Board of Trustees and Measure E
Bond Citizen Oversight Committee
Long Beach Community College District
4901 Carson Street
Long Beach, CA 90808

We have performed the procedures enumerated in Attachment II which were agreed to by Long Beach Community College District (the "District") and the Independent Bond Citizen Oversight Committee for Measure E (the "Committee"), solely to assist the Committee in evaluating District management's assertions concerning disbursements of bond funds for the fiscal year ended June 30, 2003. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the District and the Committee. Consequently, we make no representation regarding the sufficiency of the procedures described in Attachment II, either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and conclusions reached as a result of these procedures are identified in Attachment II.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed other procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of Long Beach Community College District and the Independent Bond Citizen Oversight Committee for Measure E and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes.

Goodrich, Goodyear & Hinds

Long Beach, California
February 11, 2004
LEGISLATIVE HISTORY

On November 7, 2000, California voters approved Proposition 39, the Smaller Classes, Safer Schools, and Financial Accountability Act. Proposition 39 amended portions of the California Constitution to provide for the issuance of general obligation bonds by school districts, community college districts, or county offices of education, “for the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of rental property for school facilities”, upon approval by 55% of the electorate.

LEGISLATIVE HISTORY

On March 5, 2002, the electorate of the Long Beach Community College District approved the issuance of up to $176 million Measure E general obligation bonds with greater than 55% of the votes in favor. The text of the ballot language was as follows:

In order to renovate, repair and replace aging educational facilities, including replacement of electrical, plumbing and sewer systems, add classrooms, acquire equipment, construct job training facilities and high tech computer labs, upgrade restrooms, renovate heating and ventilation systems, install fire safety equipment, replace outdated classrooms and libraries, and establish a Citizens Oversight Committee, shall the Long Beach Community College District issue $176 million in bonds, at interest rates within the legal limit?

On March 4, 2003, the District’s governing Board adopted a resolution and determined that the District needs to borrow funds in an aggregate principal amount not to exceed $40 million to be used for the construction, acquisition, furnishing and equipping at District facilities and to pay certain costs of issuance.
PROCEDURES PERFORMED

Long Beach Community College District provided to us a general ledger report of all Measure E project expenditures (the "Report"). A total of $1,377,121 was expended for the fiscal year ended June 30, 2003. We performed the following procedures to the Measure E bond expenditures:

- Reconciled the Report to the District's audited financial statements (Attachment III).

- Tested all expenditures totaling $1,377,121. Our objective was to verify that funds were used for the construction, acquisition, furnishing and equipping of District facilities, used for payment of certain costs of issuance, and that funds were not spent for salaries or other administrative expenses.

CONCLUSIONS

- The Report agreed with the District's audited financial statements.

- Each of the expenditures tested represented valid Bond expenditures, were properly coded as to the nature of the expenditure, and were determined to represent the construction, acquisition, furnishing and equipping of District facilities, payment of certain costs of issuance, and were not spent for unauthorized salaries or other administrative expenses.
ATTACHMENT III - MEASURE E GENERAL OBLIGATION BONDS - SUMMARY FINANCIAL INFORMATION

Fiscal year ended June 30, 2003

Revenues:
  State sources $ 40,032,000
  Local sources 38,781
  Total revenues 40,070,781

Expenditures:
  Supplies and materials $ 622
  Contract services 1,083,050
  Capital outlay 17,713
  Elections 275,736
  Total expenditures 1,377,121

Net activity 38,693,660

Fund balance, beginning of year

Fund balance, end of year $ 38,693,660