

LONG BEACH UNIFIED SCHOOL DISTRICT
PROPOSITION 39 GENERAL OBLIGATION BONDS
BOND BUILDING FUNDS
MEASURE K AND MEASURE E
FINANCIAL AND PERFORMANCE AUDITS
YEAR ENDED JUNE 30, 2021



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**LONG BEACH UNIFIED SCHOOL DISTRICT
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YEAR ENDED JUNE 30, 2021**

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**FINANCIAL AUDIT OF THE
MEASURE K AND MEASURE E
BOND BUILDING FUNDS**



INDEPENDENT AUDITORS' REPORT

Board of Education
Citizens' Oversight Committee
Long Beach Unified School 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 Unified School District (the District) as of and for the fiscal year ended June 30, 2021, and have issued our report thereon dated January 14, 2022. We have also audited the accompanying financial statements of the Measure K (November 2008) Measure E (November 2016) Bond Building Funds of the District as of and for the fiscal year ended June 30, 2021, 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.

Auditors' Responsibility

Our responsibility is to express an opinion 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 auditors' 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 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 financial position of the Measure K (November 2008) and Measure E (November 2016) Bond Building Funds of the District as of June 30, 2021, and the changes in financial position thereof 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 Measure K (November 2008) and the Measure E (November 2016) Bond Building Funds and do not purport to, and do not, present fairly the financial position of the District as of June 30, 2021 or the change in its financial position for the year then 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 January 14, 2022 on our consideration of the District's internal control over the Measure K (November 2008) and Measure E (November 2016) Bond Building Funds 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 Measure K (November 2008) and Measure E (November 2016) Bond Building Funds 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 Measure K (November 2008) and Measure E (November 2016) Bond Building Funds financial reporting and compliance.



CliftonLarsonAllen LLP

Glendora, California
January 14, 2022

**LONG BEACH UNIFIED SCHOOL DISTRICT
 MEASURE K AND MEASURE E BOND BUILDING FUNDS
 BALANCE SHEET
 JUNE 30, 2021**

	Measure K	Measure E
ASSETS		
Cash in County Treasury	\$ 203,505,480	\$ 114,736,704
Accounts Receivable	722,171	-
Total Assets	\$ 204,227,651	\$ 114,736,704
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts Payable	\$ 17,232,147	\$ 17,067,922
Due to Other Funds	173,569	78,019
Total Liabilities	17,405,716	17,145,941
FUND BALANCE		
Restricted	186,821,935	97,590,763
Total Fund Balance	186,821,935	97,590,763
Total Liabilities and Fund Balance	\$ 204,227,651	\$ 114,736,704

See accompanying Notes to Financial Statements.

**LONG BEACH UNIFIED SCHOOL DISTRICT
MEASURE K AND MEASURE E BOND BUILDING FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 2021**

	<u>Measure K</u>	<u>Measure E</u>
REVENUES		
Interest Income	\$ 1,111,944	\$ 884,844
Total Revenues	<u>1,111,944</u>	<u>884,844</u>
EXPENDITURES		
Classified Salaries	748,465	853,126
Benefits	395,813	452,859
Supplies	527,482	346,674
Services and Other Expenditures	4,745,292	5,349,718
Capital Outlay	25,023,090	80,579,386
Total Expenditures	<u>31,440,142</u>	<u>87,581,763</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	(30,328,198)	(86,696,919)
OTHER FINANCING SOURCES		
Other Transfers In	33,250,569	-
Total Other Financing Sources	<u>33,250,569</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	2,922,371	(86,696,919)
Fund Balance - Beginning of Year	<u>183,899,564</u>	<u>184,287,682</u>
FUND BALANCE - END OF YEAR	<u>\$ 186,821,935</u>	<u>\$ 97,590,763</u>

See accompanying Notes to Financial Statements.

**LONG BEACH UNIFIED SCHOOL DISTRICT
MEASURE K AND MEASURE E BOND BUILDING FUNDS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

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.

Financial Reporting Entity

The financial statements include only the Measure K (November 2008) and Measure E (November 2016) Bond Building Funds (the Bond Funds) of the District. These funds were established to account for the proceeds of general obligation bonds issued under the General Obligation Bond Election of November 2008 for Measure K and November 2016 for Measure E and to account for the project expenditures authorized by each measure. These financial statements are not intended to present fairly the financial position and results of operations of the District in compliance with accounting principles generally accepted in the United States of America and are not a complete representation of the Building Fund reported in the District's financial statements.

Basis of Accounting

The Bond Funds 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).

Fund Structure

The Statement of Revenues, Expenditures and Changes in Fund Balance is a statement of financial activities of the Bond Funds 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.

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 purposes for which amounts can be spent. 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 are considered restricted. The fund balance of the Bond Funds is therefore classified as restricted.

**LONG BEACH UNIFIED SCHOOL DISTRICT
MEASURE K AND MEASURE E BOND BUILDING FUNDS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets and Long-Term Debt

The accounting and reporting treatment applied to the capital assets and long-term liabilities associated with the Bond Funds are determined by its measurement focus. The Bond Funds are 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 the Bond Funds 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 TREASURY

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the Los Angeles County Treasury as part of the common investment pool. The District is considered an involuntary participant in the investment pool. These pooled funds are recorded at amortized cost which approximates fair value. Fair value of the pooled investments at June 30, 2021 is measured at 99.43894% of amortized cost. The District’s deposits in the fund are considered to be highly liquid.

The county is authorized to deposit cash and invest excess funds by California Government Code Sections 53534, 53601, 53635, and 53648. The county is restricted to invest 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. 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 follow. 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.

**LONG BEACH UNIFIED SCHOOL DISTRICT
MEASURE K AND MEASURE E BOND BUILDING FUNDS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 3 BONDED DEBT

Measure K

On November 4, 2008, the voters approved the issuance of bonds, not to exceed \$1,200,000,000. Bonds under this measure will be used to finance the acquisition, construction, rehabilitation and equipping of classrooms and school facilities within the District, and to pay the costs of issuing each series.

On April 7, 2009, the District issued General Obligation Bonds, Election 2008, Series A of \$260,000,000 serial and term bonds. The bonds were issued for the purpose of refunding the District's outstanding 2008 Capital Project Notes in addition to financing authorized capital projects of the District.

On April 19, 2011, the District issued General Obligation Bonds, Election 2008, Series B and B-1 of \$3,020,686 capital appreciation serial bonds and \$72,406,000 of Qualified School Construction Bonds. The Series B-1 bonds are being designated as "Qualified School Construction Bonds" for purposes of the American Recovery and Reinvestment Act of 2009. With respect to the Series B-1 bonds, the District expects to receive, on or about each bond payment date, a cash subsidy payment from the United States Treasury equal to the amount of interest determined at a federal tax credit rate under Section 54A(b)(3) of the tax code. The District will deposit the cash subsidy with the County to be credited to the Bond Interest and Redemption Fund for debt service payments.

On May 15, 2013, the District issued General Obligation Bonds, Election 2008, Series C of \$50,000,000 serial bonds.

On February 19, 2015, the District issued General Obligation Bonds, Election 2008, Series D of \$180,000,000 current interest serial bonds and Series D-1 of \$89,998,410 capital appreciation bonds.

On February 28, 2017, the District issued General Obligation Bonds, Election 2008, Series E of \$150,000,000 serial and term bonds.

On September 5, 2019, the District issued General Obligation Bonds, Election 2008, Series F of \$150,000,000 serial and term bonds.

Payments

Interest due is payable semi-annually on February 1 and August 1 of each year. The principal with respect to the bonds is payable upon maturity or upon redemption in whole or in part at the corporate trust office of the Paying Agent. The bonds are issuable as fully registered bonds in denomination of \$5,000 or any integral multiple thereof.

**LONG BEACH UNIFIED SCHOOL DISTRICT
MEASURE K AND MEASURE E BOND BUILDING FUNDS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 3 BONDED DEBT (CONTINUED)

Payments (Continued)

Capital appreciation bonds were issued as part of the Measure K, Series B issuance with maturity dates from August 1, 2034 through 2035; and capital appreciation bonds were issued as part of the Measure K, Series D-1 issuance with maturity dates from August 1, 2026 through 2039. Prior to the applicable maturity dates, each capital appreciation bond will accrete interest on the principal component, with all interest accruing through the applicable maturity date and payable only upon maturity or prior payment of the principal component.

The outstanding general obligation bonded debt of Measure K at June 30, 2021 is:

General Obligation Bonds	Date of Issue	Date of Maturity	Interest Rate %	Amount of Original Issue	Outstanding June 30, 2021
Series A	4/7/2009	8/1/2033	3.50-5.00	\$ 260,000,000	\$ 6,145,000
Series B	4/19/2011	8/1/2035	7.26-7.33	3,020,686	3,020,686
Accreted Interest				-	6,174,996
Series B-1	4/19/2011	8/1/2025	5.314-5.914	72,406,000	68,985,000
Series C	5/15/2013	8/1/2037	1.00-4.00	50,000,000	34,010,000
Series D	2/19/2015	8/1/2043	3.00-4.00	180,000,000	159,330,000
Accreted Interest					24,452,037
Series D-1	2/19/2015	8/1/2039	3.33-4.31	89,998,410	89,998,410
Series E	2/28/2017	8/1/2047	4.00-5.00	150,000,000	142,765,000
Series F	9/5/2019	8/1/2047	2.75-5.00	150,000,000	147,800,000
Total				<u>\$ 955,425,096</u>	<u>\$ 682,681,129</u>

The annual debt service requirements to maturity for Measure K as of June 30, 2021 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Accreted Interest</u>	<u>Total</u>
2022	\$ 9,690,000	\$ 22,687,656	\$ -	\$ 32,377,656
2023	17,580,000	21,930,182	-	39,510,182
2024	16,190,000	20,942,746	-	37,132,746
2025	17,115,000	19,959,677	-	37,074,677
2026	18,085,000	18,920,838	-	37,005,838
2027-2031	36,784,846	90,838,284	16,950,154	144,573,284
2032-2036	50,900,982	86,748,912	65,074,028	202,723,922
2037-2041	130,898,268	77,564,663	72,176,722	280,639,653
2042-2046	252,665,000	41,285,206	-	293,950,206
2047-2048	102,145,000	3,741,600	-	105,886,600
Total	<u>\$ 652,054,096</u>	<u>\$ 404,619,764</u>	<u>\$ 154,200,904</u>	<u>\$ 1,210,874,764</u>

**LONG BEACH UNIFIED SCHOOL DISTRICT
MEASURE K AND MEASURE E BOND BUILDING FUNDS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 3 BONDED DEBT (CONTINUED)

Measure E

On November 8, 2016, the voters approved the issuance of bonds, not to exceed \$1,500,000,000. The bonds are being issued to finance the repair, upgrading, acquisition, construction and equipping of certain District sites and facilities and to pay the cost of issuing these bonds as authorized pursuant to Measure E.

On February 28, 2017, the District issued General Obligation Bonds, Election 2016, Series A of \$300,000,000 serial and term bonds.

On September 5, 2019, the District issued General Obligation bonds, Election 2016, Series B of \$300,000,000 serial and term bonds.

Payments

Interest due is payable semi-annually on February 1 and August 1 of each year. The principal with respect to the bonds is payable upon maturity or upon redemption in whole or in part at the corporate trust office of the Paying Agent. The bonds are issuable as fully registered bonds in denomination of \$5,000 or any integral multiple thereof.

The outstanding general obligation bonded debt of Measure E at June 30, 2021 is:

General Obligation Bonds	Date of Issue	Date of Maturity	Interest Rate %	Amount of Original Issue	Outstanding June 30, 2021
Series A	2/28/2017	8/1/2047	4.00-5.00	\$ 300,000,000	\$ 216,100,000
Series B	9/5/2019	8/1/2052	3.00-5.00	300,000,000	297,700,000
Total				<u>\$ 600,000,000</u>	<u>\$ 513,800,000</u>

The annual debt service requirements to maturity as of June 30, 2021 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 24,035,000	\$ 18,677,775	\$ 42,712,775
2023	23,485,000	17,489,775	40,974,775
2024	-	16,902,650	16,902,650
2025	-	16,902,650	16,902,650
2026	-	16,902,650	16,902,650
2027-2031	10,215,000	83,643,175	93,858,175
2032-2036	30,415,000	78,763,975	109,178,975
2037-2041	66,415,000	68,251,425	134,666,425
2042-2046	112,495,000	51,206,950	163,701,950
2047-2051	164,755,000	25,653,625	190,408,625
2052-2053	81,985,000	2,489,475	84,474,475
	<u>\$ 513,800,000</u>	<u>\$ 396,884,125</u>	<u>\$ 910,684,125</u>

**LONG BEACH UNIFIED SCHOOL DISTRICT
MEASURE K AND MEASURE E BOND BUILDING FUNDS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 4 PURCHASE COMMITMENTS

As of June 30, 2021, the District was committed under various capital expenditure purchase agreements for Measure K and Measure E bond projects totaling approximately \$94.8 million. Projects will be funded through bond proceeds.

NOTE 5 CONTINGENCIES

The District is involved in various claims and legal actions related to various construction projects. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the District's Measure K or Measure E Bond Building Funds financial statements.



**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***

Board of Education
Citizens' Oversight Committee
Long Beach Unified School District
Long Beach, California

We have audited, in accordance with the 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 Measure K (November 2008) and the Measure E (November 2016) Bond Building Funds of the Long Beach Unified School District (the District), as of and for the year ended June 30, 2021, and the related notes to the financial statements as listed in the table of contents, and have issued our report thereon dated January 14, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing 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 entity's 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.

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 financial statements of the Measure K (November 2008) and the Measure E (November 2016) Bond Building Funds are free from 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 financial statements. 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 noncompliance 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Glendora, California
January 14, 2022

**LONG BEACH UNIFIED SCHOOL DISTRICT
MEASURE K BOND FUND AND MEASURE E BOND FUNDS
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2021**

There were no findings related to the financial audit of the Measure K or the Measure E Bond Building Funds for the year ended June 30, 2021. In addition, there were no findings related to the financial audit of the Measure K or the Measure E Bond Building Funds for the year ended June 30, 2020.

**PERFORMANCE AUDIT OF THE
MEASURE K AND MEASURE E BOND PROGRAMS**



INDEPENDENT AUDITORS' REPORT

Board of Education
Citizens' Oversight Committee
Long Beach Unified School District
Long Beach, California

We have conducted a performance audit of the Long Beach Unified School District (the District) Measure K and Measure E bond funds for the year ended June 30, 2021.

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 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 page 16 of this report which includes determining the District's compliance with the performance requirements for the Proposition 39 Measure K and Measure E bond funds 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 K and Measure E bond funds for the fiscal year ended June 30, 2021, only for the specific projects developed by the District's Board of Education, 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
January 14, 2022

**LONG BEACH UNIFIED SCHOOL DISTRICT
PERFORMANCE AUDIT OF
THE MEASURE K AND MEASURE E BOND PROGRAMS
JUNE 30, 2021**

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.

Measure K

In November 2008, a general obligation bond proposition (Measure K) of the District was approved by the voters of the District. Measure K authorizes the District to issue up to \$1.2 billion of general obligation bonds to finance various capital projects and related costs, as specified in the bond measure provisions of Measure K.

Measure E

In November 2016, a general obligation bond proposition (Measure E) of the District was approved by the voters of the District. Measure E authorizes the District to issue up to \$1.5 billion of general obligation bonds to finance various capital projects and related costs, as specified in the bond measure provisions of Measure E.

Priority School Project List

The project list section of both the Measure K and Measure E ballot language refers to the District's Facilities Master Plan for the specific projects that the District proposes to finance with the proceeds from the bonds. Listed projects are completed as needed at a particular school site according to Board-approved Project Listing Recommendations. The Project Listing Recommendations are formulated by the District's Internal Executive Committee, and reflect recommendations made by the District's Community Advisory Committee.

Citizens' Oversight Committee

Pursuant to the requirements of Proposition 39, and related state legislation, the Board of Education of the District established a Citizens' Oversight Committee and appointed its members. In December 2016, the Board of Education of the District expanded the scope of the current Measure K Citizens' Oversight Committee and designated it to also serve as the independent bond oversight committee for Measure E.

The principal purpose of the Citizens' Oversight Committee, as set out in state law, is to inform the public as to the expenditures of the proceeds of the bonds issued pursuant to the applicable bond measure. The Citizens' Oversight Committee is required to issue at least one report annually as to its activities and findings.

Performance Audit

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 Measure K and Measure E Bond Funds have been expended only for the authorized bond projects.

**LONG BEACH UNIFIED SCHOOL DISTRICT
PERFORMANCE AUDIT OF
THE MEASURE K AND MEASURE E BOND PROGRAMS (CONTINUED)
JUNE 30, 2021**

OBJECTIVES

The objectives of our performance audit were to:

- Determine the expenditures charged to the Measure K and Measure E Bond Building Funds.
- Determine whether expenditures charged to the Measure K and Measure E Bond Building Funds have been made in accordance with the bond project lists approved by the voters through the approval of Measure K in November 2008 and Measure E in November 2016.
- Determine that amounts expended on salaries and benefits were only to the extent employees perform work associated with the Measure K and Measure E projects as allowable per Opinion 04-110 issued on November 9, 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, 2020 to June 30, 2021. 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 bond proceeds by obtaining the general ledger and project listing.
- We selected a judgmental sample of expenditures for supplies, services and capital outlay considering all projects for the year ended June 30, 2021. For Measure K, our sample included 27 transactions totaling \$12,111,502. This represents 39% of total expenditures of \$31,440,142. For Measure E, our sample included 65 transactions totaling \$55,824,052. This represents 64% of total expenditures of \$87,581,763.
- 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 list.

**LONG BEACH UNIFIED SCHOOL DISTRICT
PERFORMANCE AUDIT OF
THE MEASURE K AND MEASURE E BOND PROGRAMS (CONTINUED)
JUNE 30, 2021**

PROCEDURES PERFORMED (CONTINUED)

- We selected a judgmental sample of expenditures for employee costs charged to the projects for the year ended June 30, 2020. For Measure K, our sample included employee costs totaling \$337,069. This represents 29% of total expenditures of \$1,144,278. For Measure E, our sample included employee costs totaling \$348,803. This represents 27% of total expenditures of \$1,305,985.
- We reviewed the payroll register and job description to determine that the amounts expended on salaries and benefits were only to the extent employees perform work associated with the Measure K or Measure E bond projects as allowable per Opinion 04-110 issued on November 9, 2004 by the State of California Attorney General.

**LONG BEACH UNIFIED SCHOOL DISTRICT
PERFORMANCE AUDIT OF
THE MEASURE K AND MEASURE E BOND PROGRAMS (CONTINUED)
JUNE 30, 2021**

PROCEDURES PERFORMED (CONTINUED)

Measure K Bond Program

	Expenditures for Fiscal Year Ended 6/30/2021
	\$
Construction Projects:	
Undistributed	4,250
Master Plan Projects	857,700
New High School # 2 at the former Browning Site	(20,130,887) ^{1,2}
Avalon Site Wide Environment	5,016,029
Jordan High School Major Renovation	(1,114,422) ²
DSA Certification Projects	9,973
Intercom and Clock System	750,645
Hamilton MS Gym	108,643
Poly Tech HS Auditorium AB300	(4,073,328) ²
Jordan Major Renovation Phase IV	6,886,937
Telecommunications Phase II	37,595
Jordan HS Major Renovation II B	438,783
Jordan HS Major Renovation Phase V	8,053
Jordan HS Major Renovation Phase VI	8,193
Jordan HS Interim Housing	196,600
Renaissance HS Major Renovation/Addition	(8,063,164) ²
Jordan HS Major Renovation Phase II A	2,342,062
Educare/Barton Project	(25,760) ³
Keller Conversion to Middle School	2,047
Sato Academy High School New Construction	(249,970) ³
Wireless Data Communications - Erate Phase II	(45,160) ⁴
Millikan 11000 Bldg. Seismic Reconstruction	2,278,347
Fire Alarm Phase IV	92,213
Environmental Improvements	32,953
Facilities New Building	23,779
Subtotal	(14,607,889)

1- A legal settlement accrual that has not been resolved yet

2- State funding and/or Developer Fees applied to the project

3- Final reconciliation of project expenditures.

4- Receipt of E-Rate funding.

**LONG BEACH UNIFIED SCHOOL DISTRICT
PERFORMANCE AUDIT OF
THE MEASURE K AND MEASURE E BOND PROGRAMS (CONTINUED)
JUNE 30, 2021**

PROCEDURES PERFORMED (CONTINUED)

Measure K Bond Program (Continued)

	Expenditures for Fiscal Year Ended 6/30/2021
	6/30/2021
Construction Projects:	
Subtotal from previous page	\$ (14,607,889)
Small Priority Projects	7,811
Technology Infrastructure	(206,870) ⁴
Hughes MS HVAC	5,489,649
Keller MS Locker Room	379,466
Fire Alarm, Intercom & Clock Replacement Phase V	1,779,735
Twain HVAC	985,079
Security Improvements	351,274
Deferred Maintenance FY20	3,121,151
Jordon PH3 Renovation (Science Building)	20,112
POLY HVAC	(1,133) ³
Stevenson Site Improvements	(9,010) ³
Wilson Aquatic Center	598,698
Electronic Door Locks Pilot Program	85,915
Wilson Natatorium Repurposing	192,358
Lakewood Aquatic Center	3,227
Total Before Application of State Funding	(1,810,427)
State and/or Developer Fees Applied	33,250,569
Total Expenses	\$ 31,440,142

3- Final reconciliation of project expenditures.

4- Receipt of E-Rate funding.

**LONG BEACH UNIFIED SCHOOL DISTRICT
PERFORMANCE AUDIT OF
THE MEASURE K AND MEASURE E BOND PROGRAMS (CONTINUED)
JUNE 30, 2021**

PROCEDURES PERFORMED (CONTINUED)

Measure E Bond Program

	Expenditures for Fiscal Year Ended 6/30/2021
	\$
Construction Projects:	
Undistributed	750
Master Plan Projects	5,959,349
Kettering Interim Housing	6,053
Monroe Interim Housing	10,451
Riley Interim Housing	3,629
Webster Interim Housing	45,409
Cleveland HVAC	270
Jefferson HVAC	344,784
Kettering HVAC	441,502
Lindsey HVAC	32,995
McKinley HVAC	33,498
Riley HVAC	63,861
Rogers HAVC	(607,670) ¹
Stephens HVAC	829
Webster HVAC	12,867
Barton HVAC	(307,785) ¹
Bixby HVAC	360,065
Burcham HVAC	31,553
Garfield HVAC	19,356
Longfellow HVAC	889,572
MacArthur HVAC	21,389
Mann HVAC	108,086
Muir HVAC	3,076,292
Stanford HVAC	6,816
Washington HVAC	2,645
Wilson HVAC	18,954,598
Lakewood HVAC	984,125
Lowell HVAC	929,687
Poly Site Improvements	12,060
Jefferson All Weather Field Installation	(540,992) ¹
Rogers All Weather Field Installation	(1,808) ¹
Keller HVAC Total	360,013
Subtotal	31,254,249

1- Final reconciliation of project expenditures.

**LONG BEACH UNIFIED SCHOOL DISTRICT
PERFORMANCE AUDIT OF
THE MEASURE K AND MEASURE E BOND PROGRAMS (CONTINUED)
JUNE 30, 2021**

PROCEDURES PERFORMED (CONTINUED)

Measure E Bond Program (Continued)

	Expenditures for Fiscal Year Ended 6/30/2021
	\$
Construction Projects:	
Subtotal from previous page	\$ 31,254,249
Hamilton MS Track & Field	280
Madison ES HVAC	11,337,507
Cubberley K-8 HVAC	13,317,896
Millikan HS Track & Field	5,489,211
Alvarado ES HVAC	641,661
Hughes MS HVAC	(1,121,602) ¹
Naples HVAC	535,824
Avalon HVAC	65,517
Hughes All Weather Field Installation	665
Fire Alarm, Intercom & Clock Replacement Phase V	1,660
Prisk HVAC	10,086,464
Holmes HVAC	92,043
Twain HVAC	(554,868) ¹
Bancroft HVAC	109,975
Washington All Weather Field Installation	300
Lakewood All Weather Field Installation	2,613,746
Millikan HVAC	8,933
Birney HVAC	112,426
Fremont HVAC	8,829,183
Bryant ES HVAC	854,309
Stephens Site Improvements (700 Bldg.)	11,011
Poly HVAC	1,558,903
Bancroft Track and Field	13,103
Avalon Site Improvements (Baseball Field)	25,715
Rogers Site Improvements (Portables)	599,438
Robinson HVAC Projects	402,621
Hughes Site Improvements (Portables)	258,465
Lowell Site Improvements (Portables)	484,261
Muir Site Improvements (Portables)	224,223
Gompers HVAC	59,624
Emerson HVAC Project	67,866
Bryant Site Improvements (Portables)	48,069
Cubberly Site Improvements (Portables)	146,493
Stanford Site Improvements (Portables)	6,592
Total	\$ 87,581,763

1- Final reconciliation of project expenditures.

**LONG BEACH UNIFIED SCHOOL DISTRICT
PERFORMANCE AUDIT OF
THE MEASURE K AND MEASURE E BOND PROGRAMS (CONTINUED)
JUNE 30, 2021**

CONCLUSION

The results of our tests indicated that, in all significant respects, the District has properly accounted for the expenditures of the Measure K and Measure E Bond Programs and those such expenditures were made on authorized bond projects. Further, it was noted that the Measure K and Measure E Bond Program funds, were expended for salaries and benefits only to the extent allowable.

**LONG BEACH UNIFIED SCHOOL DISTRICT
PERFORMANCE AUDIT OF
THE MEASURE K AND MEASURE E BOND PROGRAMS (CONTINUED)
JUNE 30, 2021**

SCHEDULE OF FINDINGS AND RESPONSES

There were no findings related to the performance audit of the Measure K and Measure E Bond Program for the years ended June 30, 2021 and June 30, 2020.

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