,906	8,584,741	—	—	1,020,348,226
Current assets:											
1 Adjustment to receivables	—	—	—	—	—	—	—	—	—	—	—
2 Adjustment to payables	—	—	—	—	—	—	—	—	—	—	—
3 Adjustment to cash and deposit with trustee	—	—	—	—	—	—	—	—	—	3,278,847	3,278,847
4 Prepaid assets	—	—	—	—	—	—	—	—	—	—	—
5 Capital assets are not financial resources and therefore are not reported as assets in government funds	—	—	—	—	—	—	—	—	4,426,432,463	—	4,426,432,463
6 Other assets are not financial resources and therefore not reported as assets in government funds	—	—	—	—	—	—	—	—	—	—	—
7 Deferred outflows	—	—	—	—	—	—	—	—	—	340,178,636	340,178,636
Long-term liabilities are not booked as part of fund balances:											
8 G.O. bonds	—	—	—	—	—	—	—	—	34,394,399	(4,234,460,003)	(4,200,065,604)
9 Unamortized premiums bond	—	—	—	—	—	—	—	—	—	(356,781,933)	(356,781,933)
10 Pension obligation	—	—	—	—	—	—	—	—	—	(758,674,682)	(758,674,682)
11 GASB Statement No. 75 implementation adjustment – OPEB	—	—	—	—	—	—	—	—	—	(401,382,405)	(401,382,405)
12 Supplemental Retirement Plan	—	—	—	—	—	—	—	—	—	(11,108,430)	(11,108,430)
13 Workers' compensation claims payable	—	—	—	—	—	—	—	—	—	(37,034,000)	(37,034,000)
14 General liability	—	—	—	—	—	—	—	—	—	(12,824,000)	(12,824,000)
15 Vacation benefits payable	—	—	—	—	—	—	—	—	—	(21,268,598)	(21,268,598)
16 Capital lease payable	—	—	—	—	—	—	—	—	—	(245,820)	(245,820)
17 Deferred Inflows	—	—	—	—	—	—	—	—	—	(241,839,263)	(241,839,263)
June 30, 2020 net position	\$ 155,878,430	129,781,667	186,425,421	—	—	536,281,061	3,396,906	8,584,741	4,460,826,862	(5,732,161,651)	(250,986,563)

* 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, 2020

(1) Purpose of Schedules

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

The Schedule of Expenditures of Federal Awards includes all federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other government agencies for the year ended June 30, 2020.

(b) *Schedule of State Awards*

This Schedule of State Awards includes the State grant activity of the District under categorical programs of the State of California for the year ended June 30, 2020.

(c) *Schedule of Workload Measures for State General Apportionment*

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

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

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

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

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

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

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

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

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

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

(a) *Basis of Presentation*

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

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

The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The SEFA presents only a selected portion

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Other Supplemental Information

Year ended June 30, 2020

of the operations of the District. It is not intended to and does not represent the financial position, changes in net assets, or cash flows of the District.

(ii) *Schedule of State Awards*

The information in the Schedule of State Awards is presented to comply with the reporting requirements of the *California Community Colleges Contracted District Audit Manual 2019–20*.

(b) Basis of Accounting

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

Expenditures on the SEFA are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District utilizes a negotiated indirect cost rate for salary and wages of 40% which will expire on June 30, 2021.

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

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

State Revenue in Fund Statements

General fund	\$ 527,774,451
Special reserve funds	369,018
Child development fund	7,948,359
Student financial aid fund	<u>37,334,806</u>
Total state revenue in fund statements	\$ <u>573,426,634</u>

State Revenue in Schedule of State Awards

Total state revenue	\$ 158,352,004
Add general fund:	
Basic and equalization aid	374,816,613
State mandated costs	3,086,261
State lottery	19,924,218
Tax relief subvention	1,136,538
Other state funds	<u>15,741,982</u>
Total general fund revenue	414,705,612
Add special revenue fund:	
Community College Construction Act	<u>369,018</u>
Total state revenue in fund statements	\$ <u>573,426,634</u>

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Other Supplemental Information

Year ended June 30, 2020

(4) Federal Student Loan Programs

The federal student loan programs listed below are administered directly by the District, and balances and transactions relating to these programs are included in the District's basic financial statements. Loans outstanding at the beginning of the year and loans made during the year and administrative cost allowances are included in the federal expenditures presented in the SEFA. Loan advances made to students for the year ended June 30, 2020 and loans outstanding held by the District as of June 30, 2020 are as follows:

<u>Cluster name/program title</u>	<u>CFDA number</u>	<u>Loan advances made</u>	<u>Loan balances outstanding</u>
Student Financial Assistance Cluster:			
Federal Perkins Loan Program	84.038	\$ —	2,684,063
Federal Direct Student Loans	84.268	—	19,329,021
Nursing Student Loans	93.364	—	63,092

(5) Administrative Cost Allowances

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

Federal Supplemental Educational Opportunity Grant	\$ 109,038
Federal Work-Study Program	<u>115,653</u>
	\$ <u><u>224,691</u></u>

(6) Federal Clusters of Programs

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

	<u>CFDA number</u>	<u>Expenditures</u>
Student Financial Assistance Cluster:		
Federal Supplemental Educational Opportunity Grants (FSEOG)	84.007	\$ 3,856,785
Federal Work Study (FWS)	84.033	3,949,460
Federal Perkins Loan Program (FPL)	84.038	2,684,063
Federal Pell Grant Program (PELL)	84.063	155,231,746
Federal Direct Student Loans (Direct Loan)	84.268	19,329,021
Nursing Student Loans	93.364	<u>63,092</u>
		\$ <u><u>185,114,167</u></u>

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Other Supplemental Information

Year ended June 30, 2020

	<u>CFDA number</u>	<u>Expenditures</u>
TRIO Cluster:		
TRIO – Student Support Services	84.042	\$ 2,210,805
TRIO – Talent Search	84.044	566,422
TRIO – Upward Bound	84.047	2,216,707
TRIO – Educational Opportunity Centers	84.066	<u>257,651</u>
		\$ <u><u>5,251,585</u></u>
477 Cluster:		
Temporary Assistance for Needy Families (TANF)	93.558	\$ 1,075,055
Family Child Care Homes	93.575	425,873
General Child Care and Development Program	93.575	<u>926,431</u>
		\$ <u><u>2,427,359</u></u>
Workforce Innovation and Opportunity Act (WIOA) Cluster:		
EDD Strengthening Working Families	17.258	\$ 178,026
Dislocated Worker Formula Grants	17.278	<u>4,206</u>
		\$ <u><u>182,232</u></u>

ADDITIONAL INDEPENDENT AUDITORS' REPORTS



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

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

The Honorable Board of Trustees:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Los Angeles Community College District (the District), which comprise the statement of net position as of June 30, 2020, 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 16, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

Los Angeles, California
December 16, 2020

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

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

Report on Compliance for Each Major Federal Program

We have audited Los Angeles Community College District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2020. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.



Other Matters

The results of our auditing procedures disclosed instances of noncompliance with those requirements which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as findings FA 2020-001 to 2020-011. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as items FA 2020-001, FA 2020-003, and FA 2030-008 that we consider to be significant deficiencies.

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



Purpose of this Report

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

Vasquez & Company LLP

**Glendale, California
March 3, 2021**

Independent Auditors' Report on Schedule of Expenditures of Federal Awards and Schedule of State Awards

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

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

We have audited the accompanying schedule of expenditures of federal awards and schedule of state awards of the Los Angeles Community College District (the District) for the year ended June 30, 2020.

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

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

Auditors' Responsibility

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

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



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

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

In our opinion, the schedule of expenditures of federal awards and schedule of state awards referred to above present fairly, in all material respects, the federal and state expenditures of the Los Angeles Community College District for the year ended June 30, 2020, in conformity with accounting principles generally accepted in the United States of America.

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

A handwritten signature in black ink that reads "Vasquez & Company LLP".

**Glendale, California
March 3, 2021**

Independent Auditors' Report on State Compliance

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

Report on State Compliance

We have audited the Los Angeles Community College District's (the District) compliance with the types of compliance requirements described in the California Community Colleges Contracted District Audit Manual (CDAM) 2019-20, issued by the California Community Colleges Chancellor's Office for the year ended June 30, 2020. The state compliance requirements are identified below.

Management Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on the District's compliance based on our audit of the types of compliance requirements referred to below. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the California Community Colleges Contracted District Audit Manual (CDAM) 2019-20, issued by the California Community Colleges Chancellor's Office. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to below that could have a direct and material effect on the state programs has occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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



Compliance Requirements

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

- Section 411 - SCFF Data Management Control Environment
- Section 421 - Salaries of Classroom Instructors (50 Percent Law)
- Section 423 - Apportionment for Activities Funded From Other Sources
- Section 424 - State General Apportionment Funding System
- Section 425 - Residency Determination for Credit Courses
- Section 426 - Students Actively Enrolled
- Section 427 - Dual Enrollment (College and Career Access Pathways (CCAP) and Non-CCAP)
- Section 430 - Scheduled Maintenance Program
- Section 431 - Gann Limit Calculation
- Section 435 - Open Enrollment
- Section 439 - Proposition 39 Clean Energy
- Section 444 - Apprenticeship Related and Supplemental Instruction (RSI)
- Section 475 - Disabled Student Programs and Services (DSPS)
- Section 479 - To Be Arranged Hours (TBA)
- Section 490 - Proposition 1D and 51 State Bond Funded Projects
- Section 491 - Education Protection Account Funds

Opinion on State Compliance

In our opinion, Los Angeles Community College District complied, in all material respects, with the types of compliance requirements referred to above that are applicable to the state programs listed above for the year ended June 30, 2020.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the California Community Colleges Contracted District Audit Manual (CDAM) 2019-20, issued by the California Community Colleges Chancellor's Office, and which are described in the accompanying schedule of findings and questioned costs as findings SC 2020-001 and SC 2020-002. Our opinion on the state programs listed above is not modified with respect to these matters.

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



Report on Other Supplemental Information

We have audited the District's compliance with the types of compliance requirements described in the California Community Colleges Contracted District Audit Manual (CDAM) 2019-20, issued by the California Community Colleges Chancellor's Office for the year ended June 30, 2020.

Our audit was conducted in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and the California Community Colleges Contracted District Audit Manual (CDAM) 2019-20, issued by the California Community Colleges Chancellor's Office. The other supplementary information on pages 74 through 93 is presented for purposes of additional analysis as required by the California Community Colleges CDAM issued by the California Community Colleges Chancellor's Office.

The other supplemental information is the responsibility of management. Such information has been subjected to the auditing procedures applied in the audit of the District's compliance with the types of compliance requirements described in the California Community Colleges Contracted District Audit Manual (CDAM) 2019-20, issued by the California Community Colleges Chancellor's Office, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting records, financial statements as of and for the year ended June 30, 2020 audited by other auditors, whose report is included herein on pages 1 through 3, and other records, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental information is fairly stated, in all material respects, in relation to the financial statements as a whole, audited by other auditors whose report was dated December 16, 2020.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing based on the requirements of the California Community Colleges Contracted District Audit Manual (CDAM) 2019-20. Accordingly, this report is not suitable for any other purpose.

Glendale, California
March 3, 2021

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

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Schedule of Findings and Questioned Costs

Summary of Auditors' Results

Year ended June 30, 2020

(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: | No |
| • Significant deficiencies identified that are not considered to be material weaknesses | None reported |
| c) Noncompliance which is material to the basic financial statements: | No |

Federal Awards

- | | |
|--|---|
| d) Internal control over financial reporting: | |
| • Material Weakness(es) identified: | None |
| • Significant deficiencies identified that are not considered to be material weaknesses: | Yes. See findings FA 2020-001, FA 2020-003 and FA 2020-008 |
| e) The type of report issued on compliance for major programs: | |
| • Student Financial Assistance Cluster | Unmodified. |
| • 477 Cluster | Unmodified. |
| • Higher Education Emergency Relief Fund | Unmodified. |
| • COVID-19 Block Grant | Unmodified. |
| f) Any audit findings which are required to be reported in accordance with the Uniform Guidance: | Yes. See findings FA 2020-001 to FA 2020-011 |
| g) Dollar threshold used to distinguish between Type A and Type B programs: | \$3,000,000 |

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Schedule of Findings and Questioned Costs

Summary of Auditors' Results

Year ended June 30, 2020

(1) Summary of Auditors' Results (Continued)

h) Major Programs

- Student Financial Assistance (SFA) Cluster
 - CFDA 84.007 Federal Supplemental Educational Opportunity Grant (FSEOG)
 - CFDA 84.033 Federal Work Study (FWS)
 - CFDA 84.038 Federal Perkins Loans (FPL)
 - CFDA 84.063 Federal Pell Grant (PELL)
 - CFDA 84.268 Federal Direct Student Loans (Direct Loan)
 - CFDA 93.364 Nursing Student Loans
- 477 Cluster
 - CFDA 93.558 Temporary Assistance for Needy Families (TANF)
 - CFDA 93.575 Family Child Care Homes
 - CFDA 93.596 General Child Care and Development Program
- CFDA 84.425 Higher Education Emergency Relief Fund (HEERF)
- CFDA 21.019 COVID-19 Block Grant

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

State Awards

j) Internal control over financial reporting:

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

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

(2) Summary of Financial Statement Findings

None

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Summary of Auditors' Results

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(3) Summary of Federal Findings

Finding No.	CFDA No.	Compliance Requirement and Description	Page No.
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FA 2020-004	SFA Cluster	<i>Reporting:</i> Annual FISAP Report - Lack of Supporting Documentation	123
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FA 2020-009	84.425E	<i>Reporting:</i> Untimely Website Posting of Student Aid Report	136
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(4) Summary of State Findings

<u>Finding No.</u>	<u>CFDA No.</u>	<u>Compliance Requirement and Description</u>	<u>Page No.</u>
SC 2020-001	Section 427	<i>Dual Enrollment of K-12 (CCAP and Non-CCAP): Instructor did not Meet Minimum Qualifications</i>	142
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SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS

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Finding FA 2020-001: Eligibility: Incorrect Federal Pell Grant Amounts Awarded (Repeat Finding)

Federal Program Information

<i>Federal Catalog Number:</i>	CFDA 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>	P063P190033, P063P195263, P063P190658, P063P190035, P063P195261, P063P195260 and P063P195262
<i>Federal Award Year:</i>	July 1, 2019, to June 30, 2020
<i>Campuses:</i>	East Los Angeles College (Repeat Finding) Los Angeles Mission College (Repeat Finding) Los Angeles Pierce College (Repeat Finding) Los Angeles Southwest College Los Angeles Trade Technical College (Repeat Finding) West Los Angeles College
<i>Compliance Requirement:</i>	Eligibility

Criteria or Specific Requirement:

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

The *Uniform Guidance Compliance Supplement* states that the Department of Education provides institutions Payment and Disbursement Schedules for determining Pell awards each year. The Payment and 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:

East Los Angeles College

Of the 15 students selected for eligibility testwork, we noted 1 student that had an incorrectly calculated Federal Pell grant award, which resulted in an understatement of the disbursement to the student by \$525. The student was eligible to receive \$525, yet the student received none in Summer 2019.

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Los Angeles Mission College

We noted 1 of 15 students selected for eligibility testwork that had an incorrectly calculated Federal Pell grant award, which resulted in an understatement of the disbursement to the student by \$513 and a decrease in post-withdrawal disbursement by \$8. The student was eligible to receive \$513, yet the student received none in Summer 2019. The student was inadvertently excluded from the return to Title IV funds population of Summer 2020 which resulted in a decrease in post-withdrawal disbursement by \$8.

Los Angeles Pierce College

We noted 1 of 15 students selected for eligibility testwork that had an incorrectly calculated Federal Pell grant award, which resulted in an understatement of the disbursement to the student by \$1,005. The student was eligible to receive \$1,549, yet the student received \$544 in Summer 2019.

Los Angeles Southwest College

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

- 1 student had an incorrectly calculated Federal Pell grant award, which resulted in an understatement of the disbursement to the student by \$1,524. The student was eligible to receive \$1,524, yet received none in Summer 2019.
- 1 student had an incorrectly calculated Federal Pell grant award, which resulted in an understatement of the disbursement to the student by \$762. The student was eligible to receive \$1,524, yet received \$762 in Summer 2019.

Los Angeles Trade Technical College

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

- 2 students had an incorrectly calculated Federal Pell grant award, which resulted in a total understatement of the disbursement to the students by \$1,114. The students were eligible to receive \$557 each, yet received none in Summer 2019.
- 1 student had an incorrectly calculated Federal Pell grant award, which resulted in an overstatement of the disbursement to the student by \$1,548. The student was eligible to receive \$1,549, yet received \$3,097 in Spring 2020.

West Los Angeles College

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

- 1 student had an incorrectly calculated Federal Pell grant award, which resulted in an understatement of the disbursement to the student by \$1,549. The student was eligible to receive \$1,549, yet received none in Summer 2019.
- 1 student had an incorrectly calculated Federal Pell grant award, which resulted in an understatement of the disbursement to the student by \$544. The student was eligible to receive \$544, yet received none in Summer 2019.

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- 1 student had an incorrectly calculated Federal Pell grant award, which resulted in an understatement of the disbursement to the student by \$1,524. The student was eligible to receive \$1,524, yet received none in Summer 2019.

Causes and Effect:

The Central Financial Aid Unit and Information Technology department previously implemented internal controls that have all but eliminated fall term and spring term underpayments and overpayments. During the audit period, a small number of underpayments and overpayments were identified in the summer term. The summer term is unique because the campuses have a manual process to review potential Pell awards from two aid years to ensure the student receives the highest award. The process is labor-intensive and at times can be complicated. 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	20	\$ 95,217	2,106	97,323	5,167	\$ 18,518,897	783,615	19,302,512
East	02226000	15	48,730	10,112	58,842	9,539	32,031,287	2,529,048	34,560,335
Mission	01255000	15	58,258	2,086	60,344	2,792	9,296,841	460,034	9,756,875
Pierce	00122600	15	46,643	5,028	51,671	6,153	21,178,444	1,787,819	22,966,263
Southwest	00704700	20	81,808	3,718	85,526	2,251	7,464,784	516,824	7,981,608
Trade	00122700	15	55,733	2,663	58,396	4,908	16,058,194	686,675	16,744,869
West	00859600	20	82,216	10,696	92,912	2,916	10,021,576	570,508	10,592,084
		120	\$ 468,605	36,409	505,014	33,726	\$ 114,570,023	7,334,523	121,904,546

B. Description of Finding

Campus	Student Identifier	Term	OPEID	Pell Disbursed (\$)	Pell Underpayment (\$)	Pell Overpayment (\$)	Net Understatement (\$)
East	Student #1	Summer	02226000	\$ —	(525)	—	(525)
Mission	Student #2	Summer	01255000	—	(505)	—	(505)
Pierce	Student #3	Summer	00122600	544	(1,005)	—	(1,005)
Southwest	Student #4	Summer	00704700	—	(1,524)	—	(1,524)
Southwest	Student #5	Summer	00704700	762	(762)	—	(762)
Trade	Student #6	Summer	00122700	—	(557)	—	(557)
Trade	Student #7	Summer	00122700	—	(557)	—	(557)
Trade	Student #8	Spring	00122700	3,048	—	1,549	1,549
West	Student #9	Summer	00859600	—	(1,549)	—	(1,549)
West	Student #10	Summer	00859600	—	(544)	—	(544)
West	Student #11	Summer	00859600	—	(1,524)	—	(1,524)
				\$ 4,354	(9,052)	1,549	(7,503)

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The District has a known net understatement of Pell grant award disbursements of \$7,503. The projected net understatement of Pell grant award disbursements is \$1,444,790 calculated as follows:

Term	Projected net (understatement overstatement)
Summer	\$ (1,823,508)
Fall/Spring	378,718
Net Understatement	\$ (1,444,790)

This is computed by dividing the errors found in samples per term (Summer term – underpayment (\$9,052) and Fall/Spring terms – overpayment \$1,549) over the total Pell awards disbursed in the sample size per term (Summer term - \$36,409 and Fall/Spring terms - \$468,605) multiplied by the total Pell awards disbursed for the identified colleges per term (Summer term - \$7,334,523 and Fall/Spring terms - \$114,570,023). 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 Student Information System to ensure student awards are properly calculated. This will help ensure that Federal Pell grants are properly awarded to students who meet the eligibility requirements.

Views of Responsible Officials and Planned Corrective Actions:

The District concurs with the finding and has taken corrective action to remediate the issue. The Central Financial Aid Unit developed and disseminated a report for campuses to use that compares eligibility for both current and upcoming award years. This will help simplify the review process and errors. The comparison report will be implemented for the upcoming summer term. The District will also explore the possibility of automating the review process with the Information Technology department.

Persons responsible for implementation: Steve Giorgi
 Position of responsible personnel: CFAU Financial Aid Manager
 Expected date of Implementation: Summer 2021

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**Finding FA 2020-002: Special Tests and Provisions - Borrower Data and Reconciliation (Direct Loans):
Untimely and Inaccurate Reporting of Direct Loan Disbursement (Repeat Finding)**

Federal Program Information

<i>Federal Catalog Number:</i>	CFDA 84.268
<i>Federal Program Name:</i>	Student Financial Assistance Cluster; <i>Federal Direct Student Loans</i>
<i>Federal Agency:</i>	U.S. Department of Education
<i>Passed Through Entity:</i>	N/A
<i>Federal Award Number:</i>	P268K205261 and P268K205262
<i>Federal Award Year:</i>	July 1, 2019, to June 30, 2020
<i>Campus:</i>	Los Angeles Southwest College West Los Angeles College
<i>Compliance Requirement:</i>	Special Tests and Provisions - Borrower Data and Reconciliation

Criteria or Specific Requirement:

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

Identified Condition:

Los Angeles Southwest College

We noted 1 of 20 students selected for compliance testwork at Los Angeles Southwest College, that had a disbursement date of 4/21/20 which was inaccurately reported as 2/11/20 and was reported late to the DLSS via the COD report. The required report was submitted 20 days after the disbursement was made to the student.

West Los Angeles College

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

- 1 student's disbursements made on 1/17/20 and 2/21/20 were reported inaccurately as 10/1/19 and 2/11/20, respectively. The disbursement record on 2/21/20 was also reported late to the DLSS via the COD report. The required reports were submitted 31 days after the respective disbursements were made to the student.
- 1 student's disbursements made on 1/14/20 and 2/12/20 were reported inaccurately as 10/1/19 and 2/11/20, respectively. The disbursement record on 2/12/20 was also reported late to the DLSS via the COD report. The required report was submitted 40 days after the disbursement was made to the student.
- 1 student's disbursements made on 12/11/19, 1/14/20, and 2/12/20 were reported inaccurately as 10/1/19, 10/1/19, and 2/11/20, respectively. The disbursement record on 2/12/20 was also reported late to the DLSS via the COD report. The required reports were submitted 40 days after the respective disbursements were made to the student.

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Causes and Effect:

The manual intervention caused the disbursement records not to be sent to COD timely. The disbursement records were inadvertently put on hold delaying the submission resulting in late reporting.

Questioned Costs:

None.

Recommendation:

We recommend that the District implement additional monitoring controls to ensure accurate reporting of information and compliance with the due date submission requirements.

Views of Responsible Officials and Planned Corrective Actions:

The District concurs with the finding. We believe this is an isolated incident and it has been remediated through additional training by the campus.

Persons responsible for implementation: Glenn Schenk & Muniece Bruton
Position of responsible personnel: WLAC & LASC Financial Aid Managers
Expected date of Implementation: Already Completed

Finding FA 2020-003: Special Tests and Provisions - Return of Title IV Funds: Incorrect Calculation of Return of Title IV Funds, Untimely Notification of Grant Overpayment to Students and Secretary and Untimely Return of Unearned Title IV funds, Untimely Determination of Withdrawal Date, and Untimely Payment of Post-Withdrawal Disbursement (Repeat Finding)

Federal Program Information

<i>Federal Catalog Number:</i>	CFDA 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>	P063P190033, P063P195263, P063P190658, P063P190035, P063P195261, and P063P195260 P268K200033, P268K205263, P268K200658, P268K200035, P268K205261 and P268K205260
<i>Federal Award Year:</i>	July 1, 2019, to June 30, 2020
<i>Campuses:</i>	Los Angeles City College East Los Angeles College (Repeat Finding) Los Angeles Mission College (Repeat Finding) Los Angeles Pierce College (Repeat Finding) Los Angeles Southwest College Los Angeles Trade Technical College (Repeat Finding) West Los Angeles College
<i>Compliance Requirement:</i>	Special Tests and Provisions – Return of Title IV Funds

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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.

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

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

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

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

Per 668.173 Refund reserve standards.

- A In accordance with procedures established by the Secretary or FFEL Program lender, an institution returns unearned title IV, HEA program funds timely if—
- 1) The institution deposits or transfers the funds into the bank account it maintains under §668.163 no later than 45 days after the date it determines that the student withdrew;
 - 2) The institution initiates an electronic funds transfer (EFT) no later than 45 days after the date it determines that the student withdrew;

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- 3) The institution initiates an electronic transaction, no later than 45 days after the date it determines that the student withdrew, that informs an FFEL lender to adjust the borrower's loan account for the amount returned; or
- 4) The institution issues a check no later than 45 days after the date it determines that the student withdrew. An institution does not satisfy this requirement if—
 - i The institution's records show that the check was issued more than 45 days after the date the institution determined that the student withdrew; or
 - ii The date on the canceled check shows that the bank used by the Secretary or FFEL Program lender endorsed that check more than 60 days after the date the institution determined that the student withdrew.

Identified Condition:

Summary

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

Description

A *Incorrect Calculation of Return of Title IV Funds*

East Los Angeles College

We noted 1 of 15 students selected for return of Title IV funds testwork from the population of students who received Title IV assistance, for which no return of Title IV funds was made that had an incorrectly

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determined Total Title IV Aid in Spring 2020, the effect of which would increase the amount of post-withdrawal disbursement by \$29.

Los Angeles City College

Of the 25 students selected for return of Title IV funds testwork from the population of students who had withdrawn, dropped out, or never began attendance, we noted the following:

- 1 student had incorrect Total Days information in Spring 2020, the effect of which did not result in questioned cost due to grant protection.
- 1 student had incorrect Total Aid Disbursement information in Summer 2020, the effect of which did not result in questioned cost due to grant protection.
- 1 student was inadvertently excluded from the return of Title IV funds population of students who had withdrawn, dropped out, or never began attendance in Summer 2020. This resulted in a decrease of post-withdrawal disbursement by \$23.
- 1 student had an incorrectly determined withdrawal date in Summer 2020, the effect of which resulted in to decrease in the post-withdrawal disbursement by \$278.

Los Angeles Mission 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 incorrect Total Aid Disbursement in Spring 2020, the effect of which would increase the amount due from the student by \$812 and decrease the amount of post-withdrawal disbursement by \$68.

Los Angeles Pierce College

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

- 1 student had incorrect Total Aid Disbursement information in Fall 2019, the effect of which would decrease the amount due from the institution by \$105, decrease the amount due from the student by \$231, and increase the amount of post-withdrawal disbursement by \$306.
- 1 student was inadvertently excluded from the return of Title IV funds population of students who had withdrawn, dropped out, or never began attendance in Fall 2019. This resulted in a decrease of post-withdrawal disbursement by \$314.

Los Angeles Southwest College

Of the 25 students selected for return of Title IV funds testwork from the population of students who had withdrawn, dropped out, or never began attendance, we noted the following:

- 1 student had an incorrect Total Aid Disbursement and Total Grant Aid information in Fall 2019, the effect of which did not result in questioned cost due to grant protection. This resulted in an untimely return of unearned Title IV funds due to incorrect disbursement and aid information.
- 1 student had an incorrect status at the withdrawal date in Fall 2019, the effect of which did not result in questioned cost due to grant protection.

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We also noted 1 of 25 students selected for return of Title IV funds testwork from the population of students who received Title IV assistance, for which no return of Title IV funds was made that had an incorrectly determined withdrawal date in Summer 2020, the effect of which would decrease the post-withdrawal disbursement by \$287.

Los Angeles Trade Technical College

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

- 1 student had an incorrect calculation for the return of Title IV funds due to incorrectly determined Total Title IV Aid in Spring 2020, the effect of which would decrease the amount due from the institution by \$250 and the amount due from the student by \$139.
- 1 student had an incorrect calculation for the return of Title IV funds due to incorrectly determined Total Title IV Aid in Spring 2020, the effect of which would increase the amount of post-withdrawal disbursement by \$2.

West Los Angeles College

Of the 25 students selected for return of Title IV funds testwork from the population of students who had withdrawn, dropped out, or never began attendance, we noted the following:

- 1 student had an incorrectly determined status at the withdrawal date in Fall 2019, the effect of which would increase the amount due from the institution by \$118 and would decrease the post-withdrawal disbursement by \$328. The student accepted the post-withdrawal disbursement and received the payment beyond 45 days from the date of the institution's determination that the student withdrew in Fall 2019 as a result of the error.
- 1 student had an incorrectly determined status at the withdrawal date in Fall 2019, the effect of which would increase the amount due from the student by \$1,549.
- 1 student had an incorrectly determined withdrawal date in Spring 2020, the effect of which did not result in questioned cost due to grant protection.
- 1 student had an incorrectly determined withdrawal date in Spring 2020, the effect of which would decrease the amount due from the student by \$992 and increase the post-withdrawal disbursement by \$14. As a result of this error, the student was notified beyond 30 days from the date of the institution's determination that the student withdrew and owed overpayments and the overpayment was not referred to the Secretary of the Department of Education via NSLDS as required.
- 1 student had an incorrectly determined withdrawal date in Summer 2020, the effect of which would decrease the post-withdrawal disbursement by \$255.

We also noted 1 of 25 students selected for return of Title IV funds testwork from the population of students who received Title IV assistance, for which no return of Title IV funds was made that had an incorrectly determined status at the withdrawal date in Spring 2020, the effect of which would decrease the post-withdrawal disbursement by \$459.

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B. *Untimely Notification of Grant Overpayment to Students and Secretary and Untimely Return of Unearned Title IV Funds*

East Los Angeles College

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

- 1 student was notified beyond 30 days from the date of the institution's determination that the student withdrew and owed an overpayment as a result of the student's withdrawal. The required notification was submitted 40 days after the institution's determination date. This same student was also referred to the Secretary of the Department of Education via NSLDS beyond the required timeframe (must be 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). The notification was sent 237 days after the date the institution was required to notify the student of the overpayment.
- 1 student that owed an overpayment as a result of the student's withdrawal was not referred to the Secretary of the Department of Education via NSLDS.

Los Angeles City College

We noted that 1 of 25 students selected for compliance testwork was notified beyond 30 days from the date of the institution's determination that the student withdrew and owed an overpayment as a result of the student's withdrawal. The required notification was submitted 47 days after the institution's determination date.

Los Angeles Southwest College

We noted that 1 of 25 students selected for compliance testwork was notified beyond 30 days from the date of the institution's determination that the student withdrew and owed overpayments as a result of the student's withdrawal. The required notification was submitted 220 days after the institution's determination date. This same student also had an untimely return of unearned Title IV funds in Fall 2019 whereby the institution returned unearned Title IV funds 277 days after the date of the institution's determination that the student withdrew.

Los Angeles Trade Technical College

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

- 2 students were notified beyond 30 days from the date of the institution's determination that the students withdrew and owed overpayments as a result of the students' withdrawals. The required notifications were submitted 281 days after the institution's determination date.
- 1 student that owed an overpayment as a result of the student's withdrawal was referred to the Secretary of the Department of Education via NSLDS beyond the required timeframe (must be 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). The notification was sent 91 days after the date the institution was required to notify the student of the overpayment.

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West Los Angeles College

Of the 25 students selected for compliance testwork, we noted the following:

- 1 student was notified beyond 30 days from the date of the institution's determination that the student withdrew and owed overpayments as a result of the student's withdrawal. The required notification was submitted 94 days after the institution's determination date.
- 1 student was not notified of the overpayment as a result of the student's withdrawal and was not referred to the Secretary of the Department of Education via NSLDS as required.

C. *Untimely Determination of Withdrawal Date*

Los Angeles City College

We noted 1 of 25 students selected for compliance testwork that had the withdrawal date determined beyond 30 days after the end of the earlier of the (1) payment period or period of enrollment, (2) academic year in which the student withdrew, or (3) educational program from which the student withdrew in Spring 2020. The required determination was made after 43 days.

Los Angeles Mission College

We noted 1 of 15 students selected for compliance testwork had the withdrawal date determined beyond 30 days after the end of the earlier of the (1) payment period or period of enrollment, (2) academic year in which the student withdrew, or (3) educational program from which the student withdrew. The required determination was made after 33 days.

Los Angeles Southwest College

Of the 25 students selected for compliance testwork, we noted 2 students' withdrawal dates were determined beyond 30 days after the end of the earlier of the (1) payment period or period of enrollment, (2) academic year in which the student withdrew, or (3) educational program from which the student withdrew. The required determinations were made after 32 and 34 days, respectively.

D. *Untimely Payment of Post-Withdrawal Disbursement*

Los Angeles Mission College

We noted 1 of 15 students selected for compliance testwork accepted a post-withdrawal disbursement and received the payment beyond 45 days from the date of the institution's determination that the student withdrew. The disbursement was made 210 days after the date of the institution's determination that the student withdrew.

Causes and Effect:

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

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

B. *Untimely Notification of Grant Overpayment to Students and Secretary and Untimely Return of Unearned Title IV Funds*

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The untimely notifications of grant overpayment to students and Secretary were caused by human error. Untimely notifications can result in disciplinary action taken by the U.S. Department of Education. The untimely return of unearned Title IV funds was caused by human error. Untimely return of title IV aid can result in institutional liability and disciplinary action taken by the U.S. Department of Education.

C. *Untimely and Inaccurate Determination of Withdrawal Date*

The untimely and inaccurate determinations of withdrawal dates were caused by human error. Untimely and inaccurate determination can result in institutional liability or disciplinary action taken by the U.S. Department of Education.

D. *Untimely Payment of Post-Withdrawal Disbursement*

The untimely payment of post-withdrawal disbursement was caused by human error. This may result in institutional liability or disciplinary action taken by the U.S. Department of Education.

Questioned Costs:

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

Description of Sample and Population

Campus	OPED	Sample				Population from which the sample was drawn			
		Students Receiving Pell (No.)	Pell Disbursed Fall/Spring (\$)	Pell Disbursed Summer (\$)	Total Pell Disbursed (\$)	Students Receiving Pell (No.)	Pell Disbursed Fall/Spring (\$)	Pell Disbursed Summer (\$)	Total Pell Disbursed (\$)
City	00122300	50	\$ 50,495	2,916	53,411	788	\$ 740,527	28,068	768,595
East	02226000	30	22,514	—	22,514	943	759,442	—	759,442
Harbor	00122400	15	17,691	—	17,691	222	216,845	—	216,845
Mission	01255000	15	9,067	—	9,067	275	238,403	—	238,403
Pierce	00122600	15	11,392	—	11,392	628	494,813	—	494,813
South west	00704700	50	43,008	6,101	49,109	316	269,849	18,920	288,769
Trade	00122700	15	20,407	—	20,407	640	638,964	—	638,964
West	00859600	50	32,260	862	33,122	392	312,401	13,192	325,593
		240	\$ 206,834	9,879	216,713	4,204	\$ 3,671,244	60,180	3,731,424

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Description of Finding

Campus	Student Identifier	Term	OPED	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 (\$)
East	Student #1	Spring	02226000	\$ —	—	—	—	—	—	—	29
City	Student #2	Spring	00122300	775	—	—	—	—	—	—	—
City	Student #3	Summer	00122300	544	—	—	—	—	—	—	—
City	Student #4	Summer	00122300	—	—	—	—	—	—	(23)	—
City	Student #5	Summer	00122300	—	—	—	—	—	—	(278)	—
Mission	Student #6	Spring	01255000	544	—	—	—	812	812	(68)	—
Pierce	Student #7	Fall	00122600	—	(105)	—	(231)	—	(336)	—	306
Pierce	Student #8	Fall	00122600	—	—	—	—	—	—	(314)	—
Southwest	Student #9	Fall	00704700	557	—	—	—	—	—	—	—
Southwest	Student #10	Fall	00704700	168	—	—	—	—	—	—	—
Southwest	Student #11	Summer	00704700	—	—	—	—	—	—	(287)	—
Trade	Student #12	Spring	00122700	1,549	(250)	—	(139)	—	(389)	—	—
Trade	Student #13	Spring	00122700	—	—	—	—	—	—	—	2
West	Student #14	Fall	00859600	557	—	118	—	—	118	(328)	—
West	Student #15	Fall	00859600	1,549	—	—	(1,549)	—	(1,549)	—	—
West	Student #16	Spring	00859600	—	—	—	—	—	—	(459)	—
West	Student #17	Spring	00859600	2,323	—	—	—	—	—	—	—
West	Student #18	Spring	00859600	—	—	—	(992)	—	(992)	—	14
West	Student #19	Summer	00859600	—	—	—	—	—	—	(255)	—
				\$ 8,566	(355)	118	(2,911)	812	(2,336)	(2,012)	351

The District has a known understatement of the amount due from the student by \$2,099 and known understatement of the amount due from District by \$237. The projected net understatement of amounts due from both the student and District is \$41,463 calculated as follows:

	Pell return due from school/ student projected net (understatement) overstatement
Summer	\$ —
Fall/Spring	(41,463)
Net Understatement	\$ (41,463)

This is computed by dividing the errors found in samples per term (Summer term – net understatement (\$0) and Fall/Spring terms – net understatement \$2,336) over the total Pell awards disbursed in the sample size per term (Summer term - \$9,879 and Fall/Spring terms - \$206,834) multiplied by the total Pell awards disbursed for the identified colleges per term (Summer term - \$60,180 and Fall/Spring terms - \$3,671,244). 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 understatement of the post-withdrawal disbursement by \$1,661. Not all students accept post-withdrawal disbursements. As such, no questioned cost is extrapolated.

B. *Untimely Notification of Grant Overpayment to Students and Secretary and Untimely Return of Unearned Title IV Funds*

None.

C. *Untimely Determination of Withdrawal Date*

None.

D. *Untimely Payment of Post-Withdrawal Disbursement*

None.

Recommendation:

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

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

Views of Responsible Officials and Planned Corrective Actions:

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

The District concurs with the Incorrect Calculation of Return to Title IV (R2T4) Funds finding. To remediate this issue, the campus will retrain those individuals responsible for performing R2T4 calculations and CFAU and the campus will implement a secondary review process to ensure accuracy. The combination of training and secondary reviews should ensure the eligibility amounts are determined correctly for R2T4 purposes.

B. *Untimely Notification of Grant Overpayment to Students and Secretary and Untimely Return of Unearned Title IV funds*

The District concurs with the Untimely Notification of Grant Overpayment to Students and Secretary and Untimely Return of Unearned Title IV funds finding. The corrective action in item A above will negate this finding.

C. *Untimely and Inaccurate Determination of Withdrawal Date*

The District concurs with the Inaccurate Determination of Withdrawal Date funding. To remediate this issue, the campus will provide additional training to those individuals responsible for performing the R2T4 function.

D. *Untimely Notification of Post-Withdrawal Disbursement to Students and Payment of Post-Withdrawal Disbursement*

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The campus will provide additional training to those individuals responsible for performing the R2T4 function.

Persons responsible for implementation: Michell Anderson, Anafe Robinson, Lindy Fong, Dennis Schroeder, Muniece Bruton, Ludwig Perez, Peggy Loewy Wellisch, Glenn Schenk, and Steve Giorgi.
 Position of responsible personnel: Financial Aid Managers
 Expected date of Implementation: Fall 2020

Finding FA 2020-004: Reporting: Annual FISAP Report - Lack of Supporting Documentation

Federal Program Information

Federal Catalog Number: CFDA 84.033
Federal Program Name: Student Financial Assistance Cluster;
Federal Work-Study Program
Federal Agency: U.S. Department of Education
Passed Through Entity: N/A
Federal Award Number: P033A190676
Federal Award Year: July 1, 2019, to June 30, 2020
Campus: West Los Angeles College
Compliance Requirement: Reporting- Special Reporting

Criteria or Specific Requirement:

The Uniform Guidance Compliance Supplement requires the institutions participating in the campus-based programs of the SFA Cluster to complete and submit a Fiscal Operations Report and Application to Participate (the "FISAP") annually. As applicable, the activity reported on the annual FISAP should be supported with appropriate documentation and should reconcile to applicable financial records, including the annual Schedule of Expenditures of Federal Awards (SEFA).

Identified Condition:

West Los Angeles College

In performing reporting compliance testwork, we noted the following line items in Part V (Federal Work-Study Program) of the Fiscal Year 2020 FISAP report that did not agree to the related supporting documentation:

<u>Line</u>	<u>Fisap reported amount</u>	<u>Supporting documentation</u>
Part V, Section G, Line 24	\$ 10	7
Part V, Section H, Line 28	3,500	5,000
Part V, Section H, Line 28(a)	1,500	5,000

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Causes and Effect:

The initial FISAP report was completed based on interim data from the Student Information System. This allowed the District to meet the initial FISAP reporting deadline of November 2, 2020. These errors resulted from using interim data rather than final data to prepare the FISAP.

Questioned Costs:

None.

Recommendation:

We recommend that the District enhance its internal controls over compliance and processes over Reporting.

Views of Responsible Officials and Planned Corrective Actions:

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.

Persons responsible for implementation: Nyame-Tease Prempeh

Position of responsible personnel: Accounting Manager

Expected date of Implementation: November 2, 2020

Finding FA 2020-005: Reporting: Untimely and Inaccurate Pell Disbursement Information Reported to COD (Repeat Finding)

Federal Program Information

<i>Federal Catalog Number:</i>	CFDA 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>	P063P190035 P063P195261
<i>Federal Award Year:</i>	July 1, 2019, to June 30, 2020
<i>Campuses:</i>	Los Angeles Pierce College (Repeat Finding) Los Angeles Southwest College
<i>Compliance Requirement:</i>	Reporting – Financial Reporting

Criteria or Specific Requirement:

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

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Identified Condition:

Los Angeles Pierce College

We noted 1 of 15 students selected for compliance testwork that was reported late and has inaccurate disbursement dates via the Common Origination and Disbursement (COD) report. The disbursements made on 11/12/19, 11/14/19, 2/3/20, and 2/12/20 were reported as 2/12/20, 8/28/19, 8/28/19, and 4/21/20, respectively. The disbursement records were reported after 22 to 176 days or were late by 7 to 201 days from the actual dates of disbursement made to the student.

Los Angeles Southwest College

We noted 1 of 20 students selected for compliance testwork that was reported late and has an inaccurate disbursement date via the Common Origination and Disbursement (COD) report. The disbursement was made on 5/18/20 and was reported on 6/8/20, which was 29 days after the actual date of disbursement made to the student. The submittal was late by 14 days.

Causes and Effect:

Los Angeles Pierce College

The student's pell disbursements made on 11/12/19, 11/14/19, 2/3/20, and 2/12/20 were manually reported as 2/12/20, 8/28/19, 8/28/19, and 4/21/20, respectively. This caused the disbursement records to be reported late.

Los Angeles Southwest College

The student's direct loan disbursement record was manually put on hold on 2/28/2020 by the campus. When the system disbursed on 4/21/2020 it did not pick up the record to submit to COD due to the hold. The campus removed the hold on 5/11/2020 and reported the payment manually to COD on 5/11/2020. The system tried to report the same payment on 05/12/2020 but it was rejected by COD because of a duplicate record. This resulted in incorrect COD reporting for one student.

Questioned Costs:

None

Recommendation:

We recommend that the District implement additional monitoring controls to ensure compliance with the reporting requirements.

Views of Responsible Officials and Planned Corrective Actions:

The District concurs with the findings. The campuses will provide additional training to those individuals responsible for processing Direct Loans.

Persons responsible for implementation: Muniece Bruton & Anafe Robinson

Position of responsible personnel: Financial Aid Managers

Expected date of Implementation: Fall 2020

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Finding FA 2020-006: Eligibility: Overstatement of Unmet Need

Federal Program Information

Federal Catalog Number: CFDA 84.063 and 84.268
Federal Program Name: Student Financial Assistance Cluster;
Federal Pell Grant Program
Federal Direct Student Loans
Federal Agency: U.S. Department of Education
Passed Through Entity: N/A
Federal Award Number: P063P190033, P063P195263, and P063P195262
P268K200033, P268K205263, and P268K205262
Federal Award Year: July 1, 2019, to June 30, 2020
Campuses: Los Angeles City College
East Los Angeles College
West Los Angeles College
Compliance Requirement: Eligibility

Criteria or Specific Requirement:

Per the Uniform Guidance Compliance Supplement, “the determination of SFA award amounts is based on financial need. Financial need is generally defined as the student’s Cost of Attendance (COA) minus financial resources reasonably available”.

Additionally, in determining loan amounts for subsidized loans for Federal Direct Student Loans or in determining additional awards, the financial aid administrator computes “unmet need”. Unmet need is computed by subtracting from the COA the Expected Family Contribution (EFC) and the estimated financial awards for the period of enrollment that the student will receive from Federal, State, institutional, or other sources.

Identified Condition:

Los Angeles City College

We noted 1 of 20 students selected for compliance testwork that had an incorrect calculation of COA. The tuition fee budgeted for the student was \$4,055. However, the tuition fee amount used in the calculation of the student’s COA was \$4,277. Therefore, the COA and unmet need were overstated by \$222. The student’s awards exceeded the amount that would have been allowed had the unmet need been properly calculated by \$13.

East Los Angeles College

We noted 1 of 20 students selected for compliance testwork that had an incorrect calculation of financial resources reasonably available. The total awards available for the student was \$8,289. However, the amount used in the calculation of the student’s financial resources reasonably available was \$6,197. The unmet need was overstated by \$2,093.

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West Los Angeles College

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

- 1 student had an incorrect calculation of COA. The tuition fee budgeted for the student was \$4,055. However, the amount used in the calculation of the student’s COA was \$4,277. The COA and unmet need were overstated by \$222.
- 1 student had an incorrect calculation of COA. The tuition fee budgeted for the student was \$4,055. However, the amount used in the calculation of the student’s COA was \$4,888. The COA and unmet need were overstated by \$833.

Causes and Effect:

Los Angeles City College and West Los Angeles College

The two budget issues were a result of the Central Financial Aid Office (CFAU) initially setting the non-resident tuition budget at \$4,277 and failing to update the budget after the non-resident tuition of \$4,055 was published by the board of trustees. The budget adjustment could potentially result in student over awards for the small non-resident student population.

East Los Angeles College

The finding was due to the manual awarding process for summer. Staff needs to create the budget and then add the award. After the budget is added, the “Update Need Summary” button in the “Maintain Term Budget” needs to be pressed to update the need summary. No updating of the budget could result in student over awards or under awards.

Questioned Costs:

A. Description of Sample and Population

<u>Campus</u>	<u>OPEID</u>	<u>Sample</u>		<u>Population from which the sample was drawn</u>	
		<u>Students receiving pell (No.)</u>	<u>Pell disbursed (\$)</u>	<u>Students receiving pell (No.)</u>	<u>Pell disbursed (\$)</u>
City	00122300	20	\$ 97,323	5,167	\$ 19,302,512
East	02226000	15	58,842	9,539	34,560,335
Mission	01255000	15	60,344	2,792	9,756,875
Pierce	00122600	15	51,671	6,153	22,966,263
Southwest	00704700	20	85,526	2,251	7,981,608
Trade	00122700	15	58,396	4,908	16,744,869
West	00859600	20	92,912	2,916	10,592,084
		** 120	\$ 505,014	33,726	\$ 121,904,546

** Same samples were used with Finding SFA 2020-001

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B. Description of Findings

<u>Campus</u>	<u>Student identifier</u>	<u>OPEID</u>	<u>Pell disbursed (\$)</u>	<u>Pell underpayment (\$)</u>	<u>Pell overpayment (\$)</u>	<u>Net effect (\$)</u>
City	Student #1	00122300	\$ 2,323	—	(13)	(13)
East	Student #2	02226000	5,190	—	—	—
West	Student #3	00859600	4,647	—	—	—
West	Student #4	00859600	5,203	—	—	—
			<u>\$ 17,363</u>	<u>—</u>	<u>(13)</u>	<u>(13)</u>

The District has a known net overpayment of Pell grant disbursements of \$13. The projected net overstatement of the Pell grant award disbursements is \$3,138. This is computed by dividing the errors found in the sample (\$13) over the total awards in the sample size (\$505,014) multiplied by the total awards for the identified colleges (\$121,904,546). The computation is made on a per campus basis and not on a total campus basis.

Recommendation:

We recommend that the District implement additional monitoring controls to ensure compliance budgets are properly entered into the system.

Views of Responsible Officials and Planned Corrective Actions:

Los Angeles City College and West Los Angeles College

The District concurs with the findings. The District will ensure the correct non-resident tuition is set during the financial aid rollover process. The values will be double checked by the rollover team.

East Los Angeles College

The District concurs with the finding. The campus will provide training to staff regarding the budget update process.

Persons responsible for implementation: Thai Quach and Lindy Fong
Position of responsible personnel: CFAU Systems Unit Supervisor; FA Manager
Expected date of Implementation: Already implemented

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Finding FA 2020-007: Special Tests and Provisions – Enrollment Reporting: Inaccurate Reporting of Enrollment Data Elements (Repeat Finding)

Federal Program Information

Federal Catalog Number: CFDA 84.063 and 84.268
Federal Program Name: Student Financial Assistance Cluster;
Federal Pell Grant Program
Federal Direct Student Loans
Federal Agency: U.S. Department of Education
Passed Through Entity: N/A
Federal Award Number: P063P195263, P063P190033, and P063P190035
P268K205263, P268K200033, and P268K200035
Federal Award Year: July 1, 2019, to June 30, 2020
Campuses: East Los Angeles College (Repeat Finding)
Los Angeles City College
Los Angeles Pierce College (Repeat Finding)

Compliance Requirement: Special Tests and Provisions – Enrollment Reporting

Criteria or Specific Requirement:

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

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

Identified Condition:

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

East Los Angeles College

Of the 15 students selected for compliance testwork, we noted 1 quarter-time student that was reported as a full-time student.

Los Angeles City College

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

- 2 quarter-time students were reported as full-time students.
- 3 students had inaccurately reported Published Program Lengths for the programs the students attended.

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Los Angeles Pierce College

Of the 15 students selected for compliance testwork, we noted 1 less-than-half-time student that was reported as a half-time student.

Causes and Effect:

The District utilizes the services of the National Student Clearinghouse (NSC) as an intermediary in enrollment reporting for student financial aid. The District submits enrollment records to the NSC, which, after college verification, then transmits enrollment files to the federal National Student Loan Data System (NSLDS).

The number and severity of the errors related to enrollment reporting were drastically reduced in 2019-20 (6) compared to 2018-19 (over 60). The reduction in the number of errors can be attributed to the implementation of the 2018-19 corrective action plan, which was overseen by Educational Programs & Institutional Effectiveness (EPIE) and involved an extensive effort by the colleges and coordination with EPIE to ensure both timely and accurate reporting.

The six errors in the current audit, all related to inaccurate reporting, stem from the effects of the COVID-19 pandemic and the use of the EW (excused withdrawal) notation within the enrollment reporting process to the NSC. In these cases, it was found that units associated with the EW notation were being incorrectly included in calculating the student's unit load in the NSC reporting module during the onset of the pandemic. Part of the District's (District IT and EPIE) initial response to the COVID-19 pandemic included following California Community College Chancellor's Office guidance to implement the conversion of W (drop) to the EW notation in an effort to provide a no-penalty drop option to students who could not continue their courses in Spring 2020 and this created a problem with unit load calculations. However, District IT resources were constrained at the time of this conversion, and only as resources became available toward the end of the Spring 2020 semester could this issue be fully diagnosed, tested, and resolved. Subsequently, the NSC reporting module was reconfigured to treat the EWs as a drop in order to calculate unit loads correctly.

Questioned Costs:

None.

Recommendation:

We recommend that the District continue to review its current business process and implement process improvements and technical enhancements necessary to ensure compliance with enrollment reporting requirements.

Views of Responsible Officials and Planned Corrective Actions:

The District's IT has tested and reconfigured the NSC reporting module to account for the EW notation and accurately treat it as a drop. EPIE will continue to monitor unit load calculations, regularly sampling and reviewing cases of EW notations to ensure that unit load has been accurately calculated.

Persons responsible for implementation: Ryan Cornner and Maury Pearl
Positions of responsible personnel: Vice Chancellor and Associate Vice Chancellor, Educational

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Expected dates of Implementation: Programs & Institutional Effectiveness
February 2021

Finding FA 2020-008: Special Tests and Provisions – Gramm-Leach-Bliley Act (Student Information Security) – Outdated IT Policies; Inadequate Systems Hardening to Reduce Security Risk (Repeat Finding)

Federal Program Information

Federal Catalog Number: CFDA 84.007, 84.033, 84.063, 84.268, 93.364
Federal Program Name: Student Financial Assistance Cluster;
Federal Agency: U.S. Department of Education
Passed Through Entity: N/A
Federal Award Number: Various
Federal Award Year: July 1, 2019, to June 30, 2020
Compliance Requirement: Special Tests and Provisions – Gramm-Leach-Bliley Act – Student Information Security

Criteria or Specific Requirement:

Per Gramm-Leach-Bliley Act (GLBA) 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

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- Requiring your service providers by contract to implement and maintain such safeguards.
- 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. Outdated IT Policies

The District's existing Administrative Regulations related to IT remain outdated. However, we noted that work to strengthen identified NIST 800-171 controls is underway. The following Plan of Action and Milestones (POAM) items and their respective timelines were identified:

- a) POAM Items to be Completed in 2020
 - Data Governance Committee – completed
 - RBAC Refresh – completed
 - Functional Security Training – initial training completed on January 28, 2021
 - Risk Acceptance Process – in progress and to be completed in Q1 2021
 - User Access Review – to be completed in Q1-Q2 2021
- b) POAM Items to be Completed in 2021
 - Data Classification Standard
 - Portable Media Restriction
 - Technology Hardening Standards
 - Security Awareness Training
 - Log Aggregation and Alerting

LOS ANGELES COMMUNITY COLLEGE DISTRICT
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- HR Termination/Job Change Process
 - MFA for Privileged/Remote Access
 - Annual Security Control Review
 - Consistent Maintenance Activities
 - Change Management Process
 - Review Legacy Technology Practices
- c) POAM Item to be Completed in 2022
- Secondary Operating Site

B. Inadequate Systems Hardening to Reduce Security Risk

While the District has taken steps on technology hardening, we noted the following areas for improvement:

- a) While annual vulnerability and PCI scanning has been noted to be completed, annual penetration testing has yet to be conducted. (partial repeat finding)
- b) While we noted no issues concerning the current state of the primary and secondary servers used for Student Information Systems (SIS), we also noted that the operating systems on some non-SIS servers, virtual machines, desktop, and mobile devices do not have the latest version or are not up to date thereby making them vulnerable to operational issues and security concerns. (repeat finding) Corrective plan is in place for this.
- c) We noted that the latest SIS and SAP server vulnerability reports identified issues, some of which were critical or high in severity. While some of the critical or high severity issues were remediated during the period in scope, some are still waiting to be remediated in March and April 2021. The longer the vulnerability issues remain unaddressed, the higher the security risks that the District faces.
- d) While a Disaster Recovery Testing was conducted during the year based on current business requirements, this testing was not based on an official Disaster Recovery Plan since the Administrative Regulation covering Disaster Recovery has not yet been updated. Moreover, we also noted that Business Continuity and Emergency Preparedness for College is outdated and still in draft.
- e) We noted that the District was not able to perform timely deletion/disabling of some user accounts pertaining to separated/terminated employees. As a response to this, the District has created a corrective action plan for reviewing the Human Resources (HR) separation business process and policy development. The said plan includes the following:
- Meeting with IT and HR to study the existing processes, separation actions, and identify programming points preventing the actions from being disabled or deleted
 - Reviewing HR guides and protocols on:
 - Employee Separations
 - Death of Employee

LOS ANGELES COMMUNITY COLLEGE DISTRICT
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- Adjunct Hiring
- Additional Assignments
- Mass Separations
- Reviewing Employee Sub-Groups
- Training campus level personnel on review of separation codes and assignment conclusion

Cause and Effect:

A. Outdated IT Policies

The District engaged in a project to reformat all District Board Rules and Administrative Regulations in accordance with standards developed by the Community College League of California. The project was delayed due to the District's Covid-19 response, and therefore the policies related to IT were also delayed. Acceleration of work on the new IT policies and taking this subset of policies out of order was approved by Chancellor Rodriguez in Oct 2020 and substantial work has been done. Drafts of the IT Policies aligned with recommendations of the Community College League are completed and under review for adoption by the District. Additional operational protocols relevant to information security will be developed and adopted throughout 2021.

B. Inadequate Systems Hardening to Reduce Security Risk

The US Department of Education recommends that institutions use NIST SP 800-171 as a guide to implement specific safeguards to assure compliance with the GLBA Safeguards rule. The District developed a System Security Plan aligned to NIST SP 800-171 with the assistance of third-party specialists in information security for higher education. The plan includes a Plan of Action and Milestones (POAM) that prioritizes remediation items according to risk. As noted by the auditors under the identified conditions, the District is following the POAM and remediation for several identified conditions is complete or underway. Per the POAM, development and implementation of Technology Hardening Standards is calendared for 2021.

For separated users' access also noted under the identified conditions, nothing stops the actions related to deleting/disabling of some user accounts pertaining to separating/terminating employees. The District will follow the HR corrective action plan for reviewing the HR separation business process and policy development.

Recommendation:

A. Outdated IT Policies

To establish and reinforce the institution's security program to protect sensitive information, we recommend that the District complete the reformat, review, and approval process for Board Policies and Administrative Regulations related to Information Technology in accordance with the California League model.

This will help ensure that the institution has a satisfactory foundation and concrete measures in place to maintain security and confidentiality of sensitive information.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Schedule of Federal Findings and Questioned Costs

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B. Inadequate Systems Hardening to Reduce Security Risk

To significantly improve security, we recommend that the District make the necessary modifications to its existing technology, including the following:

- a) Use penetration testing and other security auditing tools to find flaws in the system. Prioritize fixes/solutions for vulnerability issues identified. A reduced attack surface translates into a lower risk of data breaches, unauthorized access, systems hacking, or malware.
- b) Ensure that the items included in the Plan of Action and Milestones (POAM) and HR Corrective Action Plan are implemented completely and on time, especially those identified as critical such as User Access Review.

Views of Responsible Officials and Planned Corrective Actions:

A. Outdated IT Policies

The District is aware of this issue and has previously prepared a plan and is in the process of addressing it. As noted above, this effort was delayed as part of an informed risk-based decision to respond to the Covid-19 pandemic.

Drafts of IT-related administrative procedures aligned to recommendations of the Community College League are complete, and under review for adoption by the District. Target completion and adoption will be April-June 2021 pending review and Board Approval.

Additional information security operational protocols recommended by the California Community College Chancellor's Office relevant to systems security will be developed and adopted throughout 2021.

B. Inadequate Systems Hardening to Reduce Security Risk

The District agrees with the identified conditions, and is implementing the following actions:

- a) With respect to penetration testing, the District has allocated resources to engage an independent security analyst to perform penetration testing and anticipates completion by May 31, 2021.
- b) With respect to the Plan of Action and Milestones (POAM) and HR Corrective Action Plan, the District will prioritize implementation of critical recommendations from the POAM in a timely manner.

Personnel responsible for implementation: Patrick Luce

Position of responsible personnel: Chief Information Security Officer

Date of Implementation: As noted in the above Planned Corrective Actions

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Finding FA 2020-009: Reporting - Untimely Website Posting of Student Aid Report

Federal Program Information

<i>Federal Catalog Number:</i>	CFDA 84.425E
<i>Federal Program Name:</i>	Higher Education Emergency Relief Fund (HEERF) - Student Aid Portion
<i>Federal Agency:</i>	U.S. Department of Education
<i>Passed Through Entity:</i>	N/A
<i>Federal Award Number:</i>	P425E200918 P425E200844 P425E204139 P425E201278
<i>Federal Award Year:</i>	April 13, 2020, to June 30, 2020
<i>Campuses:</i>	East Los Angeles College Los Angeles Pierce College Los Angeles Trade Tech College Los Angeles Valley College
<i>Compliance Requirement:</i>	Reporting

Criteria or Specific Requirement:

Per *electronic announcement of the Office of Postsecondary Education*, the Certification and Agreement directs each institution applying for HEERF funds to comply with Section 18004(e) of the CARES Act and submit an initial report (the “30-day Fund Report”) to the Secretary thirty (30) days from the date of the institution’s Certification and Agreement to the Department of Education (Department). The Department will provide instructions for providing the required information to the Secretary in the near future.

Each HEERF participating institution must post the information listed below on the institution’s primary website. The Department should receive the most current information from the date when the institution received its allocation for emergency financial aid grants to students, and the institution should have received its allocation within a few days after submitting the Certification and Agreement. Accordingly, the following information must appear in a format and location that is easily accessible to the public *30 days after the date when the institution received its allocation under 18004(a)(1) and updated every 45 days thereafter*.

1. An acknowledgement that the institution signed and returned to the Department the Certification and Agreement and the assurance that the institution has used, or intends to use, no less than 50 percent of the funds received under Section 18004(a)(1) of the CARES Act to provide Emergency Financial Aid Grants to students.
2. The total amount of funds that the institution will receive or has received from the Department pursuant to the institution’s Certification and Agreement for Emergency Financial Aid Grants to Students.
3. The total amount of Emergency Financial Aid Grants distributed to students under Section 18004(a)(1) of the CARES Act as of the date of submission (i.e., as of the 30-day Report and every 45 days thereafter).

LOS ANGELES COMMUNITY COLLEGE DISTRICT

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4. The estimated total number of students at the institution eligible to participate in programs under Section 484 in Title IV of the Higher Education Act of 1965 and thus eligible to receive Emergency Financial Aid Grants to students under Section 18004(a)(1) of the CARES Act.
5. The total number of students who have received an Emergency Financial Aid Grant to students under Section 18004(a)(1) of the CARES Act.
6. The method(s) used by the institution to determine which students receive Emergency Financial Aid Grants and how much they would receive under Section 18004(a)(1) of the CARES Act.
7. Any instructions, directions, or guidance provided by the institution to students concerning the Emergency Financial Aid Grants.

Identified Condition

In performing reporting compliance testwork, we noted the following colleges posted their student aid reports on their respective websites beyond the required 30 day timeframe. The website posting must be within 30 days of the date the institution received its allocation from the Department, as indicated by the institution's "Certification and Agreement" to the Department.

<u>Campus</u>	<u>Date of allocation</u>	<u>Due date for website posting</u>	<u>Date of website posting</u>	<u>Number of days late</u>
East Los Angeles College	April 13, 2020	May 13, 2020	June 2, 2020	30
Los Angeles Pierce College	April 10, 2020	May 10, 2020	June 2, 2020	23
Los Angeles Trade Tech College	May 1, 2020	May 31, 2020	June 3, 2020	3
Los Angeles Valley College	April 13, 2020	May 13, 2020	June 3, 2020	21

Causes and Effect.

Per inquiry with the District, the Department of Education only announced the instructions for providing the necessary information on May 6, 2020. Given the Department's announcement date of May 6, 2020, the timing was tight and was very close to the colleges' thirty-day due date for website posting of their student aid reports. As a result, it was difficult for the colleges to meet the required due date.

Questioned Costs

None.

Recommendation

We recommend that the District implement a monitoring control regarding the website posting requirements to ensure the necessary information is posted within 30 days of receipt of the allocation and updated every 45 days thereafter.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Schedule of Federal Findings and Questioned Costs

Year ended June 30, 2020

Views of Responsible Officials and Planned Corrective Actions

The campuses will implement a process to review the Department of Education's website every 30 or days or sooner so that updates are noted in a timely manner.

Personnel responsible for implementation: Vice Presidents - Administrative Services at the Campuses

Date of Implementation: Immediate

Finding FA 2020 – 010: Activities Allowed or Unallowed and Allowable Costs / Cost Principles - Lack of Supporting Payroll Documents

Federal Program Information

<i>Federal Catalog Number:</i>	CFDA 84.425F
<i>Federal Program Name:</i>	Higher Education Emergency Relief Fund (HEERF) – Institutional Portion
<i>Federal Agency:</i>	U.S. Department of Education
<i>Passed Through Entity:</i>	N/A
<i>Federal Award Number:</i>	P425F202149
<i>Federal Award Year:</i>	April 13, 2020, to June 30, 2020
<i>Campuses:</i>	Los Angeles Harbor College
<i>Compliance Requirement:</i>	Activities Allowed or Unallowed and Allowable Costs / Cost Principles

Criteria or Specific Requirement:

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

Identified Condition

In performing allowable costs testwork over payroll at Los Angeles Harbor College, we noted that for all 3 of the payroll expenditures selected, there was not appropriate supporting documents for evidence of allowability of these payroll expenditures charged to the grant.

Causes and Effect.

Per inquiry with the college, in an effort to expedite recording and charging of payroll expenses to available emergency funds at year-end, the college made a decision to charge these personnel expenses to the grant. The college was planning to subsequently record a post-closing adjustment to reverse this transaction and properly record the correct personnel expenses identified as allowable under the grant. However, this post-closing adjustment was never recorded.

Questioned Costs

Actual Questioned Cost - \$9,947

Projected Questioned Cost - \$681,263

LOS ANGELES COMMUNITY COLLEGE DISTRICT
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Views of Responsible Officials and Planned Corrective Actions

Management agrees that the charged payroll expenses in their totality cannot be substantiated with physical evidence such as time and effort documentation, and therefore the charges do not fully meet the spending guidelines as outlined in the program. The planned corrective action is to name a qualified director on campus to provide expertise, guidance, and overview of any future CARES/COVID-related funding to ensure compliant use of the funds. Compliance will include the assurance that relevant documentation will be kept on record to support the proper usage of such funds. Documentation shall include payroll records, time and effort sheets, purchase receipts, and other evidence that funds were used in an appropriate manner.

<i>Personnel responsible for implementation:</i>	Robert Suppelsa
<i>Position of responsible personnel:</i>	Vice President, Administrative Services
<i>Date of Implementation:</i>	July 31, 2021

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Finding FA 2020-011: Activities Allowed or Unallowed and Allowable Costs / Cost Principles - Lack of Supporting Payroll Documents (Repeat Finding)

Federal Program Information

<i>Federal Catalog Number:</i>	CFDA 84.031
<i>Federal Program Name:</i>	Higher Education – Institutional Aid STEM STEP
<i>Federal Agency:</i>	U.S. Department of Education
<i>Passed Through Entity:</i>	N/A
<i>Federal Award Number:</i>	
<i>Federal Award Year:</i>	July 1, 2019, to June 30, 2020
<i>Campuses:</i>	Los Angeles Harbor 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, §200.430 Compensation – Personal services.

The Standards for Documentation of Personnel Expenses are as follows:

- (1) Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:
 - (i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
 - (ii) Be incorporated into the official records of the non-Federal entity;
 - (iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities (for IHE, this per the IHE's definition of IBS);

Criteria or Specific Requirement: (continued)

- (iv) Encompass both federally assisted and all other activities compensated by the non-Federal entity on an integrated basis, but may include the use of subsidiary records as defined in the non-Federal entity's written policy;
- (v) Comply with the established accounting policies and practices of the non-Federal entity; and
- (vi) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity.

LOS ANGELES COMMUNITY COLLEGE DISTRICT
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Identified Condition

In performing allowable costs testwork over payroll-related expenditures charged to the grant, we noted that for 9 out of 25 employees sampled, there was no timesheet documentation evidencing the time and effort expended on the program. We noted that these 9 employees were identified in the contract budget as authorized to charge time to the program fund.

Causes and Effect:

The college has not consistently followed the District's policy of documenting time and effort through the use of timesheets.

Questioned Costs:

None.

Recommendation

We recommend that the College implement processes and procedures to ensure supporting documents are properly maintained for employees' actual time and effort to support salaries and related benefits charged to the program.

Views of Responsible Officials and Planned Corrective Actions

Management is in agreement that internal controls must be put in place to ensure that supporting documents are consistently completed for any payroll costs that are charged to specific programs.

<i>Personnel responsible for implementation:</i>	Robert Suppelsa
<i>Position of responsible personnel:</i>	Vice President, Administrative Services
<i>Date of Implementation:</i>	July 31, 2021

SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Schedule of State Findings and Questioned Costs

Year ended June 30, 2020

Finding SC 2020-001: Instructor did not Meet Minimum Qualifications

State Compliance Requirement Information

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

Criteria or Specific Requirement:

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

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

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

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Schedule of State Findings and Questioned Costs

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

(i) If the person serves pursuant to a credential,

- It must authorize the holder to provide instruction in the particular subject matter or matters; and
- It must authorize the holder to provide that instruction during the period in which the holder is providing it.

(ii) If the person serves pursuant to minimum qualifications adopted by the Board of Governors or equivalencies, the qualifications or equivalencies must be related to the assignment and effective during the period of instruction for which attendance is being claimed.

(iii) For purposes of this section, an employee is deemed authorized to perform the services if he or she is employed as a faculty intern.

References:

Contracted District Audit Manual (CDAM) FY2019-20
California Code of Regulations Title 5

Identified Condition:

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

Causes and Effect:

The campus has made an error in assigning an instructor whose credentials did not match the requirements to teach the subject.

Questioned Costs:

None.

Recommendation:

We recommend that the Campus strictly enforce procedures to comply with the minimum qualifications requirements.

Views of Responsible Officials and Planned Corrective Actions:

A process will be developed to prevent Colleges from assigning instructors to teach a subject for which they have not been approved to meet the minimum qualification requirements.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Schedule of State Findings and Questioned Costs

Year ended June 30, 2020

Personnel responsible for implementation: Shawn Tramel

Position of responsible personnel: Administrative Analyst, Academic Recruitment

Date of Implementation: February 8, 2021

SC 2020-002: Documentation Over Current Student-Centered Funding Formula (SCFF) Data Management Practices

State Compliance Requirement Information

State Compliance Section: Section 411

State Compliance Requirement: Student-Centered Funding Formula (SCFF) Data Management Control Environment

Criteria or Specific Requirement:

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

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

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

References:

Contracted District Audit Manual (CDAM) FY2019-20

California Code of Regulations Title 5

Identified Condition:

The District has provided a compilation of SCFF data management and governance policies and practices entitled "LACCD' Policies and for Management of Data Used in the Student-Centered Funding Formula" based on the following:

- a) Administrative Regulations
 - E-13: Attendance and Attendance Accounting

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- E-85: Admission and Residence Classification of Non-Citizens
- E-86: Nonresident Tuition Exemption for Eligible Children of Deported or Voluntarily Deported Parents (Replaces former Administrative Regulation E-86 (“Student Representation Fee/Fund Account), replaced by Administrative Regulation S-11)
- Form E-86-1: Nonresident Tuition Exemption Request Form E-86-1 For Eligible Children of Deported or Voluntarily Deported or Voluntarily Deported Parents (SB 141)
- E-87: Admission of Young Students (K-12)
- E-94: Residency Classification
- E-97: Scheduling of Instruction, Breaks, and Passing

b) Resources and Procedures

- Curriculum and Scheduling Website (LACCD Intranet):
https://spidev.laccd.edu/projects/sis_modernization/SIS_Training_HUB/curriculum/Pages/default.aspx
- Faculty information and training materials available on Attendance Accounting Website (LACCD Intranet):
<http://spidev.laccd.edu/administrative/Educational-Programs/Attendance-Accounting/Pages/default.aspx>
- Attendance Accounting Website (LACCD Intranet):
<http://spidev.laccd.edu/administrative/Educational-Programs/Attendance-Accounting/Pages/default.aspx>
- LACCD MIS Website: <https://studentlaccd.sharepoint.com/sites/laccd/OIT/SIS/MIS>

In our review of the District’s compiled policy documentation, we noted the following observations:

8. The District’s compiled policies and practices documentation over SCFF data management has not been finalized and formally reviewed and approved by District management. Moreover, many of the Administrative Regulations, which are the basis for the documentation, are outdated as listed below:
 - E-13: last revised on April 30, 2015
 - E-85: last revised on April 21, 2000
 - E-86: no noted revisions since original issue date of September 10, 2015
 - E-94: last revised on July 23, 2009
 - E-97: last revised on November 6, 2014
9. The District’s compilation document correctly identifies the fundamental metrics over data management (Base allocation, Supplemental allocation, and Success allocation metrics). However, we noted that the process documentation lacks specific information such as:
 - a. The specific data flow and control activities, as well as specific personnel positions responsible for each step in the process (processing, output reviews, error corrections, etc.).

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Schedule of State Findings and Questioned Costs

Year ended June 30, 2020

- b. The specific details of the actual process used to review and correct data errors. There is no mention of specific personnel positions that would be held accountable at each step of the review process.
 - c. For information systems used to collect data, it is unclear if there is any periodic technical system assessment performed and which personnel position would be held accountable for the update, review and security of the information systems used.
10. In our walkthrough of AB540 students processing, we noted that Attendance Accounting extracts student data from the Student Information System, based on classification codes in the system, for state reporting purposes. However, supporting documentation of the student data reported is not formally maintained.

Cause and Effect:

The District has had long-standing and comprehensive procedures and policies concerning the validity and accuracy of data used in the Student Centered Funding Formula (SCFF) as many SCFF metrics have been utilized in state accountability reporting and only more recently in funding. To address the new compliance requirement, Educational Programs & Institutional Effectiveness (EPIE), in consultation with District IT, compiled a comprehensive description of SCFF metrics and, for each, described the specific procedures followed to address the accuracy and validity of SCFF data submitted to the California Community Colleges Chancellor's Office (CCCCO). This was a new compliance requirement for the 2020 audit. While policies, procedures, data flow, and responsibilities were described and documented, the compilation was not in a format that completely facilitated the audit process. In addition, Board Rules and Administrative Regulations undergo a periodic review and the date shown as the last update only applies to policies and administrative regulations that have actually been changed, not all that have been reviewed. Board policies and administrative regulations are currently in the process of being completely updated and aligned with the Community College League of California (CCLC) model.

Recommendation:

While CDAM Section 411 is a new compliance requirement for the 2020 audit and there has not been a standard or accepted format for evaluating adherence to this requirement, we recognize that the District has made progress in compiling their SCFF data management policies and procedures into a centralized document. However, in order to facilitate the audit process and help ensure compliance with Section 411, we recommend that the District work to develop and finalize a document that has additional documentation and has been approved by District management. Such documentation will help 1) formally manage and support current data management practices; and 2) ensure all required elements outlined in CDAM Section 411 have been properly addressed and formally documented in a sufficient level of detail.

Moreover, we recommend the following:

- Development of a RACI (responsible, accountable, consulted, informed) matrix which clearly defines personnel responsibility and process accountability.
- The process for review and signoff on related state data submissions (including key tasks and activities according to proper data flow and steps per allocation metric) should be completely documented to ensure that proper data maintenance is consistently implemented going forward.

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- Periodic technical assessment of information systems used should be performed at regular intervals to validate that controls are configured properly and are in compliance with the information security baseline.

Since the District is already engaged in a project to reformat all District Board Rules and Administrative Regulations in accordance with standards developed by the CCLC, outdated Administrative Regulations related to attendance accounting policies should also be aligned with recommendations of the CCLC for adoption by the District.

Views of Responsible Officials and Planned Corrective Actions:

The District is currently in the process of completely updating Board Rules and Administrative Regulations in order to align with the CCLC model policy framework. This process is expected to be completed in 2021. The SCFF data governance document will also be updated to include the additional requested information such as the RACI matrices and data flow charts for all SCFF metrics. The document will be reviewed through District data governance processes and approved by appropriate District management. District IT and EPIE will also document that periodic assessments of information systems have been conducted and are in compliance with District security policies.

Personnel responsible for implementation: Ryan Cornner and Maury Pearl

Positio of responsible personnel: Vice Chancellor and Associate Vice Chancellor, Educational Programs & Institutional Effectiveness

Date of Implementation: July 2021

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Summary Schedule of Prior Year Audit Findings

Year ended June 30, 2020

Finding Reference	Identified Condition and Prior Year's Planned Corrective Action Plan	Current Status	Explanation if not fully implemented
FA 2019-001	Identified Condition:	Partially Implemented	Repeat current year finding FA 2020-001
SFA Cluster	<i>East Los Angeles College</i>		
<i>Eligibility: Incorrect Federal Pell Grants Amounts Awarded (Repeat Finding)</i>	<p>Of the 30 students selected for eligibility test work, we noted the following:</p> <ul style="list-style-type: none"> – 1 student that had an incorrectly calculated Federal Pell grant award, which resulted in an overstatement of the disbursement to the student by \$25. The student was eligible to receive \$1,063, yet the student received \$1,088 during the academic year. – 1 student that had an incorrectly calculated Federal Pell grant award, which resulted in an understatement of the disbursement to the student by \$13. The student was eligible to receive \$544, yet the student received \$532 in Summer 2018. – 1 student that had an incorrectly calculated Federal Pell grant award, which resulted in an overstatement of the disbursement to the student by \$762. The student was eligible to receive \$2,286, yet the student received \$3,048 in Fall 2018. 		
	<p><i>Los Angeles Mission College</i></p> <p>Of the 30 students selected for eligibility test work, we noted the following:</p> <ul style="list-style-type: none"> – 1 student that had an incorrectly calculated Federal Pell grant award, which resulted in an overstatement of the disbursement to the student by \$381. Based on the 		

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Summary Schedule of Prior Year Audit Findings

Year ended June 30, 2020

Finding Reference	Identified Condition and Prior Year's Planned Corrective Action Plan	Current Status	Explanation if not fully implemented
	<p>estimated family contribution (EFC), the student was ineligible to receive a Pell grant award, yet the student received \$381 in Fall 2018.</p> <ul style="list-style-type: none"> - 1 student that had an incorrectly calculated Federal Pell grant award, which resulted in an overstatement of the disbursement to the student by \$937. The student was eligible to receive \$475, yet the student received \$1,412 in Spring 2019. - 1 student that had an incorrectly calculated Federal Pell grant award, which resulted in an understatement of the disbursement to the student by \$532. The student was eligible to receive \$532, yet the student received none in Summer 2019. - 1 student that had an incorrectly calculated Federal Pell grant award, which resulted in an understatement of the disbursement to the student by \$980. The student was eligible to receive \$1,524, yet the student received \$574 in Spring 2019. <p><i>Los Angeles Pierce College</i></p> <p>Of the 30 students selected for eligibility test work, we noted 1 student that had an incorrectly calculated Federal Pell grant award, which resulted in an understatement of the disbursement to the student by \$544. The student was eligible to receive \$544, yet the student received none in Summer 2019.</p>		

LOS ANGELES COMMUNITY COLLEGE DISTRICT

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Finding Reference	Identified Condition and Prior Year's Planned Corrective Action Plan	Current Status	Explanation if not fully implemented
	<p><i>Los Angeles Trade Technical College</i></p> <p>Of the 14 students selected for eligibility test work, we noted 1 student that had an incorrectly calculated Federal Pell grant award, which resulted in an overstatement of the disbursement to the student by \$762. The student was eligible to receive \$2,285, yet the student received \$3,047 in Spring 2019.</p> <p><i>Views of Responsible Officials and Planned Corrective Actions:</i></p> <p>The District concurs with the finding and has taken corrective action to remediate the issue. Last year the SIS was configured so that it would not disburse to students that are enrolled less than half time (LTHT) and also have a Pell award that is higher than \$544. This is an effective control for LTHT students that have a zero EFC. However, the new issue identified in the current year relates to LTHT students that do not have a zero EFC. These types of students were not considered in the current corrective action plan because the incorrect award amount would be less than \$544. To remediate the issue, the Central Financial Aid Unit (CFAU) will place a user edit message (UEM) for all LTHT students that have an EFC greater than zero to prevent disbursement.</p> <p>The campuses will be provided with a list of students that meet this criterion so that they can manually update the student's budgets and recalculate eligibility accordingly.</p>		

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Finding Reference	Identified Condition and Prior Year's Planned Corrective Action Plan	Current Status	Explanation if not fully implemented
<p>FA 2019-002 SFA Cluster <i>Eligibility: Lack of Notification of Disbursement</i></p>	<p>In addition to the LTHT issue mentioned above, one student had a Pell overpayment because a user edit message (UEM) was not assigned by the SIS to prevent disbursement. The issue was identified and all students that are not automatically repackaged by the system are now assigned a UEM to prevent disbursement.</p> <p>Identified Condition:</p> <p>Of the 30 students selected for eligibility testwork at each college, we noted the following number of students that received disbursements prior to receiving a formal notification of disbursement from the respective college:</p> <ul style="list-style-type: none"> • <i>East Los Angeles College – 7 out of 30 students</i> • <i>Los Angeles Mission College – 5 out of 30 students</i> • <i>Los Angeles Pierce College – 3 out of 30 students</i> <p>Views of Responsible Officials and Planned Corrective Actions:</p> <p>The District concurs with the finding. The District has resolved this issue by scheduling the award notification process to run daily. As students are awarded aid the system will automatically send an award notification communication ensuring that notification takes place prior to disbursement. The new process has already been scheduled in the SIS.</p>	Fully Implemented	

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Finding Reference	Identified Condition and Prior Year's Planned Corrective Action Plan	Current Status	Explanation if not fully implemented
<p>FA 2019-003</p> <p>SFA Cluster</p> <p><i>Eligibility: Incorrect Priority for FSEOG Awards</i></p>	<p>Identified Condition:</p> <p>We reviewed all FSEOG student recipients (total of 9,534 students) at West Los Angeles College and noted 2 students who were not recipients of Federal Pell Grants. These students should have been included only in the second selection group after all FSEOG awards had been initially awarded to Federal Pell Grant recipients for not all Federal Pell Grant recipients in the campus had received FSEOG for the current award year.</p> <p>Views of Responsible Officials and Planned Corrective Actions:</p> <p>The District concurs with the finding. The District has reviewed its policies and procedures related to FSEOG student selection criteria as set forth in 34 CFR 676.10. The District will remind all campuses that the awarding of FSEOG is an automated process and should not be manually scheduled in the system. Per District policy, manually scheduled awards should be approved by the FA Supervisor or FA Manager.</p>	Fully Implemented	

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Finding Reference	Identified Condition and Prior Year's Planned Corrective Action Plan	Current Status	Explanation if not fully implemented
FA 2019-004	<i>Identified Condition:</i>	Fully Implemented	
SFA Cluster	<i>East Los Angeles College</i>		
<i>Special Tests and Provisions – Verification: Inaccurate information found in Verification Documents (Repeat Finding)</i>	Of the 30 students selected for verification test work, we noted 1 student with an incorrect Adjusted Gross Income (AGI). This resulted in an understatement of Expected Family Contribution (EFC) by \$54, but did not have an impact on the student's Federal Pell Grant award.		
	<i>Los Angeles Pierce College</i>		
	Of the 30 students selected for verification test work, we noted 1 student with an incorrect number of household members, which resulted in an understatement of Expected Family Contribution (EFC) by \$1,116. This resulted in an overstatement of Federal Pell Grant disbursement by \$1,081.		
	<i>Views of Responsible Officials and Planned Corrective Actions:</i>		
	The District concurs with the finding. The campus will review the verification policy and procedure with staff and will also conduct refresher training. In addition, the District has implemented a new automated verification solution that collects verification information provided by the student and then compares it to information stored on the student's ISIR. The verification automatically identifies discrepancies that must be resolved by the campus before verification can be completed.		

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Finding Reference	Identified Condition and Prior Year's Planned Corrective Action Plan	Current Status	Explanation if not fully implemented
<p>FA 2019-005 SFA Cluster <i>Special Tests and Provisions – Borrower Data Transmission and Reconciliation (Direct Loans): Untimely Direct Loan Disbursement (Repeat Finding)</i></p>	<p>Identified Condition:</p> <p>Of the 30 students selected for compliance test work at Los Angeles Mission College, we noted that 1 student was reported late to the DLSS via the COD report. The required report was submitted 42 days after the disbursement was made to the student and, therefore, the submission was 27 days late.</p> <p>Views of Responsible Officials and Planned Corrective Actions:</p> <p>The District concurs with the finding. The student took 3 units in fall and 3 units in winter. We have a custom automated process in the SIS that adds the fall and winter units together so that they can be counted in the fall term. That process stops running a month after the fall term ends because it is no longer needed. This particular student applied for a loan well after the automated process stopped running. As a result, the student's loans could not be automatically processed because the system was only counting the 3 units for fall (must be enrolled for at least 6 units). In order to process the loan, the campus had to manually override the units, disburse the funds in the system, and then update the disbursement information in COD. It appears the campus performed the proper procedures except for updating the disbursement information in COD.</p> <p>The District believes this is likely an isolated incident because the District processes very few loans after the end of the term. However, to ensure this does not happen again, we will update our policy and procedure to reflect that campuses must manually disburse in the system and also update COD.</p>	<p>Partially Implemented</p>	<p>Repeat current year finding FA 2020-002</p>

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Finding Reference	Identified Condition and Prior Year's Planned Corrective Action Plan	Current Status	Explanation if not fully implemented
<p>FA 2019-006</p> <p>SFA Cluster</p> <p><i>Special Tests and Provisions – Return of Title IV Funds: Incorrect Calculation of Return to Title IV Funds, Untimely Notification of Grant Overpayment to Students and Secretary, and Untimely Return of Unearned Title IV funds</i></p> <p><i>(Repeat Finding)</i></p>	<p>Identified Condition:</p> <p>A. Incorrect Calculation of Return to Title IV Funds</p> <p>East Los Angeles College</p> <p>Of the 30 students selected for return of Title IV funds test work from the population of students who had withdrawn, dropped out, or never began attendance, we noted the following:</p> <ul style="list-style-type: none"> – 1 student that had an incorrectly calculated amount of Title IV assistance earned, the effect of which would decrease the amount due from the student by \$762. – 1 student that had an incorrectly calculated amount of Title IV assistance earned, the effect of which would decrease the amount due from the student by \$1,524. The college has already returned the money after the fact, thus no questioned cost. <p><i>Los Angeles Harbor College</i></p> <p>Of the 5 students selected for return of Title IV funds test work from the population of students who received Title IV assistance, for which no returns of Title IV funds were made, we noted the following:</p> <ul style="list-style-type: none"> – 1 student that had an incorrectly calculated amount of Title IV assistance earned, the effect of which would increase the amount due from the student by \$219. 	<p>Partially Implemented</p>	<p>Repeat current year finding FA 2020-003</p>

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	<ul style="list-style-type: none"> - 1 student that had an incorrectly calculated amount of Title IV assistance earned, the effect of which would increase the amount due from the student by \$762. <p><i>Los Angeles Mission College</i></p> <p>Of the 30 students selected for return of Title IV funds test work from the population of students who had withdrawn, dropped out, or never began attendance, we noted the following:</p> <ul style="list-style-type: none"> - 1 student that had an incorrectly calculated amount of Title IV assistance earned, the effect of which would increase the amount due from the institution by \$127 and would decrease the post-withdrawal disbursement by \$22. - 1 student that had an incorrectly calculated amount of Title IV assistance earned, which did not result in any questioned cost due to the grant protection. <p><i>Los Angeles Pierce College</i></p> <p>Of the 30 students selected for return of Title IV funds test work from the population of students who had withdrawn, dropped out, or never began attendance, we noted the following:</p> <ul style="list-style-type: none"> - 1 student that had an incorrectly calculated amount of Title IV assistance earned, the effect of which would increase the amount due from the student by \$992. - 1 student that had an incorrectly calculated amount of Title IV assistance earned, the effect of which would decrease the amount due from the institution by \$97. 		

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Finding Reference	Identified Condition and Prior Year's Planned Corrective Action Plan	Current Status	Explanation if not fully implemented
	<ul style="list-style-type: none"> - 1 student that had an incorrectly calculated amount of Title IV assistance earned, the effect of which would decrease the amount due from the institution by \$24. - 1 student that was not included in the calculation of the amount of Title IV assistance earned, the effect of which would increase the post-withdrawal disbursement by \$27. 		
	<i>Los Angeles Trade Technical College</i>		
	<p>Of the 11 students selected for return of Title IV funds test work from the population of students who had withdrawn, dropped out, or never began attendance, we noted 1 student that had an incorrectly calculated amount of Title IV assistance earned, the effect of which would increase the amount due from the student by \$611.</p>		
	<i>Los Angeles Valley College</i>		
	<p>Of the 14 students selected for return of Title IV funds test work from the population of students who had withdrawn, dropped out, or never began attendance, we noted 1 student was not included in the calculation of the amount of Title IV assistance earned, the effect of which would increase the amount due from the institution by \$106 and increase the amount due from student by \$142.</p>		
	<p>B. Untimely Notification of Grant Overpayment to Students and Secretary</p>		

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Finding Reference	Identified Condition and Prior Year's Planned Corrective Action Plan	Current Status	Explanation if not fully implemented
	<p><i>East Los Angeles College</i></p> <p>Of the 30 students selected for compliance test work, we noted the following:</p> <ul style="list-style-type: none"> – 2 students were notified beyond 30 days from the date of the institution's determination that the students withdrew and owed overpayments as a result of the students' withdrawals. The required notifications were submitted 37 and 54 days after the institution's determination date. The notifications were late by 7 and 24 days. – 2 students did not repay the overpayment in full to the institution or enter a repayment agreement. These students were not referred to the Secretary within the required timeframe (the earlier of 45 days from the date the institution sent 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). Notifications were sent 211 and 252 days after the date the institution was required to notify the students of the overpayments. The notifications were late by 166 and 207 days. <p><i>Los Angeles Harbor College</i></p> <p>We noted that 2 of 5 students selected for compliance test work were notified beyond 30 days from the date of the institution's determination that the students withdrew and owed overpayments as a result of the students' withdrawals. The required notifications were submitted 311 days after the</p>		

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	<p>institution's determination date. The notifications to the students were late by 281 days.</p> <p><i>Los Angeles Mission College</i></p> <p>We noted that 2 of 30 students selected for compliance test work were notified beyond 30 days from the date of the institution's determination that the students withdrew and owed overpayments as a result of the students' withdrawals. The required notifications were submitted between 133 and 303 days after the institution's determination date. The notifications were late by 103 and 273 days.</p> <p><i>Los Angeles Trade Technical College</i></p> <p>Of the 11 students selected for compliance test work, we noted the following:</p> <ul style="list-style-type: none"> - 2 students were notified beyond 30 days from the date of the institution's determination that the students withdrew and owed overpayments as a result of the students' withdrawals. The required notifications were submitted 242 days after the institution's determination date. The notifications were late by 212 days. - 1 student did not repay the overpayment in full to the institution or enter a repayment agreement. This student was not referred to the Secretary within the required timeframe (the earlier of 45 days from the date the institution sent 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). The notification was sent 106 		

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Summary Schedule of Prior Year Audit Findings

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Finding Reference	Identified Condition and Prior Year's Planned Corrective Action Plan	Current Status	Explanation if not fully implemented
	<p>days after the date the institution was required to notify the students of the overpayments. The notification was late by 61 days.</p> <p><i>C. Untimely Return of Unearned Title IV funds</i></p> <p><i>Los Angeles Mission College</i></p> <p>We noted that 4 of 30 students selected for compliance test work had the untimely return of unearned Title IV funds. The District returned unearned title IV funds 46 to 134 days after the dates it determined that the students withdrew. The required returns were late by 1 to 89 days.</p> <p><i>Views of Responsible Officials and Planned Corrective Actions:</i></p> <p>A. Incorrect Calculation of Return to Title IV Funds</p> <p>The District concurs with the finding of Incorrect Calculation of Return to Title IV (R2T4) Funds. R2T4 calculations are based on the amount of aid the student was eligible for at the time of withdrawal. When the eligibility amounts are incorrect, the resulting R2T4 calculations will also be incorrect. The SIS produces a tentative R2T4 worksheet which gathers the award and disbursed amount for each student. The Campus Financial Aid Technician is required to review the worksheet to validate the result. The validation of R2T4 calculation is a manual process. To remediate this issue, the campus will retrain those responsible for performing R2T4 calculations and CFAU and campus will implement a secondary review process to review accuracy. The combination of training and secondary</p>		

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Finding Reference	Identified Condition and Prior Year's Planned Corrective Action Plan	Current Status	Explanation if not fully implemented
	<p>reviews should ensure the eligibility amounts are determined correctly for R2T4 purposes. For future enhancement, we are considering the possibility of moving the R2T4 process to CFAU.</p> <p>B. Untimely Notification of Grant Overpayment to Students and Secretary</p> <p>The District concurs with the Untimely Notification of Grant Overpayment to Students and Secretary finding. Straight overpayments are determined by the campus at the time of withdrawal. Overpayment notifications are sent to students by the campus. Due to staffing and/or training issues, some overpayments were not identified timely resulting in late notifications to the students and/or the Department of Education. To remediate this issue, the campus will provide additional training to those responsible for performing R2T4.</p> <p>C. Untimely Return of Unearned Title IV funds</p> <p>The District concurs with the Untimely Return of Unearned Title IV funds finding. Two returns were one day late because of an isolated file return issue with the SIS. The issue has been corrected. The other two returns were late due to an incorrect calculation as a result of using the wrong date for the student's last date of attendance. The recalculation resulted in additional return amounts. To remediate this issue, the campus will provide additional training to those responsible for performing R2T4.</p>		

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<p>FA 2019-007 SFA Cluster <i>Special Tests and Provisions – Enrollment Reporting: Inaccurate and Untimely Reporting of Change in Status</i> <i>(Repeat Finding)</i></p>	<p>Identified Condition:</p> <p>In performing test work over enrollment reporting, we noted the following:</p> <p><i>East Los Angeles College</i></p> <p>Of the 30 students selected for compliance test work, we noted:</p> <ul style="list-style-type: none"> - 8 students had status changes that were reported late to the NSLDS. This late reporting ranged from 11 to 122 days late. <p><i>Los Angeles Mission College</i></p> <p>Of the 30 students selected for compliance test work, we noted:</p> <ul style="list-style-type: none"> - 6 students had status changes that were reported late to the NSLDS. This late reporting ranged from 5 to 11 days late. - 4 students had no reported status to NSLDS due to late reporting to the District's third-party servicer, National Student Clearinghouse (NSC). - 1 student had a change in enrollment that was not reported to NSLDS due to late reporting to NSC. - 1 student had an incorrect effective date reported. <p><i>Los Angeles Pierce College</i></p> <p>Of the 30 students selected for compliance test work, we noted:</p> <ul style="list-style-type: none"> - 7 students had status changes that were reported late to the NSLDS. This late reporting ranged from 10 to 56 days late. 	<p>Partially Implemented</p>	<p>Repeat current year finding FA 2020-007</p>

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	<ul style="list-style-type: none"> - 3 students had no reported status to NSLDS due to late reporting to NSC. - 1 withdrawn student was reported as a half-time student. - 1 half-time student was reported as a full-time student. - 1 student had an incorrect effective date reported. <p><i>Los Angeles Southwest College</i></p> <p>Of the 4 students selected for compliance test work, we noted:</p> <ul style="list-style-type: none"> - 1 student had a status change that was reported late to the NSLDS. This late reporting was 23 days late. - 1 student that had a status change and had an incorrect effective date reported. - 1 student who had a full-time status was not reported to NSLDS due to late reporting to NSC. <p><i>Los Angeles Trade Technical College</i></p> <p>Of the 8 students selected for compliance test work, we noted:</p> <ul style="list-style-type: none"> - 5 students had status changes that were reported late to the NSLDS. This late reporting ranged from 10 to 40 days late. - 1 student has no reported status to NSLDS due to late reporting to NSC. 		

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	<p><i>Los Angeles Valley College</i></p> <p>Of the 9 students selected for compliance test work, we noted:</p> <ul style="list-style-type: none"> - 3 students had status changes that were reported late to the NSLDS. This late reporting was 10 days late. - 1 less-than-half-time student was reported as a quarter-time student. <p><i>West Los Angeles College</i></p> <p>Of the 5 students selected for compliance test work, we noted 1 student has no reported status to NSLDS due to late reporting to NSC.</p> <p><i>Views of Responsible Officials and Planned Corrective Actions:</i></p> <p>The PeopleSoft Student Information System (SIS) has an enrollment reporting module which has been configured to extract student enrollment data from the SIS and construct data files meeting NSC reporting requirements. The files are stored in a secured server and folder; only authorized users may access this data. The "LACCD NSC Quick Guide" document provides detailed information and steps to generating the enrollment file within the PeopleSoft environment. The submitted enrollment data files are reviewed and tracked by Educational Programs and Institutional Effectiveness (EPIE) Division personnel to help ensure data integrity. In order to ensure the timely reporting of enrollment data, the EPIE Division, in collaboration with NSC personnel, creates and maintains a submission calendar for the academic year to ensure that enrollment statuses for all students</p>		

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	<p>within the District are reported and updated throughout the term and academic year. The calendar is posted on the NSC website and e-mails are sent to relevant Admissions & Records (A&R) and Financial Aid staff regarding the due dates of the student enrollment files and when student statuses should be verified. There are also automated e-mails that are sent to District and campus personnel regarding when school enrollment files are due, received, ready for review, and processed. Enrollment information, which includes changes in students' status, are submitted every month by the EPIE Division. After enrollment reports are submitted to the NSC, the NSC portal generates error reports for each college. These errors are generated if the student status differs from what was previously reported. The A&R Department for each college is responsible for verifying that the student status and program information are updated appropriately. Colleges are required to review and process corrections based on the error reports within one week of when the enrollment report is submitted to the NSC.</p> <p>In fiscal year 2018-19, there was considerable progress in reducing the number of instances of inaccurate and late reporting. However, based on fiscal year 2018-19 audit results, both issues are still present. The technical problem contributing to the incorrect calculation of unit load in fiscal year 2017-18 was corrected through a change in the run control setup effective Summer 2018. As a result, the instances of unit load reporting errors were minimal, resulting primarily from the timing of student adds and drops.</p>		

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	<p>In order to address late reporting, the District implemented a business process change adopted in Fall 2018 which shifted verification to the colleges. To ensure that colleges were able to complete verifications in a timely manner, training and materials ("Error Resolution Instructions for the National Student Clearinghouse" document) was developed by the EPIE and provided to campus personnel so that updates can be made consistently and accurately. There is also a designated EPIE division analyst that serves as a point of contact to answer questions or facilitate communication with the NSC. In addition, e-mails are sent to relevant A&R and Financial Aid staff regarding due dates for completing the verification reports. In fiscal year 2018-19, colleges adjusted their internal verification procedures and staff assigned to verification and acquired additional expertise which allowed them to better adhere to NSC timelines. This has reduced, but not eliminated, the instances of late reporting. The assumption of verification duties was uneven initially. However, as college A&R offices acquired additional expertise in error correction and familiarity with the submission calendar, late reporting errors diminished. The success of this new process is evidenced through the analysis of late reporting errors: fiscal year 2018-19 audit findings show that only 6 of 38 instances of late reporting (16%) occurred in the Spring 2019 semester, the first semester following the rollout of the new business process. The District's goal is to eliminate late reporting errors and, to this end, will update the current business process to include a notification and escalation plan. This plan will identify potential late reporting through an early warning process and progressively notify higher level college administrators</p>		

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	<p>(college supervising dean, college vice president, and college president) of the likelihood of delayed reporting. Continued experience with the current process and addition of the escalation component will ensure that verification is completed in a timely manner. The escalation process is expected to be fully implemented by February 2020.</p>		
	<p>Incorrect reporting errors were primarily due to incorrect effective dates. Because it is necessary to generate the enrollment files at least two days prior to the date submitted to the NSC, some drop and add transactions occurring in the time interval between the run and submission dates are excluded and student unit load (e.g., full-time status, part-time status) will not necessarily be accurate as of the date the file is submitted to the NSC. Furthermore, the NSC verification/error correction system will not permit entry of effective drop and add dates before the file submission date to the NSC. Thus, a technical limitation of the NSC system prevents entry of correct effective dates and a small number of errors will result. While workarounds are feasible, these would require additional staff time and effort to maintain lists of status changes and use of an alternative system, outside that of the NSC, for entering date corrections. EPIE will continue to explore both technical and non-technical alternatives for addressing this problem and work towards eliminating the small number of errors arising from these timing issues. Separately, additional technical enhancements to the delivered NSC file have been identified and recommended by EPIE which involve inclusion of status start dates in the enrollment file. This enhancement will reduce the volume of verification errors and</p>		

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	staff time required to resolve them and are expected to significantly reduce delays in reporting in fiscal year 2019-20. The District IT technical team has been charged with the task of conducting a systems analysis and developing programming to include the status date field in the enrollment file, which is expected to be completed by April 2020. Additional data validation and correction activities, related to student and program level information in the SIS, are also ongoing and expected to improve the quality of NSC enrollment reporting in fiscal year 2019-20.		

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<p>FA 2019-008</p> <p>SFA Cluster</p> <p><i>Special Tests and Provisions – Gramm-Leach Bliley Act – Student Information Security: Lack of Written Information Security Plan and Outdated IT Policies; Improve Configuration Management to Reduce Security Risk</i></p>	<p>Identified Conditions:</p> <p>A. Lack of Written Information Security Plan and Outdated IT policies</p> <p>We noted that no written Information Security Plan has been developed to support the District's security program to protect sensitive information. Annual review of security, availability and processing integrity is currently not being performed for service level agreements and related contracts with third-party IT and Data service providers. The District's existing Administrative Regulations related to IT are outdated and inadequate. The following Administrative Regulations were noted:</p> <ul style="list-style-type: none"> • B-27 – Use of District and College Computing Facilities • B-27 – Append • B-28 – Network Security Policy • E-47, E-99, and S-8 – Retention of ASO Records <p>Additionally, we found no existing Administrative Regulations in place related to:</p> <ul style="list-style-type: none"> • Information and Data classification • Data Privacy • Incident Response and Resolution Management <p>B. Improve Configuration Management to Reduce Security Risk</p> <p>The District has taken limited steps to harden default workstations, servers and network device configurations.</p>	<p>Partially Implemented</p>	<p>Repeat Finding FA 2020-008</p> <ol style="list-style-type: none"> 1. The District engaged Huron Consulting Group for this effort, and developed a comprehensive System Security Plan (SSP) for SIS aligned to NIST SP 800-171. The SSP was completed June 30, 2020. The SSP is available to the auditors upon request. 2. The District completed an inventory of third-party related contracts to SIS, in addition to inventorying data inflows and outflows. The final draft was completed March 2, 2020, and was published March 9, 2020. The document is updated as required, and is

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Finding Reference	Identified Condition and Prior Year's Planned Corrective Action Plan	Current Status	Explanation if not fully implemented
	<p>Misconfigurations present a target for attackers to gain access and elevate privileges.</p> <p>a) The District has yet to establish a Vulnerability Management Program. Annual vulnerability scanning, PCI scanning or penetration testing are not being conducted.</p> <p>b) While we noted no issues concerning the current state of the primary and secondary servers used for Student Information Systems (SIS), we also noted several operating systems on some non-SIS servers, virtual machines, desktop, and mobile devices do not have the latest OS version or are not up to-date which caused latest definitions to not being pushed to a significant number of machines thereby making them vulnerable to operational issues and security concerns.</p> <p>c) While we noted that SIS servers were consistently updated and patched, we also noted a significant number of non-SIS machines were last updated in the first quarter of the calendar year 2018.</p> <p>d) While we noted SIS servers have adequate procedures to protect information systems and technology from malicious software, we also noted insufficient detective and corrective controls are in place to protect non-SIS information systems and supporting technologies from malicious software. The frequency and thoroughness of detective and corrective controls currently configured allow threats to reside on a resource attached to the network longer than it is recommended prior to detection and remediation of a threat.</p>		<p>available to the auditors upon request.</p> <p>3. Documented procedures to inventory and review 3rd party contracts for information security concerns were published on June 6, 2020. The procedures are included in documents to be provided per auditor request (Item 2, "IT Policies and Procedures"). 3rd party contracts listed in the SIS inventory were reviewed, and recommendations were documented. The majority were reviewed prior to June 26, 2020. Additional contracts have been reviewed since and the results documented.</p>

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Finding Reference	Identified Condition and Prior Year's Planned Corrective Action Plan	Current Status	Explanation if not fully implemented
	<p>e) Annual Business Continuity and Disaster Recovery Plan testing has not been performed to assure the effectiveness of the existing plans. Critical Information Technology (IT) systems and technology platforms should be tested as a whole for operational readiness to make sure these can be activated correctly and will enable the District to proceed with operations during a disaster. Since the effectiveness of the BCP/DRP can be impacted by the inevitable changes to data, personnel, skill levels, and hardware and software architectures within an organization, annual simulation and recovery testing is a necessity.</p> <p>Views of Responsible Officials and Planned Corrective Actions:</p> <p>A. Lack of Written Information Security Plan and Outdated IT policies</p> <p>The District accepts the identified condition and recommendation regarding the Information Security Plan. The Chief Information Security Officer (CISO) shall be responsible for implementing the following corrective action:</p> <ul style="list-style-type: none"> The District will engage a third party to develop a System Security Plan (SSP) for SIS that aligns to requirements of NIST SP 800-171. The SSP will be completed no later than September 30, 2020. 		<p>Documentation samples from the contract reviews are available to the auditors upon request.</p> <p>4. The District engaged in a project to revise all policies in accordance with standards developed by the Community College League of California. However, the project was delayed due to the District's COVID-19 response, and policies related to IT have not yet been addressed. Acceleration of adoption of new policies related to IT has been approved by Chancellor Rodriguez. Work will begin October 2020.</p>

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	<p>The District accepts the Identified Condition regarding annual review of security and service performance related to third-party contracts. The Vice Chancellor and Chief Information Officer (VC/CIO) shall be responsible for implementing the following corrective actions:</p> <ul style="list-style-type: none"> • The District IT Division will conduct an inventory of all third-party IT contracts that are directly related to SIS. The inventory will be completed no later than March 1, 2020. • The CISO will develop and document IT procedures to inventory and review third-party contracts related to SIS annually for compliance with information security requirements and Service Level Agreements and identify remediation actions as prudent. The first annual review of contracts related to SIS will be completed no later than June 30, 2020. 		<p>5. Documented procedures for security incident response and management were published on December 4, 2019 and October 28, 2019, respectively. The procedures are included in documents to be provided per auditor request (item 2, "IT Policies and Procedures"). Additional policies and procedures will be developed in accordance with the SSP. A timeline of high-priority projects is provided in the SSP, which is available to the auditors upon request.</p>
	<p>The District accepts the identified condition that Administrative Regulations relevant to IT are incomplete and dated. The Chief Information Security Officer shall be responsible for implementing the following corrective actions:</p> <ul style="list-style-type: none"> • The District is currently considering adoption of the framework for policy standards developed by the Community College League of California. The District IT Division will support that initiative to update and complete appropriate Administrative Regulations relevant to IT. 		<p>6. The District published procedures to perform quarterly PCI scans</p>

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Finding Reference	Identified Condition and Prior Year's Planned Corrective Action Plan	Current Status	Explanation if not fully implemented
	<ul style="list-style-type: none"> Until the initiative to adopt policy standards from the Community College League of California is complete, the District Information Security Office will publish standard procedures relevant to the security of SIS. Standard procedures for security incident response and management are complete and will be published by December 1, 2019. Additional procedures will be developed and implemented as required by the System Security Plan (SSP) for SIS. 		<p>on October 30, 2019. The procedures are included in documents to be provided per auditor request (item 2, "IT Policies and Procedures"). Representative scan results throughout the previous year (including the most recent scan results) are included in documents to be provided per Auditor request (Item #16, PCI Scan Log).</p>
	<p>B. Improve Configuration Management to Reduce Security Risk</p> <p>The District accepts the identified conditions and Recommendation, concurring that identified conditions b), c) and d) were found on systems unrelated to SIS. The CISO shall be responsible for implementing the following corrective actions:</p> <ul style="list-style-type: none"> The District recently obtained and implemented a Vulnerability Assessment System and Payment Card Industry (PCI) scanning vendor, and performed initial assessments of the SIS environment. No high risk issues were confirmed; all issues confirmed with moderate or low risk will be resolved by December 31, 2019. The District has established and published procedures to perform quarterly scanning of SIS in compliance with PCI requirements. The District will establish procedures to perform quarterly vulnerability assessment scanning of all District-managed servers by December 31, 2019. Initial 		<p>7. The District published procedures to perform quarterly vulnerability assessments on all District-managed servers on December 16, 2019. The procedures are included in documents to be provided per auditor request (item</p>

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	<p>vulnerability assessments will be completed by April 1, 2020.</p> <ul style="list-style-type: none"> • The District has corrected the default configuration of our antimalware system to align with the auditor's recommendations. • Following completion of the System Security Plan (SSP) for SIS, the District will engage a third party to perform a risk assessment of SIS, and develop a strategic plan to prioritize and address risks that will include annual business continuity/disaster recovery testing for SIS. The third-party risk assessment will be completed by April 1, 2021. • The District will perform a disaster recovery test of the SIS production system prior to June 30, 2020. The test will be annualized. 		<p>2, "IT Policies and Procedures"). The most recent scans of the SIS and SAP production environments are included in documents to be provided per auditor request (Item 20, "Latest Network-Server Monitoring Reports".)</p> <p>8. The SSP included a list of high-level strategic plans to address risks to the SIS, with a recommended timeline. This assessment included a recommendation for recovery of SIS to a secondary site. This document is available to the auditors upon request. In the meantime, the District is addressing</p>

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			<p>business continuity/disaster recovery testing for SIS independently; see the explanation of the next item below for details. Additionally, the District still anticipates performing a third-party risk assessment of SIS in the first half of 2021.</p> <p>9. The District performed a disaster recovery test of a development version of SIS, and documented the test results, lessons learned and remediation recommendations. The final document was published on June 26, 2020, and is included in the documents to be provided per auditor</p>

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<p>FA 2019-009 <i>Higher Education Institutional Aid 84.031 - Reporting: Inaccurate Disbursement Information Reported to COD</i></p>	<p>Identified Condition:</p> <p>Of the 30 students selected for compliance test work at Los Angeles Pierce College, we noted that 1 student disbursement data was reported inaccurately to the Department of Education's Common Origination and Disbursement (COD). The actual disbursement amounted to \$1,524 but only \$992 was reported to COD.</p> <p>Views of Responsible Officials and Planned Corrective Actions:</p> <p>The District concurs with the finding. The District will remind all campuses that Pell adjustments should be done in the SIS and should not be done manually on COD. In addition, the District will ensure that monthly pell reconciliation reports are completed. The reconciliation reports will identify discrepancies reported on COD and in the SIS.</p>	<p>Partially Implemented</p>	<p>request (Item #12, "Results of Latest DR-BCP Testing"). The District is currently remediating items in preparation for testing of the SIS production instance, prior to June 30, 2021.</p> <p>Repeat current year finding FA 2020-005</p>

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<p>FA 2019-010 <i>Higher Education - Institutional Aid 84.031 - Activities Allowed or Unallowed and Allowable Costs/Cost Principles: Lack of Supporting Documents</i></p>	<p>Identified Condition: In performing test work over payroll-related expenditures charged to the grant, we noted that 2 out of 12. personal services expenditures did not have timesheets as proof of time charges made in the sampled period. There are no questioned costs as we noted that these employees were identified in the contract budget as authorized to charge time to the program fund. This is an internal control finding related to the preparation of timesheets as proof of actual time charges.</p> <p>Views of Responsible Officials and Planned Corrective Actions: The program technician will ensure timesheets and time and effort are properly maintained in accordance with federal compliance requirements.</p>	<p>Partially Implemented</p>	<p>Repeat current year finding FA 2020-010</p>

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FA 2019-011	Identified Condition:	Fully Implemented	
TRIO Cluster	<i>A. Expenditure Recorded in Incorrect Period</i>		
Trio Cluster: <i>Activities Allowed or Unallowed and Allowable Costs/Cost Principles: Expenditure Recorded in Incorrect Period And Lack of Documented Approval of Timesheet</i>	At West Los Angeles College, we noted that 1 out of 11 expenditures was recorded in the incorrect period. The expenditure is related to a bus transportation cost that was incurred in fiscal year 2018 but was incorrectly recorded in fiscal year 2019.		
	<i>B. Lack of Documented Approval of Timesheet</i>		
	At West Los Angeles College, we noted that 1 out of 7 payroll expenditures samples did not have evidence of supervisor approval on the employee's timesheet, which is used to charge salaries to the grant program.		
	Views of Responsible Officials and Planned Corrective Actions:		
	<i>A. Expenditures recorded in wrong period.</i>		
	Expenditures recorded in wrong period - 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.		
	<i>B. Lack of written approval</i>		
	All personnel working on specially funded program grants will complete a time and effort form in compliance with Uniform Guidance requirements.		

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<p>FA 2019-012 <i>Career and Technical Educational - Basic Grant to State Perkins IV - Equipment Management: Lack of Adherence to Equipment Management Policies and Procedures</i></p>	<p>Identified Condition:</p> <p>In performing testwork over equipment management at Los Angeles Pierce College, we noted the following:</p> <ul style="list-style-type: none"> - 3 out of 10 equipment samples did not have "LACCD tags" attached to the equipment. While these three items properly had Perkins tags, the equipment did not have the LACCD tag identifiers, as required by District policy in order to easily identify ownership of the asset as well as prevent loss, theft or damage to the property. - 2 out of 10 equipment samples were initially labeled with the wrong LACCD tag and serial number. While these two items had the proper Perkins tags, the attached LACCD tags did not relate to the equipment asset. Once identified as part of the audit, the correct LACCD tags were subsequently attached to the two equipment assets by the Program Asset Custodian / Perkins Specialist. 	<p>Not Implemented</p>	<p>Scope limitation: Due to COVID-19 limitations, the auditor was unable to verify implementation of the corrective action plan.</p>
	<p>Views of Responsible Officials and Planned Corrective Actions:</p>		
	<p>The Program Specialist, under the supervision of the Dean of Career Technical Education, will ensure that unique identifier tags are properly placed on program equipment and that reconciled records are maintained.</p>		

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Finding Reference	Identified Condition and Prior Year's Planned Corrective Action Plan	Current Status	Explanation if not fully implemented
<p>SC 2019-001</p> <p><i>Dual Enrollment of K-12 (CCAP and Non-CCAP): Lack of Approval for Class Attended by K-12 Student</i></p>	<p>Identified Condition:</p> <p>During our test work at East Los Angeles College, we noted that 1 out of 24 students enrolled in a class at another College (Los Angeles Southwest College) that was not an approved course listed on the student's K-12 Supplemental Application form.</p> <p>Views of Responsible Officials and Planned Corrective Actions:</p> <p>The District has identified how this error occurred. The District has communicated the need for all Admissions and Records' (A&R) staff to ensure that K-12 Student Groups and K-12 Admissions Service Indicators have the correct effective dates on or before the start of the term to properly restrict enrollment. In addition, all approved K-12 forms must be entered on the Control High School page in the Student Information System (SIS) in order to restrict enrollment to courses approved on the K-12 form.</p>	<p>Fully Implemented</p>	

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<p>SC 2019-002</p> <p><i>Open Enrollment: Inconsistent Prerequisite Information Between College Catalog and Published Class Schedule (Repeat Finding)</i></p>	<p>Identified Condition:</p> <p>At Los Angeles Harbor College, we noted 4 of 10 classes where the prerequisite information presented in the College Catalog is inconsistent with the information presented in the Class Schedule as follows:</p> <ul style="list-style-type: none"> - 3 courses had prerequisites stated in the College Catalog and none in the Class Schedule. - 1 course had different prerequisites stated in both College Catalog and Class Schedule. <p>Views of Responsible Officials and Planned Corrective Actions:</p> <p>The Curriculum Dean and College Scheduler have now completed a comprehensive review of all courses. As a result of this review, Employee Resources Group (ERG) has been updated accordingly for these courses as well as other courses identified during the review with the same issue. The District has purchased an enterprise curriculum system (Elumin), which will house all curriculum information and integrate with PeopleSoft system.</p> <p>The curriculum system will also be used for the development of the catalog which will lead to an integration of all systems with the new curriculum system of record, when full implementation is complete.</p>	Fully Implemented	

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<p>SC 2019-003</p> <p><i>Disabled Student Programs and Services (DSPS): Missing Signature in Student Application Form and Missing Contact Documentation</i></p>	<p>Identified Condition:</p> <p>Of the 10 students selected for compliance testwork, we noted the following:</p> <ul style="list-style-type: none"> - 1 student lacked proof of contact documentation for the semester under audit. - 1 student was unable to sign on the "Application of Services" form, which is used to indicate the student's understanding of the requirements to be eligible for DSPS program benefits and the student's certification that the information in the application form is accurate. <p>Views of Responsible Officials and Planned Corrective Actions:</p> <p>Proof of Contact Documentation:</p> <p>The campus will continuously update DSPS list of participants to include only students who were seen or had proof of contact during the semester as required by the DSPS Implementing guidelines.</p> <p>Missing Signature:</p> <p>The Campus now maintains a revised application form. The student's signature is now clearly listed on the front of the application. This increases the Campus' efforts with assuring that a student's signature is not omitted.</p> <p>The student has been contacted with a request for the signature to be obtained.</p>	Fully Implemented	

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<p>SC 2019-004 <i>Apprenticeship Related and Supplemental Instruction (RSI): No Source Documents for Hours Claimed for RSI (Repeat Finding)</i></p>	<p>Identified Condition: 11.5 hours of the 2,339 sampled RSI claimed hours have no source documents.</p> <p>Views of Responsible Officials and Planned Corrective Actions: The campus will enforce the following procedures to ensure the documentation of proper and accurate student hours:</p> <ul style="list-style-type: none"> a. Prepare rosters that reflect a specific class, date, and time and the number of hours each student has completed or made up b. Have students and the instructor of record sign their names on the roster to verify the validity of hours recorded c. Ensure that rosters and recorded hours are sent to and received and filed by the VP of Academic Affairs Office (Interim, Rick Hodge) and with the Dean of Academic Affairs (Arineh Arzoumanian) to verify accuracy and completeness of the rosters. d. Conduct an internal review of rosters periodically to verify consistency in recording, tracking, and delivery of the rosters to the designated offices. 	Fully Implemented	

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<p>SC 2019-005 <i>To Be Arranged Hours (TBA): Improper Apportionment for Students Without Participation Documentation and Students With Zero Hours As Of The Census Date (Repeat Finding)</i></p>	<p>Identified Condition: <i>East Los Angeles College</i> 4 of 181 students have no documentation of student participation. <i>Los Angeles Harbor College</i> 11 of 90 students have no documentation of student participation and 12 of 90 students have documented 0 hours as of the census date. <i>Los Angeles Pierce College</i> 20 of 460 students have documented 0 hours as of the census date.</p> <p>Views of Responsible Officials and Planned Corrective Actions: <i>East Los Angeles College</i> The logging of TBA hours to match actual attendance records has improved dramatically in recent years but there remains room for improvement. Academic Affairs will provide each instructor of a Weekly Student Contact Hours (WSCH) TBA section a short fact sheet regarding TBA as well as rules, procedures, and institutional policies regarding TBA. Instructors will be reminded that the submission log must coincide with the actual attendance records and that no logging should occur until after physical attendance is recorded. This fact sheet will be</p>	<p>Fully Implemented</p>	

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	<p>distributed to all WSCH TBA instructors beginning in Spring 2020.</p> <p><i>Los Angeles Harbor College</i></p> <p>Harbor College will develop an attendance collection sheet that TBA instructors will use to track the attendance. Additionally, starting Spring 2019, the campus has reduced the number of TBA classes since tracking has been an issue. This Attendance Collection Sheet will be used to track all remaining TBA classes each semester.</p> <p><i>Los Angeles Pierce College</i></p> <p>Pierce College will implement the following change with regards to the CAOT Department TBA classes:</p> <ol style="list-style-type: none"> 1. Effective Spring 2020, the CAOT Faculty will ensure that enrolled students in the laboratory begin work on an assignment before the census date and make sure that the hours are spread out weekly during the semester. 2. Effective Spring 2020, the CAOT Faculty will include in the syllabus a policy on exclusions not only on the lecture attendance but also for the TBA laboratory attendance. Currently, most CAOT instructors exclude students after three consecutive absences. The CAOT department will implement a similar policy for the TBA non-attendance hours. 		

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	<p>3. Effective Fall 2019, the CAOT instructional assistant will no longer delete students who have dropped the course or have been excluded from the course from the timekeeping computer system. In addition, the CAOT instructional assistant will not just transfer totals for students who have signed into the incorrect courses. She will review the input for accuracy.</p>		