

LONG BEACH COMMUNITY COLLEGE DISTRICT
PROPOSITION 39 GENERAL OBLIGATION BONDS
MEASURE E, FEBRUARY 2008 AND
MEASURE LB, JUNE 2016
PERFORMANCE AUDIT

June 30, 2017

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

**June 30, 2017
TABLE OF CONTENTS**

Independent Auditor’s Report	1
Background Information	2
Objectives	2
Scope of the Audit.....	3
Procedures Performed	3
Conclusion.....	4
Summary of Bond Program Funds Activity.....	5
Schedule of Bond Projects Summary	7



CliftonLarsonAllen LLP
CLAconnect.com

CliftonLarsonAllen
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 and Measure LB, June 2016 General Obligation Bond funds for the fiscal year ended June 30, 2017.

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 2-3 of this report which includes determining the District's compliance with the performance requirements for the Proposition 39 Measure E, February 2008 and Measure LB, June 2016 General Obligation Bonds under the applicable provisions of 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 and Measure LB, June 2016 General Obligation Bond funds for the year ended June 30, 2017, 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP
Glendora, California
December 4, 2017

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

June 30, 2017

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/equip/acquire classrooms, facilities, and sites; and repay 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 its first series of bonds under Measure LB.

Pursuant to the requirements of Proposition 39, and related State legislation, the Board of Trustees of the District established a Citizens' Oversight Committee and appointed its members. The principal purpose of the Citizens' Oversight Committee, as set out in State law, is to inform the public as to the expenditures made using the proceeds of the bonds issued pursuant to the Measure E, February 2008 and Measure LB, June 2016 bond authorization. The Citizens' Oversight Committee is required to issue at least one report annually as to its activities and findings.

Section 1(b)(3)(C) of Article XIII A of the California Constitution requires the District to conduct an annual independent performance audit to ensure that the proceeds of the bonds deposited into the Bond Construction funds have been expended only for the authorized bond projects.

OBJECTIVES

The objectives of our performance audit were to:

- Determine the expenditures charged to the Measure E, February 2008 and Measure LB, June 2016 General Obligation Bond funds.
- Determine whether expenditures charged to the Measure E, February 2008 and Measure LB, June 2016 General Obligation Bond funds have been made in accordance with the bond

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

June 30, 2017

project list developed by the District's Board of Trustees, and approved by the voters, through the approval of Measure E in February 2008 and Measure LB in June 2016.

- Determine that amounts expended on salaries and benefits were only to the extent employees perform work associated with the Measure E, February 2008 and Measure LB, June 2016 projects as allowable per Opinion 04-110 issued on November 29, 2004 by the State of California Attorney General.

SCOPE OF THE AUDIT

The scope of our performance audit covered the fiscal period from July 1, 2016 to June 30, 2017. 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, 2017, were not reviewed or included within the scope of our audit or in this report.

PROCEDURES PERFORMED

- We identified the expenditures and projects charged to the general obligation bond proceeds by obtaining the general ledger and project listing for the Measure E, February 2008 Bond Construction Fund and the Measure LB, June 2016 Bond Construction Fund.
- We selected a judgmental sample of expenditures for supplies, services and capital outlay considering all projects for the Measure E, February 2008 and Measure LB, June 2016 Bond Construction Funds for the fiscal year ended June 30, 2017. The District expended \$24,009,849 of Measure E, February 2008 funds for the fiscal year ended June 30, 2017. We selected a sample of expenditures totaling \$13,603,682, which is 57% of expenditures. The District expended \$4,124,086 of Measure LB, June 2016 funds for the fiscal year ended June 30, 2017. We selected a sample of expenditures totaling \$2,014,719, which is 49% of expenditures.
 - We reviewed the actual invoices and supporting documentation to determine that expenditures charged to projects were:
 - Supported by invoices with evidence of proper approval and documentation of receipt of goods or services;
 - Supported by proper bid documentation, as applicable;
 - Properly expended on the authorized bond projects as listed on the voter-approved bond project lists.
- We selected a judgmental sample of salaries and benefits for the year ended June 30, 2017. Our sample of expenditures for salaries and benefits included \$214,999 in payroll expenses

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

June 30, 2017

charged to the Measure E, February 2008 Bond Construction Fund. There were no salary and benefit expenditures charged to the Measure LB, June 2016 Bond Construction Fund.

- We reviewed the payroll expenditure activity and job descriptions to determine that the amounts expended on salaries and benefits were only to the extent employees perform work associated with the Measure E, February 2008 bond projects as allowable per Opinion 04-110 issued on November 9, 2004 by the State of California Attorney General.

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 and Measure LB, June 2016 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 and Measure LB, June 2016 Bond Construction Fund and expended by the District were used for salaries and benefits only to the extent allowable.

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

June 30, 2017

SUMMARY OF BOND PROGRAM FUNDS ACTIVITY

A summary of Measure E, February 2008 and Measure LB, June 2016 bond funds, expenditures to date, and remaining funds is included below. Measure E, February 2008 and Measure LB, June 2016 Bond Program funds include amounts that have been issued and amounts to be issued in the future. This summary of Measure E, February 2008 and Measure LB, June 2016 expenditures is based on the District's books and records and is provided for information purposes only. This expenditure summary reflects financial totals provided by District Management (Management).

2008 Measure E Approved Proceeds	\$ 440,000,000
Premium on Bond Issuance, Net of Costs	16,534,331
Bond Anticipation Note	180,480,000
Interest Earned	<u>6,317,014</u>
Total 2008 Measure E Bond Program Funds	<u>643,331,345</u>
Expenditures to Date:	
July 1, 2008 - June 30, 2009	(46,822,044)
July 1, 2009 - June 30, 2010	(22,154,680)
July 1, 2010 - June 30, 2011	(56,796,506)
July 1, 2011 - June 30, 2012	(39,017,680)
July 1, 2012 - June 30, 2013*	(198,311,180)
July 1, 2013 - June 30, 2014	(37,486,848)
July 1, 2014 - June 30, 2015	(47,068,458)
July 1, 2015 - June 30, 2016	(20,242,712)
July 1, 2016 - June 30, 2017	<u>(24,009,849)</u>
Total 2008 Measure E Bond Program Expenditures	<u>(491,909,957)</u>
Remaining Bond Funds as of July 1, 2017	<u>\$ 151,421,388</u>

*The Fiscal Year 2013 expenditures include Bond Anticipation Note (BAN) principal and interest repayment of \$165.1 million.

The 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.

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

June 30, 2017

2016 Measure LB Approved Proceeds	\$ 850,000,000
Premium on Bond Issuance, Net of Costs	1,138,527
Interest Earned	<u>720,091</u>
Total 2016 Measure LB Bond Program Funds	<u>851,858,618</u>
Expenditures to Date:	
July 1, 2015 - June 30, 2016	(658,000)
July 1, 2016 - June 30, 2017	<u>(4,124,086)</u>
Total 2008 Measure E Bond Program Expenditures	<u>(4,782,086)</u>
Remaining Bond Funds as of July 1, 2017	<u><u>\$ 847,076,532</u></u>

LONG BEACH COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF MEASURE E, 2008 BOND PROJECTS SUMMARY
June 30, 2017**

Project Name	Adjusted Budget	Total Project	2016-17 Actual Costs	Total Projects
		Costs Through June 30, 2016		Costs Through June 30, 2017
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	736,503		736,503
Learning Resource Center PCC	12,735	12,734		12,734
Bond Anticipation Notes	195,543,527	195,543,527		195,543,527
Administrative Costs	5,435,302	4,767,173	401,408	5,168,581
South Quad Complex	2,559,547	2,559,546		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	2,443,495		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	33,166,474	146,040	33,312,514
So East Interim Bungalows, PCC	2,506	2,506		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	3,852,788	3,121,244	588,049	3,709,293
EleCenteronic Signage	498,699	498,699		498,699
Parking Structure	21,615,442	21,615,444		21,615,444
Surface Parking Improvement	2,648,000	2,102,310		2,102,310
Energy Projects	10,800,488	10,800,487		10,800,487
Circulation Access	2,946,189	1,644,819		1,644,819
Planning	36,000	36,000		36,000
Campus Landscaping	13,140,000	12,474,734	2,020	12,476,754
Kinesiology Labs & Aquatic Center	4,267,079		42,728	42,728
Math Tech Building/Culinary Arts	41,311,891	38,999,638	483,472	39,483,110
Debt Service	30,502,449	30,502,449		30,502,449
Contingencies	10,227,417			
Science Building D	12,685,024	1,579,281	3,121,708	4,700,989
Outdoor Physical Education Labs	289,399	56,731	224,828	281,559
Liberal Arts Building (M/N)	33,010,435	67,983		67,983
Family/Consumer Ed Building F	1,010,729	10,729		10,729

* Rebates and/or settlements received.

LONG BEACH COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF MEASURE E, 2008 BOND PROJECTS SUMMARY
June 30, 2017**

Project Name	Adjusted Budget	Total Project Costs Through June 30, 2016	2016-17 Actual Costs	Total Projects Costs Through June 30, 2017
College Center Building E	18,417,773	288,787		288,787
Language Arts Building P	11,015,941	1,174,363	1,779,440	2,953,803
Child Development Center	140,713	140,713		140,713
Nursing Tech Building C	11,650,560	11,340,086	111,395	11,451,481
Stadium Building S	4,014,950	953,483	70,975	1,024,458
Primary Gymnasium	505,735	366,873	220	367,093
Tech Studies Building B	46,895	46,474		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	357,807	301,534	41,642	343,176
Auditorium Building J	24,629,548	1,166,105	829,865	1,995,970
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	12,598,495	66,513		66,513
Camera Security System	6,000,000	658,414	2,790,178	3,448,592
Classroom Lockdown Project	500,000	26,903	61,729	88,632
Campus Improvements	508,067	439,535	53,530	493,065
Electronic Signage	373,644	373,644		373,644
Surface Parking Improvement	717,689	717,688		717,688
Energy Projects	3,058,310	3,058,311		3,058,311
Circulation Access	1,193,712	870,217	7,933	878,150
Campus Landscaping	3,260,000	524,286		524,286
Building JJ	1,754,282	714,688	2,975	717,663
Contraction Trades Building M	9,573,796	476,725		476,725
Student Services Center	21,095,471	20,665,704	353,541	21,019,245
Fitness Center	7,554,159	7,554,161		7,554,161
Fine Arts/Senior Center Building F	1,105,190			
Auto Building/Diesel Building Q & R	20,302,962	3,687,930	12,896,173	16,584,103
Sheet Metal Move	671,952	671,952		671,952
Building MM Construction Trades	2,367,191			
Acquisitions PCC	997,667	997,667		997,667
Project Totals	\$ 643,331,345	\$ 467,900,108	\$ 24,009,849	\$ 491,909,957

* Rebates and/or settlements received.

LONG BEACH COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF MEASURE LB, 2016 BOND PROJECTS SUMMARY
June 30, 2017**

<u>Project Name</u>	<u>Adjusted Budget</u>	<u>Total Project Costs Through June 30, 2016</u>	<u>2016-17 Actual Costs</u>	<u>Total Projects Costs Through June 30, 2017</u>
Kinesiology Labs & Aquatic Center	\$ 39,971,020	\$	\$	\$
LAC Walkways & Wayfinding	3,693,830			
Science Building D	1,950,000		1,860,715	\$ 1,860,715
Building M - Liberal Arts	16,552,591			
Building F - Demolish Family/Consumer	2,720,600			
Building E - College Center	18,931,906			
Building S - Stadium	85,751,659			
Building R - Primary Gymnasium	59,933,087			
Building B - Classroom	30,834,400			
Building Q - Secondary Gymnasium	24,426,950			
Building K - Art	24,028,628			
Building G - Performing Arts	21,963,647			
District Wide Security Monitoring System	4,308,743		979,537	979,537
Building O2 - Economic & Workforce	34,808,202			
Building O1 - IITS/Warehouse	26,463,640			
Building CDC - Child Development Center	21,022,354			
Building P2 - Parking Structure	21,493,800		172,873	172,873
PCC Walkways & Wayfinding	2,239,613			
Building MM - Construction Trades	3,009,155			
Building FF - Demolish Fine Arts/Sr.	1,428,410			
Building MM - Construction Trades Phase 2	2,343,511			
Building OO - Classroom	98,070,400			
Administrative Costs	21,138,527	658,000	612,251	1,270,251
Minor Campus Improvements	29,239,507		466,370	466,370
Technology Refresh/Replacement	69,558,000			
Enterprise Wide Computer System	20,000,000			
Surface Parking Improvements	9,454,310			
Energy/Water Conservation Projects	25,000,000			
Infrastructure Projects	25,000,000		32,340	32,340
Landscaping	17,640,834			
Joint Use Facility	27,317,500			
Long Term Renovation Contingency	61,563,794			
Project Totals	\$ 851,858,618	\$ 658,000	\$ 4,124,086	\$ 4,782,086