

LONG BEACH UNIFIED SCHOOL DISTRICT
PROPOSITION 39 GENERAL OBLIGATION BONDS
MEASURE K BOND PROGRAM
PERFORMANCE AUDIT

For the Two Months Ended June 30, 2009

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INDEPENDENT AUDITORS' REPORT

The Board of Education
The Citizens' Oversight Committee
Long Beach Unified School District
1515 Hughes Way
Long Beach, CA 90810

We have examined the Long Beach Unified School District's compliance with the performance requirements for the Proposition 39/Measure K General Obligation Bonds for the two months ended June 30, 2009, under the applicable provisions of Section 1(b)(3)(C) of Article XIII A of the California Constitution and Proposition 39 as they apply to the bonds and the net proceeds thereof. Management is responsible for the Long Beach Unified School District's compliance with those requirements. Our responsibility is to express an opinion on the Long Beach Unified School District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Long Beach Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on Long Beach Unified School District's compliance with specified requirements.

In our opinion, the Long Beach Unified School District complied, in all material respects, with the aforementioned requirements for the two months ended June 30, 2009.

Vicenti, Lloyd & Stutzman LLP

VICENTI, LLOYD & STUTZMAN LLP

November 30, 2009

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OBJECTIVES

The objectives of our performance audit were to:

- determine the expenditures charged to the Long Beach Unified School District Measure K Bond Program Fund.
- determine whether expenditures charged to the Measure K Bond Program Fund have been made in accordance with the bond project list approved by the voters through the approval of Measure K in November 2008.
- note any incongruities or system weaknesses and provide recommendations for improvement.
- provide the District Board and the Citizens' Oversight Committee with a performance audit as specified under the requirements of the California Constitution and Proposition 39.

SCOPE OF THE AUDIT

The scope of our performance audit covered the period of May 1, 2009 to June 30, 2009. The expenditures tested included all 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, 2009 were not reviewed or included within the scope of our audit.

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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 November 2008, a general obligation bond proposition (Measure K) of the Long Beach Unified School District was approved by the voters of the District. Measure K authorized the District to issue up to \$1,200,000,000 of general obligation bonds 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 Education of the District has established a Citizens' Oversight Committee and appointed its initial 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 K 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 Measure K Bond Program Fund have been expended only for the authorized bond projects.

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PROCEDURES PERFORMED

We obtained the general ledger and the project expenditure reports prepared by the District for the period of May 1, 2009 to June 30, 2009 for the Measure K Bond Program Fund. Within the period audited, we obtained the actual invoices and other supporting documentation for expenditures to ensure compliance with the requirements of Proposition 39 and Measure K with regards to the approved bond projects list. We performed the following procedures:

- reviewed the projects listed to be funded with general obligation bond proceeds as set out in the Measure K election documents.
- selected a sample of expenditures for the period of May 1, 2009 to June 30, 2009 and reviewed supporting documentation to ensure that such funds were properly expended on the authorized bond projects.
- verified that funds from the Measure K Bond Program Fund were generally expended for the construction, reconstruction, acquisition, furnishing and equipping of District facilities constituting the authorized bond projects. Furthermore, we verified that funds expended from the Measure K Bond Program Fund were not used for salaries of school administrators or other operating expenses of the District.

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CONCLUSION

Based upon our procedures performed, we found that for the items tested, the Long Beach Unified School District has properly accounted for the expenditures of the funds held in the Measure K Bond Program Fund and that such expenditures were made for authorized bond projects. Furthermore, it was noted that the funds held in the Measure K Bond Program Fund, and expended by the District, were not expended for salaries of school administrators or other operating expenditures.

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**SCHEDULE OF FINDINGS AND RECOMMENDATIONS
June 30, 2009**

There are no findings and questioned costs related to Proposition 39 compliance for the two months ended June 30, 2009.