

**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, 2016**



**LONG BEACH  
CITY COLLEGE**

**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, 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

### **Report on the Financial Statements**

We have audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the Long Beach Community College District (the District) as of and for the fiscal year ended June 30, 2016, and have issued our report thereon dated December 1, 2016. We have also audited the accompanying financial statements of the Bond Construction Funds (Measure E, February 2008 and Measure LB, June 2016) of the District as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements 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 financial statements are free of material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and

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.

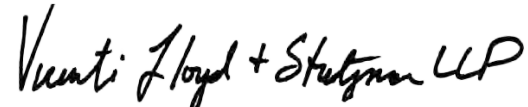
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

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, 2016, 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.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2016 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 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 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.

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

**LONG BEACH COMMUNITY COLLEGE DISTRICT**  
**PROPOSITION 39 GENERAL OBLIGATION BONDS**  
**BALANCE SHEET**  
**MEASURE E, FEBRUARY 2008 AND MEASURE LB, JUNE 2016**  
**BOND CONSTRUCTION FUNDS**  
**June 30, 2016**

	<b>Measure E</b>	<b>Measure LB</b>
<b><u>Assets</u></b>		
Cash in county treasury	\$ 22,513,040	\$
Accounts receivable	72,223	
Prepaid expenditures	378,594	
<b>Total Assets</b>	<b>\$ 22,963,857</b>	<b>\$ -</b>
 <b><u>Liabilities and Fund Balance</u></b>		
<b>Liabilities</b>		
Accounts payable	\$ 2,323,527	\$ 658,000
<b>Total Liabilities</b>	<b>2,323,527</b>	<b>658,000</b>
 <b>Fund Balance</b>		
Restricted	20,640,330	(658,000)
<b>Total Fund Balance</b>	<b>20,640,330</b>	<b>(658,000)</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 22,963,857</b>	<b>\$ -</b>

See accompanying notes to the financial statements.

**LONG BEACH COMMUNITY COLLEGE DISTRICT**  
**PROPOSITION 39 GENERAL OBLIGATION BONDS**  
**STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGE IN FUND BALANCE**  
**MEASURE E, FEBRUARY 2008 AND MEASURE LB, JUNE 2016**  
**BOND CONSTRUCTION FUNDS**  
**For the Fiscal Year Ended June 30, 2016**

	<u>Measure E</u>	<u>Measure LB</u>
<b>Revenues</b>		
Interest and investment income	\$ 254,156	\$ _____
<b>Total Revenues</b>	<u>254,156</u>	<u>-</u>
<b>Expenditures</b>		
Salaries	153,206	
Benefits	67,668	
Supplies	224,420	
Other services	6,125,577	658,000
Capital outlay	<u>13,671,841</u>	<u>_____</u>
<b>Total Expenditures</b>	<u>20,242,712</u>	<u>658,000</u>
Net change in fund balance	(19,988,556)	(658,000)
<b>Fund Balance at Beginning of Year</b>	<u>40,628,886</u>	<u>-</u>
<b>Fund Balance at End of Year</b>	<u>\$ 20,640,330</u>	<u>\$ (658,000)</u>

See accompanying notes to the financial statements.

**LONG BEACH COMMUNITY COLLEGE DISTRICT**

**PROPOSITION 39 GENERAL OBLIGATION BONDS**

**STATEMENT OF REVENUES, EXPENDITURES,**

**AND CHANGE IN FUND BALANCE – BUDGET AND ACTUAL**

**MEASURE E, FEBRUARY 2008 BOND CONSTRUCTION FUND**

**For the Fiscal Year Ended June 30, 2016**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Interest and investment income	\$ 190,080	\$ 254,156	\$ 64,076
<b>Total Revenues</b>	<u>190,080</u>	<u>254,156</u>	<u>64,076</u>
<b>Expenditures</b>			
Salaries	162,693	153,206	9,487
Benefits	70,257	67,668	2,589
Supplies	311,669	224,420	87,249
Other services	31,125,337	6,125,577	24,999,760
Capital outlay	<u>156,412,848</u>	<u>13,671,841</u>	<u>142,741,007</u>
<b>Total Expenditures</b>	<u>188,082,804</u>	<u>20,242,712</u>	<u>167,840,092</u>
Excess (deficiency) of revenues over expenditures	(187,892,724)	(19,988,556)	167,904,168
<b>Other Financing Sources (Uses)</b>			
Proceeds from sale of bond	<u>154,622,324</u>	-	<u>(154,622,324)</u>
<b>Total Other Financing Sources (Uses)</b>	<u>154,622,324</u>	-	<u>(154,622,324)</u>
Net change in fund balance	<u>\$ (33,270,400)</u>	(19,988,556)	<u>\$ 13,281,844</u>
<b>Fund Balance at Beginning of Year</b>		<u>40,628,886</u>	
<b>Fund Balance at End of Year</b>		<u>\$ 20,640,330</u>	

See accompanying notes to the financial statements.

**LONG BEACH COMMUNITY COLLEGE DISTRICT**  
**PROPOSITION 39 GENERAL OBLIGATION BONDS**  
**STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGE IN FUND BALANCE – BUDGET AND ACTUAL**  
**MEASURE LB, JUNE 2016 BOND CONSTRUCTION FUND**  
**For the Fiscal Year Ended June 30, 2016**

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Interest and investment income	\$ _____	\$ _____	\$ _____
<b>Total Revenues</b>	-	-	-
 <b>Expenditures</b>			
Other services	_____	658,000	(658,000)
<b>Total Expenditures</b>	-	658,000	(658,000)
Net change in fund balance	\$ -	(658,000)	\$ (658,000)
<b>Fund Balance at Beginning of Year</b>		-	
<b>Fund Balance at End of Year</b>		\$ (658,000)	

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**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Accounting Policies**

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board and *Audits of State and Local Governmental Units* issued by the American Institute of Certified Public Accountants.

Cash in the County Treasury is recorded at cost, which approximates fair value.

**Fund Structure**

The Statement of Revenues, Expenditures and Change in Fund Balance is a statement of financial activities of the Bond Construction Funds (Measure E, February 2008 and Measure LB, June 2016) related to the current reporting period. Fund expenditures frequently include amounts for land, buildings, equipment, retirement of indebtedness, transfers to other funds, etc. Consequently, these statements do not purport to present the result of operations or the net income or loss for the period as would a statement of income for a profit-type organization.

**Basis of Accounting**

The Bond Construction Funds (Measure E, February 2008 and Measure LB, June 2016) of the District are maintained on the modified accrual basis of accounting. As such, revenues are recognized when they become susceptible to accrual, which is to say, when they become both measurable and available to finance expenditures of the current period. Expenditures are recognized in the accounting period in which the liability is incurred (when goods are received or services rendered).

**Budget**

The Statement of Revenues, Expenditures and Change in Fund Balance - Budget and Actual (Measure E, February 2008 and Measure LB, June 2016) includes a column titled "Budget". The amounts in this column represent the budget adopted by the Board and all amendments throughout the year.

**Fund Balance Classification**

The governmental fund financial statements present fund balance classifications that comprise a hierarchy based on the extent to which the District is bound to honor constraints on the specific

**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 Year Ended June 30, 2016**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

purposes for which amounts can be spent. Restricted fund balances are amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The fund balance of the Bond Construction Funds is therefore classified as restricted.

Balances at June 30, 2016 were restricted for the following uses:

- |                                               |               |
|-----------------------------------------------|---------------|
| • Capital Projects (Measure E, February 2008) | \$ 20,640,330 |
| • Capital Projects (Measure LB, June 2016)    | \$ (658,000)  |

**Capital Assets and Long-Term Debt**

The accounting and reporting treatment applied to the capital assets and long-term liabilities associated with the Bond Construction Funds (Measure E, February 2008 and Measure LB, June 2016) are determined by its measurement focus. The fund is accounted for on a spending or “financial flow” measurement focus. This means that only current assets and current liabilities are generally included on the balance sheet. The reported fund balance is considered a measure of “available spendable resources”. Thus, the capital assets and long-term liabilities associated with Bond Construction Funds (Measure E, February 2008 and Measure LB, June 2016) are accounted for in the basic financial statements of the District.

**Estimates**

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**NOTE 2: CASH IN COUNTY**

In accordance with the *Budget and Accounting Manual*, the District maintains its cash related to the Bond Construction Funds (Measure E, February 2008 and Measure LB, June 2016) in the Los Angeles County Treasury (the County) as part of the common investment pool. These pooled funds are carried at cost which approximates fair value. The fair market value of the District’s Bond Construction Funds’ – (Measure E, February 2008 and Measure LB, June 2016) deposits in this pool as of June 30, 2016, as provided by the pool sponsor, was approximately 100.1168% of carrying value and is based upon the District’s pro-rata share of the fair value for

**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 Year Ended June 30, 2016**

**NOTE 2: CASH IN COUNTY**

the entire portfolios (in relation to the amortized cost of the portfolio).

The County is authorized to deposit cash and invest excess funds by California Government Code Sections 53534, 53635, 53601, and 53648. The county is restricted to invest in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer’s investment pool, bankers’ acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements. The funds maintained by the county are either secured by federal depository insurance or are collateralized. The county investment pool is not required to be rated. Interest earned is deposited quarterly into participating funds, except for the student financial aid fund, in which case interest earned is credited to the general fund. Any investment losses are proportionately shared by all funds in the pool.

The county investment pool is not registered as an investment company with the Securities and Exchange Commission (SEC) nor is it an SEC Rule 2a7-like pool. California Government Code statutes and the County Board of Supervisors set forth the various investment policies that the County Treasurer follows. The method used to determine the value of the participant’s equity withdrawn is based on the book value, which is amortized cost, of the participant’s percentage participation on the date of such withdrawals.

The pool sponsor’s annual financial report may be obtained from the Los Angeles County Public Affairs Office, Kenneth Hahn Hall of Administration, 500 W. Temple St, Room 358, Los Angeles, CA 90012.

**NOTE 3: EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

For the Bond Construction Fund (Measure E, February 2008), there were no excess of expenditures over appropriations, by major object account.

Excess of expenditures over appropriations for the Bond Construction Fund (Measure LB, June 2016), by major object accounts, occurred as follows:

Object account and description	Amount
5000 Other services	\$ 658,000

Excess expenditures over appropriations for the Bond Construction Fund (Measure LB, June 2016) occurred as a result of bond election costs that were incurred during the 2015-16 fiscal year prior to bond proceeds being received. The election was held on June 7, 2016. An Adopted Budget was prepared for the new Bond Construction Fund (Measure LB, June 2016) for the

**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 Year Ended June 30, 2016**

**NOTE 3: EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

2016-17 fiscal year.

**NOTE 4: BONDED DEBT – MEASURE E, FEBRUARY 2008**

On February 5, 2008, \$440 million in general obligation bonds were authorized by an election held within the District under Proposition 39/Measure E. 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, 2016 is:

<u>General Obligation Bonds</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate %</u>	<u>Amount of Original Issue</u>	<u>Outstanding June 30, 2016</u>
Series A - (1)	7/24/2008	6/1/2012 to 6/1/2033	3.59-5.45%	\$ 48,373,981	\$ 17,471,109
Series B - (2)	12/12/2012	8/1/2013 to 8/1/2049	2.00-5.00%	237,003,695	228,233,695
Series C - (3)*	3/11/2014	8/1/2016 to 8/1/2026	0.66-4.100%	11,825,000	11,825,000
Series F - (4)**	6/25/2015	6/1/2016 to 5/1/2030	2.00-5.00%	20,345,000	20,205,000
Total					<u>\$ 277,734,804</u>

\* Refunding Bonds 2014 Series C - refunded portions of the Series A (2008) bonds.

\*\* Refunding Bonds 2015 Series F - refunded portions of the Series A (2008) bonds.

- (1) \$23,383,981 of the general obligation bonds were issued as Capital Appreciation Bonds. The capital appreciation bonds were issued with maturity dates of June 1, 2012 through June 1, 2018 and June 1, 2027 through June 1, 2033. Prior to the applicable maturity date, each bond will accrete interest on the principal component. Recognition of accreted interest is accounted for as a component of long-term debt in the District's basic financial statements.
- (2) \$4,827,984 and \$50,630,711 of the general obligation bonds were issued as Capital Appreciation Bonds and Convertible Capital Appreciation Bonds, respectively. The capital appreciation bonds were issued with maturity dates of August 1, 2033 and August 1, 2034. The convertible capital appreciation bonds will convert to current interest bonds that will mature on August 1, 2049. Prior to the applicable maturity date, each bond will accrete interest on the principal component. Recognition of accreted interest is accounted for as a component of long-term debt in the District's basic financial statements. The bonds were issued with a premium of \$23,938,860 of which \$16,534,331 was recorded in the Bond Construction Fund for payment of costs of issuance and the District's BAN

**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 Year Ended June 30, 2016**

**NOTE 4: BONDED DEBT – MEASURE E, FEBRUARY 2008**

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 will be used to fund the future required principal and interest payments of the refunded bonds. \$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 will be used to fund the future required principal and interest payments of the refunded bonds.

The annual requirements to amortize all bonds payable, outstanding as of June 30, 2016, are as follows:

Fiscal Year Ending June 30,	Principal	Accreted Interest	Interest	Total
2017	\$ 5,764,312	\$ 415,688	\$ 8,802,268	\$ 14,982,268
2018	3,560,693	829,307	8,713,597	13,103,597
2019	2,755,000		8,666,955	11,421,955
2020	4,245,000		8,548,626	12,793,626
2021	5,070,000		8,368,162	13,438,162
2022-2026	37,280,000		37,672,622	74,952,622
2027-2031	41,338,887	21,051,112	28,647,250	91,037,249
2032-2036	33,350,201	20,709,799	44,472,775	98,532,775
2037-2041	63,915,000		43,543,675	107,458,675
2042-2046	49,529,528	29,830,472	27,881,619	107,241,619
2047-2050	30,926,183	46,818,816	7,599,882	85,344,881
Total Debt Service	<u>\$ 277,734,804</u>	<u>\$ 119,655,194</u>	<u>\$ 232,917,431</u>	<u>\$ 630,307,429</u>

The repayment of the debt related to the general obligations 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 Year Ended June 30, 2016**

**NOTE 5: PURCHASE COMMITMENTS**

As of June 30, 2016, the District was committed under various capital expenditure purchase agreements for the bond projects totaling approximately \$11.7 million to be funded through general obligation bond proceeds.

**NOTE 6: SUBSEQUENT EVENTS**

**General Obligation Bonds - Measure E, February 2008**

The District sold \$3.21 million in General Obligation Bonds, Measure E, February 2008, Series D on September 7, 2016. The bonds were sold with interest rates ranging from 1.046% to 1.269%. The bonds have a final maturity of August 1, 2019. The bonds were sold for construction, acquisition, furnishing and equipping of District facilities.

**General Obligation Bonds - Measure LB, June 2016**

On June 7, 2016, \$850 million in General Obligation Bonds were authorized by an election held within Long Beach Community College District under Proposition 39/Measure LB. Proceeds from the sale of the bonds will be used to finance building/upgrading classrooms/laboratories, for health services, small businesses, police, firefighting, technology/other careers; improving deteriorating gas/electrical/sewer lines/leaky roofs, earthquake safety, security and repairing/constructing/acquiring facilities, fields and equipment.

The District sold \$81.79 million in General Obligation Bonds, Measure LB, June 2016, Series A and B on September 7, 2016. The bonds were sold with interest rates ranging from 0.93% to 4.0%. The bonds final maturity of August 1, 2036. The bonds were sold to improve old, outdated classrooms and upgrade science, engineering and technology labs to better prepare students for college transfer and career training.

The District incurred expenditures in June 2016 associated with the issuance of Measure LB. These expenditures are accrued in the Bond Construction Fund (Measure LB, June 2016) at June 30, 2016.

**INDEPENDENT AUDITOR’S 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), as of and for the fiscal year ended June 30, 2016, 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 1, 2016.

**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 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 a combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the financial statements 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.

**INDEPENDENT AUDITOR'S 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***

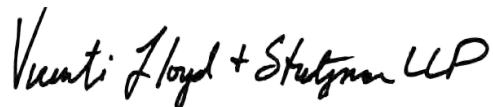
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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



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



**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, 2016**

There were no findings related to the Bond Construction Funds (Measure E, February 2008 and Measure LB, June 2016) financial statements for the fiscal years ended June 30, 2016 and June 30, 2015