

LOS ANGELES COMMUNITY COLLEGE DISTRICT

**BOND CONSTRUCTION PROGRAMS:
PROPOSITION A
PROPOSITION AA
MEASURE J
MEASURE CC**

Statement of Expenditures of Bond Proceeds
and Supplementary Schedules

Year Ended June 30, 2019

**LOS ANGELES COMMUNITY COLLEGE DISTRICT
BOND CONSTRUCTION PROGRAMS**

Table of Contents

	Tab
Proposition A Bond Construction Program	A
Proposition AA Bond Construction Program	B
Measure J Bond Construction Program	C
Measure CC Bond Construction Program	D



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

Statement of Expenditures of Bond Proceeds
and Unaudited Supplementary Schedule

Year Ended June 30, 2019

(With Independent Auditors' Report Thereon)

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

Table of Contents

	Page
Independent Auditors' Report	1
Statement of Expenditures of Bond Proceeds	3
Notes to Statement of Expenditures of Bond Proceeds	4
Unaudited Supplementary Schedule of Expenditures of Bond Proceeds	6
Notes to Unaudited Supplementary Schedule of Expenditures of Bond Proceeds	7
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Proposition A Bond Construction Program Statement of Expenditures of Bond Proceeds Performed in Accordance with <i>Government Auditing Standards</i>	9



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
Los Angeles, California:

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, 2019, 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, 2019, 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, 2019 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 4, 2019, 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.

KPMG LLP

Los Angeles, California
December 4, 2019

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

Statement of Expenditures of Bond Proceeds

Year ended June 30, 2019

College direct costs:

Structural and equipment costs:

Construction (new)	\$	257,585
Construction (renovation)		2,281,072
Temporary facilities		8,285
Furniture, fixtures, and equipment		4,232
		4,232
Total structural and equipment costs		2,551,175

Development and support costs:

Design		468,363
Specialty consulting		7,359
Project management		293,051
Inspection and testing		55,449
Reimbursable expenditures		388
		388
Total development and support costs		824,610

Total college direct costs		3,375,785
----------------------------	--	-----------

Programwide costs:

Program management		557,165
Compliance and audit fees		—
		—
Total programwide costs		557,165

Total college direct costs and programwide costs	\$	3,932,950
--	----	-----------

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, 2019

(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 \$ 285,881 for the year ended June 30, 2019.

(2) Basis of Presentation

The accompanying statement of expenditures of bond proceeds for the year ended June 30, 2019 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, 2019, 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, 2019

(4) Subsequent Events

The District has evaluated subsequent events from the date of the statement of expenditures of bond proceeds through December 4, 2019, 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

Period from April 10, 2001 (inception) through June 30, 2019

(Unaudited)

	<u>Budget as of 2019</u>	<u>Period from April 10, 2001 (inception) through June 30, 2019</u>	<u>Reclassifications</u>	<u>Subtotal</u>	<u>Cumulative reimbursements from the State of California as of June 30, 2019</u>	<u>Cumulative expenditures of bond proceeds for the period from April 10, 2001 (inception) through June 30, 2019</u>
College direct costs:						
Structural and equipment costs:						
Construction (new)	\$ 605,350,588	698,224,523	—	698,224,523	(112,931,827)	585,292,696
Construction (renovation)	212,650,757	219,612,095	—	219,612,095	(13,910,609)	205,701,486
Hardscape/landscape	125,771	125,771	—	125,771	—	125,771
Temporary facilities	20,010,643	20,099,102	—	20,099,102	—	20,099,102
Furniture, fixtures, and equipment	33,677,993	46,886,499	—	46,886,499	(13,912,971)	32,973,528
Total structural and equipment costs	<u>871,815,752</u>	<u>984,947,990</u>	<u>—</u>	<u>984,947,990</u>	<u>(140,755,407)</u>	<u>844,192,583</u>
Other costs:						
Land acquisition	42,776,242	43,900,803	—	43,900,803	—	43,900,803
Building acquisition	—	—	—	—	—	—
Demolition	—	456,616	—	456,616	—	456,616
Total other costs	<u>42,776,242</u>	<u>44,357,419</u>	<u>—</u>	<u>44,357,419</u>	<u>—</u>	<u>44,357,419</u>
Development and support costs:						
Master planning/EIR	14,390,398	15,348,987	—	15,348,987	(186,299)	15,162,688
Predesign/programming	8,101,926	8,443,216	—	8,443,216	—	8,443,216
Design	131,234,197	139,636,500	—	139,636,500	(7,588,361)	132,048,139
Specialty consulting	40,546,831	40,777,704	—	40,777,704	(222,510)	40,555,194
Project management	114,485,138	116,032,774	—	116,032,774	(325,165)	115,707,609
Inspection and testing	34,563,631	35,105,865	—	35,105,865	(886,599)	34,219,266
Construction management	503,589	523,943	—	523,943	(401,473)	122,470
Reimbursable expenditures	8,968,753	6,205,069	—	6,205,069	(34,803)	6,170,266
Total development and support costs	<u>352,794,463</u>	<u>362,074,058</u>	<u>—</u>	<u>362,074,058</u>	<u>(9,645,210)</u>	<u>352,428,848</u>
Total college direct costs	<u>1,267,386,457</u>	<u>1,391,379,467</u>	<u>—</u>	<u>1,391,379,467</u>	<u>(150,400,617)</u>	<u>1,240,978,850</u>
Programwide costs:						
Program management	80,449,021	80,367,108	—	80,367,108	—	80,367,108
Legal consulting fees	6,155,390	5,767,366	—	5,767,366	—	5,767,366
Compliance and audit fees	2,682,008	2,529,970	—	2,529,970	—	2,529,970
Bond measure election costs	523,743	585,660	—	585,660	—	585,660
Rents and leases	1,264,869	1,281,243	—	1,281,243	—	1,281,243
Total programwide costs	<u>91,075,031</u>	<u>90,531,347</u>	<u>—</u>	<u>90,531,347</u>	<u>—</u>	<u>90,531,347</u>
Total college direct costs and programwide costs	<u>1,358,461,488</u>	<u>1,481,910,814</u>	<u>—</u>	<u>1,481,910,814</u>	<u>(150,400,617)</u>	<u>1,331,510,197</u>
Unallocated interest earned	5,210,101					
Total college direct costs, programwide costs, and unallocated interest earned	\$ <u>1,363,671,589</u>					

See 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, 2019

(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, 2019.

(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, 2019.

(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, 2019, 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

No reclassifications were made between the District's various Proposition 39 bond programs during the year ended June 30, 2019.

**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, 2019

(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, 2019:

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 interest	614,315
Interest earned for the period from April 10, 2001 (inception) through June 30, 2019	<u>105,727,274</u>
Total bonds authorized, interest earned, and other	1,363,671,589
Less expenditures of bond proceeds for the period from April 10, 2001 (inception) through June 30, 2019	<u>(1,331,510,197)</u>
Total authorized and issued bond funds and other bond related sources of funds available at June 30, 2019	<u><u>\$ 32,161,392</u></u>



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 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, 2019, and have issued our report thereon dated December 4, 2019.

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.

KPMG LLP

Los Angeles, California
December 4, 2019



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

Statement of Expenditures of Bond Proceeds
and Unaudited Supplementary Schedule

Year Ended June 30, 2019

(With Independent Auditors' Report Thereon)

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

Table of Contents

	Page
Independent Auditors' Report	1
Statement of Expenditures of Bond Proceeds	3
Notes to Statement of Expenditures of Bond Proceeds	4
Unaudited Supplementary Schedule of Expenditures of Bond Proceeds	6
Notes to Unaudited Supplementary Schedule of Expenditures of Bond Proceeds	7
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Proposition AA Bond Construction Program Statement of Expenditures of Bond Proceeds Performed in Accordance with <i>Government Auditing Standards</i>	9



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
Los Angeles, California:

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, 2019, 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, 2019, 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, 2019 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 4, 2019, 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.

KPMG LLP

Los Angeles, California
December 4, 2019

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

Statement of Expenditures of Bond Proceeds

Year ended June 30, 2019

College direct costs:	
Structural and equipment costs:	
Construction (new)	\$ —
Construction (renovation)	2,265,939
Furniture, fixtures, and equipment	<u>64,085</u>
Total structural and equipment costs	<u>2,330,024</u>
Other costs:	
Land acquisition	—
Building acquisition	—
Demolition	<u>6,676,345</u>
Total other costs	<u>6,676,345</u>
Development and support costs:	
Design	275,142
Specialty consulting	90,627
Project management	309,685
Inspection and testing	154,305
Reimbursable expenditures	<u>—</u>
Total development and support costs	<u>829,759</u>
Total college direct costs	<u>9,836,128</u>
Programwide costs:	
Program management	1,433,692
Compliance and audit fees	<u>—</u>
Total programwide costs	<u>1,433,692</u>
Total college direct costs and programwide costs	<u>\$ 11,269,820</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, 2019

(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 \$735,626 for the year ended June 30, 2019.

(2) Basis of Presentation

The accompanying statement of expenditures of bond proceeds for the year ended June 30, 2019, 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, 2019, 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, 2019

(4) Subsequent Events

The District has evaluated subsequent events from the date of the statement of expenditures of bond proceeds through December 4, 2019, 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

Period from May 20, 2003 (inception) through June 20, 2019

(Unaudited)

	Budget as of 2019	Period from May 20, 2003 (inception) through June 30, 2019	Reclassifications	Subtotal	Cumulative reimbursements from the state of California as of June 30, 2019	Cumulative expenditures of bond proceeds for the period from May 20, 2003 (inception) through June 30, 2019
College direct costs:						
Structural and equipment costs:						
Construction (new)	\$ 358,178,866	370,720,829	—	370,720,829	(55,472,431)	315,248,398
Construction (renovation)	188,199,666	232,651,083	—	232,651,083	(47,351,895)	185,299,188
Temporary facilities	4,624,003	4,615,240	—	4,615,240	—	4,615,240
Furniture, fixtures, and equipment	35,684,793	37,860,056	—	37,860,056	(2,828,479)	35,031,577
Total structural and equipment costs	<u>586,687,328</u>	<u>645,847,208</u>	<u>—</u>	<u>645,847,208</u>	<u>(105,652,805)</u>	<u>540,194,403</u>
Other costs:						
Land acquisition	115,477,059	103,319,376	—	103,319,376	—	103,319,376
Building acquisition	—	19,704,402	—	19,704,402	—	19,704,402
Demolition	—	6,886,700	—	6,886,700	—	6,886,700
Total other costs	<u>115,477,059</u>	<u>129,910,478</u>	<u>—</u>	<u>129,910,478</u>	<u>—</u>	<u>129,910,478</u>
Development and support costs:						
Master planning/EIR	4,228,528	4,462,689	—	4,462,689	—	4,462,689
Predesign/programming	1,302,544	1,447,385	—	1,447,385	—	1,447,385
Design	63,260,327	73,033,248	—	73,033,248	(9,234,583)	63,798,665
Specialty consulting	30,532,720	31,009,165	—	31,009,165	(80,910)	30,928,255
Project management	73,234,610	74,380,586	—	74,380,586	—	74,380,586
Inspection and testing	22,417,452	22,589,443	—	22,589,443	(198,036)	22,391,407
Construction management	—	1,607	—	1,607	—	1,607
Reimbursable expenditures	4,789,904	2,954,405	—	2,954,405	(754,702)	2,199,703
Total development and support costs	<u>199,766,085</u>	<u>209,878,528</u>	<u>—</u>	<u>209,878,528</u>	<u>(10,268,231)</u>	<u>199,610,297</u>
Total college direct costs	<u>901,930,472</u>	<u>985,636,214</u>	<u>—</u>	<u>985,636,214</u>	<u>(115,921,036)</u>	<u>869,715,178</u>
Programwide costs:						
Program management	40,452,565	43,856,024	—	43,856,024	—	43,856,024
Legal consulting fees	1,271,526	1,158,475	—	1,158,475	—	1,158,475
Compliance and audit fees	1,470,740	1,400,480	—	1,400,480	—	1,400,480
Bond measure election costs	—	1,206,719	—	1,206,719	—	1,206,719
Rents and leases	6,062,391	6,062,391	—	6,062,391	—	6,062,391
Total programwide costs	<u>49,257,222</u>	<u>53,684,089</u>	<u>—</u>	<u>53,684,089</u>	<u>—</u>	<u>53,684,089</u>
Debt refinancing	<u>106,219,031</u>	<u>109,886,025</u>	<u>—</u>	<u>109,886,025</u>	<u>—</u>	<u>109,886,025</u>
Total college direct costs and programwide costs	<u>1,057,406,725</u>	<u>\$ 1,149,206,328</u>	<u>—</u>	<u>1,149,206,328</u>	<u>(115,921,036)</u>	<u>1,033,285,292</u>
Unallocated interest earned	<u>4,570,805</u>					
Total college direct costs, programwide costs, and unallocated interest earned	<u>\$ 1,061,977,530</u>					

See 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

Period from May 20, 2003 (inception) through June 30, 2019

(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, 2019.

(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 from May 20, 2003 (inception) through June 30, 2019.

(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 \$ 115,921,036 for the period from May 20, 2003 (inception) through June 30, 2019, 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

No reclassifications were made between the District's various Proposition 39 bond programs during the year ended June 30, 2019.

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

Notes to Unaudited Supplementary Schedule of Expenditures of Bond Proceeds

Period from May 20, 2003 (inception) through June 30, 2019

(Unaudited)

(3) Reconciliation of Bond Proceeds

The following is a summary of total authorized and issued bond funds available at June 30, 2019:

Bonds authorized and issued	
Other bond related sources of funds:	\$ 980,000,000
Interest earned from May 20, 2003 (inception) through June 30, 2019	47,637,758
Proceeds from sale of property purchased with bond funds	29,974,680
Other income	<u>4,365,092</u>
Total other bond related sources of funds	1,061,977,530
Less expenditures of bonds proceeds for the period from May 20, 2003 (inception) through June 30, 2019	<u>(1,033,285,292)</u>
Total authorized and issued bond funds available at June 30, 2019	<u>\$ 28,692,238</u>



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 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, 2019, and have issued our report thereon dated December 4, 2019.

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.

KPMG LLP

Los Angeles, California
December 4, 2019



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

Statement of Expenditures of Bond Proceeds
and Unaudited Supplementary Schedule

Year Ended June 30, 2019

(With Independent Auditors' Report Thereon)

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

Table of Contents

	Page
Independent Auditors' Report	1
Statement of Expenditures of Bond Proceeds	3
Notes to Statement of Expenditures of Bond Proceeds	4
Unaudited Supplementary Schedule of Expenditures of Bond Proceeds	6
Notes to Unaudited Supplementary Schedule of Expenditures of Bond Proceeds	7
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Measure J Bond Construction Program Statement of Expenditures of Bond Proceeds Performed in Accordance with <i>Government Auditing Standards</i>	9



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
Los Angeles, California:

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, 2019, 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, 2019, 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, 2019 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 4, 2019, 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.

KPMG LLP

Los Angeles, California
December 4, 2019

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

Statement of Expenditures of Bond Proceeds

Year ended June 30, 2019

College direct costs:

Structural and equipment costs:

Construction (new)	\$ 83,478,076
Construction (renovation)	21,618,063
Temporary facilities	975,227
Furniture, fixtures, and equipment	<u>7,915,666</u>
Total structural and equipment costs	<u>113,987,032</u>

Other costs:

Building acquisition	—
Demolition	<u>1,267,602</u>
Total other costs	<u>1,267,602</u>

Development and support costs:

Master planning	16,600
Predesign/programming	267,039
Design	7,093,763
Specialty consulting	1,092,957
Project management	9,933,723
Inspection and testing	4,227,271
Reimbursable expenditures	<u>170,280</u>
Total development and support costs	<u>22,801,633</u>

Total college direct costs	<u>138,056,267</u>
----------------------------	--------------------

Programwide costs:

Program management	20,572,893
Legal consulting fees	2,871,545
Compliance and audit fees	578,766
Rents and leases	<u>—</u>
Total programwide costs	<u>24,023,204</u>

Total college direct costs and programwide costs	<u>\$ 162,079,471</u>
--	-----------------------

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

Period from November 4, 2008 (inception) through June 30, 2019

(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 \$10,557,381 for the year ended June 30, 2019.

(2) Basis of Presentation

The accompanying statement of expenditures of bond proceeds for the year ended June 30, 2019 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, 2019, the full authorized \$3.5 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

Period from November 4, 2008 (inception) through June 30, 2019

(4) Subsequent Events

The District has evaluated subsequent events from the date of the statement of expenditures of bond proceeds through December 4, 2019, the date at which the statement was available to be issued. The District's Preliminary Official Statement was posted on November 26, 2019 in preparation to issue \$300 million 2008 Election GO Bonds, Series K (Tax-Exempt) in December 2019.

**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

Period from November 4, 2008 (inception) through June 30, 2019

(Unaudited)

	Budget as of 2019	Period from November 4, 2008 (inception) through June 30, 2019	Reclassifications	Subtotal	Cumulative reimbursements from the state of California as of June 30, 2019	Cumulative expenditures of bond proceeds for the period from November 4, 2008 (inception) through June 30, 2019
College direct costs:						
Structural and equipment costs:						
Construction (new)	\$ 1,465,357,683	1,054,340,459	—	1,054,340,459	(19,321,484)	1,035,018,975
Construction (renovation)	623,628,458	529,583,306	—	529,583,306	(6,850,987)	522,732,319
Hardscape/landscape	—	193,527	—	193,527	—	193,527
Temporary facilities	13,428,985	12,733,285	—	12,733,285	—	12,733,285
Furniture, fixtures, and equipment	199,240,038	143,942,288	—	143,942,288	(2,970,094)	140,972,194
Total structural and equipment costs	<u>2,301,655,164</u>	<u>1,740,792,865</u>	<u>—</u>	<u>1,740,792,865</u>	<u>(29,142,565)</u>	<u>1,711,650,300</u>
Other costs:						
Land acquisition	57,881,443	82,543,820	—	82,543,820	—	82,543,820
Demolition	—	668,735	—	668,735	—	668,735
Total other costs	<u>57,881,443</u>	<u>83,212,555</u>	<u>—</u>	<u>83,212,555</u>	<u>—</u>	<u>83,212,555</u>
Development and support costs:						
Master planning/EIR	7,008,324	5,855,215	—	5,855,215	—	5,855,215
Predesign/programming	8,619,541	7,131,315	—	7,131,315	—	7,131,315
Design	273,216,923	251,036,006	—	251,036,006	(556,644)	250,479,362
Specialty consulting	259,233,897	200,437,238	—	200,437,238	—	200,437,238
Project management	211,534,863	185,862,045	—	185,862,045	(281,460)	185,580,585
Inspection and testing	66,315,308	51,319,859	—	51,319,859	(146,535)	51,173,324
Reimbursable expenditures	6,707,409	5,325,393	—	5,325,393	—	5,325,393
Total development and support costs	<u>832,636,265</u>	<u>706,967,071</u>	<u>—</u>	<u>706,967,071</u>	<u>(984,639)</u>	<u>705,982,432</u>
Total college direct costs	<u>3,192,172,872</u>	<u>2,530,972,491</u>	<u>—</u>	<u>2,530,972,491</u>	<u>(30,127,204)</u>	<u>2,500,845,287</u>
Programwide costs:						
Program management	229,235,059	246,928,111	—	246,928,111	30,249	246,958,360
Legal consulting fees	50,047,233	31,454,941	—	31,454,941	—	31,454,941
Compliance and audit fees	11,884,669	8,264,989	—	8,264,989	—	8,264,989
Bond measure election costs	—	966,188	—	966,188	—	966,188
Rents and leases	55,073,560	24,530,276	—	24,530,276	—	24,530,276
Total programwide costs	<u>346,240,521</u>	<u>312,144,505</u>	<u>—</u>	<u>312,144,505</u>	<u>30,249</u>	<u>312,174,754</u>
Total college direct costs and programwide costs	<u>3,538,413,393</u>	<u>\$ 2,843,116,996</u>	<u>—</u>	<u>2,843,116,996</u>	<u>(30,096,955)</u>	<u>2,813,020,041</u>
Unallocated interest earned	<u>30,788,467</u>					
Total college direct costs, programwide costs, and unallocated interest earned	<u>\$ 3,569,201,860</u>					

See 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

Period from November 4, 2008 (inception) through June 30, 2019

(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, 2019.

(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 from November 4, 2008 (inception) through June 30, 2019.

(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 \$ 30,096,955 for the period from November 4, 2008 (inception) through June 30, 2019, 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

No adjustments or reclassifications were made between the District's various Proposition 39 bond programs during the year ended June 30, 2019, which were related to prior years.

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

Notes to Unaudited Supplementary Schedule of Expenditures of Bond Proceeds

Period from November 4, 2008 (inception) through June 30, 2019

(Unaudited)

(3) Reconciliation of Bond Proceeds

The following is a summary of total authorized and issued bond funds available at June 30, 2019:

Bonds authorized and issued	\$ 2,825,000,000
Bonds authorized but not yet issued	<u>675,000,000</u>
Total bonds authorized	3,500,000,000
Other bond related source of funds:	
Interest earned for the period from November 4, 2008 (inception) through June 30, 2019	49,698,418
Other income	<u>19,503,442</u>
Total other bond-related sources of funds	3,569,201,860
Less expenditures of bond proceeds for the period from November 4, 2008 (inception) through June 30, 2019	<u>(2,813,020,041)</u>
Total authorized bond funds remaining at June 30, 2019	<u>\$ 756,181,819</u>



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 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, 2019, and have issued our report thereon dated December 4, 2019.

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.

KPMG LLP

Los Angeles, California
December 4, 2019



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

Statement of Expenditures of Bond Proceeds
and Unaudited Supplementary Schedule

Year ended June 30, 2019

(With Independent Auditors' Report Thereon)

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

Table of Contents

	Page
Independent Auditors' Report	1
Statement of Expenditures of Bond Proceeds	3
Notes to Statement of Expenditures of Bond Proceeds	4
Unaudited Supplementary Schedule of Expenditures of Bond Proceeds	6
Notes to Unaudited Supplementary Schedule of Expenditures of Bond Proceeds	7
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Measure CC Bond Construction Program Statement of Expenditures of Bond Proceeds Performed in Accordance with <i>Government Auditing Standards</i>	9



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
Los Angeles, California:

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, 2019, 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, 2019, 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, 2019, 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 4, 2019, 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.

KPMG LLP

Los Angeles, California
December 4, 2019

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

Statement of Expenditures of Bond Proceeds

Year ended June 30, 2019

College direct costs:	
Development and support costs:	
Master planning	\$ 545,713
Predesign/programming	3,311,721
Hardscape/landscape	—
Specialty consulting	806
Project management	159,935
	<hr/>
Total development and support costs	4,018,175
Other costs:	
Land acquisition	—
Building acquisition	—
Demolition	35,821
	<hr/>
Total other costs	35,821
Development and support costs:	
Master planning/EIR	3,459,833
Predesign/programming	997,131
Design	1,803,338
Specialty consulting	8,247,158
Project management	3,681,332
Inspection and testing	114,434
Reimbursable expenditures	29,487
	<hr/>
Total development and support costs	18,332,713
Total college direct costs	<hr/> 22,386,709 <hr/>
Programwide costs:	
Program management	6,342,718
Legal consulting fees	954,266
Compliance and audit fees	37,696
Bond measure election costs	—
Rents and leases	508,330
	<hr/>
Total programwide costs	7,843,010
Debt refinancing	
	<hr/> — <hr/>
Total college direct costs and programwide costs	<hr/> \$ 30,229,719 <hr/> <hr/>

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, 2019

(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 \$3,254,613 for the year ended June 30, 2019.

(2) Basis of Presentation

The accompanying statement of expenditures of bond proceeds for the year ended June 30, 2019 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, 2019, \$100 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, 2019

(4) Subsequent Events

The District has evaluated subsequent events from the date of the statement of expenditures of bond proceeds through December 4, 2019, the date at which the statement was available to be issued. The District's Preliminary Official Statement was posted on November 26, 2019 in preparation to issue \$150 million 2016 Election GO Bonds, Series B-1 (Tax-Exempt) and \$100 million 2016 Election GO Bonds, Series B-2 (Federally Taxable) in December 2019.

**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

Year ended June 30, 2019

(Unaudited)

	Budget	Period from			Cumulative	Cumulative
	as of 2019	November 8,			reimbursements	expenditures
		2016	Reclassifications	Subtotal	from the state	of bond
		(inception)			of California	proceeds
		through			as of	for the
		June 30, 2019			June 30, 2019	period from
						November 8,
						2016
						(inception)
						through
						June 30,
						2019
College direct costs:						
Structural and equipment costs:						
Construction (new)	\$ 2,627,199,756	545,713	—	545,713	—	545,713
Construction (renovation)	104,134,000	3,311,721	—	3,311,721	—	3,311,721
Hardscape/landscape	8,380,346	—	—	—	—	—
Temporary facilities	1,840,000	806	—	806	—	806
Furniture, fixtures, and equipment	69,423,441	159,936	—	159,936	—	159,936
Total structural and equipment costs	<u>2,810,977,543</u>	<u>4,018,176</u>	<u>—</u>	<u>4,018,176</u>	<u>—</u>	<u>4,018,176</u>
Other costs:						
Land acquisition	—	—	—	—	—	—
Building acquisition	—	—	—	—	—	—
Demolition	—	35,821	—	35,821	—	35,821
Total other costs	<u>—</u>	<u>35,821</u>	<u>—</u>	<u>35,821</u>	<u>—</u>	<u>35,821</u>
Development and support costs:						
Master planning/EIR	13,124,250	4,154,646	—	4,154,646	—	4,154,646
Predesign/programming	19,060,996	1,020,135	—	1,020,135	—	1,020,135
Design	76,121,166	1,803,338	—	1,803,338	—	1,803,338
Specialty consulting	97,161,852	8,272,471	—	8,272,471	—	8,272,471
Project management	59,698,860	3,749,116	—	3,749,116	—	3,749,116
Inspection and testing	43,112,931	114,434	—	114,434	—	114,434
Reimbursable expenditures	67,041	29,682	—	29,682	—	29,682
Total development and support costs	<u>308,347,096</u>	<u>19,143,822</u>	<u>—</u>	<u>19,143,822</u>	<u>—</u>	<u>19,143,822</u>
Total college direct costs	<u>3,119,324,639</u>	<u>23,197,819</u>	<u>—</u>	<u>23,197,819</u>	<u>—</u>	<u>23,197,819</u>
Programwide costs:						
Program management	160,247,427	6,787,593	—	6,787,593	—	6,787,593
Legal consulting fees	9,575,048	1,576,801	—	1,576,801	—	1,576,801
Compliance and audit fees	769,583	42,696	—	42,696	—	42,696
Bond measure election costs	—	4,772,937	—	4,772,937	—	4,772,937
Rents and leases	5,083,303	508,330	—	508,330	—	508,330
Total programwide costs	<u>175,675,361</u>	<u>13,688,357</u>	<u>—</u>	<u>13,688,357</u>	<u>—</u>	<u>13,688,357</u>
Debt refinancing	5,000,000					
Total college direct costs and programwide costs	3,300,000,000	\$ <u>36,886,176</u>	\$ <u>—</u>	\$ <u>36,886,176</u>	\$ <u>—</u>	\$ <u>36,886,176</u>
Unallocated interest earned	<u>2,721,163</u>					
Total college direct costs, programwide costs, and unallocated interest earned	\$ <u>3,302,721,163</u>					

See 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, 2019

(Unaudited)

(1) Background

The unaudited supplementary schedule of expenditures of bond proceeds presents expenditures for the year ended June 30, 2019.

(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 the year ended June 30, 2019.

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

Notes to Unaudited Supplementary Schedule of Expenditures of Bond Proceeds

Year ended June 30, 2019

(Unaudited)

(3) Reconciliation of Bond Proceeds

The following is a summary of total authorized and issued bond funds available at June 30, 2019:

Bonds authorized and issued	\$ 100,000,000
Bonds authorized but not yet issued	<u>3,200,000,000</u>
Total bonds authorized	3,300,000,000
Other bond related source of funds:	
Interest earned for the year ended June 30, 2019	<u>2,721,163</u>
Total other bond-related sources of funds	3,302,721,163
Less expenditures of bond proceeds for the period from November 8, 2016 (inception) through June 30, 2019	<u>(36,886,176)</u>
Total authorized bond funds remaining at June 30, 2019	<u><u>\$ 3,265,834,987</u></u>



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 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, 2019, and have issued our report thereon dated December 4, 2019.

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.

KPMG LLP

Los Angeles, California
December 4, 2019