

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

Statement of Expenditures of Bond Proceeds
and Unaudited Supplementary Schedule

Year Ended June 30, 2020

(With Independent Auditors' Report Thereon)

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

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Independent Auditors' Report

The Honorable Board of Trustees
Los Angeles Community College District:

Report on the Statement

We have audited the accompanying statement of expenditures of bond proceeds of the Proposition A Bond Construction Program (the Program) of the Los Angeles Community College District (the District) for the year ended June 30, 2020, and the related notes to the statement of expenditures of bond proceeds.

Management's Responsibility for the Statement of Expenditures and Bond Proceeds

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement of expenditures of bond proceeds. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the statement of expenditures of bond proceeds, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the statement of expenditures of bond proceeds 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the statement of expenditures of bond proceeds.

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

Opinion on the Statement of Expenditures of Bond Proceeds

In our opinion, the statement of expenditures of bond proceeds referred to above presents fairly, in all material respects, the expenditures of the Los Angeles Community College District's Program for the year ended June 30, 2020, in accordance with U.S. generally accepted accounting principles.

Other Matters

Purpose of Report

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

Unaudited Supplementary Schedule of Expenditures of Bond Proceeds

Our audit was conducted for the purpose of forming an opinion on the statement of expenditures of bond proceeds of the Program. The accompanying unaudited supplementary schedule of expenditures of bond proceeds of the Program of the District for the year ended June 30, 2020 is presented for purposes of additional analysis and is not a required part of the statement of expenditures of bond proceeds.

The unaudited supplementary schedule of expenditures of bond proceeds has not been subjected to the auditing procedures applied in the audit of the statement of expenditures of bond proceeds, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2020, on our consideration of the District’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters as it relates to the Program. The purpose of that report is 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 internal control over financial reporting or on compliance as it relates to the Program. 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 as it relates to the Program.

[(signed) KPMG LLP]

Los Angeles, California
December 16, 2020

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

Statement of Expenditures of Bond Proceeds

Year ended June 30, 2020

College direct costs:		
Structural and equipment costs:		
Construction (new)	\$	1,133,921
Construction (renovation)		402,848
Hardscape/landscape		—
Temporary facilities		705
Furniture, fixtures, and equipment		75,519
		<u>1,612,993</u>
Total structural and equipment costs		<u>1,612,993</u>
Other costs:		
Land acquisition		—
Building acquisition		—
Demolition		36,076
		<u>36,076</u>
Total other costs		<u>36,076</u>
Development and support costs:		
Master planning		—
Pre-design/programming		118,624
Design		236,044
Specialty consulting		61,371
Project management		450,235
Inspection and testing		52,284
Construction Management		—
Reimbursable expenditures		21
		<u>918,579</u>
Total development and support costs		<u>918,579</u>
Total college direct costs		<u>2,567,648</u>
Programwide costs:		
Program management		324,627
Legal consulting fees		—
Compliance and audit fees		35,981
Bond measure election costs		—
Rents and leases		—
		<u>360,608</u>
Total programwide costs		<u>360,608</u>
Debt refinancing		—
Total college direct costs and programwide costs		<u><u>\$ 2,928,256</u></u>

See accompanying notes to statement of expenditures of bond proceeds.

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

Notes to Statement of Expenditures of Bond Proceeds

Year ended June 30, 2020

(1) Program Background

In April 2001, the Los Angeles Community College District (the District) became the first community college district in the State of California to pass a property tax financed bond (Proposition A) under the requirements of the Proposition 39, *Smaller Classes, Safer Schools and Financial Accountability Act*, of the State of California (the Act). Passed by voters at a value of \$1.245 billion, the District's Proposition A Bond Construction Program (the Program) was one of the largest community college bonds ever passed in California at that time. The bond measure was designed to implement a capital improvement program for each of the nine colleges within the District.

The program is intended to increase educational opportunities, raise student achievement, and improve health and safety conditions on the campuses of the nine colleges within the District through the replacement and/or repair and rehabilitation of deteriorating buildings; the construction, furnishing, and equipping of classrooms, laboratories, libraries, and related facilities; the repair and upgrading of electrical wiring for computer technology, heating, air conditioning, and plumbing; complete earthquake retrofitting; improvement of campus safety, fire security, parking, and lighting; and the improvement of current or to be acquired real property to relieve overcrowding of the facilities on these campuses.

The District's board of trustees approved an award of the contract for program management (Program Manager) services to Jacobs Project Management Company, effective October 15, 2017, to provide program management services for the bond program for a five year period.

The Program Manager is responsible for managing all program related activities, including the maintenance of the master schedule and the master program budget. The Program Manager provides its own staff and services for budgeting, accounting, contracting, and supervising the program. The annual contract amount paid to the Program Manager related to the Proposition A Bond Construction Program totaled \$140,869 for the year ended June 30, 2020.

(2) Basis of Presentation

The accompanying statement of expenditures of bond proceeds for the year ended June 30, 2020 has been prepared on the accrual basis of accounting. The Act requires an annual, independent financial audit of the expenditures of proceeds from the sale of the school facilities bonds until all of the proceeds have been expended. Accordingly, the accompanying statement of expenditures of bond proceeds includes all amounts expended using bond proceeds regardless of expenditure type.

(3) Bond Issuances

On April 10, 2001, the voters of Los Angeles County passed Proposition A, a \$1.245 billion General Obligation (G.O.) Bond Measure. The bond measure was designed to finance construction, building acquisition, equipment, and improvement of college and support facilities at the various campuses of the District. As of June 30, 2020, all of the G.O. Bond measure has been issued.

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

Notes to Statement of Expenditures of Bond Proceeds

Year ended June 30, 2020

(4) Subsequent Events

The District has evaluated subsequent events from the date of the statement of expenditures of bond proceeds through December 16, 2020, the date at which the statement was available to be issued. The District is not aware of any additional subsequent events, which would require recognition or disclosure in the statement of expenditures of bond proceeds.

**UNAUDITED SUPPLEMENTARY SCHEDULE OF EXPENDITURES
OF BOND PROCEEDS**

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

Unaudited Supplementary Schedule of Expenditures of Bond Proceeds
For the period from April 10, 2001 (inception) through June 30, 2020
(Unaudited)

	<u>2020 Budget</u>	<u>Period from April 10, 2001 (inception) through June 30, 2020</u>	<u>Reclassifications</u>	<u>Subtotal</u>	<u>Cumulative reimbursements from the State of California as of June 30, 2020</u>	<u>Cumulative expenditures of bond proceeds for the period from April 10, 2001 (inception) through June 30, 2020</u>
College direct costs:						
Structural and equipment costs:						
Construction (new)	\$ 599,867,826	699,242,076	—	699,242,076	(112,931,827)	586,310,249
Construction (renovation)	214,007,967	219,964,147	—	219,964,147	(13,910,609)	206,053,537
Hardscape/landscape	125,771	125,771	—	125,771	—	125,771
Temporary facilities	25,379,725	20,099,307	—	20,099,307	—	20,099,307
Furniture, fixtures, and equipment	33,625,023	46,966,678	(2,330)	46,964,348	(13,912,971)	33,051,377
Total structural and equipment costs	873,006,312	986,397,979	(2,330)	986,395,649	(140,755,407)	845,640,241
Other costs:						
Land acquisition	43,970,803	43,970,803	—	43,970,803	—	43,970,803
Building acquisition	—	—	—	—	—	—
Demolition	492,695	492,692	—	492,692	—	492,692
Total other costs	44,463,498	44,463,495	—	44,463,495	—	44,463,495
Development and support costs:						
Master planning/EIR	15,162,689	15,348,988	—	15,348,988	(186,299)	15,162,689
Predesign/programming	8,561,840	8,561,840	—	8,561,840	—	8,561,840
Design	133,090,129	139,848,866	—	139,848,866	(7,588,361)	132,260,505
Specialty consulting	40,599,334	40,821,844	—	40,821,844	(222,510)	40,599,334
Project management	119,059,523	116,457,461	—	116,457,461	(325,165)	116,132,296
Inspection and testing	34,438,762	35,156,948	—	35,156,948	(886,599)	34,270,349
Construction management	503,589	523,943	—	523,943	(401,473)	122,470
Reimbursable expenditures	6,414,722	6,204,701	—	6,204,701	(34,803)	6,169,898
Total development and support costs	357,830,588	362,924,591	—	362,924,591	(9,645,210)	353,279,381
Total college direct costs	1,275,300,398	1,393,786,065	(2,330)	1,393,783,735	(150,400,617)	1,243,383,117
Programwide costs:						
Program management	80,691,735	80,691,735	—	80,691,735	—	80,691,735
Legal consulting fees	6,109,650	5,847,366	—	5,847,366	—	5,847,366
Compliance and audit fees	2,789,358	2,570,051	—	2,570,051	—	2,570,051
Bond measure election costs	585,660	585,660	—	585,660	—	585,660
Rents and leases	1,281,244	1,281,244	—	1,281,244	—	1,281,244
Total programwide costs	91,457,647	90,976,056	—	90,976,056	—	90,976,056
Debt refinancing	—	—	—	—	—	—
Total college direct costs and programwide costs	\$ 1,366,758,044	1,484,762,120	(2,330)	1,484,759,790	(150,400,617)	1,334,359,173
Unallocated and interest earned	2					
Total college direct costs, programwide costs, and unallocated interest earned	\$ 1,366,758,046					

See independent auditors' report and accompanying notes to unaudited supplementary schedule of expenditures of bond proceeds.

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

Notes to Unaudited Supplementary Schedule of Expenditures of Bond Proceeds
Period from April 10, 2001 (inception) through June 30, 2020
(Unaudited)

(1) Background

The unaudited supplementary schedule of expenditures of bond proceeds presents expenditures of the Los Angeles Community College District's Proposition A Bond Construction Program for the period from April 10, 2001 (inception) through June 30, 2020.

(2) Basis of Presentation

The accompanying unaudited supplementary schedule of expenditures of bond proceeds has been prepared on the accrual basis of accounting and includes the following:

(a) Budget

The amounts included within the budget column in the accompanying unaudited supplementary schedule of expenditures of bond proceeds represent reasonable estimates of the costs that will be expended to complete the various projects at each of the Los Angeles Community College District's (the District) colleges.

(b) Cumulative Expenditures

The amounts included within the cumulative expenditures of bond proceeds in the accompanying unaudited supplementary schedule of expenditures of bond proceeds exclude reclassifications and reimbursements from other funding sources for the period from April 10, 2001 (inception) through June 30, 2020.

(c) Interest Earned

Interest earned on bond issuances that has not been expended is added to project budgets upon approval by the District. Interest earned that has not yet been approved for specific projects is included in unallocated interest earned.

(d) Cumulative Reimbursements from the State of California

The District received amounts from the State of California and other non-Proposition A funding sources as reimbursement for various multifunded projects. These projects were to be funded by both state funds and bond proceeds. Prior to filing claims and receipt of funds from the state, eligible Proposition A bond proceeds were used to fund the projects. The reimbursements received by the District, totaling \$150,400,617 for the period from April 10, 2001 (inception) through June 30, 2020, have been reflected in the accompanying unaudited supplementary schedule of expenditures of bond proceeds as a reduction of expenditures made with bond proceeds by cost classification on a cumulative basis.

(e) Reclassifications

Certain amounts reported in prior years in the financial statements have been reclassified to conform to the current year's presentation.

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

Notes to Unaudited Supplementary Schedule of Expenditures of Bond Proceeds

Period from April 10, 2001 (inception) through June 30, 2020

(Unaudited)

(3) Reconciliation of Bond Proceeds

The following is a summary of total authorized and issued bond funds and other bond related sources of funds available at June 30, 2020:

Bonds authorized and issued	\$ 1,245,000,000
Other bond related sources of funds:	
Additional proceeds from General Obligation Refunding Bonds, 2005 Series A	12,330,000
Other	614,315
Interest earned for the period from April 10, 2001 (inception) through June 30, 2019	<u>106,233,625</u>
Total bonds authorized, interest earned, and other	1,364,177,940
Less expenditures of bond proceeds for the period from April 20, 2001 (inception) through June 30, 2020	\$ (1,334,359,173)
Total authorized and issued bond funds and other bond related sources of funds available at June 30, 2020	<u><u>\$ 29,818,767</u></u>

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Proposition A Bond Construction Statement of Expenditures of Bond Proceeds Performed in Accordance With *Government Auditing Standards*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the Proposition A Bond Construction statement of expenditures of bond proceeds (statement of expenditures of bond proceeds) of Los Angeles Community College District (the District) for the year ended June 30, 2020, and have issued our report thereon dated December 16, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the statement of expenditures of bond proceeds, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the statement of expenditures of bond proceeds, 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's statement of expenditures of bond proceeds will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

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

[(signed) KPMG LLP]

Los Angeles, California
December 16, 2020

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

Statement of Expenditures of Bond Proceeds
and Unaudited Supplementary Schedule

Year Ended June 30, 2020

(With Independent Auditors' Report Thereon)

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

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Independent Auditors' Report

The Honorable Board of Trustees
Los Angeles Community College District:

Report on the Statement

We have audited the accompanying statement of expenditures of bond proceeds of the Proposition AA Bond Construction Program (the Program) of the Los Angeles Community College District (the District) for the year ended June 30, 2020, and the related notes to the statement of expenditures of bond proceeds.

Management's Responsibility for the Statement of Expenditures of Bond Proceeds

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement of expenditures of bond proceeds. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the statement of expenditures of bond proceeds, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the statement of expenditures of bond proceeds 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the statement of expenditures of bond proceeds.

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

Opinion on the Statement of Expenditures of Bond Proceeds

In our opinion, the statement of expenditures of bond proceeds referred to above presents fairly, in all material respects, the expenditures of the Los Angeles Community College District's Program for the year ended June 30, 2020, in accordance with U.S. generally accepted accounting principles.

Other Matters

Purpose of Report

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

Unaudited Supplementary Schedule of Expenditures of Bond Proceeds

Our audit was conducted for the purpose of forming an opinion on the statement of expenditures of bond proceeds of the Program. The accompanying unaudited supplementary schedule of expenditures of bond proceeds of the Program of the District for the year ended June 30, 2020 is presented for purposes of additional analysis and is not a required part of the statement of expenditures of bond proceeds.

The unaudited supplementary schedule of expenditures of bond proceeds has not been subjected to the auditing procedures applied in the audit of the statement of expenditures of bond proceeds, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2020, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters as it relates to the Program. The purpose of that report is 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 internal control over financial reporting or on compliance as it relates to the Program. 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 as it relates to the Program.

[(signed) KPMG LLP]

Los Angeles, California
December 16, 2020

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

Statement of Expenditures of Bond Proceeds

Year ended June 30, 2020

College direct costs:		
Structural and equipment costs:		
Construction (renovation)		\$ 811,840
Construction (new)		—
Hardscape/landscape Temporary facilities		—
Furniture, fixtures, and equipment		37,044
		<u>848,884</u>
	Total structural and equipment costs	
Other costs:		
Land acquisition		—
Building acquisition		—
Demolition		5,188,615
		<u>5,188,615</u>
	Total other costs	
Development and support costs:		
Master planning		—
Pre-design/programming		—
Design		105,674
Specialty consulting		31,508
Project management		109,317
Inspection and testing		68,927
Construction Management		—
Reimbursable expenditures		—
		<u>315,426</u>
	Total development and support costs	
	Total college direct costs	<u>6,352,924</u>
Programwide costs:		
Program management		799,752
Legal consulting fees		—
Compliance and audit fees		61,375
Bond measure election costs		—
Rents and leases		—
		<u>861,127</u>
	Total programwide costs	
Debt refinancing		—
	Total college direct costs and programwide costs	<u>\$ 7,214,051</u>

See accompanying notes to statement of expenditures of bond proceeds.

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

Notes to Statement of Expenditures of Bond Proceeds

Year ended June 30, 2020

(1) Program Background

In May 2003, the Los Angeles Community College District (the District) electorate approved the passage of a \$980 million property tax financed bond measure under the requirements of the Proposition 39, Smaller Classes, Safer Schools and Financial Accountability Act, of the State of California (the Act), known as Proposition AA (the Program). This Program was intended to supplement the District's \$1.245 billion Proposition A Bond Construction Program of the nine college master plans. The college master plans identify areas for improvement needed to prepare the colleges to meet the future needs of the community and provide a time line for addressing those needs within the next 10 years.

The Program is intended to prepare students for jobs and four-year colleges; train nurses, police, firefighters, and emergency medical personnel; improve health, safety, and security conditions on the campuses of the nine colleges within the District through the construction of computer technology centers to train students for high tech jobs; repair deteriorating classrooms, science laboratories, and libraries; expand educational centers in underserved communities; upgrade heating, plumbing, wiring, roofs, sewers, energy efficiency, and water conservation; improve campus environmental standards, safety, lighting, fire alarms, sprinklers, intercoms, and fire doors; and acquire/improve real property and/or build new classrooms to relieve overcrowding.

The District's board of trustees approved an award of the contract for program management (Program Manager) services to Jacobs Project Management Company effective October 15, 2017 to provide program management services for the bond program for a five year period.

The Program Manager is responsible for managing all program-related activities, including the maintenance of the master schedule and the master program budget. The Program Manager provides its own staff and services for budgeting, accounting, contracting, and supervising the program. The annual contract amount paid to the Program Manager related to the Proposition AA Bond Construction Program totaled \$347,045 for the year ended June 30, 2020.

(2) Basis of Presentation

The accompanying statement of expenditures of bond proceeds for the year ended June 30, 2020, has been prepared on the accrual basis of accounting. The Act requires an annual, independent financial audit of the expenditures of proceeds from the sale of the school facilities bonds until all of the proceeds have been expended. Accordingly, the accompanying statement of expenditures of bond proceeds includes all amounts expended using bond proceeds regardless of expenditure type.

(3) Bond Issuances

On May 2003, the voters of the Los Angeles County (the County) passed Proposition AA, a \$980 million General Obligation (G.O.) Bond measure. The bond measure was designed to finance construction, building acquisition, equipment, and improvement of college and support facilities at the various campuses of the District. As of June 30, 2020, all of the G.O. Bond measure has been issued.

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

Notes to Statement of Expenditures of Bond Proceeds

Year ended June 30, 2020

(4) Subsequent Events

The District has evaluated subsequent events from the date of the statement of expenditures of bond proceeds through December 16, 2020, the date at which the statement was available to be issued. The District is not aware of any additional subsequent events, which would require recognition or disclosure in the statement of expenditures of bond proceeds.

**UNAUDITED SUPPLEMENTARY SCHEDULE OF EXPENDITURES
OF BOND PROCEEDS**

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

Unaudited Supplementary Schedule of Expenditures of Bond Proceeds

For the period from May 20, 2003 (inception) through June 30, 2020

(Unaudited)

	2020 Budget	Period from May 20, 2003 (inception) through June 30, 2020	Reclassifications	Subtotal	Cumulative reimbursements from the state of California as of June 30, 2020	Cumulative expenditures of bond proceeds for the period from May 20, 2003 (inception) through June 30, 2020
College direct costs:						
Structural and equipment costs:						
Construction (new)	\$ 330,815,894	370,731,314	—	370,731,314	(55,482,916)	315,248,398
Construction (renovation)	188,966,902	233,685,847	—	233,685,847	(47,178,853)	186,506,995
Hardscape/landscape	—	—	—	—	—	—
Temporary facilities	6,319,455	4,615,240	—	4,615,240	—	4,615,240
Furniture, fixtures, and equipment	37,084,502	37,892,440	2,330	37,894,770	(2,828,479)	35,066,291
Total structural and equipment costs	<u>563,186,754</u>	<u>646,924,841</u>	<u>2,330</u>	<u>646,927,171</u>	<u>(105,490,247)</u>	<u>541,436,923</u>
Other costs:						
Land acquisition	103,319,376	103,319,376	—	103,319,376	—	103,319,376
Building acquisition	19,704,402	19,704,402	—	19,704,402	—	19,704,402
Demolition	12,835,712	12,835,712	—	12,835,712	—	12,835,712
Total other costs	<u>135,859,491</u>	<u>135,859,491</u>		<u>135,859,491</u>	<u>—</u>	<u>135,859,491</u>
Development and support costs:						
Master planning/EIR	4,466,150	4,462,689	—	4,462,689	—	4,462,689
Predesign/programming	1,447,385	1,447,385	—	1,447,385	—	1,447,385
Design	63,917,307	73,151,890	—	73,151,890	(9,234,583)	63,917,307
Specialty consulting	31,164,967	30,693,478	—	30,693,478	(80,910)	30,612,568
Project management	76,129,756	74,473,418	—	74,473,418	—	74,473,418
Inspection and testing	22,445,772	22,639,625	—	22,639,625	(193,853)	22,445,772
Construction management	1,607	1,607	—	1,607	—	1,607
Reimbursable expenditures	2,734,245	2,950,018	—	2,950,018	(754,703)	2,195,315
Total development and support costs	<u>202,307,189</u>	<u>209,820,111</u>	<u>—</u>	<u>209,820,111</u>	<u>(10,264,049)</u>	<u>199,556,062</u>
Total college direct costs	<u>901,353,434</u>	<u>992,604,442</u>	<u>2,330</u>	<u>992,606,772</u>	<u>(115,754,296)</u>	<u>876,852,475</u>
Programwide costs:						
Program management	44,655,776	44,655,776	—	44,655,776	—	44,655,776
Legal consulting fees	1,271,526	1,158,475	—	1,158,475	—	1,158,475
Compliance and audit fees	1,624,554	1,472,105	—	1,472,105	—	1,472,105
Bond measure election costs	1,206,719	1,206,719	—	1,206,719	—	1,206,719
Rents and leases	6,062,392	6,062,392	—	6,062,392	—	6,062,392
Total programwide costs	<u>54,820,968</u>	<u>54,555,467</u>	<u>—</u>	<u>54,555,467</u>	<u>—</u>	<u>54,555,467</u>
Debt refinancing	106,219,031	109,886,025	—	109,886,025	—	109,886,025
Total college direct costs and programwide costs	<u>\$ 1,062,393,432</u>	<u>1,157,045,933</u>	<u>2,330</u>	<u>1,157,048,263</u>	<u>(115,754,296)</u>	<u>1,041,293,967</u>
Unallocated interest earned	(589)					
Total college direct costs, programwide costs, and unallocated interest earned	<u>\$ 1,062,392,843</u>					

See independent auditors' report and accompanying notes to unaudited supplementary schedule of expenditures of bond proceeds.

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

Notes to Unaudited Supplementary Schedule of Expenditures of Bond Proceeds

Year ended June 30, 2020

(Unaudited)

(1) Background

The unaudited supplementary schedule of expenditures of bond proceeds presents expenditures of the Los Angeles Community College District's Proposition AA Bond Construction Program for the period from May 20, 2003 (inception) through June 30, 2020.

(2) Basis of Presentation

The accompanying unaudited schedule of expenditures of bond proceeds has been prepared on the accrual basis of accounting and includes the following:

(a) Budget

The amounts included within the budget column in the accompanying unaudited supplementary schedule of expenditures of bond proceeds represent reasonable estimates of the costs that will be expended to complete the various projects at each of the Los Angeles Community College District's (the District) colleges.

(b) Cumulative Expenditures

The amounts included within the cumulative expenditures of bond proceeds in the accompanying unaudited supplementary schedule of expenditures of bond proceeds exclude reclassifications and reimbursements from other funding sources for the period from May 20, 2003 (inception) through June 30, 2020.

(c) Interest Earned

Interest earned on bond issuances that has not been expended is added to project budgets upon approval by the District. Interest earned that has not yet been approved for specific projects is included in unallocated interest earned.

(d) Cumulative Reimbursements from the State of California

The District received amounts from the State of California as reimbursement for various multifunded projects. These projects were to be funded by both state funds and bond proceeds. Prior to filing claims and receipt of funds from the state, eligible Proposition AA bond proceeds were used to fund the projects. The reimbursements received by the District totaling \$115,754,296 for the period May 20, 2003 (inception) through June 30, 2020, have been reflected in the accompanying unaudited supplementary schedule of expenditures of bond proceeds as a reduction of expenditures made with bond proceeds by cost classification on a cumulative basis.

(e) Reclassifications

Certain amounts reported in prior years in the financial statements have been reclassified to conform to the current year's presentation.

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

Notes to Unaudited Supplementary Schedule of Expenditures of Bond Proceeds

Year ended June 30, 2020

(Unaudited)

(3) Reconciliation of Bond Proceeds

The following is a summary of total authorized and issued bond funds available at June 30, 2020:

Bonds authorized and issued	\$ 980,000,000
Other bond related sources of funds:	
Interest earned from May 20, 2003 (inception) through June 30, 2019	48,053,071
Proceeds from sale of property purchased with bond funds	29,974,680
Other income	4,365,092
Total other bond related sources of funds	<u>\$ 1,062,392,843</u>
Less expenditures of bonds proceeds for the period from May 20, 2003 through June 30, 2020	\$ (1,041,293,967)
Total authorized and issued bond funds and other bond related sources of funds available at June 30, 2020	<u>\$ 21,098,876</u>

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Proposition AA Bond Construction Statement of Expenditures of Bond Proceeds Performed in Accordance With *Government Auditing Standards*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the Proposition AA Bond Construction Program statement of expenditures of bond proceeds (statement of expenditures of bond proceeds) of Los Angeles Community College District (the District) for the year ended June 30, 2020, and have issued our report thereon dated December 16, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the statement of expenditures of bond proceeds, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the statement of expenditures of bond proceeds, 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's statement of expenditures of bond proceeds will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

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

[(signed) KPMG LLP]

Los Angeles, California
December 16, 2020

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

Statement of Expenditures of Bond Proceeds
and Unaudited Supplementary Schedule

Year Ended June 30, 2020

(With Independent Auditors' Report Thereon)

LOS ANGELES COMMUNITY COLLEGE DISTRICT
MEASURE J BOND CONSTRUCTION PROGRAM

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Independent Auditors' Report

The Honorable Board of Trustees
Los Angeles Community College District:

Report on the Statement

We have audited the accompanying statement of expenditures of bond proceeds of the Measure J Bond Construction Program (the Program) of the Los Angeles Community College District (the District) for the year ended June 30, 2020, and the related notes to the statement of expenditures of bond proceeds.

Management's Responsibility for the Statement of Expenditures of Bond Proceeds

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement of expenditures of bond proceeds. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the statement of expenditures of bond proceeds, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the statement of expenditures of bond proceeds 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the statement of expenditures of bond proceeds.

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

Opinion on the Statement of Expenditures of Bond Proceeds

In our opinion, the statement of expenditures of bond proceeds referred to above presents fairly, in all material respects, the expenditures of the Los Angeles Community College District's Program for the year ended June 30, 2020, in accordance with U.S. generally accepted accounting principles.

Other Matters

Purpose of Report

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

Unaudited Supplementary Schedule of Expenditures of Bond Proceeds

Our audit was conducted for the purpose of forming an opinion on the statement of expenditures of bond proceeds of the Program. The accompanying unaudited supplementary schedule of expenditures of bond proceeds of the Program of the District for the year ended June 30, 2020 is presented for purposes of additional analysis and is not a required part of the statement of expenditures of bond proceeds.

The unaudited supplementary schedule of expenditures of bond proceeds has not been subjected to the auditing procedures applied in the audit of the statement of expenditures of bond proceeds, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2020, on our consideration of the District’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters as it relates to the Program. The purpose of that report is 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 internal control over financial reporting or on compliance as it relates to the Program. 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 as it relates to the Program.

[(signed) KPMG LLP]

Los Angeles, California
December 16, 2020

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

Statement of Expenditures of Bond Proceeds

Year ended June 30, 2020

College direct costs:		
Structural and equipment costs:		
Construction (new)	\$	79,509,175
Construction (renovation)		17,912,516
Hardscape/landscape		—
Temporary facilities		102,081
Furniture, fixtures, and equipment		7,828,552
		105,352,324
Total structural and equipment costs		
Other costs:		
Land acquisition		—
Building acquisition		—
Demolition		8,943,660
		8,943,660
Total other costs		
Development and support costs:		
Master planning		—
Pre-design/programming		209,084
Design		7,082,781
Specialty consulting		2,243,880
Project management		7,815,114
Inspection and testing		4,936,299
Consturction management		—
Reimbursable expenditures		101,115
		22,388,272
Total development and support costs		
Total college direct costs		136,684,256
Programwide costs:		
Program management		18,067,932
Legal consulting fees		2,003,890
Compliance and audit fees		1,253,336
Bond measure election costs		—
Rents and leases		—
		21,325,158
Total programwide costs		
Debt refinancing		—
Total college direct costs and programwide costs		\$ 158,009,415

See accompanying notes to statement of expenditures of bond proceeds.

LOS ANGELES COMMUNITY COLLEGE DISTRICT
MEASURE J BOND CONSTRUCTION PROGRAM

Notes to Statement of Expenditures of Bond Proceeds

Year ended June 30, 2020

(1) Program Background

In November 2008, the Los Angeles Community College District (the District) electorate approved the passage of a \$3.5 billion property tax financed bond measure under the requirements of the Proposition 39, *Smaller Classes, Safer Schools and Financial Accountability Act*, of the State of California (the Act), known as Measure J (the Program). This Program was intended to supplement the District's cumulative \$2.225 billion Proposition AA and A Bond Construction Programs of the nine college master plans. The college master plans identify areas for improvements needed to prepare the colleges to meet the future needs of the community and provide a time line for addressing those needs within the next 10 years.

The program is intended to increase educational opportunities, raise student achievement, and improve health and safety conditions on the campuses of the nine colleges within the District through the replacement and/or repair and rehabilitation of deteriorating buildings; the construction, furnishing, and equipping of classrooms, laboratories, libraries, and related facilities; the repair and upgrading of electrical wiring for computer technology, heating, air conditioning, and plumbing; complete earthquake retrofitting; improvement of campus safety, fire security, parking, and lighting; and the improvement of current or to be acquired real property to relieve overcrowding of the facilities on these campuses.

The District's board of trustees approved an award of the contract for program management (Program Manager) services to Jacobs Project Management Company, effective October 15, 2017, the Board of Trustees authorized an agreement with Jacobs Project Management Company to provide program management services for the bond program for a five year period.

The Program Manager is responsible for managing all program-related activities, including the maintenance of the master schedule and the master program budget. The Program Manager provides its own staff and services for budgeting, accounting, contracting, and supervising the program. The annual contract amount paid to the Program Manager related to the Measure J Bond Construction Program totaled \$7,840,404 for the year ended June 30, 2020.

(2) Basis of Presentation

The accompanying statement of expenditures of bond proceeds for the year ended June 30, 2020 has been prepared on the accrual basis of accounting. The Act requires an annual, independent financial audit of the expenditures of proceeds from the sale of the school facilities bonds until all of the proceeds have been expended. Accordingly, the accompanying statement of expenditures of bond proceeds includes all amounts expended using bond proceeds regardless of expenditure type.

(3) Bond Issuances

On November 4, 2008, the voters of the Los Angeles County (the County) passed Measure J, a \$3.5 billion General Obligation (G.O.) Bond measure. The bond measure was designed to finance construction, building acquisition, equipment, and improvement of college and support facilities at the various campuses of the District. As of June 30, 2020, the full authorized \$2.825 billion of the G.O. Bond measure has been issued.

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

Notes to Statement of Expenditures of Bond Proceeds

Year ended June 30, 2020

(4) Subsequent Events

The District has evaluated subsequent events from the date of the statement of expenditures of bond proceeds through December 16, 2020 the date at which the statement was available to be issued. The District is not aware of any additional subsequent events, which would require recognition or disclosure in the statement of expenditures of bond proceeds.

**UNAUDITED SUPPLEMENTARY SCHEDULE OF EXPENDITURES
OF BOND PROCEEDS**

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

Unaudited Supplementary Schedule of Expenditures of Bond Proceeds
For the period from November 4, 2008 (inception) through June 30, 2020

(Unaudited)

	2020 Budget	Period from November 4, 2008 (inception) through June 30, 2020	Reclassifications	Subtotal	Cumulative reimbursements from the state of California as of June 30, 2020	Cumulative expenditures of bond proceeds for the period from November 4, 2008 (inception) through June 30, 2020
College direct costs:						
Structural and equipment costs:						
Construction (new)	\$ 1,352,050,220	1,131,294,093	—	1,131,294,093	(19,761,809)	1,111,532,284
Construction (renovation)	630,057,062	546,099,097	—	546,099,097	(6,959,709)	539,139,388
Hardscape/landscape	193,527	193,527	—	193,527	—	193,527
Temporary facilities	17,314,508	12,820,635	—	12,820,635	—	12,820,635
Furniture, fixtures, and equipment	211,688,882	152,048,155	—	152,048,155	(2,970,093)	149,078,062
Total structural and equipment costs	<u>2,211,304,199</u>	<u>1,842,455,508</u>	<u>—</u>	<u>1,842,455,508</u>	<u>(29,691,611)</u>	<u>1,812,763,897</u>
Other costs:						
Land acquisition	82,543,820	82,543,820	—	82,543,820	—	82,543,820
Building acquisition	—	—	—	—	—	—
Demolition	22,334,999	9,786,829	—	9,786,829	—	9,786,829
Total other costs	<u>104,878,819</u>	<u>92,330,649</u>	<u>—</u>	<u>92,330,649</u>	<u>—</u>	<u>92,330,649</u>
Development and support costs:						
Master planning/EIR	6,433,402	5,863,119	—	5,863,119	—	5,863,119
Pre-design/programming	8,373,451	7,418,467	—	7,418,467	—	7,418,467
Design	277,945,375	257,495,137	—	257,495,137	(556,644)	256,938,493
Specialty consulting	224,103,084	202,896,650	(90)	202,896,560	(23,675)	202,872,885
Project management	289,379,458	193,717,919	—	193,717,919	(281,460)	193,436,459
Inspection and testing	67,737,223	56,244,611	—	56,244,611	(146,535)	56,098,076
Construction management	—	—	—	—	—	—
Reimbursable expenditures	5,486,320	5,351,634	—	5,351,634	—	5,351,634
Total development and support costs	<u>879,458,314</u>	<u>728,987,537</u>	<u>(90)</u>	<u>728,987,447</u>	<u>(1,008,314)</u>	<u>727,979,133</u>
Total college direct costs	<u>3,195,641,332</u>	<u>2,663,773,694</u>	<u>(90)</u>	<u>2,663,773,604</u>	<u>(30,699,925)</u>	<u>2,633,073,679</u>
Programwide costs:						
Program management	264,895,806	264,865,557	—	264,865,557	30,249	264,895,806
Legal consulting fees	50,284,220	33,275,131	—	33,275,131	—	33,275,131
Compliance and audit fees	10,622,596	8,992,912	—	8,992,912	—	8,992,912
Bond measure election costs	966,188	966,188	—	966,188	—	966,188
Rents and leases	49,179,680	24,530,276	—	24,530,276	—	24,530,276
Total programwide costs	<u>375,948,491</u>	<u>332,630,065</u>	<u>—</u>	<u>332,630,065</u>	<u>30,249</u>	<u>332,660,314</u>
Debt refinancing	—	—	—	—	—	—
Total college direct costs and programwide costs	\$ <u>3,571,589,822</u>	<u>2,996,403,759</u>	<u>(90)</u>	<u>2,996,403,669</u>	<u>(30,669,676)</u>	<u>2,965,733,993</u>
Unallocated interest earned	750,944					
Total college direct costs, programwide costs, and unallocated interest earned	\$ <u>3,572,340,767</u>					

See independent auditors' report and accompanying notes to unaudited supplementary schedule of expenditures of bond proceeds.

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

Notes to Unaudited Supplementary Schedule of Expenditures of Bond Proceeds

Year ended June 30, 2020

(Unaudited)

(1) Background

The unaudited supplementary schedule of expenditures of bond proceeds presents expenditures of the Los Angeles Community College District's Measure J Bond Construction Program for the period from November 4, 2008 (inception) through June 30, 2020.

(2) Basis of Presentation

The accompanying unaudited schedule of expenditures of bond proceeds has been prepared on the accrual basis of accounting and includes the following:

(a) Budget

The amounts included within the budget column in the accompanying unaudited supplementary schedule of expenditures of bond proceeds represent reasonable estimates of the costs that will be expended to complete the various projects at each of the Los Angeles Community College District's (the District) colleges.

(b) Cumulative Expenditures

The amounts included within the cumulative expenditures of bond proceeds in the accompanying unaudited supplementary schedule of expenditures of bond proceeds may include reclassifications and reimbursements from other funding sources for the period from November 4, 2008 (inception) through June 30, 2020.

(c) Interest Earned

Interest earned on bond issuances that has not been expended is added to project budgets upon approval by the District. Interest earned that has not yet been approved for specific projects is included in unallocated interest earned.

(d) Cumulative Reimbursements from the State of California and Other Nonbond Sources

The District received amounts from the State of California as reimbursement for various multi-funded projects. These projects were to be funded by both state funds and bond proceeds. Prior to filing claims and receipt of funds from the state, eligible Measure J bond proceeds were used to fund the projects. The reimbursements received by the District, totaling \$30,669,676 for the period from November 4, 2008 (inception) through June 30, 2020, have been reflected in the accompanying unaudited supplementary schedule of expenditures of bond proceeds as a reduction of expenditures made with bond proceeds by cost classification on a cumulative basis.

(e) Reclassifications

Certain amounts reported in prior years in the financial statements have been reclassified to conform to the current year's presentation

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

Notes to Unaudited Supplementary Schedule of Expenditures of Bond Proceeds

Year ended June 30, 2020

(Unaudited)

(3) Reconciliation of Bond Proceeds

The following is a summary of total authorized and issued bond funds available at June 30, 2020:

Bonds authorized and issued	\$ 2,825,000,000
Bonds authorized but not yet issued	<u>\$ 675,000,000</u>
Total bonds authorized	<u>\$ 3,500,000,000</u>
Other bond related sources of funds:	
Interest earned for the period from November 4, 2008 (inception) through 2020	52,965,779
Other	<u>19,181,461</u>
Total other bond related sources of funds	\$ 3,572,147,240
Less expenditures of bond proceeds for the period from November 4, 2008	
of funds available at June 30, 2020	<u>(2,965,733,993)</u>
Total authorized bond funds remaining at June 30, 2020	<u><u>\$ 606,413,246</u></u>

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Measure J Bond Construction Statement of Expenditures of Bond Proceeds Performed in Accordance With *Government Auditing Standards*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the Measure J Bond Construction statement of expenditures of bond proceeds (statement of expenditures of bond proceeds) of the Los Angeles Community College District (the District) for the year ended June 30, 2020, and have issued our report thereon dated December 16, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the statement of expenditures of bond proceeds, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the statement of expenditures of bond proceeds, 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's statement of expenditures of bond proceeds will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

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

[(signed) KPMG LLP]

Los Angeles, California
December 16, 2020

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

Statement of Expenditures of Bond Proceeds
and Unaudited Supplementary Schedule

Year ended June 30, 2020

(With Independent Auditors' Report Thereon)

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

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Independent Auditors' Report

The Honorable Board of Trustees
Los Angeles Community College District:

Report on the Statement

We have audited the accompanying statement of expenditures of bond proceeds of the Measure CC Bond Construction Program (the Program) of the Los Angeles Community College District (the District) for the year ended June 30, 2020, and the related notes to the statement of expenditures of bond proceeds.

Management's Responsibility for the Statement of Expenditures and Bond Proceeds

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement of expenditures of bond proceeds. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the statement of expenditures of bond proceeds, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the statement of expenditures of bond proceeds 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the statement of expenditures of bond proceeds.

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

Opinion on the Statement of Expenditures of Bond Proceeds

In our opinion, the statement of expenditures of bond proceeds referred to above presents fairly, in all material respects, the expenditures of the Los Angeles Community College District's Program for the year ended June 30, 2020, in accordance with U.S. generally accepted accounting principles.

Other Matters

Purpose of Report

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

Unaudited Supplementary Schedule of Expenditures of Bond Proceeds

Our audit was conducted for the purpose of forming an opinion on the statement of expenditures of bond proceeds of the Program. The accompanying unaudited supplementary schedule of expenditures of bond proceeds of the Program of the District for the year ended June 30, 2020, is presented for purposes of additional analysis, and is not a required part of the statement of expenditures of bond proceeds.

The unaudited supplementary schedule of expenditures of bond proceeds has not been subjected to the auditing procedures applied in the audit of the statement of expenditures of bond proceeds, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2020 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters as it relates to the Program. The purpose of this report is 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 internal control over financial reporting or on compliance as it relates to the Program. This 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 as it relates to the Program.

[(signed) KPMG LLP]

Los Angeles, California
December 16, 2020

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

Statement of Expenditures of Bond Proceeds

Year ended June 30, 2020

College direct costs:		
Structural and equipment costs:		
Construction (new)		\$ 14,180,824
Construction (renovation)		1,706,315
Hardscape/landscape		—
Temporary facilities		66,122
Furniture, fixtures, and equipment		3,948,248
	Total structural and equipment costs	<u>19,901,509</u>
Other costs:		
Land acquisition		36,036
Building acquisition		—
Demolition		299,736
	Total other costs	<u>335,772</u>
Development and support costs:		
Master planning		947,047
Pre-design/programming		3,570,967
Design		8,655,729
Specialty consulting		9,723,307
Project management		8,244,962
Inspection and testing		560,004
Consturction management		—
Reimbursable expenditures		11,159
	Total development and support costs	<u>31,713,175</u>
	Total college direct costs	<u>51,950,456</u>
Programwide costs:		
Program management		9,776,746
Legal consulting fees		1,484,806
Compliance and audit fees		470,226
Bond measure election costs		—
Rents and leases		508,330
	Total programwide costs	<u>12,240,108</u>
Debt refinancing		—
	Total college direct costs and programwide costs	<u>\$ 64,190,564</u>

See accompanying notes to statement of expenditures of bond proceeds.

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

Notes to Statement of Expenditures of Bond Proceeds

Year ended June 30, 2020

(1) Program Background

In November 2016, the Los Angeles Community College District (the District) electorate approved the passage of a \$3.3 billion property tax financed bond measure under the requirements of the, *Los Angeles Community College District Affordable Education, Job Training, Classroom Safety Measure*, known as Measure CC (the Program) in accordance with Proposition 39, Smaller Classes, Safer Schools and Financial Accountability Act, of the State of California (the Act). This Program supplements the District's cumulative \$5.725 billion Proposition AA and A, and Measure J Bond Construction Programs of the nine college master plans. The college master plans identify areas for improvements needed to prepare the colleges to meet the future needs of the community and provide a time line for addressing those needs within the next 10 years.

The program is intended to increase educational opportunities, raise student achievement, and improve health and safety conditions on the campuses of the nine colleges within the District through the replacement and/or repair and rehabilitation of deteriorating buildings; the construction, furnishing, and equipping of classrooms, laboratories, libraries, and related facilities; the repair and upgrading of electrical wiring for computer technology, heating, air conditioning, and plumbing; complete earthquake retrofitting; improvement of campus safety, fire security, parking, and lighting; and the improvement of current or to be acquired real property to relieve overcrowding of the facilities on these campuses.

The District's board of trustees approved an award of the contract for program management (Program Manager) services to Jacobs Project Management Company, effective October 15, 2017, the Board of Trustees authorized an agreement to provide program management services for the bond program for a five-year period.

The Program Manager is responsible for managing all program-related activities, including the maintenance of the master schedule and the master program budget. The Program Manager provides its own staff and services for budgeting, accounting, contracting, and supervising the program. The annual contract amount paid to the Program Manager related to the Measure CC Bond Construction Program totaled \$7,141,412 for the year ended June 30, 2020.

(2) Basis of Presentation

The accompanying statement of expenditures of bond proceeds for the year ended June 30, 2020 has been prepared on the accrual basis of accounting. The Act requires an annual, independent financial audit of the expenditures of proceeds from the sale of the school facilities bonds until all of the proceeds have been expended. Accordingly, the accompanying statement of expenditures of bond proceeds includes all amounts expended using bond proceeds regardless of expenditure type.

(3) Bond Issuances

On November 8, 2016, the voters of the Los Angeles County (the County) passed Measure CC, a \$3.3 billion General Obligation (G.O.) Bond measure. The bond measure was designed to finance construction, building acquisition, equipment, and improvement of college and support facilities at the various campuses of the District. As of June 30, 2020, \$350 million of the G.O. Bond measure has been issued.

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

Notes to Statement of Expenditures of Bond Proceeds

Year ended June 30, 2020

(4) Subsequent Events

The District has evaluated subsequent events from the date of the statement of expenditures of bond proceeds through December 16, 2020, the date at which the statement was available to be issued. The District is not aware of any additional subsequent events, which would require recognition or disclosure in the statement of expenditures of bond proceeds.

**UNAUDITED SUPPLEMENTARY SCHEDULE OF EXPENDITURES
OF BOND PROCEEDS**

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

Unaudited Supplementary Schedule of Expenditures of Bond Proceeds
For the period from November 4, 2017 (inception) through June 30, 2020
(Unaudited)

	2020 Budget	Period from November 4, 2017 (inception) through June 30, 2020	Reclassifications	Subtotal	Cumulative reimbursements from the state of California as of June 30, 2020	Cumulative expenditures of bond proceeds for the period from November 4, 2017 (inception) through June 30, 2020
College direct costs:						
Structural and equipment costs:						
Construction (new)	\$ 877,610,795	14,742,375	—	14,742,375	—	14,742,375
Construction (renovation)	162,687,386	5,014,150	—	5,014,150	—	5,014,150
Hardscape/landscape	8,380,346	—	—	—	—	—
Temporary facilities	4,834,065	66,928	—	66,928	—	66,928
Furniture, fixtures, and equipment	98,349,983	4,145,782	—	4,145,782	—	4,145,782
Total structural and equipment costs	<u>1,151,862,575</u>	<u>23,969,236</u>	<u>—</u>	<u>23,969,236</u>	<u>—</u>	<u>23,969,236</u>
Other costs:						
Land acquisition	36,469	36,036	—	36,036	—	36,036
Building acquisition	—	—	—	—	—	—
Demolition	91,267,818	366,851	—	366,851	—	366,851
Total other costs	<u>91,304,287</u>	<u>402,887</u>	<u>—</u>	<u>402,887</u>	<u>—</u>	<u>402,887</u>
Development and support costs:						
Master planning/EIR	11,615,460	5,075,974	—	5,075,974	—	5,075,974
Predesign/programming	17,503,427	4,691,479	—	4,691,479	—	4,691,479
Design	99,824,793	10,421,433	—	10,421,433	—	10,421,433
Specialty consulting	91,875,522	17,878,479	—	17,878,479	—	17,878,479
Project management	1,599,496,915	11,836,825	—	11,836,825	—	11,836,825
Inspection and testing	44,994,434	659,149	—	659,149	—	659,149
Construction management	—	—	—	—	—	—
Reimbursable expenditures	5,310,973	34,167	—	34,167	—	34,167
Total development and support costs	<u>1,870,621,524</u>	<u>50,597,506</u>	<u>—</u>	<u>50,597,506</u>	<u>—</u>	<u>50,597,506</u>
Total college direct costs	<u>3,113,788,385</u>	<u>74,969,629</u>	<u>—</u>	<u>74,969,629</u>	<u>—</u>	<u>74,969,629</u>
Programwide costs:						
Program management	165,339,767	16,457,130	—	16,457,130	—	16,457,130
Legal consulting fees	9,575,048	3,258,047	—	3,258,047	—	3,258,047
Compliance and audit fees	1,751,786	535,765	—	535,765	—	535,765
Bond measure election costs	4,772,937	4,772,937	—	4,772,937	—	4,772,937
Rents and leases	5,083,301	1,016,660	—	1,016,660	—	1,016,660
Total programwide costs	<u>186,522,839</u>	<u>26,040,539</u>	<u>—</u>	<u>26,040,539</u>	<u>—</u>	<u>26,040,539</u>
Debt refinancing	5,000,000	—	—	—	—	—
Total college direct costs and programwide costs	<u>\$ 3,305,311,224</u>	<u>101,010,168</u>	<u>—</u>	<u>101,010,168</u>	<u>—</u>	<u>101,010,168</u>
Unallocated interest earned	—					
Total college direct costs, programwide costs, and unallocated interest earned	<u>\$ 3,305,311,224</u>					

See independent auditors' report and accompanying notes to unaudited supplementary schedule of expenditures of bond proceeds.

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

Notes to Unaudited Supplementary Schedule of Expenditures of Bond Proceeds

Year ended June 30, 2020

(Unaudited)

(1) Background

The unaudited supplementary schedule of expenditures of bond proceeds presents expenditures of the Los Angeles Community College District's Measure CC Bond Construction Program for the period from November 8, 2016 (inception) through June 30, 2020.

(2) Basis of Presentation

The accompanying unaudited schedule of expenditures of bond proceeds has been prepared on the accrual basis of accounting and includes the following:

(a) Budget

The amounts included within the budget column in the accompanying unaudited supplementary schedule of expenditures of bond proceeds represent reasonable estimates of the costs that will be expended to complete the various projects at each of the Los Angeles Community College District's (the District) colleges.

(b) Interest Earned

Interest earned on bond issuances that has not been expended is added to project budgets upon approval by the District. Interest earned that has not yet been approved for specific projects is included in unallocated interest earned.

(c) Cumulative Expenditures

The amounts included within the cumulative expenditures in bond proceeds, in the accompanying unaudited supplementary schedule of expenditures of bond proceeds comprise all expenditures made with Measure CC funds, with such expenditures commencing from November 8, 2016 (inception) through June 30, 2020.

(d) Reclassifications

No adjustments or reclassifications were made between the District's various Proposition 39 bond programs during the year ended June 30, 2020, which were related to prior years.

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

Notes to Unaudited Supplementary Schedule of Expenditures of Bond Proceeds
Year ended June 30, 2020
(Unaudited)

(3) Reconciliation of Bond Proceeds

The following is a summary of total authorized and issued bond funds available at June 30, 2020:

Bonds authorized and issued	\$ 350,000,000
Bonds authorized but not yet issued	\$ 2,950,000,000
Total bonds authorized	<u>\$ 3,300,000,000</u>
Other bond related sources of funds:	
Interest earned for the period from November 4, 2017 (inception) through 2020	5,311,224
Other	<u>0</u>
Total other bond related sources of funds	\$ 3,305,311,224
Less expenditures of bond proceeds for the period from November 4, 2017 of funds available at June 30, 2020	<u>(101,010,168)</u>
Total authorized bond funds remaining at June 30, 2020	<u><u>\$ 3,204,301,057</u></u>

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Measure CC Bond Construction Statement of Expenditures of Bond Proceeds Performed in Accordance With *Government Auditing Standards*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the Measure CC Bond Construction statement of expenditures of bond proceeds (statement of expenditures of bond proceeds) of Los Angeles Community College District (the District) for the year ended June 30, 2020, and have issued our report thereon dated December 16, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the statement of expenditures of bond proceeds, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the statement of expenditures of bond proceeds, 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's statement of expenditures of bond proceeds will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

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

[(signed) KPMG LLP]

Los Angeles, California
December 16, 2020