



**Los Angeles Community College District**

**Basic Financial Statements and Supplemental Information**

June 30, 2014 and 2013

(With Independent Auditors' Report Thereon)

**LOS ANGELES COMMUNITY COLLEGE DISTRICT**

Notes to Basic Financial Statements

June 30, 2014 and 2013

**(b) Lease Purchase Financing**

Debt service requirements to maturity of the lease purchase financing transactions at June 30, 2014 are as follows:

	<b>Lease purchase financing</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
Year(s) ending June 30:			
2015	\$ 259,313	45,412	304,725
2016	226,584	29,071	255,655
2017	205,192	15,957	221,149
2018	136,254	6,139	142,393
2019	83,177	1,597	84,774
Total	<u>\$ 910,520</u>	<u>98,176</u>	<u>1,008,696</u>

**(11) Risk Management**

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District is self-insured for up to a maximum of \$750,000 for each workers' compensation claim, \$1,000,000 per employment practices claims, and \$1,500,000 for each general liability claim.

The District currently reports all of its risk management activities in the accompanying statements of net positions. The balance of all outstanding workers' compensation and incurred general liability claims is estimated based on information provided by an outside actuarial study performed in 2014. The amount of the outstanding liability at June 30, 2014 and 2013 includes estimates of future claim payments for known cases as well as provisions for incurred but not reported claims and adverse development on known cases, which occurred through that date.

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