

LONG BEACH COMMUNITY COLLEGE DISTRICT
PROPOSITION 39 GENERAL OBLIGATION BONDS
MEASURE E, FEBRUARY 2008 AND
MEASURE LB, JUNE 2016
PERFORMANCE AUDIT
JUNE 30, 2021



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INDEPENDENT AUDITORS' REPORT

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 bond funds for the fiscal year ended June 30, 2021.

We conducted our performance audit in accordance with generally accepted *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 and Measure LB, June 2016 bond funds for the year ended June 30, 2021, 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 6, 2021



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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 bonds 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 bonds 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.

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 bond funds.
- Determine whether expenditures charged to the Measure E, February 2008 and Measure LB, June 2016 bond funds have been made in accordance with the bond 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 9, 2004 by the State of California Attorney General.

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SCOPE OF THE AUDIT

The scope of our performance audit covered the fiscal period from July 1, 2020 to June 30, 2021. 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, 2021, 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 bonds proceeds by obtaining the general ledger and project listing for the Measure E, February 2008 and the Measure LB, June 2016 Bond Construction Funds.
- 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, 2021. The District had no expenditures of Measure E, February 2008 Bond Construction Funds and expended \$80,084,170 of Measure LB, June 2016 Bond Construction Funds for the fiscal year ended June 30, 2021. We selected a sample of 68 non-salary expenditures totaling \$44,385,455, which is 55.7% of total non-salary expenditures of \$79,680,736.
 - 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.
- Our testing of expenditures of the \$403,434 for salaries and benefits included an analysis of the employees charged to the Measure LB, June 2016 Bond Construction Fund. There were no salary and benefit expenditures charged to the Measure E, February 2008 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 LB, June 2016 bond projects as allowable per Opinion 04-110 issued on November 9, 2004 by the State of California Attorney General.

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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 Funds 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 Funds and expended by the District were used for salaries and benefits only to the extent allowable.

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SUMMARY OF BOND PROGRAM ACTIVITY

A summary of Measure E, February 2008 and Measure LB, June 2016 bond proceeds, expenditures to date, and remaining funds is included below. Measure E, February 2008 and Measure LB, June 2016 bond program activity 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 Bond Construction Funds 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>6,324,267</u>
Total 2008 Measure E Bond Program Funds	<u>643,338,598</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*	(198,311,181)
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	(24,009,849)
July 1, 2017 - June 30, 2018	(3,645)
July 1, 2018 - June 30, 2019	(12,537)
July 1, 2019 - June 30, 2020	-
July 1, 2020 - June 30, 2021	-
Total 2008 Measure E Bond Program Expenditures	<u>(491,926,140)</u>
Remaining Bond Funds as of July 1, 2021	<u>\$ 151,412,458</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.

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SUMMARY OF BOND PROGRAM ACTIVITY (CONTINUED)

2016 Measure LB Approved Proceeds	\$ 850,000,000
Premium on Bond Issuance, Net of Costs	1,593,527
Interest Earned	<u>4,747,899</u>
Total 2016 Measure LB Bond Program Funds	<u>856,341,426</u>
Expenditures to Date:	
July 1, 2015 - June 30, 2016	(658,000)
July 1, 2016 - June 30, 2017	(4,124,086)
July 1, 2017 - June 30, 2018	(25,488,395)
July 1, 2018 - June 30, 2019	(32,869,882)
July 1, 2019 - June 30, 2020	(53,948,546)
July 1, 2020 - June 30, 2021	<u>(80,084,170)</u>
Total 2016 Measure LB Bond Program Expenditures	<u>(197,173,079)</u>
Remaining Bond Funds as of July 1, 2021	<u><u>\$ 659,168,347</u></u>

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SCHEDULE OF MEASURE E, FEBRUARY 2008 BOND PROJECTS SUMMARY

The District has identified the following projects to be funded with proceeds from the Measure E, February 2008 general obligation bonds. The District incurred costs of \$491,926,140 through June 30, 2021 for these construction projects. Capital outlay and other financing expenditures were as follows:

Project Name	Adjusted Budget	Total Project Costs Through June 30, 2020	2020-2021 Actual Costs	Total Project Costs Through June 30, 2021
Block Grant	\$ 2,781	\$ 2,781	-	\$ 2,781
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	5,164,142	-	5,164,142
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	33,336,353	33,336,353	-	33,336,353
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	3,722,870	-	3,722,870
Electronic 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	12,476,754	-	12,476,754
Kinesiology Labs & Aquatic Center	42,728	42,728	-	42,728
Math Tech Building/Culinary Arts	39,483,688	39,483,687	-	39,483,687
Debt Service	30,502,449	30,502,449	-	30,502,449
Contingencies	24,058,569	-	-	-
Building D - Science	4,700,989	4,700,989	-	4,700,989
Outdoor Physical Education Labs	281,559	281,559	-	281,559
Building M - Liberal Arts	67,983	67,983	-	67,983
Building F - Family/Consumer Education	1,010,729	10,729	-	10,729

* Rebates and/or settlements received.

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SCHEDULE OF MEASURE E, FEBRUARY 2008 BOND PROJECTS SUMMARY (CONTINUED)

Project Name (Continued)	Adjusted Budget	Total Project Costs Through June 30, 2020	2020-2021 Actual Costs	Total Project Costs Through June 30, 2021
Building E - College Center	\$ 18,417,773	\$ 288,787	\$ -	\$ 288,787
Building P - Language Arts	2,925,145	2,925,145	-	2,925,145
Child Development Center	140,713	140,713	-	140,713
Building C - Nursing Tech	11,452,365	11,452,364	-	11,452,364
Building S - Stadium	36,957,402	1,024,458	-	1,024,458
Building R - Primary Gymnasium	505,735	367,093	-	367,093
Building B - Classrooms	46,475	46,474	-	46,474
Building Q - Secondary Gym	15,404,115	91,914	-	91,914
Building K - Art	1,878,570	187,360	-	187,360
Aquatic Center	343,177	343,176	-	343,176
Building J - Auditorium	1,995,969	1,995,970	-	1,995,970
Building I - Foundation	5,573,760	5,573,760	-	5,573,760
Acquisitions LAC	18,514,279	18,514,280	-	18,514,280
Building G - Performing Arts	12,598,495	66,513	-	66,513
Camera Security System	5,314,350	3,446,327	-	3,446,327
Classroom Lockdown Project	88,632	88,632	-	88,632
Building O2 Economic & Workforce	31,314,856	-	-	-
Campus Improvements	508,067	493,065	-	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	1,178,712	878,150	-	878,150
Campus Landscaping	3,260,000	524,286	-	524,286
Building JJ	717,664	717,663	-	717,663
Building MM - Construction Trades 1	476,726	476,725	-	476,725
Student Services Center	21,048,532	21,048,533	-	21,048,533
Fitness Center	7,554,159	7,554,161	-	7,554,161
Building FF - Fine Arts/Senior Center	1,105,190	-	-	-
Building Q & R - Auto Body/Diesel	16,567,483	16,567,483	-	16,567,483
Sheet Metal Move	671,952	671,952	-	671,952
Building MM - Construction Trades 2	2,367,191	-	-	-
Acquisitions PCC	997,667	997,667	-	997,667
Project Totals	<u>\$ 643,338,598</u>	<u>\$ 491,926,140</u>	<u>\$ -</u>	<u>\$ 491,926,140</u>

* Rebates and/or settlements received.

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SCHEDULE OF MEASURE LB, JUNE 2016 BOND PROJECTS SUMMARY

The District has identified the following projects to be funded with proceeds from the Measure LB, June 2016 general obligation bonds. The District incurred costs of \$197,173,079 through June 30, 2021 for these construction projects. Capital outlay and other financing expenditures were as follows:

Project Name	Adjusted Budget	Total Project Costs Through June 30, 2020	2020-2021 Actual Costs	Total Project Costs Through June 30, 2021
Learning Resources Center PCC*	\$ (3,163)	\$ (3,163)	\$ -	\$ (3,163)
Infrastructure Phase 1PCC	82,235	82,235	-	82,235
Kinesiology Labs & Aquatic Center	74,217,840	12,167,906	47,562,773	59,730,679
LAC Walkways & Wayfinding	3,693,830	327,800	74,607	402,407
Science Building D	12,734,035	11,742,643	104,618	11,847,261
Building M - Liberal Arts	49,495,043	6,348,429	15,856,964	22,205,393
Building F - Demolish Family/Consumer Education	2,720,600	-	-	-
Building E - College Center	18,931,906	-	159,998	159,998
Building P - Language Arts	9,875,796	9,243,908	9,918	9,253,826
Building S - Stadium	52,804,727	525,297	64,440	589,737
Building R - Primary Gymnasium	59,933,087	-	-	-
Building B - Classroom	30,834,400	-	-	-
Building Q - Secondary Gymnasium	9,426,950	-	-	-
Building K - Art	24,028,628	-	-	-
Building J - Auditorium	30,274,504	27,402,977	1,894,333	29,297,310
Building G - Performing Arts	44,181,433	731,668	1,434,787	2,166,455
District Wide Security Monitoring System	4,994,393	4,322,468	35,203	4,357,671
Classroom Lockdown Project	411,368	163,078	54,148	217,226
Building O2 - Economic & Workforce Development/Foundation	3,493,346	-	-	-
Building O1 - IITS/Warehouse	26,463,640	-	-	-
Building CDC - Child Development Center	21,022,354	-	6,545	6,545
Building P2 - Parking Structure	21,493,800	14,971,045	5,868,996	20,840,041
Circulation Access	15,000	2,021	-	2,021
PCC Walkways & Wayfinding	2,239,613	4,961	-	4,961
Building MM - Construction Trades Phase 1	13,752,335	955,239	965,238	1,920,477
Building FF - Demolish Fine Arts/Sr. Center	1,428,410	-	-	-
Buildings QQ & RR - Auto Body/Diesel	4,150,479	3,823,606	-	3,823,606
Building MM - Construction Trades Phase 2	2,343,511	-	218,379	218,379
Building OO - Classroom	98,070,400	-	-	-
Administrative Costs	21,593,527	3,495,446	706,481	4,201,927
Minor Campus Improvements	29,239,507	8,714,826	1,539,201	10,254,027
Technology Refresh/Replacement	69,558,000	5,364,004	1,420,362	6,784,366
Enterprise Wide Computer System	20,000,000	-	-	-
Surface Parking Improvements	9,454,310	-	-	-
Energy/Water Conservation Projects	25,000,000	941,920	291,223	1,233,143
Infrastructure Projects	25,000,000	4,909,315	1,815,956	6,725,271
Landscaping	869,404	851,280	-	851,280
Joint Use Facility	27,317,500	-	-	-
Long Term Renovation Contingency	5,198,678	-	-	-
Project Totals	<u>\$ 856,341,426</u>	<u>\$ 117,088,909</u>	<u>\$ 80,084,170</u>	<u>\$ 197,173,079</u>

* Rebates and/or settlements received.

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