

**LONG BEACH COMMUNITY COLLEGE DISTRICT**  
**PROPOSITION 39 GENERAL OBLIGATION BONDS**  
**MEASURE E, FEBRUARY 2008 AND**  
**MEASURE LB, JUNE 2016**  
**BOND CONSTRUCTION FUNDS**  
**FINANCIAL AUDIT**

**June 30, 2019**



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WEALTH ADVISORY  
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AUDIT, TAX, AND  
CONSULTING

**LONG BEACH COMMUNITY COLLEGE DISTRICT  
PROPOSITION 39 GENERAL OBLIGATION BONDS  
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BOND CONSTRUCTION FUNDS  
FINANCIAL AUDIT**

**June 30, 2019**

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## INDEPENDENT AUDITORS' REPORT

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

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

the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Bond Construction Funds (Measure E, February 2008 and Measure LB, June 2016) of the District as of June 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

As discussed in Note 1, the financial statements present fairly only the Bond Construction Funds (Measure E, February 2008 and Measure LB, June 2016) and do not purport to, and do not, present fairly the financial position of the District as of June 30, 2019, or the change in its financial position for the year ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2019 on our consideration of the District's internal control over the Bond Construction Funds (Measure E, February 2008 and Measure LB, June 2016) financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over the Bond Construction Funds (Measure E, February 2008 and Measure LB, June 2016) financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over the Bond Construction Funds (Measure E, February 2008 and Measure LB, June 2016) financial reporting and compliance.



CliftonLarsonAllen LLP  
Glendora, California  
December 2, 2019

**FINANCIAL SECTION**

**LONG BEACH COMMUNITY COLLEGE DISTRICT**  
**PROPOSITION 39 GENERAL OBLIGATION BONDS**  
**MEASURE E, FEBRUARY 2008 AND MEASURE LB, JUNE 2016**  
**BOND CONSTRUCTION FUNDS**

**BALANCE SHEETS**  
**June 30, 2019**

	<b>Measure E</b>	<b>Measure LB</b>
<b><u>Assets</u></b>		
Cash in county treasury	\$ 62	\$ 28,000,028
Accounts receivable		154,438
Prepaid expenditures		1,913,063
<b>Total Assets</b>	<b>\$ 62</b>	<b>\$ 30,067,529</b>
 <b><u>Liabilities and Fund Balance</u></b>		
<b>Liabilities</b>		
Accounts payable	\$	\$ 7,524,124
<b>Total Liabilities</b>	-	7,524,124
 <b>Fund Balance</b>		
Restricted	62	22,543,405
<b>Total Fund Balance</b>	62	22,543,405
<b>Total Liabilities and Fund Balance</b>	<b>\$ 62</b>	<b>\$ 30,067,529</b>

See accompanying notes to the financial statements.

**LONG BEACH COMMUNITY COLLEGE DISTRICT**  
**PROPOSITION 39 GENERAL OBLIGATION BONDS**  
**MEASURE E, FEBRUARY 2008 AND MEASURE LB, JUNE 2016**  
**BOND CONSTRUCTION FUNDS**

**STATEMENTS OF REVENUES, EXPENDITURES,**  
**AND CHANGE IN FUND BALANCE**  
**For the Fiscal Year Ended June 30, 2019**

	<b>Measure E</b>	<b>Measure LB</b>
<b>Revenues</b>		
Interest and investment income	\$ _____	\$ 894,096
<b>Total Revenues</b>	-	894,096
<b>Expenditures</b>		
Salaries		252,780
Benefits		121,768
Supplies		49,027
Other services		6,171,315
Capital outlay	12,537	26,274,992
<b>Total Expenditures</b>	12,537	32,869,882
Net change in fund balance	(12,537)	(31,975,786)
<b>Fund Balance at Beginning of Year</b>	12,599	54,519,191
<b>Fund Balance at End of Year</b>	\$ 62	\$ 22,543,405

See accompanying notes to the financial statements.

**LONG BEACH COMMUNITY COLLEGE DISTRICT**  
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**MEASURE E, FEBRUARY 2008 AND MEASURE LB, JUNE 2016**



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**LONG BEACH COMMUNITY COLLEGE DISTRICT**  
**PROPOSITION 39 GENERAL OBLIGATION BONDS**  
**MEASURE E, FEBRUARY 2008 AND MEASURE LB, JUNE 2016**  
**BOND CONSTRUCTION FUNDS**

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

**NOTE 2: CASH IN COUNTY**

In accordance with the *Budget and Accounting Manual* and Education Code Section 15146(g), the District maintains its cash related to th



**LONG BEACH COMMUNITY COLLEGE DISTRICT**  
**PROPOSITION 39 GENERAL OBLIGATION BONDS**  
**MEASURE E, FEBRUARY 2008 AND MEASURE LB, JUNE 2016**  
**BOND CONSTRUCTION FUNDS**

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

**NOTE 3: BONDED DEBT**

the Bond Construction Fund for payment of costs of issuance and the District's BAN repayment.

- (3) The general obligation refunding bonds were issued to partially refund the Series A bonds. Proceeds in the amount of \$10,114,154 were deposited in an escrow fund and were used to fund the future required principal and interest payments of the refunded bonds. The defeased debt was paid by the escrow agent on June 1, 2019. \$1,500,000, net of costs of issuance were deposited into the District's Bond Interest and Redemption Fund for debt service.
- (4) The general obligation refunding bonds were issued to partially refund the Series A bonds. Proceeds in the amount of \$23,635,083 were deposited in an escrow fund and were used to fund the future required principal and interest payments of the refunded bonds. The defeased debt was paid by the escrow agent on June 1, 2018.
- (5) The general obligation refunding bonds were issued to partially refund the Series B bonds. Proceeds in the amount of \$83,490,000 were deposited in an escrow fund and will be used to fund the future required principal and interest payments of the refunded bonds. The defeased debt will be redeemed by the escrow agent on August 1, 2022.

The annual requirements to amortize all bonds payable, outstanding as of June 30, 2019, are as follows:

Fiscal Year Ending June 30,	Principal	Accreted Interest	Interest
2020	\$ 7,395,000	\$	\$ 8,088,539
2021	8,390,000		7,809,312
2022	9,270,000		7,453,436
2023	10,385,000		7,034,911
2024	11,505,000		6,526,802
2025-2029	62,916,349	10,543,651	23,299,423
2030-2034	41,539,506	24,280,493	22,499,225
2035-2039	17,278,233	6,936,767	39,393,950
2040-2044	50,150,193	9,484,807	34,066,113
2045-2049	36,087,508	54,632,491	16,114,850
2050	8,278,010	12,531,990	494,238
Total Debt Service	<u>\$ 263,194,799</u>	<u>\$ 118,410,199</u>	<u>\$ 172,780,799</u>

**LONG BEACH COMMUNITY COLLEGE DISTRICT**  
**PROPOSITION 39 GENERAL OBLIGATION BONDS**  
**MEASURE E, FEBRUARY 2008 AND MEASURE LB, JUNE 2016**  
**BOND CONSTRUCTION FUNDS**

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

**NOTE 3: BONDED DEBT**

**Measure LB, June 2016**

On June 7, 2016, \$850 million in general obligation bonds were authorized by an election held within the District under Proposition 39/Measure LB. 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.

The outstanding general obligation bonded debt of the District at June 30, 2019 is:

General Obligation Bonds	Date of Issue	Date of Maturity	Interest Rate %	Amount of Original Issue	Outstanding June 30, 2019
Series A	9/7/2016	8/1/2017	0.93%	\$ 9,000,000	\$
Series B	9/7/2016	8/1/2013 to 8/1/2046	2.00-5.00%	72,790,000	53,850,000
Total					<u>\$ 53,850,000</u>

The annual requirements to amortize all bonds payable, outstanding as of June 30, 2019, are as follows:

Fiscal Year Ending June 30,	Principal	Interest
2020	\$ 13,260,000	\$ 1,801,900
2021		1,536,700
2022		1,536,700
2023	120,000	1,535,500
2024	190,000	1,532,400
2025-2029	2,200,000	7,479,700
2030-2034	4,835,000	6,904,383
2035-2039	8,395,000	5,835,675
2040-2044	13,515,000	3,714,900
2045-2047	11,335,000	704,500
Total Debt Service	<u>\$ 53,850,000</u>	<u>\$ 32,582,358</u>

**Debt Repayment**

The repayment of debt related to the general obligation bonds is accounted for in the District's Bond Interest and Redemption Fund which is part of the District's basic financial statements. The recognition of premiums on bonds is recorded as long-term liabilities in the basic financial statements of the District.

**LONG BEACH COMMUNITY COLLEGE DISTRICT**  
**PROPOSITION 39 GENERAL OBLIGATION BONDS**  
**MEASURE E, FEBRUARY 2008 AND MEASURE LB, JUNE 2016**  
**BOND CONSTRUCTION FUNDS**

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

**NOTE 4: PURCHASE COMMITMENTS**

As of June 30, 2019, the District was committed under various capital expenditure purchase agreements for the bond projects totaling approximately \$75.0 million to be funded through general obligation bond proceeds.

**NOTE 5: SUBSEQUENT EVENTS**

**General Obligation Bond**

The District sold \$130.0 million in General Obligation Bonds, Measure LB (2016), Series C on October 23, 2019. The bonds were sold with an interest rate ranging from 3.0% to 5.0% and maturity dates from August 1, 2020 through August 1, 2049. The proceeds of the Series C Bonds will be used to finance certain capital improvements of the District and to pay the costs of issuance of the Bonds.

In addition, the District sold \$67.4 million in General Obligation Series H Refunding bonds on October 23, 2019. The bonds were sold with an interest rate ranging from 1.702% to 2.687% and maturity dates from August 1, 2020 through August 1, 2032. The Refunding Bonds are being issued to refund certain outstanding maturities of the District's General Obligation Refunding Bonds, Measure E (2002), 2012 Series A, of which \$34,060,000 principal amount is currently outstanding, and the District's General Obligation Bonds, Measure E (2008), Refunding 2012 Series B, of which \$137,743,695 principal and denominational amount is currently outstanding and to pay the costs of issuance of the Refunding Bonds. The refunding will result in an estimated present value savings in cash flow of \$8,702,971.

**OTHER INDEPENDENT AUDITORS' REPORT**

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS

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

We have audited, 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, the financial statements of the Bond Construction Funds (Measure E, February 2008 and Measure LB, June 2016) of the Long Beach Community College District (the District) of and for the fiscal year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's Bond Construction Funds (Measure E, February 2008 and Measure LB, June 2016) financial statements, and have issued our report thereon dated December 2, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over the Bond Construction Funds (Measure E, February 2008 and Measure LB, June 2016) financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency is the design or operation of a control that does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency or a combination of deficiencies in internal control that, if not detected and corrected on a timely basis, could result in a material misstatement of the financial statements that is not reasonably likely to 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 than a material weakness but 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 Bond Construction Funds' (Measure E, February 2008 and Measure LB, June 2016) financial statements are free of 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 non-compliance 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.



CliftonLarsonAllen LLP  
Glendora, California  
December 2, 2019

**LONG BEACH COMMUNITY COLLEGE DISTRICT**  
**PROPOSITION 39 GENERAL OBLIGATION BONDS**  
**MEASURE E, FEBRUARY 2008 AND MEASURE LB, JUNE 2016**  
**BOND CONSTRUCTION FUNDS**  
**SCHEDULE OF FINDINGS AND RESPONSES**

**June 30, 2019**

