



LOS ANGELES COMMUNITY COLLEGE DISTRICT

Basic Financial Statements and Supplemental Information

June 30, 2024 and 2023

(With Independent Auditors' Report Thereon)

LOS ANGELES COMMUNITY COLLEGE DISTRICT

June 30, 2024 and 2023

Los Angeles, California

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

LOS ANGELES COMMUNITY COLLEGE DISTRICT

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FINANCIAL SECTION



OFFICE OF THE CHANCELLOR

CITY
EAST
HARBOR
MISSION
PIERCE
SOUTHWEST
TRADE-TECH
VALLEY
WEST

October 22, 2024

The Honorable 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, 2024. This report is presented in six sections, which include an introduction, the Independent Auditors' Report, the Management's Discussion and Analysis, the Basic Financial Statements, the Supplemental Financial Information, and Other Supplemental Information, as noted in the table of contents. The report includes all Funds of the Los Angeles Community College District, as well as those of student organizations.

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

The District is responsible for the accuracy, completeness, and fairness of the financial statements, including all disclosures. We believe that the data presented are accurate in all material respects and fairly present 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.

Background

The District and its nine campuses provide a broad range of educational services to students within the County of Los Angeles. 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.

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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 Reagan authorized establishment of a Board of Governors for the California Community Colleges. In that same year, legislation passed which provided for a separate community college Board of Trustees and administration. The first Trustees of the Los Angeles Community College District were sworn into office on July 1, 1969.

The Los Angeles Community College District serves approximately 220,745 students, employs approximately 4,001 full-time and 3,865 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, 2024, increased by 12.81% from the previous year. The enrollment figures (credit student headcounts) by campus for the 2023-2024 fiscal years were as follows:

	<u>Fall</u>	<u>Spring</u>
East Los Angeles College	25,359	23,669
Los Angeles City College	14,203	13,488
Los Angeles Harbor College	9,112	9,009
Los Angeles Mission College	10,767	9,796
Los Angeles Pierce College	16,313	15,285
Los Angeles Southwest College	5,402	4,961
Los Angeles Trade–Technical College	12,686	12,042
Los Angeles Valley College	16,006	15,200
West Los Angeles College	9,937	9,771
Total Districtwide	<u>119,785</u>	<u>113,221</u>

The Los Angeles Community College District’s FTES (Full-time equivalent student) figures for the fiscal year ended June 30, 2024, the measure by which the State of California funds community colleges increased by 21.70% from 74,214 in fiscal year 2023, to 90,322. Included in this increase is 4,887 FTES shifted from fiscal year 2023 to fiscal year 2024.

Fiscal year 2024 Enrollment by Campus:

								Credit	Noncredit
								20,703	1,729
								8,937	1,260
								5,538	130
								6,346	740
								11,872	728
								3,022	397
								10,316	371
								10,261	1,370
								6,324	278
								83,319	7,003

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

Sincerely,



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



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

Independent Auditors' Report

The Honorable Board of Trustees
Los Angeles Community College District:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Los Angeles Community College District (the District), as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements for the years then ended as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2024 and 2023, and the changes in its financial position and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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



substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

U.S. generally accepted accounting principles require that management's discussion and analysis and required supplementary information as listed in the accompanying table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. Although our opinion on the basic financial statements is not affected, management's discussion and analysis does not include the 2022 amounts nor a discussion of the 2023 results in comparison to 2022, which is considered a material departure from prescribed guidelines. We do not express an opinion or provide any assurance on the information.

Supplementary Information

Our audit for the year ended June 30, 2024 was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements for the year ended June 30, 2024. The accompanying supplemental financial information for the year ended June 30, 2024 as listed in the accompanying table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended June 30, 2024 and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to



prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2024.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2024 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance

KPMG LLP

Los Angeles, California
December 23, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Management's Discussion and Analysis

June 30, 2024 and 2023

(Unaudited)

This section presents the management's discussion and analysis (MD&A) of the Los Angeles Community College District's (the District's) financial activities for the fiscal year ended June 30, 2024. The MD&A has been prepared by management and should be read in conjunction with the basic financial statements and the notes thereto, which follow this section.

Financial Highlights

The assets of the District exceeded its liabilities as of June 30, 2024 by \$448.0 million (net position). Of this amount, a net deficit of \$855.5 million is unrestricted net position. The increase in net position of \$375.6 million as of June 30, 2024 in comparison to the prior year is primarily due to increase in property tax levy in anticipation of G.O. bonds principal and interest payments due next fiscal year. The \$855.6 million (restricted net position) may be used for the District's ongoing obligations related to programs with internal and external restrictions.

The net increase in capital assets of \$97.8 million is primarily due to increases in construction related activities.

The District's revenue from operating activities decreased by \$21.5 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, 2024 and 2023

(Unaudited)

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, 2024 and 2023. The statements of net position present the assets, liabilities, and net position of the District at June 30, 2024 and 2023. The statement of net position is a point-in-time financial statement. The purpose is to present to the readers of the basic financial statements a fiscal snapshot of the District. From the data presented, readers of the statements of net position are able to determine the assets available to continue the operations of the District. Readers are also able to determine how much the District owes vendors, investors, and lending institutions.

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

Statements of Revenue, Expenses, and Changes in Net Position

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

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

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Management's Discussion and Analysis

June 30, 2024 and 2023

(Unaudited)

Financial Analysis of the District as a Whole

Summary Schedule of Net Position

June 30, 2024 and 2023

	<u>2024</u>	<u>2023^(a)</u>	<u>Increase (decrease)</u>
Assets:			
Current and other assets	\$ 2,880,614,120	1,755,809,041	1,124,805,079
Capital assets, net	<u>4,688,481,791</u>	<u>4,590,644,005</u>	<u>97,837,786</u>
Total assets	7,569,095,911	6,346,453,046	1,222,642,865
Deferred outflows of resources	<u>504,176,093</u>	<u>513,615,542</u>	<u>(9,439,449)</u>
Total assets and deferred outflows of resources	\$ <u>8,073,272,004</u>	<u>6,860,068,588</u>	<u>1,213,203,416</u>
Liabilities:			
Current liabilities	\$ 1,164,245,622	756,088,549	408,157,073
Noncurrent liabilities	<u>6,271,981,060</u>	<u>5,715,431,447</u>	<u>556,549,613</u>
Total liabilities	7,436,226,682	6,471,519,996	964,706,686
Deferred inflows of resources	<u>189,072,095</u>	<u>316,130,551</u>	<u>(127,058,456)</u>
Total liabilities and deferred inflows of resources	\$ <u>7,625,298,777</u>	<u>6,787,650,547</u>	<u>837,648,230</u>
Net position:			
Net investment in capital assets	\$ 447,896,408	510,621,686	(62,725,278)
Restricted – expendable	855,580,341	437,172,653	418,407,688
Unrestricted	<u>(855,503,522)</u>	<u>(875,376,298)</u>	<u>19,872,776</u>
Total net position	\$ <u>447,973,227</u>	<u>72,418,041</u>	<u>375,555,186</u>

(a) Amounts previously reported in the 2023 financial statements for net OPEB obligation have been revised by \$101.8 million for an immaterial correction related to the recognition of a plan amendment to the Los Angeles Community College District Postretirement Health Benefits Plan, which was adopted in May 2022. In addition, amounts previously reported for deferred outflows of resources - pensions and deferred inflows of resources - pensions have been revised by \$18.0 million for an immaterial corrected related to the classification of the District's change in proportionate share of net pension liabilities and related pension amounts.

Current and other assets increased by \$1,124.8 million. The net increase is due in part to the following:

- (1) A \$730.3 million net increase in restricted investments is primarily due to new General Obligation (G.O.) Bonds funds received during fiscal year 2023-24.
- (2) A \$401.4 million net increase in deposit with trustee resulting from increase in property tax levy in anticipation of G.O. bonds principal and interest payments due next fiscal year.
- (3) A \$30.8 million decrease in cash and cash equivalents is primarily related to the expenditure of previously received specially funded program funds.
- (4) A \$23.3 million increase in accounts receivable is primarily due to increase in the recognition of interest income receivables and increase in receivables for property taxes levied for bond redemptions.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Management's Discussion and Analysis

June 30, 2024 and 2023

(Unaudited)

Deferred outflows of resources decreased by \$9.4 million. The net decrease is due to the following:

- (1) A net \$94.9 million increase in pension and other post-employment benefits (OPEB) outflows caused by changes in the District's proportionate share of pension obligations and OPEB, including increase in employer contributions subsequent to measurement date that are not accounted for in expenses.
- (2) A \$104.3 million decrease in deferred outflow of resources-debt refunding is primarily due to savings from the issuance of Refunding General Obligation Bonds and current interest expense recognition.

Current liabilities increased by \$408.2 million. The net increase is due in part to the following:

- (1) A \$382.8 million increase in the current portion of long-term debt is mainly due to the net effect of new issuance and refunding of GO Bonds during fiscal year 2023-24.
- (2) A \$22.8 million increase in accounts payable is primarily due to increase in vendor payments as part of increase in on-going construction activities.
- (3) A \$16.9 million decrease in deferred revenue related to the recognition of previously deferred income as specially funded program activities are carried out.
- (4) A \$16.6 million increase in accrued interest liabilities that is primarily due to the recognition of interest payables related to on-going capital project debt.

Noncurrent liabilities increased by \$556.5 million. The net increase is due in part to the following:

- (1) A \$55.8 million increase in pension obligations primarily due to increase in actuarially determined obligations over plan assets.
- (2) A \$115.8 million increase in OPEB obligations, due to changes in benefit terms and changes in actuarially determined assumptions, offset by investment gains.
- (3) A net \$374.5 million increase in the noncurrent portion of long-term debt due to issuance of new G.O. bonds, net of debt payments.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Management's Discussion and Analysis

June 30, 2024 and 2023

(Unaudited)

Deferred inflows of resources decreased by \$127.1 million. The net decrease is due to changes in CalPERS, CalSTRS and, OPEB investment earnings, and changes in actuarial assumptions used.

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

Years ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023^(a)</u>	<u>Change</u>
Revenue:			
Operating revenue:			
Net tuition and fees	\$ 44,826,536	36,114,336	8,712,200
Grants and contracts, noncapital	156,642,632	189,487,831	(32,845,199)
Other	19,899,786	17,261,192	2,638,594
Other revenue:			
State apportionments, capital	3,115,745	37,396,970	(34,281,225)
Federal subsidy	18,336,891	22,171,259	(3,834,368)
Local tax for G.O. bonds	701,624,639	288,921,026	412,703,613
Nonoperating revenue:			
State apportionments, noncapital	602,865,291	513,112,086	89,753,205
Property taxes	312,161,187	303,160,721	9,000,466
Investment income (loss), net	32,853,807	(2,110,262)	34,964,069
Federal financial aid grants, noncapital	189,749,891	168,747,558	21,002,333
State financial aid grants, noncapital	76,119,091	80,587,124	(4,468,033)
Other	37,822,041	31,212,805	6,609,236
Total revenue	<u>2,196,017,537</u>	<u>1,686,062,646</u>	<u>509,954,891</u>
Expenses:			
Operating expenses:			
Salaries	677,750,784	591,767,021	85,983,763
Employee benefits, pension, and OPEB	239,756,874	263,548,713	(23,791,839)
Supplies, materials, and other operating expenses and services	227,354,762	223,443,687	3,911,075
Student grants	262,067,369	249,334,681	12,732,688
Depreciation and other	204,817,112	211,165,357	(6,348,245)
Total operating expenses	<u>1,611,746,901</u>	<u>1,539,259,459</u>	<u>72,487,442</u>
Nonoperating expenses:			
Interest expense	177,936,926	170,726,881	7,210,045
Other	1,455,988	1,074,921	381,067
Total expenses	<u>1,791,139,815</u>	<u>1,711,061,261</u>	<u>80,078,554</u>
Change in net position	404,877,722	(24,998,615)	429,876,337
Unusual or infrequent items			
Return of state apportionments, capital	(29,322,536)	—	(29,322,536)
Net position:			
Beginning of year	<u>72,418,041</u>	<u>97,416,656</u>	<u>(24,998,615)</u>
Net position, end of year	<u>\$ 447,973,227</u>	<u>72,418,041</u>	<u>375,555,186</u>

(a) Amounts previously reported in the 2023 financial statements for the net position and the employee benefits, pension, and OPEB expense have been revised by \$101.8 million for an immaterial correction related to the recognition of a plan amendment to the Los Angeles Community College District Postretirement Health Benefits Plan, which was adopted in May 2022.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Management's Discussion and Analysis

June 30, 2024 and 2023

(Unaudited)

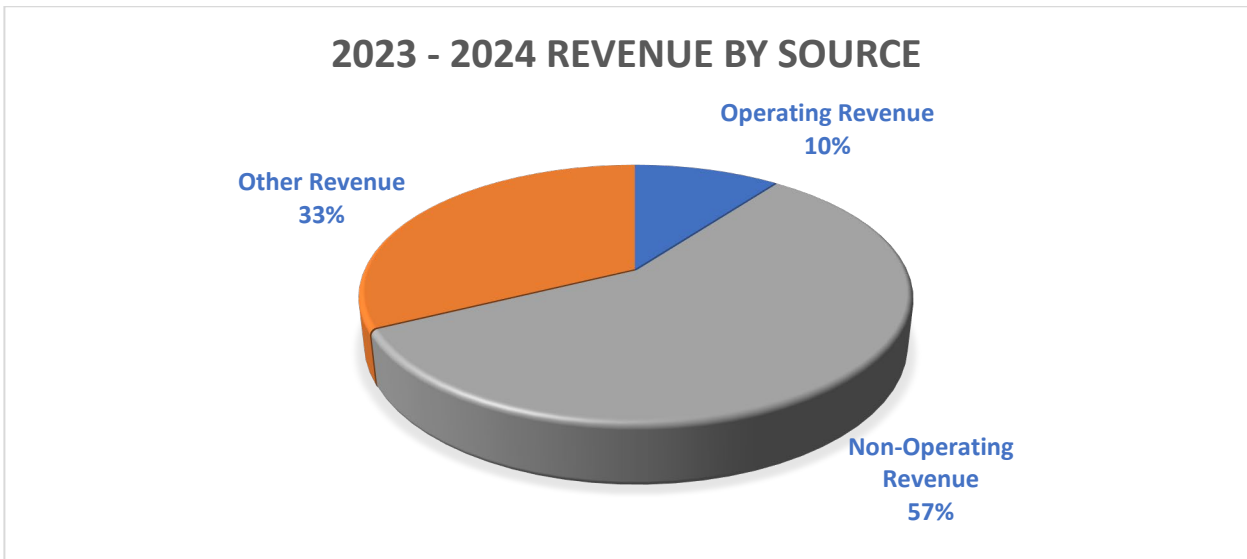
Operating revenue decreased by \$21.5 million primarily due to the completion of Higher Education Emergency Relief Fund (HEERF) program activities in the previous fiscal year.

Other revenue increased by \$374.6 million. The net increase is due in part to the following:

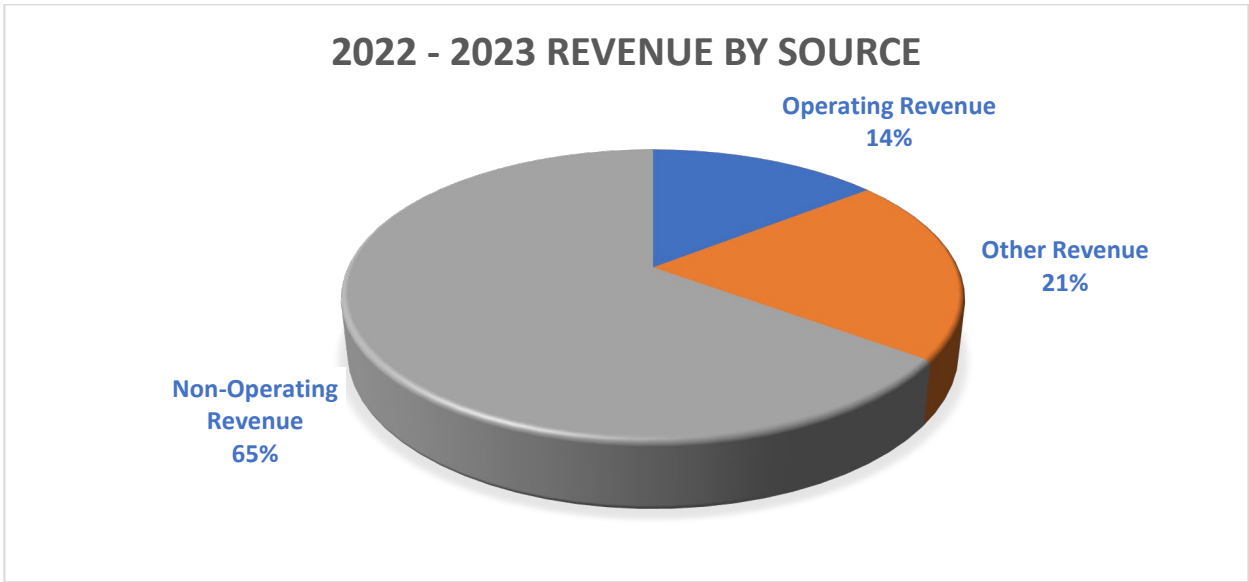
- (1) A \$412.7 million increase in local tax for G.O. bonds revenue related to the County's schedule in levying property taxes for the repayment of bond principal and interest liabilities as they become due.
- (2) A \$34.3 million decrease in funding for capital outlay projects under the Community College Construction Act.

Nonoperating revenue increased by \$156.9 million. The net increase is due in part to the following:

- (1) A \$89.8 million increase in state apportionments (non-capital) due to increase in rate per FTES as funded by the student-centered funding formula.
- (2) A \$23.1 million increase in financial aid grants and other non-operating revenue mostly due to increase in Pell Grant awards.
- (3) A \$9.0 million increase in property taxes related to increase in assessed property values within the Los Angeles County.
- (4) A \$35.0 million increase in investment income resulting from realized and unrealized gains on cash held with the Los Angeles County Treasurer.



LOS ANGELES COMMUNITY COLLEGE DISTRICT
Management's Discussion and Analysis
June 30, 2024 and 2023
(Unaudited)



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

- (1) A \$86.0 million increase in employee salaries related to cost of living allowance adjustments as well as increase in hiring of full-time faculty.
- (2) A \$6.4 million decrease in depreciation expenses.

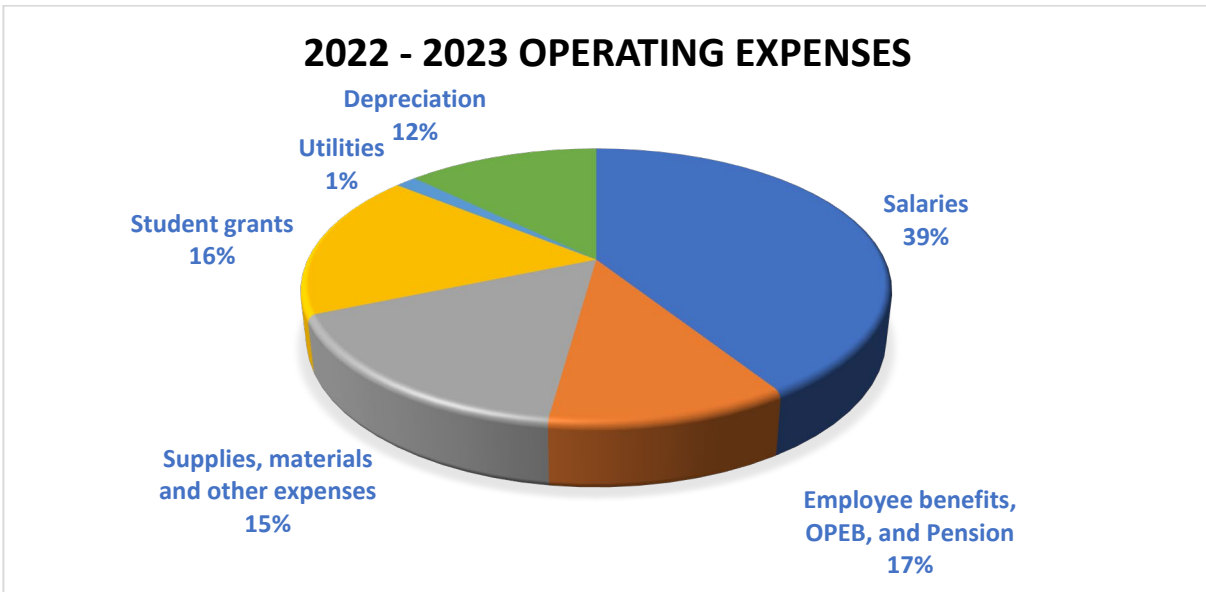
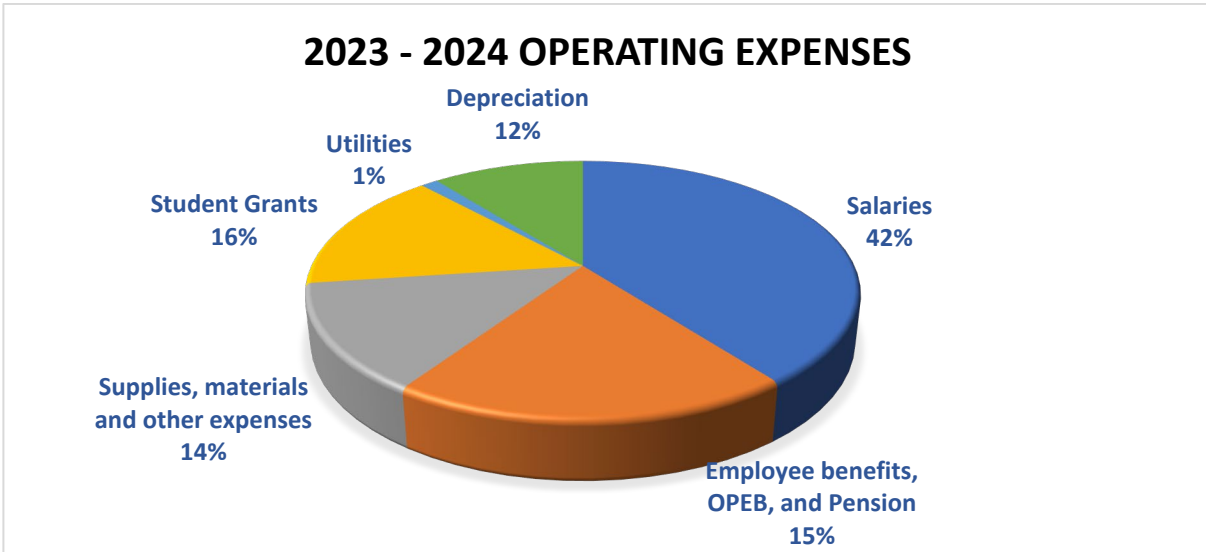
LOS ANGELES COMMUNITY COLLEGE DISTRICT

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(Unaudited)

During fiscal year 2023-24, the District recorded as an unusual and infrequent item, a \$29.3 million return of funds to the State. These were funds provisioned and classified by State as unrestricted in fiscal year 2022-23.



LOS ANGELES COMMUNITY COLLEGE DISTRICT

Management's Discussion and Analysis

June 30, 2024 and 2023

(Unaudited)

Capital Assets and Debt Administration

Capital Assets

The District's investment in capital assets, net of accumulated depreciation, totaled \$4.7 billion and \$4.6 billion at June 30, 2024 and 2023, respectively. This investment comprises a broad range of capital assets, including land, buildings, construction in progress, subscription-based IT arrangements, infrastructure and land improvements, and furniture, fixtures and equipment.

The following schedule summarizes the District's capital assets as of June 30, 2024 and 2023:

Capital Assets, Net		Balance at June 30	
		2024	2023
Land	\$	198,829,856	198,829,856
Land improvements		576,021,704	576,271,071
Buildings		4,949,134,924	4,921,870,552
Construction in progress		1,077,355,805	853,303,574
Works of art		518,000	518,000
Library books and reference materials		149,194	16,205
Subscription-based IT arrangements		29,403,030	13,988,612
Furniture and equipment		245,425,974	230,435,809
Infrastructure		14,162,634	14,162,634
Total		7,091,001,121	6,809,396,313
Less accumulated depreciation		<u>(2,402,519,330)</u>	<u>(2,218,752,308)</u>
Net capital assets	\$	<u><u>4,688,481,791</u></u>	<u><u>4,590,644,005</u></u>

In fiscal year 2024, the District added \$282.1 million of capital asset and depreciation of \$184.3 million.

During the year ended June 30, 2024, the District's investments in facility master plans, construction, and building improvements increased due to funding from Proposition A, Proposition AA, Measure J, Measure CC, and Measure LA bonds.

The District has a significant number of ongoing building projects funded from Proposition A, Proposition AA, Measure J, Measure CC and Measure LA 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 \$1.20 billion. The bond measure was designed to implement a capital improvement program for each of the nine colleges within the District.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Management's Discussion and Analysis

June 30, 2024 and 2023

(Unaudited)

In May 2003, the voters passed another G.O. bond, Proposition AA, for \$980.0 million. The bond measure was designed to finance construction, building acquisition, equipment, and improvement of college and support 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 \$3.50 billion. The bond measure was designed to finance additional construction, building acquisition, equipment, and improvement of college and support facilities at the various campuses of the District.

In November 2016, the voters passed another G.O. bond, Measure CC, for \$3.30 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.

In November 2022, the voters passed another G.O. bond, Measure LA, for \$5.30 billion. The bond measure was designed to finance the acquisition, construction, modernization and equipping of District sites and facilities.

Approximately \$6.60 billion has been spent to date for Proposition A, Proposition AA, Measure J, Measure CC and Measure LA 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 has issued to date all the authorized amounts of Proposition A, Proposition AA, and Measure J bonds, \$1.15 billion of Measure CC, and \$400.0 million of Measure LA authorization amounts.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Management's Discussion and Analysis

June 30, 2024 and 2023

(Unaudited)

Long-Term Debt

At June 30, 2024 and 2023, the District had \$5.16 billion and \$4.50 billion in long-term debt, respectively. The District's long-term debt increased during the year ended June 30, 2024, primarily as a result of issuance of G.O. bonds, including refunding bonds.

	<u>2024</u>	<u>2023</u>
G.O. bonds:		
Proposition A and AA, 2004 Series	\$ 33,670,000	33,670,000
Measure J, 2009 Series	75,000,000	75,000,000
Measure J, 2010 Series	1,025,000,000	1,025,000,000
Measure J, 2013 Series	—	7,000,000
Measure J, 2013 Series Refunding Bond	—	4,290,000
Measure J 2015 Series G	16,075,000	23,585,000
Proposition A, AA and Measure J 2015 Refunding Series A	52,875,000	100,790,000
2015 Proposition A, and AA Refunding Series B	5,130,000	10,115,000
Proposition A 2015 Refunding Series C	116,530,000	148,960,000
Measure J 2016 Series I	99,465,000	177,255,000
Measure J 2016 Refunding	124,430,000	172,315,000
Measure J 2017 Series J	223,570,000	231,845,000
Measure J 2019 Series K	238,125,000	275,440,000
2020 Refunding Bond	940,020,000	1,715,465,000
Measure CC 2022 Series C-1 and C-2	288,785,000	300,000,000
Measure J 2022 Series L	200,000,000	200,000,000
Measure LA 2023 Series A-1	225,000,000	—
Measure LA 2023 Series A-2	75,000,000	—
Measure J 2023 Series M	175,000,000	—
Measure CC 2023 Series D	400,000,000	—
Measure LA 2024 Series B	100,000,000	—
2024 Refunding Bond	742,170,000	—
	<u>\$ 5,155,845,000</u>	<u>4,500,730,000</u>

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Management's Discussion and Analysis

June 30, 2024 and 2023

(Unaudited)

The District's debt rating from Moody's was Aaa at year ended June 30, 2024 and 2023, respectively. The District's debt rating from Standard and Poor's was AA+ at year ended June 30, 2024 and 2023.

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

Economic Factors

On June 26, 2024, the Governor signed the \$297.9 billion 2024-2025 State Budget Act plus additional trailer bills that impact the California Community Colleges. The 2024-2025 State Budget includes a total investment in Proposition 98 of \$115.3 billion. The 2024-25 budget provides total additional resources of roughly \$202.7 million to California Community Colleges apportionments and categorical programs.

Funding for the EPA will continue due to the passage of Proposition 55 in November 2016, of which the District is projected to receive \$102.9 million for the 2024 2025 fiscal year.

Student Enrollment and State Funding

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

Contacting the District's Financial Management

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

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Statements of Net Position

June 30, 2024 and 2023

Assets and Deferred Outflows of Resources	<u>2024</u>	<u>2023</u>
Current assets:		
Cash and cash equivalents (note 3)	\$ 636,535,850	667,312,273
Accounts receivable, net of allowance	221,004,452	197,695,938
Deposit with trustee – current portion (note 3)	749,476,373	344,918,691
Inventory	2,612,361	2,765,516
Prepaid expenses and other assets	<u>4,991,947</u>	<u>3,709,833</u>
Total current assets	<u>1,614,620,983</u>	<u>1,216,402,251</u>
Noncurrent assets:		
Restricted cash and cash equivalents (note 3)	7,779,061	8,304,008
Restricted investments (note 3)	1,215,397,347	485,079,804
Deposit with trustee – noncurrent portion (note 3)	42,816,729	46,022,978
Capital assets (note 4):		
Land	198,829,856	198,829,856
Land improvements	576,021,704	576,271,071
Buildings	4,949,134,924	4,921,870,552
Construction in progress	1,077,355,805	853,303,574
Library books and reference materials	149,194	16,205
Subscription-based IT arrangements	29,403,030	13,988,612
Works of art	518,000	518,000
Furniture, fixtures, and equipment	245,425,974	230,435,809
Infrastructure	<u>14,162,634</u>	<u>14,162,634</u>
	7,091,001,121	6,809,396,313
Accumulated depreciation	<u>(2,402,519,330)</u>	<u>(2,218,752,308)</u>
Capital assets, net	<u>4,688,481,791</u>	<u>4,590,644,005</u>
Total assets	7,569,095,911	6,346,453,046
Deferred outflow of resources – pensions (note 5)	226,868,729	192,226,471
Deferred outflow of resources – OPEB (note 6)	201,735,713	141,472,392
Deferred outflow of resources – debt refunding (note 8)	<u>75,571,651</u>	<u>179,916,679</u>
Total assets and deferred outflow of resources	<u>\$ 8,073,272,004</u>	<u>6,860,068,588</u>

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LOS ANGELES COMMUNITY COLLEGE DISTRICT

Statements of Net Position

June 30, 2024 and 2023

Liabilities, Deferred Inflows of Resources, and Net Position	2024	2023
Current liabilities:		
Accounts payable and accrued liabilities	\$ 270,981,472	248,204,954
Unearned revenue	197,138,778	214,087,358
Compensated absences (note 8)	11,851,628	11,366,497
Supplemental retirement plan (note 8)	4,758,850	5,385,111
General liability (notes 8 and 9)	7,321,782	7,311,675
Workers' compensation (notes 8 and 9)	4,004,594	3,937,678
Accrued interest and other accrued liabilities	94,004,106	77,366,518
Amounts held in trust for others	652,322	620,781
Short-term subscription liability (note 4)	4,133,311	1,170,739
Long-term debt – current (note 8)	569,106,392	186,333,739
Lease liability – current (note 8)	292,387	303,499
Total current liabilities	<u>1,164,245,622</u>	<u>756,088,549</u>
Noncurrent liabilities:		
Compensated absences (note 8)	14,098,180	12,529,420
Supplemental retirement plan (note 8)	3,998,972	8,072,755
General liability (notes 8 and 9)	7,491,218	4,614,325
Workers' compensation (notes 8 and 9)	32,746,406	30,668,322
Net pension liability (note 5)	734,397,658	678,639,932
Net OPEB obligation (note 6)	623,562,311	507,727,481
Long-term subscription liability (note 4)	9,630,593	1,351,240
Long-term debt, net of current portion (note 8)	4,845,790,239	4,471,270,102
Lease liability, net of current portion (note 8)	265,483	557,870
Total noncurrent liabilities	<u>6,271,981,060</u>	<u>5,715,431,447</u>
Total liabilities	7,436,226,682	6,471,519,996
Deferred inflow of resources – pension (note 5)	50,654,779	106,260,923
Deferred inflow of resources – OPEB (note 6)	138,417,316	209,869,628
Total liabilities and deferred inflow of resources	<u>\$ 7,625,298,777</u>	<u>6,787,650,547</u>
Net position:		
Net investment in capital assets	\$ 447,896,408	510,621,686
Restricted for:		
Expendable:		
Scholarships and loans	13,847,108	12,773,351
Capital projects	20,246,821	15,616,627
Debt service	771,167,460	354,207,322
Other special purposes	50,318,952	54,575,353
Unrestricted	<u>(855,503,522)</u>	<u>(875,376,298)</u>
Total net position	<u>\$ 447,973,227</u>	<u>72,418,041</u>

See accompanying notes to basic financial statements.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Statements of Revenue, Expenses, and Changes in Net Position

June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Operating revenue:		
Tuition and fees	\$ 109,283,168	91,726,387
Less scholarship discounts and allowances	<u>(64,456,632)</u>	<u>(55,612,051)</u>
Net tuition and fees	<u>44,826,536</u>	<u>36,114,336</u>
Grants and contracts, noncapital:		
Federal	34,499,176	77,122,705
State	96,696,920	78,767,849
Local	<u>25,446,536</u>	<u>33,597,277</u>
Net grants and contracts, noncapital	156,642,632	189,487,831
Auxiliary enterprise sales and charges	<u>19,899,786</u>	<u>17,261,192</u>
Total operating revenue	<u>221,368,954</u>	<u>242,863,359</u>
Operating expenses:		
Salaries	677,750,784	591,767,021
Employee benefits, pension, and OPEB	239,756,874	263,548,713
Supplies, materials, and other operating expenses and services	227,354,762	223,443,687
Student grant	262,067,369	249,334,681
Utilities	20,480,597	20,390,539
Depreciation	<u>184,336,515</u>	<u>190,774,818</u>
Total operating expenses	<u>1,611,746,901</u>	<u>1,539,259,459</u>
Operating loss	<u>(1,390,377,947)</u>	<u>(1,296,396,100)</u>
Nonoperating revenue and gains (expenses and losses):		
State apportionments, noncapital	602,865,291	513,112,086
Local property taxes	312,161,187	303,160,721
State taxes and other revenue	1,051,237	1,085,192
Investment income – noncapital	12,431,333	9,724,318
Investment income – capital	49,129,691	19,412,819
Interest expense on capital asset-related debt	<u>(177,936,926)</u>	<u>(170,726,881)</u>
Federal financial aid grants, noncapital	189,749,891	168,747,558
State financial aid grants, noncapital	76,119,091	80,587,124
Other nonoperating revenue	36,770,804	30,127,613
Other nonoperating expense	<u>(1,455,988)</u>	<u>(1,074,921)</u>
Investment loss	<u>(28,707,217)</u>	<u>(31,247,399)</u>
Total nonoperating revenue, net	<u>1,072,178,394</u>	<u>922,908,230</u>
Loss before other revenue, expenses, gains, or losses	<u>(318,199,553)</u>	<u>(373,487,870)</u>
State apportionments, capital	3,115,745	37,396,970
Federal subsidy	18,336,891	22,171,259
Local tax for G.O. bonds	701,624,639	288,921,026
Special item - return of state apportionments, capital (note 10)	<u>(29,322,536)</u>	<u>—</u>
Change in net position	<u>375,555,186</u>	<u>(24,998,615)</u>
Net position:		
Beginning of year	<u>72,418,041</u>	<u>97,416,656</u>
End of year	\$ <u>447,973,227</u>	\$ <u>72,418,041</u>

See accompanying notes to basic financial statements.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Statements of Cash Flows

June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Tuition and fees	\$ 45,714,632	28,690,136
Grants and contracts	166,188,413	351,078,366
Payments to suppliers	(203,890,050)	(190,524,642)
Payments for student grants	(281,689,351)	(269,373,737)
Payments for utilities	(20,480,597)	(20,390,539)
Payments to employees	(675,392,104)	(595,013,011)
Payments for benefits	(289,290,766)	(251,853,804)
Bookstore and cafeteria sales	19,644,235	16,224,271
Net cash used in operating activities	<u>(1,239,195,588)</u>	<u>(931,162,960)</u>
Cash flows from noncapital financing activities:		
State apportionments	599,202,045	493,391,983
Property taxes	312,161,187	303,160,721
State taxes and other revenues	1,051,237	1,085,192
Federal financial aid grants	189,749,891	168,747,558
State financial aid grants	76,119,091	80,587,124
Other receipts	35,489,582	30,658,283
Net cash provided by noncapital financing activities	<u>1,213,773,033</u>	<u>1,077,630,861</u>
Cash flows from capital financing activities:		
Proceeds from capital debt	1,713,349,466	597,777,491
Capital appropriations, local property tax, grant and gift, capital (returns)	(26,206,791)	37,396,970
Local tax for G.O. bond	807,051,369	368,939,384
Purchases of capital assets	(271,951,768)	(254,307,712)
Principal paid on capital debt	(1,062,055,000)	(245,785,000)
Interest paid on capital debt	(107,993,250)	(167,383,942)
Net cash provided by (used in) capital and related financing activities	<u>1,052,194,026</u>	<u>336,637,191</u>
Cash flows from investing activities:		
Proceeds from sales and maturity of Investments	643,962,789	689,354,656
Income (loss) on investments	24,753,687	(11,509,486)
Purchase of Investments	(1,726,789,317)	(971,793,379)
Net cash (used in) provided by investing activities	<u>(1,058,072,841)</u>	<u>(293,948,209)</u>
Net increase (decrease) in cash and cash equivalents	(31,301,370)	189,156,883
Cash and cash equivalents – beginning of the year	<u>675,616,281</u>	<u>486,459,398</u>
Cash and cash equivalents – end of year	\$ <u>644,314,911</u>	\$ <u>675,616,281</u>
Reconciliation of cash and cash equivalents:		
Cash and cash equivalents	\$ 636,535,850	667,312,273
Restricted cash and cash equivalents	7,779,061	8,304,008
Total	\$ <u>644,314,911</u>	\$ <u>675,616,281</u>

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Statements of Cash Flows

June 30, 2024 and 2023

	2024	2023
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (1,390,377,947)	(1,296,396,100)
Depreciation expense	184,336,515	190,774,818
Adjustments to reconcile operating loss to net cash used in operating activities:		
Receivables, net	2,052,706	7,330,971
Inventory	153,155	264,256
Other assets	(903,032)	12,051,116
Accounts payable	27,600,295	16,541,544
Unearned revenue	(16,948,580)	128,130,881
Amounts held in trust for others	31,541	89,364
General liability	2,887,000	261,000
Workers' compensation	2,145,000	(141,000)
Supplemental retirement	(4,700,044)	(4,729,007)
Compensated absences	2,053,891	714,458
Net OPEB obligation	(15,880,803)	58,105,338
Net pension obligations	(34,490,676)	(44,996,176)
Other liabilities	2,845,391	835,577
Net cash used in operating activities	\$ (1,239,195,588)	(931,162,960)
Noncash capital financing activities:		
Equipment acquired through new capital lease obligations	\$ —	552,400
Subscription-Based Information Technology Arrangements	13,763,904	2,521,979
Additions to capital assets included in accounts payable	11,853,689	18,840,875
Changes in unrealized loss of investments	(28,707,217)	(31,247,399)

See accompanying notes to basic financial statements.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements

June 30, 2024 and 2023

(1) Organization and Reporting Entity

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

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

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

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

(b) Financial Reporting

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

(c) Net Position

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

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

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

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements

June 30, 2024 and 2023

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

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

(d) Cash and Cash Equivalents

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

(e) Properties and Depreciation

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

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

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

The District's capitalization threshold is as follows:

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

(f) Accrued Employee Benefits

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

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements

June 30, 2024 and 2023

(g) Operating Revenue and Expenses

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

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

(h) Immaterial Correction

Amounts previously reported in the 2023 financial statements for net OPEB obligation, unrestricted net position, and employee benefits, pension, and OPEB expense have been revised by \$101.8 million for an immaterial correction related to the recognition of a plan amendment to the Los Angeles Community College District Postretirement Health Benefits Plan, which was adopted in May 2022. In addition, amounts previously reported in the 2023 financial statements for deferred outflows of resources - pensions and deferred inflows of resources - pensions have been revised by \$18.0 million for an immaterial corrected related to the classification of the District's change in proportionate share of net pension liabilities and related pension amounts.

(i) Income Taxes

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

(j) Estimates

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

(k) New Accounting Standards

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

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In June, 2023 the GASB issued Statement No. 100, *Accounting Changes and Error Corrections-an amendment of GASB Statement No. 62*, effective for the district's fiscal year starting July 1, 2023. The main purpose of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions and assessing accountability. The statement addresses the definition of accounting changes and correction of errors in previously issued financial statements. Management has determined that there is no material impact of GASB Statement No. 100 on the District's financial statements.

In June, 2023, the GASB issued Statement No. 101, *Compensated Absences*, effective for the districts fiscal year starting July 1, 2024. The purpose of this statement is to provide guidance on recognition and measurement for compensated absences by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Management has not yet determined the impact of GASB Statement No. 101 on the District's financial statements.

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*, effective for the District's fiscal year starting July 1, 2024. The purpose of this statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. Management has not yet determined the impact of GASB Statement No. 102 on the District's financial statements.

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*, effective for the District's fiscal year starting July 1, 2025. The purpose of this statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. Management has not yet determined the impact of GASB Statement No. 103 on the District's financial statements.

(3) Cash and Investments

Cash and investments at June 30, 2024 and 2023 consist of the following:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents in the County's treasury	\$ 569,995,119	582,792,924
Cash in banks	<u>74,319,792</u>	<u>92,823,357</u>
Total cash and cash equivalents	<u>644,314,911</u>	<u>675,616,281</u>
Investments and deposits with trustee:		
Investments in the County's treasury	2,001,979,774	871,841,172
Other	<u>5,710,675</u>	<u>4,180,301</u>
Total investments and deposits with trustee	<u>2,007,690,449</u>	<u>876,021,473</u>
Total cash, and investments and deposits with trustee	<u>\$ 2,652,005,360</u>	<u>1,551,637,754</u>

The District uses fair value measurements to record fair value adjustments to certain assets and liabilities. The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer

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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, 2024 and 2023, the District had \$2,571,974,893 and \$1,454,634,096 in cash, cash equivalents, and investments in the Los Angeles County Treasurer's Pool (the County Pool), respectively. The District reports amounts involuntarily invested in the County Pool as cash and cash equivalents as they function as a demand deposit account for the District and can be withdrawn from the pool without notice or penalty. The District reports amounts voluntarily invested in the County Pool (such as unspent bond proceeds and local property tax collected to pay bond principal and interest) as investments given the potential limitations imposed on withdrawals as well as the weighted average life of the County's Pooled investments.

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

The Los Angeles County Treasurer's pooled investments are managed by the County's treasurer, who reports on a monthly basis to the County's supervisors. In addition, the function of the County Treasury Oversight Committee is to review and monitor the County's investment policy. The committee membership includes the treasurer and tax collector, the auditor controller, superintendent of schools, chief administrative officer, and a non-County representative. To manage the liquidity in the County Pool while still capturing the higher yield offered by longer maturities, the County's investment guidelines target a portfolio weighted average maturity range between 1.0 and 4.0 years. The weighted average maturity of cash and investments in the County Pool was 1.83 years and 2.06 years at

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June 30, 2024 and 2023, respectively. To mitigate the risk of securities with longer-term maturities in the investment pool, the treasurer has limited maturities that exceed one year to 75% of the last three years' average minimum total cash and investment. The investments in the County Pool with maturities that exceeded one year represented 38.39% and 38.50% of the total pool at June 30, 2024 and 2023, 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, 2024 and 2023 consist of nonnegotiable certificates of deposit held by the associated student organizations of \$5,710,675 and \$4,180,301, respectively. Securities, such as commercial paper and certificates of deposit, with short maturities and infrequent secondary market trades are typically priced via mathematical calculations and are therefore classified as Level 2 in the fair value hierarchy.

(c) Fair Value Hierarchy

The following table summarizes the District's investments at June 30, 2024 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	\$ 5,710,675	—	—	5,710,675	—
Investment in the county pool	<u>2,001,979,774</u>	<u>2,001,979,774</u>	—	—	—
Total investments	\$ <u>2,007,690,449</u>	<u>2,001,979,774</u>	—	<u>5,710,675</u>	—

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

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

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Notes to Basic Financial Statements

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(4) Capital Assets

A summary of changes in capital assets is as follows:

	2024				Balance at June 30, 2024
	Balance at June 30, 2023	Additions	Disposals	Transfers	
Capital assets not being depreciated:					
Land	\$ 198,829,856	—	—	—	198,829,856
Construction in process	853,303,574	251,360,025	(389,560)	(26,918,234)	1,077,355,805
Works of art	518,000	—	—	—	518,000
Total capital assets not being depreciated	1,052,651,430	251,360,025	(389,560)	(26,918,234)	1,276,703,661
Capital assets being depreciated:					
Land improvements	576,271,071	—	—	(249,367)	576,021,704
Buildings	4,921,870,552	96,771	—	27,167,601	4,949,134,924
Library books and reference materials	16,205	132,989	—	—	149,194
Subscription-based IT arrangements	13,988,612	15,414,418	—	—	29,403,030
Furniture, fixtures, and equipment	230,435,809	15,549,180	(559,015)	—	245,425,974
Infrastructure	14,162,634	—	—	—	14,162,634
Total capital assets being depreciated	5,756,744,883	31,193,358	(559,015)	26,918,234	5,814,297,460
Total capital assets	6,809,396,313	282,553,383	(948,575)	—	7,091,001,121
Less accumulated depreciation	(2,218,752,308)	(184,336,515)	569,493	—	(2,402,519,330)
Capital assets, net	\$ 4,590,644,005	98,216,868	(379,082)	—	4,688,481,791

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

Subscription-Based Information Technology Arrangements (SBITAs)

The District entered into several subscription-based information technology arrangements (SBITA) for various purposes, including but not limited to student information systems, enterprise resource planning systems and learning management systems. The District records SBITA assets and liabilities based on the present value of expected future payments over the agreement term. The payments (for contracts that do not include a specific interest rate) are discounted at a rate of 4.75%, which is the District's incremental borrowing rate with the City National Bank, as of June 2024.

The District reported SBITA liability of \$13,763,904 and \$2,521,979 as of June 30, 2024 and June 30, 2023 respectively. The District also reported a SBITA right-to-use intangible asset of \$29,403,030 and \$13,988,612 as of June 30, 2024 and June 30, 2023 respectively.

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The following table represents commitments for SBITA assets with remaining terms as of June 30, 2024:

Maturity of SBITA liabilities

	<u>Payment</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 4,666,680	4,133,311	533,369
2026	4,935,228	4,513,906	421,322
2027	2,644,091	2,426,751	217,340
2028	1,731,878	1,617,806	114,072
2029	888,501	852,613	35,888
2030	<u>222,124</u>	<u>219,517</u>	<u>2,607</u>
Total future undiscounted SBITA payments	\$ <u>15,088,502</u>	<u>13,763,904</u>	<u>1,324,598</u>

(5) Employee Retirement Systems

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

(a) California State Teachers' Retirement System (CalSTRS)

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

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

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Under the California Public Employees' Pension Reform Act of 2013 (AB340), effective January 1, 2013, new CalSTRS members are required to be under a new defined-benefit formula of 2% at age 62. The law establishes a limit on compensation that is counted toward calculating a member's pension. New CalSTRS members, starting on or after January 1, 2013, who like existing members, are not 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 10.250% of payroll for CalSTRS 2% at 60 members, and 10.205% for CalSTRS 2% at 62 members.

Employer contributions have increased from 8.25% to a total of 19.10% of payroll, phased in from 2013-14 to 2023-24. The State's total contribution to the Defined Benefit Program as a non-employer contributing entity is 8.328%.

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

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

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

(b) *California Public Employees' Retirement System*

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

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

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

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Notes to Basic Financial Statements

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

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 \$151,446 (2024 Social Security Contribution and Benefit Base) for employees that participate in Social Security or \$181,734 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 employers, a new member's initial contribution rate will be at least 50% of the total normal cost rate or the current contribution rate of similarly situated employees, whichever is greater. (currently, Public Employees' Pension Reform Act (PEPRA) members contribute 8.0% and non-PEPRA members 7.0%).

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

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

Public Agency Retirement System – Alternate Retirement System (PARS-ARS)

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 serve as the trust administrator.

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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) 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, 2024, the District reported an aggregate liability of \$734,397,658 for its proportionate share of the CalPERS and CalSTRS net pension liabilities. As of June 30, 2023, the District reported an aggregate liability of \$678,639,932 for its proportionate share of the CalPERS and CalSTRS net pension liabilities. 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 1.070% and 0.455%, respectively, as of June 30, 2024. The District's proportion of the CalPERS and CalSTRS net pension liability was 1.075% and 0.444%, respectively, as of June 30, 2023.

For the year ended June 30, 2024 and 2023 respectively, the District recognized an aggregate pension expense of \$88,286,222 and \$58,967,476 respectively. At June 30, 2024 and 2023, the District reported aggregate deferred outflows of and deferred inflows of resources related to pensions from the following sources:

	June 30, 2024		
	CalPERS deferred outflows of resources	CalSTRS deferred outflows of resources	Total deferred outflows of resources- pensions
District retirement contribution subsequent to the measurement date	\$ 57,155,594	65,620,659	122,776,253
Changes of assumptions used	17,848,904	2,006,550	19,855,454
Difference between expected and actual experience	14,138,542	27,231,750	41,370,292
Net difference between projected and actual experience on pension plan investments	<u>41,383,430</u>	<u>1,483,300</u>	42,866,730
Total deferred outflows of resources-pensions	<u>\$ 130,526,470</u>	<u>96,342,259</u>	<u>226,868,729</u>

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	June 30, 2023		
	CalPERS deferred outflows of resources	CalSTRS deferred outflows of resources	Total deferred outflows of resources- pensions
District retirement contribution subsequent to the measurement date	\$ 48,174,034	55,789,618	103,963,652
Changes of assumptions used	27,362,926	15,300,240	42,663,166
Difference between expected and actual experience	1,671,720	253,080	1,924,800
Net difference between projected and actual experience on pension plan investments	<u>43,674,853</u>	<u>—</u>	<u>43,674,853</u>
Total deferred outflows of resources-pensions	\$ <u>120,883,533</u>	<u>71,342,938</u>	<u>192,226,471</u>

	June 30, 2024		
	CalPERS deferred inflows of resources	CalSTRS deferred inflows of resources	Total deferred inflows of resources- pensions
Changes in district's proportion	\$ 15,827,750	10,335,371	26,163,121
Difference between expected and actual experience	<u>5,950,408</u>	<u>18,541,250</u>	<u>24,491,658</u>
Total deferred inflows of resources – pensions	\$ <u>21,778,158</u>	<u>28,876,621</u>	<u>50,654,779</u>

	June 30, 2023		
	CalPERS deferred inflows of resources	CalSTRS deferred inflows of resources	Total deferred inflows of resources- pensions
Changes in district's proportion	\$ 32,260,821	26,577,054	58,837,875
Difference between expected and actual experience	9,203,528	23,132,400	32,335,928
Net difference between projected and actual earnings on plan investments	<u>—</u>	<u>15,087,120</u>	<u>15,087,120</u>
Total deferred inflows of resources – pensions	\$ <u>41,464,349</u>	<u>64,796,574</u>	<u>106,260,923</u>

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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 ended June 30, 2024. 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:		
2025	\$	3,220,709
2026		13,979,102
2027		29,344,204
2028		(1,012,125)
2029		1,676,790
Thereafter		<u>6,229,017</u>
Total	\$	<u><u>53,437,697</u></u>

(d) Contributions Required and Contributions Made

For fiscal year 2023-24, the District was required by statute to contribute 19.1%, 26.80%, 4.00%, and 4.00% of gross salary expenditures to STRS, PERS (pooled), Cash Balance, and PARS, respectively. Participants are required to contribute 10.25%, 7.00%, 4.00%, and 3.50% of gross salary to STRS, PERS, Cash Balance, and PARS, respectively, for the year ended June 30, 2023. As of June 30, 2024, 80.6% and 70.0% of the District's net pension liabilities for CalSTRS and CalPERS are funded, respectively.

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Notes to Basic Financial Statements

June 30, 2024 and 2023

The District's contributions for the years ended June 30, 2024, 2023, and 2022 are as follows:

	<u>Contributions</u>	<u>Percentage of required contributions</u>
STRS:		
2024	\$ 65,620,659	100 %
2023	55,789,618	100 %
2022	45,801,046	100 %
PERS:		
2024	\$ 57,155,594	100 %
2023	48,174,034	100 %
2022	39,465,243	100 %
Cash Balance STRS:		
2024	\$ 3,070,114	100 %
2023	2,722,237	100 %
2022	2,777,183	100 %
PARS-ARS:		
2024	\$ 673,649	100 %
2023	660,738	100 %
2022	615,991	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, 2024, 2023, and 2022.

(e) Actuarial Methods and Assumptions

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

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements

June 30, 2024 and 2023

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

	June 30, 2024	
	CaSTRS	CaPERS
Measurement date	June 30, 2023	June 30, 2023
Valuation date	June 30, 2022	June 30, 2022
Actuarial assumptions:		
Discount rate	7.10 %	6.90 %
Inflation	2.75 %	2.30 %
Payroll growth	3.50 %	2.80 %
Projected salary increase	Varies by entry age and service	Varies by entry age and service
Investment rate of return	7.10 %	6.90 %

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

(f) Mortality Assumptions

(i) CaSTRS

CaSTRS mortality assumptions are based on the July 1, 2015, through June 30, 2018 experience study adopted by the board in January 2020. CaSTRS 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 CaSTRS custom tables derived to best fit the patterns of mortality among members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table, issued by the Society of Actuaries.

(ii) CaPERS

The mortality assumptions are based on mortality rates resulting from the most recent CaPERS Experience Study adopted by the CaPERS Board in November 2021 for the 2021 valuation. The rates include generational mortality improvements using 80% of Scale MP 2001 published by the Society of Actuaries. Further details of the experience studies can be found on the CaPERS website.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements

June 30, 2024 and 2023

(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, 2024 and 2023 and the assumed investment rate of return, gross of administrative expenses, 7.1%, was used to discount all future benefits.

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

(ii) CalPERS

To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that 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 run out of assets. Therefore, the 6.9% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

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

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

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

	<u>CalSTRS</u>	<u>CalPERS</u>	<u>Total</u>
1% decrease	6.10 %	5.90 %	
Net pension liability	\$ 581,280,700	\$ 560,128,596	\$ 1,141,409,296
Current discount rate	7.10 %	6.90 %	
Net pension liability	\$ 346,532,550	\$ 387,865,108	\$ 734,397,658
1% increase	8.10 %	7.90 %	
Net pension liability	\$ 151,546,850	\$ 244,704,816	\$ 396,251,666

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements

June 30, 2024 and 2023

(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:		
Public equity	38 %	5.25%
Fixed Income	14	2.45
Private Equity	14	6.75
Real Estate	15	4.05
Risk Mitigating Strategies	10	2.25
Inflation sensitive	7	3.65
Liquidity	<u>2</u>	0.05
Total	<u><u>100 %</u></u>	

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

(6) Other Postemployment Benefits

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

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements

June 30, 2024 and 2023

The District's net OPEB liability as of June 30, 2024 was measured as of June 30, 2023. The District's net OPEB liability as of June 30, 2023 was measured as of June 30, 2022. The total OPEB liability as of June 30, 2023 (measurement date) was determined by an actuarial valuation as of July 1, 2023. The total OPEB liability as of June 30, 2022 (measurement date) was determined by an actuarial valuation as of July 1, 2021, rolled forward to June 30, 2022.

The OPEB liability as of June 30, 2023 has been restated to recognize the District's liability to retirees related to the Medicare Part B premium reimbursements.

(a) Plan Description

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

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

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

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

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

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

Currently, the District has about 4,100 active employees who are eligible for postretirement health benefits and about 3,300 retirees and surviving spouses who receive postretirement health benefits.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements

June 30, 2024 and 2023

(b) Funding Policy

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

The trust is to be funded with annual contributions by the District of approximately 1.92% of the total full-time salary expenditures in the District. The District deposited \$7,645,925 and \$7,100,756 to the irrevocable trust with CalPERS during fiscal year 2024 and fiscal year 2023, 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, 2022 to June 30, 2023:

	Increase (decrease)		
	Total OPEB liability	Plan fiduciary net position	Net OPEB liability
Balance recognized at June 30, 2023	\$ 673,402,605	165,675,124	507,727,481
Changes recognized for the fiscal year:			
Service cost	15,762,224	—	15,762,224
Interest on the total OPEB liability	47,149,379	—	47,149,379
Difference between expected & actual experi	37,546,584	—	37,546,584
Changes of assumptions	65,082,678	—	65,082,678
Benefit payments	(31,741,383)	(31,741,383)	—
Contributions from the employer	—	38,842,139	(38,842,139)
Net investment income	—	10,946,978	(10,946,978)
Administrative expense	—	(83,082)	83,082
Net changes	<u>133,799,482</u>	<u>17,964,652</u>	<u>115,834,830</u>
Balance recognized at June 30, 2024	<u>\$ 807,202,087</u>	<u>183,639,776</u>	<u>623,562,311</u>

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements

June 30, 2024 and 2023

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

	Increase (decrease)		
	Total OPEB liability	Plan fiduciary net position	Net OPEB liability
Balance recognized at June 30, 2022	\$ 549,057,268	184,521,344	364,535,924
Changes recognized for the fiscal year:			
Service cost	12,698,449	—	12,698,449
Interest on the total OPEB liability	38,341,557	—	38,341,557
Changes in benefit terms	101,826,068	—	101,826,068
Benefit payments	(28,520,737)	(28,520,737)	—
Contributions from the employer	—	35,598,638	(35,598,638)
Net investment income	—	(25,831,734)	25,831,734
Administrative expense	—	(92,387)	92,387
Net changes	<u>124,345,337</u>	<u>(18,846,220)</u>	<u>143,191,557</u>
Balance recognized at June 30, 2023	<u>\$ 673,402,605</u>	<u>165,675,124</u>	<u>507,727,481</u>

The following table illustrates the impact of interest rate sensitivity on the net OPEB liability for fiscal year ended June 30, 2024:

	1% decrease (6.00%)	Current rate (7.00%)	1% increase (8.00%)
Net OPEB liability	\$ 735,430,766	623,562,311	531,823,308

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

	1% decrease (6.00%)	Current rate (7.00%)	1% increase (8.00%)
Net OPEB liability	\$ 600,024,611	507,727,481	432,032,259

The following table illustrates the impact of healthcare cost trend sensitivity on the net OPEB liability for fiscal year ended June 30, 2024:

	1% decrease	Trend rate	1% increase
Net OPEB liability	\$ 523,455,828	623,562,311	747,985,314

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements

June 30, 2024 and 2023

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

	<u>1% decrease</u>	<u>Trend rate</u>	<u>1% increase</u>
Net OPEB liability	\$ 419,136,034	507,727,481	618,318,120

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

The District recognized OPEB expense of \$29,317,201 and \$93,183,370 for the years ended June 30, 2024 and June 30, 2023 respectively. At June 30, 2024, 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	\$	38,967,153	65,149,679
Net difference between expected and actual earnings on OPEB plan investments		13,560,043	—
Assumption changes		107,363,078	73,267,637
Contributions made in fiscal year ended June 30, 2024 after measurement date		<u>41,845,439</u>	<u>—</u>
Total	\$	<u>201,735,713</u>	<u>138,417,316</u>

At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements

June 30, 2024 and 2023

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, 2024. All other deferred outflows of resources and deferred inflows of resources related to OPEB above will be recognized in OPEB expense (benefit) as follows:

Year ending June 30:	
2025	\$ (14,465,648)
2026	12,674,282
2027	(9,143,963)
2028	13,763,690
2029	16,796,933
Total Thereafter	<u>1,847,664</u>
Total	\$ <u>21,472,958</u>

(e) Actuarial Assumptions

The total OPEB liability at June 30, 2024 was determined using the following actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

Actuarial assumptions	
Discount rate	7.00 %
Expected long-term return on assets	7.00 %
Payroll increases	2.80 %
Inflation	2.30 %
Health care cost trend	4.00% for dental and vision. 7.10% for medical pre-medicare and 8.05% for medicare eligible decreasing to an ultimate rate of 4.5% for year 2032 and later years
Plan participation	4.50% for medicare part B reimbursements Ranges from 20% to 100% based on benefits

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements

June 30, 2024 and 2023

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

Actuarial assumptions	
Discount rate	7.00%
Expected long-term return on assets	7.00
Payroll increases	2.75
Inflation	2.50
Health care cost trend	4.00% for dental and vision. 5.95% for medical pre-medicare and 6.66% for medicare eligible decreasing to an ultimate rate of 4.5% for year 2027 and later years
Plan participation	4.50% for medicare part B reimbursements Ranges from 20% to 100% based on benefits

(f) Discount Rate

An analysis of future cash flows including contributions, investment returns, administrative expenses, and benefit payments was performed by an external actuary. The actuary determined that District's assets will be sufficient to pay all future benefit payments. Therefore, a blended discount rate was not used to calculate the net OPEB liability at June 30, 2024 and June 30, 2023. The assumed investment rate of return, gross of administrative expenses, 7.00%, was used to discount all future benefits.

(g) Long-Term expected rate of return

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

Asset class	Target allocation	Long-term expected rate of return
Global equity	49 %	3.01 %
Fixed income	23	1.41 %
TIPS	5	0.31 %
Commodities	3	0.18 %
REITs	20	1.23 %
Total	<u>100 %</u>	

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements

June 30, 2024 and 2023

(h) Mortality Assumptions

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

(i) Other Benefits

Effective January 1, 2010, the District provided an annual contribution of \$1,500 to benefit active employees and pre-Medicare retirees into a health reimbursement account (HRA) except for fiscal year 2016-2017. Currently, the HRA benefit is to sunset after December 2026.

Effective July 1, 2022, the District began reimbursing Medical Part B premiums for eligible retirees and dependents.

(7) Commitments and Contingencies

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

The District is a defendant in various lawsuits at June 30, 2024. 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, 2024, the total value of these outstanding commitments is \$806,770,292.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements

June 30, 2024 and 2023

(8) Long-Term Liabilities

The following is a summary of long-term liabilities of the District for the years ended June 30, 2024 and 2023:

	2024				
	Balance at June 30, 2023	Additions	Deletions	Balance at June 30, 2024	Due within one year
General Obligation Bonds:					
2004 Series A and B	\$ 33,670,000	—	—	33,670,000	—
2009 Series A and B	75,000,000	—	—	75,000,000	—
2010 Series C, D, and E	1,025,000,000	—	—	1,025,000,000	—
2013 Series F	7,000,000	—	(7,000,000)	—	—
2013 Refunding Bond	4,290,000	—	(4,290,000)	—	—
Measure J 2015 Series G	23,585,000	—	(7,510,000)	16,075,000	7,880,000
Prop A, AA and Mea J 2015 Refunding Series A	100,790,000	—	(47,915,000)	52,875,000	52,875,000
Prop A and AA 2015 Refunding Series B	10,115,000	—	(4,985,000)	5,130,000	5,130,000
Proposition A 2015 Refunding Series C	148,960,000	—	(32,430,000)	116,530,000	35,450,000
Measure J 2016 Series I	177,255,000	—	(77,790,000)	99,465,000	7,320,000
Measure J 2016 Refunding	172,315,000	—	(47,885,000)	124,430,000	770,000
Measure J 2017 Series J	231,845,000	—	(8,275,000)	223,570,000	8,520,000
Measure J 2019 Series K	275,440,000	—	(37,315,000)	238,125,000	—
2020 Refunding Bond	1,715,465,000	—	(775,445,000)	940,020,000	46,035,000
Measure CC 2022 Series C-1 and C-2	300,000,000	—	(11,215,000)	288,785,000	142,315,000
Measure J 2022 Series L	\$ 200,000,000	—	—	200,000,000	—
Measure LA 2023 Series A-1	—	225,000,000	—	225,000,000	31,135,000
Measure LA 2023 Series A-2	—	75,000,000	—	75,000,000	75,000,000
Measure J 2023 Series M	—	175,000,000	—	175,000,000	83,015,000
Measure CC 2023 Series D	—	400,000,000	—	400,000,000	515,000
Measure LA 2024 Series B	—	100,000,000	—	100,000,000	36,340,000
2024 Refunding Bond	—	742,170,000	—	742,170,000	4,040,000
Unamortized bond premiums	156,873,841	153,333,912	(51,156,122)	259,051,631	32,766,392
Total General Obligation Bonds	4,657,603,841	1,870,503,912	(1,113,211,122)	5,414,896,631	569,106,392
Pension obligations	678,639,932	178,533,979	(122,776,253)	734,397,658	—
OPEB obligations	507,727,481	165,623,947	(49,789,117)	623,562,311	—
Supplemental retirement plan	13,457,866	—	(4,700,044)	8,757,822	4,758,850
Workers' compensation liabilities	34,606,000	6,149,594	(4,004,594)	36,751,000	4,004,594
General liabilities	11,926,000	10,208,783	(7,321,783)	14,813,000	7,321,782
Compensated absences	23,895,917	18,642,551	(16,588,660)	25,949,808	11,851,628
Subscription-based IT arrangements	2,521,979	20,220,592	(8,978,667)	13,763,904	4,133,311
Lease liability	861,369	—	(303,499)	557,870	292,387
Total	\$ 5,931,240,385	2,269,883,358	(1,327,673,739)	6,873,450,004	601,468,944

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements

June 30, 2024 and 2023

	2023				
	Balance at June 30, 2022	Additions	Deletions	Balance at June 30, 2023	Due within one year
General Obligation Bonds:					
2004 Series A and B	\$ 33,670,000	—	—	33,670,000	—
2009 Series A and B	75,000,000	—	—	75,000,000	—
2010 Series C, D, and E	1,025,000,000	—	—	1,025,000,000	—
2013 Series F	13,000,000	—	(6,000,000)	7,000,000	7,000,000
2013 Refunding Bond	8,380,000	—	(4,090,000)	4,290,000	4,290,000
Measure J 2015 Series G	30,765,000	—	(7,180,000)	23,585,000	7,510,000
Prop A, AA and Mea J 2015					
Refunding Series A	144,260,000	—	(43,470,000)	100,790,000	47,915,000
Prop A and AA 2015 Refunding Series B	14,965,000	—	(4,850,000)	10,115,000	4,985,000
Proposition A 2015 Refunding Series C	178,565,000	—	(29,605,000)	148,960,000	32,430,000
Measure J 2016 Series I	184,220,000	—	(6,965,000)	177,255,000	7,105,000
Measure J 2016 Refunding	173,020,000	—	(705,000)	172,315,000	740,000
Measure J 2017 Series J	239,880,000	—	(8,035,000)	231,845,000	8,275,000
Measure J 2019 Series K	275,440,000	—	—	275,440,000	—
2020 Refunding Bond	1,750,350,000	—	(34,885,000)	1,715,465,000	35,005,000
Measure CC 2022 Series C-1 and C-2	—	400,000,000	(100,000,000)	300,000,000	11,215,000
Measure J 2022 Series L	—	200,000,000	—	200,000,000	—
Unamortized bond premiums	133,846,606	43,672,772	(20,645,537)	156,873,841	19,863,739
Total General Obligation Bonds	4,280,361,606	643,672,772	(266,430,537)	4,657,603,841	186,333,739
Pension obligations	457,319,889	325,283,695	(103,963,652)	678,639,932	—
OPEB obligations	364,535,924	178,790,195	(35,598,638)	507,727,481	—
Supplemental retirement plan	18,186,873	—	(4,729,007)	13,457,866	5,385,111
Workers' compensation liabilities	34,747,000	3,796,678	(3,937,678)	34,606,000	3,937,678
General liabilities	11,665,000	7,572,676	(7,311,676)	11,926,000	7,311,675
Compensated absences	23,181,459	714,458	—	23,895,917	11,366,497
Subscription-Based liabilities	2,110,183	10,055,176	(9,643,380)	2,521,979	1,170,739
Lease liability	648,013	552,400	(339,044)	861,369	303,499
Total	\$ 5,192,755,947	1,170,438,050	(431,953,612)	5,931,240,385	215,808,938

(a) General Obligation Bonds

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

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements

June 30, 2024 and 2023

During fiscal year 2024, the District issued new Measure J G.O. Bond Series M for \$175,000,000, Measure CC G.O. Bond Series D (Tax-Exempt) for \$400,000,000, Measure LA G.O. Bonds Series A-1 (Tax-Exempt) for \$225,000,000, Measure LA G.O. Bond Series A-2 (Federally Taxable) for \$75,000,000 and Measure LA G.O. Bond Series B (Federally Taxable) for \$100,000,000. The District has issued to date all the authorized amounts of Proposition A and Proposition AA, Measure J, \$1.15 billion of Measure CC and \$400.0 million of Measure LA. The effective interest rate at the financial statement date is 5.88%.

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:		
2025	\$	4,793,393
2026		4,441,364
2027		5,154,685
2028		5,154,685
2029		5,154,685
Thereafter		<u>50,872,839</u>
	\$	<u>75,571,651</u>

Total debt service requirements to maturity of the G.O. bonds at June 30, 2024 are as follows:

	Total G.O. bond debt service		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year(s) ending June 30:			
2025	\$ 536,340,000	213,136,373	749,476,373
2026	478,395,000	208,834,835	687,229,835
2027	325,400,000	189,415,498	514,815,498
2028	367,895,000	174,406,191	542,301,191
2029	274,175,000	158,751,889	432,926,889
2030–2034	1,237,690,000	635,847,948	1,873,537,948
2035–2039	850,760,000	432,129,375	1,282,889,375
2040–2044	526,420,000	256,798,856	783,218,856
2045–2049	455,125,000	114,478,819	569,603,819
2050–2054	<u>103,645,000</u>	<u>3,498,019</u>	<u>107,143,019</u>
Total	\$ <u>5,155,845,000</u>	<u>2,387,297,802</u>	<u>7,543,142,802</u>

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements

June 30, 2024 and 2023

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, 2024, the District has a total of \$14,317,782 of irrevocable line of credits from Bank of America and no outstanding balance.

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

(9) Risk Management

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

The District currently reports all of its risk management activities in the accompanying statements of net position. The balance of all outstanding workers’ compensation and incurred general liability claims is estimated based on information provided by an outside actuarial study performed in 2024. The amount of the outstanding liability at June 30, 2024 and 2023 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, 2024 and 2023 were as follows:

	2024			
	Balance at July 1, 2023	Current year claims and changes in estimates	Claim payments	Balance at June 30, 2024
Workers’ compensation	\$ 34,606,000	6,149,594	(4,004,594)	36,751,000
General liability	11,926,000	10,208,782	(7,321,782)	14,813,000

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements

June 30, 2024 and 2023

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

During the years ended June 30, 2024 and 2023, the District made total premium payments of approximately \$10,887,434 and \$8,336,813 respectively, for general liability and workers' compensation claims.

(10) Unusual or Infrequent Items

As part of the 2023 Budget Act, the State of California reduced fiscal year 2022-23 funding for deferred maintenance and energy efficiency projects across the community college system. The District returned \$29,322,536 during fiscal year 2023-24 by reducing appropriations accordingly.

(11) Subsequent Events

The district has issued new Measure CC G.O. Bond Series E for \$200,000,000 and Measure LA G.O. Bond Series C for \$100,000,000. These Bonds will be used to finance the acquisition, construction, modernization and equipping of District sites and facilities.

REQUIRED SUPPLEMENTARY INFORMATION

LOS ANGELES COMMUNITY COLLEGE DISTRICT
 Schedule of the District's Proportionate Share of the Net Pension Liability and Schedule of District Contributions
 Year ended June 30, 2024
 (Unaudited)

Schedule of the District's proportionate share of the net pension liability
 CalSTRS and CalPERS pension plans

	2024		2023		2022		2021		2020		2019		2018		2017		2016		2015	
	CalPERS	CalSTRS	CalPERS	CalSTRS	CalPERS	CalSTRS	CalPERS	CalSTRS	CalPERS	CalSTRS	CalPERS	CalSTRS	CalPERS	CalSTRS	CalPERS	CalSTRS	CalPERS	CalSTRS	CalPERS	CalSTRS
District's proportion of the collective net pension liability	1.07 %	0.46 %	1.08 %	0.44 %	1.20 %	0.47 %	1.20%	0.48%	1.168%	0.463%	1.19%	0.46%	1.26%	0.48%	1.25 %	0.49 %	1.24 %	0.50 %	1.25 %	0.44 %
District's proportionate share of the collective net pension liability	\$ 387,865,108	346,532,550	370,122,092	308,517,840	243,452,289	213,867,600	366,813,969	464,194,110	340,511,602	418,163,080	317,928,714	424,610,340	300,437,166	444,828,800	246,283,271	394,699,280	182,497,163	337,293,240	141,882,731	256,538,429
District's covered payroll	214,226,363	343,563,659	189,885,826	292,092,239	172,262,086	270,691,756	167,611,212	265,487,898	178,362,183	291,001,088	164,252,336	232,616,579	160,196,105	249,804,253	155,882,522	235,851,422	155,882,522	235,851,422	126,834,679	211,421,078
District's proportionate share of the collective net pension liability as a percent of covered payroll	181.05 %	100.86 %	194.92 %	105.62 %	141.33 %	79.02 %	218.85%	174.85%	190.91%	143.70%	193.56%	182.54%	187.54%	178.07%	157.99 %	167.35 %	117.07 %	143.01 %	111.86 %	121.34 %
Pension plan's fiduciary net position as a percentage of total pension liability	69.96%	80.62%	69.76%	81.20%	80.97%	87.21%	70.00%	71.82%	70.00%	72.60%	70.85%	70.99%	72%	69%	74.00%	70.00%	79.43%	74.00%	83.38%	76.21%

Schedule of Districts contributions

CalSTRS pension plan

Last 10 fiscal years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
State and District contributions as a percentage of covered-employee payroll	26.93 %	26.91 %	25.79 %	29.00 %	30.63 %	22.05 %	19.49 %	16.67 %	12.78 %	12.92 %
Contractually required contribution	\$ 68,690,773	58,511,855	48,578,229	45,059,989	52,111,553	40,211,617	38,401,750	33,740,364	27,878,874	21,015,634
Contributions in relation to the contractually required contributions	68,690,773	58,511,855	48,578,229	45,059,989	52,111,553	40,211,617	38,401,750	33,740,364	27,878,874	21,015,634
Contribution deficiency (excess)	—	—	—	—	—	—	—	—	—	—
District's covered payroll	343,563,659	292,092,239	270,691,756	265,487,898	291,001,088	232,616,579	249,804,253	252,688,729	235,851,422	211,421,078
District contributions as a percentage of covered payroll	19.99 %	20.03 %	17.95 %	16.97 %	17.91 %	17.29 %	15.37 %	13.35 %	11.82 %	9.94 %

CalPERS pension plan

Last 10 fiscal years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 57,155,594	48,174,034	39,465,243	34,695,521	35,183,072	29,667,257	24,890,057	22,483,144	19,133,361	16,386,804
Contributions in relation to the contractually required contributions	57,155,594	48,174,034	39,465,243	34,695,521	35,183,072	29,667,257	24,890,057	22,483,144	19,133,361	16,386,804
Contribution deficiency (excess)	—	—	—	—	—	—	—	—	—	—
District's covered payroll	214,226,363	189,885,826	172,262,086	167,611,212	178,362,183	164,252,336	160,196,105	148,815,636	155,882,522	126,834,679

See accompanying independent auditors' report.

LOS ANGELES COMMUNITY COLLEGE DISTRICT
Schedule of Changes in the Net OPEB Liability and Related Ratios

June 30, 2024
(Unaudited)

	Fiscal year ending 2024	Fiscal year ending 2023 As restated	Fiscal year ending 2022	Fiscal year ending 2021	Fiscal year ending 2020	Fiscal year ending 2019	Fiscal year ending 2018
Last 10 Fiscal Years ¹							
Total OPEB liability:							
Service cost	\$ 15,762,224	12,698,449	19,928,790	11,443,435	18,234,238	18,702,117	22,086,708
Interest cost	47,149,379	38,341,557	42,050,449	39,513,407	38,524,312	36,830,247	34,243,769
Changes in benefits terms	—	101,826,068	—	—	—	—	—
Differences between expected and actual experiences	37,546,584	—	(110,603,035)	22,256,301	(62,786,248)	—	—
Changes of assumptions	65,082,678	—	(106,674,710)	155,713,253	(133,082,796)	(20,557,426)	(76,926,472)
Benefit payments	<u>(31,741,383)</u>	<u>(28,520,737)</u>	<u>(26,517,729)</u>	<u>(26,431,925)</u>	<u>(29,047,776)</u>	<u>(28,918,351)</u>	<u>(22,282,181)</u>
Net change in total OPEB liability	133,799,482	124,345,337	(181,816,235)	202,494,471	(168,158,270)	6,056,587	(42,878,176)
Total OPEB liability (beginning)	<u>673,402,605</u>	<u>549,057,268</u>	<u>730,873,503</u>	<u>528,379,032</u>	<u>696,537,302</u>	<u>690,480,715</u>	<u>733,358,891</u>
Total OPEB liability (ending)	<u>\$ 807,202,087</u>	<u>673,402,605</u>	<u>549,057,268</u>	<u>730,873,503</u>	<u>528,379,032</u>	<u>696,537,302</u>	<u>690,480,715</u>
Plan fiduciary net position:							
Contributions – employer	\$ 38,842,139	35,598,638	33,594,159	33,034,149	35,413,966	35,453,915	28,346,435
Net investment income	10,946,978	(25,831,734)	39,277,887	4,714,950	7,349,161	8,189,050	9,213,372
Benefit payments	(31,741,383)	(28,520,737)	(26,517,729)	(26,431,925)	(29,047,776)	(28,918,351)	(22,282,181)
Administrative expense	<u>(83,082)</u>	<u>(92,387)</u>	<u>(80,908)</u>	<u>(65,866)</u>	<u>(58,495)</u>	<u>(54,119)</u>	<u>(45,438)</u>
Net change in plan fiduciary net position	17,964,652	(18,846,220)	46,273,409	11,251,308	13,656,856	14,670,495	15,232,188
Plan fiduciary net position (beginning)	<u>165,675,124</u>	<u>184,521,344</u>	<u>138,247,935</u>	<u>126,996,627</u>	<u>113,339,771</u>	<u>98,669,276</u>	<u>83,437,088</u>
Plan fiduciary net position (ending)	<u>\$ 183,639,776</u>	<u>165,675,124</u>	<u>184,521,344</u>	<u>138,247,935</u>	<u>126,996,627</u>	<u>113,339,771</u>	<u>98,669,276</u>
Net OPEB liability (ending)	\$ 623,562,311	507,727,481	364,535,924	592,625,568	401,382,405	583,197,531	591,811,439
Plan fiduciary net position as a percentage of total OPEB liability	22.75 %	24.60 %	33.61 %	18.92 %	24.04 %	16.27 %	14.29 %
Covered-employee payroll	\$ 433,351,272	385,000,000	374,253,024	387,000,000	376,230,649	374,000,000	363,554,711
Net OPEB liability as a percentage of covered-employee payroll	143.89 %	131.88 %	97.40 %	153.13 %	106.69 %	155.94 %	162.78 %

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

See accompanying independent auditors' report.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

General Fund

June 30, 2024

Assets

Cash in county treasury	\$	396,527,202
Cash in banks		40,320,521
Cash in revolving fund		171,819
Accounts, notes, interest and loans receivable, net		123,341,507
Due from other funds		546,676
Prepaid expenses and other assets		<u>5,773,454</u>
Total assets	\$	<u><u>566,681,179</u></u>

Liabilities and Fund Balance

Liabilities:		
Accounts payable	\$	156,495,479
Due to other funds		1,063,553
Other liabilities		652,322
Unearned revenue		<u>184,783,889</u>
Total liabilities		<u>342,995,243</u>
Fund balance:		
Restricted		47,105,544
Unrestricted		<u>176,580,392</u>
Total fund balance		<u>223,685,936</u>
Total liabilities and fund balance	\$	<u><u>566,681,179</u></u>

See accompanying independent auditors' report.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

General Fund

Year ended June 30, 2024

Revenue:

Federal revenue:

Higher education acts	\$ 13,478,571
Job Training Partnership Act	3,392,246
Temporary Assistance for Needy Families (TANF)	970,778
Vocational Education Act	4,689,488
Veterans Education	14,864
College Work Study	2,897,794
Supplemental educational opportunity grants	120,756
Pell (basic educational opportunity grants)	218,725
Other	<u>7,557,030</u>
Total federal revenue	<u>33,340,252</u>

State revenue:

State apportionments	602,581,906
Tax relief subvention	1,051,237
State lottery	32,966,415
CA Works Oppor. and Responsibility to Kids	6,647,152
Extended opportunity program	14,192,361
Student Success and Support Program	54,647,007
Disabled Students Programs and Services	10,978,597
Other	<u>3,586,624</u>
Total state revenues	<u>726,651,299</u>

Local revenue:

Local property taxes	312,161,187
Enrollment fees	24,656,394
Tuition and fees, net of scholarship discounts and allowance	12,932,617
Community service fees	2,437,488
Parking fees	343,453
Health service fees	4,291,288
Interest	12,149,033
Other	<u>12,955,662</u>
Total local revenue	<u>381,927,122</u>

Total revenue 1,141,918,673

Expenditures:

Current:

Academic salaries	441,314,333
Classified salaries	220,585,165
Employee benefits	278,942,601
Books and supplies	16,605,326
Contract services, student grants, and other operating expenditures	156,139,090
Capital outlay and equipment replacement:	<u>20,541,814</u>

Total expenditures 1,134,128,329

Excess of revenue over expenditures 7,790,344

Other financing use:

Operating transfers out (26,109,777)

Net decrease in fund balance (18,319,433)

Fund balances at July 1, 2023 242,005,369

Fund balances at June 30, 2024 \$ 223,685,936

See accompanying independent auditors' report.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Special Revenue Funds

June 30, 2024

Assets	Special revenue fund	Cafeteria fund	Child development fund	Bookstore fund	Total
Cash in county treasury	\$ 189,212,800	—	—	—	189,212,800
Cash in banks	66,999	2,721,530	—	6,537,677	9,326,206
Cash in revolving fund	—	1,995	(2,511)	70,124	69,608
Accounts, notes, interest, and loans receivable, net of allowance for doubtful accounts	2,004,068	621,455	4,148,446	4,080,151	10,854,120
Due from other funds	—	351,169	3,407	1,223,869	1,578,445
Inventory	—	82,090	—	2,513,514	2,595,604
Total assets	\$ 191,283,867	3,778,239	4,149,342	14,425,335	213,636,783
Liabilities and Fund Balance					
Liabilities:					
Accounts payable	\$ 4,076,867	357,918	1,025,664	2,033,663	7,494,112
Due to other funds	—	2,137	483,852	48,513	534,502
Unearned revenue	—	95,800	80,224	809,025	985,049
Total liabilities	4,076,867	455,855	1,589,740	2,891,201	9,013,663
Fund balances:					
Restricted – capital projects	187,207,000	—	—	—	187,207,000
Assigned – facility improvements and inventory	—	—	—	1,583,731	1,583,731
Assigned – program and capital expenditures	—	—	2,559,602	—	2,559,602
Unrestricted	—	3,322,384	—	9,950,403	13,272,787
Total fund balance	187,207,000	3,322,384	2,559,602	11,534,134	204,623,120
Total liabilities and fund balance	\$ 191,283,867	3,778,239	4,149,342	14,425,335	213,636,783

See accompanying independent auditors' report.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Special Revenue Funds

Year ended June 30, 2024

	Special revenue fund	Cafeteria fund	Child development fund	Bookstore fund	Total
Revenue:					
Federal revenue:					
Tuition and fees	\$ —	—	165,296	—	165,296
Child and adult care	—	—	1,826,031	—	1,826,031
Total federal revenue	—	—	1,991,327	—	1,991,327
State revenue:					
State apportionment, net of return	(20,534,683)	—	—	—	(20,534,683)
Other	—	—	12,992,973	—	12,992,973
Total state revenue	(20,534,683)	—	12,992,973	—	(7,541,710)
Local revenues:					
Bookstore sales	—	—	—	17,415,739	17,415,739
Interest	7,451,646	—	—	—	7,451,646
Other	313,536	1,788,831	—	713,426	2,815,793
Total local revenue	7,765,182	1,788,831	—	18,129,165	27,683,178
Total revenue	(12,769,501)	1,788,831	14,984,300	18,129,165	22,132,795
Expenditures:					
Current:					
Academic salaries	—	28,454	6,643,638	—	6,672,092
Classified salaries	—	587,680	3,812,927	4,452,457	8,853,064
Employee benefits	—	261,282	3,656,210	2,142,323	6,059,815
Books and supplies	26,653	899,219	821,019	12,369,370	14,116,261
Contract services, student grant, and other operating expenditures	22,367,720	132,950	774,219	916,778	24,191,667
Utilities	—	—	—	181,270	181,270
Capital outlay	3,532,165	7,358	219,468	3,738	3,762,729
Total expenditures	25,926,538	1,916,943	15,927,481	20,065,936	63,836,898
Deficiency of revenue over expenditures	(38,696,039)	(128,112)	(943,181)	(1,936,771)	(41,704,103)
Other financing sources – operating transfers in	17,578,929	247,315	46,722	648,052	18,521,018
Net increase (decrease) in fund balances	(21,117,110)	119,203	(896,459)	(1,288,719)	(23,183,085)
Fund balances at July 1, 2023	208,324,110	3,203,181	3,456,061	12,822,853	227,806,205
Fund balances at June 30, 2024	\$ 187,207,000	3,322,384	2,559,602	11,534,134	204,623,120

See accompanying independent auditors' report.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Debt Service Fund

June 30, 2024

Assets

Cash held with trustee	\$ 823,848,338
Accounts, notes, interest, and loans receivable, net	<u>53,844,732</u>
Total assets	<u><u>\$ 877,693,070</u></u>

Liabilities and Fund Balance

Liabilities:	
Unearned revenue	\$ 53,844,732
Other liabilities	<u>91,576,014</u>
Total liabilities	<u>145,420,746</u>
Fund balance:	
Restricted – expendable	<u>732,272,324</u>
Total fund balance	<u>732,272,324</u>
Total liabilities and fund balance	<u><u>\$ 877,693,070</u></u>

See accompanying independent auditors' report.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Debt Service Fund

Year ended June 30, 2024

Revenue:	
Local tax for G.O. bonds	\$ <u>765,030,070</u>
Total revenue	<u>765,030,070</u>
Expenditures:	
Debt service	166,470,000
Interest expense on capital asset-related debt	<u>202,866,720</u>
Total expenditures	<u>369,336,720</u>
Net increase in fund balance	395,693,350
Fund balances at July 1, 2023	<u>336,578,974</u>
Fund balances at June 30, 2024	\$ <u><u>732,272,324</u></u>

See accompanying independent auditors' report.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Building Fund

June 30, 2024

Assets

Cash in county treasury	\$ 1,257,865,746
Cash in banks	3,809,288
Accounts, notes, interest, and loans receivable, net of allowance for doubtful accounts	13,408,671
Prepaid expenses and other assets	<u>1,328,677</u>
Total assets	\$ <u>1,276,412,382</u>

Liabilities and Fund Balance

Liabilities:	
Accounts payable	\$ 98,643,640
Due to other funds	<u>18,468</u>
Total liabilities	<u>98,662,108</u>
Fund balance:	
Assigned – capital expenditures	<u>1,177,750,274</u>
Total fund balance	<u>1,177,750,274</u>
Total liabilities and fund balance	\$ <u>1,276,412,382</u>

See accompanying independent auditors' report.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Building Fund

Year ended June 30, 2024

Local revenue:	
Interest	\$ <u>41,678,065</u>
Total revenue	<u>41,678,065</u>
Expenditures:	
Other operating expenses and services	13,625,945
Capital outlay	<u>258,725,503</u>
Total expenditures	<u>272,351,448</u>
Net decrease in fund balance	<u>(230,673,383)</u>
Other financing sources :	
Proceeds from issuance of debt	<u>975,000,000</u>
Total other financing sources	<u>975,000,000</u>
Net increase in fund balance	744,326,617
Fund balances at July 1, 2023	<u>433,423,657</u>
Fund balances at June 30, 2024	\$ <u><u>1,177,750,274</u></u>

See accompanying independent auditors' report.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Student Financial Aid Fund

June 30, 2024

Assets

Cash in banks	\$	19,896,162
Accounts, notes, interest and loans receivable, net		<u>2,889,176</u>
Total assets	\$	<u><u>22,785,338</u></u>

Liabilities and Fund Balance

Liabilities:		
Accounts payable	\$	7,485,916
Due to other funds		508,598
Unearned revenue		<u>11,369,840</u>
Total liabilities		<u>19,364,354</u>
Fund balance:		
Restricted		<u>3,420,984</u>
Total fund balance		<u>3,420,984</u>
Total liabilities and fund balance	\$	<u><u>22,785,338</u></u>

See accompanying independent auditors' report.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Student Financial Aid Fund

Year ended June 30, 2024

Revenue:

Federal revenue:

Supplemental educational opportunity grants	\$	3,831,669
Pell (basic educational opportunity grants)		164,894,041
Direct loan		20,108,253
Other		<u>248,824</u>
Total federal revenue		<u>189,082,787</u>

State revenue:

Extended opportunity program		12,374,396
CAL Grant		24,198,826
Other		<u>29,210,462</u>
Total state revenue		<u>65,783,684</u>

Local revenue:

Other		<u>663,305</u>
Total local revenue		<u>663,305</u>
Total revenue		<u>255,529,776</u>

Expenditure:

Student grants		255,401,710
Other Expense		<u>1,598</u>
Total expenditure		<u>255,403,308</u>
Excess of revenue over expenditure		<u>126,468</u>
Net increase in fund balance		126,468

Fund balances at July 1, 2023 3,294,516

Fund balances at June 30, 2024 \$ 3,420,984

See accompanying independent auditors' report.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Post Retirement Health Insurance Fund

June 30, 2024

Assets

Cash in banks	\$	<u>653,805</u>
Total assets	\$	<u><u>653,805</u></u>

Liabilities and Fund Balance

Fund balance:		
Restricted		<u>635,805</u>
Total fund balance		<u>635,805</u>
Total liabilities and fund balance	\$	<u><u>635,805</u></u>

See accompanying independent auditors' report.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Post Retirement Health Insurance Fund

Year ended June 30, 2024

Revenue:		
Other nonoperating revenue		\$ <u>710,971</u>
Total revenue		<u>710,971</u>
Expenditures:		
Employee Benefits		<u>7,645,925</u>
Total expenditures		<u>7,645,925</u>
Net decrease in fund balance		(6,934,954)
Other financing sources		
Operating transfers in		<u>7,588,759</u>
Total other financing sources		<u>7,588,759</u>
Net increase in fund balance		653,805
Fund balances at July 1, 2023		<u>—</u>
Fund balances at June 30, 2024		\$ <u><u>653,805</u></u>

See accompanying independent auditors' report.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Associated Student Organization Funds (ASO Funds)

June 30, 2024

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	\$ 32,463	594,819	422,257	767,579	1,052,414	280,899	1,341,424	1,533,788	312,088	6,337,731
Investments	1,220,020	191,864	100,000	—	1,099,892	—	2,990,240	1,758	—	5,603,774
Accounts, notes, interest, and receivable, net of allowance for doubtful accounts	15,152	18,298	—	—	—	5,639	8,457	12,046	—	59,592
Inventory	—	—	—	—	16,757	—	—	—	—	16,757
Total assets	\$ 1,267,635	804,981	522,257	767,579	2,169,063	286,538	4,340,121	1,547,592	312,088	12,017,854
Liabilities and Fund Balance										
Liabilities:										
Accounts payable	\$ —	10,650	17,916	127,963	—	14,345	611,746	53,895	13,763	850,278
Long-term liabilities	345,418	—	—	—	—	11,862	881,174	—	—	1,238,454
Other liabilities	—	—	—	—	1,040,193	—	—	—	—	1,040,193
Total liabilities	345,418	10,650	17,916	127,963	1,040,193	26,207	1,492,920	53,895	13,763	3,128,925
Fund balances:										
Assigned – future expenditures	922,217	794,331	504,341	639,616	1,128,870	260,331	2,847,201	1,493,697	298,325	8,888,929
Total fund balances	922,217	794,331	504,341	639,616	1,128,870	260,331	2,847,201	1,493,697	298,325	8,888,929
Total liabilities and fund balance	\$ 1,267,635	804,981	522,257	767,579	2,169,063	286,538	4,340,121	1,547,592	312,088	12,017,854

See accompanying independent auditors' report.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Associated Student Organization Funds (ASO Funds)

Year ended June 30, 2024

	<u>East Los Angeles College</u>	<u>Los Angeles City College</u>	<u>Los Angeles Harbor College</u>	<u>Los Angeles Mission College</u>	<u>Los Angeles Pierce College</u>	<u>Los Angeles Southwest College</u>	<u>Los Angeles Trade Technical College</u>	<u>Los Angeles Valley College</u>	<u>West Los Angeles College</u>	<u>Total</u>
Revenue:										
Other	\$ 247,381	147,240	92,072	115,991	194,740	36,342	727,652	218,133	72,924	1,852,475
Total revenue	<u>247,381</u>	<u>147,240</u>	<u>92,072</u>	<u>115,991</u>	<u>194,740</u>	<u>36,342</u>	<u>727,652</u>	<u>218,133</u>	<u>72,924</u>	<u>1,852,475</u>
Expenditure:										
Contract services and other operating expenditures	88,966	81,218	107,925	40,619	168,163	7,642	109,654	255,517	61,500	921,204
Total expenditure	<u>88,966</u>	<u>81,218</u>	<u>107,925</u>	<u>40,619</u>	<u>168,163</u>	<u>7,642</u>	<u>109,654</u>	<u>255,517</u>	<u>61,500</u>	<u>921,204</u>
Net increase (decrease) in fund balance	158,415	66,022	(15,853)	75,372	26,577	28,700	617,998	(37,384)	11,424	931,271
Fund balances at July 1, 2023	763,802	728,309	520,194	564,244	1,102,293	231,631	2,229,203	1,531,081	286,901	7,957,658
Fund balances at June 30, 2024	<u>\$ 922,217</u>	<u>794,331</u>	<u>504,341</u>	<u>639,616</u>	<u>1,128,870</u>	<u>260,331</u>	<u>2,847,201</u>	<u>1,493,697</u>	<u>298,325</u>	<u>8,888,929</u>

See accompanying independent auditors' report.

LOS ANGELES COMMUNITY COLLEGE DISTRICT
Associated Student Organization Funds (Student Representation Fee Fund)
June 30, 2024

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	\$ 22,178	110,547	93,901	119,534	436,342	72,503	175,057	312,131	99,136	1,441,329
Accounts, notes, interest, and receivable, net of allowance for doubtful accounts	188	—	—	—	—	823	—	—	—	1,011
Investments	106,901	—	—	—	—	—	—	—	—	106,901
Total assets	\$ 129,267	110,547	93,901	119,534	436,342	73,326	175,057	312,131	99,136	1,549,241
Liabilities and Fund Balance										
Liabilities:										
Accounts payable	—	—	—	—	—	—	—	12,046	—	12,046
Total liabilities	—	—	—	—	—	—	—	12,046	—	12,046
Fund balance:										
Assigned – future expenditures	\$ 129,267	110,547	93,901	119,534	436,342	73,326	175,057	300,085	99,136	1,537,195
Total fund balance	129,267	110,547	93,901	119,534	436,342	73,326	175,057	300,085	99,136	1,537,195
Total liabilities and fund balance	\$ 129,267	110,547	93,901	119,534	436,342	73,326	175,057	312,131	99,136	1,549,241

See accompanying independent auditors' report.

LOS ANGELES COMMUNITY COLLEGE DISTRICT
Associated Student Organization Funds (Student Representation Fee Fund)
Year ended June 30, 2024

	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	\$ 127,929	64,606	31,448	40,020	90,320	22,912	61,723	73,251	38,595	550,804
Total revenue	<u>127,929</u>	<u>64,606</u>	<u>31,448</u>	<u>40,020</u>	<u>90,320</u>	<u>22,912</u>	<u>61,723</u>	<u>73,251</u>	<u>38,595</u>	<u>550,804</u>
Expenditure:										
Contract services and other operating expenditures	121,434	70,037	39,477	40,586	78,655	16,194	39,924	104,370	24,107	534,784
Total expenditure	<u>121,434</u>	<u>70,037</u>	<u>39,477</u>	<u>40,586</u>	<u>78,655</u>	<u>16,194</u>	<u>39,924</u>	<u>104,370</u>	<u>24,107</u>	<u>534,784</u>
Net increase (decrease) in fund balance	6,495	(5,431)	(8,029)	(566)	11,665	6,718	21,799	(31,119)	14,488	16,020
Fund balances at July 1, 2023	<u>122,772</u>	<u>115,978</u>	<u>101,930</u>	<u>120,100</u>	<u>424,677</u>	<u>66,608</u>	<u>153,258</u>	<u>331,204</u>	<u>84,648</u>	<u>1,521,175</u>
Fund balances at June 30, 2024	<u>\$ 129,267</u>	<u>110,547</u>	<u>93,901</u>	<u>119,534</u>	<u>436,342</u>	<u>73,326</u>	<u>175,057</u>	<u>300,085</u>	<u>99,136</u>	<u>1,537,195</u>

See accompanying independent auditors' report.

LOS ANGELES COMMUNITY COLLEGE DISTRICT
 Reconciliation of Annual Financial and Budget Report (CCFS-311)
 Year ended June 30, 2024

	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, 2024 total fund balances per annual financial budget report – 311	\$ 222,631,245	204,300,155	—	653,805	1,188,513,860	3,420,984	10,426,124	—	—	1,629,946,173
Audit adjustments to fund balance:										
Adjustments to cash with bond trustee	—	—	410,794,620	—	—	—	—	—	—	410,794,620
Adjustments to accrued interest expense	—	—	(202,866,720)	—	—	—	—	—	—	(202,866,720)
Adjustments to revenues	(474,726)	(35,903)	690,814,424	—	(10,288,044)	—	—	—	—	680,015,751
Adjustments to expenditures	1,529,417	(1,290,924)	(166,470,000)	—	(475,542)	—	—	—	—	(166,707,049)
Adjustments to bookstore's reserve for inventory and facility improvements	—	1,649,792	—	—	—	—	—	—	—	1,649,792
Adjustments to worker's compensation payable reserve	—	—	—	—	—	—	—	—	—	—
Adjustments and reclass	1,054,691	322,965	732,272,324	—	(10,763,586)	—	—	—	—	722,886,394
June 30, 2024 unaudited ending fund balance	223,685,936	204,623,120	732,272,324	653,805	1,177,750,274	3,420,984	10,426,124	—	—	2,352,832,567
Current assets:										
Adjustment to cash and deposit with trustee	—	—	—	—	—	—	—	—	(103,185,869)	(103,185,869)
Adjustment to receivables	—	—	—	—	—	—	—	—	70,465,310	70,465,310
Adjustment to payables	—	—	—	—	—	—	—	—	(164,382)	(164,382)
Adjustment to prepaids	—	—	—	—	—	—	—	—	(2,110,184)	(2,110,184)
Capital assets are not financial resources and therefore are not reported as assets in government funds	—	—	—	—	—	—	—	4,688,481,791	—	4,688,481,791
Deferred Outflows	—	—	—	—	—	—	—	—	504,176,093	504,176,093
Long-term liabilities are not booked as part of fund balances:										
G.O. bonds	—	—	—	—	—	—	—	—	(5,188,611,392)	(5,188,611,392)
Unamortized premiums bond	—	—	—	—	—	—	—	—	(226,285,239)	(226,285,239)
Pension obligation	—	—	—	—	—	—	—	—	(734,397,658)	(734,397,658)
GASB Statement No. 75 implementation adjustment – OPEB	—	—	—	—	—	—	—	—	(623,562,311)	(623,562,311)
Supplemental retirement plan	—	—	—	—	—	—	—	—	(8,757,822)	(8,757,822)
Workers' compensation claims payable	—	—	—	—	—	—	—	—	(36,751,000)	(36,751,000)
General liability	—	—	—	—	—	—	—	—	(14,813,000)	(14,813,000)
Vacation benefits payable	—	—	—	—	—	—	—	—	(25,949,808)	(25,949,808)
Capital lease payable	—	—	—	—	—	—	—	—	(557,870)	(557,870)
SBITA liability	—	—	—	—	—	—	—	—	(13,763,904)	(13,763,904)
Deferred inflows	—	—	—	—	—	—	—	—	(189,072,095)	(189,072,095)
June 30, 2024 net position	\$ 223,685,936	204,623,120	732,272,324	653,805	1,177,750,274	3,420,984	10,426,124	4,688,481,791	(6,593,341,131)	447,973,227

See accompanying independent auditors' report.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Reconciliation of Governmental Funds to the Statement of Net Position

Year ended June 30, 2024

	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, 2024 ending fund balance	\$ 223,685,936	204,623,120	732,272,324	653,805	1,177,750,274	3,420,984	10,426,124	—	—	2,352,832,567
Current assets:										
Adjustment to receivables	—	—	—	—	—	—	—	—	70,465,310	70,465,310
Adjustment to payables	—	—	—	—	—	—	—	—	(164,382)	(164,382)
Adjustment to prepaids	—	—	—	—	—	—	—	—	(2,110,184)	(2,110,184)
Adjustment to cash and deposit with trustee	—	—	—	—	—	—	—	—	(103,185,869)	(103,185,869)
Capital assets are not financial resources and therefore are not reported as assets in government funds	—	—	—	—	—	—	—	4,688,481,791	—	4,688,481,791
Deferred outflows	—	—	—	—	—	—	—	—	504,176,093	504,176,093
Long-term liabilities are not booked as part of fund balances:										
G.O. bonds	—	—	—	—	—	—	—	—	(5,188,611,392)	(5,188,611,392)
Unamortized premiums bond	—	—	—	—	—	—	—	—	(226,285,239)	(226,285,239)
Pension obligation	—	—	—	—	—	—	—	—	(734,397,658)	(734,397,658)
GASB Statement No. 75 implementation adjustment – OPEB	—	—	—	—	—	—	—	—	(623,562,311)	(623,562,311)
Supplemental Retirement Plan	—	—	—	—	—	—	—	—	(8,757,822)	(8,757,822)
Workers' compensation claims payable	—	—	—	—	—	—	—	—	(36,751,000)	(36,751,000)
General liability	—	—	—	—	—	—	—	—	(14,813,000)	(14,813,000)
Vacation benefits payable	—	—	—	—	—	—	—	—	(25,949,808)	(25,949,808)
Capital lease payable	—	—	—	—	—	—	—	—	(557,870)	(557,870)
SBITA liability	—	—	—	—	—	—	—	—	(13,763,904)	(13,763,904)
Deferred Inflows	—	—	—	—	—	—	—	—	(189,072,095)	(189,072,095)
June 30, 2024 net position	\$ <u>223,685,936</u>	<u>204,623,120</u>	<u>732,272,324</u>	<u>653,805</u>	<u>1,177,750,274</u>	<u>3,420,984</u>	<u>10,426,124</u>	<u>4,688,481,791</u>	<u>(6,593,341,131)</u>	<u>447,973,227</u>

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

See accompanying independent auditors' report.

SUPPLEMENTAL FINANCIAL INFORMATION

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Other Supplemental Information

Year ended June 30, 2024

(1) Purpose of Schedules

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

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

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

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

ADDITIONAL INDEPENDENT AUDITORS' REPORT



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

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

The Honorable Board of Trustees
Los Angeles Community College District:

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 District's statement of net position as of June 30, 2024, 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, and have issued our report thereon dated December 23, 2024.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a deficiency in internal control, described in the accompanying schedule of financial statement findings as item FS-2024-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

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

District's Response to Finding

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



Purpose of This Report

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

KPMG LLP

Los Angeles, California
December 23, 2024

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Schedule of Financial Statement Findings

Year ended June 30, 2024

Finding FS-2024-001: Immaterial Correction – Other Post-Employment Benefits (OPEB)

Criteria

Per Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, an entity is required to recognize its net OPEB, deferred outflows of resources, deferred inflows of resources, and OPEB expense (collectively, the OPEB amounts) as of a date within one year of its fiscal year end (the measurement date) using the benefit terms in force as of the measurement date.

Condition/Context

In May 2022, the Los Angeles Community College District (the District) adopted an amendment to its retiree health benefits plan to include the reimbursement of Medicare Part B premiums for eligible participants and their qualified dependents. However, the District did not recognize the impact of the amendment in their OPEB amounts measured as of June 30, 2022. The District used a measurement date of the prior year and reported the OPEB amounts measured as of June 30, 2022 in its June 30, 2023 financial statements. As a result, the OPEB amounts were understated by \$101.8 million.

Cause

Key internal and external parties were not informed regarding a revision to the OPEB benefit plan that had been incorporated as part of the update to the collective bargaining agreement, which was approved by the Board in May 2022. As such, there was a lack in the communication process within the District to notify the finance team and the actuary of the changes in the OPEB plan for the amounts to be reflected in the proper fiscal year. The current controls are not designed to ensure the appropriate individuals within District are made aware of new revisions to agreements, and the controls over communication among the responsible parties does not ensure each is made aware of new information in a timely and complete manner.

Effect

Amounts previously reported in the 2023 financial statements for net OPEB obligation, unrestricted net position, and employee benefits, pension, and OPEB expense were understated by \$101.8 million.

Auditors' Recommendation

Formal policies and procedures should be revised to ensure all parties involved in the negotiation, approval, and recording of information related to the change in benefit terms are in communication at least bi-annually on the status planned changes in benefit terms impact the retiree health benefits plan. This will enable District management to timely communicate changes in benefit terms to the actuary engaged to calculate the District's OPEB amounts for financial reporting.

Management's Response

Management agrees with the finding and acknowledges that the lack of communication regarding the amendment to the retiree health benefits plan contributed to the understatement of OPEB amounts in the June 30, 2023 financial statements. Management recognizes the need to ensure that all relevant parties, including finance staff and actuaries, are promptly notified of any changes to the OPEB plan and any other negotiated agreements that may impact financial reporting. To address this issue, management will revise its policies and procedures to improve on-going communication between all stakeholders. This will help ensure that any modifications to benefit terms or other agreements are reflected in the appropriate period, allowing for

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Schedule of Financial Statement Findings

Year ended June 30, 2024

accurate financial reporting moving forward. Management is committed to implementing these improvements to strengthen the controls around OPEB and other financial reporting.

COMPLIANCE SECTION

STATE AWARDS



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Independent Auditor's Report on State Compliance

**The Honorable Board of Trustees
Los Angeles Community College District**

Report on State Compliance

Opinion on State Compliance

We have audited the Los Angeles Community College District's (the District) compliance with the types of compliance requirements described in Section 400 of the California Community Colleges *Contracted District Audit Manual 2023-24* (CDAM), issued by the California Community Colleges Chancellor's Office for the year ended June 30, 2024. The state compliance requirements are identified in the Compliance Requirements section below.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the state programs for the year ended June 30, 2024.

Basis for Opinion on State Compliance

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

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



Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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



Compliance Requirements

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

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the CDAM, and which are described in the accompanying schedule of state award findings and questioned costs as findings SC 2024-001 to SC 2024-003. Our opinion on the state programs listed above is not modified with respect to these matters.

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

Report on Other Supplemental Compliance Information

Our audit was conducted for the purpose of forming an opinion on the District's compliance with the state laws and regulations described above. The Schedule of District Organization, Board and Administration Members, Schedule of State Awards, Schedule of Workload Measures for State General Apportionment Annual 2023-24 Apportionment Attendance Report, Reconciliation of the 50% Law Calculation to Audited Financial Statements, and Reconciliation of Education Protection Account (EPA) Expenditures to Audited Financial Statements for the year ended June 30, 2024 on pages 80 through 86 is presented for purposes of additional analysis as required by the CDAM. Such information is the responsibility of management. The information has been subjected to the auditing procedures applied in the audit of the District's compliance with the types of compliance requirements described in the CDAM, and certain additional procedures, including comparing and reconciling such



information directly to the underlying accounting records, financial statements as of and for the year ended June 30, 2024 audited by other auditors, whose report is included herein on pages 1 through 3, and other records, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental compliance information is fairly stated, in all material respects, in relation to the financial statements as a whole, audited by other auditors whose report was dated December 23, 2024.

Purpose of This Report

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

**Glendale, California
December 23, 2024**

OTHER SUPPLEMENTAL COMPLIANCE INFORMATION

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Schedule of District Organization, Board and Administration Members

Year ended June 30, 2024

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

Board of Trustees

Name	Office	Term expires
Nichelle Henderson	President	December 13, 2024
Kelsey Lino	First Vice President	December 13, 2024
Sara Hernandez	Second Vice President	December 13, 2026
Gabriel Buelna, Ph.D.	Member	December 13, 2026
Andra Hoffman	Member	December 11, 2024
David Vela	Member	December 11, 2024
Steven F. Veres	Member	December 11, 2026
Ambyr C. Baham	Student Trustee	May 31, 2025

Executive Staff

Name	Office
Alberto J. Román, D.P.A	Interim Chancellor
Kathleen Burke, Ed.D.	Interim Deputy Chancellor
Nicole Albo-Lopez, Ed.D.	Vice Chancellor, Educational Programs and Institutional Effectiveness
Jeanette L. Gordon	Vice Chancellor/Chief Financial Officer
James Lancaster, Ed.D.	Vice Chancellor, Workforce and Economic Development
Carmen V. Lidz, MS	Vice Chancellor/Chief Information Officer
Jeffrey Prieto, J.D.	General Counsel
Leigh Sata, Ed.D.	Interim Vice Chancellor/Chief Facilities Executive
Teyanna Williams, J.D.	Vice Chancellor, Human Resources

LOS ANGELES COMMUNITY COLLEGE DISTRICT
Schedule of District Organization, Board and Administration Members
Year ended June 30, 2024

College Presidents

<u>Name</u>	<u>Office</u>
Dr. Alberto J. Román	East Los Angeles College
Dr. Amanuel Gebru	Los Angeles City College
Dr. Luis Dorado	Los Angeles Harbor College
Dr. Armida Ornelas	Los Angeles Mission College
Mrs. Aracely Aguiar	Los Angeles Pierce College
Dr. Anthony Culpepper	Los Angeles Southwest College
Dr. Alfred McQuarters	Los Angeles Trade Technical College
Dr. Barry Gribbons	Los Angeles Valley College
Dr. James M. Limbaugh	West Los Angeles College

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Schedule of State Awards

Year ended June 30, 2024

Program name	Cash received	Accounts receivable	Deferred income	Total program revenue	Total program expenditures
Basic Needs Centers and Staffing Support	\$ 7,766,496	—	4,354,866	3,411,630	3,411,614
CA Adult Education Program	14,513,060	—	4,668,866	9,844,194	9,844,194
CAL Grants	24,166,343	75,644	43,161	24,198,826	24,195,620
CalKids	265,292	394	39,773	225,913	225,913
California College Promise	6,607,647	—	1,177,535	5,430,112	5,430,112
California State Preschool Program	6,051,878	1,489,197	—	7,541,075	7,541,075
CalWORKs	12,894,308	—	6,247,155	6,647,153	6,647,153
Chafee grant	1,403,761	—	17,500	1,386,261	1,386,261
Cooperating Agencies Resources for Education (CARE)	4,310,031	—	1,198,602	3,111,429	3,111,429
COVID-19 Recovery Block Grant	43,405,702	—	25,932,938	17,472,764	17,472,764
Disabled Students Program & Services (DSPS)	13,170,113	—	2,191,517	10,978,596	10,978,596
Emergency Financial Assistance	4,277	—	—	4,277	—
Equitable Placement, Support, and Comple	5,287,936	—	4,129,757	1,158,179	1,158,179
Extended Opportunity Program and Services (EOPS)	25,015,208	—	5,561,798	19,453,410	19,453,410
Family Child Care Homes	545,952	170,187	—	716,139	716,139
Financial Aid Technology	319,761	—	—	319,761	693,828
Foster and Kinship Care Education (FKCE)	716,590	32,147	41,866	706,871	706,871
General Child Care and Development	1,532,626	1,770,502	—	3,303,128	3,303,128
Guided Pathways	2,804,977	—	1,212,001	1,592,976	1,592,976
Innovation in Higher Education	282,539	—	200,663	81,876	81,876
Math, Engineering, & Science Achievement	6,251,516	—	4,735,299	1,516,217	1,516,217
Mental Health Support	6,902,281	—	3,564,528	3,337,753	3,337,753
Middle College High School (MCHS)	215,069	45,361	—	260,430	260,430
NextUp	5,571,352	—	1,569,434	4,001,918	4,001,918
Nursing Education	1,605,184	—	381,357	1,223,827	1,223,827
One-Time Block Grant/ Instructional Equipment/Deferred Maintenance	8,586,889	—	150,028	8,436,861	5,761,152
Other Scholarship	113,847	27,455	9,623	131,679	131,679
Rapid Rehousing	4,912,891	—	3,912,005	1,000,886	1,000,886
Rising Scholars Network	2,013,113	—	987,933	1,025,180	1,025,180
Regional K-16 Education Collaboratives	9,700,021	—	8,682,408	1,017,613	1,017,613
SFRF Emergency Financial Assistance	183,813	—	—	183,813	172,508
Strong Workforce Program - Local	29,931,785	—	12,417,540	17,514,245	17,514,465
Strong Workforce Program - Regional	5,573,449	5,749,999	466	11,322,982	11,322,982
Student Equity and Achievement	71,357,162	—	16,710,155	54,647,007	54,646,988
Student Financial Aid Administration	5,382,572	—	—	5,382,572	5,741,314
Student Food and Housing Support	6,353,305	—	4,296,959	2,056,346	2,056,346
Student Retention and Enrollment	7,858,821	—	3,277,237	4,581,584	4,581,584
Student Success Completion Grant	36,794,449	—	9,368,590	27,425,859	27,425,210
Veterans Resource Center	1,215,940	—	474,858	741,082	741,082
Other State Assistance Programs	63,369,175	1,338,021	55,123,469	9,583,727	9,864,574
Total state programs	\$ 444,957,131	10,698,907	182,679,887	272,976,151	271,294,846

See accompanying independent auditor's report on state compliance.

LOS ANGELES COMMUNITY COLLEGE DISTRICT
Schedule of Workload Measures for State General Apportionment
Annual 2023-24 Apportionment Attendance Report
Year ended June 30, 2024

Categories	Reported data
A. Summer intersession (Summer Seg 2 only):	
1. Noncredit	1,606
2. Credit	8,506
B. Summer intersession (Summer Seg 1 only):	
1. Noncredit	45
2. Credit	5,872
C. Primary terms (Exclusive of summer intersessions):	
1. Census procedure courses:	
a. Weekly census contact hours	25,980
b. Daily census contact hours	4,754
2. Actual hours of attendance procedure courses:	
a. Noncredit	3,898
b. Credit	3,921
3. Independent study/work experience education courses:	
a. Weekly census procedure crs	17,020
b. Daily census procedure crs	17,267
c. Noncredit independent study	1,453
D. Total FTES	90,322

Supplemental Information

E. In-service training courses	4,239
H. Basic skills courses:	
1. Noncredit	5,652
2. Credit	288
I. CCFS-320 Addendum: CDCP Noncredit FTES	5,791
J. Centers FTES:	
1. Noncredit	N/A
2. Credit	N/A

See accompanying independent auditor's report on state compliance.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Reconciliation of the 50 Percent Law Calculation to Audited Financial Statements

Year ended June 30, 2024

	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	\$ 154,058,007	—	154,058,007	154,230,609	—	154,230,609
Other	1300	136,501,846	—	136,501,846	137,294,564	—	137,294,564
Total instructional salaries		290,559,853	—	290,559,853	291,525,173	—	291,525,173
Noninstructional salaries:							
Contract or regular	1200	—	—	—	59,782,656	—	59,782,656
Other	1400	—	—	—	7,695,725	—	7,695,725
Total noninstructional salaries		—	—	—	67,478,381	—	67,478,381
Total academic salaries		290,559,853	—	290,559,853	359,003,554	—	359,003,554
Classified salaries:							
Noninstructional salaries:							
Regular status	2100	—	—	—	134,123,607	—	134,123,607
Other	2300	—	—	—	5,938,864	—	5,938,864
Total noninstructional salaries		—	—	—	140,062,471	—	140,062,471
Instructional aides:							
Regular status	2200	11,822,357	—	11,822,357	13,895,587	—	13,895,587
Other	2400	1,444,994	—	1,444,994	1,714,105	—	1,714,105
Total instructional aides		13,267,351	—	13,267,351	15,609,692	—	15,609,692
Total classified salaries		13,267,351	—	13,267,351	155,672,163	—	155,672,163
Employee benefits	3000	111,013,027	—	111,013,027	233,263,978	—	233,263,978
Supplies and materials	4000	—	—	—	4,077,484	—	4,077,484
Other operating expenses	5000	5,662,302	—	5,662,302	107,904,227	—	107,904,227
Equipment replacement	6420	—	—	—	—	—	—
Total expenditures prior to exclusions		420,502,533	—	420,502,533	859,921,406	—	859,921,406

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Reconciliation of the 50 Percent Law Calculation to Audited Financial Statements

Year ended June 30, 2024

	Object/TOP code	Activity (ECSA) ECS 84362 A Instructional Salary Cost AC 0100-5900 and AC 6110			Activity (ECSB) ECS 84362 B Total CEE AC 0100 – 6799		
		Reported data	Audit adjustments	Revised data	Reported data	Audit adjustments	Reported data
Exclusions:							
Activities to exclude:							
Instructional staff-retirees' benefits and retirement incentives	5900	\$ —	—	—	—	—	—
Student health services above amount collected	6441	—	—	—	—	—	—
Student transportation	6491	—	—	—	358,883	—	358,883
Noninstructional staff-retirees' benefits and retirement incentives	6740	—	—	—	35,521,664	—	35,521,664
Objects to exclude:							
Rents and leases	5060	—	—	—	2,755,234	—	2,755,234
Lottery expenditures:							
Academic salaries	1000	—	—	—	—	—	—
Classified salaries	2000	—	—	—	—	—	—
Employee benefits	3000	—	—	—	—	—	—
Supplies and materials:							
Software	4100	—	—	—	—	—	—
Books, magazines, and periodicals	4200	—	—	—	—	—	—
Instructional supplies and materials	4300	—	—	—	—	—	—
Noninstructional, supplies, and materials	4400	—	—	—	—	—	—
Total supplies and materials		—	—	—	—	—	—
Other operating expenses and services	5000	—	—	—	21,681,292	—	21,681,292
Capital outlay:							
Library books	6000	—	—	—	—	—	—
Equipment:							
Equipment – additional	6410	—	—	—	—	—	—
Equipment – replacement	6420	—	—	—	—	—	—
Total equipment		—	—	—	—	—	—
Total capital outlay		—	—	—	—	—	—
Other outgo	7000	—	—	—	—	—	—
Total exclusions		—	—	—	60,317,073	—	60,317,073
Total for ECS 84362, 50% law		\$ 420,502,533	—	420,502,533	799,604,333	—	799,604,333
Percent of CEE (Instructional salary cost/Total CEE)		52.59 %		52.59 %	100 %		100 %
50% of current expense of education					399,802,167		399,802,167

See accompanying independent auditor's report on state compliance.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

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

Year ended June 30, 2024

Activity classification	Activity code				Total
EPA proceeds	8630				\$ 84,429,370
		Salaries and benefits (1000-3000)	Operating expenses (4000-5000)	Capital outlay (6000)	Total
Activity classification	Activity code	(1000-3000)	(4000-5000)	(6000)	Total
Instructional activities	0100-5900	\$ 84,005,095	—	—	84,005,095
Other support activities	6XXX	424,275	—	—	424,275
		<u>\$ 84,429,370</u>	<u>—</u>	<u>—</u>	<u>84,429,370</u>
Total expenditures for EPA					
Revenue less expenditures					\$ <u>—</u>

See accompanying independent auditor's report on state compliance.

LOS ANGELES COMMUNITY COLLEGE DISTRICT
Notes to Other Supplemental Compliance Information
Year ended June 30, 2024

(1) Purpose of Schedules

(a) Schedule of State Awards

The Schedule of State Awards includes the State grant activity of the District under categorical programs of the State of California for the year ended June 30, 2024.

(b) Schedule of Workload Measures for State General Apportionment

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

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

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

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

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

(2) Basis of Presentation and Accounting of State Awards

(a) Basis of Presentation

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

(i) Schedule of State Awards

The information in the Schedule of State Awards is presented to comply with the reporting requirements of the *California Community Colleges Contracted District Audit Manual (CDAM) 2023–24*.

(b) Basis of Accounting

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

LOS ANGELES COMMUNITY COLLEGE DISTRICT
Notes to Other Supplemental Compliance Information
Year ended June 30, 2024

(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 revenues in fund statements:

General fund	\$ 732,323,407
Special reserve fund	3,115,745
Child development fund	12,992,973
Student financial aid fund	<u>65,783,684</u>
	<u>814,215,809</u>
Less: Return of state apportionments, capital	
Special reserve fund	(23,650,428)
General fund	<u>(5,672,108)</u>
	<u>(29,322,536)</u>
Total state revenues in fund statements	<u>\$ 784,893,273</u>

State revenues in Schedule of State Awards

Total state revenues	\$ 272,976,151
Add general fund:	
Basic and equalization aid	481,799,016
State mandated costs	3,447,736
State lottery	32,966,415
Tax relief subvention	1,051,237
Other state funds	<u>18,859,509</u>
Total general fund revenue	538,123,913
Add special revenue fund:	
Community College Construction Act	3,115,745
Less: Return of state apportionments, capital	<u>(29,322,536)</u>
Total state revenues in fund statements	<u>\$ 784,893,273</u>

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

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Summary of Auditors' Results

Year ended June 30, 2024

(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: | Yes See finding FS 2024-01. |
| • Significant deficiencies identified that are not considered to be material weaknesses: | None. |
| c) Noncompliance which is material to the basic financial statements: | None. |

State Awards

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

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Summary of Auditors' Results

Year ended June 30, 2024

(2) Summary of State Award Findings

Finding No.	Section No.	Compliance and Description	Page No.
SC 2024-001	Section 427	<i>Dual Enrollment (CCAP):</i> CCAP Agreements not Fully Executed	91
SC 2024-002	Section 427	<i>Dual Enrollment (CCAP):</i> Missing or incomplete K-12 Supplemental Application Forms	92
SC 2024-003	Section 475	<i>Disabled Student Programs & Services (DSPS):</i> Missing Signatures on Student Educational Contract (SEC)	94

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

LOS ANGELES COMMUNITY COLLEGE DISTRICT
Schedule of State Award Findings and Questioned Costs
Year ended June 30, 2024

Finding SC 2024-001: CCAP Agreements not Fully Executed

State Compliance Requirement Information:

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

Criteria or Specific Requirement:

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

References:

Contracted District Audit Manual (CDAM) FY2023-24

Identified Condition:

For 6 of the 6 CCAP (College and Careers Access Pathways) agreements selected for testwork, we noted that the agreements were not fully executed (signed) and approved by both parties, Los Angeles Harbor College (the campus) and the related public school district partner.

Cause and Effect:

CCAP agreements were not executed due to campus oversight and lack of monitoring procedures. K- 12 students from public school district partners were able to enroll in courses at the campus, despite not being properly authorized via an executed CCAP agreement. Without a fully executed CCAP agreement, students should not be allowed to enroll in courses at the campus.

Questioned Costs:

None.

Recommendation:

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

Views of Responsible Officials and Planned Corrective Actions:

Corrective actions have already been put in place. Los Angeles Unified School District (LAUSD), the public school district partner, hired a Regional Administrative Coordinator, College and Career, School Counseling lead (the Coordinator) in July 2024. The Coordinator oversees the MOU/Addendums for LAUSD Region South. The College established a good working relationship and the Coordinator has provided the necessary information and the correct Addendum format to use. The Coordinator also bridged

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Schedule of State Award Findings and Questioned Costs

Year ended June 30, 2024

the communication gap with the high schools to obtain the signed agreements , which was completed for Fall 2024. Beginning November 2024, the College work on the Winter/Spring FY25 addendums.

Personnel responsible for implementation: Juan Baez & Sylvia Files

Position of responsible personnel: VP of Academic Affairs / Dual Enrollment Coordinator

Date of Implementation: Already in place for 2024/2025 academic year. – July 1, 2024

Finding SC 2024-002: Missing or Incomplete K-12 Supplemental Application Forms:

State Compliance Requirement Information

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

Criteria or Specific Requirement:

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

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

References:

Contracted District Audit Manual (CDAM) FY2023-24
California Education Code of Regulations Title 2

Identified Condition:

Of the 29 students selected for testwork, we noted the following:

- 1) 10 students with no K-12 Supplemental Application Form (application form) maintained on file.
- 2) 2 students with application forms that were missing execution dates by the parents and K-12 student.
- 3) 5 students whereby the application form was either missing or presented the incorrect date of birth for the K-12 student.

Cause and Effect:

The campus personnel did not follow established review procedures. Without an approved and complete K-12 Supplemental Application Form maintained on file, a student should not be allowed to enroll in courses at the campus.

LOS ANGELES COMMUNITY COLLEGE DISTRICT
Schedule of State Award Findings and Questioned Costs
Year ended June 30, 2024

Questioned Costs:

None.

Recommendation:

We recommend that the campus enhance existing procedures to ensure compliance with the requirements for K-12 students to enroll in only approved courses at the college and that approved K- 12 supplemental application forms are properly maintained on file. A review procedure should be implemented to ensure that all required documentation is maintained on file prior to allowing a K-12 student to enroll in courses at the college.

Views of Responsible Officials and Planned Corrective Actions:

Campus management will implement the following procedures:

- 1) K-12 students must submit a Supplemental Application form online through Dynamic Forms prior to enrollment, where each dynamic form will have required fields. The dynamic form will have system generated execution dates and will prevent submission until all fields are completed.
- 2) The Processor will review each form prior to inputting courses into PeopleSoft to ensure date of birth per the application form agrees to data of birth in PeopleSoft.
- 3) Ongoing staff training will be embedded into the enrollment life cycle in compliance with CDAM requirements.

Personnel responsible for implementation: Dr. Abigail Garcia Patton

Position of responsible personnel: *Vice President, Academic Affairs*

Date of Implementation: Fall 2024

LOS ANGELES COMMUNITY COLLEGE DISTRICT
Schedule of State Award Findings and Questioned Costs
Year ended June 30, 2024

Finding SC 2024-003: Missing Signatures on Student Educational Contract (SEC)

State Compliance Requirement Information:

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

Criteria or Specific Requirement:

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

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

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

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

References:

Contracted District Audit Manual (CDAM) FY2023-24
California Code of Regulations Title 5
Implementing Guidelines for Title 5 DSPS Regulations

Identified Condition:

For 2 of the 20 students sampled, we noted the DSPS AAP form was missing the student’s signature as the student’s interview with the DSPS counselor was conducted via phone.

Cause and Effect:

The campus does not have a formal process in place to ensure the AAP form is properly reviewed and signed by the student when the interview is not conducted in person (i.e. conducted via phone or virtual meeting). As such, there is no formal documentation that the student confirmed and approved the information on the completed AAP form.

LOS ANGELES COMMUNITY COLLEGE DISTRICT
Schedule of State Award Findings and Questioned Costs
Year ended June 30, 2024

Questioned Costs:

None.

Recommendation:

We recommend that the campus implement a procedure to ensure that the AAP form is properly executed (signed) by the student and the counselor for interviews that are not conducted in person (i.e. conducted via phone or virtual meeting).

Views of Responsible Officials and Planned Corrective Actions:

Los Angeles Trade Technical College management will update the AAP virtual and telephone process with immediate effect to ensure that AAP forms are properly completed and executed by the student and all responsible parties. The updated process as follows:

AAP Virtual and Telephone Process (As Revised):

- All AAP forms must be signed by the counselor and the student. Student shall sign every semester they receive accommodations after going through the interactive process with the counselor.
- Intake appointments can only be conducted via cranium, zoom, or in person. Accommodations appointments may be conducted via cranium, zoom, in person, or via telephone.
- When a meeting with a student occurs virtually or via telephone, the counselor and student will undergo the interactive process. The counselor will review the AAP with the student and if the student agrees with the accommodations provided, the student will be informed that they must sign the AAP form. The student's signature may be obtained via adobe sign sent by the counselor or in person by stopping by the DSPS office.
- If the student chooses to sign via adobe sign, the counselor will send the AAP form via adobe sign to the student. If the student chooses to come to the office, the counselor will print the form and provide to the front desk for the student to sign in person. The counselor will sign the form beforehand either electronically or via wet signature.
- The counselor will log the information in the one drive excel sheet and indicate how the student will sign the AAP form.
- Classified staff and graduate interns will track receipt of the signed AAP form and follow up with the student if the AAP form is not signed in a timely fashion.
- If the AAP form is sent out via adobe sign by the counselor, the counselor will receive a completed form, and will place in the electronic student file and mark the one drive excel sheet as received.

Personnel responsible for implementation: Maggie Cordero
Position of responsible personnel: Director and Dean of DSPS
Date of Implementation: October 2024

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

LOS ANGELES COMMUNITY COLLEGE DISTRICT
 Summary Schedule of Prior Year State Compliance Audit Findings
 Year ended June 30, 2024

Finding Reference and Description	Identified Condition and Prior Year's Corrective Action Plan	Current Status	Explanation if not fully implemented
<p>SC 2023-001 Section 427 <i>Dual Enrollment (CCAP):</i> Untimely K-12 Supplemental Application Form Campus: Los Angeles Valley College</p>	<p>Identified Condition: For 5 of 28 students sampled, the student's K-12 Supplemental Application Form was not approved and signed by the Student, Parent, and High School official (counselor) during fiscal year (FY) 2022-23. These forms were instead approved during FY 2023-24. These students were able to enroll in courses during school FY 2022-2023, although the K-12 Supplemental Application Forms were signed and approved during school FY 2023-2024.</p> <p>Views of Responsible Officials and Planned Corrective Actions: During the COVID pandemic, Los Angeles Valley College (LAVC) adopted a temporary process where:</p> <ul style="list-style-type: none"> • Students were selected by the high school to participate in dual enrollment/ CCAP programs. • The high school sent lists of students approved to enroll in particular classes. • Los Angeles Valley College cleared students on the High School (HS) Control page and enrolled them in the class(es). • Los Angeles Valley College collected K-12 forms to document the process which had already occurred. 	<p>Implemented October 2023</p>	<p>Not applicable</p>

LOS ANGELES COMMUNITY COLLEGE DISTRICT
 Summary Schedule of Prior Year State Compliance Audit Findings
 Year ended June 30, 2024

Finding Reference and Description	Identified Condition and Prior Year's Corrective Action Plan	Current Status	Explanation if not fully implemented
<p>SC 2023-002</p> <p>Section 427</p> <p><i>Dual Enrollment (CCAP):</i></p> <p>Incomplete K-12 Supplemental Application Form</p> <p>Campus: Los Angeles City College</p>	<p>Following termination of the pandemic emergency in February 2023, LAVC will return to pre-COVID procedures for collecting Supplemental Application forms for K-12 students, clearing students on the HS Control page, and enrolling students into approved classes.</p> <p>Identified Condition:</p> <p>For 1 of 19 concurrent students sampled, we noted that the student's K-12 Supplemental Application Form did not include 1 of the 4 courses that the student was enrolled in. Thus, there was no formal approval for the student to enroll in the course during Spring term.</p> <p>Views of Responsible Officials and Planned Corrective Actions:</p> <p>To ensure compliance with the requirements for K-12 students to enroll in only approved courses at the college and that applications are appropriately saved as to not be misplaced, Los Angeles City College has made significant improvements during fiscal year 2024, including:</p> <ol style="list-style-type: none"> 1. Hiring of additional personnel 2. Additional technical support and resources were identified and put in place to assist students and parents, and make the process more efficient. 	<p>Implemented June 2023.</p>	<p>Not applicable</p>

LOS ANGELES COMMUNITY COLLEGE DISTRICT
 Summary Schedule of Prior Year State Compliance Audit Findings
 Year ended June 30, 2024

Finding Reference and Description	Identified Condition and Prior Year's Corrective Action Plan	Current Status	Explanation if not fully implemented
<p>SC 2023-003 Section 475 <i>Disabled Student Programs & Services (DSPS):</i> Missing Signatures on Student Educational Contract (SEC) Campus: Los Angeles Southwest College</p>	<p>Identified Condition: For 1 of the 20 students sampled, we noted the student's DSPS AAP was missing the student's signature and DSPS staff signatures.</p> <p>Views of Responsible Officials and Planned Corrective Actions: The DSPS office at Los Angeles Southwest College will implement a file review system in which the Office Assistant will audit new student files to ensure all forms are properly completed. Each file will contain a checklist including all required documents. Once the counselor meets with a new student, a file will be created and stored on the shared drive. Each week, the Office Assistant will review the files and mark each completed document on the checklist. Once the checklist is complete, the file will be saved on the shared drive.</p>	<p>Implemented October 2023</p>	<p>Not applicable</p>
<p>SC 2023-004 Section 411 <i>SCFF Data Management Control Environment:</i> Formally Establish and Document Risk Acceptance Process; Perform Regular Backup Restoration Tests;</p>	<p>Identified Condition: In our assessment related to the District's compliance with Section 411 compliance requirement (c), where we reviewed and tested the <i>IT environment and controls surrounding the information systems used for SCFF</i>, we identified the following areas to further improve the District's IT environment:</p>	<p>Implemented. All items in the identified condition have been implemented as it relates to information</p>	<p>Not applicable</p>

LOS ANGELES COMMUNITY COLLEGE DISTRICT
 Summary Schedule of Prior Year State Compliance Audit Findings
 Year ended June 30, 2024

Finding Reference and Description	Identified Condition and Prior Year's Corrective Action Plan	Current Status	Explanation if not fully implemented
<p>Perform Timely Access Revocation and Regular Access Reviews; Maintain and Review Logs of Users' Activity for Both SAP and PS SIS; Implement Data-at-Rest Encryption for Devices Storing Customer Data; Enforce Strict Compliance on Controls Over SAP Direct to Production Changes</p>	<p>A. Formally Establish and Document Risk Acceptance Process</p> <p>The District's Written Information Security Program does not explicitly define the criteria for accepting potential risks. A related process document, which was committed to be completed in the prior year, is still in development as of September 2023.</p> <p>B. Perform Regular Backup Restoration Tests</p> <p>The District performed a comprehensive Tabletop Disaster Recovery (DR) exercise for both SAP and SIS during the audit period. As part of the exercise, the DR Team simulated a scenario, fully supported with recovery considerations, steps, results, recovery challenges, and key recommendations to improve moving forward – the exercise was also reviewed and approved by the Vice Chancellor and Chief Information Officer. However, a key activity which is the actual backup restoration testing was not performed as part of the tabletop exercise or at any point during the audit period.</p>	<p>systems used for SCFF.</p>	

LOS ANGELES COMMUNITY COLLEGE DISTRICT
 Summary Schedule of Prior Year State Compliance Audit Findings
 Year ended June 30, 2024

Finding Reference and Description	Identified Condition and Prior Year's Corrective Action Plan	Current Status	Explanation if not fully implemented
	<p>C. Perform Timely Access Revocation and System Access Reviews</p> <p>Based on a test of controls to verify that access of terminated employees is timely removed in Active Directory (AD), SAP, and PeopleSoft Student Information System (PS SIS), we noted that out of the terminated employees subject to testing:</p> <ol style="list-style-type: none"> 3. 13 users were active in AD, three (3) of whom have logged in after their termination. 4. 76 users were still active in SAP, 19 of whom have logged in after their termination. 5. 81 users were still active in PS SIS, 42 of whom have logged in after their termination. <p>Moreover, while a privileged user access review is performed for AD, there is no review performed to check the validity of regular users in AD and the validity and appropriateness of users in SAP and SIS. Employee functions and/or responsibilities may change over time; thus, previously provisioned access may no longer be valid. Furthermore, a new compliance requirement, which requires institutions to perform periodic access reviews for physical access in the data centers where the critical student</p>		

LOS ANGELES COMMUNITY COLLEGE DISTRICT
 Summary Schedule of Prior Year State Compliance Audit Findings
 Year ended June 30, 2024

Finding Reference and Description	Identified Condition and Prior Year's Corrective Action Plan	Current Status	Explanation if not fully implemented
	<p>information systems are hosted [16 CFR 314.4(c)(1)], was also not performed during the audit period.</p> <p>D. <i>Maintain and Review Logs of Users' Activity for both SAP and PS SIS</i></p> <p>A new compliance requirement, which requires institutions to monitor and log the activity of authorized users and detect unauthorized access or use of, or tampering with, customer information by such users [16 CFR 314.4(c)(8)], is not currently implemented by the District.</p> <p>E. <i>Implement Data-at-Rest Encryption for Devices Storing Customer Data</i></p> <p>A new compliance requirement, which requires institutions to protect by encryption all students' data held at rest [16 CFR 314.4(c)(3)], is not currently implemented by the District (e.g., SAP and SIS servers).</p> <p>F. <i>Enforce Strict Compliance on Controls over SAP Direct to Production Changes</i></p> <p>SAP production client was opened on 10/03/2022 and 11/09/2022 without sufficient documentation that it was authorized and approved. Opening the production client, if not controlled, carries a significant risk since changes can be made directly to the</p>		

LOS ANGELES COMMUNITY COLLEGE DISTRICT
 Summary Schedule of Prior Year State Compliance Audit Findings
 Year ended June 30, 2024

Finding Reference and Description	Identified Condition and Prior Year's Corrective Action Plan	Current Status	Explanation if not fully implemented
	<p>production environment without transport requests, thereby circumventing any established change management controls.</p> <p>Views of Responsible Officials and Planned Corrective Actions:</p> <p>A. Formally Establish and Document Risk Acceptance Process</p> <p>Requirements for risk assessments and risk acceptance processes to comply with GLBA were expanded in June of 2023. The District engaged a third-party consultant to conduct a GLBA-compliant risk assessment and advise on recommended changes to the District's Written Information Security Plan (WISP) to comply with the new requirements. The findings and recommendations were presented to the District in October of 2023 and are currently under review. The District will initiate a project to formalize risk acceptance by December 31st, 2023, and implement the risk acceptance process by June 30, 2024.</p> <p>B. Perform Regular Backup Restoration Tests</p> <p>The District has engaged with a third party to build a testing environment to physically test restoration of the SIS environment. Initiation of the project is pending processing of the Purchase Order. The</p>		

LOS ANGELES COMMUNITY COLLEGE DISTRICT
 Summary Schedule of Prior Year State Compliance Audit Findings
 Year ended June 30, 2024

Finding Reference and Description	Identified Condition and Prior Year's Corrective Action Plan	Current Status	Explanation if not fully implemented
	<p>District anticipates completion of the restoration by December 31st, 2023.</p> <p>With respect to SAP, the District is currently engaged in an effort to migrate the SAP database to HANA. When this project is complete, the same test environment will be capable of performing physical recovery tests for SAP. The HANA migration is estimated to be completed on February 28th, 2024.</p>		
	<p>C. Perform Timely Access Revocation and Regular Access Reviews</p> <p>With respect to the District's Single Sign-On (ADFS or SSO) environments, the District engaged professional services consultants to address this item by automating the disablement of employee accounts based upon the termination of assignment. The work is currently underway. The target completion of the process is December 15, 2023. With respect to the SAP environment, the District has engaged with a vendor to implement Multifactor Authentication (MFA) in the SAP environment. Work will begin upon processing the Purchase Order. Once both efforts are complete, disabling employee accounts in SSO, SIS and SAP will be performed automatically based upon the termination of assignments according to criteria established by Human Resources.</p>		

LOS ANGELES COMMUNITY COLLEGE DISTRICT
 Summary Schedule of Prior Year State Compliance Audit Findings
 Year ended June 30, 2024

Finding Reference and Description	Identified Condition and Prior Year's Corrective Action Plan	Current Status	Explanation if not fully implemented
	<p>With respect to access reviews of SIS and SAP, the District is currently researching the export of user audit logs to the District's analysis environment to enable regular reviews. The new target to perform regular access reviews for SAP and SIS is the end of Q1 2024.</p> <p>With respect to physical access reviews, the District Information Security Team will perform an annual review of relevant operational protocols for data center access with the appropriate internal teams and perform an audit of data access at a minimum of once per year. The first annual protocol review will be completed by December 1st, 2023. The first annual audit will commence no later than March 1st, 2024.</p> <p>D. Maintain and Review Logs of Users' Activity for both SAP and PS SIS</p> <p>The District is currently researching the export of user audit logs to the District's analysis environment to enable regular reviews. The new target to perform regular access reviews for SAP and SIS is the end of Q1 2024.</p>		

LOS ANGELES COMMUNITY COLLEGE DISTRICT
 Summary Schedule of Prior Year State Compliance Audit Findings
 Year ended June 30, 2024

Finding Reference and Description	Identified Condition and Prior Year's Corrective Action Plan	Current Status	Explanation if not fully implemented
	<p>E. Implement Data-at-Rest Encryption for Devices Storing Customer Data</p> <p>The District engaged a third-party consultant to perform a comprehensive review of PeopleSoft security controls, including the implementation of encryption of financial aid data within PeopleSoft. The results are pending. Based upon those recommendations, the District will work with encryption providers to develop and implement field-level encryption of financial aid data in SIS as appropriate.</p> <p>With respect to end-user devices storing sensitive data, the District recently adopted workstation hardening requirements that include whole-disk encryption for desktop and laptop computers used by personnel who routinely access sensitive information, including financial aid data. The District will implement the standards on workstations used by employees in financial aid and institutional research by June 30, 2024. Once this is complete, additional workstations will be encrypted in order of potential risk.</p>		

LOS ANGELES COMMUNITY COLLEGE DISTRICT
 Summary Schedule of Prior Year State Compliance Audit Findings
 Year ended June 30, 2024

Finding Reference and Description	Identified Condition and Prior Year's Corrective Action Plan	Current Status	Explanation if not fully implemented
	<p>F. Enforce Strict Compliance on Controls over SAP Direct to Production Changes</p> <p>The requests for direct changes in SAP production will be tracked and included in our help desk requests so that an auditable trail can be created leading to the purpose and completion of the production changes. Additionally, direct production change requests will be reviewed and approved following the District's Change Control process. Minor updates that do not fall within the change control guidelines will require managerial approval within the help desk system.</p>		

FEDERAL AWARDS



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

**The Honorable Board of Trustees
Los Angeles Community College District**

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Los Angeles Community College District's (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2024. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of federal award findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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



Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance with those requirements which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of federal award findings and questioned costs as findings FA 2024-001 to FA 2024-005. Our opinion on each major program is not modified with respect to these matters.

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



Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of federal award findings and questioned costs as finding FA 2024-002 to be a significant deficiency.

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

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

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

Glendale, California
December 23, 2024



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

**The Honorable Board of Trustees
Los Angeles Community College District**

Report on the Schedule of Expenditures of Federal Awards

Opinion on the Schedule of Expenditures of Federal Awards

We have audited the schedule of expenditures of federal awards (Schedule) of the Los Angeles Community College District (the District) for the year ended June 30, 2024.

In our opinion, the accompanying schedule of expenditures of federal awards referred to above presents fairly, in all material respects, the federal expenditures of the Los Angeles Community College District for the year ended June 30, 2024, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of the Schedule of Expenditures of Federal Awards section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Schedule of Expenditures of Federal Awards

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



Auditor's Responsibilities for the Audit of the Schedule of Expenditures of Federal Awards

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

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

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

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

**Glendale, California
December 23, 2024**

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Schedule of Expenditures of Federal Awards

Year ended June 30, 2024

Federal grantor/pass-through grantor/program or cluster title	Assistance listing number	Award or pass-through identification number	Passed through to subrecipients	Total federal expenditures
Major Programs:				
US Department of Education:				
Student Financial Assistance Cluster:				
Direct Programs:				
Federal Supplement Educational Opportunity Grants (FSEOG):				
Los Angeles City College	84.007	P007A210450	\$ -	\$ 541,281
East Los Angeles College	84.007	P007A210365	-	720,931
Educational Service Center	84.007	—	-	17,407
Los Angeles Harbor College	84.007	P007A210451	-	242,275
Los Angeles Mission College	84.007	P007A210452	-	257,504
Los Angeles Pierce College	84.007	P007A210453	-	638,855
Los Angeles Southwest College	84.007	P007A210455	-	151,250
Los Angeles Trade Technical College	84.007	P007A210456	-	533,251
Los Angeles Valley College	84.007	P007A210457	-	416,749
West Los Angeles College	84.007	P007A210676	-	324,891
			<hr/>	<hr/>
			-	3,844,394
Federal Work Study Program:				
Los Angeles City College	84.033	P033A210450	-	523,667
East Los Angeles College	84.033	P033A210365	-	752,835
Educational Service Center	84.033		-	384
Los Angeles Harbor College	84.033	P033A210451	-	191,853
Los Angeles Mission College	84.033	P033A210452	-	240,534
Los Angeles Pierce College	84.033	P033A210453	-	298,262
Los Angeles Southwest College	84.033	P033A210455	-	175,189
Los Angeles Trade Technical College	84.033	P033A210456	-	281,144
Los Angeles Valley College	84.033	P033A210457	-	376,756
West Los Angeles College	84.033	P033A210676	-	117,148
			<hr/>	<hr/>
			-	2,957,772
Federal Perkins Loan Program:				
Los Angeles City College	84.038	-	-	2,194
East Los Angeles College	84.038	-	-	24,015
			<hr/>	<hr/>
			-	26,209
Federal Pell Grant Program:				
Los Angeles City College	84.063	P063P210033	-	21,136,514
East Los Angeles College	84.063	P063P215263	-	40,663,139
Los Angeles Harbor College	84.063	P063P210034	-	8,797,397
Los Angeles Mission College	84.063	P063P210658	-	10,850,302
Los Angeles Pierce College	84.063	P063P210035	-	25,405,451
Los Angeles Southwest College	84.063	P063P215261	-	7,257,248
Los Angeles Trade Technical College	84.063	P063P215260	-	20,294,313
Los Angeles Valley College	84.063	P063P210036	-	23,098,688
West Los Angeles College	84.063	P063P215262	-	10,322,643
			<hr/>	<hr/>
			-	167,825,695
Federal Direct Student Loans:				
Los Angeles City College	84.268	P268K220033	-	6,219,596
East Los Angeles College	84.268	P268K225263	-	1,299,958
Los Angeles Harbor College	84.268	P268K220034	-	427,061
Los Angeles Mission College	84.268	P268K220658	-	792,881
Los Angeles Pierce College	84.268	P268K220035	-	4,301,934
Los Angeles Southwest College	84.268	P268K225261	-	728,198
Los Angeles Trade Technical College	84.268	P268K225260	-	1,560,905
Los Angeles Valley College	84.268	P268K220036	-	2,355,637
West Los Angeles College	84.268	P268K225262	-	2,091,227
			<hr/>	<hr/>
			-	19,777,397
Total Student Financial Assistance Cluster				
			<hr/>	<hr/>
			-	194,431,467

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Schedule of Expenditures of Federal Awards

Year ended June 30, 2024

Federal grantor/pass-through grantor/program or cluster title	Assistance listing number	Award or pass-through identification number	Passed through to subrecipients	Total federal expenditures
Direct Program:				
Adult Education – Basic Grants to States:				
Los Angeles City College	84.002	2024-64740	\$ -	\$ 1,642,967
East Los Angeles College	84.002	2024-64740	-	135,999
Los Angeles Harbor College	84.002	2024-64740	-	52,962
Los Angeles Mission College	84.002	2024-64740	-	105,039
Los Angeles Pierce College	84.002	2024-64740	-	40,538
Los Angeles Southwest College	84.002	2024-64740	-	501,704
Los Angeles Valley College	84.002	2024-64740	-	206,996
West Los Angeles College	84.002	2024-64740	-	175,506
Total Adult Education – Basic Grants to States			-	2,861,711
Total U.S. Department of Education			-	197,293,178
U.S. Department of Labor:				
Direct Program:				
H-1B Job Training Grant:				
West Los Angeles College	17.268	HG-33046-19-60-A-6	2,438,543	3,176,613
Total U.S. Department of Labor			2,438,543	3,176,613
Total Major Programs			2,438,543	200,469,791
Non-Major Programs:				
US Department of Agriculture:				
Passed-through The University Corporation:				
Agriculture and Food Research Initiative (AFRI):				
Nutrition and Food Workplace Pathways for Underrepresented Students:				
Los Angeles Mission College	10.310	A23-0073-S001	-	3,001
Passed-through California Department of Education:				
Child and Adult Care Food Programs:				
Los Angeles City College	10.558	04056-CACFP-19-CC-CS	-	21,505
East Los Angeles College	10.558	04056-CACFP-19-CC-CS	-	58,502
Los Angeles Harbor College	10.558	04056-CACFP-19-CC-CS	-	75,606
Los Angeles Mission College	10.558	04056-CACFP-19-CC-CS	-	58,127
Los Angeles Pierce College	10.558	04056-CACFP-19-CC-CS	-	45,942
Los Angeles Southwest College	10.558	04056-CACFP-19-CC-CS	-	52,916
Los Angeles Trade Technical College	10.558	04056-CACFP-19-CC-CS	-	45,400
Los Angeles Valley College	10.558	04056-CACFP-19-CC-CS	-	73,485
West Los Angeles College	10.558	04056-CACFP-19-CC-CS	-	28,362
Total Child and Adult Care Food Programs			-	459,845
Passed-through Foundation for California Community Colleges:				
State Administrative Match Grant for Supplemental Nutrition Assistance Program:				
Los Angeles City College	10.561	00004499	-	261,437
Fresh Success:				
West Los Angeles College	10.561	00004130	-	114,300
Passed-through California State University, Chico:				
CalFresh Outreach:				
Los Angeles Mission College	10.561	A22-0055-S058	-	1,300
Los Angeles Valley College	10.561	A22-0055-S059	-	15,360
Total State Administrative Match Grant for Supplemental Nutrition Program			-	392,397
Total U.S. Department of Agriculture			-	855,243
U.S. Department of Labor:				
Workforce Innovation and Opportunity Act (WIOA) Cluster:				
Passed-through American Association of Community Colleges:				
Closing Equity Gaps in Allied Health				
Los Angeles Mission College	17.261	23A60CC000007-01-00	-	408,794
Passed-through South Bay Workforce Investment Board:				
1-Train South Bay Workforce Invest Board:				
Dislocated Worker Formula Grants:				
Los Angeles Mission College	17.278	17-W182	-	1,786
Total Workforce Innovation and Opportunity Act (WIOA) Cluster			-	410,580
Direct Program:				
Community Project Funding/Congressionally Directed Spending:				
Every Career is a Climate Career Training:				
West Los Angeles College	17.289	24A60CP000318-01-00	-	49,596
Total U.S. Department of Labor			-	460,176

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Schedule of Expenditures of Federal Awards

Year ended June 30, 2024

Federal grantor/pass-through grantor/program or cluster title	Assistance listing number	Award or pass-through identification number	Passed through to subrecipients	Total federal expenditures
<u>National Science Foundation:</u>				
Direct Programs:				
Collaborative Research: Early-concept Grants for Exploratory Research:				
East Los Angeles College	47.050	2039086	\$ -	\$ 50,837
Advancing Scholars Successful Undergraduate Research Experience:				
Los Angeles City College	47.076	2021548	-	70,870
Biology Major in Mathematics:				
Los Angeles Mission College	47.076	1832348	-	225,841
Biotechnology Program:				
Los Angeles Mission College	47.076	2054891	-	110,273
Increasing Retention of Veterans in Engineering:				
East Los Angeles College	47.076	1821721	-	587,577
Training Skilled Biomanufa Workforce:				
Los Angeles Pierce College	47.076	2100575	-	61,371
Pathways and Career Explorations in Science, Technology, Engineering, and Mathematics:				
Los Angeles Pierce College	47.076	2121999	-	43,243
Los Angeles Valley College	47.076	2121999	-	425,105
Improving Student Career Readiness Experiential Learning and Internships:				
Los Angeles Pierce College	47.076	1955360	-	109,943
Hispanic Serving Institution Precise NSF:				
West Los Angeles College	47.076	2115189	-	49,495
Building a Data Driven Pathway:				
Los Angeles Habror College	47.076	2202226	-	32,434
STEM Undergraduate Research Experiences- Community College:				
Los Angeles Pierce College	47.076	2150195	-	109,889
Passed-through California State University, Dominguez Hills Foundation:				
Diversity, Equity & Inclusion: Teaching to Include Each Student				
Educational Service Center	47.076	1928740-3CSN	-	275,926
			-	2,101,967
			-	2,152,804
Total National Science Foundation				
<u>US Department of Education:</u>				
Direct Program:				
Higher Education Institutional Aid:				
Los Angeles City College	84.031	P031S200120	-	304,414
Los Angeles Harbor College	84.031	P031S210101	-	717,015
Los Angeles Harbor College	84.031	P031S230269	-	17,950
Los Angeles Mission College	84.031	P031S200103	-	571,038
Los Angeles Mission College	84.031	P031C210203	-	1,177,682
Los Angeles Mission College	84.031	P031S230362	-	377,261
Los Angeles Pierce College	84.031	P031S220118	-	721,756
Los Angeles Pierce College	84.031	P031S230232	-	3,732
Los Angeles Southwest College	84.031	P031P210003	-	151,433
Los Angeles Valley College	84.031	P031S190289	-	560,943
Los Angeles Valley College	84.031	P031S200222	-	462,199
West Los Angeles College	84.031	P031S180053	-	501,862
Total Higher Education Institutional Aid				
			-	5,567,285

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Schedule of Expenditures of Federal Awards

Year ended June 30, 2024

Federal grantor/pass-through grantor/program or cluster title	Assistance listing number	Award or pass-through identification number	Passed through to subrecipients	Total federal expenditures
Direct Program:				
TRIO Cluster:				
TRIO – Student Support Services:				
Los Angeles City College	84.042	P042A200354	\$ -	\$ 401,273
Los Angeles Harbor College	84.042	P042A210947	-	398,490
Los Angeles Mission College	84.042	P042A201696	-	179,426
Los Angeles Southwest College	84.042	P042A201432	-	56,458
Los Angeles Southwest College	84.042	P042A201884	-	327,645
Los Angeles Valley College	84.042	P042A201769	-	303,331
West Los Angeles College	84.042	P042A201592	-	146,740
			<u>-</u>	<u>1,813,363</u>
TRIO – Talent Search:				
Los Angeles Southwest College	84.044	P044A210635	-	313,340
West Los Angeles College	84.044	P044A210940	-	229,061
			<u>-</u>	<u>542,401</u>
TRIO – Upward Bound:				
Los Angeles City College	84.047	P047A220450	-	441,632
Los Angeles City College	84.047	P047A220451	-	300,482
Los Angeles Valley College	84.047	P047A170038	-	25,253
Los Angeles Valley College	84.047	P047M170100	-	37,477
Los Angeles Valley College	84.047	P047M220124	-	359,730
Los Angeles Valley College	84.047	P047A221464	-	310,027
West Los Angeles College	84.047	P047A170859	-	14,937
West Los Angeles College	84.047	P047M220513	-	212,357
West Los Angeles College	84.047	P047M220511	-	323,027
West Los Angeles College	84.047	P047A221057	-	346,083
West Los Angeles College	84.047	P047A221058	-	323,450
			<u>-</u>	<u>2,694,455</u>
TRIO – Educational Opportunity Centers:				
West Los Angeles College	84.066	P066A210285	-	240,363
TRIO - Student Parent Support Program:				
Los Angeles Valley College	84.335	P335A210004	-	246,332
Total TRIO Cluster				
			<u>-</u>	<u>5,536,914</u>
Passed-through California Community Colleges Chancellor's Office:				
Career and Technical Education – Basic Grant to States (Perkins V):				
Perkins V Title I-C:				
Los Angeles City College	84.048	19-C01-027	-	564,835
East Los Angeles College	84.048	19-C01-027	-	886,872
Educational Service Center	84.048	19-C01-027	-	218,784
Los Angeles Harbor College	84.048	19-C01-027	-	251,617
Los Angeles Mission College	84.048	19-C01-027	-	380,617
Los Angeles Pierce College	84.048	19-C01-027	-	507,332
Los Angeles Southwest College	84.048	19-C01-027	-	235,246
Los Angeles Trade Technical College	84.048	19-C01-027	-	509,599
Los Angeles Valley College	84.048	19-C01-027	-	499,925
West Los Angeles College	84.048	19-C01-027	-	464,455
Perkins V Reserve Innovation Grant:				
Los Angeles Pierce College	84.048	—	-	170,206
Total Career and Technical Education – Basic Grant to States (Perkins V)				
			<u>-</u>	<u>4,689,488</u>

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Schedule of Expenditures of Federal Awards

Year ended June 30, 2024

Federal grantor/pass-through grantor/program or cluster title	Assistance listing number	Award or pass-through identification number	Passed through to subrecipients	Total federal expenditures
Direct Programs:				
Fund for Improvement of Postsecondary Education:				
Los Angeles City College	84.116	P116Z220130	\$ -	\$ 596,895
Los Angeles City College	84.116	P116N210021	-	383,418
East Los Angeles College	84.116	P116Z220047	-	200,000
Los Angeles Mission College	84.116	P116Z230305	-	33,367
Los Angeles Mission College	84.116	P116Z230014	-	444,313
Los Angeles Mission College	84.116	P116Z220162	-	158,966
Los Angeles Pierce College	84.116	P116Z230132	-	443,980
Los Angeles Southwest College	84.116	P116Z220210	-	112,858
Los Angeles Valley College	84.116	P116Z220162	-	85,682
			<u>-</u>	<u>2,459,479</u>
Passed-through California Department of Rehabilitation:				
Rehabilitation Services Vocational Rehabilitation Grants to States:				
College to Career Program:				
West Los Angeles College	84.126	31792	-	223,245
Passed-through Harvard University:				
Improving Pandemic Recovery Efforts Education:				
Los Angeles Pierce College	84.305	108199-5123443	-	93,702
Passed-through Los Angeles Unified School District:				
Gaining Early Awareness and Readiness for Undergraduate Programs:				
Los Angeles City College	84.334	4400007127	-	10,218
Los Angeles City College	84.334	4400007145	-	2,330
Los Angeles City College	84.334	4400008257	-	4,049
Los Angeles City College	84.334	4500859420	-	8,934
Los Angeles City College	84.334	4500859422	-	3,788
Los Angeles Mission College	84.334	4400009593	-	21,480
Los Angeles Trade Technical College	84.334	4400007128	-	8,169
Los Angeles Trade-Technical College	84.334	4400007146	-	13,417
Los Angeles Trade-Technical College	84.334	4400011247	-	19,652
Total Gaining Early Awareness and Readiness for Undergraduate Programs			<u>-</u>	<u>92,037</u>
Passed-through Center for Collaborative Education:				
Teacher Quality Partnership:				
West Los Angeles College	84.336	WLAC 23-24	-	24,923
Direct Program:				
Higher Education Emergency Relief Fund (HEERF):				
HEERF – Minority Serving Institutions:				
Los Angeles City College	84.425	P425L200437	-	1,686
Los Angeles Trade Technical College	84.425	P425L200440	-	75,610
Total Higher Education Emergency Relief Fund			<u>-</u>	<u>77,296</u>
Total U.S. Department of Education			<u>-</u>	<u>18,764,369</u>
US Department of Health and Human Services:				
Direct Programs:				
Congressional Directives:				
Southeast Training Hub in Health Care:				
East Los Angeles College	93.493	CE1HS46520	-	111,022
477 Cluster Program:				
Passed-through California Community Colleges Chancellor's Office:				
Temporary Assistance for Needy Families (TANF):				
Los Angeles City College	93.558	4362501711014	-	118,214
East Los Angeles College	93.558	4362501711014	-	123,999
Los Angeles Harbor College	93.558	4362501711014	-	87,787
Los Angeles Mission College	93.558	4362501711014	-	83,102
Los Angeles Pierce College	93.558	4362501711014	-	80,666
Los Angeles Southwest College	93.558	4362501711014	-	99,811
Los Angeles Trade Technical College	93.558	4362501711014	-	147,637
Los Angeles Valley College	93.558	4362501711014	-	158,900
West Los Angeles College	93.558	4362501711014	-	70,662
			<u>-</u>	<u>970,778</u>

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Schedule of Expenditures of Federal Awards

Year ended June 30, 2024

Federal grantor/pass-through grantor/program or cluster title	Assistance listing number	Award or pass-through identification number	Passed through to subrecipients	Total federal expenditures
Passed-through California Department of Education:				
Child Care and Development Block Grant:				
Family Child Care Homes:				
Los Angeles Mission College	93.575	CFCC-3009	\$ -	\$ 90,244
General Child Care and Development Program:				
East Los Angeles College	93.575	CCTR-3120	-	9,905
Los Angeles Mission College	93.575	CCTR-3120	-	196,131
Los Angeles Valley College	93.575	CCTR-3120	-	143,775
CDC Family Child Care:				
Los Angeles Mission College	93.575	-	-	16,775
Assembly Bill 110 One-Time:				
Los Angeles Mission College	93.575	-	-	27,840
Assembly Bill 131 Stipend:				
Los Angeles Harbor College	93.575	-	-	909
Los Angeles Southwest College	93.575	-	-	489
Assembly Bill 131 Stipend California State				
Preschool Program (CSPP):				
Los Angeles Harbor College	93.575	-	-	4,978
Los Angeles Pierce College	93.575	-	-	9,777
West Los Angeles College	93.575	-	-	435
Assembly Bill 140 Stipend:				
Los Angeles Mission College	93.575	-	-	36,000
Assembly Bill 179 Stipend:				
Los Angeles Harbor College	93.575	-	-	1,136
Los Angeles Mission College	93.575	-	-	87,962
Los Angeles Pierce College	93.575	-	-	4,990
Los Angeles Southwest College	93.575	-	-	5,574
Assembly Bill 185 One-Time Funds				
Los Angeles Pierce College	93.575	-	-	1,554
			-	638,474
Child Care Mandatory and Matching Funds of the Child Care and Development Fund:				
Los Angeles Mission College	93.596	CFCC-3009	-	196,314
East Los Angeles College	93.596	CCTR-3120	-	20,666
Los Angeles Mission College	93.596	CCTR-3120	-	409,191
Los Angeles Valley College	93.596	CCTR-3120	-	299,960
			-	926,131
Total 477 Cluster Program				
			-	2,535,383
Passed-through California Department of Education:				
Foster Care - Title IV-E:				
Los Angeles City College	93.658	-	-	43,977
East Los Angeles College	93.658	-	-	36,044
Los Angeles Harbor College	93.658	-	-	36,641
Los Angeles Mission College	93.658	-	-	42,439
Los Angeles Pierce College	93.658	-	-	28,882
Los Angeles Southwest College	93.658	-	-	35,463
Los Angeles Trade Technical College	93.658	-	-	55,146
West Los Angeles College	93.658	-	-	44,508
			-	323,100
Passed-through Baldwin Park Unified School District:				
Early Head Start Program:				
Los Angeles Trade Technical College	93.600	PO 2303603	-	219,576
Los Angeles Trade Technical College	93.600	PO 2400286	-	204,288
			-	423,864
Total Foster Care – Title IV-E				
			-	746,964
Total U.S. Department of Health and Human Services				
			-	3,393,369

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Schedule of Expenditures of Federal Awards

Year ended June 30, 2024

Federal grantor/pass-through grantor/program or cluster title	Assistance listing number	Award or pass-through identification number	Passed through to subrecipients	Total federal expenditures
Corporation for National and Community Service				
American Recovery and Reinvestment Act (ARRA):				
AmeriCorps:				
Los Angeles City College	94.006	-	\$ -	\$ 9,584
East Los Angeles College	94.006	-	-	32,374
Los Angeles Harbor College	94.006	-	-	13,220
Los Angeles Mission College	94.006	-	-	3,825
Los Angeles Pierce College	94.006	-	-	1,966
Los Angeles Southwest College	94.006	-	-	1,054
Los Angeles Trade Technical College	94.006	-	-	116,661
Los Angeles Valley College	94.006	-	-	2,506
West Los Angeles College	94.006	-	-	5,034
			<hr/>	<hr/>
			-	186,224
			<hr/>	<hr/>
Total Corporation for National and Community Service			-	186,224
			<hr/>	<hr/>
Total Non-Major Programs			-	25,812,185
			<hr/>	<hr/>
Total Expenditures of Federal Awards			\$ 2,438,543	\$ 226,281,976

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

LOS ANGELES COMMUNITY COLLEGE DISTRICT
Notes to Schedule of Expenditures of Federal Awards
Year ended June 30, 2024

(1) Purpose of Schedule

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

The SEFA includes all federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other government agencies for the year ended June 30, 2024.

(b) Basis of Presentation

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

(i) SEFA

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

(c) Basis of Accounting

The accompanying SEFA is presented using the accrual basis of accounting. Expenditures on the SEFA are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District utilizes a negotiated indirect cost rate for salary and wages of 30.9% for the year ended June 30, 2024.

(2) Federal Student Loan Programs

The federal student loan programs listed below are administered directly by the District, and balances and transactions relating to these programs are included in the District's basic financial statements. Loans outstanding at the beginning of the year and loans made during the year and administrative cost allowances are included in the federal expenditures presented in the accompanying SEFA. Loan advances made to students for the year ended June 30, 2024 and loans outstanding held by the District as of June 30, 2024 are as follows:

<u>Cluster name/ program title</u>	<u>Assistance listing number</u>	<u>Loan advances made</u>	<u>Loan balances outstanding</u>
Student Financial Assistance Cluster:			
Federal Perkins Loan Program	84.038	\$ —	26,209
Federal Direct Student Loans	84.268	19,777,397	—

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2024

(3) Administrative Cost Allowances

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

Student Financial Assistance Cluster:		
Federal Supplemental Educational Opportunity Grant	\$	120,756
Federal Work Study Program		<u>63,076</u>
Total	\$	<u><u>183,832</u></u>

(4) Federal Clusters of Programs

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

	<u>Assistance listing number</u>	<u>Expenditures</u>
Student Financial Assistance Cluster:		
Federal Supplement Educational Opportunity Grants (FSEOG)	84.007	\$ 3,844,394
Federal Work Study Program (FWS)	84.033	2,957,772
Federal Perkins Loan Program (FPL)	84.038	26,209
Federal Pell Grant Program (PELL)	84.063	167,825,695
Federal Direct Student Loans (Direct Loan)	84.268	<u>19,777,397</u>
Total Student Financial Assistance Cluster		\$ <u><u>194,431,467</u></u>
Workforce Innovation and Opportunity Act (WIOA) Cluster:		
Workforce Data Quality Initiative (WDQI)	17.261	\$ 408,794
Dislocated Worker Formula Grants	17.278	<u>1,786</u>
Total WIOA Cluster		\$ <u><u>410,580</u></u>
TRIO Cluster:		
TRIO – Student Support Services	84.042	\$ 1,813,363
TRIO – Talent Search	84.044	542,401
TRIO – Upward Bound	84.047	2,694,455
TRIO – Educational Opportunity Centers	84.066	240,363
TRIO – Student Parent Support Services	84.335	<u>246,332</u>
Total TRIO Cluster		\$ <u><u>5,536,914</u></u>
477 Cluster:		
Temporary Assistance for Needy Families (TANF)	93.558	\$ 970,778
Child Care and Development Block Grant	93.575	638,474
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	<u>926,131</u>
Total 477 Cluster		\$ <u><u>2,535,383</u></u>

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

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Summary of Auditors' Results

Year ended June 30, 2024

(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: **Yes See finding FS-2024-001.**
 - Significant deficiencies identified that are not considered to be material weaknesses: **None**
- c) Noncompliance which is material to the basic financial statements: **None**

Federal Awards

- a) Internal control over financial reporting:
- Material Weakness(es) identified: **None**
 - Significant deficiencies identified that are not considered to be material weaknesses **Yes See finding FA 2024-002.**
- b) The type of report issued on compliance for major programs:
- Student Financial Assistance Cluster **Unmodified.**
 - Adult Education – Basic Grants to States **Unmodified.**
 - H-1B Job Training Grant **Unmodified.**
- c) Any audit findings which are required to be reported in accordance with the Uniform Guidance: **Yes. See findings FA 2024-001 to FA 2024-005.**
- d) Dollar threshold used to distinguish between Type A and Type B programs: **\$3,000,000**

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Summary of Auditors' Results

Year ended June 30, 2024

e) Major Programs

- Student Financial Assistance (SFA) Cluster
 - ALN 84.007 Federal Supplemental Educational Opportunity Grant (FSEOG)
 - ALN 84.033 Federal Work Study (FWS)
 - ALN 84.038 Federal Perkins Loans (FPL)
 - ALN 84.063 Federal Pell Grant (PELL)
 - ALN 84.268 Federal Direct Student Loans (Direct Loan)
 - ALN 84.002 Adult Education – Basic Grants to States
 - ALN 17.268 H-1B Job Training Grant

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

(2) Summary of Financial Statement Findings

Finding No.	Description	Page No.
FS 2024-001	Immaterial Correction of Error- Other Post-Employment Benefits (OPEB)	74

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Summary of Auditors' Results

Year ended June 30, 2024

(3) Summary of Federal Award Findings

Finding No.	Assistance Listing No.	Compliance and Description	Page No.
<i>Student Financial Assistance Cluster:</i>			
FA 2024-001	SFA Cluster	<i>Special Tests and Provisions – Enrollment Reporting:</i> Inaccurate Enrollment Effective Date Reported in the Campus-Level Record Data of the National Student Loan Data System (NSLDS)	124
FA 2024-002	SFA Cluster	<i>Special Tests and Provisions – Return of Title IV Funds:</i> Incorrect Calculation of Return of Title IV Funds; and Distance Education (DE) Courses – Implementation of Formal Process to Determine Accuracy of Student Withdrawal Date – Partial implementation of Prior Year Corrective Action Plan (CAP) (Repeat Finding)	126
FA 2024-003	SFA Cluster	<i>Special Tests and Provisions – Gramm-Leach-Bliley Act (GLBA) – Student Information Security:</i> Perform Timely Access Revocation and Strengthen User Access Reviews, Maintain and Review Logs of Users' Activity for Both SAP and PeopleSoft Student Information System (PS SIS); and Implement Data-at-Rest Encryption for SAP and PS SIS (Repeat Finding)	133
FA 2024-004	SFA Cluster	<i>Special Tests and Provisions – Verification:</i> Late Reporting of Verification Results	138
<i>H-1B Job Training Grant:</i>			
FA 2024-005	17.268	<i>Level of Effort:</i> Performance Outcomes Not Met	141

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

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Year ended June 30, 2024

Finding FA 2024-001: Special Tests and Provisions: Enrollment Reporting: Inaccurate Enrollment Effective Date Reported in the Campus-Level Record Data of the National Student Loan Data System (NSLDS)

Federal Program Information:

Assistance Listing Number: ALN 84.063, 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: P063P210036, P268K220036
Federal Award Year: July 1, 2023, to June 30, 2024
Campuses: Los Angeles Valley College
Compliance Requirement: Special Tests and Provisions – Enrollment Reporting

Criteria or Specific Requirement:

Per the *Compliance Supplement, Enrollment Reporting – Compliance Requirements*: The administration of the Title IV programs depends heavily on the accuracy and timeliness of the enrollment information reported by institutions. Institutions must review, update, and certify student enrollment statuses, program information, and effective dates that appear on the Enrollment Reporting Roster file or on the Enrollment Maintenance page of the NSLDS Professional Access (NSLDSFAP) website which the financial aid administrator can access for the auditor. The data on the institution’s Enrollment Reporting Roster, or Enrollment Maintenance page, is what NSLDS has as the most recently certified enrollment. There are two categories of enrollment information, “Campus Level” and “Program Level,” both of which need to be reported accurately and have separate record types.

Institutions are responsible for accurately reporting all *Campus-Level Record* data elements. ED considers the following data elements to be high risk: OPEID Number, Enrollment Effective Date, Enrollment Status and Certification Date.

Institutions are responsible for accurately reporting all *Program-Level Record* data elements. ED considers the following data elements to be high risk: OPEID Number, CIP Code, Credential Level, Published Program Length Measurement, Published Program Length, Program Begin Date, Program Enrollment Status, and Program Enrollment Effective Date.

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Identified Condition:

Of the 20 students selected for testwork at Los Angeles Valley College, we noted 1 student that had an enrollment status change from half-time to three-quarter time that was inaccurately recorded in the "Campus -Level Record" data section in the NSLDS. While the District correctly reported the program enrollment effective date as 7/14/2024 in the "Program-Level Record" data section of the NSLDS, the enrollment effective date was inaccurately reported as 7/23/2024 in the "Campus-Level Record" data section in the NSLDS.

Cause and Effect:

The PeopleSoft enrollment reporting system, as delivered, did not provide a student status effective date (SSD) in cases of a change in student level load and National Student Clearinghouse (NSC) documentation states that provision of the SSD is not required. However, this condition contributed to a high volume of reporting errors, requiring manual error correction by the District's college staff. To address this issue, the District developed a programming modification to automatically provide a date in the system for instances of a change in the student academic load. The date provided in the system, based on the NSC submission calendar, was the day prior to the file generation date (the day before the "As of Date" on the NSC submission calendar). This modification can, in some circumstances, lead to misalignment of student status effective date reported to the NSC and the effective date of the academic load change in the PeopleSoft student information system.

Questioned Costs:

Not applicable.

Recommendation:

We recommend that the District assess and enhance its current processes and controls related to enrollment reporting to ensure accurate and consistent data is submitted to the NSC and NSLDS. Additionally, the District should 1) improve its programming modifications to ensure that any missing data is corrected with accurate information during the pre-submission phase; and 2) implement stronger controls to effectively address any errors or warning reports identified during the post-submission phase.

Views of Responsible Officials and Planned Corrective Actions:

The District's Educational Programs & Institutional Effectiveness (EPIE) and Information Technology (IT) divisions will analyze the current programming and test cases and develop programming to correct the misalignment of the student status effective date reported to the NSC and student status date in PeopleSoft. EPIE will continue to monitor post-submission errors and warning reports to review the effectiveness of the programming change.

Personnel Responsible for Implementation: Maury Pearl, Andrew Alvarez, Stan Levin
Position of Responsible Personnel: Associate Vice Chancellor, IT Business Analyst, Senior Research Analyst
Expected Date of Implementation: March 31, 2025

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Finding FA 2024-002: Special Tests and Provisions: Return of Title IV Funds: Incorrect Calculation of Return of Title IV Funds; and Distance Education (DE) Courses – Implementation of Formal Process to Determine Accuracy of Student Withdrawal Date – Partial Implementation of Prior Year Corrective Action Plan (CAP) (Repeat Finding)

Federal Program Information:

Assistance Listing Number: ALN 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: P063P210033; P063P215263; P063P210034; P063P210658;
P063P210035; P063P215261; P063P215260; P063P210036;
P063P215262; P268K220033; P268K225263; P268K220034;
P268K220658; P268K220035; P268K225261; P268K225260;
P268K220036; P268K225262

Federal Award Year: July 1, 2023, to June 30, 2024

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

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

Criteria or Specific Requirement:

Per 34 Code of Federal Regulations:

34 CFR 668.22(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 aid earned by the student as of the student's withdrawal date.* If the total amount of Title IV assistance earned by the student is less than the amount that was disbursed to the student or on his or her behalf as of the date of the institution's determination that the student withdrew, the difference must be returned to the Title IV programs as outlined in this section and no additional disbursements may be made to the student for the payment period or period of enrollment. If the amount

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

34 CFR 668.22(b) Withdrawal date for a student who withdraws from an institution that is required to take attendance: “(1) the student’s withdrawal date is the last date of academic attendance as determined by the institution from its attendance records. (2) An institution must document a student’s withdrawal date and maintain the documentation as of the date of the institution’s determination that the student withdrew.”

34 CFR 668.22(c) Withdrawal date for a student who withdraws from an institution that is not required to take attendance: “(1) a student who ceases attendance at an institution that is not required to take attendance, the student’s withdrawal date is – (i) The date, as determined by the institution, that the student began the withdrawal process prescribed by the institution; (ii) The date, as determined by the institution, that the student otherwise provided official notification to the institution, in writing or orally, of his or her intent to withdraw; (iii) If the student ceases attendance without providing official notification to the institution of his or her withdrawal in accordance with paragraph (c)(1)(i) or (c)(1)(ii) of this section, the mid-point of the payment period (or period of enrollment, if applicable); (iv) If the institution determines that a student did not begin the institution’s withdrawal process or otherwise provide official notification (including notice from an individual acting on the student’s behalf) to the institution of his or her intent to withdraw because of illness, accident, grievous personal loss, or other such circumstances beyond the student’s control, the date that the institution determines is related to that circumstance; (v) If a student does not return from an approved leave of absence as defined in paragraph (d) of this section, the date that the institution determines the student began the leave of absence; or (vi) If a student takes a leave of absence that does not meet the requirements of paragraph (d) of this section, the date that the student began the leave of absence.

(2) An institution that is not required to take attendance may use as the student’s withdrawal date a student’s last date of attendance at an academically related activity provided that the institution documents that the activity is academically related and documents the student’s attendance at the activity.

(3) An institution must document a student’s withdrawal date and maintain the documentation as of the date of the institution’s determination that the student withdrew.

Per OMB Compliance Supplement:

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

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Per the Department of Education’s Program Integrity Q&As for Return of Title IV Funds:

An Institution that is required to take attendance: An institution that collects and maintains information about students’ online activities for the purpose of tracking academic engagement is considered to be an institution that is required to take attendance for programs involving such tracking if that tracking:

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

Identified Condition:

Summary

No.	Identified Condition	Campus
A.	Incorrect Calculation of Return of Title IV Funds	Los Angeles Harbor College
B.	Distance Education (DE) Courses – Implementation of Formal Process to Determine Accuracy of Student Withdrawal Date – Partial Implementation of Prior Year Corrective Action Plan (CAP)	Los Angeles City College East Los Angeles College Los Angeles Harbor College Los Angeles Mission College Los Angeles Pierce College Los Angeles Southwest College Los Angeles Trade Technical College Los Angeles Valley College West Los Angeles College

Description

A. Incorrect Calculation of Return of Title IV Funds

Los Angeles Harbor College

We noted 2 of 20 students selected for return to Title IV funds testwork from the population of students who had withdrawn, dropped out, or never began attendance for Fall 2023 that had an incorrect calculation of return of Title IV amounts. The students had a reduction in eligible Title IV grant aid for \$1,335 and \$2,304, respectively, but the District did not recalculate the student and campus return of Title IV amounts based on the updated eligible Title IV grant aid amount.

For these 2 students, such error resulted in:

- 1 student with an understatement of institutional return of \$119 and an understatement of student return of \$104. The effect of the understatement did not result in questioned costs due to grant protection.

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- 1 student with an understatement of student return of \$230 after the grant protection is applied.

B. Distance Education (DE) Courses – Implementation of Formal Process to Determine Accuracy of Student Withdrawal Date – Partial Implementation of Prior Year Corrective Action Plan (CAP)

In assessing the District's CAP for prior year finding FA 2023-002, we noted that during Fall 2023, the District implemented a formal process to monitor a student's active participation in an online class and engagement in academic activities related to a distance education (DE) course in order to determine the reasonableness and accuracy of a student's withdrawal date in the Student Information System (SIS).

There are two types of withdrawals for DE courses: student-initiated withdrawals and instructor-initiated withdrawals. For student-initiated withdrawals, the withdrawal date used in the calculation of return of Title IV funds is the date the student initiates the withdrawal from the course in the system. For instructor-initiated withdrawals, the District implemented formal procedures beginning in Fall 2023 whereby the instructor is responsible for reviewing student rosters for DE courses at scheduled intervals (census roster date, exclusion roster date, and active enrollment roster date) throughout the term. At these scheduled interval dates, the instructor must initiate a withdrawal for a student who is deemed to no longer be academically engaged, as determined by the instructor.

Additionally, the District's Internal Audit Department began conducting reviews of the instructor's data entry related to student withdrawal dates for DE courses into the SIS beginning in November 2023. During the current year, the Internal Audit Department conducted 10 independent reviews related to instructor-initiated withdrawals in order to assess the accuracy of the student withdrawal dates within the SIS after implementation of the new process. The results of such reviews identified numerous and various exceptions such as unmatched withdrawal dates between the Canvas Learning Management System (Canvas) and SIS, missing participation dates in Canvas for students re-added to course history, and instances where the last date of student participation could not be determined within the Canvas.

Cause and Effect:

A. Incorrect Calculation of Return of Title IV Funds

Los Angeles Harbor College

The Financial Aid Senior Accounting Technician who processed the Fall 2023 return to Title IV (R2T4) calculations had an oversight on clicking the save button to update the SIS R2T4 worksheet for these 2 students. The calculations and review of the R2T4 batch were accurate, but the worksheets E, F, and G award updates were not saved in the SIS, which caused the calculations to be slightly off.

B. Distance Education (DE) Courses – Implementation of Formal Process to Determine Accuracy of Student Withdrawal Date – Partial Implementation of Prior Year Corrective Action Plan (CAP)

Despite the best efforts of the District office to implement the active enrollment roster as well as messaging to faculty with the requirement to complete the active enrollment roster and post the students last date of attendance, internal review demonstrated that additional actions must be taken to improve compliance. The SIS is used to maintain student records and for administering aid. Incorrect information in the SIS can lead to an incorrect return of Title IV funds calculation. Without a process to determine accuracy of student withdrawal dates, there is a risk of incorrect return of Title IV calculations.

LOS ANGELES COMMUNITY COLLEGE DISTRICT
Schedule of Federal Award Findings and Questioned Costs
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Questioned Costs:

A. Incorrect Calculation of Return of Title IV Funds

Description of Sample and Population

Campus	OPEID	Sample			Population from which the sample was drawn				
		Students receiving Pell (No.)	Pell disbursed fall/spring (\$)	Pell disbursed summer (\$)	Total Pell disbursed (\$)	Students receiving Pell (No.)	Pell disbursed fall/spring (\$)	Pell disbursed summer (\$)	Total Pell disbursed (\$)
Harbor	00122400	20	\$ 13,586	2,786	16,372	228	192,506	43,735	236,241
Trade	00122700	20	15,826	1,976	17,802	706	572,097	125,970	698,067
Valley	00122800	20	20,546	6,029	26,575	469	384,721	97,301	482,022
Southwest	00704700	15	14,004	5,516	19,520	179	142,096	36,099	178,195
East	02226000	15	9,576	3,800	13,376	942	648,379	234,730	883,109
		<u>90</u>	<u>\$ 73,538</u>	<u>20,107</u>	<u>93,645</u>	<u>2,524</u>	<u>\$ 1,939,799</u>	<u>537,835</u>	<u>2,477,634</u>

Description of Finding

Campus	Student identifier	Term	OPEID	Pell disbursed (\$)	Pell return due from school (under-statement)	Pell return due from school (over-statement)	Pell return due from student (under-statement)	Pell return due from student (over-statement)	Net effect returns	Pell Post-withdrawal disbursement (under-statement)	Pell Post-withdrawal disbursement (over-statement)	Net effect PWD
					(\$)	(\$)	(\$)	(No.)		(\$)	(\$)	
Harbor	Student 1	Fall	00122400	\$ 494	(119)	—	—	—	(119)	—	—	—
Harbor	Student 2	Fall	00122400	469	—	—	—	(230)	(230)	—	—	—
				<u>\$ 963</u>	<u>(119)</u>	<u>—</u>	<u>—</u>	<u>(230)</u>	<u>(349)</u>	<u>—</u>	<u>—</u>	<u>—</u>

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The District has a known net understatement of the amount due from the student of \$230 and a known understatement of the amount due from the District of \$119. The Projected total net understatement of amounts due from both the student and District is \$9,206 as follows:

		Pell return due from school/student projected net (understatement) overstatement
Summer	\$	—
Fall/Spring		(9,206)
		(9,206)
Total	\$	(9,206)

This is computed by dividing the errors found in samples per term (Fall/Spring terms - net understatement \$349) over the total Pell awards disbursed in the sample size per term (Fall/Spring terms - \$73,538) multiplied by the total Pell awards disbursed for the identified colleges per term (Fall/Spring terms - \$1,939,799). The computation is made on a per-term basis on a campus level and not on a district-wide level.

B. Distance Education (DE) Courses – Implementation of Formal Process to Determine Accuracy of Student Withdrawal Date – Partial Implementation of Prior Year Corrective Action Plan (CAP)

Not applicable.

Recommendation:

A. Incorrect Calculation of Return of Title IV Funds

Los Angeles Harbor College

We recommend that the District evaluate and improve its existing process and control procedures related to the return to Title IV funds calculation, especially considering the complex and manual aspects of the process. This will help ensure that the returns to Title IV funds are accurately calculated in accordance with the Uniform Guidance and the Code of Federal Regulations.

B. Distance Education (DE) Courses – Implementation of Formal Process to Determine Accuracy of Student Withdrawal Date – Partial Implementation of Prior Year Corrective Action Plan (CAP)

We recommend the following:

- The results of Internal Audit’s independent reviews of student withdrawal dates for instructor-initiated withdrawals should be assessed and a corrective action plan developed.
- A formal review protocol should be established to assess accuracy of withdrawal dates in DE courses. This process could include 1) designating staff to confirm the last date of academic engagement; and 2) implementing a standardized procedure for instructors to perform monitoring of a student’s academic

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engagement on an ongoing basis throughout the term and initiate dropping the student from the course at the time the instructor deems the student to no longer be academically engaged.

- Additional training should be provided for both instructors and administrative staff to support the implementation of a comprehensive and effective review process for all withdrawal types.

Implementation of the above will help ensure accuracy of student withdrawal dates which are used in the calculation of return to Title IV funds.

Views of Responsible Officials and Planned Corrective Actions:

A. Incorrect Calculation of Return of Title IV Funds

Los Angeles Harbor College

The District's Central Financial Aid Unit (CFAU) R2T4 Unit centralized the R2T4 process at all nine colleges during the 2023-24 aid year. CFAU is currently processing R2T4 calculations for Los Angeles Harbor College.

Personnel Responsible for Implementation: Ludwig Perez and Steve Giorgi

Position of Responsible Personnel: Financial Aid Manager

Expected Date of Implementation: Already Implemented

B. Distance Education (DE) Courses – Implementation of Formal Process to Determine Accuracy of Student Withdrawal Date – Partial Implementation of Prior Year Corrective Action Plan (CAP)

EPIE will share the most recent annual internal audit review with each college team and require each college to develop a corrective action plan.

EPIE will submit a request to add a pop-up message to the faculty roster directly tied to completion of the mandatory exclusion roster (census roster), supplemental roster, and active enrollment roster. The pop-up message will continue to be displayed until the faculty member successfully submits their roster.

EPIE will work with the distance education (DE) faculty coordinators to create professional development training geared toward using Canvas to determine an online student's last date of academic engagement and will offer the training annually. Additionally, EPIE will conduct training for administrators on the use of queries to monitor pending rosters.

Personnel Responsible for Implementation: Nicole Albo-Lopez

Position of Responsible Personnel: Vice Chancellor, EPIE

Expected Date of Implementation: June 30, 2025

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Finding FA 2024-003: Special Tests and Provisions – Gramm-Leach-Bliley Act (GLBA) - Student Information Security: Perform Timely Access Revocation and Strengthen User Access Reviews; Maintain and Review Logs of Users’ Activity for both SAP and PeopleSoft Student Information System (PS SIS); and Implement Data-at-Rest Encryption for SAP and PS SIS

Federal Program Information:

<i>Assistance Listing Number:</i>	ALN 84.007, 84.003, 84.063, 84.268, 93.364
<i>Federal Program Name:</i>	Student Financial Assistance Cluster
<i>Federal Agency:</i>	U.S. Department of Education
<i>Passed Through Entity:</i>	N/A
<i>Federal Award Number:</i>	Various
<i>Federal Award Year:</i>	July 1, 2023, to June 30, 2024
<i>Compliance Requirement:</i>	Special Tests and Provisions – Gramm Leach Bliley Act – Student Information Security

Criteria or Specific Requirement:

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

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

Institutions are required to develop, implement, and maintain a comprehensive information security program that is written in one or more readily accessible parts. The regulations require the written information security program to include nine elements for institutions with 5,000 or more customers, (16 CFR 314.3(a)). The written information security program for institutions with fewer than 5,000 customers must address seven elements (16 CFR 314.3(a) and 16 CFR 314.6). In the preamble to the Final Rule, the FTC stated, “Proposed § 314.4 [Elements] altered the current Rule’s required elements of an information security program and added several new elements.”

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The FTC also stated, “the elements for the information security programs set forth in this section [16 CFR 314.4] are high-level principles that set forth basic issues the programs must address, and do not prescribe how they will be addressed.” The elements that an institution must address in its written information security program are at 16 CFR 314.4. At a minimum, an institution’s written information security program –

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

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

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

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

Identified Condition:

A. Perform Timely Access Revocation and Strengthen User Access Reviews (*Repeat finding*)

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

1. 17 users were still active in PS SIS, 10 of whom have logged in after their termination.
2. 27 users were still active in SAP, nine (9) of whom have logged in after their termination.
3. 45 users were active in AD, 20 of whom have logged in after their termination.

Moreover, while a privileged user access review is performed for PS SIS, SAP and AD, there is no review performed to check the validity of regular users for these systems. Employee functions and/or responsibilities may change over time; thus, previously provisioned access may no longer be valid.

B. Maintain and Review Logs of Users' Activity for both SAP and PS SIS (*Repeat finding*)

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

C. Implement Data-at-Rest Encryption for SAP and PS SIS Servers (*Repeat finding*)

Drive-level encryption is implemented and observed for a sample workstation that processes customer information. However, encryption mechanisms are not currently implemented for SAP and PS SIS servers. Compliance requirement 16 CFR 314.4(c)(3) requires institutions to protect by encryption all students' data held at rest.

LOS ANGELES COMMUNITY COLLEGE DISTRICT
Schedule of Federal Award Findings and Questioned Costs
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Cause and Effect:

A. Perform Timely Access Revocation and Strengthen User Access Reviews

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

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

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

C. Implement Data-at-Rest encryption for SAP and PS SIS Servers

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

Recommendation:

A. Perform Timely Access Revocation and Strengthen User Access Reviews

We recommend that:

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

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

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

LOS ANGELES COMMUNITY COLLEGE DISTRICT
Schedule of Federal Award Findings and Questioned Costs
Year ended June 30, 2024

C. Implement Data-at-Rest encryption for SAP and PS SIS Servers

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

Views of Responsible Officials and Planned Corrective Actions:

A. Perform Timely Access Revocation and Strengthen User Access Reviews

- The District implemented a new automated solution to terminate SSO and PS SIS access. This was implemented October 2024.
- The District's plan is, upon implementation of the automated solution to deprovision SSO and PS SIS access, our team is planning on performing annual user access for SSO and PS SIS reviews beginning Q1 2025. The District is also implementing Pathlock that will introduce user access reviews.
- For SAP access revocation the SAP Team is looking into options to deprovision users and audit user access through internal or third-party tools. The District anticipates selection of the tools by June 30, 2025. Upon implementation of the selected SAP tools the District will perform periodic access reviews for regular users.

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

- Upon implementation of Pathlock, the District will perform periodic access reviews for regular users.
- Upon implementation of the selected SAP tools, the District will perform periodic access reviews for regular users.

C. Implement Data-at-Rest encryption for SAP and PS SIS Servers

- The District is in the process of upgrading PS SIS PeopleTools after which we will determine the most expedient path to implementing database encryption. The target completion for the PS SIS database encryption is Q3 of 2025
- The District is currently evaluating the feasibility of adding the encryption of the SAP database to the HANA upgrade project. If the District determines that it's not feasible, we will engage a third party to encrypt the SAP database. The target completion for the SAP database encryption is Q3 of 2025.

Personnel responsible for implementation: Carmen V. Lidz

Position of responsible personnel: Vice Chancellor & Chief Information Office

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Schedule of Federal Award Findings and Questioned Costs
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Finding FA 2024-004: Special Tests and Provisions – Verification: Late Reporting of Verification Results

Federal Program Information:

Assistance Listing Number: ALN 84.007, 84.033, 84.063, 84.268
Federal Program Name: Student Financial Assistance Cluster;
*Federal Supplement Educational Opportunity Grants (FSEOG),
Federal Work Study Program, Federal Pell Grant Program,
Federal Direct Student Loans*
Federal Agency: U.S. Department of Education
Passed Through Entity: N/A
Federal Award Number: P007A210457, P033A210457, P063P210036, P268K220036
Federal Award Year: July 1, 2023, to June 30, 2024
Campuses: Los Angeles Harbor College
Los Angeles Trade Technical College
Los Angeles Valley College
Compliance Requirement: Special Tests and Provisions – Verification

Criteria or Specific Requirement:

Per Application and Verification Guide of 2023-2024 Federal Student Aid Handbook, Chapter 4, Title Verification, Updates, and Corrections, the institution must report the verification results of identity for any student for whom the institution (1) receives an ISIR with tracking flag V4 or V5-as selected by the Central Processing System (CPS), and (2) request verification documentation. The institution reports this information on the FAA Access to CPS Online website. For the 2023–2024 award year, the institution will then enter one of the following numeric codes that most applies:

- Code 1 – Verification completed in person, no issues found
- Code 2 – Verification completed remotely, no issues found
- Code 3 – Verification attempted; issues found with identity.
- Code 5 – No response from applicant or unable to locate

The institution is required to report results no more than 60 days following the first request to the student for documentation of identity. Inaccurate and untimely reporting may subject the institution to findings because of the annual compliance audit or a program review. If there is a change in a result the institution has already submitted, the institution can submit the new code using the above process and must make that change within 30 days of becoming aware that a change occurred. The most recent submission will supplant prior award year submissions. Because the Financial Aid Administrator (FAA) Access website does not store a list of these verification results for the institution to retrieve, ED recommends the institution to print and keep the confirmation page for its records.

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Identified Condition:

Los Angeles Harbor College, Los Angeles Trade Technical College, and Los Angeles Valley College

Of the 60 students selected for verification test work, we noted 10 students with verification codes (tracking flags) V4 and V5 whose files were reviewed and verification results submitted to CPS beyond the required 60-day timeframe following the campuses' initial request to the student for identity documentation as follows:

Campus	Student identifier	Date of first request to student	Date verification result submitted to CPS	Days lapsed
Harbor	Student 1	January 20, 2023	March 30, 2023	69
Harbor	Student 2	February 1, 2023	September 6, 2023	217
Trade	Student 3	January 19, 2023	September 25, 2023	249
Trade	Student 4	March 8, 2023	May 30, 2023	83
Trade	Student 5	March 5, 2023	January 30, 2024	331
Trade	Student 6	May 31, 2023	September 15, 2023	107
Trade	Student 7	October 2, 2023	December 20, 2023	79
Valley	Student 8	June 8, 2023	October 6, 2023	120
Valley	Student 9	March 9, 2023	June 22, 2023	105
Valley	Student 10	March 31, 2023	August 24, 2023	146

Cause and Effect:

Los Angeles Harbor College, Los Angeles Trade Technical College, and Los Angeles Valley College

Due to many unexpected FAFSA Simplification rollout issues for FY 2024-25, the Financial Aid Technicians could not start reviewing 2023-24 files until late into the summer term, and V4/V5 verification data was not reported until after file review had begun.

Questioned Costs:

Not applicable.

Recommendation:

We recommend that the campuses establish a process to monitor the timely reporting of V4 and V5 verification results within the 60-day timeframe requirements of the Department of Education (ED). The District may also consider hiring additional staff as needed and providing regular training for Financial Aid Technicians on ED's latest guidelines to prevent delays in the review and reporting of student information.

Views of Responsible Officials and Planned Corrective Actions:

Los Angeles Harbor College

The Financial Aid Supervisor will check the monthly V4/V5 report to ensure timely submission. However, according to the May 23, 2024, Electronic Announcement (GENERAL-24-63), the V4/V5 reporting deadlines are impacted by 2024-25 FAFSA processing and FAFSA Partner Portal (FPP) functionality delays.

LOS ANGELES COMMUNITY COLLEGE DISTRICT
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Personnel Responsible for Implementation: Ludwig Perez
Position of Responsible Personnel: Financial Aid Manager
Expected Date of Implementation: When FPP becomes available

Los Angeles Technical Trade College

The Financial Aid Supervisor will check the monthly V4/V5 report to ensure timely submission. However, according to the May 23, 2024, Electronic Announcement (GENERAL-24-63), the V4/V5 reporting deadlines are impacted by 2024-25 FAFSA processing and FAFSA Partner Portal (FPP) functionality delays.

Personnel Responsible for Implementation: Marisol Velazquez
Position of Responsible Personnel: Financial Aid Manager
Expected Date of Implementation: When FPP becomes available

Los Angeles Valley College

The Financial Aid Supervisor will check the monthly V4/V5 report to ensure timely submission. However, according to the May 23, 2024, Electronic Announcement (GENERAL-24-63), the V4/V5 reporting deadlines are impacted by 2024-25 FAFSA processing and FAFSA Partner Portal (FPP) functionality delays.

Personnel Responsible for Implementation: Vernon Bridges
Position of Responsible Personnel: Financial Aid Manager
Expected Date of Implementation: When FPP becomes available

LOS ANGELES COMMUNITY COLLEGE DISTRICT
 Schedule of Federal Award Findings and Questioned Costs
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Finding FA 2024-005: Level of Effort: Performance Outcomes Not Met

Federal Program Information:

Assistance Listing Number: ALN 17.268
Federal Program Name: H-1B Job Training Grant
Federal Agency: U.S. Department of Labor (DOL)
Passed Through Entity: N/A
Federal Award Number: HG-33046-19-60-A-6
Federal Award Year: July 1, 2023, to June 30, 2024
Campuses: West Los Angeles College
Compliance Requirement: Level of Effort

Criteria or Specific Requirement:

Per the DOL’s Employment and Training Awards (ETA) Handbook, page 24: ETA places a very high priority on maximizing successful grant performance and relies heavily on frequent performance reporting to measure and track your success toward achieving satisfactory outcomes. ETA grantees are required to submit quarterly progress reports which track performance throughout the entire lifetime of the grant. These include a performance report comprised of data related to a number of performance targets and measurements specifically designed to align with the grant’s Statement of Work (SOW) and individual performance objectives: 1) Total grant participants served; 2) Total participants beginning and completing education/training activities; 3) Total number of credentials attained by participants; and 4) Total number of participants who secured and/or retained employment.

Per the SOW and Modified Contract, the following performance outcomes / key outcomes were identified and planned for the program:

Key Outcome	Total Planned	Projected Totals if Grant Ended on 06/30/2023	Projected Totals after Grant Contract Modification on 06/30/2024
1. Participants Enrolled	5,000	3,868	5,000
2. Begin Education / Training	4,400	3,868	5,000
3. Completed Education/Training	3,872	1,971	3,872
4. Attained Credential	3,872	1,955	3,872
5. Entered Employment	4,400	3,868	5,000
6. Expenditures	\$12 million	\$9.3 million	\$12 million

LOS ANGELES COMMUNITY COLLEGE DISTRICT
Schedule of Federal Award Findings and Questioned Costs
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Per FOA-ETA-18-08 Apprentice Training and Employment Performance Outcomes: Applicants must include comprehensive numerical outcome projections for each of the seven outcome measures. The targets must be provided for each year of the grant, as well as for the total grant period. While applicants are *required to propose goals* for the seven outcome categories identified in Section IV.B.3.a.(2) Expected Outcomes and Outputs, which are specific to this Funding Opportunity Award (FOA), they will also be *required to report outcomes* in alignment with outcomes identified in Workforce Innovation and Opportunity Act (WIOA), as applicable. *Per Section IV.B.3.a.(2) of the Funding Opportunity Award for the H-1B Job Training Grant (FOA-ETA-18-08)*, grantees must meet measurable performance targets in key areas, including apprenticeship enrollment, program completion rates, job placement, wage increases, and retention within high-demand fields. These performance goals must correspond to the scope of each project’s funding level to ensure program impact and sustainability.

Identified Condition:

The District was able to achieve success in meeting and exceeding four out of six key performance outcomes, demonstrating effective management in several critical areas, including Participants Enrolled, Begin Education/Training, Entered Employment, and Expenditures. However, two key performance outcomes-Completed Education/Training and Attained Credential-were not met, reflecting areas of underperformance as of the modified grant contract projections for the grant period ended June 30, 2024.

Key Outcome	Projected Totals Per Grant Contract Modification Effective June 30, 2024	Actual Totals	Over (Under)	Key Outcome Met?
1. Participants Enrolled	5,000	5,665	665	Yes
2. Begin Education / Training	5,000	5,665	665	Yes
3a. Completed Education/Training	3,872	3,334	(538)	No
3b. Attained Credential	3,872	3,334	(538)	No
4. Entered Employment	5,000	5,665	665	Yes
5. Expenditures	\$12 million	\$12 million	-	Yes

LOS ANGELES COMMUNITY COLLEGE DISTRICT
Schedule of Federal Award Findings and Questioned Costs
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Cause and Effect:

The District implemented effective management strategies that resulted in success in four out of six key performance outcomes, including Participants Enrolled, Begin Education/Training, Entered Employment, and Expenditures. These outcomes benefited from efficient program delivery, resource allocation, and targeted interventions. However, the goals related to training completion and credential attainment were influenced by several factors outside the District's control, such as the COVID 19 pandemic and participants' personal circumstances, which may lead them to alter their commitment to the program.

Despite not fully meeting the targets for training completion and credentialing, the program's overall success remained unaffected, as it exceeded its original Funding Opportunity Announcement required performance outcome by placing over 5,000 participants into the job market.

Questioned Costs:

None.

Recommendation:

To address the underperformance in Completed Education/Training and Attained Credential, it is important to recognize that it is not unusual for all performance areas to be met, as programs often face challenges in certain outcomes. Given that 86% of the goals were met, this is still a notable achievement for the program. We recommend that the District establish a formal communication protocol with the funding agency for clarification of how key outcomes per the grant agreement are assessed. This is particularly important when guidance for this specific grant is spread across multiple sources and grant terms are somewhat unique to each grantee. Interpretation may differ regarding what constitutes an outcome that must be met versus an outcome that has underperformed but could be waived or considered acceptable given the overall success of the program.

The District may also consider implementing more frequent progress reviews and tracking tools for the program to allow for early identification of issues and timely adjustments of outcomes that can be communicated with the granting agency for further consideration. The District can also analyze the areas where outcomes were achieved to provide insight on how to better align efforts with program goals and grant requirements.

Views of Responsible Officials and Planned Corrective Actions:

The District will continue to focus on learning and improving the delivery of its grant programs. While proud of the effort and engagement demonstrated in this program, which has been recognized as a gold standard for similar programs nationwide, the District is committed to setting higher goals and expectations. We will continue to work diligently to achieve these ambitious objectives in future programs.

Going forward, we will establish a communication protocol with the granting agencies to clarify the program goals and grant requirements as needed. We will implement more frequent monitoring tools for the early identification of potential concerns that may require further attention from the granting agencies.

Personnel Responsible for Implementation: Nyame-Tease Prempeh, along with College Personnel Position of Responsible Personnel: Director of Accounting, Grant Coordinators.

Expected Date of Implementation: December 1, 2024

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

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Summary Schedule of Prior Year Single Audit Findings

Year ended June 30, 2024

Finding Reference and Description	Identified Condition and Prior Year's Corrective Action Plan	Current Status	Explanation if not fully implemented
<p>FA 2023-001</p> <p>SFA Cluster</p> <p><i>Eligibility:</i></p> <p>Incorrect Federal Pell Grant Amounts Awarded</p> <p>(Repeat Finding)</p>	<p>Identified Condition:</p> <p>Of the 20 students selected for eligibility test work at West Los Angeles College, we noted the following: 1 student had an incorrectly calculated Federal Pell Grant award, which resulted in an understatement of the disbursement to the student by \$773. The student was eligible to receive \$1,273 yet received \$500 in Winter 2023.</p> <p>Views of Responsible Officials and Planned Corrective Actions:</p> <p>The District believes this error was an isolated incident and the effect is minimal as we performed an extensive review of nine campuses' Pell grant award disbursements and found that this was the only similar award. The District will monitor disbursements and perform reconciliation on a monthly basis.</p> <p>The District has already developed an automated summer Pell solution. The solution has been tested by the field and Central Financial Aid Unit and will be implemented Summer 2023.</p>	<p>Implemented</p>	<p>Not applicable</p>

LOS ANGELES COMMUNITY COLLEGE DISTRICT
 Summary Schedule of Prior Year Single Audit Findings
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Finding Reference and Description	Identified Condition and Prior Year's Corrective Action Plan	Current Status	Explanation if not fully implemented
<p>FA 2023-002</p> <p>SFA Cluster</p> <p>Special Tests and Provisions - Return of Title IV Funds:</p> <p>Incorrect Calculation of Return of Title IV Funds, Untimely Notification of Grant Overpayment to Students and Secretary, and Distance Education Courses – Lack of Formal Process to Determine Accuracy of Student Withdrawal Date</p> <p>(Repeat Finding)</p>	<p>Identified Condition:</p> <p>A. <i>Incorrect Calculation of Return of Title IV Funds</i></p> <p><i>East Los Angeles College</i></p> <p>We noted 1 of 15 students selected for return of Title IV funds test work from the population of students who had withdrawn, dropped out, or never began attendance that had an incorrect calculation of percentage of completion for Spring 2023 based on the student's actual number of days completed during the enrollment period. The student was enrolled in a session module course, which is a program that does not span the entire length of the payment period or period of enrollment. For this type of course, the student's "actively enrolled days" should have been used in the return of Title IV funds calculation. This error resulted in an overstatement of the institutional return by \$13 and an overstatement of the student's return by \$21. The effect of the overstatement of the student's return did not result in a questioned cost due to grant protection.</p> <p><i>Los Angeles Southwest College</i></p> <p>We noted 6 of 20 students selected for return of Title IV funds test work from the population of students who had withdrawn, dropped out or never</p>	<p>A. Partially Implemented</p> <p>B. Implemented</p> <p>C. Partially Implemented</p>	<p>Repeat finding</p> <p>See FA 2024-002</p>

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 Summary Schedule of Prior Year Single Audit Findings
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Finding Reference and Description	Identified Condition and Prior Year's Corrective Action Plan	Current Status	Explanation if not fully implemented
	<p>began attendance for Fall 2022 that had had an incorrect calculation of the percentage of completion based on the student's number of days completed during the enrollment period.</p> <p>For 3 students, these errors resulted in:</p> <ul style="list-style-type: none"> • 1 student with an understatement of institutional return of \$37 and an understatement of student return of \$287. • 1 student with an understatement of institutional return of \$11 and an understatement of student return of \$197. • 1 student with an overstatement of institutional return of \$10 and overstatement of student return of \$20. The effect of the above overstatement of the student return did not result in questioned costs due to grant protection. <p>For the remaining 3 students, we noted these students were enrolled in a session module course, which is a program that does not span the entire length of the payment period or period of enrollment. For this type of course, the student's "actively enrolled days" should have been used in the return of Title IV funds calculation These errors resulted in:</p>		

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 Summary Schedule of Prior Year Single Audit Findings
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Finding Reference and Description	Identified Condition and Prior Year's Corrective Action Plan	Current Status	Explanation if not fully implemented
	<ul style="list-style-type: none"> • 1 student with an overstatement of institutional return of \$30 • 1 student with an overstatement of institutional return of \$187, • 1 student with an overstatement of institutional return of \$21 and an overstatement of student return of \$9. The effect of the overstatement of the student return did not result in questioned costs due to grant protection. <p><i>B. Untimely Notification of Grant Overpayment to Students and Secretary</i></p> <p><i>We noted that 1 out of 15 students selected for compliance test work at Los Angeles Southwest College that owed an overpayment as a result of the student's withdrawal was referred to the Secretary of the Department of Education beyond the 30-day timeframe from the date of the institution's determination that the student withdrew and owed overpayments as a result of the student's withdrawal. The required notification was submitted to the National Student Loan Data System (NSLDS) 260 days late.</i></p>		

LOS ANGELES COMMUNITY COLLEGE DISTRICT
 Summary Schedule of Prior Year Single Audit Findings
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Finding Reference and Description	Identified Condition and Prior Year's Corrective Action Plan	Current Status	Explanation if not fully implemented
	<p>C. <i>Distance Education Courses - Lack of Formal Process to Determine Accuracy of Student Withdrawal Date</i></p> <p>The District has not yet implemented a formal process in place to monitor a student's active participation in an online class and engagement in academic activities related to a distance education (DE) course in order to determine the reasonableness and accuracy of the student's withdrawal date in the system. Currently, the withdrawal date used in the calculation of return to Title IV funds is the actual date the student initiates the withdrawal from the course in the system.</p> <p>Views of Responsible Officials and Planned Corrective Actions:</p> <p>A. <i>Incorrect Calculation of Return of Title IV Funds</i></p> <p><i>East Los Angeles College</i></p> <p>The corrective action plan that will be put in place is to develop a chart with a predetermined number of days based on the enrollment period. This will avoid the manual counting of the number of days for each student. We also trained an additional staff member to help with the workload. This will ensure that errors will be caught before the completion of the</p>		

LOS ANGELES COMMUNITY COLLEGE DISTRICT
 Summary Schedule of Prior Year Single Audit Findings
 Year ended June 30, 2024

Finding Reference and Description	Identified Condition and Prior Year's Corrective Action Plan	Current Status	Explanation if not fully implemented
	<p>review process. Implementation will begin in Spring 2024. Staff is currently being trained.</p> <p><i>Los Angeles Southwest College</i></p> <p>The corrective action that we are implementing to remediate this finding is to move the campus return to Title IV processing to the "R2T4 Unit" at the District Office.</p>		
	<p>B. <i>Untimely Notification of Grant Overpayment to Students and Secretary</i></p> <p>The Corrective Action plan is being implemented by providing an additional staff member to assist with the return to Title IV process along with helping with the validation to ensure calculation, notification, and reporting to NSLDS will be completed on a timely basis. A reminder is set in the Financial Aid Technician Outlook calendar to help remind them to help meet the deadline of the reporting requirement.</p>		
	<p>C. <i>Distance Education Courses - Lack of Formal Process to Determine Accuracy of Student Withdrawal Date</i></p> <p>In the fall 2022 term, the District implemented training for all Distance Education (DE) faculty members to reduce the risk of data entry errors. DE</p>		

LOS ANGELES COMMUNITY COLLEGE DISTRICT
 Summary Schedule of Prior Year Single Audit Findings
 Year ended June 30, 2024

Finding Reference and Description	Identified Condition and Prior Year's Corrective Action Plan	Current Status	Explanation if not fully implemented
	<p>faculty receive follow-up notifications at the beginning of every term). In addition, the District attempted to conduct random sampling to ensure the accuracy of the data entry. However, the District did not have the authorization or resources to perform sampling during the audit period. As a result, the corrective action plan (CAP) was only partially implemented during fiscal year 2023. In fall 2023, the District secured the human resources and required authorizations to conduct random sampling of the faculty data entry. The District's Internal Audit Department (IAD) is performing random sampling of all campuses. As of fall 2023, all corrective actions have been fully implemented.</p>		

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Summary Schedule of Prior Year Single Audit Findings

Year ended June 30, 2024

Finding Reference and Description	Identified Condition and Prior Year's Corrective Action Plan	Current Status	Explanation if not fully implemented
<p>FA 2023-003</p> <p>SFA Cluster:</p> <p>Special Tests and Provisions – Gramm-Leach-Bliley Act – Student Information Security: Formally Establish and Document Risk Acceptance Process; Perform Regular Backup Restoration Tests; Perform Timely Access Revocation and Regular Access Reviews; Perform Necessary Due Diligence to Regularly Evaluate All Third-party Safeguards; Maintain and Review Logs of Users’ Activity for Both SAP and PS SIS; Implement Data-at-Rest Encryption for Devices Storing Customer Data; Enforce Strict Compliance on Controls Over SAP Direct to Production Changes</p>	<p>Identified Conditions:</p> <p>A. Formally Establish and Document Risk Acceptance Process</p> <p>The District’s Written Information Security Program does not explicitly define the criteria for accepting potential risks. A related process document, which was committed to be completed in the prior year, is still in development as of September 2023.</p> <p>B. Perform Regular Backup Restoration Tests</p> <p>The District performed a comprehensive Tabletop Disaster Recovery (DR) exercise for both SAP and SIS during the audit period. As part of the exercise, the DR Team simulated a scenario, fully supported with recovery considerations, steps, results, recovery challenges, and key recommendations to improve moving forward – the exercise was also reviewed and approved by the Vice Chancellor and Chief Information Officer. However, a key activity which is the actual backup restoration testing was not performed as part of the tabletop exercise or at any point during the audit period.</p> <p>C. Perform Timely Access Revocation and System Access Reviews</p>	<p>A. Implemented</p> <p>B. Implemented</p> <p>C. Partially Implemented</p> <p>D. Implemented</p> <p>E. Not Implemented</p> <p>F. Partially Implemented</p> <p>G. Implemented</p>	<p>Repeat finding</p> <p>See FA 2024-003</p>
<p>(Repeat Finding)</p>			

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 Summary Schedule of Prior Year Single Audit Findings
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Finding Reference and Description	Identified Condition and Prior Year's Corrective Action Plan	Current Status	Explanation if not fully implemented
	<p>Based on a test of controls to verify that access of terminated employees is timely removed in Active Directory (AD), SAP, and PeopleSoft Student Information System (PS SIS), we noted that out of the terminated employees subject to testing:</p> <ol style="list-style-type: none"> 1. 13 users were active in AD, three (3) of whom have logged in after their termination. 2. 76 users were still active in SAP, 19 of whom have logged in after their termination. 3. 81 users were still active in PS SIS, 42 of whom have logged in after their termination. <p>Moreover, while a privileged user access review is performed for AD, there is no review performed to check the validity of regular users in AD and the validity and appropriateness of users in SAP and SIS. Employee functions and/or responsibilities may change over time; thus, previously provisioned access may no longer be valid. Furthermore, a new compliance requirement, which requires institutions to perform periodic access reviews for physical access in the data centers where the critical student information systems are hosted [16 CFR 314.4(c)(1)], was also not performed during the audit period.</p>		

LOS ANGELES COMMUNITY COLLEGE DISTRICT
 Summary Schedule of Prior Year Single Audit Findings
 Year ended June 30, 2024

Finding Reference and Description	Identified Condition and Prior Year's Corrective Action Plan	Current Status	Explanation if not fully implemented
	<p><i>D. Perform Necessary Due Diligence to Regularly Evaluate All Third-party Safeguards</i></p> <p>16 CFR 314.4(f), a new compliance requirement, requires institutions to periodically assess service providers based on the risk they present and the continued adequacy of their safeguards. However, we noted that contracts for the following service providers were renewed by the District without sufficient information security review from 2020 to 2022 and the period thereafter.</p> <ul style="list-style-type: none"> a. XAP – used for requesting, sending, and receiving electronic transcripts. b. Bank Mobile – used for student refund processing. c. Campus Logic – used for student online verification processing. <p>These contracts were instituted before the adoption of the District's Information Security Program and thus, were adopted and renewed thereafter without an Information Security Review.</p>		
	<p><i>E. Maintain and Review Logs of Users' Activity for both SAP and PS SIS</i></p>		

LOS ANGELES COMMUNITY COLLEGE DISTRICT
 Summary Schedule of Prior Year Single Audit Findings
 Year ended June 30, 2024

Finding Reference and Description	Identified Condition and Prior Year's Corrective Action Plan	Current Status	Explanation if not fully implemented
	<p>A new compliance requirement, which requires institutions to monitor and log the activity of authorized users and detect unauthorized access or use of, or tampering with, customer information by such users [16 CFR 314.4(c)(8)], is not currently implemented by the District.</p> <p>F. Implement Data-at-Rest Encryption for Devices Storing <i>Customer</i> Data</p> <p>A new compliance requirement, which requires institutions to protect by encryption all students' data held at rest [16 CFR 314.4(c)(3)], is not currently implemented by the District (e.g., SAP and SIS servers).</p> <p>G. Enforce Strict Compliance on Controls over SAP Direct to Production Changes</p> <p>SAP production client was opened on 10/03/2022 and 11/09/2022 without sufficient documentation that it was authorized and approved. Opening the production client, if not controlled, carries a significant risk since changes can be made directly to the production environment without transport requests, thereby circumventing any established change management controls.</p>		

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Finding Reference and Description	Identified Condition and Prior Year's Corrective Action Plan	Current Status	Explanation if not fully implemented
	<p>Views of Responsible Officials and Planned Corrective Actions:</p> <p>A. Formally Establish and Document Risk Acceptance Process</p> <p>Requirements for risk assessments and risk acceptance processes to comply with GLBA were expanded in June of 2023. The District engaged a third-party consultant to conduct a GLBA-compliant risk assessment and advise on recommended changes to the District's Written Information Security Plan (WISP) to comply with the new requirements. The findings and recommendations were presented to the District in October of 2023 and are currently under review. The District will initiate a project to formalize risk acceptance by December 31st, 2023, and implement the risk acceptance process by June 30, 2024.</p> <p>B. Perform Regular Backup Restoration Tests</p> <p>The District has engaged with a third party to build a testing environment to physically test restoration of the SIS environment. Initiation of the project is pending processing of the Purchase Order. The District anticipates completion of the restoration by December 31st, 2023.</p>		

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	<p>With respect to SAP, the District is currently engaged in an effort to migrate the SAP database to HANA. When this project is complete, the same test environment will be capable of performing physical recovery tests for SAP. The HANA migration is estimated to be completed on February 28th, 2024.</p> <p>C. Perform Timely Access Revocation and Regular Access Reviews</p> <p>With respect to the District's Single Sign-On (ADFS or SSO) environments, the District engaged professional services consultants to address this item by automating the disablement of employee accounts based upon the termination of assignment. The work is currently underway. The target completion of the process is December 15, 2023. With respect to the SAP environment, the District has engaged with a vendor to implement Multifactor Authentication (MFA) in the SAP environment. Work will begin upon processing the Purchase Order. Once both efforts are complete, disabling employee accounts in SSO, SIS and SAP will be performed automatically based upon the termination of assignments according to criteria established by Human Resources.</p> <p>With respect to access reviews of SIS and SAP, the District is currently researching the export of user</p>		

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	<p>audit logs to the District's analysis environment to enable regular reviews. The new target to perform regular access reviews for SAP and SIS is the end of Q1 2024.</p> <p>With respect to physical access reviews, the District Information Security Team will perform an annual review of relevant operational protocols for data center access with the appropriate internal teams and perform an audit of data access at a minimum of once per year. The first annual protocol review will be completed by December 1st, 2023. The first annual audit will commence no later than March 1st, 2024.</p> <p>D. Perform Necessary Due Diligence to Regularly Evaluate All Third-party Safeguards</p> <p>To prevent recurrence, the District's Information Security Team will coordinate an annual review of Administrative Protocol 3723A: Information Security Evaluation of Third-Party Providers with District Financial Aid, Procurement and Educational Programming and Institutional Effectiveness (EPIE) leadership teams to help assure future relevant contracts are provided to the Information Security Team prior to renewal to allow for timely security review.</p>		

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Finding Reference and Description	Identified Condition and Prior Year's Corrective Action Plan	Current Status	Explanation if not fully implemented
	<p>E. Maintain and Review Logs of Users' Activity for both SAP and PS SIS</p> <p>The District is currently researching the export of user audit logs to the District's analysis environment to enable regular reviews. The new target to perform regular access reviews for SAP and SIS is the end of Q1 2024.</p>		
	<p>F. Implement data encryption for Devices Storing Customer Data</p> <p>The District engaged a third-party consultant to perform a comprehensive review of PeopleSoft security controls, including the implementation of encryption of financial aid data within PeopleSoft. The results are pending. Based upon those recommendations, the District will work with encryption providers to develop and implement field-level encryption of financial aid data in SIS as appropriate.</p> <p>With respect to end-user devices storing sensitive data, the District recently adopted workstation hardening requirements that include whole-disk encryption for desktop and laptop computers used by personnel who routinely access sensitive information, including financial aid data. The District will implement the standards on workstations used</p>		

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<p>FA 2023-004</p> <p>SFA Cluster</p> <p><i>Special Tests and Provisions - Using a Servicer or Financial Institution to Deliver Title IV Credit Balances to a Card or Other Access Device:</i></p>	<p>Identified Condition:</p> <p>We noted that the District's URL link to the contract with BMTX, Inc. (BankMobile) and other required information was not included in the latest Cash Management Contracts Database published by ED on March 2022 as the District was unable to provide the URL link to ED for the award year ended June 30, 2023.</p>	<p>Implemented</p>	<p>Not applicable</p>

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Failure to Submit URL to the Secretary of Education for Publication in a Centralized Database Accessible to the Public	<p>Views of Responsible Officials and Planned Corrective Actions:</p> <p>The District has taken responsibility for providing the Department of Education with the website link and will provide that going forward.</p>		
<p>FA 2023-005</p> <p><i>Higher Education Emergency Relief Fund</i></p> <p><i>Reporting:</i></p> <p>Untimely and Incomplete Posting of Quarterly Reports to the College's Website and Inaccurate Reported Expenditures Captured in the Published Website's Quarterly Reports</p>	<p>Identified Condition:</p> <p>A. Untimely Posting of Quarterly Reports on the College's Website</p> <p>We noted that Los Angeles Pierce College's Quarterly Budget and Expenditure Report for all HEERF I, II, and III grant funds covering the quarter ending December 31, 2022, and March 31, 2023, were not publicly posted on the college's primary website.</p> <p>B. Incomplete Posting of Published Links Related to the Quarterly Report on the College's Website</p> <p>We noted that Los Angeles Trade Technical College's Quarterly Budget and Expenditure Report for all HEERF I, II, and III grant funds covering the quarter ending June 30, 2023, was not completely posted on the college's primary website. The link to the quarterly report ending June 30, 2023, was</p>	<p>A. Implemented</p> <p>B. Implemented</p> <p>C. Implemented</p>	Not applicable

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Finding Reference and Description	Identified Condition and Prior Year's Corrective Action Plan	Current Status	Explanation if not fully implemented
	<p>published on time, but the link incorrectly redirects to the March 31, 2023, quarterly report.</p> <p>C. Inaccuracy of Quarterly Expenditures Reported on the College's Website</p> <p>We noted that the expenditures reported in Los Angeles Pierce College's Quarterly Budget and Expenditure Report for all HEERF I, II, and III grant funds covering the quarter ending December 31, 2022, and June 30, 2023, were inaccurate.</p> <ul style="list-style-type: none"> • For the quarter ending December 31, 2022, the expenditures were overstated by \$284,593 due to the inclusion of the expenditures already reported from the previous quarter ending September 30, 2022. Per inquiry, the preparer inadvertently reported the expenditures on a cumulative basis. • For the quarter ending June 30, 2023, the expenditures were erroneously reported at zero amounts which resulted in an understatement by the actual expenditures incurred amounting to \$2,007,950. 		

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Finding Reference and Description	Identified Condition and Prior Year's Corrective Action Plan	Current Status	Explanation if not fully implemented
	<p>Views of Responsible Officials and Planned Corrective Actions:</p> <p>A. Untimely Posting of Quarterly Reports on the College's Website</p> <p>The cause of the incorrect link was a clerical error, and the error has since been corrected, the condition no longer exists and is resolved.</p> <p>B. Incomplete Posting of Published Links Related to the Quarterly Report on the College's Website</p> <p>The cause of the incorrect link was a clerical error, and the error has since been corrected, the condition no longer exists and is resolved.</p> <p>C. Inaccuracy of Quarterly Expenditures Reported on the College's Website</p> <p>The college will work with District staff to update the process of reviewing, approving, and publishing or providing the reports to appropriate websites and agencies</p>		

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<p>FA 2023-006 <i>H-1B Job Training Grant</i> <i>Reporting:</i> Untimely Submission of Quarterly Financial Reports</p>	<p>Identified Condition: We noted that 2 out of 4 quarterly financial reports ETA-9130 were certified late on the U.S. Department of Labor website as follows:</p> <ul style="list-style-type: none"> • Quarter Ending Due: 9/30/2022 Due Date: 11/15/2022 Submission Date Attempted: 11/7/2022 Date of Submission: 11/18/2022 • Quarter Ending Due: 3/31/2023 Due Date: 5/15/2023 Submission Date Attempted: 5/15/2023 Date of Submission: 6/9/2023 	<p>Implemented</p>	<p>Not applicable</p>

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	<p>Per inquiry with the District, the Accounting Department attempted to certify the quarterly reports before the due date but encountered log-in issues on the U.S. DOL website which prevented certifying timely. The District requested a reporting extension from Joshua Hodges, Federal Project Officer for the Office of Special Initiatives and Demonstrations, U.S. DOL-ETA. Mr. Hodges did not authorize the extension and suggested submitting the quarterly reports via the Payment Management System (PMS) and coordinating with the agency's technical team to resolve issues.</p> <p>Views of Responsible Officials and Planned Corrective Actions:</p> <p>The District will review reporting timelines and reschedule to allow additional time for unforeseen issues.</p>		