

**LONG BEACH COMMUNITY COLLEGE DISTRICT
PROPOSITION 39 GENERAL OBLIGATION BONDS
(MEASURE E, FEBRUARY 2008)
PERFORMANCE AUDIT**

June 30, 2016



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INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
The Citizens' Oversight Committee
Long Beach Community College District
Long Beach, California

We have conducted a performance audit of the Long Beach Community College District (the "District"), Measure E, February 2008 General Obligation Bond funds for the fiscal year ended June 30, 2016.

We conducted our performance audit in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Our audit was limited to the objectives listed on pages 3-4 of this report which includes determining the District's compliance with the performance requirements for the Proposition 39 Measure E, February 2008 General Obligation Bonds under Section 1(b)(3)(C) of Article XIII A of the California Constitution. Management is responsible for the District's compliance with those requirements.

Solely to assist us in planning and performing our performance audit, we obtained an understanding of the internal control of the District to determine if internal controls were adequate to help ensure the District's compliance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution. Accordingly, we do not express any assurance on internal control.

The results of our tests indicated that, in all significant respects, the District expended Measure E, February 2008 General Obligation Bond funds for the year ended June 30, 2016, only for the specific projects developed by the District's Board of Trustees, and approved by the voters, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution.

VICENTI, LLOYD AND STUTZMAN LLP
Glendora, California
December 1, 2016

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BACKGROUND INFORMATION

In November 2000, the voters of the State of California approved Proposition 39 authorizing the issuance of general obligation bonds by California public school districts and community colleges, under certain circumstances and subject to certain conditions.

In February 2008, a general obligation bond proposition (Measure E, February 2008) of the Long Beach Community College District was approved by the voters of the District. Measure E, February 2008 authorized the District to issue up to \$440 million of general obligation bonds. Proceeds from the sale of the bonds will be used to finance the renovation of science, nursing, police and firefighting classrooms' upgrade classroom technology and high-tech training labs; repair aging roofs, electrical plumbing, heating, ventilation; and upgrade/construct/equipment/acquire classrooms, facilities, and sites as well as the repayment of certain lease obligations of the District.

In June 2016, a general obligation bond proposition (Measure LB, June 2016) of the Long Beach Community College District was approved by the voters of the District. Measure LB, June 2016 authorized the District to issue up to \$850 million in general obligation bonds. Proceeds from the sale of the bonds will be used to finance various capital projects, and related costs, as specified in the bond measure provisions. In September 2016, the District issued bonds under Measure LB. Expenditures associated with the new Measure will be included in future reports.

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*The Fiscal Year 2013 expenditures include BAN principal and interest repayment of \$165.1 million.

The Bond Anticipation Note (BAN) was issued on January 7, 2010, for the total principal and premium amount of \$180.5 million. The BAN was issued to provide interim financing between general obligation bond issues for the voter approved projects and was paid off as scheduled on January 15, 2013.

OBJECTIVES

The objectives of our Performance Audit were to:

Document the expenditures charged to the District Bond Construction Fund.

Determine whether expenditures charged to the Bond Construction Fund have been made

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Note any incongruities or system weaknesses, or non-compliance with specific Education Code Sections related to oversight of fund expenditures and provide recommendations for improvement.

Provide the District Board and the Citizens' Oversight Committee with a performance audit as required under the requirements of the California Constitution and Proposition 39.

SCOPE OF THE AUDIT

The scope of our performance audit covered the fiscal period from July 1, 2015 to June 30, 2016. The sample of expenditures tested included object and project codes associated with the bond projects. The propriety of expenditures for capital projects and maintenance projects funded through other State or local funding sources, other than the proceeds of the bonds, were not included within the scope of our audit. Expenditures incurred subsequent to June 30, 2016, were

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that funds held in the Bond Construction Fund were not used for salaries of school administrators or other operating expenses of the District.

CONCLUSION

The results of our tests indicated that, in all significant respects, the Long Beach Community College District has properly accounted for the expenditures of the funds held in the Measure E, February 2008 Bond Construction Fund and that such expenditures were made on authorized bond projects. Further, it was noted that the funds held in the Measure E, February 2008 Bond Construction Fund and expended by the District were not expended for salaries of school administrators or other operating expenditures.

In addition, the results of our tests indicated that, in all significant respects, the District complied with the requirements of Proposition 39, as specified by Section 1(b)(3)(c) of Article XIII A of the California Constitution and certain provisions of the California Education Code.

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**SCHEDULE OF BOND PROJECTS SUMMARY
June 30, 2016**

Project Name	Adjusted Budget	Total Project Costs Through June 30, 2015	2015-16 Actual Costs	Total Projects Costs Through June 30, 2016
Block Grant	\$ 2,781	\$ 2,780	\$	\$ 2,780
Technology Building PCC Capital Project	(4,415)	(4,415) *		(4,415)
Industrial Technology Center	658,763	658,764		658,764
Learning Resource Center LAC	736,503	736,223	280	736,503
Learning Resource Center PCC	12,735	12,734		12,734
Bond Anticipation Notes	195,543,527	195,543,527	3	195,543,530
Administrative Costs	5,435,302	3,831,034	936,139	4,767,173
South Quad Complex	2,559,547	2,747,194	(187,648) *	2,559,546
Interim Housing LAC Tech 2	7,101	7,101		7,101
Los Coyotes Building	321,598	321,598		321,598
Infrastructure Phase 1 LAC	(9,468)	(9,468) *		(9,468)
Building Q & R Improvements	71,580	71,580		71,580
Document Imaging	72,206	72,206		72,206
Building A Student Services Retro	15,124,644	15,124,644		15,124,644
LAC Infrastructure Construction	2,443,495	2,442,295	1,200	2,443,495
LAC Infra Utility Connection	5,621,857	5,621,857		5,621,857
Building Z Retrofit Facilities W/H	233,601	233,601		233,601
Central Plant Support - LAC	159,954	159,954		159,954
Multi-Disp. Complex AA, BB, DD, EE	33,464,935	32,028,521	1,137,953	33,166,474
So East Interim Bungalows, PCC	2,506	987	1,519	2,506
Infrastructure Phase 1 PCC	126,849	126,849		126,849
PCC Infrastructure Construction	11,633	11,632		11,632
PCC Infra Utility Connection	948,895	948,895		948,895
Central Plant Support - PCC	159,954	159,954		159,954
Campus Improvements	3,562,465	2,743,443	377,801	3,121,244
EleCenteronic Signage	498,699	498,699		498,699
Parking Structure	21,615,442	21,615,444		21,615,444
Surface Parking Im ICi				

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June 30, 2016

Project Name	Adjusted Budget	Total Project	2015-16 Actual Costs	Total Projects
		Costs Through June 30, 2015		Costs Through June 30, 2016
Child Development Center	140,713	140,713		140,713
Nursing Tech Building C	11,650,560	7,558,005	3,782,081	11,340,086
Stadium Building S	4,014,950	953,483		953,483
Primary Gymnasium	505,735	155,787	211,086	366,873
Tech Studies Building B	46,895	46,894	(420) *	46,474
Secondary Gym Building Q	404,115	91,914		91,914
Art Building K	1,878,570	187,360		187,360
Swimming Pool Facility	650,574	300,216	1,318	301,534
Auditorium Building J	24,629,548	397,740	768,365	1,166,105
Foundation Building I	5,573,760	5,573,760		5,573,760
Acquisitions LAC	18,514,279	18,514,280		18,514,280
Performing Arts - Building G	9,752,596	66,513		66,513
Performing Arts - Building H	2,845,899			-
Camera Security System	6,000,000	80,539	577,875	