

LONG BEACH UNIFIED SCHOOL DISTRICT
PROPOSITION 39 GENERAL OBLIGATION BONDS
BOND BUILDING FUNDS
MEASURE K
MEASURE E
MEASURE Q
FINANCIAL AND PERFORMANCE AUDITS
YEAR ENDED JUNE 30, 2024



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BOND BUILDING FUNDS**

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



INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the Measure K (November 2008), Measure E (November 2016), and Measure Q (November 2022) Bond Building Funds of the Long Beach Unified School District (the District) as of and for the fiscal year ended June 30, 2024, and the related notes to the financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Measure K (November 2008), Measure E (November 2016), and Measure Q (November 2022) Bond Building Funds of the District as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1, the financial statements present fairly only the Measure K (November 2008), Measure E (November 2016), and Measure Q (November 2022) Bond Building Funds and do not purport to, and do not, present fairly the financial position of the District as of June 30, 2024 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

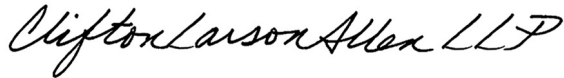
- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2024 on our consideration of the District's internal control over the Measure K (November 2008), Measure E (November 2016), and Measure Q (November 2022) 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), Measure E (November 2016), and Measure Q (November 2022) 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), Measure E (November 2016) and, Measure Q (November 2022) Bond Building Funds financial reporting and compliance.



CliftonLarsonAllen LLP

Glendora, California
December 2, 2024

**LONG BEACH UNIFIED SCHOOL DISTRICT
MEASURE K, MEASURE E, AND MEASURE Q BOND BUILDING FUNDS
BALANCE SHEET
JUNE 30, 2024**

	<u>Measure K</u>	<u>Measure E</u>	<u>Measure Q</u>
ASSETS			
Cash in County Treasury	\$ 130,111,994	\$ 328,872,145	\$ 92,080,860
Accounts Receivable	8,066,117	157,778	-
Prepaid Expenditures	1,813	238	226
	<u>138,179,924</u>	<u>329,030,161</u>	<u>92,081,086</u>
Total Assets	<u>\$ 138,179,924</u>	<u>\$ 329,030,161</u>	<u>\$ 92,081,086</u>
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts Payable	\$ 23,046,716	\$ 28,606,177	\$ 3,330,301
Due to other Funds	192	-	-
Total Liabilities	<u>23,046,908</u>	<u>28,606,177</u>	<u>3,330,301</u>
FUND BALANCE			
Nonspendable	1,813	238	226
Restricted	115,131,203	300,423,746	88,750,559
Total Fund Balance	<u>115,133,016</u>	<u>300,423,984</u>	<u>88,750,785</u>
Total Liabilities and Fund Balance	<u>\$ 138,179,924</u>	<u>\$ 329,030,161</u>	<u>\$ 92,081,086</u>

See accompanying Notes to Financial Statements.

**LONG BEACH UNIFIED SCHOOL DISTRICT
MEASURE K, MEASURE E, AND MEASURE Q BOND BUILDING FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 2024**

	<u>Measure K</u>	<u>Measure E</u>	<u>Measure Q</u>
REVENUES			
Interest Income	\$ 6,362,597	\$ 13,444,087	\$ 3,760,100
Other Miscellaneous	11	7	2
Total Revenues	<u>6,362,608</u>	<u>13,444,094</u>	<u>3,760,102</u>
EXPENDITURES			
Classified Salaries	672,675	711,575	111,358
Benefits	403,766	425,360	70,954
Supplies	303,112	221,823	63,458
Services and Other Expenditures	8,928,927	4,038,384	7,173
Capital Outlay	61,521,760	99,031,590	12,451,197
Total Expenditures	<u>71,830,240</u>	<u>104,428,732</u>	<u>12,704,140</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>(65,467,632)</u>	<u>(90,984,638)</u>	<u>(8,944,038)</u>
OTHER FINANCING SOURCES			
Transfers In	23,283,578	57,525,399	-
Total Other Financing Sources	<u>23,283,578</u>	<u>57,525,399</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(42,184,054)	(33,459,239)	(8,944,038)
Fund Balance - Beginning of Year	<u>157,317,070</u>	<u>333,883,223</u>	<u>97,694,823</u>
FUND BALANCE - END OF YEAR	<u>\$ 115,133,016</u>	<u>\$ 300,423,984</u>	<u>\$ 88,750,785</u>

See accompanying Notes to Financial Statements.

**LONG BEACH UNIFIED SCHOOL DISTRICT
MEASURE K, MEASURE E, AND MEASURE Q BOND BUILDING FUNDS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

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), Measure E (November 2016), and Measure Q (November 2022) 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, November 2016 for Measure E, and November 2022 for Measure Q, 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 presentation 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, MEASURE E, AND MEASURE Q BOND BUILDING FUNDS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

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, 2024 is measured at 96.1698% 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, MEASURE E, AND MEASURE Q BOND BUILDING FUNDS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

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.

On May 2, 2023, the District issued General Obligation Bonds, Election 2008, Series G of \$80,000,000 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, MEASURE E, AND MEASURE Q BOND BUILDING FUNDS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

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, 2024 is:

General Obligation Bonds	Date of Issue	Date of Maturity	Interest Rate %	Amount of Original Issue	Outstanding June 30, 2024
Series A	4/7/2009	8/1/2033	3.50-5.00	\$ 260,000,000	\$ 4,875,000
Series B	4/19/2011	8/1/2035	7.26-7.33	3,020,686	3,020,686
Accreted Interest				-	42,489,314
Series B-1	4/19/2011	8/1/2025	5.314-5.914	72,406,000	34,590,000
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
Series D-1	2/19/2015	8/1/2039	3.33-4.31	89,998,410	89,998,410
Accreted Interest					111,711,590
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	140,005,000
Series G	5/23/2023	8/01/2047	4.00-5.00	80,000,000	75,800,000
Total				<u>\$ 1,035,425,096</u>	<u>\$ 838,595,000</u>

The debt service requirements for Measure K as of June 30, 2024 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Accreted Interest</u>	<u>Total</u>
2025	\$ 22,560,000	\$ 23,351,151	\$ -	\$ 45,911,151
2026	22,900,000	23,192,493	-	46,092,493
2027	7,926,639	23,955,790	2,273,361	34,155,790
2028	6,755,519	24,427,620	2,959,481	34,142,620
2029	6,667,955	24,855,009	3,402,045	34,925,009
2030-2034	49,816,633	138,566,041	24,748,367	213,131,041
2035-2039	92,894,762	193,160,220	97,570,239	383,625,221
2040-2044	250,607,580	81,786,836	23,247,411	355,641,827
2045-2049	224,265,008	17,175,975	-	241,440,983
Total	<u>\$ 684,394,096</u>	<u>\$ 550,471,135</u>	<u>\$ 154,200,904</u>	<u>\$ 1,389,066,135</u>

**LONG BEACH UNIFIED SCHOOL DISTRICT
MEASURE K, MEASURE E, AND MEASURE Q BOND BUILDING FUNDS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

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.

On May 2, 2023, the District issued General Obligation bonds, Election 2016, Series C 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, 2024 is:

General Obligation Bonds	Date of Issue	Date of Maturity	Interest Rate %	Amount of Original Issue	Outstanding June 30, 2024
Series A	2/28/2017	8/1/2047	4.00-5.00	\$ 300,000,000	\$ 216,100,000
Series B	9/05/2019	8/01/2052	3.00-5.00	300,000,000	250,180,000
Series C	5/23/2023	8/01/2047	4.00-5.00	300,000,000	272,900,000
Total				<u>\$ 900,000,000</u>	<u>\$ 739,180,000</u>

The debt service requirements for Measure E as of June 30, 2024 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 26,120,000	\$ 28,341,500	\$ 54,461,500
2026	20,545,000	27,174,875	47,719,875
2027	-	26,661,250	26,661,250
2028	1,700,000	26,618,750	28,318,750
2029	2,220,000	26,520,750	28,740,750
2030-2034	21,460,000	130,065,900	151,525,900
2035-2039	65,695,000	120,310,875	186,005,875
2040-2044	126,945,000	100,190,050	227,135,050
2045-2049	207,015,000	66,102,375	273,117,375
2050-2054	267,480,000	22,592,275	290,072,275
	<u>\$ 739,180,000</u>	<u>\$ 574,578,600</u>	<u>1,313,758,600</u>

**LONG BEACH UNIFIED SCHOOL DISTRICT
MEASURE K, MEASURE E, AND MEASURE Q BOND BUILDING FUNDS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 3 BONDED DEBT (CONTINUED)

Measure Q

On November 8, 2022, the voters approved the issuance of bonds, not to exceed \$1,700,000,000. The bonds are being issued to finance health and safety improvements and the renovation of libraries, science and computer labs, and to fund the construction of new career education spaces.

On May 2, 2023, the District issued General Obligation Bonds, Election 2022, Series A of \$100,000,000 serial and term bonds.

Payments

General Obligation Bonds	Date of Issue	Date of Maturity	Interest Rate %	Amount of Original Issue	Outstanding June 30, 2024
Series A	5/23/2023	8/01/2047	4.00-5.00	\$ 100,000,000	\$ 100,000,000
				<u>\$ 100,000,000</u>	<u>\$ 100,000,000</u>

The debt service requirements for Measure Q as of June 30, 2024 are as follows:

<u>Year Ending June 30,</u>	Principal	Interest	Total
2025	\$ 43,570,000	\$ 3,910,750	\$ 47,480,750
2026	46,085,000	1,669,375	47,754,375
2027	10,345,000	258,625	10,603,625
Total	<u>\$ 100,000,000</u>	<u>\$ 5,838,750</u>	<u>\$ 105,838,750</u>

NOTE 4 PURCHASE COMMITMENTS

As of June 30, 2024, the District was committed under various capital expenditure purchase agreements for Measure K, Measure E, and Measure Q bond projects totaling approximately \$545.0 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, Measure E, or Measure Q 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), the Measure E (November 2016) Bond, and the Measure Q (November 2022) Bond Building Funds of the Long Beach Unified School District (the District), as of and for the year ended June 30, 2024, and the related notes to the financial statements and have issued our report thereon dated December 2, 2024.

Report on 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 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements of the Measure K (November 2008), the Measure E (November 2016) Bond, and the Measure Q (November 2022) 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
December 2, 2024

**LONG BEACH UNIFIED SCHOOL DISTRICT
MEASURE K, MEASURE E, AND MEASURE Q BOND FUNDS
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2024**

There were no findings reported related to the financial audit of the Measure K, the Measure E, or the Measure Q Bond Building Funds for the year ended June 30, 2024.

**LONG BEACH UNIFIED SCHOOL DISTRICT
MEASURE K AND MEASURE E BOND FUNDS
STATUS OF PRIOR YEAR FINDINGS
JUNE 30, 2024**

There were no findings related to the financial audit of the Measure K, the Measure E, or the Measure Q Bond Building Funds for the year ended June 30, 2023.

**PERFORMANCE AUDIT OF THE
MEASURE K, MEASURE E, AND MEASURE Q 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's (the District's) Measure K, Measure E, and the Measure Q bond funds for the year ended June 30, 2024.

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 18 of this report which includes determining the District's compliance with the performance requirements for the Proposition 39 the Measure K, the Measure E, and the Measure Q 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 the Measure K, Measure E, and Measure Q bond funds for the fiscal year ended June 30, 2024, 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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Glendora, California
December 2, 2024

**LONG BEACH UNIFIED SCHOOL DISTRICT
PERFORMANCE AUDIT OF
MEASURE K, MEASURE E, AND MEASURE Q BOND PROGRAMS
JUNE 30, 2024**

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.

Measure Q

In November 2022, a general obligation bond proposition (Measure Q) of the District was approved by the voters of the District. Measure Q authorizes the District to issue up to \$1.7 billion of general obligation bonds to finance various capital projects and related costs, as specified in the bond measure provisions of Measure Q.

Priority School Project List

The project list section of the Measure K, Measure E, and Measure Q 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 and July 2022, 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 the Measure E and the Measure Q bond programs, respectively.

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.

**LONG BEACH UNIFIED SCHOOL DISTRICT
PERFORMANCE AUDIT OF
MEASURE K, MEASURE E, AND MEASURE Q BOND PROGRAMS
JUNE 30, 2024**

BACKGROUND INFORMATION (CONTINUED)

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, the Measure E, and the Measure Q bond 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 K, Measure E, and Measure Q Bond Building Funds.
- Determine whether expenditures charged to the Measure K, Measure E, and Measure Q 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, Measure E in November 2016, and Measure Q in November 2022.
- Determine that amounts expended on salaries and benefits were only to the extent employees perform work associated with Measure K, Measure E, and Measure Q 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, 2023 to June 30, 2024. 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, 2024, were not reviewed or included within the scope of our audit or in this report.

**LONG BEACH UNIFIED SCHOOL DISTRICT
PERFORMANCE AUDIT OF
MEASURE K, MEASURE E, AND MEASURE Q BOND PROGRAMS
JUNE 30, 2024**

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, 2024. For Measure K, our sample included 57 transactions totaling \$53,670,563. This represents 76% of total nonemployee expenditures of \$70,753,799. For Measure E, our sample included 46 transactions totaling \$43,087,459. This represents 42% of total nonemployee expenditures of \$103,291,797. For Measure Q, our sample included 53 transactions totaling \$9,367,769. This represents 75% of total nonemployee expenditures of \$12,521,828.
- We reviewed the 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.
- We selected a judgmental sample of expenditures for employee costs charged to the projects for the year ended June 30, 2024. For Measure K, our sample included employee costs totaling \$490,232. This represents 46% of total employee expenditures of \$1,076,441. For Measure E, our sample included employee costs totaling \$543,016. This represents 48% of total employee expenditures of \$1,136,935. For Measure Q, our sample included employee costs totaling \$182,313. This represents 100% of total employee expenditures of \$182,312.
- 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, Measure E, and Measure Q 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
MEASURE K, MEASURE E, AND MEASURE Q BOND PROGRAMS
JUNE 30, 2024**

PROCEDURES PERFORMED (CONTINUED)

Measure K Bond Program

	Expenditures for Fiscal Year Ended 6/30/2024
	6/30/2024
Construction Projects:	
Undistributed	\$ 3,550
Master Plan Projects	3,306,812
Browning Projects	1,347,247
Avalon Site Wide Environment	4,718,215
Roosevelt Projects	(2,306,696) ²
Jordan High School Major Renovation Phase I	13,000
DSA Certification Projects	17,019
Access Compliance Program	25,123
Hamilton MS Gym	11,349,803
Jordan Major Renovation Phase IV	(19,695) ¹
Telecommunications Phase II	1,103,979
Jordan HS Major Renovation Phase II B	2,981,756
Jordan HS Major Renovation phase V	2,058,484
Jordan HS Major Renovation phase VI	2,468,910
Jordan HS Interim Housing	280,478
Jordan HS Major Renovation Phase II A	154,623
Sato Academy High School new Construction	(10,769,929) ²
Wireless Data Communications - Erate Phase II	(3,855,589) ²
Millikan Seismic-Reconstruction	(12,549,862) ²
Environmental Clean-up	130,806
Small Priority Projects	8,570
Technology Infrastructure	70,693
Hughes MS HVAC	104,122
Keller MS Locker Room	2,838,653
Fire Alarm, Intercom, and Clock Replacement Phase V	543,086
Subtotal	4,023,158

¹- Final Reconciliation of project expenditures.

²- State or federal funding and/or developer fees applied to the project.

**LONG BEACH UNIFIED SCHOOL DISTRICT
 PERFORMANCE AUDIT OF
 MEASURE K, MEASURE E, AND MEASURE Q BOND PROGRAMS
 JUNE 30, 2024**

PROCEDURES PERFORMED (CONTINUED)

Measure K Bond Program

Construction Projects:

Subtotal from previous page	\$	4,023,158
Twain HVAC		102,300
Security Improvements		191,521
Deferred Maintenance FY20		806,552
Jordan PH3 Renovation (Science Building)		9,746,546
Wilson Aquatic Center		11,522,516
Electronic Door Locks Pilot Program		157,947
Wilson Natatorium Repurposing		780
Lakewood Aquatic Center		18,621,160
Lakewood Portables Project		3,308,186
Millikan HS Aquatics Center		65,996
Total Before Application of State Funding		<u>48,546,662</u>
State Funding		<u>23,283,578</u>
Total Expenditures	\$	<u><u>71,830,240</u></u>

**LONG BEACH UNIFIED SCHOOL DISTRICT
PERFORMANCE AUDIT OF
MEASURE K, MEASURE E, AND MEASURE Q BOND PROGRAMS
JUNE 30, 2024**

PROCEDURES PERFORMED (CONTINUED)

Measure E Bond Program

	Expenditures for Fiscal Year Ended 6/30/2024
	\$
Construction Projects:	
Undistributed	750
Master Plan Projects	4,666,471
Monroe Interim Housing	5,016
Riley Interim Housing	210
Webster Interim Housing	202,686
Kettering HVAC	554,955
Bixby HVAC	(3,337,357) ²
Muir HVAC	(11,873,122) ²
Stanford HVAC	11,220,576
Wilson HVAC	(21,568,492) ²
Lakewood HVAC	105,741
Madison ES HVAC	(4,872,186) ²
Cubberley K-8 HVAC	(9,645,058) ²
Millikan HS Track & Field	13,605
Alvarado ES HVAC	(2,998,352) ²
Naples HVAC	(2,771,886) ²
Avalon HVAC	12,781,701
Prisk HVAC	(303,313) ²
Holmes HVAC	2,134,109
Bancroft HVAC	7,600,112
Lakewood All Weather Field Installation	90,083
Millikan HVAC	5,042,185
Birney HVAC	13,604,649
Bryant ES HVAC	4,130
POLY HVAC	1,893,469
Subtotal	2,550,682

²- State or federal funding and/or developer fees applied to the project.

**LONG BEACH UNIFIED SCHOOL DISTRICT
PERFORMANCE AUDIT OF
MEASURE K, MEASURE E, AND MEASURE Q BOND PROGRAMS
JUNE 30, 2024**

PROCEDURES PERFORMED (CONTINUED)

Measure E Bond Program (Continued)

	Expenditures for Fiscal Year Ended 6/30/2024
	6/30/2024
Construction Projects:	
Subtotal from previous page	\$ 2,550,682
Avalon Site Improvements (Baseball Field)	9,296,357
Robinson HVAC Project	115,413
Gompers HVAC	8,413,972
Emerson HVAC Project	6,018,160
Bryant Portables Replacement	1,291
Stanford Portable Replacement	5,353,725
Poly New Classroom Bldg (MED Academy)	1,636,151
Tincher HVAC Project	3,002,785
Gant HVAC Project	2,184,388
ERATE Switch Replacement Project	5,141,766
Poly HS Interim Housing	424,651
Marshall HVAC	969,872
Buffum HVAC	336,777
Hoover MS HVAC Plus	267,363
Henry ES HVAC Plus	229,182
Carver ES HVAC Plus	420,775
Los Cerritos ES HVAC Plus	382,746
Tincher All Weather Field Installation	157,277
Total Before Application of State Funding	46,903,333
State Funding	57,525,399
Total Expenditures	\$ 104,428,732

**LONG BEACH UNIFIED SCHOOL DISTRICT
 PERFORMANCE AUDIT OF
 MEASURE K, MEASURE E, AND MEASURE Q BOND PROGRAMS
 JUNE 30, 2024**

PROCEDURES PERFORMED (CONTINUED)

Measure Q Bond Program

	Expenditures for Fiscal Year Ended 6/30/2024
	6/30/2024
Construction Projects:	
Washington Transformation	\$ 3,689,496
Security Cameras Site Improvements for Facilities	3,797,873
Photovoltaic Solar Phase 2	104,076
Poly Transformation	1,196,230
Butler Interim Housing Improvements	3,903,675
Security Cameras Phase IV	12,790
Total Expenditures	\$ 12,704,140

**LONG BEACH UNIFIED SCHOOL DISTRICT
PERFORMANCE AUDIT OF
MEASURE K, MEASURE E, AND MEASURE Q BOND PROGRAMS
JUNE 30, 2024**

CONCLUSION

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

**LONG BEACH UNIFIED SCHOOL DISTRICT
PERFORMANCE AUDIT OF
MEASURE K, MEASURE E, AND MEASURE Q BOND PROGRAMS
JUNE 30, 2024**

SCHEDULE OF FINDINGS AND RESPONSES

There were no findings related to the performance audit of the Measure K, Measure E, or Measure Q Bond Program for the year ended June 30, 2024.



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