

**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, 2018**

**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, 2018  
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**FINANCIAL SECTION**

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**PROPOSITION 39 GENERAL OBLIGATION BONDS**  
**MEASURE E, FEBRUARY 2008 AND MEASURE LB, JUNE 2016**  
**BOND CONSTRUCTION FUNDS**

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2018**

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

**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. 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, 2018 were restricted for the following uses:

x Capital Projects (Measure E, February 2008)	\$ 9,063
x Capital Projects (Measure LB, June 2016)	\$ 78,866,532

**Capital Assets and Long-Term Debt**

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 2: CASH IN COUNTY**

In accordance with the *Budget and Accounting Manual* and Education Code Section 15146(g), 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, 2017, as provided by the pool sponsor, was approximately 98.7% of amortized cost and is based upon the District's pro-rata share of the fair value for the entire portfolios (in relation to the amortized cost of the portfolio). 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, 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. 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.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2018**

**NOTE 3: 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, 2018 is:

- (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 coBOandbmt

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**For the Fiscal Year Ended June 30, 2018**

**NOTE 3: BONDED DEBT**

the Bond Construction Fund for payment of costs of issuance and the District's BAN repayment.

(3) The general obligation refunding bonds were issued to partially refund the Series A

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**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2018**

**NOTE 3: BONDED DEBT**

provisions.

The outstanding general obligation bonded debt of the District at June 30, 2018 is:

<u>General Obligation Bonds</u>	Date of Issue	Date of	Interest	Amount of	Outstanding
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The annual requirements to amortize all bonds payable, outstanding as of June 30, 2018, are as follows:

**Debt Repayment**

The repayment of debt related to the general obligation 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.

**NOTE 4: PURCHASE COMMITMENTS**

As of June 30, 2018, the District was committed under various capital expenditure purchase agreements for the bond projects totaling approximately \$29.5 million to be funded through general obligation bond proceeds.

**OTHER INDEPENDENT AUDITORS' REPORT**



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**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**

The Board of Trustees  
The Citizens' Oversight Committee  
Long Beach Community College District  
Long Beach, CA

**LONG BEACH COMMUNITY COLLEGE DISTRICT**



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