PRELIMINARY OFFICIAL STATEMENT DATED JUNE 3, 2015

This Preliminary Official Statement and the information contained herein are subject to completion or amendment without notice. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

NEW ISSUE – BOOK-ENTRY ONLY

RATINGS: Moody's: "Aa2"
S&P: "AA-"
(See "RATINGS" herein.)

In the opinion of Nixon Peabody LLP, Bond Counsel, under existing law and assuming compliance with the tax covenants described herein, and the accuracy of certain representations and certifications made by the District described herein, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Bond Counsel is also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code with respect to individuals and corporations. Bond Counsel is further of the opinion that interest on the Bonds is exempt from personal income taxes of the State of California (the "State") under present State law. See "TAX MATTERS" herein regarding certain other tax considerations.

$33,000,000*
LONG BEACH COMMUNITY COLLEGE DISTRICT
(Los Angeles County, California)
GENERAL OBLIGATION REFUNDING BONDS
2015 SERIES F

Dated: Date of Delivery | **Due: May 1, as shown on inside cover.**

The above-captioned bonds (the "Bonds") offered hereunder by Long Beach Community College District (the "District") are issued for the purpose of refunding certain of the District's General Obligation Bonds, 2002 Election, Series B (2005), authorized at a bond election conducted within the District on March 5, 2002, and advance refunding its General Obligation Bonds, 2008 Election, 2008 Series A, authorized at a bond election conducted within the District on February 5, 2008, and to pay the related costs of issuance of the Bonds. See the caption "PLAN OF REFUNDING" herein. The Bonds will be issued in denominations of $5,000 principal amount or integral multiples thereof and are payable as to principal amount or redemption price at the office of U.S. Bank National Association, Los Angeles, California, as agent of the Treasurer and Tax Collector of the County of Los Angeles, California, as Paying Agent for the Bonds. Interest on the Bonds is payable on May 1 and November 1 of each year, commencing on November 1, 2015. The Bonds are issued on a parity with all other general obligation bonds of the District.

The Bonds are issued in fully registered form and, when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds as described herein under the caption "THE BONDS – Book-Entry Only System."

The Bonds are subject to optional redemption prior to maturity as described herein. See "THE BONDS – Redemption."

The Bonds are general obligations of the District only and are not obligations of the County of Los Angeles, the State of California or any of its other political subdivisions. The Board of Supervisors of the County of Los Angeles has the power and is obligated to levy and collect *ad valorem* property taxes for each fiscal year upon the taxable property of the District in an amount at least sufficient, together with other moneys available for such purpose, to pay the principal of, and premium, if any, and interest on each Bond as the same becomes due and payable. The Bonds are dated their date of delivery.

MATURITY SCHEDULE
On Inside Cover

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

The Bonds will be offered when, as and if issued and received by the Underwriters, subject to the approval of legality by Nixon Peabody LLP, Bond Counsel, and certain other conditions. Nixon Peabody LLP is acting as Disclosure Counsel for the issue. Certain legal matters will be passed upon for the Underwriters by their counsel, Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California. It is anticipated that the Bonds will be available through the facilities of DTC in New York, New York, on or about June 25, 2015.

RBC CAPITAL MARKETS | PiperJaffray®

Dated: __________, 2015.

* Preliminary; subject to change.

MATURITY SCHEDULE

$33,000,000*

LONG BEACH COMMUNITY COLLEGE DISTRICT
(Los Angeles County, California)
GENERAL OBLIGATION REFUNDING BONDS
2015 SERIES F

Maturity (May 1)	Principal Amount	Interest Rate	Yield	CUSIP (542411)†
2016	$	%	%	
2017				
2018				
2019				
2020				
2021				
2022				
2023				
2024				
2025				
2026				
2027				
2028				
2029				
2030				

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* Preliminary; subject to change.

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by Standard & Poor's Financial Services LLC on behalf of The American Bankers Association. This information is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services Bureau. CUSIP numbers have been assigned by an independent company not affiliated with the District or the Underwriters and are included solely for the convenience of the registered owners of the Bonds. Neither the District nor the Underwriters are responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the Bonds or as included herein. The CUSIP number for a specific maturity is subject to change after the issuance of the Bonds as a result of various subsequent actions.

No dealer, broker, salesperson or other person has been authorized by the District to provide any information or to make any representations other than as contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized by the District. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly described herein, are intended solely as such and are not to be construed as a representation of facts.

The information and expressions of opinion herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof. Although certain information set forth in this Official Statement has been provided by the County of Los Angeles, the County of Los Angeles has not approved this Official Statement and is not responsible for the accuracy or completeness of the statements contained in this Official Statement.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement pursuant to its responsibilities to investors under the federal securities laws, but the Underwriters do not guarantee the accuracy or completeness of such information.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS OFFERED HEREBY AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITERS MAY OFFER AND SELL THE BONDS TO CERTAIN DEALERS, INSTITUTIONAL INVESTORS, BANKS OR OTHERS AT PRICES LOWER OR HIGHER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.

This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

Statements included or incorporated by reference in the following information constitute "forward looking statements." Such statements are generally identifiable by the terminology used such as "plan," "project," "expect," "estimate," "budget" or other similar words. The achievement of results or other expectations contained in forward looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. Actual results may differ from the District's forecasts. The District is not obligated to issue any updates or revisions to the forward looking statements in any event.

The District maintains a website. However, the information presented on that website is not part of this Official Statement and should not be relied upon in making investment decisions with respect to the Bonds.

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LONG BEACH COMMUNITY COLLEGE DISTRICT
Los Angeles County, State of California

District Administrators

Eloy O. Oakley, Superintendent-President
Lou Anne Bynum, Executive Vice President, College Advancement and Economic Development
Dr. Terri Long, Vice President, Academic Affairs
Ann-Marie Gabel, Vice President, Administrative Services
Rosalinda DelGaudio, Vice President, Human Resources
Dr. Gregory Peterson, Vice President, Student Support Services

SPECIAL SERVICES

Underwriters

RBC Capital Markets, LLC
Los Angeles, California

Piper Jaffray & Co.
El Segundo, California

Bond Counsel and Disclosure Counsel

Nixon Peabody LLP

Paying Agent

U. S. Bank National Association,
as agent of the Treasurer and Tax Collector
of the County of Los Angeles
Los Angeles, California

Verification Agent

Grant Thornton LLP
Minneapolis, Minnesota

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$33,000,000*
LONG BEACH COMMUNITY COLLEGE DISTRICT
(Los Angeles County, California)
GENERAL OBLIGATION REFUNDING BONDS
2015 SERIES F

INTRODUCTION

The Long Beach Community College District (the "District") proposes to issue $33,000,000* aggregate principal amount of its General Obligation Refunding Bonds, 2015 Series F (the "Bonds"), pursuant to the provisions of Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (commencing with Sections 53550 and 53580, respectively) (the "Act"), and other applicable laws and regulations of the State of California (the "State"), and pursuant to a resolution adopted by the Board of Trustees of the District on May 12, 2015 (the "Resolution").

All general obligation bonds issued by or on behalf of the District are issued on a parity with the Bonds and with each other.

The proceeds of the Bonds will be applied to the current refunding of a portion of the currently outstanding approximately $13,930,000* principal amount of the District's originally issued $65,000,000 General Obligation Bonds, 2002 Election, Series B (2005) (the "2005 Bonds") and the advanced refunding of a portion of the currently outstanding approximately $39,848,884* principal amount of the District's originally issued $48,373,981.10 General Obligation Bonds, 2008 Election, 2008 Series A (the "2008 Bonds" and the 2005 Bonds and the 2008 Bonds being refunded, the "Refunded Bonds") and to the payment of costs of issuance of the Bonds. See "PLAN OF REFUNDING."

The District, a community college district of the State, was founded in 1927. The District operates two separate college campuses: the Liberal Arts Campus located at 4901 Carson Street, Long Beach, California (the "Liberal Arts Campus") and the Pacific Coast Campus located at 1305 East Pacific Coast Highway, Long Beach, California (the "Pacific Coast Campus"). The District's boundaries include the Cities of Long Beach, Signal Hill, Avalon and most of Lakewood.

The District's funded full-time equivalent students ("FTES") were 19,910 for fiscal year 2013-14 and are projected to be 20,307 in fiscal year 2014-15. The District's total assessed valuation for fiscal year 2014-15 was $56,714,963,766. The District has certain existing lease financing obligations as set forth in APPENDIX A – "FINANCIAL AND DEMOGRAPHIC INFORMATION RELATING TO THE DISTRICT – Operating Leases" and the District has direct and overlapping bonded indebtedness as set forth under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Direct and Overlapping Debt." The District's audited financial statements for fiscal year 2013-14 are attached hereto as APPENDIX C. For further information concerning the District, see APPENDIX A – "FINANCIAL AND DEMOGRAPHIC INFORMATION RELATING TO THE DISTRICT."

PLAN OF REFUNDING

The net proceeds of the Bonds will be used to effect the current refunding of the 2005 Bonds and the advanced refunding of the 2008 Bonds. On the date of delivery of the Bonds, such net proceeds will be deposited into an Escrow Fund established pursuant to that certain Escrow Deposit and Trust Agreement, dated as of June 1, 2015 (the "Escrow Agreement"), by and between the District and U.S. Bank National Association, in the capacity of Escrow Agent (the "Escrow Agent").

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* Preliminary; subject to change.

The net proceeds of the Bonds will be invested under the terms of the Escrow Agreement. On each interest payment date and the redemption date of the Refunded Bonds, amounts available under the Escrow Agreement will be applied to pay the interest on and redemption price of the Refunded Bonds.

The Escrow Agreement provides for the investment of the proceeds of the Bonds in noncallable direct obligations issued by the United States Treasury (including State and Local Government Series Obligations) or obligations which are unconditionally guaranteed by the United States of America. Grant Thornton LLP, certified public accountants (the "Verification Agent") will verify the sufficiency of amounts so deposited and invested to provide for such payments. See "VERIFICATION" herein.

THE REFUNDED BONDS

The proceeds of the 2005 Bonds were applied to pay the costs of constructing, improving, equipping and furnishing certain of the District's facilities described in the project list approved by the voters of the District on March 5, 2002 (the "2002 Projects"). The 2002 Projects included, among other things, the purchase of land and buildings near the Liberal Arts Campus, the construction of the T Building on the Liberal Arts Campus, construction of an interim housing for an Industrial Technology Center on the Pacific Coast Campus, infrastructure upgrades at both of the District's campuses, and renovation and construction of Learning Resource Centers at both the District's campuses. The last proceeds of the 2005 Bonds were expended by 2011. The District has determined that the 2002 Projects were then and are now still used for the public education activities of the District which do not violate the "private use test" established under the Internal Revenue Code of 1986, as amended (the "Code"), for tax-exempt obligations.

The proceeds of the 2008 Bonds were applied to pay the costs of existing debt and lease-purchase obligations. This debt was used to finance capital projects for District facilities. The last proceeds of the 2008 Bonds were expended by 2010. The District has determined that the 2008 Projects were then and are now still used for the public education activities of the District which do not violate the "private use test" established under the Code, for tax-exempt obligations.

The District is issuing the Bonds to refund $13,930,000[*] of the 2005 Bonds on a current basis, identified below.

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[*] Preliminary; subject to change.

Long Beach Community College District
(County of Los Angeles, California)
General Obligation Bonds, 2002 Election, Series B (2005)

Maturity Date (May 1)	Principal Amount[(1)]	CUSIP Number (542411)
2018	$ 640,000	BP7
2019	695,000	BQ5
2020	755,000	BR3
2021	820,000	BS1
2022	890,000	BT9
2023	965,000	BU6
2024	1,040,000	BV4
2025	1,120,000	BW2
2030[(2)]	7,005,000	CB7

(1) To be redeemed at par on July 10, 2015.
(2) Final maturity date of the term bond.

The District is issuing the Bonds to advance refund $21,245,000* aggregate principal amount of the 2008 Bonds, identified below.

Long Beach Community College District
(County of Los Angeles, California)
General Obligation Bonds, 2008 Election, 2008 Series A

Maturity Date (June 1)	Principal Amount[(1)]	CUSIP Number (542411)
2019	$1,640,000	HE6
2020	1,790,000	HF3
2021	2,125,000	HG1
2022	2,400,000	HH9
2023	2,775,000	HJ5
2024	3,130,000	HK2
2025	3,500,000	HL0
2026	3,885,000	HM8

(1) To be redeemed at par on June 1, 2018.

* Preliminary; subject to change.

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds in connection with the Bonds are as follows:

Sources of Funds	
Principal Amount	$
Net Premium	
Total Sources	$
Uses of Funds	
Deposit to 2005 Escrow Fund	$
Deposit to 2008 Escrow Fund	
Costs of Issuance(1)	
Total Uses	$

(1) Costs of Issuance include, but are not limited to, Underwriters' discount, printing and rating costs, fees and expenses of the Paying Agent, Escrow Agent, Verification Agent, Bond and Disclosure Counsel and other costs of issuance.

THE BONDS

Authority for Issuance and Security for the Bonds

The Bonds are general obligations of the District. Pursuant to the Act, general obligation bonds issued for the purpose of refunding outstanding general obligation bonds previously authorized by the voters that do not increase the debt service obligation of taxpayers do not require additional voter approval, either for issuance of such refunding general obligation bonds or the levy of an *ad valorem* property tax sufficient to pay principal and interest as due on the refunding general obligation bonds.

Description of the Bonds

The Bonds will be dated their date of delivery and will be issued in denominations of $5,000 or integral multiples thereof. The Bonds will be issued as current interest bonds with principal payable at the maturity dates of the respective Bonds or their earlier redemption. Interest on the Bonds is payable on May 1 and November 1 each year (each, an "Interest Payment Date"), commencing on November 1, 2015. Interest on each Bond shall accrue from its dated date. Each Bond will bear interest from the Interest Payment Date to which interest has been paid or duly provided for next preceding its date of authentication, unless such date of authentication will be (i) prior to the close of business on October 15, 2015, in which case such Bond will bear interest from its dated date, or (ii) subsequent to the close of business on the 15th day of the month preceding any Interest Payment Date (each, a "Record Date") but before the related Interest Payment Date, in which case such Bond will bear interest from such Interest Payment Date. Principal shall be payable in the years and amounts set forth on the inside cover page of this Official Statement.

The Bonds will be issued in fully registered form and, when issued, will be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company ("DTC"). DTC will act as securities depository for the Bonds. So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein to the Owners or registered owners shall mean Cede & Co. as aforesaid, and shall not mean the Beneficial Owners (as defined in APPENDIX E hereto) of the Bonds. So long as Cede & Co. is the registered owner of the Bonds, principal amount of and interest or premium, if any, on the Bonds are payable by wire transfer or New York Clearing House or equivalent next-day funds or by wire transfer of same day funds by U.S. Bank National Association, as agent for the Treasurer and Tax Collector of the County, as paying agent (the "Paying Agent"), to Cede & Co., as nominee for DTC. DTC is obligated, in turn, to remit such amounts to the DTC participants for subsequent disbursement to the Beneficial Owners. See APPENDIX E – "BOOK-ENTRY ONLY SYSTEM" herein.

Redemption

Optional Redemption. The Bonds maturing on May 1, 20__ are not subject to redemption prior to their fixed maturity date. The Bonds maturing on or after May 1, 20__ are subject to redemption on or after May 1, 20__ at the option of the District as a whole or in part on any date, at a redemption price equal to 100% of the principal amount of the Bonds called for redemption plus interest accrued thereon to the date fixed for redemption, without premium.

Selection of Bonds for Redemption

Whenever provision is made for the redemption of Bonds and less than all outstanding Bonds are to be redeemed, the Paying Agent, upon written instruction from the District given at least 60 days prior to the date designated for such redemption, shall select Bonds for redemption in such manner as the District shall direct, or, in the absence of such direction, in inverse order of maturity. Within a maturity, the Paying Agent shall select Bonds of that series for redemption by lot. Redemption by lot shall be in such manner as the Paying Agent shall determine; *provided, however*, that the portion of any Bond to be redeemed in part shall be in the principal amount of $5,000 or any integral multiple thereof.

Notice of Redemption

When redemption is authorized or required pursuant to the Resolution, the Paying Agent, upon written instruction from the District given at least 60 days prior to the date designated for such redemption, shall give notice (each, "Redemption Notice") of the redemption of the Bonds. Such Redemption Notice shall specify: (a) the Bonds or designated portions thereof (in the case of any Bond to be redeemed in part but not in whole) which are to be redeemed, (b) the date of redemption, (c) the place or places where the redemption will be made, including the name and address of the Paying Agent, (d) the redemption price, (e) the CUSIP numbers (if any) assigned to the Bonds to be redeemed, (f) the bond numbers of the Bonds to be redeemed in whole or in part and, in the case of any Bond to be redeemed in part only, the principal amount of such Bond to be redeemed, and (g) the original issue date, interest rate and stated maturity date of each Bond to be redeemed in whole or in part. Such Redemption Notice shall further state (A) that on the specified date there shall become due and payable upon each Bond or portion thereof being redeemed the redemption price thereof, and (B) that from and after such date, interest on Bonds shall cease to accrue and be payable.

The Paying Agent shall take the following actions with respect to each Redemption Notice: (i) at least 20 days but not more than 45 days prior to the redemption date, such Redemption Notice shall be given to the respective registered owner ("Owners") of the Bonds designated for redemption by first class mail, postage prepaid, at their addresses appearing on the Bond Register; (ii) in the event that the Bonds shall no longer be held in book-entry-only form, at least 35 but not more than 45 days before the redemption date, such Redemption Notice shall be given by (1) first class mail, postage prepaid, (2) telephonically confirmed facsimile transmission, or (3) overnight delivery service, to each of the Securities Depositories; (iii) in the event that the Bonds shall no longer be held in book-entry-only form, at least 35 but not more than 45 days before the redemption date, such Redemption Notice shall be given by (1) first class mail, postage prepaid, or (2) overnight delivery service, to the Municipal Securities Rulemaking Board.

"Securities Depositories" means DTC and, in accordance with then-current guideline of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the District may designate in a certificate delivered to the Paying Agent.

A Redemption Notice may be conditioned upon the receipt of sufficient moneys to pay the redemption price of the affected Bonds and may be rescinded by the District in the event such funds are not received.

Neither failure to receive any Redemption Notice nor any defect in any such Redemption Notice so given shall affect the sufficiency of the proceedings for the redemption of the affected Bonds. Each check issued or other transfer of funds made by the Paying Agent for the purpose of redeeming Bonds shall bear the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

Partial Redemption of Bonds

Upon the surrender of any Bond redeemed in part only, the Paying Agent shall execute and deliver to the Owner thereof a new Bond or Bonds of like tenor and maturity and of authorized denominations equal in principal amount to the unredeemed portion of the Bond surrendered. Such partial redemption shall be valid upon payment of the amount required to be paid to such Owner, and the District shall be released and discharged thereupon from all liability to the extent of such payment.

Effect of Notice of Redemption

Notice having been given as required in the Resolution, and the moneys for redemption (including the interest to the applicable date of redemption) having been set aside in the District's Debt Service Fund, the Bonds to be redeemed shall become due and payable on such date of redemption.

If on such redemption date, money for the redemption of all the Bonds to be redeemed, together with interest to such redemption date, shall be held by the Paying Agent so as to be available therefor on such redemption date, and if notice of redemption thereof shall have been given, then from and after such redemption date, interest on the Bonds to be redeemed shall cease to accrue and become payable.

Transfer and Exchange

Any Bond may be exchanged for Bonds of like tenor, maturity and principal amount, upon presentation and surrender at the principal office of the Paying Agent, together with a request for exchange signed by the Owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. A Bond may be transferred on the Bond Register only upon presentation and surrender of such Bond at the principal office of the Paying Agent together with an assignment executed by the Owner or a person legally empowered to do so in a form satisfactory to the Paying Agent. Upon exchange or transfer, the Paying Agent shall complete, authenticate and deliver a new Bond or Bonds of like tenor, maturity and of any authorized denomination or denominations requested by the Owner equal to the principal amount of the Bond surrendered and bearing or accreting interest at the same rate and maturing on the same date.

No transfer or exchange of any Bond shall be required during the period from the 15th day of the month preceding each Interest Payment Date to such Interest Payment Date or after the 15th day next preceding a date for which such Bond has been selected for redemption in whole or in part.

Debt Service Schedule

The following table summarizes the debt service requirements of the District for all of its outstanding general obligation bonds (the "Outstanding Bonds") and the Bonds:

Period Ending (May 1)	Outstanding Bonds Debt Service[1]	The Bonds Principal	The Bonds Interest	Aggregate Debt Service
2016	$ 21,819,749	$	$	$
2017	24,712,905			
2018	22,156,235			
2019	22,669,293			
2020	23,182,014			
2021	23,749,324			
2022	24,306,048			
2023	24,894,299			
2024	25,548,440			
2025	26,255,285			
2026	21,797,739			
2027	22,400,538			
2028	22,111,238			
2029	22,874,938			
2030	23,675,813			
2031	18,551,050			
2032	19,223,550			
2033	23,096,625			
2034	21,130,000			
2035	21,795,000			
2036	21,572,600			
2037	21,506,075			
2038	21,493,325			
2039	21,480,825			
2040	21,462,200			
2041	21,516,250			
2042	21,502,650			
2043	21,523,025			
2044	21,421,738			
2045	21,405,800			
2046	21,388,406			
2047	21,367,894			
2048	21,347,481			
2049	21,325,269			
2050	21,304,238			
Total[2]	$798,853,509	$	$	$

(1) Excludes the Refunded Bonds.
(2) Totals may not add due to rounding.

Discharge and Defeasance

If all or any portion of the outstanding Bonds shall be paid and discharged in any one of the following ways:

(a) by paying or causing to be paid the principal, premium, if any, and interest on all Bonds of such Series, and when the same become due and payable;

(b) by depositing with the Paying Agent or an appointed escrow agent, in trust, at or before maturity, cash which together with the amounts then on deposit in the Debt Service Fund (and the accounts therein other than amounts that are not available to pay debt service) together with the interest to accrue thereon without the need for further investment, is fully sufficient to pay such Bonds at maturity thereof, including any premium and all interest thereon, notwithstanding that any Bonds shall not have been surrendered for payment; or

(c) by depositing with an institution to act as escrow agent that meets the requirements of serving as successor Paying Agent pursuant to the Resolution selected by the District, in trust, lawful money or noncallable direct obligations issued by the United States Treasury (including State and Local Government Series) or obligations which are unconditionally guaranteed by the United States of America and permitted under Section 149(b) of the Code and Regulations which, in the opinion of nationally recognized bond counsel, will not impair the exclusion from gross income for federal income tax purposes of interest on the Bonds, in such amount as will, together with the interest to accrue thereon without the need for further investment, be fully sufficient to pay and discharge all Bonds outstanding and designated for defeasance at maturity thereof, including any premium and all interest thereon, notwithstanding that any Bonds shall not have been surrendered for payment;

then all obligations of the District and the Paying Agent under the Resolution with respect to the affected Bonds shall cease and terminate, except only the obligation of the Paying Agent or such escrow agent to pay or cause to be paid to the Owners of the Bonds all sums due thereon, and the obligation of the District to pay the Paying Agent amounts owing to the Paying Agent under the Resolution.

Book-Entry Only System

The Bonds will be issued in denominations of $5,000 or any integral multiple thereof and will mature on the dates and in the principal amounts and bear interest at the rates per annum, all as set forth on the inside cover page of this Official Statement.

The Bonds will be issued in fully registered form and, when issued, will be registered in the name of Cede & Co., as registered owner and nominee of DTC. DTC will act as securities depository for the Bonds. So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein to the Owners or registered owners shall mean Cede & Co. as aforesaid, and shall not mean the Beneficial Owners of the Bonds. For further information regarding DTC and the book-entry system, see APPENDIX E – "BOOK-ENTRY ONLY SYSTEM" hereto.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

General

The Bonds are general obligations of the District only and are not obligations of the County of Los Angeles (the "County"), the State or any of its other political subdivisions. The Board of Supervisors of the County has the power and is obligated to levy and collect *ad valorem* taxes upon all property within the District subject to taxation by the County, without limitation as to rate or amount (except certain personal property which is taxable at limited rates) for payment of principal of interest on the Bonds. It is expected that the County Board of Supervisors will approve a resolution authorizing the levy and collection of *ad valorem* taxes for the payment of the Bonds following the pricing of the Bonds. All general obligation bonds issued by or on behalf of the District are issued on a parity with one another.

Assessed Valuations - Constitutional and Statutory Initiatives

Article XIIIA of the California Constitution. Article XIIIA of the California Constitution limits the amount of any *ad valorem* tax on real property to one percent of the full cash value thereof, except that additional *ad valorem* taxes may be levied to pay debt service on indebtedness approved by the voters prior to July 1, 1978 and on bonded indebtedness for the acquisition or improvement of real property which has been approved on or after July 1, 1978 by two-thirds of the voters on such indebtedness or 55% of voters voting on the proposition. Article XIIIA defines full cash value to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under "full cash value," or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership have occurred after the 1975 assessment." The full cash value may be increased at a rate not to exceed two percent per year to account for inflation.

Article XIIIA has subsequently been amended to permit reduction of the "full cash value" base in the event of declining property values caused by damage, destruction or other factors, to provide that there would be no increase in the "full cash value" base in the event of reconstruction of property damaged or destroyed in a disaster and in other minor or technical ways.

Legislation Implementing Article XIIIA. Legislation has been enacted and amended a number of times since 1978 to implement Article XIIIA. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The one percent property tax is automatically levied by the county and distributed according to a formula among taxing agencies. The formula apportions the tax roughly in proportion to the relative shares of taxes levied prior to 1979.

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the two percent annual adjustment are allocated among the various jurisdictions in the "taxing area" based upon their respective "situs." Any such allocation made to a local agency continues as part of its allocation in future years.

All taxable property is shown at full market value on the tax rolls, with tax rates expressed as $1 per $100 of taxable value. All taxable property value included in this Official Statement is shown at 100% of market value (unless noted differently) and all general tax rates reflect the $1 per $100 of taxable value.

Assessed Valuations in the District

The assessed valuation of property in the District is established by the County Assessor, except for public utility property which is assessed by the State Board of Equalization. Assessed valuations are reported at 100% of the full value of the property, as defined in Article XIIIA of the California Constitution.

The State-reimbursed exemption currently provides a credit of $7,000 of the full value of an owner-occupied dwelling for which application has been made to the County Assessor. The revenue estimated to be lost to local taxing agencies due to the exemption is reimbursed from State sources. Reimbursement is based upon total taxes due upon such exempt value and is not reduced by any amount for estimated or actual delinquencies.

In addition, certain classes of property such as churches, colleges, not-for-profit hospitals and charitable institutions are exempt from property taxation and do not appear on the tax rolls. No reimbursement is made by the State for such exemptions.

Economic and other factors beyond the District's control, such as a general market decline in land values, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable or religious purposes), or the complete or partial destruction of taxable property caused by natural or manmade disaster such as earthquake, flood, fire, drought, toxic dumping, etc., could cause a reduction in the assessed value of taxable property within the District and necessitate a corresponding increase in the annual tax rate to be levied to pay the principal and accreted value of and interest on the District's outstanding general obligation bonds, including the Bonds.

On January 17, 2014, the Governor declared a State-wide Drought State of Emergency, after determining that the State was facing the driest year in recorded State history; California's river and reservoirs were below their record low levels, and manual and electronic readings recorded the water content of snowpack at the highest elevations in the State (chiefly in the Sierra Nevada mountain range) at about 20% of normal average for the winter season. As part of his State of Emergency declaration, the Governor directed State officials to assist agricultural producers and communities that may be economically impacted by dry conditions. Following the Governor's declaration, the California State Water Resources Control Board (the "Water Board") issued a statewide notice of water shortages and potential future curtailment of water right diversions. On April 1, 2015, the Governor issued an executive order mandating certain conservation measures, including a requirement that the Water Board impose restrictions to achieve a statewide 25% reduction in urban water usage through February 28, 2016.

The District cannot make any representation regarding the effects that the current drought has had, or, if it should continue, may have on the value of taxable property within the District, or to what extent the drought could cause disruptions to economic activity within the boundaries of the District.

For fiscal year 2014-15, the District's total assessed valuation is $56,714,963,766. Shown in the following tables are the assessed valuations of property in the District during the past five fiscal years, the assessed valuation and parcels by land use in the District for fiscal year 2014-15, and the per parcel assessed valuation of single-family homes in the District for fiscal year 2014-15.

LONG BEACH COMMUNITY COLLEGE DISTRICT
Summary of Assessed Valuations
Fiscal Years 2010-11 through 2014-15

	Local Secured	Utility	Unsecured	Total
2010-11	$45,875,663,506	$313,317,039	$2,926,123,235	$49,115,103,780
2011-12	46,605,225,030	343,339,629	2,690,316,879	49,638,881,538
2012-13	47,655,978,807	377,539,701	2,880,119,859	50,913,638,367
2013-14	50,704,966,920	487,839,573	2,821,326,631	54,014,133,124
2014-15	53,076,523,172	841,439,156	2,797,001,438	56,714,963,766

Source: California Municipal Statistics, Inc.

LONG BEACH COMMUNITY COLLEGE DISTRICT
Assessed Valuation and Parcels by Land Use

	2014-15 Assessed Valuation[1]	% of Total	No. of Parcels	% of Total
Non-Residential:				
Agricultural/Rural	$ 6,985,953	0.01%	27	0.02%
Commercial	4,846,695,196	9.13	5,191	4.01
Vacant Commercial	189,988,946	0.36	715	0.55
Industrial	1,657,175,009	3.12	2,174	1.68
Vacant Industrial	230,021,101	0.43	705	0.54
Recreational	176,000,499	0.33	469	0.36
Government/Social/Institutional	570,062,284	1.07	624	0.48
Possessory/Mineral Rights	6,733,153,867	12.69	3,762	2.91
Miscellaneous	3,861,198	0.01	13	0.01
Other Vacant	279,863,602	0.53	703	0.54
Subtotal Non-Residential	$14,693,807,655	27.68%	14,383	11.12%
Residential:				
Single-Family Residence	$23,803,271,436	44.85%	75,680	58.50%
Condominium/Townhouse	4,774,860,537	9.00	19,901	15.38
Mobile Home Park	44,983,002	0.08	13	0.01
2-4 Residential Units	5,087,164,328	9.58	12,879	9.95
5+ Residential Units/Apartments	4,492,610,911	8.46	4,962	3.84
Vacant Residential	179,825,303	0.34	1,557	1.20
Subtotal Residential	$38,382,715,517	72.32%	114,992	88.88%
Total	$53,076,523,172	100.00%	129,375	100.00%

(1) Local Secured Assessed Valuation; excluding tax-exempt property.
Source: California Municipal Statistics, Inc.

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LONG BEACH COMMUNITY COLLEGE DISTRICT
Per Parcel 2014-15 Assessed Valuation of Single-Family Homes

	No. of Parcels	2014-15 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single-Family Residential	75,680	$23,803,271,436	$314,525	$269,955

2014-15 Assessed Valuation	No. of Parcels[1]	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $49,999	1,727	2.282%	2.282%	$ 62,383,604	0.262%	0.262%
$50,000 - $99,999	10,050	13.280	15.562	740,283,373	3.110	3.372
$100,000 - $149,999	5,890	7.783	23.344	738,719,151	3.103	6.476
$150,000 - $199,999	7,405	9.785	33.129	1,304,397,387	5.480	11.955
$200,000 - $249,999	9,122	12.053	45.182	2,055,413,970	8.635	20.590
$250,000 - $299,999	8,660	11.443	56.625	2,374,906,123	9.977	30.568
$300,000 - $349,999	7,206	9.522	66.147	2,333,334,597	9.803	40.370
$350,000 - $399,999	5,410	7.149	73.295	2,024,073,666	8.503	48.874
$400,000 - $449,999	5,230	6.911	80.206	2,222,561,723	9.337	58.211
$450,000 - $499,999	3,960	5.233	85.439	1,872,307,798	7.866	66.077
$500,000 - $549,999	2,985	3.944	89.383	1,562,559,523	6.564	72.641
$550,000 - $599,999	1,877	2.480	91.863	1,073,899,063	4.512	77.153
$600,000 - $649,999	1,364	1.802	93.665	850,581,428	3.573	80.726
$650,000 - $699,999	865	1.143	94.808	582,855,749	2.449	83.175
$700,000 - $749,999	736	0.973	95.781	532,872,561	2.239	85.413
$750,000 - $799,999	557	0.736	96.517	430,323,475	1.808	87.221
$800,000 - $849,999	414	0.547	97.064	341,441,646	1.434	88.656
$850,000 - $899,999	412	0.544	97.608	359,880,809	1.512	90.167
$900,000 - $949,999	320	0.423	98.031	295,307,441	1.241	91.408
$950,000 - $999,999	230	0.304	98.335	223,865,199	0.940	92.349
$1,00,000 and greater	1,260	1.665	100.000	1,821,303,150	7.651	100.000
Total	75,680	100.000%		$23,803,271,436	100.00%	

[1] Improved single-family residential parcels. Excludes condominiums and parcels with multiple family units.
Source: California Municipal Statistics, Inc.

Tax Rates, Levies, Collections and Delinquencies

Taxes are levied for each fiscal year on taxable real and personal property which is situated in the County as of the preceding January 1. However, upon a change in ownership of property or completion of new construction, State law permits an accelerated recognition and taxation of increases in real property assessed valuation (known as a "floating lien date"). For assessment and collection purposes, property is classified either as "secured" or "unsecured" and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State assessed property secured by a lien which is sufficient, in the opinion of the assessor, to secure payment of the taxes. Other property is assessed on the "unsecured roll."

The County levies a 1% property tax on behalf of all taxing agencies in the County. The taxes collected are allocated on the basis of a formula established by State law enacted in 1979. Under this formula, the County and all other taxing entities receive a base year allocation plus an allocation on the basis of "situs" growth in assessed value (new construction, change of ownership, inflation) prorated among the jurisdictions which serve the tax rate areas within which the growth occurs. Tax rate areas are specifically defined geographic areas which were developed to permit the levying of taxes for less than county-wide or less than city-wide special and school districts. In addition, the County levies and collects additional approved property taxes and assessments on behalf of any taxing agency within the County.

Property taxes on the secured roll are due in two installments, on November 1 and February 1. If unpaid, such taxes become delinquent after December 10 and April 10, respectively, and a ten percent penalty attaches to any delinquent payment. In addition, property on the secured roll with respect to which taxes are delinquent is declared tax-defaulted on or about June 30. Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus costs and redemption penalty of one and one-half percent per month to the time of redemption. If taxes are unpaid for a period of five years or more, the tax-defaulted property is subject to sale by the county treasurer.

Property taxes on the unsecured roll are currently due as of the January 1 lien date prior to the commencement of a fiscal year and become delinquent, if unpaid, on August 31. A ten percent penalty attaches to delinquent taxes on property on the unsecured roll and an additional penalty of one and one-half percent per month begins to accrue on November 1. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the Clerk of the County specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (3) filing a certificate of delinquency for recordation in the County Recorder's office in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of personal property, improvements, bank accounts or possessory interests belonging or assessed to the taxpayer.

The County levies and collects all property taxes for property falling within its taxing boundaries.

Certain counties in the State operate under a statutory program entitled Alternate Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan"). Under the Teeter Plan local taxing entities receive 100% of their tax levies net of delinquencies, but do not receive interest or penalties on delinquent taxes collected by the county. **The County has <u>not</u> adopted the Teeter Plan, and consequently the Teeter Plan is not available to local taxing entities within the County, such as the District. The District's receipt of property taxes is therefore subject to delinquencies.**

The District is a member of the California Statewide Delinquent Tax Financing Authority (the "Authority"). The Authority is a joint exercise of powers agency formed for the purpose of purchasing delinquent *ad valorem* property taxes of its members in accordance with Section 6516.6 of the California Government Code. The Authority purchases delinquent *ad valorem* property taxes from school agencies in Los Angeles County. The Authority is a pass-through entity and financial information is not available.

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The following tables set forth secured tax charges and delinquencies levied in the District for fiscal years 2009-10 through 2013-14.

LONG BEACH COMMUNITY COLLEGE DISTRICT
Secured Tax Charges and Delinquencies

General Fund Apportionment

	Secured Tax Charge[1]	Amt. Del. June 30	% Del. June 30
2009-10	$12,529,755	$427,102	3.41%
2010-11	12,284,791	292,829	2.38
2011-12	12,471,013	258,405	2.07
2012-13	12,852,852	229,577	1.79
2013-14	13,660,899	200,256	1.47

Debt Service Levy Only

	Secured Tax Charge[2]	Amt. Del. June 30	% Del. June 30
2009-10	$11,068,974	$311,875	2.82%
2010-11	11,692,305	231,304	1.98
2011-12	12,109,599	191,721	1.58
2012-13	24,227,134	311,480	1.29
2013-14	11,413,454	135,544	1.19

(1) 1% General Fund Apportionment. Excludes redevelopment agency impounds. Reflects county-wide delinquency rates.
(2) Bond debt service levy.
Source: California Municipal Statistics, Inc.

Tax Rates

The following table sets forth the typical tax rates per $100 of assessed valuation levied in Tax Rate Area 5500 for fiscal years 2010-11 through 2014-15.

LONG BEACH COMMUNITY COLLEGE DISTRICT
Typical Total Tax Rates (TRA 5500)[1]

	2010-11	2011-12	2012-13	2013-14	2014-15
General Tax Rate	1.000000%	1.000000%	1.000000%	1.000000%	1.000000%
Long Beach Unified School District	.088344	.092226	.093943	.079806	.087635
Long Beach Community College Dist.	.025588	.026146	.050945	.022406	.045945
Metropolitan Water District	.003700	.003700	.003500	.003500	.003500
Total Tax Rate	1.117632%	1.122072%	1.148388%	1.105712%	1.137080%

(1) 2014-15 assessed valuation of TRA 5500 is $18,738,626,506.
Source: California Municipal Statistics, Inc.

Largest Taxpayers

The twenty largest local secured taxpayers in the District and their assessed valuations for 2014-15 are shown in the following table.

LONG BEACH COMMUNITY COLLEGE DISTRICT
Largest 2014-15 Local Secured Taxpayers

Property Owner	Primary Land Use	2014-15 Assessed Valuation	% of Total[(1)]
Participants in Long Beach Unit	Industrial – Petroleum	$2,096,996,156	3.95%
Hanjin America Inc.	Industrial – Terminal Operations	721,778,873	1.36
Tidelands Oil Production Co.	Industrial – Petroleum	456,097,846	0.86
International Trans Service Inc.	Industrial – Terminal Operations	360,131,289	0.68
Macerich Lakewood LLC	Shopping Center	308,171,570	0.58
Pacific Maritime Services LLC	Industrial – Terminal Operations	297,800,000	0.56
The Boeing Company	Industrial	289,889,853	0.55
OOCL LLC	Industrial – Terminal Operations	270,385,680	0.51
Tesoro Logistics Operations LLC	Industrial – Petroleum	250,826,041	0.47
Signal Hill Petroleum	Industrial – Petroleum	193,761,535	0.37
SSAT Long Beach Ltd.	Industrial – Terminal Operations	192,162,731	0.36
Legacy Partners II LB World Trade LLC	Office Building	162,738,420	0.31
Massachusetts Mutual Life	Shopping Center	160,387,151	0.30
Kilroy Realty LP	Office Building	149,241,616	0.28
2009 CUSA Community Owner LLC	Apartments	143,997,640	0.27
AGNL Clinic LP	Office Building	135,237,202	0.25
John Hancock Insurance	Office Building	120,113,848	0.23
GRE Shoreline Square LP	Office Building	99,381,868	0.19
Noble Utah Long Beach LLC	Hotel	97,392,681	0.18
Total Terminals Intl LLC	Industrial – Terminal Operations	93,758,733	0.18
		$6,600,250,733	12.44%

(1) 2014-15 Local Secured Assessed Valuation: $53,076,523,172.
Source: California Municipal Statistics, Inc.

District Debt

District voters authorized the District to issue $176,000,000 in general obligation bonds at an election held on March 5, 2002 (the "2002 Authorization"). The 2005 Bonds were issued pursuant to the 2002 Authorization. There is no remaining authorization under the 2002 Authorization. District voters authorized the District to issue $440,000,000 in general obligation bonds at an election held on February 5, 2008 (the "2008 Authorization"). The 2008 Bonds were issued pursuant to the 2008 Authorization. $154,622,323.65 remains unissued under the 2008 Authorization. All general obligation bonds of the District are issued on a parity with one another and with the Bonds.

Direct and Overlapping Debt

The following table is a statement of the District's direct and estimated overlapping bonded debt as of May 1, 2015. The debt report is included for general information purposes only. The District has not reviewed the debt report for completeness or accuracy and makes no representation in connection therewith.

The debt report below generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the District in whole or in part. Such long term obligations generally are not payable from revenues of the District (except as indicated) nor are they necessarily obligations secured by land within the District. In many cases long-term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency.

Column 1 in the table names each public agency which has outstanding debt as of the date of the report and whose territory overlaps the District in whole or in part. Column 2 shows the percentage of each overlapping agency's assessed value located within the boundaries of the District. This percentage, multiplied by the total outstanding debt of each overlapping agency (which is not shown in the table) produces the amount shown in Column 3, which is the apportionment of each overlapping agency's outstanding debt to taxable property in the District.

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LONG BEACH COMMUNITY COLLEGE DISTRICT
Direct and Overlapping Bonded Indebtedness

2014-15 Assessed Valuation: $56,714,963,766

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 5/1/15
Los Angeles County Flood Control District	4.705%	$ 710,690
Metropolitan Water District	2.415	2,666,643
Long Beach Community College District	**100.**	**408,102,280**[1]
Long Beach Unified School District	100.	781,405,702
Paramount Unified School District	0.144	166,518
City of Long Beach Community Facilities Districts	100.	57,940,000
City of Long Beach 1915 Act Bonds	100.	915,000
Los Angeles County Regional Park and Open Space Assessment District	4.721	3,912,765
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$1,255,819,598
OVERLAPPING GENERAL FUND DEBT:		
Los Angeles County General Fund Obligations	4.721%	$ 89,607,673
Los Angeles County Superintendent of Schools Certificates of Participation	4.721	411,629
Paramount Unified School District Certificates of Participation	0.144	41,616
City of Long Beach General Fund Obligations	98.130	155,904,038
City of Long Beach Pension Obligations	98.130	40,149,890
Los Angeles County Sanitation District No. 3 Authority	94.789	6,138,096
Other Los Angeles County Sanitation District Authorities	Various	1,399,299
TOTAL GROSS OVERLAPPING GENERAL FUND DEBT		$ 293,652,241
Less: Los Angeles County supported obligations		237,714
Less: City of Long Beach supported obligations		39,585,642
TOTAL NET OVERLAPPING GENERAL FUND DEBT		$ 253,828,885
OVERLAPPING TAX INCREMENT DEBT:		$ 388,185,265
GROSS COMBINED TOTAL DEBT		$1,937,657,104[2]
NET COMBINED TOTAL DEBT		$1,897,833,748

Ratios to 2014-15 Assessed Valuation:
DIRECT DEBT ($408,102,280).. 0.72%
Total Direct and Overlapping Tax and Assessment Debt..................... 2.21%
Gross Combined Total Debt.. 3.42%
Net Combined Total Debt... 3.35%

Ratio to Redevelopment Incremental Valuation ($14,908,321,596):
Total Overlapping Tax Increment Debt... 2.60%

(1) Excludes the Bonds but includes the Refunded Bonds.
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.
Source: California Municipal Statistics, Inc.

TAX MATTERS

Federal Income Taxes

The Internal Revenue Code of 1986, as amended (the "Code"), imposes certain requirements that must be met subsequent to the issuance and delivery of the Bonds for interest thereon to be and remain excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause the interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issue of the Bonds. Pursuant to the Resolution and the Tax and Nonarbitrage Certificate executed by the District in connection with the issuance of the Bonds (the "Tax Certificate"), the District has covenanted to comply with the applicable requirements of the Code in order to maintain the exclusion of the interest on the Bonds from gross income for federal income tax purposes pursuant to Section 103 of the Code. In addition, the District has made certain representations and certifications in the Resolution and the Tax Certificate. Bond Counsel will not independently verify the accuracy of those representations and certifications.

In the opinion of Nixon Peabody LLP, Bond Counsel, under existing law and assuming compliance with the aforementioned covenant, and the accuracy of certain representations and certifications made by the District described above, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code. Bond Counsel is also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code with respect to individuals and corporations. Interest on the Bonds is, however, included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax imposed on such corporations.

In rendering these opinions, Bond Counsel has relied upon representations and covenants of the District in the Tax Certificate concerning the property financed with Bond proceeds, the investment and use of Bond proceeds and the rebate to the federal government of certain earnings thereon. In addition, Bond Counsel has assumed that all such representations are true and correct and that the District will comply with such covenants. Bond Counsel has expressed no opinion with respect to the exclusion of the interest on the Bonds from gross income under Section 103(a) of the Code in the event that any of such District representations are untrue or the District fails to comply with such covenants, unless such failure to comply is based on the advice or the opinion of Bond Counsel.

State Taxes

Bond Counsel is also of the opinion that interest on the Bonds is exempt from personal income taxes of the State of California under present State law. Bond counsel expresses no opinion as to other state or local tax consequences arising with respect to the Bonds nor as to the taxability of the Bonds or the income therefrom under the laws of any state other than California.

Original Issue Discount

Bond Counsel is further of the opinion that the difference between the principal amount of the Bonds maturing on May 1, 20__ through May 1, 20__, inclusive, and on May 1, 20__ (collectively, the "Discount Bonds") and the initial offering price to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of such Discount Bonds of the same maturity was sold constitutes original issue discount which is excluded from gross income for federal income tax purposes to the same extent as interest on the Bonds. Further, such original issue discount accrues actuarially on a constant interest rate basis over the term of each Discount Bond and the basis of each Discount Bond acquired at such initial offering price by an initial purchaser thereof will be increased by the amount of such accrued original issue discount. The accrual of original issue discount may be taken into account as an increase in the amount of tax-exempt income for purposes of determining various other tax consequences of owning the Discount Bonds, even though there will not be a corresponding cash payment. Owners of the Discount Bonds are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Discount Bonds.

Original Issue Premium

The Bonds maturing on May 1, 20__ through May 1, 20__, inclusive (collectively, the "Premium Bonds") are being offered at prices in excess of their principal amounts. An initial purchaser with an initial adjusted basis in a Premium Bond in excess of its principal amount will have amortizable bond premium which is not deductible from gross income for federal income tax purposes. The amount of amortizable bond premium for a taxable year is determined actuarially on a constant interest rate basis over the term of each Premium Bond based on the purchaser's yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, over the period to the call date, based on the purchaser's yield to the call date and giving effect to any call premium). For purposes of determining gain or loss on the sale or other disposition of a Premium Bond, an initial purchaser who acquires such obligation with an amortizable bond premium is required to decrease such purchaser's adjusted basis in such Premium Bond annually by the amount of amortizable bond premium for the taxable year. The amortization of bond premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining various other tax consequences of owning such Bonds. Owners of the Premium Bonds are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Premium Bonds.

Ancillary Tax Matters

Ownership of the Bonds may result in other federal tax consequences to certain taxpayers, including, without limitation, certain S corporations, foreign corporations with branches in the United States, property and casualty insurance companies, individuals receiving Social Security or Railroad Retirement benefits, and individuals seeking to claim the earned income credit. Ownership of the Bonds may also result in other federal tax consequences to taxpayers who may be deemed to have incurred or continued indebtedness to purchase or to carry the Bonds. Prospective investors are advised to consult their own tax advisors regarding these rules.

Interest paid on tax-exempt obligations such as the Bonds is subject to information reporting to the Internal Revenue Service ("IRS") in a manner similar to interest paid on taxable obligations. In addition, interest on the Bonds may be subject to backup withholding if such interest is paid to a registered owner that (a) fails to provide certain identifying information (such as the registered owner's taxpayer identification number) in the manner required by the IRS, or (b) has been identified by the IRS as being subject to backup withholding.

Bond Counsel is not rendering any opinion as to any federal tax matters other than those described in the opinion attached as APPENDIX B. Prospective investors, particularly those who may be subject to special rules described above, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Bonds, as well as any tax consequences arising under the laws of any state or other taxing jurisdiction.

Changes in Law and Post Issuance Events

Legislative or administrative actions and court decisions, at either the federal or state level, could have an adverse impact on the potential benefits of the exclusion from gross income of the interest on the Bonds for federal or state income tax purposes, and thus on the value or marketability of the Bonds. This could result from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), repeal of the exclusion of the interest on the Bonds from gross income for federal or state income tax purposes, or otherwise. We note that each year since 2011, President Obama released legislative proposals that would limit the extent of the exclusion from gross income of interest on obligations of states and political subdivisions under Section

103 of the Code (including the Bonds) for taxpayers whose income exceeds certain thresholds. It is not possible to predict whether any legislative or administrative actions or court decisions having an adverse impact on the federal or state income tax treatment of holders of the Bonds may occur. Prospective purchasers of the Bonds should consult their own tax advisors regarding the impact of any change in law on the Bonds. Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance and delivery of the Bonds may affect the tax status of interest on the Bonds. Bond Counsel expresses no opinion as to any federal, state or local tax law consequences with respect to the Bonds, or the interest thereon, if any action is taken with respect to the Bonds or the proceeds thereof upon the advice or approval of other counsel.

LEGAL OPINION

The legal opinion of Bond Counsel attesting to the validity and tax status of the Bonds will be supplied to the original purchasers of the Bonds without charge. Bond Counsel will receive compensation contingent upon the sale and delivery of the Bonds, and undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement.

LEGALITY FOR INVESTMENT

Under provisions of the California Financial Code, the Bonds are legal investments for commercial banks in California to the extent that the Bonds, in the informed opinion of the investing bank, are prudent for the investment of funds of depositors. Under provisions of the California Government Code, the Bonds are eligible to secure deposits of public moneys in California.

VERIFICATION

The sufficiency of amounts and investment earnings on deposit under the Escrow Agreement and to be paid with respect to the Refunded Bonds will be verified by the Verification Agent. The Verification Agent will deliver a report to that effect on the date of delivery of the Bonds. The report of the Verification Agent will include the statement that the scope of their engagement was limited to verifying the mathematical accuracy of the computations contained in such schedules provided to them and that it has no obligation to update its report because of events occurring, or data or information coming to their attention, subsequent to the date of its report.

RATINGS

Standard & Poor’s Ratings Service, a Standard and Poor’s LLC business (“S&P”) and Moody’s Investors Service (“Moody’s”) have assigned their municipal bond ratings of “Aa2” and “AA-” to the Bonds, respectively. Such ratings reflect only the view of S&P and Moody’s, respectively, and an explanation of the significance of such ratings may be obtained as follows: S&P, 7 World Trade Center at 250 Greenwich Street, New York, New York 10007, tel. (212) 553-0300 and Moody’s, at 7 World Trade Center at 250 Greenwich Street, New York, New York 10007, tel. (212) 553-0300. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely if, in the judgment of the rating agencies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds.

LEGAL MATTERS

Continuing Disclosure

In accordance with the requirements of Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission, the District will enter into a Continuing Disclosure Undertaking (the "Continuing Disclosure Undertaking") in the form of APPENDIX D hereto, on or prior to the sale of the Bonds in which the District will undertake, for the benefit of the Beneficial Owners of the Bonds, to provide certain information as set forth therein. The covenants contained in the Continuing Disclosure Undertaking have been made to assist the Underwriters in complying with the Rule. See APPENDIX D – "Form of Continuing Disclosure Undertaking" hereto.

In the last five years, the District has filed all annual reports. However, the District failed to properly associate the annual report filed for fiscal year 2009-10 with certain of the District's outstanding bonds. The annual report for fiscal year 2009-10 was also missing certain required information pursuant to the District's prior continuing disclosure undertakings. A revised annual report for 2009-10, which satisfies all of the District's prior undertakings, has since been filed and associated with all of the District's outstanding bonds. Furthermore, in the last five years, although notices regarding changes to the ratings of bond insurers for certain of the District's outstanding obligations were filed, such notices were not timely filed. Additionally, in July 2014, the District filed a material event notice in connection with the 2008 Bonds, but such filing was not made within ten business days.

As of the date of this Official Statement, the District has made all required remedial filings and the District is currently in compliance with its continuing disclosure undertakings.

Limitation on Remedies; Amounts Held in the County Treasury Pool

The opinion of Bond Counsel, the proposed form of which is attached hereto as APPENDIX B, is qualified by reference to bankruptcy, insolvency and other laws relating to or affecting creditor's rights. The rights of the Owners of the Bonds are subject to certain limitations. Enforceability of the rights and remedies of the Owners of the Bonds, and the obligations incurred by the District, are limited by applicable bankruptcy, insolvency, reorganization, moratorium, and similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect, equity principles that may limit the specific enforcement under State law of certain remedies, the exercise by the United States of America of the powers delegated to it by the Constitution, the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose, and the limitations on remedies against school and community college districts in the State. Bankruptcy proceedings, if initiated, could subject the beneficial owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights.

Under Chapter 9 of the Federal Bankruptcy Code (Title 11, United States Code) (the "Bankruptcy Code"), which governs the bankruptcy proceedings for public agencies, no involuntary petitions for bankruptcy relief are permitted. While current State law precludes school districts from voluntarily seeking bankruptcy relief under Chapter 9 of the Bankruptcy Code without the concurrence of the State, such concurrence could be granted or State law could be amended.

The Resolution and the Act require the County to annually levy *ad valorem* property taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except as to certain personal property which is taxable at limited rates), for the payment of the principal of, premium, if any, and interest on the Bonds. The County on behalf of the District is thus expected to be in possession of the annual *ad valorem* property taxes and certain funds to repay the Bonds and may invest these funds in the County's Treasury Pool, as described in APPENDIX F – "THE LOS ANGELES COUNTY POOLED SURPLUS INVESTMENTS" attached hereto. In the event the District or the County were to go into bankruptcy, a federal bankruptcy court might hold that the owners of the Bonds are unsecured creditors with respect to any funds received by the District or the County prior to the bankruptcy, which may include taxes that have been collected and deposited into the Debt Service Fund, where such amounts are deposited into the County Treasury Pool, and such amounts may not be available for payment of the principal and interest on the Bonds unless the owners of the Bonds can "trace" those funds. There can be no assurance that the Owners could successfully so "trace" such taxes on deposit in the Debt Service Fund where such amounts are invested in the County Treasury Pool. Under any such circumstances, there could be delays or reductions in payments on the Bonds.

UNDERWRITING

RBC Capital Markets, LLC ("RBC") and Piper Jaffray & Co. ("Piper Jaffray"), as Underwriters (collectively, the "Underwriters"), have agreed to purchase the Bonds from the District at the purchase price of $___________ (being the par amount of the Bonds, plus net original issue premium of $___________, less Underwriters' discount of $___________), at the rates and yields shown on the inside cover hereof.

The following paragraphs in this "Underwriting" section have been provided by the Underwriters. The District cannot and does not make any representation as to the accuracy or the completeness thereof.

RBC made a contribution to the Committee that was formed to support the passage of the 2002 Authorization and the 2008 Authorization under which the Refunded Bonds were issued.

Piper Jaffray has entered into a distribution agreement with Charles Schwab & Co., Inc. ("CS&Co.") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to the agreement, CS&Co. will purchase Bonds from Piper Jaffray at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that CS&Co. sells.

Piper Jaffray and Pershing LLC, a subsidiary of The Bank of New York Mellon Corporation, entered into an agreement (the "Agreement") which enables Pershing LLC to distribute certain new issue municipal securities underwritten by or allocated to Piper Jaffray, including the Bonds. Under the Agreement, Piper Jaffray will share with Pershing LLC a portion of the fee or commission paid to Piper Jaffray.

The Underwriters and their respective affiliates are full-service financial institutions engaged in various activities that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, the Underwriters and their respective affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). The Underwriters and their respective affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offering of the District. The Underwriters and their respective affiliates may make a market in credit default swaps with respect to municipal securities in the future. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the District.

The Underwriters intend to offer the Bonds to the public at the offering prices set forth on the inside cover page of this Official Statement. The Underwriters may, however, offer and sell Bonds to certain dealers and others at prices lower than the offering prices stated on the inside cover page of this Official Statement. The Underwriters may also receive fees for conducting a competitive bidding process regarding the investment of certain proceeds of the Bonds. The offering prices may be changed from time to time by the Underwriters.

NO LITIGATION

No litigation is pending or threatened concerning the validity of the Bonds. The District is not aware of any litigation pending or threatened questioning the political existence of the District or contesting the District's ability to receive *ad valorem* taxes or to collect other revenues or contesting the District's ability to issue the Bonds.

OTHER INFORMATION

References are made herein to certain documents and reports which are brief summaries thereof which do not purport to be complete or definitive and reference is made to such documents and reports for full and complete statements of the contents thereof. Copies of the Resolution are available upon request from the Vice President, Administrative Services, Long Beach Community College District, 4901 East Carson Street, Long Beach, California 90808. The District may charge a nominal fee for copying and shipping.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the District and the purchasers or Owners of any of the Bonds.

The execution and delivery of this Official Statement has been duly authorized by the District.

LONG BEACH COMMUNITY COLLEGE DISTRICT

By: ______________________________

Superintendent-President

APPENDIX A

FINANCIAL AND DEMOGRAPHIC INFORMATION RELATING TO THE DISTRICT

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APPENDIX A

FINANCIAL AND DEMOGRAPHIC INFORMATION
RELATING TO THE DISTRICT

Prospective purchasers of the Bonds should be aware that the following discussion of the financial condition of the Long Beach Community College District (the "District"), its fund balances, budgets and obligations, is intended as general information only, and no implication is made that the payment of principal of or interest on the Bonds is dependent in any way upon the District's financial condition. The District neither receives nor accounts for* ad valorem *tax revenues collected by the County to pay debt service on the Bonds (or its other general obligation bonds) in the following tables or in its annual financial statements. Pursuant to Section 15251 of the California Education Code, all tax revenues collected for payment of debt service on the Bonds must be deposited into the Debt Service Fund of the District. The Bonds are and will continue to be payable solely from* ad valorem *taxes levied and collected by the County within the boundaries of the District. See the body of this Official Statement under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS."

This APPENDIX A provides information concerning the operations and finances of the District. The Bonds are general obligation bonds of the District, secured and payable from* ad valorem *property taxes assessed on taxable properties within the District. The Bonds are not an obligation of the County, the State of California or any of its other political subdivisions or of the general fund of the District. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" in the forepart of this Official Statement.

THE DISTRICT

District Organization

The District was founded in 1927. The District operates two separate college campuses: the Liberal Arts Campus located at 4901 East Carson Street, Long Beach, California (the "Liberal Arts Campus") and the Pacific Coast Campus located at 1305 East Pacific Coast Highway, Long Beach, California (the "Pacific Coast Campus"). The District's boundaries include the Cities of Long Beach, Signal Hill, Avalon and most of Lakewood.

The District is governed by a five-member Board of Trustees (the "Board"), each member of which is elected to a four-year term. Elections for positions to the Board are held every two years, alternating between two and three available positions. Current members of the Board, together with their offices and the dates their terms expire, are listed below:

LONG BEACH COMMUNITY COLLEGE DISTRICT
BOARD OF TRUSTEES

Name	Office	Term Expires
Jeffrey A. Kellogg	President	July 2018
Douglas W. Otto	Vice President	July 2016
Irma Archuleta	Member	July 2016
Dr. Virginia Baxter	Member	July 2018
Sunny Zia	Member	July 2018

Unless otherwise indicated, the following financial, statistical and demographic data has been provided by the District. Additional information concerning the District and copies of the most recent and subsequent audited financial statements of the District may be obtained by contacting: Long Beach Community College District, 4901 East Carson Street, Long Beach, California 90808, Attention: Vice President, Administrative Services.

Key Personnel

The following is a listing of the key administrative personnel of the District:

Name	Title
Eloy O. Oakley	Superintendent-President
Lou Anne Bynum	Executive Vice President, College Advancement and Economic Development
Dr. Terri Long	Vice President, Academic Affairs
Ann-Marie Gabel	Vice President, Administrative Services
Rosalinda DelGaudio	Vice President, Human Resources
Dr. Gregory Peterson	Vice President, Student Support Services

The Superintendent-President of the District is responsible for administering the affairs of the District in accordance with the policies of the Board.

District Employees

As of April 30, 2015, the District employed 313 full-time certificated professionals and 448 full-time classified employees and managers. In addition, the District employs 855 part-time faculty and staff.

The District's collective bargaining units are the California College Association ("CCA"), which represents full-time academic employees, the Certificated Hourly Instructors ("CHI/CTA/NEA") which represents hourly academic employees and the Long Beach Council of Classified Employees ("LBCCE/AFT/AFL-CIO") which represents classified employees. Until the Spring of 2000, the California School Employees Association ("CSEA") represented classified personnel. The members of CSEA decertified CSEA and the LBCCE/AFT/AFL-CIO was selected as the bargaining unit. The contract with CCA expires on June 30, 2017. The Board approved an agreement with CCA, which completely revised the full-time faculty salary schedule beginning November 1, 2014. The average increase for full-time faculty is estimated at 5.07%. The contract with CHI/CTA/NEA expires on June 30, 2016. The District reached an agreement with CHI/CTA/NEA on May 30, 2014 providing the unit with a 3% salary increase effective July 1, 2014 and one-half of COLA received from the State in both fiscal years 2015-16 and 2016-17. The Board approved the contract on July 29, 2014. On April 28, 2015, the Board approved an additional 2.07% salary increase effective November 1, 2014, since they had a "me too" clause in accordance with terms of the CCA.

The contract with LBCCE/AFT/AFL-CIO expired on June 30, 2014. The District is currently in an impasse with LBCCE/AFT/AFL-CIO regarding negotiations on contract renewal. There have been no strikes or work stoppages in the last five years.

Insurance

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has established an Internal Service Fund to account for and finance its risks of loss related to property and liability. Under this program, the Internal Service Fund provides coverage for up to a maximum of $10,000 for each general liability claim and $5,000 for each property damage claim. The District participates in a joint powers authority (a "JPA") to provide excess insurance coverage above the member retained limit for property and liability claims (see below.) Settled claims have not exceeded the coverage provided by the JPA by a significant amount in any of the past three fiscal years.

Funding of the Internal Service Fund is based on estimates of the amounts needed to pay prior and current year claims. Funding is provided by transfers from the General Fund. Claims paid within the member retained limit during fiscal year 2013-14 totaled $85,194.

Prior to July 1, 2003, the District was self-insured for risks of loss related to workers' compensation. Under this program, the District provided funding ranging from $100,000 up to a maximum of $350,000 based on the claim year, for each workers' compensation claim. The District purchased commercial insurance and/or participated in a JPA to provide coverage for claims above the self-insured retention level to the statutory limit of $1 million. Settled claims have not exceeded this additional coverage in any of the past three fiscal years.

The District participates in a JPA that provides first-dollar coverage for risk of loss related to workers' compensation. The District continues to pay for run-off claims related to years prior to July 1, 2003. Run-off claims payment activity is reported in the District's General Fund. Run-off claims paid during fiscal year 2013-14 totaled $141,498.

The District participates in the Statewide Association of Community Colleges Joint Powers Authority ("SWACC JPA"). The District maintains comprehensive general liability insurance in an amount of $1,000,000 per occurrence, automobile liability insurance in an amount of $1,000,000 per occurrence, automobile physical damage (comprehensive/collision) coverage for actual a cash value, Property – Building/Contents Insurance (Fire, Theft, Rental Interruption) for replacement costs subject to SWACC policy limits and Employee Honesty (Crime) insurance, subject to SWACC policy limits.

The District is also a member of the Schools Association for Excess Risk Joint Powers Authority ("SAFER JPA") for excess Liability and Property insurance. The SAFER JPA provides the District with property coverage limits of $250 million per occurrence. The SAFER JPA provides excess liability coverage of $24 million per occurrence in excess of the Statewide Association for Community Colleges pooled layer of $1 million per occurrence.

The District believes its coverages are adequate, customary and comparable with such insurance maintained by similarly situated California community colleges. In addition, based upon prior claims experience, the District believes that the recorded liabilities for claims are adequate.

District Enrollment

The table on the following page sets forth the FTES figures for the District for fiscal years 2010-11 through 2014-15, representing only funded FTES.

LONG BEACH COMMUNITY COLLEGE DISTRICT
Full-Time Equivalent Students
Fiscal Years 2010-11 through 2014-15

Fiscal Year	FTES	Increase/Decrease From Prior Year
2010-11	20,931	474
2011-12	19,332	(1,599)
2012-13	19,517	185
2013-14	19,910	393
2014-15(1)	20,307	397

(1) Figures as of Period 1, which is the first of three FTES enrollment reporting periods for California Community Colleges.
Source: The District.

The District has 0.5% unfunded FTES for fiscal year 2014-15 and is budgeted to have 0.5% unfunded FTES for fiscal year 2015-16. The table below sets forth the projected funded FTES in the District for the next five fiscal years.

LONG BEACH COMMUNITY COLLEGE DISTRICT
FTES Five-Year Projections

Fiscal Year	FTES
2015-16	20,555
2016-17	20,555
2017-18	20,555
2018-19	20,555
2019-20	20,555

Source: The District.

Population

The populations of the City of Long Beach, the County and the State are set forth in the following table.

POPULATION FIGURES
2010 through 2014

Year	City of Long Beach	County of Los Angeles	State of California
2011	463,894	9,847,712	37,427,946
2012	464,892	9,889,520	37,668,804
2013	467,925	9,963,811	37,984,138
2014	470,292	10,041,797	38,340,074

Data as of January 1 of each year.
Source: California State Department of Finance.

Employment

The following table sets forth the principal employers in the City of Long Beach as of June 30, 2014.

CITY OF LONG BEACH
Principal Employers

Employer	Number of Employees
1. Long Beach Unified School District	10,389
2. Long Beach Memorial Medical Center	5,693
3. The Boeing Company	5,042
4. City of Long Beach	5,028
5. California State University Long Beach	2,679
6. Veterans Affairs Medical Center	2,413
7. Long Beach Community College District	2,137
8. California State University Long Beach Foundation	1,464
9. St. Mary Medical Center	1,200
10. Molina Healthcare Inc.	841

Source: City of Long Beach

District Investments

The Treasurer and Tax Collector (the "Treasurer") of the County manages, in accordance with California Government Code Section 53600 *et seq.*, funds deposited with the Treasurer by County school and community college districts, various special districts, and some cities within the State. State law generally requires that all moneys of the County, school and community college districts and certain special districts be held in the County's Treasury Pool.

The composition and value of investments under management in the Treasury Pool vary from time to time depending on cash flow needs of the County and public agencies invested in the pool, maturity or sale of investments, purchase of new securities, and due to fluctuations in interest rates generally.

For a further discussion of the County's Treasury Pool, see APPENDIX F – "THE LOS ANGELES COUNTY POOLED SURPLUS INVESTMENTS."

Revenue Limits

California community college districts (other than Basic Aid districts) receive approximately 58% of their funds from the State, 39% from local sources, and 3% from federal sources. State funds include general apportionment, categorical funds, capital construction, the lottery, and other minor sources. Local funds include property taxes, student fees, and miscellaneous sources. Funds for fiscal years up to and including fiscal year 2005-06 were allocated to the colleges using a program-based model. The model used different factors to establish support levels for five different programs or functions: (1) Instruction and Instructional Administration; (2) Instructional Services; (3) Student Services; (4) Operation and Maintenance of Plants; and (5) Institutional Support. The program-based model was instituted in 1991, and replaced an older model based on enrollments. From and after fiscal year 2006-07, a revised model was and is used based on the adoption of Senate Bill 361 ("SB 361"). See "FUNDING OF

COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA – Major Revenues – *General*" herein. All State aid is subject to the appropriation of funds in the State's annual budget. Decreases in State revenues may affect appropriations made by the legislature to the District.

Funding of a district's revenue limit is accomplished by a mix of (1) local property taxes (2) State apportionments of basic aid and (3) student enrollment fees. Generally, the State apportionments amount to the difference between the district's revenue limit and its local property tax revenues and student enrollment fees.

Proposition 13 and its implementing legislation permit each county to levy and collect all property taxes (except for levies to support prior voter approved indebtedness), and prescribe how levies on county-wide property values were to be shared with local taxing entities within each county.

Taxes are levied for each fiscal year on taxable real and personal property which is situated in the County as of the preceding January 1. For assessment and collection purposes, property is classified either as "secured" or "unsecured," and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State assessed property and real property having a tax lien which is sufficient, in the opinion of the assessor, to secure payment of the taxes. Other property is assessed on the "unsecured roll."

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of each fiscal year. If unpaid, such taxes become delinquent on December 10 and April 10, respectively, and a ten percent penalty attaches to any delinquent payment. In addition, property on the secured roll with respect to which taxes are delinquent is declared tax defaulted for non-payment on or about June 30 of the fiscal year and is subject to the power of sale five years from such date if delinquent taxes are not paid. Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus a redemption penalty of one and one-half percent per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is then subject to sale by the Treasurer. For additional details on property tax levies and collections, see "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Assessed Valuations" herein.

Federal Revenues

The federal government provides funding for several District programs, including Supplemental Education Opportunity Grants, Work Study, Pell Grant, Veterans' Education, and Temporary Assistance for Needy Families. The federal revenues, most of which are restricted, comprised approximately 65.7% of total District operating revenues in fiscal year 2013-14.

Expenditures

Funding of the above revenue limits is accomplished by a mix of local property taxes and State aid. Since the passage of Article XIIIA of the California Constitution in 1978, property taxes received by the District have been limited to the District's share of one percent of the full cash value collected by the County. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Assessed Valuations – Constitutional and Statutory Initiatives" in the forepart of this Official Statement.

As noted in the financial statements included and attached as APPENDIX C, the District's major expenditures each year are employee salaries and benefits.

Financial Statements of the District

The District's General Fund finances most of the activities of the District. General Fund revenues are derived from such sources as State fund apportionments, taxes, interest income, facilities rentals, enrollment fees, and aid from other governmental agencies. Certain information from the District's financial statements follows. The District's audited financial statements for fiscal year 2013-14 are attached hereto as APPENDIX C. The District's complete audited financial statements for prior and subsequent fiscal years can be obtained by contacting the District's Fiscal Services Office located at 4901 East Carson Street, Long Beach, California 90808, telephone: (562) 938-4102. The District may impose a fee for copying, mailing and handling.

The District's financial statements are prepared on a modified accrual basis of accounting in accordance with generally accepted accounting principles as set forth by the Governmental Accounting Standards Board.

Funds used by the District are categorized as follows:

Governmental Funds	Fiduciary Funds
General Fund	Associated Students Trust Fund
Special Revenue Funds	Student Financial Aid Trust Fund
Debt Service Funds	Retiree Health Fund
Capital Projects Funds	
Proprietary Funds	
Enterprise Funds	
Internal Service Funds	

The General Fund of the District, as shown herein, is a combined fund comprised of moneys which are unrestricted and available to finance the legally authorized activities of the District not financed by restricted funds and moneys which are restricted to specific types of programs or purposes. General Fund revenues shown thereon are derived from such sources as taxes, aid from other government agencies, charges for current services and other revenue.

The financial statements included herein were prepared by the District using information from the annual financial reports which are prepared by the Director of Fiscal Services for the District and audited by independent certified public accountants each year.

Budgets of District

The fiscal year of the District begins on the first day of July of each year and ends on the 30th day of June of the following year. On or before July 1 of each year the District adopts a fiscal line-item budget setting forth expenditures in priority sequence so that appropriations during the fiscal year can be adjusted if revenues do not meet projections.

The District is required by provisions of the California Education Code to maintain a balanced budget each year, where the sum of expenditures plus the ending fund balance cannot exceed the revenues plus the carry-over fund balance from the previous year. The Chancellor of California Community Colleges (the "Chancellor") imposes a uniform budgeting format for each community college district in the State.

District Finances

The following pages describe the District's audited financial results for the fiscal years 2011-12, 2012-13 and 2013-14 as well as a comparison of the adopted general fund budget to audited actuals for fiscal years 2012-13 and 2013-14, and the adopted budget and projected actuals for fiscal year 2014-15.

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LONG BEACH COMMUNITY COLLEGE DISTRICT
Statement of Revenues, Expenditures and Changes in Net Assets
Fiscal Years Ended June 30, 2012 through June 30, 2014

	Fiscal Year 2011-12	Fiscal Year 2012-13	Fiscal Year 2013-14
OPERATING REVENUES			
Tuition and fees (gross)	$ 18,838,594	$ 24,886,951	$ 26,278,554
Less: Scholarship discounts and allowances	(12,205,591)	(16,789,121)	(17,342,308)
Net tuition and fees	$ 6,633,003	$ 8,097,830	$ 8,936,246
Grants and contracts, non-capital:			
Federal	67,119,752	57,168,562	51,208,427
State	9,808,127	10,065,118	10,011,564
Local	5,637,865	5,615,314	6,663,817
Sales	6,196,032	1,070,868	1,070,141
TOTAL OPERATING REVENUES	$ 95,394,779	$ 82,017,692	$ 77,890,195
OPERATING EXPENSES			
Salaries	79,184,634	73,088,294	73,720,334
Employee benefits	27,381,529	25,685,284	23,876,284
Supplies, materials and other operating expenses and services	27,198,499	26,288,190	29,032,609
Financial aid	61,919,784	52,675,561	46,407,774
Utilities	2,712,945	2,504,132	2,723,823
Depreciation	7,276,176	8,284,242	8,614,221
TOTAL OPERATING EXPENSES	$ 205,673,567	$ 188,525,703	$ 184,375,045
OPERATING LOSS	$(110,278,788)	$(106,508,011)	$(106,484,850)
NON-OPERATING REVENUE (EXPENSES)			
State apportionments, non-capital	77,672,849	60,631,285	79,940,240
Local property taxes	12,559,058	27,060,990	15,488,891
State taxes and other revenues	4,082,353	3,006,062	3,959,365
Investment income – non-capital	668,619	570,616	767,350
TOTAL NON-OPERATING REVENUES (EXPENSES)	$ 94,982,879	$ 91,268,953	$ 100,155,846
LOSS BEFORE OTHER REVENUES, EXPENSES, GAINS AND LOSSES	$ (15,295,909)	$ (15,239,058)	$ (6,329,004)
OTHER REVENUE, EXPENSES, GAINS AND LOSSES			
State apportionments, capital	6,065,818	181,000	956,863
Local property taxes and revenue, capital	12,587,018	26,646,911	12,951,643
Investment income - capital	970,953	736,841	778,861
Interest expense - capital	(14,795,072)	(12,990,714)	(18,518,679)
Loss on disposal of capital assets	–	(2,804,355)	(2,215,106)
TOTAL OTHER REVENUES, EXPENSES, GAINS AND LOSSES	$ 4,828,717	$ 11,769,683	$ (6,046,418)
INCREASE (DECREASE) IN NET ASSETS	(10,467,192)	(3,469,375)	(12,375,422)
NET ASSETS, BEGINNING OF YEAR	$ 46,241,422	$ 35,774,230	$ 35,558,283
Cumulative Effect of Change in Accounting Principles[1]	–	3,253,428	–
NET ASSETS, END OF YEAR	$ 35,774,230	$ 35,558,283	$ 23,182,861

[1] See Note 18 of the District's audited financials for fiscal year 2013-14, included herein as APPENDIX C.
Source: The District.

LONG BEACH COMMUNITY COLLEGE DISTRICT
Schedule of Financial Trends and Analysis for the General Fund (Restricted and Unrestricted)
for Fiscal Years 2012-13, 2013-14 and 2014-15

	2012-13		2013-14		2014-15	
	Budgeted	Audited Actuals	Budgeted	Audited Actuals	Budgeted	Projected Actuals
REVENUES:						
Federal	$ 7,708,774	$ 7,286,426	$ 6,488,574	$ 7,679,535	$ 7,985,703	$ 9,037,385
State	88,171,925	70,418,145	83,733,061	90,534,593	93,595,342	102,894,023
County and Local	22,850,032	38,558,382	33,026,913	26,872,058	29,967,250	29,689,313
Other Financing Sources	1,336,342	631,139	352,261	352,916	332,509	384,519
Total Revenues	$120,067,073	$116,894,092	$123,600,809	$125,439,102	$131,880,804	$142,005,240
EXPENDITURES:						
Academic Salaries	$ 46,145,165	$ 43,964,526	$ 43,215,966	$ 43,521,328	$ 48,967,753	$ 49,179,721
Classified Salaries	28,759,118	27,348,825	28,256,038	28,421,570	31,929,433	31,187,870
Employee Benefits	25,914,465	25,150,593	24,970,340	24,721,330	28,397,575	27,850,474
Supplies and Materials	1,967,695	1,572,520	2,141,756	1,615,542	2,680,343	2,939,170
Other Operating Expenses and Services	14,466,566	13,051,528	18,008,099	16,176,827	17,675,827	22,602,966
Capital Outlay	1,684,466	1,847,533	3,646,534	3,776,531	4,014,686	3,803,729
Other Outgo	2,972,719	1,635,856	2,112,639	3,009,033	1,860,096	2,797,954
Total Expenditures	$121,910,194	$114,571,381	$122,351,372	$121,242,161	$135,525,713	$140,361,884
Change in Fund Balance	$ (1,843,121)	$ 2,322,711	$ 1,249,437	$ 4,196,941	$ (3,644,909)	$ 1,643,356
Beginning Fund Balance	$ 17,565,967	$ 17,565,967	$ 19,888,678	$ 19,888,678	$ 24,085,619	$ 24,085,619
Ending Fund Balance	$ 15,722,846	$ 19,888,678	$ 21,138,115	$ 24,085,619	$ 20,440,710	$ 25,728,975

Source: The District.

District Debt

The District's general obligation indebtedness as of June 30, 2014, was $472,971,725, which was 0.9% of its total fiscal year 2014-15 assessed valuation. All general obligation bonds issued on behalf of the District are issued on a parity with one another. See "THE BONDS – Debt Service Schedule."

A schedule of changes in long-term debt of the District which includes debt paid from its General Fund for the year ended June 30, 2014, is shown below:

	Balance June 30, 2013	Additions	Retirements	Balance June 30, 2014	Balance Due In One Year
Compensated absences	$ 5,035,995	$ –	$ 48,575	$ 4,987,420	$ 2,391,312
General obligation bond (2002 Election):					
Bonds payable	135,621,305		4,181,135	131,440,170	4,550,469
Accreted interest	18,001,074	2,346,812	3,078,865	17,269,021	3,454,531
Bond premium	7,892,942	–	842,396	7,050,546	–
General obligation bonds (2008 Election):					
Bonds payable	284,541,599	11,825,000	12,109,020	284,257,579	2,428,877
Accreted interest	6,663,881	3,954,876	1,115,283	9,503,474	161,123
Bond premium	24,140,356	–	689,421	23,450,935	–
Other postemployment benefits other than pensions (OPEB)	4,640,437	407,748		5,048,185	–
Supplemental employee retirement plan	192,825	–	192,825	–	–
	$486,730,414	$18,534,436	$22,257,520	$483,007,330	$12,986,312

Source: The District.

Operating Leases

The District has entered into various operating leases for land, building, and equipment with lease terms in excess of one year. None of these agreements contain purchase options. As of June 30, 2014, minimum remaining lease payments under these agreements were as follows:

Fiscal Year	Lease Payments
2014-15	$183,639
2015-16	166,679
2016-17	137,329
2017-18	18,286
2018-19	7,619
Total	$513,552

Source: The District.

Fiscal year 2013-14 expenditures for operating leases were approximately $209,000. The District will receive no sublease rental revenues nor pay any contingent rentals for these leases.

Retirement Systems

The District participates in the State Teachers' Retirement System ("STRS"). This plan covers all full-time certificated and some classified District employees. The District's employer contribution to STRS was $3,324,729 for fiscal year 2011-12, $3,214,271 for fiscal year 2012-13, $3,082,324 for fiscal year 2013-14 and is projected to be $3,522,463 for fiscal year 2014-15.

The District also participates in the State Public Employees' Retirement System ("CalPERS"). This plan covers all classified personnel who are employed four or more hours per day. The District's employer contribution to CalPERS was $3,226,944 for fiscal year 2011-12, $3,153,215 for fiscal year 2012-13, $3,146,905 for fiscal year 2013-14 and is projected to be $3,350,683 for fiscal year 2014-15.

Both CalPERS and STRS are operated on a statewide basis and, based on available information, STRS and CalPERS both have unfunded liabilities. CalPERS may issue certain pension obligation bonds to reach funded status. (Additional funding of STRS by the State and the inclusion of adjustments to such State contributions based on consumer price changes were provided for in 1979 Statutes, Chapter 282.) The amounts of the pension/award benefit obligation (CalPERS) or actuarially accrued liability (STRS) will vary from time to time depending upon actuarial assumptions, rates of return on investments, salary scales, and levels of contribution. The District is unable to predict what the amount of unfunded liabilities will be in the future or the amount of the contributions which the District may be required to make.

The assets and liabilities of the funds administered by CalPERS and STRS, as well as certain other retirement funds administered by the State, are included in the financial statements of the State for fiscal year 2013-14, as fiduciary funds. Both CalPERS and STRS have unfunded actuarial accrued liabilities in the tens of billions of dollars. The amount of unfunded actuarially accrued liability will vary from time to time depending upon actuarial assumptions, rates of return on investments, salary scales, and levels of contribution.

STRS and CalPERS each issue separate comprehensive annual financial reports that include financial statements and required supplementary information. Copies of the STRS annual financial report may be obtained from STRS, P.O. Box 15275, Sacramento, California 95851-0275 and copies of the CalPERS annual financial report and actuarial valuations may be obtained from the CalPERS Financial Services Division, P.O. Box 942703, Sacramento, California 94229-2703. The information presented in these reports is not incorporated by reference in this Official Statement.

In recent years, the combined employer, employee and State contributions to STRS have not been sufficient to pay actuarially required amounts. As a result, and due to significant investments losses, the unfunded actuarial liability of STRS has increased significantly. The District is unable to predict what the STRS program liabilities will be in the future. In order to address STRS funding inadequacies, the 2014-15 State Budget (defined below) sets forth a plan of shared responsibility among the State, school districts and teachers to shore up STRS. The first year's increased contributions from all three entities are approximately $275 million. The contributions would increase in subsequent years, reaching more than $5 billion annually. Total contributions from all three entities today equal 19.3 percent of teacher payroll at an average school district and would rise to 35.7 percent. Contributions from school districts and community colleges are presently at 8.88 percent, and would increase to 19.10 percent by July 1, 2020. Governor Brown expects that this will eliminate the unfunded liability in approximately 30 years.

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STATE OF CALIFORNIA
ACTUARIAL VALUE OF STATE RETIREMENT SYSTEMS

Name of Plan	Excess of Actuarial Value of Assets Over Actuarial Accrued Liabilities (Unfunded Actuarial Accrued Liability)
Public Employees' Retirement Fund Schools (CalPERS)[1]	$(14.60) billion[2]
State Teachers' Retirement Fund Defined Benefit Program (CalSTRS)[3]	$(70.95) billion[2]

[1] As of June 30, 2013, the CalPERS provided pension benefits to 1,104,237 active and inactive program members and 574,759 retirees, beneficiaries, and survivors. There were 283,003 active members from schools.
[2] Figure as of June 30, 2013; schools portion only.
[3] As of June 30, 2013, the CalSTRS Defined Benefit Program had approximately 599,219 active and inactive program members and 269,274 retirees and benefit recipients.
Source: CalPERS State and Schools Actuarial Valuation and STRS Defined Benefit Program Actuarial Valuation.

On August 28, 2012, Governor Brown and the State Legislature reached agreement on a new law that will reform pensions for State and local government employees. AB 340, which was signed into law on September 12, 2012, established the California Public Employees' Pension Reform Act of 2013 ("PEPRA") which governs pensions for public employers and public pension plans on and after January 1, 2013. For new employees first employed on or after January 1, 2013, PEPRA, among other things, caps pensionable salaries at the Social Security contribution and wage base, which is $110,100 for 2012, or 120% of that amount for employees not covered by Social Security, increases the retirement age by two years or more for all new public employees first employed on or after January 1, 2013 while adjusting the retirement formulas, requires employees first employed on or after January 1, 2013 to pay at least 50% of the annual accrued actuarially determined normal costs of benefits and prohibits employers in any year in combination with employee contributions less than the plan normal cost, except as specified, and also requires the calculation of benefits on regular, recurring pay to stop income spiking. For all employees, changes required by PEPRA include the prohibition of retroactive pension increases, pension holidays and purchases of service credit. PEPRA applies to all State and local public retirement systems, including county and special district retirement systems. PEPRA only exempts the University of California system and charter cities and counties whose pension plans are not governed by State law. Although the District anticipates that PEPRA would not increase the District's future pension obligations, the District is unable to determine the extent of any impact PEPRA would have on STRS, CalPERS or the District's pension obligations under STRS and PERS at this time. Additionally, the District cannot predict if PEPRA will be challenged in court and, if so, whether any challenge would be successful.

Post-Employment Benefits

In June 2004, the Governmental Accounting Standards Board ("GASB") pronounced Statement No. 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*. The pronouncement requires public agency employers providing healthcare benefits to retirees to recognize and account for the costs for providing these benefits on an accrual basis and provide footnote disclosure on the progress toward funding the benefits. The implementation date for this pronouncement was staggered in three phases based upon the entity's annual revenues, similar to the implementation for GASB Statement No. 34 and 35. GASB Statement No. 45 ("GASB 45") became effective for the District for fiscal year 2008-09.

The District provides employee health benefits coverage for eligible retirees and their dependents. As of July 1, 2007, Classified and Management employees who have served the District for a minimum of 12 years and are 50 years of age or older, receive 1 year of medical and dental benefits for every three years of service. Faculty members who have served the District for a minimum of 15 years receive one year of medical benefits for every 5 years of service, with no cap.

The District has an actuarial report dated as of September 1, 2013, with respect to its post-employment benefits. Such report concluded that the total unfunded actuarial accrued liability ("UAAL") as of September 1, 2013 was $26,741,570 ($2,715,563 lower than the initial UAAL found in the previous actuarial report dated September 1, 2011); and the annual required contribution ("ARC") was $2,761,417 as of September 1, 2013. For fiscal year 2013-14, the "pay-as-you-go" cost of providing post-employment health benefits was $2,154,326. On September 1, 2013, the estimated Actuarial Accrued Liability ("AAL") was $28,344,282. The District has set aside funds in an irrevocable trust in order to prefund a portion of its UAAL. On June 30, 2014, the balance in the trust was $1,657,400 from District contributions net of trust activities. In addition, the District maintains a retiree benefits fund to designate resources for retiree health care costs. The fund's assigned balance was $15,707,567 as of June 30, 2014.

FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA

Major Revenues

General. On September 29, 2006, the Governor signed into law Senate Bill No. 361 ("SB 361") which established the formulas for allocating general-purpose apportionments to California community college districts beginning fiscal year 2006-07. SB 361 required the Board of Governors of the California Community Colleges (the "Board of Governors") to develop criteria and standards in accordance with prescribed Statewide minimum requirements. In establishing these minimum requirements, the Board of Governors was required to acknowledge community college districts' need to receive an annual allocation based on the number of colleges and comprehensive centers in each respective district, plus funding based on the number of credit and noncredit FTES in each district.

SB 361 specified that, commencing with fiscal year 2006-07, the marginal amount of credit revenue allocated per credit FTES would not be less than $4,367, noncredit instruction would be funded at a uniform rate of $2,626 per FTES, and career development and college preparation would be funded at a rate of $3,092 per FTES, each subject to cost of living adjustments in the budget act in subsequent fiscal years.

The major local revenue source is local property taxes that are collected from within district boundaries. Student enrollment fees from the local community college district generally account for the remainder of local revenues for the district. Property taxes and student enrollment fees are applied towards fulfilling the district's financial needs. State aid is subject to the appropriation of funds in the State's annual budget. Decreases in State revenues may affect appropriations made by the State Legislature to the districts. The sum of the property taxes, student enrollment fees, and State aid generally comprise a district's revenue limit. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Assessed Valuations – Constitutional and Statutory Initiatives" in the forepart of this Official Statement for additional information regarding Article XIIIA, assessed valuations and ad valorem property taxes.

A small part of each community college district's budget is from local sources other than property taxes and student enrollment fees, such as interest income, donations and sales of property. Every community college district receives the same amount of lottery funds per pupil from the State. The initiative authorizing the lottery does require the funds to be used for instructional materials, and prohibits their use for capital purposes.

Budget Procedures. On or before September 15 of each calendar year, the respective board of trustees for each community college district is required under Section 58305 of the California Code of Regulations, Title 5, to adopt a balanced budget. Each September, every State agency, including the Chancellor's Office of the California Community Colleges (the "Chancellor's Office"), submits to the Department of Finance ("DOF") proposals for changes in the State budget. These proposals are submitted in the form of Budget Change Proposals ("BCPs"), involving analyses of needs, proposed solutions and expected outcomes. Thereafter, the DOF makes recommendations to the Governor, and by January 10 a proposed State budget is presented by the Governor to the State Legislature. The Governor's proposed State budget is then analyzed and discussed in committees, and hearings begin in the State Assembly and Senate. In May, based on the debate, analysis and changes in the economic forecasts, the Governor issues a revised budget with changes he or she supports. The law requires the State Legislature to submit its approved budget by June 15. State law requires the Governor to announce his or her line item reductions and sign the State budget by June 30.

In response to growing concern for accountability the statewide Board of Governors and the Chancellor's Office have, through enabling legislation (AB 2910, Chapter 1486, Statutes of 1986), established expectations for sound district fiscal management and a process for monitoring and evaluating the financial condition to ensure the financial health of California's community college districts. In accordance with statutory and regulatory provisions, the Chancellor has been given the responsibility to identify districts at risk and, when necessary, the authority to intervene to bring about improvement in their financial condition. To stabilize a district's financial condition, the Chancellor may, as a last resort, seek an appropriation for an emergency apportionment.

The monitoring and evaluation process is designed to provide early detection and amelioration that will stabilize the financial condition of the district before an emergency apportionment is necessary. This is accomplished by (1) assessing the financial condition of districts through the use of various information sources, and (2) taking appropriate and timely follow-up action to bring about improvement in a district's financial condition, as needed. A variety of instruments and sources of information are used to provide a composite of each district's financial condition, including quarterly financial status reports, annual financial and budget reports, attendance reports, annual district audit reports, district input and other financial records. In assessing each district's financial condition, the Chancellor will pay special attention to each district's general fund balance, spending pattern, and FTES patterns. Those districts with greater financial difficulty will receive follow-up visits from the Chancellor's Office where financial solutions to the district's problems will be addressed and implemented.

Proposition 98

General. In 1988, California voters approved Proposition 98, a combined initiative, constitutional amendment and statute called the "Classroom Instructional Improvement and Accountability Act" ("Proposition 98"). Proposition 98 changed State funding of public education below the university level, and the operation of the State's Appropriations Limit, primarily by guaranteeing State funding for K-12 school districts and community college districts (collectively, "K-14").

Under Proposition 98 (as modified by Proposition 111, which was enacted on June 5, 1990), K-14 districts are guaranteed the greater of (a) in general, a fixed percent of the State's General Fund revenues ("Test 1"), (b) the amount appropriated to K-14 schools in the prior year, adjusted for changes in the cost-of-living (measured as in Article XIIIB by reference to State per capita personal income) and enrollment ("Test 2"), or (c) a third test, which would replace Test 2 in any year when the percentage growth in per capita State General Fund revenues from the prior year plus one-half of one percent is less than the percentage growth in State per capita personal income ("Test 3"). Under Test 3, schools would receive the amount appropriated in the prior year adjusted for changes in enrollment and per capita State General

Fund revenues, plus an additional small adjustment factor. If Test 3 is used in any year, the difference between Test 3 and Test 2 would become a "credit" to schools which would be the basis of payments in future years when per capita State General Fund revenue growth exceeds per capita personal income growth. Legislation adopted prior to the end of the 1988-89 fiscal year, implementing Proposition 98, determined the K-14 districts' funding guarantee under Test 1 to be 40.3% of the State General Fund tax revenues, based on 1986-87 appropriations. However, that percentage has been adjusted to 35% to account for a subsequent redirection of local property taxes whereby a greater proportion of education funding now comes from local property taxes.

Proposition 98 permits the State Legislature by a two-thirds vote of both houses, with the Governor's concurrence, to suspend the K-14 districts' minimum funding formula for a one-year period. In 1989, the Legislature and the Governor last utilized this provision to avoid having 40.3% of revenues generated by a special supplemental sales tax enacted for earthquake relief go to K-14 districts. Proposition 98 also contains provisions transferring certain State tax revenues in excess of the Article XIIIB limit to K-14 districts.

Application of Proposition 98. The application of Proposition 98 and other statutory regulations has become increasingly difficult to predict accurately in recent years. One major reason is that Proposition 98 minimum funding levels under Test 1 and Test 2 are dependent on State General Fund revenues. In past fiscal years, the State made actual allocations to K-14 districts based on an assumption of State General Fund revenues at a level above that which was ultimately realized. In such years, the State has considered the amounts appropriated above the minimum as a loan to K-14 districts, and has deducted the value of these loans from future years' estimated Proposition 98 minimum funding levels. The State determined that there were loans to K-14 districts of $1.3 billion during fiscal year 1990-91, $1.1 billion during fiscal year 1991-92, $1.3 billion during fiscal year 1992-93 and $787 million during fiscal year 1993-94. These loans have been combined with the K-14 1992-93 loans into one loan totaling $1.760 billion. The State proposed that repayment of this loan would be from future years' Proposition 98 entitlements, and would be conditioned on maintaining current funding levels per pupil for K-12 schools.

State Assistance

The principal funding formulas and revenue sources for school and community college districts are derived from the budget of the State. **The following information concerning the State's budgets has been obtained from publicly available information which the District believes to be reliable; however, the State has not entered into any contractual commitment with the District, the County, the Underwriters, Bond Counsel, Disclosure Counsel nor the owners of the Bonds to provide State budget information to the District or the owners of the Bonds. Although they believe the State sources of information listed above are reliable, neither the District, the County, Bond Counsel, Disclosure Counsel nor the Underwriters assumes any responsibility for the accuracy of the State budget information set forth or referred to herein or incorporated by reference herein. Additional information regarding State budgets is available at various State-maintained websites including *www.dof.ca.gov.*** This website is not incorporated herein by reference and neither the District nor the Underwriters make any representation as to the accuracy of the information provided therein.

2014-15 State Budget. On June 20, 2014, Governor Brown signed the fiscal year 2014-15 State Budget Act (the "2014-15 State Budget"). The 2014-15 State Budget included approximately $109.3 billion in State General Fund resources (including revenues, transfers and prior year balance) and approximately $108.0 billion in planned State General Fund expenditures. $1.6 billion in State General Fund revenues will be transferred to a budget stabilization fund. The 2014-15 State Budget included approximately 7.2 percent State General Fund spending increase from the State's fiscal year 2013-14 budget. The 2014-15 State Budget included approximately $10 billion more in Proposition 98 funding than in fiscal year 2013-14.

The 2014-15 State Budget also assumed a proposed constitutional amendment to strengthen California's reserve fund. The constitutional amendment would, among other things, create a Proposition 98 reserve, whereby spikes in funding would be saved for future years of decline, designed to minimize cuts during times of economic downturn. The establishment of such a reserve would not affect the guaranteed level of funding for school districts under Proposition 98.

The 2014-15 State Budget included the following significant adjustments affecting California community colleges:

- *Investing in Student Success* — $170 million in the Proposition 98 State General Fund to improve and expand student success programs and to strengthen efforts to assist underrepresented students. This includes $100 million to increase orientation, assessment, placement, counseling and other education planning services for all matriculated students. It also targets $70 million to close achievement gaps in access and achievement in underrepresented student groups.

- *Allocating Apportionments* — An increase of $140.4 million in the Proposition 98 State General Fund for growth in general-purpose apportionments, which represents a 2.75 percent increase in enrollment. The 2014-15 State Budget directs the Board of Governors to adopt a growth formula that gives first priority to districts identified as having the greatest unmet need in adequately serving their community's higher education needs.

- *Cost-of-Living Adjustment* — An increase of $47.3 million for a statutory cost of living adjustment of 0.85 percent.

- *Eliminating Apportionment Deferrals* — Designated $498 million to the Proposition 98 State General Fund to buy down outstanding deferral debt owed to California community colleges.

- *Financial Stability for Apportionments* — An increase of $40.5 million in fiscal year 2013-14 and $37.8 million fiscal year 2014-15 in Proposition 98 State General Fund by shifting a portion of the redevelopment agency revenues that are scheduled to be received in the final months of the fiscal year to the following fiscal year. Proposition 98 State General Fund would be used to backfill the difference between estimated total fiscal year redevelopment agency revenues and the amount California community colleges receive through April 15th of any given fiscal year.

- *Investing in Deferred Maintenance and Instructional Equipment* — A one-time increase of $148 million to the Proposition 98 State General Fund, for deferred maintenance and instructional equipment purchases.

The Governor's 2015-16 Proposed Budget. On January 9, 2015, Governor Brown released his proposed fiscal year 2015-16 budget (the "2015-16 Proposed State Budget"). The 2015-16 Proposed State Budget projects general fund revenues in the amount of $108 billion in fiscal year 2014-15 and $113.4 billion in fiscal year 2015-16. Revenue for fiscal year 2014-15 is forecast to be $2.5 billion greater than the amount forecast at the 2014 Budget Act. Revenue for fiscal year 2015-16 is forecast to be $1 billion greater than the amount forecast for the 2014 Budget Act.

Despite the recent budgetary improvements as compared to recent years, the 2015-16 Proposed State Budget acknowledges that the State continues to have hundreds of billions of dollars in existing liabilities, such as unfunded retirement liabilities, and deferred maintenance of the State's roads and other infrastructure which need to be addressed. Furthermore, the 2015-16 Proposed State Budget observes several risks that the State should plan for, including the inevitable occurrence of another recession, ongoing fiscal challenges of the federal government and the 2015-16 Proposed State Budget's heavy dependency on the performance of the stock market in fiscal year 2015-16.

Under the 2015-16 Proposed State Budget, general fund expenditures for fiscal year 2015-16 are $113.3 billion (an increase of $1.5 billion from fiscal year 2014-15 general fund expenditures), of which $14 billion is allocated to Higher Education. The 2015-16 Proposed State Budget provides Proposition 98 funding of $65.7 billion for fiscal year 2015-16, as well as an additional $2.3 billion and $400 million for fiscal years 2014-15 and 2013-14, respectively.

The 2015-16 Proposed State Budget included the following significant adjustments affecting California community colleges:

- *Investing in Student Success* — An increase $200 million in Proposition 98 State General Fund to improve and expand student success programs and to strengthen efforts to assist underrepresented students. This includes $100 million to increase orientation, assessment, placement, counseling, and other education planning services. It also targets $100 million to close achievement gaps in access and achievement between underrepresented student groups and their peers, as identified in local student equity plans.

- *Increased Operating Expenses* — An increase of $125 million Proposition 98 State General Fund to increase base allocation funding in recognition of increased community college operating expenses in the areas of facilities, retirement benefits, professional development, converting part time to full-time faculty, and other general expenses.

- *Growth* — An increase of $106.9 million Proposition 98 State General Fund for growth in general-purpose apportionments, which represents a 2-percent increase in full-time equivalent enrollment.

- *Cost-of-Living Adjustment* — An increase of $92.4 million Proposition 98 State General Fund for a cost-of-living adjustment of 1.58 percent.

- *Apprenticeship Programs* — An increase of $29.1 million Proposition 98 State General Fund for expansion of apprenticeship programs. This includes $14.1 million to grow existing apprenticeship programs and $15 million to create innovative apprenticeship demonstration projects that focus on new and emerging industries with unmet labor market demand.

- *Career Technical Education* — An increase $48 million Proposition 98 State General Fund one-time to support the Career Technical Education Pathways Program at the Chancellor's Office. These funds provide resources for community colleges to develop, enhance, and expand career technical education programs that build upon existing regional capacity to meet regional labor market demands.

- *Enhanced Non-Credit Rate Change* — An increase of $49 million Proposition 98 State General Fund to reflect an increase adopted with the 2014 Budget in the funding rate for career development and college preparation non-credit courses (also known as CDCP or enhanced non-credit) to equal the rate provided for credit courses.

- *Mandate Backlog Payments* — An additional $353.3 million Proposition 98 State General Fund to continue paying down outstanding mandate claims by community colleges. These payments will further reduce outstanding mandate debt, while providing community colleges with one-time resources to address deferred maintenance at facilities, instructional equipment needs, and other one-time costs.

- *Eliminating Apportionment Deferrals* — An increase of $94.5 million Proposition 98 State General Fund to eliminate deferrals consistent with the revenue trigger included in the 2014 Budget.

May Revision. On May 14, 2015, the Governor released his May revision (the "May Revision") to the 2015-16 Proposed State Budget. The following information is extracted from the Department of Finance ("DOF") summary of 2015-16 Proposed State Budget, included on the DOF website at www.dof.ca.gov. The information presented on such website is not incorporated herein by this reference.

The May Revision assumes continued improvements in the State and national economies, generating higher capital gains tax collections for the State. The May Revision allocates the bulk of such higher collections towards education funding, additional deposits to the Budget Stabilization Account ("BSA") and additional payments towards outstanding State special fund loans.

After accounting for transfers to the BSA, the May Revision projects year-end general fund revenues for fiscal year 2014-15 to be $111.3 billion, approximately $3.3 billion higher than projected in the 2015-16 Proposed State Budget. State general fund expenditures are also expected to increase by approximately $2.8 billion, for a year-end total of $114.5 billion. The May Revision projects that the State will end fiscal year 2014-15 with a surplus of $3 billion, comprised of a $1.4 billion balance in the general fund reserve and a $1.6 billion balance in the BSA. For fiscal year 2015-16, the May Revision projects State general fund revenues of $115 billion, approximately $1.7 billion higher than previously projected. The May Revision would authorize State general fund expenditures of $115.3 billion, an increase of $2 billion from the level in the 2015-16 Proposed State Budget. The State is projected to end fiscal year 2015-16 with a $4.6 billion general fund surplus, composed of a $1.1 billion balance in the general fund reserve and $3.5 billion in the BSA.

The May Revision includes revised estimates of the minimum funding guarantees for schools for fiscal years 2013-14 and 2014-15. The fiscal year 2013-14 minimum funding guarantee is set at $58.9 billion, an increase of $241 million above the revised level included the 2015-16 Proposed State Budget. The fiscal year 2014-15 minimum funding guarantee is set at $66.3 billion, an increase of $3.1 billion from the revised level included in the 2015-16 Proposed State Budget.

For fiscal year 2015-16, the May Revision included the following significant adjustments affecting California community colleges:

- *Enrollment Growth* – An additional $50 million for additional 1 percent growth, bringing the total proposed growth funding to $157 million for 3 percent growth.

- *Unallocated Base Augmentation* – An additional $142 million to proposed base increase in recognition of increased operating expenses in the areas of facilities, retirement benefits, professional development, full-time faculty, and other general expenses which brings the total unallocated base increase to $267 million.

- *Full-Time Faculty* – An additional $75 million Proposition 98 funding to increase colleges ratios of full-time faculty to total faculty, but community college districts with relatively low proportions of full-time faculty will be required to increase their full-time faculty more than districts with relatively high proportions of full-time faculty.

- *Basic Skills Initiative* – An increase of $60 million Proposition 98 funding to assist community colleges in improving delivery of basic skills instruction by adopting or expanding the use of evidence-based models of placement, remediation, and student support that accelerate the progress of underprepared students toward achieving postsecondary educational and career goals.

- *Basic Skills Partnership Pilot Program* – An increase of $2 million Proposition 98 funding for a pilot program to provide incentives to community college districts and the CSU to coordinate their efforts to provide instruction in basic skills to incoming CSU students in an efficient and effective way.

- *Investing in Student Success* – An increase of $15 million Proposition 98 funding to further close achievement gaps in access and achievement in underrepresented student groups. Further, to provide additional support to foster youth, the May Revision proposes to implement Chapter 771, Statutes of 2014 (SB 1023). This legislation specifies additional services for foster youth already participating in the Extended Opportunity and Services program at up to ten community colleges.

- *Implementing Statewide Performance Strategies* – An increase of $15 million Proposition 98 funding to implement strategies to improve college performance in student success and outcomes. Of this amount, $3 million will provide local technical assistance to support the implementation of effective practices across all districts. The additional $12 million will develop and disseminate effective professional, administrative, and educational practices, including the specific development of curriculum and practices for members of the California Conservation Corps and for inmates to support the effective implementation of Chapter 695, Statutes of 2014 (SB 1391). Further, the May Revision proposes an increase of $340,000 General Fund and six positions for the Chancellor's Office to continue its district assistance to improve student success and outcomes, and to coordinate efforts to encourage adoption of effective practices at community colleges throughout California.

- *Deferred Maintenance and Instructional Equipment* – An increase of $148 million one-time Proposition 98 funding that colleges can use to reduce their backlog of deferred maintenance or to purchase instructional equipment. Community colleges will not need to provide matching funds for deferred maintenance in 2015-16. These resources will allow districts to protect investments previously made in facilities, and to improve students' experience by replenishing and investing in new instructional equipment.

- *Mandate Backlog Payments* – An increase of $274.7 million one-time Proposition 98 funding, for a total of $626 million, to continue paying down outstanding mandate claims by community colleges.

- *Categorical Program Cost-of-Living Adjustment* – An increase of $2.5 million Proposition 98 funding to provide a cost-of-living adjustment for the Disabled Student Programs and Services program, the Extended Opportunities Programs and Services program, the Special Services for CalWORKs Recipients program, and the Child Care Tax Bailout program.

- *Local Property Tax Adjustment* – A decrease of $156.1 million Proposition 98 funding in 2015-16 as a result of increased offsetting local property tax revenues.
- *Student Enrollment Fee Adjustment* – An increase of $7.4 million Proposition 98 funding as a result of decreased offsetting student enrollment fee revenues.
- *Cost-of-Living Adjustment* – A decrease of $31.3 million for a total of $61.1 million in cost-of-living adjustments. The cost-of-living adjustment will be funded at 1.02%.

Proposition 1A

Proposition 1A ("Proposition 1A"), proposed by the State Legislature in connection with the 2004-05 Budget Act and approved by the voters in November 2004, provides that the State may not reduce any local sales tax rate, limit existing local government authority to levy a sales tax rate or change the allocation of local sales tax revenues, subject to certain exceptions.

Final State Budgets

Under State law, the State Legislature is required to adopt its budget by June 15 of each year for the upcoming fiscal year, with approval by the Governor to occur on June 30. The State Legislature failed to pass a State budget for fiscal year 2008-09 until September 23, 2008. Accordingly, many State payments were held until the 2008-09 State Budget was adopted, including those scheduled to be made to community college districts under Proposition 98 and receipt of State categorical funds by the District was delayed until the State budget was adopted for fiscal year 2008-09. The events leading to the inability of the State Legislature to pass a budget in a timely fashion are not unique, and the District cannot predict what circumstances may cause a similar failure in future years. In each year where the State budget lags adoption of the District's budget, it will be necessary for the District's staff to review the consequences of the changes, if any, at the State level from the proposals in the May Revision for that year, and determine whether the District's budget will have to be revised.

The State has in past years experienced budgetary difficulties and has balanced its budget by requiring local political subdivisions to fund certain costs theretofore borne by the State. Further State actions taken to address its budgetary difficulties could have the effect of reducing the District's support indirectly, and the District is unable to predict the nature, extent or effect of such reductions.

The District cannot predict whether the State will continue to encounter budgetary difficulties in future fiscal years. The District also cannot predict the impact future State budgets will have on the District's finances and operations or what actions the State Legislature and the Governor may take to respond to changing State revenues and expenditures. Current and future State budgets will be affected by national and State economic conditions and other factors which the District cannot control.

In addition, the District cannot predict the effect that the general economic conditions within the State and the State's budgetary problems may have in the future on the District budget or operations.

CONSTITUTIONAL INITIATIVES AND STATUTORY MEASURES

Article XIIIA of the California Constitution

On June 16, 1978, California voters approved Proposition 13, which added Article XIIIA to the California Constitution ("Article XIIIA"). See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Assessed Valuations – Constitutional and Statutory Initiatives" in the forepart of this Official Statement for additional information regarding Article XIIIA.

Proposition 26

On November 2, 2010, California voters approved Proposition 26 as an amendment to Section 3 of Article XIIIA (and Section 1 of Article XIIIC) of the State Constitution that requires a two-thirds vote in the State Legislature to pass certain State fees, levies, charges and tax revenue allocations that under the State's previous rules could be enacted by a simple majority vote. Certain local fees must also be approved by two-thirds of voters. Proposition 26 expanded the scope and definition of a State or local tax to include many payments previously considered to be fees or charges, so that more proposals would require approval by two-thirds of the State Legislature or by local voters.

Article XIIIB of the California Constitution

Under Article XIIIB of the California State Constitution state and local government entities have an annual "appropriations limit" and are not permitted to spend certain moneys which are called "appropriations subject to limitation" (consisting of tax revenues, state subventions and certain other funds) in an amount higher than the "appropriations limit." Article XIIIB does not affect the appropriations of moneys which are excluded from the definition of "appropriations subject to limitation," including debt service on indebtedness existing or authorized as of January 1, 1979, or bonded indebtedness subsequently approved by the voters. In general terms, the "appropriations limit" is to be based on certain 1978-79 expenditures, and is to be adjusted annually to reflect changes in consumer prices, populations, and services provided by these entities. Among other provisions of Article XIIIB, if these entities' revenues in any year exceed the amounts permitted to be spent, the excess would have to be returned by revising tax rates or fee schedules over the subsequent two years. The District's 2014-15 appropriations limit is $131,018,823.

Unitary Property

AB 454 (Chapter 921, Statutes of 1986) provides that revenues derived from most utility property assessed by the State Board of Equalization ("Unitary Property"), commencing with fiscal year 1988-89, will be allocated as follows: (1) each jurisdiction will receive up to 102% of its prior year State-assessed revenue; and (2) if county-wide revenues generated from Unitary Property are less than the previous year's revenues or greater than 102% of the previous year's revenues, each jurisdiction will share the burden of the shortfall or excess revenues by a specified formula. This provision applies to all Unitary Property except railroads, whose valuation will continue to be allocated to individual tax rate areas.

The provisions of AB 454 do not constitute an elimination of the assessment of any State-assessed properties nor a revision of the methods of assessing utilities by the State Board of Equalization. Generally, AB 454 allows valuation growth or decline of Unitary Property to be shared by all jurisdictions in a county.

California Lottery

In the November 1984 general election, the voters of the State approved a Constitutional Amendment establishing a California State Lottery (the "State Lottery"), the net revenues (revenues less expenses and prizes) of which shall be used to supplement other moneys allocated to public education. The legislation further requires that the funds shall be used for the education of pupils and students and cannot be used for the acquisition of real property, the construction of facilities or the financing of research.

Allocation of State Lottery net revenues is based upon the average daily attendance or full-time equivalent students at each school and community college district; however, the exact allocation formula may vary from year to year. At this time, the amount of additional revenues that may be generated by the State Lottery in any given year cannot be predicted.

Proposition 46

On June 3, 1986, California voters approved Proposition 46, which added an additional exemption to the 1% tax limitation imposed by Article XIIIA. Under this amendment to Article XIIIA, local governments and school and community college districts may increase the property tax rate above 1% for the period necessary to retire new, general obligation bonds, if two-thirds of those voting in a local election approve the issuance of such bonds and the money raised through the sale of the bonds is used exclusively to purchase or improve real property.

Proposition 39

On November 7, 2000, California voters approved Proposition 39, called the "Smaller Classes, Safer Schools and Financial Accountability Act," which amends Section 1 of Article XIIIA, Section 18 of Article XVI of the California Constitution and Section 47614 of the California Education Code and allows an alternative means of seeking voter approval for bonded indebtedness by 55 percent of the vote, rather than the two-thirds majority required under Section 18 of Article XVI of the Constitution. The 55 percent voter requirement applies only if the bond measure submitted to the voters includes, among other items: (1) a restriction that the proceeds of the bonds may be used for "the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities," (2) a list of projects to be funded and a certification that the school district board has evaluated "safety, class size reduction, and information technology needs in developing that list" and (3) that annual, independent performance and financial audits will be conducted regarding the expenditure and use of the bond proceeds.

Section 1(b)(3) of Article XIIIA has been added to exempt the one percent ad valorem tax limitation that Section 1(a) of Article XIIIA of the Constitution levies, to pay bonds approved by 55 percent of the voters voting on the measure, subject to the restrictions explained above.

The State Legislature enacted AB 1908, Chapter 44, which became effective upon passage of Proposition 39 and amends various sections of the California Education Code. Under amendments to Section 15268 and 15270 of the California Education Code, the following limits on ad valorem taxes apply in any single election: (1) for a school district, indebtedness shall not exceed $30 per $100,000 of taxable property, (2) for a unified school district, indebtedness shall not exceed $60 per $100,000 of taxable property, and (3) for a community college district, indebtedness shall not exceed $25 per $100,000 of taxable property. Finally, AB 1908 requires that a citizens' oversight committee must be appointed who will review the use of the bond funds and inform the public about their proper usage.

Article XIIIC and XIIID of the California Constitution

On November 5, 1996, an initiative to amend the California Constitution known as the "Right to Vote on Taxes Act" ("Proposition 218") was approved by a majority of California voters. Proposition 218 added Articles XIIIC and XIIID to the State Constitution and requires majority voter approval for the imposition, extension or increase of general taxes and 2/3 voter approval for the imposition, extension or increase of special taxes by a local government, which is defined in Proposition 218 to include counties. Proposition 218 also provides that any general tax imposed, extended or increased without voter approval by any local government on or after January 1, 1995, and prior to November 6, 1996 shall continue to be imposed only if approved by a majority vote in an election held within two years following November 6, 1996. All local taxes and benefit assessments which may be imposed by public agencies will be defined as "general taxes" (defined as those used for general governmental purposes) or "special taxes" (defined as taxes for a specific purpose even if the revenues flow through the local government's general fund) both of which would require a popular vote. New general taxes require a majority vote and new special taxes require a two-thirds vote. Proposition 218 also extends the initiative power to reducing or repealing local taxes, assessments, fees and charges, regardless of the date such taxes, assessments or fees or charges were imposed, and lowers the number of signatures necessary for the process. In addition, Proposition 218 limits the application of assessments, fees and charges and requires them to be submitted to property owners for approval or rejection, after notice and public hearing.

The District has no power to impose taxes except property taxes associated with a general obligation bond election, following approval by 55% or 2/3 of the District's voters voting on a bond measure, depending upon the Article of the Constitution under which it is passed. Under previous law, the District could apply provisions of the Landscape and Lighting Act of 1972 to create an assessment district for specified purposes, based on the absence of a majority protest. Proposition 218 significantly reduces the ability of the District to create such special assessment districts. Any assessments, fees or charges levied or imposed by any assessment district created by the District will become subject to the election requirements of Proposition 218 as described above, a more elaborate notice and balloting process and other requirements.

Proposition 218 also expressly extends the initiative power to give voters the power to reduce or repeal local taxes, assessments, fees and charges, regardless of the date such taxes, assessments, fees or charges were imposed, and reduces the number of signatures required for the initiative process. This extension of the initiative power to some extent constitutionalizes the March 6, 1995 State Supreme Court decision in *Rossi v. Brown*, which upheld an initiative that repealed a local tax and held that the State Constitution does not preclude the repeal, including the prospective repeal, of a tax ordinance by an initiative, as contrasted with the State constitutional prohibition on referendum powers regarding statutes and ordinances which impose a tax. Generally, the initiative process enables California voters to enact legislation upon obtaining requisite voter approval at a general election. Proposition 218 extends the authority stated in *Rossi v. Brown* by expanding the initiative power to include reducing or repealing assessments, fees and charges, which had previously been considered administrative rather than legislative matters and therefore beyond the initiative power. This extension of the initiative power is not limited by the terms of Proposition 218 to fees imposed after November 6, 1996 and absent other legal authority could result in retroactive reduction in any existing taxes, assessments or fees and charges. Such legal authority could include the limitations imposed on the impairment of contracts under the contract clause of the United States Constitution.

Proposition 218 has no effect upon the District's ability to pursue approval of a general obligation bond issue or a Mello-Roos Community Facilities District bond issue in the future, both of which are already subject to a 2/3 vote, although certain procedures and burdens of proof may be altered slightly.

The District is unable to predict the nature of any future challenges to Proposition 218 or the extent to which, if any, Proposition 218 may be held to be unconstitutional.

Proposition 1A

Proposition 1A (SCA 4), proposed by the State Legislature in connection with the 2004-05 Budget Act and approved by the voters in November 2004, provides that the State may not reduce any local sales tax rate, limit existing local government authority to levy a sales tax rate or change the allocation of local sales tax revenues, subject to certain exceptions. Proposition 1A generally prohibits the State from shifting to schools or community colleges any share of property tax revenues allocated to local governments for any fiscal year, as set forth under the laws in effect as of November 3, 2004. Any change in the allocation of property tax revenues among local governments within a county must be approved by two-thirds of both houses of the State Legislature. Proposition 1A provides, however, that beginning in fiscal year 2008-09, the State may shift to schools and community colleges up to 8% of local government property tax revenues, which amount must be repaid, with interest, within three years, if the Governor proclaims that the shift is needed due to a severe state financial hardship, the shift is approved by two-thirds of both houses of the State Legislature and certain other conditions are met. The State may also approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A also provides that if the State reduces the Vehicle License Fee rate from 0.65 percent of vehicle value, the State must provide local governments with equal replacement revenues. Further, Proposition 1A requires the State, beginning July 1, 2005, to suspend State mandates affecting cities, counties and special districts, schools or community colleges, excepting mandates relating to employee rights, in any year that the State does not fully reimburse local governments for their costs of compliance with such mandates.

Prohibitions on Diverting Local Revenues for State Purposes

Beginning in 1992-93, the State satisfied a portion of its Proposition 98 obligations by shifting part of the property tax revenues otherwise belonging to cities, counties, special districts, and redevelopment agencies, to school and college districts through a local Educational Revenue Augmentation Fund ("ERAF") in each county. Local agencies, objecting to invasions of their local revenues by the State, sponsored a statewide ballot initiative intended to eliminate the practice. In response, the State Legislature proposed an amendment to the State Constitution, which the State's voters approved as Proposition 1A at the November 2004 election. That measure was generally superseded by the passage of an initiative constitutional amendment at the November 2010 election, known as "Proposition 22."

The effect of Proposition 22 is to prohibit the State, even during a period of severe fiscal hardship, from delaying the distribution of tax revenues for transportation, redevelopment, or local government projects and services. It prevents the State from redirecting redevelopment agency property tax increment to any other local government, including school districts, or from temporarily shifting property taxes from cities, counties and special districts to schools, as in the ERAF program. This is intended to, among other things, stabilize local government revenue sources by restricting the State's control over local property taxes. One effect of this amendment will be to deprive the State of fuel tax revenues to pay debt service on most State bonds for transportation projects, reducing the amount of State general fund resources available for other purposes, including education.

Prior to the passage of Proposition 22, the State invoked Proposition 1A to divert $1.935 billion in local property tax revenues in 2009-10 from cities, counties, and special districts to the State to offset State general fund spending for education and other programs, and included another diversion in the adopted 2009-10 State budget of $1.7 billion in local property tax revenues from local redevelopment agencies. Because Proposition 22 reduces the State's authority to use or reallocate certain revenue sources, fees and taxes for State general fund purposes, the State will have to take other actions to balance its budget, such as reducing State spending or increasing State taxes, and school and college districts that receive Proposition 98 or other funding from the State will be more directly dependent upon the State's general fund.

On December 30, 2011, the California Supreme Court issued its decision in the case of *California Redevelopment Association v. Matosantos*, finding ABx1 26, a trailer bill to the 2011-12 State budget, to be constitutional. As a result, all redevelopment agencies in California were dissolved as of February 1, 2012, and all net tax increment revenues, after payment of redevelopment bonds debt service and administrative costs, will be distributed to cities, counties, special districts and K-14 school districts. The Court also found that ABx1 27, a companion bill to ABx1 26, violated the California Constitution, as amended by Proposition 22. ABx1 27 would have permitted redevelopment agencies to continue operations provided their establishing cities or counties agreed to make specified payments to K-14 school districts and county offices of education, totaling $1.7 billion statewide. The District is unable to predict what affect the implementation of ABx1 26 will have on the District's future receipt of tax increment revenues.

As a result of the dissolution of California redevelopment agencies and ABx1 26, the tax increment previously paid to redevelopment agencies shall first be used to pay pass-through payments to other taxing entities and second to pay the redevelopment agencies enforceable obligations; with the remaining revenue (if any) paid to the taxing entities by the County Auditor-Controller in the same proportion as other tax revenue.

Future Initiatives and Propositions

Article XIIIA, Article XIIIB, Article XIIIC, Article XIIID and Propositions 98, 46, 39 and 1A were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time, other initiative measures could be adopted, further affecting the District's revenues or their ability to expend revenues.

APPENDIX B

FORM OF BOND COUNSEL OPINION

____

Board of Trustees
Long Beach Community College District
4901 East Carson Street
Long Beach, California 90808

Re: $__________ Long Beach Community College District General Obligation Refunding Bonds, 2015 Series F

We have acted as Bond Counsel to the Long Beach Community College District, County of Los Angeles, State of California (the "District"), in connection with the issuance by the District of $__________ aggregate principal amount of the District's General Obligation Refunding Bonds, 2015 Series F (the "Bonds"). The Bonds are being issued pursuant to pertinent provisions of the Government Code of the State of California, and a resolution of the Board of Trustees of the District adopted on May 12, 2015 (the "Resolution"). Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Resolution.

As Bond Counsel, we have examined copies, certified to us as being true and complete copies, of the proceedings of the District for the authorization and issuance of the Bonds. In connection thereto, we have also examined such certificates of public officials and officers of the District as we have considered necessary for the purposes of this opinion. We have, with your approval, assumed that all items submitted to us as originals are authentic and that all items submitted as copies conform to the originals.

On the basis of such examination, our reliance upon the assumptions contained herein and our consideration of those questions of law we considered relevant, and subject to the limitations and qualifications in this opinion, we are of the opinion that:

1. The Bonds have been duly authorized and issued and constitute legally valid and binding obligations of the District, enforceable in accordance with their terms and the terms of the Resolution.

2. The Bonds are payable solely from and are secured by a pledge of *ad valorem* taxes which may be levied without limitation as to rate or amount upon all taxable real property in the District, and which, under the laws now in force with respect to the Bonds, may be levied within the limit prescribed by law upon all taxable personal property in the District, and from other available funds as set forth in the Resolution.

3. The Resolution has been duly authorized by the District and constitutes the legally valid and binding obligation of the District, enforceable in accordance with its terms. The Bonds, assuming due authentication by the Paying Agent, are entitled to the benefits of the Resolution.

4. The Internal Revenue Code of 1986, as amended (the "Code") sets forth certain requirements which must be met subsequent to the issuance and delivery of the Bonds for

interest thereon to be and remain excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause the interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issue of the Bonds. Pursuant to the Resolution and the Tax and Nonarbitrage Certificate executed by the District in connection with the issuance of the Bonds (the "Tax Certificate"), the District has covenanted to comply with the applicable requirements of the Code in order to maintain the exclusion of the interest on the Bonds from gross income for federal income tax purposes pursuant to Section 103 of the Code. In addition, the District has made certain representations and certifications in the Resolution and the Tax Certificate. We have not independently verified the accuracy of those certifications and representations.

Under existing law, assuming compliance with the tax covenants described herein and the accuracy of the aforementioned representations and certifications, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code. We are also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code with respect to individuals and corporations. Interest on the Bonds is, however, included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax imposed on such corporations.

5. Interest on the Bonds is exempt from personal income taxes of the State of California under present state law.

6. Bond Counsel is further of the opinion that the difference between the principal amount of the Bonds maturing on May 1, 20__ through May 1, 20__, inclusive, and on May 1, 20__ (collectively, the "Discount Bonds") and the initial offering price to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of Underwriters or wholesalers) at which price a substantial amount of such Discount Bonds of the same maturity was sold constitutes original issue discount which is excluded from gross income for federal income tax purposes to the same extent as interest on the Bonds. Further, such original issue discount accrues actuarially on a constant interest rate basis over the term of each Discount Bond and the basis of each Discount Bond acquired at such initial offering price by an initial purchaser thereof will be increased by the amount of such accrued original issue discount. The accrual of original issue discount may be taken into account as an increase in the amount of tax-exempt income for purposes of determining various other tax consequences of owning the Discount Bonds, even though there will not be a corresponding cash payment.

The opinions set forth in paragraphs 1, 2, and 3 above (i) assume that the Paying Agent has duly authenticated the Bonds and (ii) are subject to (a) applicable bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting creditors' rights generally (including, without limitation, fraudulent conveyance laws), (b) the effect of general principles of equity, including, without limitation, concepts of materiality, reasonableness, good faith and fair dealing and the possible unavailability of specific performance or injunctive relief, regardless of whether considered in a proceeding in equity or at law, and (c) the limitations on legal remedies against government entities in the State of California.

In rendering the opinions set forth in paragraphs 4 and 6 above, we are relying upon representations and covenants of the District in the Resolution and in the Tax Certificate concerning the investment and use of Bond proceeds, the rebate to the federal government of certain earnings thereon, and the use of the property and facilities refinanced with the proceeds of the Bonds. In addition, we have assumed that all such representations are true and correct and that the District will comply with such covenants. We express no opinion with respect to the exclusion of the interest on the Bonds from gross income under Section 103(a) of the Code in the event that any of such representations are untrue or the District fails to comply with such covenants, unless such failure to comply is based on our advice or opinion.

Except as stated in paragraphs 4 through 6 above, we express no opinion as to any other federal, state or local tax consequences of the ownership or disposition of the Bonds. Furthermore, we express no opinion as to any federal, state or local tax law consequences with respect to the Bonds, or the interest thereon, if any action is taken with respect to the Bonds or the proceeds thereof upon the advice or approval of other counsel.

No opinion is expressed herein on the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds. This opinion is expressly limited to the matters set forth above and we render no opinion, whether by implication or otherwise, as to any other matters.

Our opinions are limited to matters of California law and applicable federal law, and we assume no responsibility as to the applicability of laws of other jurisdictions. We call attention to the fact that the opinions expressed herein and the exclusion of interest on the Bonds from gross income for federal income tax purposes may be affected by actions taken or omitted or events occurring or failing to occur after the date hereof. We have not undertaken to determine, or inform any person, whether any such actions are taken, omitted, occur or fail to occur.

Respectfully submitted,

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APPENDIX C

AUDITED FINANCIAL STATEMENTS
OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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LONG BEACH COMMUNITY COLLEGE DISTRICT

LOS ANGELES COUNTY

REPORT ON
AUDIT OF FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
INCLUDING REPORTS ON COMPLIANCE
June 30, 2014

LONG BEACH
CITY COLLEGE

LONG BEACH COMMUNITY COLLEGE DISTRICT

AUDIT REPORT
June 30, 2014

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LONG BEACH COMMUNITY COLLEGE DISTRICT

AUDIT REPORT
June 30, 2014

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INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
Long Beach Community College District
4901 E. Carson Street
Long Beach, California 90808

Report on the Financial Statements

We have audited the accompanying basic financial statements of the Long Beach Community College District as of and for the year ended June 30, 2014, 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.

Auditor's 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 auditor's 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, we consider 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.

The Board of Trustees
Long Beach Community College District

Opinion

In our opinion, the financial statements listed in the aforementioned table of contents present fairly, in all material respects, the financial position of the Long Beach Community College District as of June 30, 2014, and the results of its operations, changes in net position and cash flows for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of postemployment healthcare benefits funding progress, and the schedule of employer contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the Long Beach Community College District's financial statements as a whole. The supplementary schedules and the continuing disclosure information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements of Long Beach Community College District.

The Board of Trustees
Long Beach Community College District

Other Matters (continued)

Other Information (continued)

The supplementary section, including the schedule of expenditures of federal awards, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The continuing disclosure information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2014 on our consideration of the Long Beach Community College District's internal control over 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Long Beach Community College District's internal control over financial reporting and compliance.

Vicenti, Lloyd + Stutzman LLP
VICENTI, LLOYD & STUTZMAN LLP
Glendora, California
December 1, 2014

LONG BEACH COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014

Introduction

The following discussion and analysis provides an overview of the financial position and activities of the Long Beach Community College District (the "District") for the year ended June 30, 2014. This discussion is prepared by management and should be read in conjunction with the financial statements and notes, which follow this section.

The District is a comprehensive California college located in the southern part of Los Angeles County covering an urban area of approximately 128 square miles, serving approximately 25,000 students at two campuses, the Liberal Arts Campus and the Pacific Coast Campus. To serve its community, the District offers a comprehensive set of education programs and support services in response to student and community needs and plays a key role in transfer preparation, workforce development, basic skills, associate degrees, and economic development.

Accounting Standards

In June 1999, the Governmental Accounting Standards Board (GASB) released Statement No. 34, "Basic Financial Statement and Management's Discussion and Analysis for State and Local Governments," which changed the reporting format for annual financial statements. In November 1999, GASB released Statement No. 35, "Basic Financial Statement and Management's Discussion and Analysis for Public Colleges and Universities," which applies these reporting standards to public colleges and universities. The Fiscal Accountability and Standards Committee of the California Community Colleges Chancellor's Office recommended that all California community colleges follow these standards under the Business Type Activity (BTA) model. Nearly all public colleges and universities nationwide have selected the BTA reporting model, which makes it easier to display comparable data. As such, the District uses the BTA model for reporting its financial statements. Under the BTA model state and local taxes and investment income are classified as non-operating revenues.

Selected Highlights

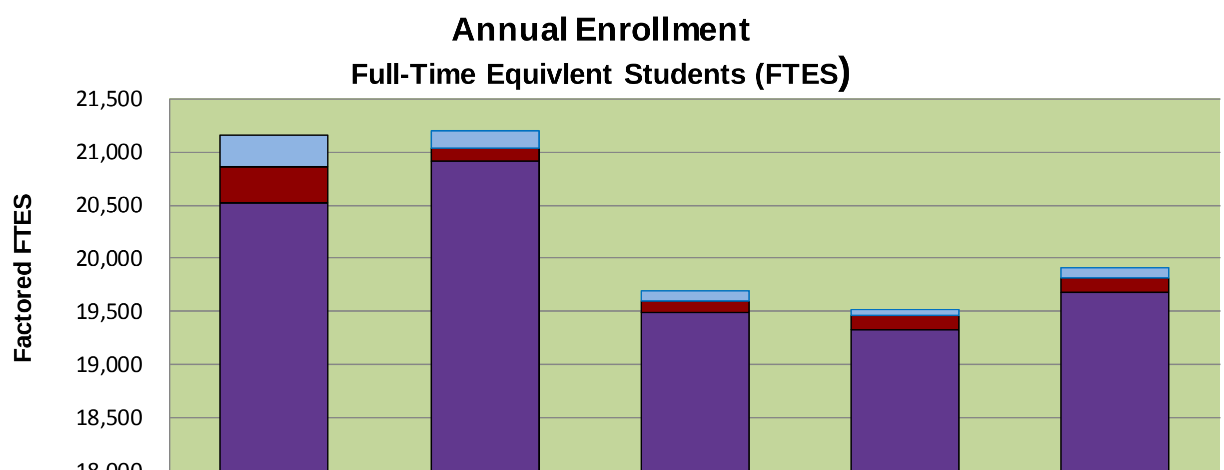
This section provides an overview of the District's financial activities. A comparative analysis is included in this Management's Discussion and Analysis using prior year information.

- Cash balance (cash and cash equivalents) current and restricted decreased $53.4 million (-25.3%) from $211.5 million to $158.1 million mainly due to payments for construction and financing activities. (More details in subsequent pages.)
- Total operating, non-operating and other revenues decreased $8.1 million (-4.0%) from $200.9 million to $192.7 million mainly due to decreases in other revenues. (More details in subsequent pages.)

- In 2013-14 the District's primary funding source was "State Apportionment Funding" received from the State of California through the State Chancellor's Office. This funding is one component of the overall funding based formula for community colleges. The other two components are local property taxes and student enrollment fees, which were $46 per unit in the year ended June 30, 2014. The primary basis of this apportionment is the calculation of Full-Time Equivalent Students (FTES). Our total apportionment eligible FTES reported was 19,910 for the 2013-14 fiscal year.

- Total ending fund balances decreased $37.7 million (-19.2%) from $196.0 million to $158.3 million due mainly to the $37 million decrease in Bond Fund and the $11 million decrease in Bond Interest and Redemption Fund due to bond program construction expenditures and debt service payments less increases to various other funds.

- Net position decreased $12.4 million (-34.8%) from $35.6 million to $23.2 million, which is due mainly to the $10.0 million decrease to investments in Capital Assets net of related debt.



	2009-10	2010-11	2011-12	2012-13	2013-14
CDCP Noncredit	301	158	96	53	99
Noncredit	337	129	114	142	135
Credit	20,524	20,907	19,484	19,326	19,676

- The primary expenditure of the District is for the salaries and benefits for academic, classified, and administrative personnel. These costs decreased from the previous fiscal year by $1.2 million to $97.6 million. This (1.2%) net decrease is primarily due to the net reduction in management and faculty positions, vacancies and retirements.

- The District continues to make significant progress with the construction of new facilities and the renovation of existing facilities including:

Location	% Complete
<u>Liberal Arts Campus</u>	
Central Plant Expansion	100%
Math Tech & Culinary Arts Center	50%
Nursing/Health Tech – Building C Modernization	5%
<u>Pacific Coast Campus</u>	
Buildings AA & BB - Phase II	90%
Alternate Fuels – Building JJ Retrofit	50%
Student Services Center – Building GG Retrofit	5%
<u>Both Campuses</u>	
Master Landscape Implementation	70%

  Projects in the planning and design stages are:
  - Building D, First Floor – Liberal Arts Campus
  - Language Arts Department (Building P) – Liberal Arts Campus
  - Auditorium (Building J) – Liberal Arts Campus
  - New Classroom Building QQ/Building RR Renovation – Pacific Coast Campus

  These projects were funded through the District's $616 million General Obligation Bond programs (Election 2008) and/or State facilities construction program funding.

- The District provided student financial aid to qualifying students of the District in the amount of $46.4 million. This represents a $6.3 million decrease from the 2012-13 fiscal year. This aid is provided through grants and loans from the Federal and State programs. Federal Pell Grant maximums increased 1.7% to $5,645 per student in 2013-14. As the economy improves, we continue to see decreases in financial aid eligible students.

Financial Statement Presentation and Basis of Accounting Governmental Funds

The District's financial report includes three primary financial statements: The Statement of Net Position, the Statement of Revenues, Expenses and Change in Net Position, and the Statement of Cash Flows. Additional information regarding these financial statements is provided on the following pages.

The financial statements noted above are prepared in accordance with Governmental Accounting Standards Board Statements No. 34 and No. 35, which provides an entity wide perspective. Therefore, the financial data presented in these financial statements is a combined total of all District governmental funds including Student Financial Aid Programs, Proprietary Funds and a portion of the Retiree Benefits Fund deemed to be governmental in nature.

Also, in accordance with Governmental Accounting Standards Board Statements No. 34 and No. 35, the financial statements have been prepared under the full accrual basis of accounting, which requires that revenues are recognized when earned and expenses are recorded when an obligation has been incurred. A reconciliation between the fund balances reported on the June 30, 2014 Annual Financial and Budget Report (CCFS-311) based upon governmental accounting principles and the modified accrual basis of accounting and the total net position recorded on the full accrual basis of accounting is as follows:

Unrestricted Fund Balance	$ 21,201,743
Restricted Fund Balance	2,883,876
Bond Interest and Redemption Fund Balance	10,903,710
Revenue Bond Construction Fund Balance (2008 Election)	87,212,840
Capital Outlay Projects Fund Balance	12,255,729
Child Development Fund Balance	424,377
Other Special Revenue Funds Balance (Veteran's Stadium Operation and Contract/Community Education)	2,183,973
Other Trust Fund Balance (Retiree Benefits)	17,364,967
Student Financial Aid and Trust Fund Balance	121,523
Self Insurance Fund Balance	1,502,534
Total Fund Balances as reported on the Annual Financial and Budget Report (CCFS-311)	156,055,272
Auxiliary (not reported on CCFS-311)	2,267,765
Total Ending Fund Balances	$ 158,323,037

Amounts reported for governmental activities in the statement of net position are different because of the following GASB 34/35 full accrual requirements:

Total Ending Fund Balances	$	158,323,037
Capital assets used for governmental activities are not financial resources and therefore are not reported as assets in governmental funds. However, capital assets, net of accumulated depreciation are added to total net position. Capital assets of $64,605, are already reported in the Auxiliary Fund.		345,584,923
Compensated absences and load banking are not generally due and payable in the current period, and therefore are not reported in the governmental funds. However, compensated absences of $182,922 are reported in the Unrestricted General Fund.		(4,804,498)
Short-term and long-term liabilities for bonds are not due and payable in the current period, and therefore are not reported as liabilities in the governmental funds. Short-term and long-term liabilities are added to the statement of net position which reduces the total net position reported.		(472,971,725)
Deferred outflows associated with the advanced refunding of debt increases total net position reported.		7,407,570
Interest expense related to bonds incurred through June 30, 2014 are recorded under the full accrual basis of accounting. This liability is added to the statement of net position, which reduces the total net position reported.		(4,529,552)
Estimated claims liability for self-insured risk of loss is not accrued in governmental funds.		(719,530)
Amounts for 2013-14 property taxes levied for debt service but not received as of June 30, 2014 increase the total net position reported.		1,598,221
The liability associated with other postemployment retirement benefits, is recognized as a liability, which reduces the total net portion reported.		(5,048,185)
Reduction for postemployment retirement benefits (OPEB) for amounts held in an irrevocable trust and reported in the fiduciary statements.		(1,657,400)
Total Net position	$	23,182,861

Statement of Net Position

The Statement of Net Position presents the assets, liabilities and net position of the District as of the end of the fiscal year. It is prepared using the full accrual basis of accounting, which is similar to the accounting basis used by most private-sector organizations. The Statement of Net Position is a "point-in-time" financial statement. The purpose of this statement is to present the readers with a fiscal snapshot of the District on June 30, 2014. The Statement of Net Position presents end-of-year data concerning assets (current and non-current), liabilities (current and non-current) and net position (assets minus liabilities).

From the data presented, readers of the Statement of Net Position are able to determine the assets available to continue the operations of the District. Readers are also able to determine how much the District owes vendors and employees. Finally, the Statement of Net Position provides a picture of the net position and their availability for expenditure by the District.

The difference between total assets and total liabilities (net position) is one indicator of the current financial condition of the District. The changes in net position is an indicator of whether the overall financial condition has improved or worsened during the year. Assets and liabilities are generally measured using current values. One notable exception is capital assets, which are stated at historical cost less an allocation for depreciation expense.

Cash balance (cash and cash equivalents) current and restricted decreased $53.4 million (-25.3%) from $211.5 million to $158.1 million mainly due to $28.7 million paid for capital projects and the repayment of $22.4 million for the Tax Revenue and Anticipation Notes (TRAN).

Capital assets increased 6.6% from $324.3 million to $345.6 million. This is the result of the District's continuing investment in constructing and renovating buildings at both of the District's two campuses.

The deferred charge on refunding line was presented as an asset in 2012-13 on the statement of net position due to the change in accounting principle. This amount represents the difference between the amount of refunded debt and the amount paid to the escrow agent to defease that debt on bond refundings. This increase is due the refunding that was done in March 2014 for a portion of Series A.

Accounts payable and accrued liabilities increased 51.6% from $15.1 million to $22.9 million mainly due to the increase in payables to vendors and retention amounts held.

LONG BEACH COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014

A summarized comparison of statement of net position is presented below:

	(in thousands) 2014	(in thousands) 2013*	Change
ASSETS			
Current assets			
Cash and cash equivalents	$ 40,653	$ 49,692	-18.2%
Receivables	22,840	19,873	14.9%
Prepaid expenses	778	1,333	-41.6%
Total current assets	64,271	70,898	-9.3%
Non-current assets			
Restricted cash and cash equivalents	117,421	161,821	-27.4%
Capital assets, net of depreciation	345,650	324,342	6.6%
Total non-current assets	463,071	486,163	-4.7%
Total assets	527,342	557,061	-5.3%
DEFERRED OUTFLOW OF RESOURCES			
Deferred charge on refunding	7,408	5,880	26.0%
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	534,750	562,941	-5.0%
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	22,925	15,122	51.6%
Tax revenue anticipation notes (TRANS)	-	22,000	-100.0%
Due to fiduciary fund	1,043	107	874.8%
Due to OPEB Trust	59	56	5.4%
Unearned revenue	3,702	2,551	45.1%
Amounts held in trust for others	111	96	15.6%
Estimated claims liability	720	720	0.0%
Long-term liabilities - current portion	12,986	15,241	-14.8%
Total current liabilities	41,546	55,893	-25.7%
Non-current liabilities			
Long-term liabilities less current portion	470,021	471,490	-0.3%
Total non-current liabilities	470,021	471,490	-0.3%
TOTAL LIABILITIES	511,567	527,383	-3.0%
NET POSITION			
Invested in capital assets, net of related debt	(32,702)	(22,656)	-44.3%
Restricted	23,234	33,245	-30.1%
Unrestricted	32,651	24,969	30.8%
TOTAL NET POSITION	$ 23,183	$ 35,558	-34.8%

* Certain reclassifications have been made to the 2013 amounts to conform with the 2014 presentation.

This schedule has been prepared from the Statement of Net Position presented on page 1.

The components of net position are investment in capital assets, restricted assets and unrestricted assets. The negative $32.7 million in net position invested in capital assets, net of related debt consists of $345.7 million in capital assets, net of accumulated depreciation and Revenue Bond Construction Fund balance of $87.2 million, less $465.6 million in bond debt, net of deferred charge on refunding. It is common for this balance to be negative during the early stages of a construction program since districts need to issue debt to fund the construction activities. As time progresses and the construction program diminishes and related debt is paid off, this balance should begin to increase.

$23.2 million of restricted net position are assets that must be used to meet the goals and purposes of the Federal, State, local, or private agencies providing the assets, including capital projects, student financial aid, restricted parking and student health fees, or amounts designated for debt services.

The value of unrestricted net position was $32.7 million. Much of the unrestricted net position has been designated by the Board for such purposes as Federal and State grants objectives, outstanding commitments on contracts, child development, community education and retiree health benefits and general reserves for the ongoing financial health of the District.

Statement of Revenues, Expenses and Change in Net Position

Changes in total net position as presented on the Statement of Net Position are based on the activity presented in the Statement of Revenues, Expenses and Change in Net Position. The purpose of this statement is to present the operating and non-operating revenues earned, whether received or not, by the District, the operating and non-operating expenses incurred, whether paid or not, by the District, and any other revenues, expenses, gains and/or losses earned or incurred by the District. Thus, this Statement presents the District's results of operations.

Generally, operating revenues are earned for providing educational and programmatic services to students, customers and constituencies of the District. Operating expenses are those expenses incurred to provide services provided in return for the operating revenues used to fulfill the mission of the District. Non-operating revenues are those received or pledged for which goods and services are not provided to the entity providing the revenues. For example, state apportionments are non-operating revenues because they are provided by the legislature to the District without the legislature directly receiving services for those revenues.

LONG BEACH COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014

A summarized comparison of the Statement of Revenues, Expenses and Change in Net Position is presented below:

	(in thousands) 2014	(in thousands) 2013*	Change
Operating Revenues			
Net tuition and fees	$ 8,936	$ 8,098	10.3%
Grants and contracts, non-capital	67,884	72,796	-6.7%
Auxiliary commissions and stadium concessions	1,070	1,124	-4.8%
Total operating revenues	77,890	82,018	-5.0%
Operating Expenses			
Salaries and benefits	97,598	98,773	-1.2%
Supplies, materials and other operating expenses and services	31,755	28,792	10.3%
Financial aid	46,408	52,676	-11.9%
Depreciation	8,614	8,284	4.0%
Total operating expenses	184,375	188,525	-2.2%
Operating loss	(106,485)	(106,507)	0.0%
Non-operating revenues			
State apportionments, non-capital	79,940	60,631	31.8%
Local property taxes	15,489	27,061	-42.8%
State taxes and other revenues	3,960	3,006	31.7%
Investment income, net	767	571	34.3%
Total non-operating revenues	100,156	91,269	9.7%
Other revenues, (expenses), gains or (losses)			
State apportionments, capital	957	181	428.7%
Local property taxes and other revenues, capital	12,952	26,647	-51.4%
Investment income, capital	779	737	5.7%
Interest expense	(18,519)	(12,991)	42.6%
Loss on disposal of capital assets	(2,215)	(2,805)	-21.0%
Total other revenues, (expenses), gains or (losses)	(6,046)	11,769	-151.4%
Changes in net position	(12,375)	(3,469)	256.7%
Net position, beginning of year as previously reported	35,558	35,774	-0.6%
Cumulative effect of change in accounting principles	-	3,253	-100.0%
Net position, beginning of year after cumulative effect	35,558	39,027	-8.9%
Net position, end of year	$ 23,183	$ 35,558	-34.8%

* Certain reclassifications have been made to the 2013 amounts to conform with the 2014 presentation.

This schedule has been prepared from the Statement of Revenues, Expenses and Change in Net Position on page 2.

While the distinction between operating and non-operating revenues is useful to managers for profit business enterprises, this distinction is not as important for managers of public sector community colleges. Therefore, to simplify the discussion, operating revenue, non-operating revenue and other revenues were combined in the following table:

	(in thousands) **2014**	(in thousands) **2013**	**Change**
Revenues			
Operating Revenues	$ 77,890	$ 82,018	-5.0%
Non Operating Revenues	100,156	91,269	9.7%
Other Revenues	14,688	27,565	-46.7%
	192,734	200,852	-4.0%
Expense			
Operating Expenses	(184,375)	(188,525)	-2.2%
Other Expenses	(20,734)	(15,796)	31.3%
Total Expenses	(205,109)	(204,321)	0.4%
Change in Net Position	(12,375)	(3,469)	256.7%
Net position, beginning of year as previously reported	35,558	35,774	-0.6%
Cumulative effect of change in accounting principles	-	3,253	-100.0%
Net position, beginning of year after cumulative effect	35,558	39,027	-8.9%
Net Position End of Year	$ 23,183	$ 35,558	-34.8%

This schedule has been prepared from the Statement of Revenues, Expenses, and Change in Net Position presented on page 2.

Non-operating revenues increased $8.9 million due mainly to a $19.3 million increase in state apportionment, non-capital, offset by a $11.6 million decrease in local property taxes.

Other revenues decreased $12.9 million due mainly to the decrease in property tax revenue through the Bond Interest and Redemption Fund.

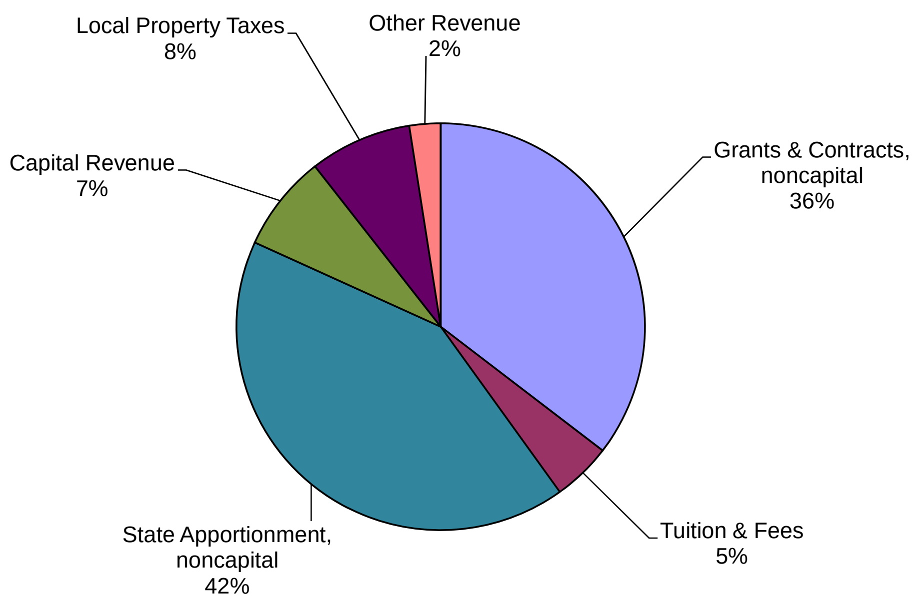
LONG BEACH COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014

Total revenues were $192.7 million while total expenditures were $205.1 million. This yields a decrease in net position of $12.4 million.

The following chart shows the sources of revenue to the District. The largest sources are State apportionment, non-capital (42%) which is derived from the State's funding formula for Community Colleges; and Grants & Contracts, non-capital (36%).

Revenue 2013-14

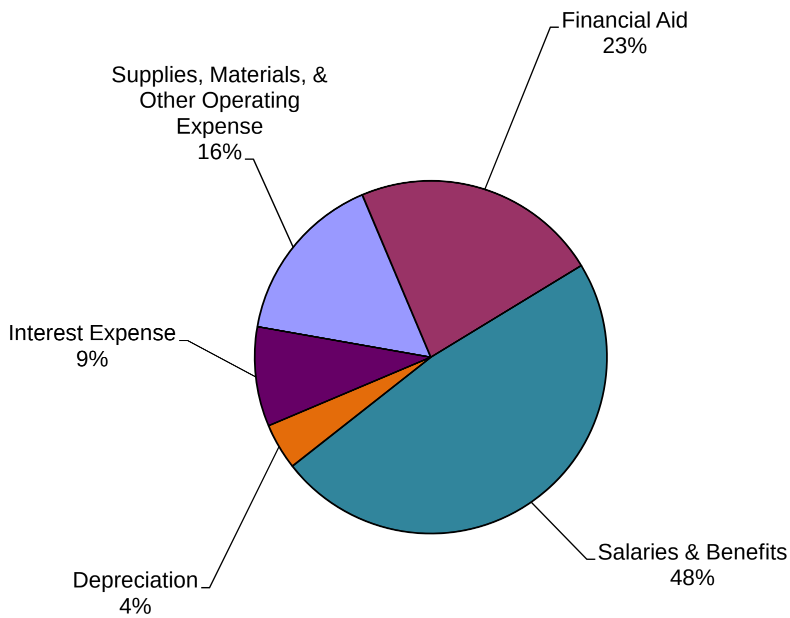


LONG BEACH COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014

The following chart shows where the District's money is spent. The largest category of expenses (48%) is for salaries and benefits. This reflects the college's reliance on faculty members and support staff to carry out its educational mission.

Expenses 2013-14



Statement of Cash Flows

The Statement of Cash Flows provides information about cash receipts and cash payments during the fiscal year. This Statement helps users assess the District's ability to generate positive cash flows, meet obligations as they come due, and the need for external financing.

The Statement of Cash Flows is divided into four parts: Cash Flows from Operating Activities, Cash Flows from Non-Capital Financing Activities, Cash Flows from Capital and Related Financing Activities, and Cash Flows from Investing Activities. The first part reflects operating cash flows and shows the net cash used for the operating activities of the District. The second part details cash received for non-operating, non-investing and non-capital financial purposes. The third part shows net cash flows for capital projects and related financing activities. This part deals with the cash used for the construction and improvement of capital facilities and related items. The fourth part provides information from investing activities and the amount of interest received.

Operating activities – Cash receipts from operating activities are derived from a variety of sources, including from student fees, enterprise activities, and from Federal, State, local, and private grants. Uses of cash are salaries and benefits for employees, payments to vendors, and financial aid to students. Cash receipts and payments vary based on timing of the District receiving and disbursing cash; however, throughout the year, the District always maintained a positive cash position.

Non-capital financing activities – These cash sources include State apportionment, local property taxes, and grants.

Capital and related financing – The cash used in this section includes purchases of capital assets and debt repayments.

The net change in cash, considering all sources and uses, was a decrease of $53.4 million. This results in an end of year cash balance of $158.1 million. As a matter of prudent financial management, the District maintains a positive cash position at all times.

A summarized comparison of the Statement of Cash Flows is presented below:

	(in thousands) **2014**	(in thousands) **2013**	**Change**
Cash Provided By (Used in)			
Operating activities	$ (89,421)	$ (91,238)	2.0%
Non-capital financing activities	75,584	113,868	-33.6%
Capital and related financing activities	(40,011)	85,168	-147.0%
Investing activities	409	318	28.6%
Net increase/(decrease) in cash and cash equivalents	(53,439)	108,116	-149.4%
Cash balance, beginning of year	211,513	103,397	104.6%
Cash balance, end of year	$ 158,074	$ 211,513	-25.3%

This schedule has been prepared from the Statement of Cash Flow presented on page 3.

Cash provided by non-capital financing activities decreased $38.2 million due mainly to the reduction in property tax revenue and the repayment of the TRAN debt without new TRAN proceeds in 2013-14.

Cash flows from capital and related financing activities decreased $125.2 million from $85.2 million provided in 2012-13 to $40.0 million used by these activities in 2013-14 due mainly to major financing activities that occurred in the prior year 2012-13. In that year, the District received $305 million in bond proceeds less the $165 million outflow for the final BAN principal and interest payment.

Capital Assets and Debt Administration

Capital Assets

In accordance with GASB requirements, all assets, including land, is recorded at historical cost. Actual fair-market value of land is substantially higher than historical cost. This is due to the fact that land for the Liberal Arts Campus and the Pacific Coast Campus was acquired approximately eighty years ago and land values in Southern California have increased over this time. On June 30, 2013, the District had $324.3 million, net of depreciation, in a broad range of capital assets including land, buildings, equipment and construction in progress. During the 2013-14 fiscal year, the District continued to modernize various facilities throughout the District at a cost of $32.2 million. At the end of the year capital assets, net of depreciation, were valued at $345.7 million which is a 6.6% increase.

Note 5 to the financial statements provides additional information on capital assets. A comparison of capital assets net of depreciation is summarized below:

	(in thousands) Balance June 30, 2014	(in thousands) Balance June 30, 2013	Change
Land	$ 25,976	$ 25,976	0.0%
Construction in progress	52,751	41,550	27.0%
Site and site improvements	324,072	315,419	2.7%
Equipment	11,380	10,734	6.0%
Totals at historical cost	414,179	393,679	5.2%
Less accumulated depreciation for:			
Site and site improvements	58,879	59,998	-1.9%
Equipment	9,650	9,340	3.3%
Total accumulated depreciation	68,529	69,338	-1.2%
Capital assets, net	$ 345,650	$ 324,341	6.6%

Long-Term Debt

As of June 30, 2014, the District had $483.0 million in long-term debt. During the 2013-14 fiscal year, long-term debt decreased by $3.7 million. This is mainly due to the net reduction in bond principal from scheduled payments and the bond refunding. The District's bond rating is AA - (S&P) and Aa2 (Moody's).

Notes 8 through 10, as well as Notes 13 and 14, to the financial statements provide additional information on long-term liabilities. A comparison of long-term debt is summarized below:

	(in thousands) Balance June 30, 2014	(in thousands) Balance June 30, 2013	Change
Compensated absences	$ 4,987	$ 5,036	-1.0%
General obligation bonds, net	472,972	476,861	-0.8%
Other postemployment benefits other than pensions (OPEB)	5,048	4,640	8.8%
Supplemental employee retirement plan	-	193	-100.0%
Total long term debt	483,007	486,730	-0.8%
Total short term portion	(12,986)	(15,241)	-14.8%
Total long term portion	$ 470,021	$ 471,489	-0.3%

District's Fiduciary Responsibility

The Futuris Public Entity Investment Trust (the Retiree Benefit Trust) was established in May 2006. The Retiree Benefit Trust is an irrevocable government trust for the purpose of funding post-employment health benefits. The District acts as the fiduciary of the Retiree Benefit Trust and the financial activity of the Retiree Benefit Trust has been discretely presented in the financial statements.

The District has the responsibility of accounting for the Associated Student Body Fund. These fiduciary activities are reported in a separate Statement of Fiduciary Net Position.

Economic Factors Affecting the Future of Long Beach Community College District

State Economy

The economic position of Long Beach Community College District is closely tied to the economic health of the State of California. State apportionment, non-capital, tuition and fees, and local property taxes of $104.4 million support 59% of total operating expenses, excluding depreciation.

The 2014-15 State Budget continues to provide many positive signs. The state's economic recovery is reflected in this second year of positive budgets after five previous years of budget cuts. For the second year in a row, the Budget did not include potential mid-year cuts. State general fund expenditures have increased to $108 billion, which is $12 billion higher than the 2012-13 budget. The State Budget includes a reserve of $1.4 billion, and is based on the Governor's conservative revenue forecast. Along with providing new money for education, the Governor is focused on avoiding boom and bust cycles and retiring debt. With his help, Proposition 2 was successfully passed in November 2014 to set aside funds from good years into a rainy day fund for inevitable future recessions. Governor Brown has reduced Community College apportionment deferrals and implemented plans for increased STRS contributions to help reduce the state's debt and the unfunded pension obligation.

Challenges

Looking further into the 2014-15 budget year and beyond, the challenges that California community colleges face include faculty obligation funding, expiration of Proposition 30 - Education Protection Account (EPA) revenue, deficit factor volatility, discretionary funding and increasing pension obligations. The full-time faculty obligation number (FON) was frozen from Fall 2008 to Fall 2012. The District incurred a $1.2 million FON penalty in the Fall of 2013. The District hired 42 new faculty in the Fall of 2014 to address this issue. The District continues to monitor this issue going forward. In addition, Proposition 30 sales tax increases will end after 2016; and the income tax increases will end after 2018. It is uncertain how the education funding will fare after the loss of these sources.

Deficit factor volatility continues to be a concern going forward. The Community College system has experienced deficit factors ranging from 0% to almost 5% over the course of the past several years. Large fluctuations are expected to continue due to fluctuations in property taxes and enrollment fee revenue. The District experienced a spike in property tax revenue in 2012-13 due mainly to one-time redevelopment and ERAF revenues. These revenues returned to more typical levels in 2013-14. State-wide enrollment typically declines after recessions end. So, it is not a surprise that as the state is in recovery, enrollment for Northern California and many Southern California colleges is down. The District is taking measures to address signs of declining enrollment to try to attain its FTES growth goals.

The need for additional discretionary funding continues to increase, but matching requirements and other constraints limit our discretionary revenues. The Governor began addressing the severely underfunded status of the STRS pension (33% unfunded). He increased 2013-14 contribution rates after years without change to these rates that are set by statute. STRS employer contribution rates will increase from 8.25% to 19.10% by 2020-21 according to the Governor's plan. PERS, which is 20% unfunded, also has plans to increase employer's contributions. The employer's share is expected to be 20.40% by 2020-21. These steep increases pose a significant challenge to districts going forward.

Other Updates

The improved state economy has allowed the District to offer salary increases in 2013-14 for the first time in many years. Increases for part-time faculty and management went into effect on July 1, 2014 and on November 1, 2014 for full-time faculty.

Cash flow continues to improve for 2014-15 and for the near future. The District did not need to issue a TRAN (Tax Revenue and Anticipation Note) for short-term financing in 2013-14 for the first time in four years. The Governor again significantly reduced deferrals in the 2014-15 budget, so the District has no plans for a TRAN issuance in 2014-15.

The District continues to fund the Retiree Health Fund with contributions of at least the actuarial determined Annual Required Contribution (ARC) amount. $4.1 million was transferred to the Retiree Health Fund, and increased the fund balance to $17.4 million. Of that balance, $1.7 million represents the ending fund balance of the irrevocable Retiree Benefit Trust reported in a separate statement of net position and statement of changes in net position for Other Postemployment Benefits Plan in accordance with GASB 43/45.

Ongoing construction projects will continue for the next several years; which will result in additions to the District's capital assets less deletions for demolished and remodeled buildings. There will be some additional costs for the operation and maintenance of those new facilities.

The District issued $11.8 million in 2008 election, 2014 Series C, federally taxable refunding bonds. The bonds refunded a portion of the 2008, Series A bonds. This refunding saves taxpayers $2.3 million or 3.4% over the life of the bonds.

Contacting the District

This financial report is designed to provide our citizens, taxpayers, students, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact John Thompson, Director of Fiscal Services, at: Long Beach Community College District, 4901 E. Carson Street – Y14, Long Beach, CA 90808, (562) 938-4102, or via email at jthompson@lbcc.edu.

BASIC FINANCIAL STATEMENTS

LONG BEACH COMMUNITY COLLEGE DISTRICT

STATEMENT OF NET POSITION
June 30, 2014

ASSETS		
Current assets:		
Cash and cash equivalents	$	40,653,008
Accounts receivable, net		22,840,585
Prepaid expenses		778,110
Total current assets		64,271,703
Non-current assets:		
Restricted cash and cash equivalents		117,420,871
Capital assets, net		345,649,528
Total non-current assets		463,070,399
TOTAL ASSETS		527,342,102
DEFERRED OUTFLOW OF RESOURCES		
Deferred charge on refunding		7,407,570
TOTAL DEFERRED OUTFLOW OF RESOURCES		7,407,570
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	$	534,749,672
LIABILITIES		
Current liabilities:		
Accounts payable	$	16,699,019
Accrued interest payable		4,529,552
Accrued liabilities		1,696,228
Due to fiduciary fund		1,042,890
Due to OPEB Trust		59,048
Unearned revenue		3,702,257
Amounts held in trust for others		110,957
Estimated claims liability		719,530
Compensated absences - current portion		2,391,312
General obligation bonds payable - current portion		10,595,000
Total current liabilities		41,545,793
Non-current liabilities:		
Compensated absences		2,596,108
General obligation bonds payable		462,376,725
Other postemployment benefits other than pensions (OPEB)		5,048,185
Total non-current liabilities		470,021,018
TOTAL LIABILITIES		511,566,811
NET POSITION		
Invested in capital assets, net of related debt		(32,701,787)
Restricted for:		
Capital projects		12,255,727
Debt service payments		7,972,379
Scholarships and loans		121,523
Other special services		2,883,876
Unrestricted		32,651,143
TOTAL NET POSITION		23,182,861
TOTAL LIABILITIES AND NET POSITION	$	534,749,672

See the accompanying notes to the financial statements.

LONG BEACH COMMUNITY COLLEGE DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
For the Fiscal Year Ended June 30, 2014

OPERATING REVENUES	
Tuition and fees (gross)	$ 26,278,554
Less: Scholarship discounts & allowances	(17,342,308)
Net tuition and fees	8,936,246
Grants and contracts, non-capital:	
Federal	51,208,427
State	10,011,564
Local	6,663,817
Auxiliary commissions and stadium concessions	1,070,141
TOTAL OPERATING REVENUES	77,890,195
OPERATING EXPENSES	
Salaries	73,720,334
Employee benefits	23,876,284
Supplies, materials, and other operating expenses and services	29,032,609
Financial aid	46,407,774
Utilities	2,723,823
Depreciation	8,614,221
TOTAL OPERATING EXPENSES	184,375,045
OPERATING LOSS	(106,484,850)
NON-OPERATING REVENUES (EXPENSES)	
State apportionments, non-capital	79,940,240
Local property taxes	15,488,891
State taxes and other revenue	3,959,365
Interest and investment income	767,350
TOTAL NON-OPERATING REVENUES (EXPENSES)	100,155,846
LOSS BEFORE OTHER REVENUES, (EXPENSES), GAINS AND (LOSSES)	(6,329,004)
OTHER REVENUES, (EXPENSES), GAINS AND (LOSSES)	
State apportionments, capital	956,863
Local property taxes and revenue, capital	12,951,643
Interest and investment income, capital	778,861
Interest expense on capital asset-related debt	(18,518,679)
Loss on disposal of capital assets	(2,215,106)
TOTAL OTHER REVENUES, (EXPENSES), GAINS AND (LOSSES)	(6,046,418)
CHANGE IN NET POSITION	(12,375,422)
NET POSITION, BEGINNING OF YEAR	35,558,283
NET POSITION, END OF YEAR	$ 23,182,861

See the accompanying notes to the financial statements.

LONG BEACH COMMUNITY COLLEGE DISTRICT

STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2014

CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and fees (net)	$ 10,142,694
Federal grants and contracts	50,526,014
State grants and contracts	10,320,152
Local grants and contracts	10,262,600
Auxiliary commissions and stadium concessions	1,070,141
Payments to suppliers	(23,162,223)
Payments to/on behalf of employees	(102,281,712)
Payments to/on behalf of students	(46,313,191)
Amounts received/(paid) in trust	14,459
Net cash used by operating activities	(89,421,066)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
State apportionments and receipts	79,032,478
Property taxes	15,005,150
State tax and other revenues (payments)	3,953,643
Tax revenue anticipation notes payments	(22,407,000)
Net cash provided by non-capital financing activities	75,584,271
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
State apportionments for capital purposes	931,010
Local revenue for capital purposes	11,054,886
Interest on capital investments	858,935
Net purchases of capital assets	(28,726,627)
Proceeds from capital debt issued	11,825,000
Principal paid on capital debt	(16,290,155)
Interest paid on capital debt	(19,664,075)
Net cash used by capital and related financing activities	(40,011,026)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	408,797
Net cash provided by investing activities	408,797
NET CHANGE IN CASH AND CASH EQUIVALENTS	(53,439,024)
CASH BALANCE, Beginning of Year	211,512,903
CASH BALANCE, End of Year	$ 158,073,879

See the accompanying notes to the financial statements.

LONG BEACH COMMUNITY COLLEGE DISTRICT

STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2014

RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:

Operating loss	$	(106,484,850)
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation expense		8,614,221
Bad debt write-off		460,622
Changes in assets and liabilities:		
Receivables, net		(1,564,115)
Prepaid expenses		555,124
Accounts payable and accrued liabilities		6,616,972
Unearned revenue		1,261,333
Compensated absences		(48,575)
Due to OPEB Trust		3,016
Due to fiduciary		935,804
Amounts held in trust for others		14,459
Other postemployment benefits other than pensions (OPEB)		407,748
Supplemental employee retirement plan		(192,825)
Net cash used by operating activities	$	(89,421,066)
Breakdown of ending cash balance:		
Cash and cash equivalents	$	40,653,008
Restricted cash and cash equivalents		117,420,871
Total	$	158,073,879

See the accompanying notes to the financial statements.

LONG BEACH COMMUNITY COLLEGE DISTRICT

STATEMENT OF FIDUCIARY NET POSITION
June 30, 2014

		Associated Student Body Fund
ASSETS		
Cash and cash equivalents	$	1,683,254
Accounts receivable		3,506
Due from governmental funds		1,042,890
TOTAL ASSETS		2,729,650
LIABILITIES		
Accounts payable		10,736
Amounts held for others		455,403
Unearned revenue		97,857
TOTAL LIABILITIES		563,996
NET POSITION		
Unrestricted		2,165,654
TOTAL NET POSITION	$	2,165,654

See the accompanying notes to the financial statements.

LONG BEACH COMMUNITY COLLEGE DISTRICT

STATEMENT OF CHANGE IN FIDUCIARY NET POSITION
For the Fiscal Year Ended June 30, 2014

	Associated Student Body Fund
ADDITIONS	
Student fees	$ 886,683
Other local revenues	52,336
Interest and investment income	7,532
TOTAL ADDITIONS	946,551
DEDUCTIONS	
Salaries	173,128
Employee benefits	57,878
Supplies, materials, and other operating expenses and services	564,868
TOTAL DEDUCTIONS	795,874
CHANGE IN NET POSITION	150,677
NET POSITION, BEGINNING OF YEAR	2,014,977
NET POSITION, END OF YEAR	$ 2,165,654

See the accompanying notes to the financial statements.

LONG BEACH COMMUNITY COLLEGE DISTRICT

STATEMENT OF OTHER POSTEMPLOYMENT BENEFITS PLAN NET POSITION
June 30, 2014

	Retiree Benefit Trust
ASSETS	
Investments	$ 1,598,352
Due from governmental funds	59,048
TOTAL ASSETS	1,657,400
TOTAL NET POSITION - RESTRICTED FOR OTHER POSTEMPLOYMENT BENEFITS	$ 1,657,400

See the accompanying notes to the financial statements.

LONG BEACH COMMUNITY COLLEGE DISTRICT

STATEMENT OF CHANGE IN OTHER POSTEMPLOYMENT BENEFITS PLAN NET POSITION
For the Fiscal Year Ended June 30, 2014

	Retiree Benefit Trust
ADDITIONS	
Investment Income:	
Interest and investment income	$ 46,551
Realized gain on investments	58,779
Investment expense	(15,703)
Net investment income	89,627
Contributions	59,048
TOTAL ADDITIONS	148,675
CHANGE IN NET POSITION	148,675
NET POSITION - RESTRICTED FOR OTHER POSTEMPLOYMENT BENEFITS, BEGINNING OF YEAR	1,508,725
NET POSITION - RESTRICTED FOR OTHER POSTEMPLOYMENT BENEFITS, END OF YEAR	$ 1,657,400

See the accompanying notes to the financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. REPORTING ENTITY:

The District is the level of government primarily accountable for activities related to public education. The governing authority consists of elected officials who, together, constitute the Board of Trustees.

The District considered its financial and operational relationships with potential component units under the reporting entity definition of GASB Statement No. 14, *The Financial Reporting Entity,* as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units* and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*.

The basic, but not the only, criterion for including another organization in the District's reporting entity for financial reports is the ability of the District's elected officials to exercise oversight responsibility over such agencies. Oversight responsibility implies that one entity is dependent on another and a financial benefit or burden relationship is present and that the dependent unit should be reported as part of the other.

Oversight responsibility is derived from the District's power and includes, but is not limited to: financial interdependency; selection of governing authority; designation of management; ability to significantly influence operations; and accountability for fiscal matters.

Due to the nature and significance of their relationship with the District, including ongoing financial support of the District or its other component units, certain organizations warrant inclusion as part of the financial reporting entity. A legally separate, tax-exempt organization should be reported as a component unit of the District if all of the following criteria are met:

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the District, its component units, or its constituents.

2. The District, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

A. REPORTING ENTITY: (continued)

3. The economic resources received or held by an individual organization that the District, or its component units, is entitled to, or has the ability to otherwise access, are significant to the District.

Based upon the application of the criteria listed above, the following two potential component units have been included in the District's reporting entity through blended presentation:

Long Beach City College Auxiliary, Inc. (The Auxiliary) – The Auxiliary is a separate not-for-profit corporation formed to promote and assist the educational program of the District. The Board of Directors is elected independent of any District Board of Trustee’s appointments. The Board is responsible for approving their own budget and accounting and finance related activities; however, the District's governing board has fiscal responsibility over the Auxiliary. The activity of the Auxiliary has been blended in the District-wide financial statements. Individually prepared financial statements are not prepared for the Auxiliary.

Futuris Public Entity Investment Trust (the Retiree Benefit Trust) – The Retiree Benefit Trust is an irrevocable governmental trust pursuant to Section 115 of the Internal Revenue Code for the purpose of funding certain post-employment benefits. The Long Beach City College Retirement Board of Authority (the Board of Authority) retains the responsibility to oversee the management of the Retiree Benefit Trust. The Board of Authority is comprised of the Vice President of Administrative Services, the Executive Vice President of College Advancement and Economic Development and the Director of Fiscal Services. The financial activity of the Retiree Benefit Trust has been discretely presented. Individually prepared financial statements are not prepared for the Retiree Benefit Trust.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

A. REPORTING ENTITY: (continued)

Based upon the application of the criteria listed above, the following potential component unit has been excluded from the District's reporting entity:

Long Beach City College Foundation – The Foundation is a separate not-for-profit corporation created for the benefit of the District and its students and organized to provide support for the activities and programs of the District. The Foundation is not included as a component unit because the second criterion was not met; the District is not entitled to, nor has the ability to otherwise access, a majority of the economic resources received or held by the separate organization. Separate financial statements for the Foundation can be obtained through the District.

B. FINANCIAL STATEMENT PRESENTATION:

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). The financial statement presentation required by GASB provides a comprehensive, entity-wide perspective of the District's financial activities. The entity-wide perspective replaces the fund-group perspective previously required. Proprietary activities reported in the enterprise and internal service funds are included in the entity-wide perspective. Fiduciary activities, including Retiree Benefit Trust activities, are excluded from the basic financial statements. Student Financial Aid programs and retiree benefit activities not included in the Retiree Benefit Trust are included in the basic financial statements.

C. BASIS OF ACCOUNTING:

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

C. BASIS OF ACCOUNTING: (continued)

For financial reporting purposes, the District is considered a special-purpose government engaged in business-type activities. Accordingly, the District's basic financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-agency transactions have been eliminated with exception of those between the District and its fiduciary funds.

The statements of plan net position and changes in plan net position of the Retiree Benefit Trust are prepared using the accrual basis of accounting. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

For internal accounting purposes, the budgetary and financial accounts of the District have been recorded and maintained in accordance with the Chancellor's Office of the California Community College's *Budget and Accounting Manual*.

To ensure compliance with the California Education Code, the financial resources of the District are divided into separate funds for which separate accounts are maintained for recording cash, other resources and all related liabilities, obligations and equities.

By state law, the District's Governing Board must approve a budget no later than September 15. A public hearing must be conducted to receive comments prior to adoption. The District's Governing Board satisfied these requirements. Budgets for all governmental funds were adopted on a basis consistent with generally accepted accounting principles (GAAP).

These budgets are revised by the District's Governing Board during the year to give consideration to unanticipated income and expenditures. Formal budgetary integration was employed as a management control device during the year for all budgeted funds. Expenditures cannot legally exceed appropriations by major object account.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

C. BASIS OF ACCOUNTING: (continued)

1. Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Cash in the County Treasury is recorded at cost, which approximates fair value, in accordance with the requirements of GASB Statement No. 31.

2. Accounts Receivable

Accounts receivable consists primarily of amounts due from the Federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the District's grants and contracts. All material receivables are considered fully collectible. The District recognized for budgetary and financial reporting purposes any amount of state appropriations deferred from the current fiscal year and appropriated from the subsequent fiscal year for payment of current year costs as a receivable in the current year.

Accounts receivable from students for tuition and fees are recorded at gross amounts. Bad debts are accounted for by the direct write-off method for student receivables, which is not materially different from the allowance method.

3. Prepaid Expenses

Payments made to vendors for goods or services that will benefit periods beyond June 30, 2014, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which goods or services are consumed. Prepaid expenses consist primarily of prepaid insurance premiums, maintenance agreements, professional services, and supplementary employee retirement plan payments.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

C. BASIS OF ACCOUNTING: (continued)

4. Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents are those amounts designated for acquisition or construction of non-current assets or that are segregated for the liquidation of long-term debt.

5. Investments

Investments in the Retiree Benefit Trust are reported at cost, which approximated fair value at June 30, 2014.

6. Capital Assets

Capital assets are recorded at cost at the date of acquisition. Donated capital assets are recorded at their estimated fair value at the date of donation. For equipment, the District's capitalization policy includes all items with a unit cost of $5,000 or more and an estimated useful life of greater than one year. Buildings as well as renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized.

Interest costs are capitalized as part of the historical cost of acquiring certain assets. To qualify for interest capitalization, assets must require a period of time before they are ready for their intended purpose. In determining the amount to be capitalized, interest costs are offset by interest earned on proceeds of the District's tax exempt debt restricted to the acquisition of qualifying assets.

The cost of normal maintenance and repairs that does not add to the value of the asset or materially extend the asset's life is recorded in operating expense in the year in which the expense was incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 50 years for buildings, 25 years for portable buildings, 20 years for building and land improvements, 5 years for equipment and vehicles and 3 years for technology.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

C. BASIS OF ACCOUNTING: (continued)

7. Deferred Outflow of Resources

Deferred Outflow of resources represents a consumption of net position that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The District has a deferred charge on refunding reported in the statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

8. Accounts Payable and Accrued Liabilities

Accounts payable consists of amounts due to vendors for goods and services received prior to June 30. Accrued liabilities consist of salary and benefits payable.

9. Unearned Revenue

Cash received for student fees and federal and state special projects and programs, including state funded capital outlay projects, are recognized as revenue to the extent that qualified expenditures have been incurred. Unearned revenue is recorded to the extent cash received on specific projects and programs exceed qualified expenditures.

10. Compensated Absences

Accumulated unpaid employee vacation benefits and load banking are recognized as liabilities of the District as compensated absences in the statement of net position. The entire compensated absences liability is accrued when incurred in the basic financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirement.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

C. BASIS OF ACCOUNTING: (continued)

10. Compensated Absences (continued)

Load banking hours consist of hours worked by instructors in excess of a full-time load for which they may carry forward for future paid time off.

Sick leave benefits are accumulated without limit for each employee. The employees do not gain a vested right to accumulated sick leave, therefore, accumulated employee sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expense in the period taken since such benefits do not vest nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires and within the constraints of the appropriate retirement systems.

11. Net Position

Invested in capital assets, net of related debt: This represents the District's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are included as a component of invested in capital assets, net of related debt.

Restricted net position – expendable: Restricted expendable net position includes resources in which the District is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties or by enabling legislation adopted by the District. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Restricted net position – nonexpendable: Nonexpendable restricted net position consists of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal. The District had no restricted net position – nonexpendable.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

C. BASIS OF ACCOUNTING: (continued)

11. Net Position (continued)

Unrestricted net position: Unrestricted net position represents resources available to be used for transactions relating to the general operations of the District, and may be used at the discretion of the governing board to meet current expenses for any purpose.

12. State Apportionments

Certain current year apportionments from the state are based upon various financial and statistical information of the previous year.

Any prior year corrections due to the recalculation in February of 2015 will be recorded in the year computed by the State.

The District has recorded accounts receivable of approximately $11 million related to the deferred apportionment payment, net of property tax and enrollment fee revenue adjustments.

13. Property Taxes

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on November 1 and February 1. Unsecured property taxes are payable in one installment on or before August 31.

Real and personal property tax revenues are reported in the same manner in which the County auditor records and reports actual property tax receipts to the Department of Education. This is generally on a cash basis. A receivable has not been recognized in the General Fund for property taxes due to the fact that any receivable is offset by a payable to the State for apportionment purposes. Property taxes for debt service purposes have been accrued in the basic financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

C. BASIS OF ACCOUNTING: (continued)

14. On-Behalf Payments

GASB Statement No. 24 requires that direct on-behalf payments for fringe benefits and salaries made by one entity to a third party recipient for the employees of another, legally separate entity be recognized as revenue and expenditures by the employer government. The State of California makes direct on-behalf payments for retirement benefits to the State Teachers' Retirement System on behalf of all community college and school districts in California. However, a fiscal advisory was issued by the California Department of Education instructing districts not to record revenue and expenditures for these on-behalf payments. The amount of on-behalf payments made for the District is estimated at $2,021,000 for STRS.

15. Classification of Revenues

The District has classified its revenues as either operating or nonoperating revenues according to the following criteria:

Operating revenues: Operating revenues include activities that have the characteristics of exchange transactions, such as student fees, net of scholarship discounts and allowances, and Federal and most state and local grants and contracts.

Nonoperating revenues: Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as State apportionments, taxes, and other revenue sources that are defined as nonoperating revenues by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities that use Proprietary Fund Accounting*, and GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

C. BASIS OF ACCOUNTING: (continued)

16. Scholarship Discounts and Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the statement of revenues, expenses, and changes in net position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the District, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other Federal, state or nongovernmental programs, are recorded as operating revenues in the District's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the District has recorded a scholarship discount and allowance.

17. 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 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

C. BASIS OF ACCOUNTING: (continued)

18. Tax Status

The Auxiliary qualifies as a tax exempt organization under the Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code 23701d.

The Auxiliary has evaluated its tax positions and the certainty as to whether those positions will be sustained in the event of any audit by taxing authorities at the federal and state levels. The primary tax positions evaluated relate to the Auxiliary's continued qualification as a tax-exempt organization and whether there are unrelated business income activities that would be taxable. Management has determined that all income tax positions will more likely than not be sustained upon potential audit or examination; therefore, no disclosures of uncertain income tax positions are required.

The Auxiliary files informational returns in the U.S. federal jurisdiction, and the state of California. With few exceptions, the statute of limitation for U.S. federal and state examinations by tax authorities is generally three and four years, respectively.

19. Minimum Reserve Policy

The District has adopted a minimum reserve balance policy in order to protect against revenue short falls and unexpected one-time expenditures. The policy requires a reserve for contingencies consisting of unassigned amounts of no less than 5.5% of unrestricted general fund expenditures. This policy exceeds the minimum reserve balance recommended by the California Community College Chancellor's Office that districts provide for a minimum prudent reserve balance of 5% of unrestricted expenditures.

NOTE 2 – DEPOSITS AND INVESTMENTS:

A. Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District has established a policy for custodial risk. As of June 30, 2014, none of the District's bank balance of $3,646,997 was exposed to credit risk.

B. Cash in County Treasury

In accordance with Title 5 and the *Budget and Accounting Manual*, the District maintains substantially all of its cash in the Los Angeles County Treasury as part of the common investment pool. The County pools these funds with those of other districts in the county and invests the cash. These pooled funds are carried at amortized cost which approximates fair value. The fair market value of the District's deposits in this pool as of June 30, 2014, as provided by the County Treasurer, was $151,940,612, and is based upon the District's pro-rata share of the fair value for the entire portfolio (in relation to the amortized cost of the portfolio).

The County is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et. seq. 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.

The District operates a warrant pass-through fund as a holding account for amounts collected from employees for federal taxes, state taxes and other contributions. The District had Cash in the County Treasury amounting to $2,005,319 on June 30, 2014, which represents withholdings payable and amounts due to the General Fund for payments made on the warrant pass-through fund's behalf.

NOTE 2 - DEPOSITS AND INVESTMENTS: (continued)

C. Investments

Investments held by the Futuris Public Entity Investment Trust (the Retiree Benefit Trust) are limited to those within the terms of the trust agreement, any applicable plan documents and in accordance with California Government Code Section 53620 through 53622. The Retiree Benefit Trust did not violate any provisions of the investment policy during the fiscal year ended June 30, 2014.

Investments held by the Retiree Benefit Trust at June 30, 2014 are presented below:

Investment	Fair Value
Common Stock Mutual Fund	$ 654,765
Fixed Income Mutual Fund	943,587
Total	$ 1,598,352

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The Retiree Benefit Trust investment policy follows California Government Code Section 53601 and limited investment maturities to 5 years.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Retiree Benefit Trust authorizes the use of a broad range of investment choices that have distinctly different risk and return characteristics, with the provision that all investments must continue to adhere to the underlying requirements of California Government Code Section 53600.5 and, in particular, its emphasis on preservation of capital. As of June 30, 2014, the Retiree Benefit Trust's investments are in mutual funds which are not rated.

NOTE 2 – DEPOSITS AND INVESTMENTS: (continued)

C. Investments (continued)

Concentration of Credit Risk

Concentration of credit risk is the risk of a loss attributed to the magnitude of a government's investment in a single issuer. In accordance with Governmental Accounting Standards Board Statement No. 40, *Deposit and Investment Risk Disclosures*, the Retiree Benefit Trust is exposed to concentration of credit risk whenever investments in any one issuer exceed 5%. Investments guaranteed by the U.S. government and investments in mutual funds and external investment pools are excluded from this requirement.

The Retiree Benefit Trust's investment policy limits investments in any single equity security to be not more than 5%. In addition, the Retiree Benefit Trust's investment policy prohibits investments in any mutual fund that holds more than 5% of its portfolio in any single issue or issuer. This limitation is not intended to apply to the percentage of the Retiree Benefit Trust assets invested in a single diversified multi fund. Nor does the limitation apply to obligations of the U.S. Government and its agencies, U.S. agency mortgage-backed pass-through securities or to a mutual fund that invests in such obligations or securities. At June 30, 2014 the Retiree Benefit Trust had not invested more than 5% of its portfolio in one issuer.

NOTE 3 – ACCOUNTS RECEIVABLE:

The accounts receivable balance as of June 30, 2014 consists of the following:

Federal and State	$15,293,877
Accrued interest receivable	1,598,221
Miscellaneous	2,474,975
Tuition and Fees	1,726,380
Due from Warrant Pass-Through Fund	1,747,132
	$22,840,585

NOTE 4 – INTERFUND TRANSACTIONS:

Interfund transfers consist of operating transfers from funds receiving resources to funds through which the resources are to be expended. Interfund receivables and payables result when an interfund transfer is transacted after the close of the fiscal year. Interfund activity within the governmental funds has been eliminated in the basic financial statements.

NOTE 5 - CAPITAL ASSETS:

The following provides a summary of changes in capital assets for the year ended June 30, 2014:

	Balance June 30, 2013	Additions	Retirements	Balance June 30, 2014
Non-depreciable assets:				
Land	$ 25,976,471	$	$	$ 25,976,471
Construction in progress	41,549,918	30,114,791	(18,913,509)	52,751,200
Total non-depreciable assets:	67,526,389	30,114,791	(18,913,509)	78,727,671
Depreciable assets:				
Site and site improvements	315,418,709	19,883,687	(11,230,889)	324,071,507
Equipment	10,734,355	1,086,501	(441,249)	11,379,607
Total depreciable assets:	326,153,064	20,970,188	(11,672,138)	335,451,114
Less accumulated depreciation for:				
Site and site improvements	59,997,553	7,863,381	(8,981,413)	58,879,521
Equipment	9,340,145	750,840	(441,249)	9,649,736
Total accumulated depreciation	69,337,698	8,614,221	(9,422,662)	68,529,257
Total depreciable assets, net	256,815,366	12,355,967	(2,249,476)	266,921,857
Capital assets, net	$ 324,341,755	$ 42,470,758	$ (21,162,985)	$ 345,649,528

Interest expense for the year ended June 30, 2014 was $20,308,058 of which $1,789,379 was capitalized. Interest revenue used to offset capitalized interest was $452,239.

NOTE 6 - TAX AND REVENUE ANTICIPATION NOTES (TRANS):

2012-13 Pooled TRAN Participation Certificates Series C

The District issued $22,000,000 of tax and revenue anticipation notes dated February 28, 2013. The notes included interest at a rate of 2.00% and matured on January 31, 2014. The notes were sold by the District to supplement its cash flow.

Repayment requirements were that $11,000,000 be deposited with the County Treasurer in November, 2013, and a final payment of $11,000,000, plus an amount sufficient to pay interest, be deposited in December, 2013. All deposits were made with the County Treasurer on a timely basis.

NOTE 7 - LEASES:

Operating Leases

The District has entered into various operating leases for equipment with lease terms in excess of one year. None of these agreements contain purchase options. Future minimum lease payments under these agreements are as follows:

Fiscal Year	Lease Payment
2014-15	$ 183,639
2015-16	166,679
2016-17	137,329
2017-18	18,286
2018-19	7,619
Total	$ **513,552**

Current year expenditures for operating leases are approximately $209,000. The District will receive no sublease rental revenues nor pay any contingent rentals for these properties.

NOTE 8 - GENERAL OBLIGATION BONDS – MEASURE E (2002):

On March 5, 2002, $176 million in general obligation bonds were authorized by an election held within Long Beach Community College District under Proposition 39/Measure E. Proceeds from the sale of the bonds were used to finance the construction, acquisition, furnishing and equipping of District facilities.

On May 15, 2003, the District issued, through the County of Los Angeles, General Obligation 2002 Election Series A (2003) Bonds totaling $40,000,000 under a bond authorization approved in a general election held in March 2002. The bonds were issued as current interest bonds and contained an interest provision ranging from 2.5 percent to 5 percent, depending on the maturity date of the bond. The proceeds of such bonds were used for acquisition, construction, furnishing, and equipping of District facilities. The bonds were subsequently fully defeased.

On November 29, 2005 the District offered for sale $65,000,000 in General Obligation 2002 Election Series B (2005) Bonds. The bonds were issued as current interest bonds and contained an interest provision ranging from 3.75 percent to 5 percent, depending on maturity date of the bond. The proceeds of these bonds were used for acquisition, construction, furnishing and equipping of District facilities.

On November 29, 2005, the District offered for sale $28,224,898 in General Obligation 2002 Election Series C (2005) Bonds. The bonds were issued as current interest bonds in the aggregate principal amount of $21,485,000 and capital appreciation bonds in the aggregate principal amount of $6,739,898. These bonds contained an interest provision ranging from 3.75 percent to 4.73 percent depending on maturity date of the bond. These bonds were issued to refund certain outstanding general obligation bonds (Series A) of the District and to pay for certain capital improvements. The refunded bonds have been fully defeased.

The capital appreciation bonds were issued with maturity dates of May 1, 2014 through May 1, 2017. Prior to the applicable maturity date, each bond will accrete interest on the principal component. At June 30, 2014, $8,543,208 in accreted interest has been accrued and included in long-term debt.

NOTE 8 - GENERAL OBLIGATION BONDS – MEASURE E (2002): (continued)

The difference between the reacquisition price and the net carrying amount on refunded debt is deferred and amortized as a component of interest expense over the life of the new debt. Payments to the refunding escrow agent exceeded the existing carrying value of the refunded debt by $1,048,716. Amortization of $45,596 was recognized during the 2013-14 year.

On October 24, 2007, the District offered for sale $70,999,987 in General Obligation 2002 Election Series D (2007) Bonds. The bonds were issued as current interest bonds in the aggregate principal amount of $43,550,000 and capital appreciation bonds in the aggregate principal amount of $27,449,987. These bonds contained an interest provision ranging from 3.63 percent to 6.01 percent depending on the maturity date of the bond. These bonds were issued to be used for acquisition, construction, furnishing and equipping of District facilities.

The capital appreciation bonds were issued with maturity dates of May 1, 2013 through May 1, 2025. Prior to the applicable maturity date, each bond will accrete interest on the principal component. At June 30, 2014, $8,725,813 in accreted interest has been accrued and included in long-term debt.

On August 15, 2012 the District offered for sale $40,960,000 in General Obligation 2002 Election, 2012 Refunding Bonds Series A of current interest bonds. The bond was issued to effect an advance refunding of a portion of the District's outstanding general obligation bonds (Series B). The bonds contained an interest provision ranging from 3 percent to 5 percent depending on the maturity date of the bond.

The proceeds associated with the refunding were deposited into an irrevocable escrow account for future repayment. The outstanding balance of the defeased debt to be paid by the escrow agent of $38,685,000 is scheduled to be paid on May 1, 2015. The refunded bonds are considered in-substance defeased and are not recorded on the financial statements.

The difference between the reacquisition price and the net carrying amount on refunded debt is deferred and amortized as a component of interest expense over the life of the new debt. Payments to the refunding escrow agent exceeded the existing carrying value of the refunded debt by $5,501,838. Amortization of $305,658 was recognized during the 2013-14 year.

NOTE 8 - GENERAL OBLIGATION BONDS – MEASURE E (2002): (continued)

Proceeds received in excess of debt are added to the maturity amount and amortized to interest expense over the life of the liability. The Bonds included total premiums of $14,281,157. This amount will be amortized using the straight-line method. Amortization of $842,396 was recognized during the 2013-14 year.

The following summarizes the outstanding bonded debt of Measure E (2002) at June 30, 2014.

Date of Issue		Interest Rate %	Original Maturity Dates	Amount of Original Issue	Outstanding July 1, 2013	Redeemed Current Year	Outstanding June 30, 2014
11/29/05	B	3.75-5.0%	5/1/2006 to 5/1/2030	$ 65,000,000	$ 17,180,000	$ 1,550,000	$ 15,630,000
11/29/05	C	3.75-4.73%	5/1/2006 to 5/1/2017	28,224,898	6,739,898	1,966,238	4,773,660
10/24/07	D	3.63-6.01%	5/1/2013 to 5/1/2032	70,999,987	70,741,407	664,897	70,076,510
8/15/2012 Refunding	A	3.0-5.00%	5/1/2016 to 5/1/2031	40,960,000	40,960,000	-	40,960,000
				$ 205,184,885	$ 135,621,305	$ 4,181,135	$ 131,440,170

NOTE 8 - GENERAL OBLIGATION BONDS – MEASURE E (2002): (continued)

The annual requirements to amortize all Measure E (2002) bonds payable, outstanding as of June 30, 2014, are as follows:

Fiscal Year Ending June 30,	Principal	Accreted Interest	Interest	Total
2015	$ 4,550,469	$ 3,454,531	$ 4,491,788	$ 12,496,788
2016	3,668,097	3,821,903	4,419,538	11,909,538
2017	5,208,466	4,116,534	4,392,138	13,717,138
2018	5,980,883	1,874,117	4,299,138	12,154,138
2019	6,059,949	2,065,051	4,192,338	12,317,338
2020-2024	30,872,862	12,427,138	18,967,188	62,267,188
2025-2029	48,834,444	3,395,556	12,908,938	65,138,938
2030-2032	26,265,000	-	2,304,688	28,569,688
Total Debt Service	$ 131,440,170	$ 31,154,830	$ 55,975,754	$ 218,570,754

NOTE 9 - GENERAL OBLIGATION BONDS – MEASURE E (2008):

On February 5, 2008, $440 million in general obligation bonds were authorized by an election held within Long Beach Community College District under Proposition 39/Measure E. Proceeds from the sale of the bonds will be used to finance the construction, acquisition, furnishing and equipping of District facilities. In addition, proceeds will be used for the prepayment of certain lease and financing obligations of the District.

On July 24, 2008, the District offered for sale $48,373,981 in General Obligation 2008 Election Series A (2008) Bonds. The bonds were issued as current interest bonds in the aggregate principal amount of $24,990,000 and capital appreciation bonds in the aggregate principal amount of $23,383,981. These bonds contain an interest provision ranging from 3.59 percent to 5.45 percent depending on maturity date of the bond. These bonds were issued to be used for acquisition, construction, furnishing and equipping of District facilities as well as the prepayment of obligations of the District as noted above.

The capital appreciation bonds were issued with maturity dates of June 1, 2013 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. At June 30, 2014, $6,474,666 in accreted interest, net of maturities, including amounts retired due to refunded bonds, has been accrued and included in long-term debt.

NOTE 9 - GENERAL OBLIGATION BONDS – MEASURE E (2008): (continued)

On December 12, 2012 the District offered for sale $237,003,695 in General Obligation 2008 Election Series B (2012) Bonds. The bonds were issued as current interest bonds in the aggregate principal amount of $181,545,000, capital appreciation bonds in the aggregate principal amount of $4,827,984 and convertible appreciation bonds in the principal amount of $50,630,711 and contained an interest provision ranging from 2.0 percent to 5.0 percent, depending on maturity date of the bond. The bonds were issued to effect the payment of the District’s outstanding Bond Anticipation Notes, 2010 Series A (BAN) and to provide for the construction and improvement of certain facilities of the District.

The capital appreciation bonds, were issued with maturity dates of August 1, 2033 and August 2, 2034. The convertible capital appreciation bonds will convert to current interest bonds on August 1, 2032 and will mature on August 1, 2049. Prior to the applicable maturity/conversion date, each bond will accrete interest on the principal component. At June 30, 2014, $3,028,808 in accreted interest has been accrued and included in long-term debt.

Proceeds received in excess of debt are added to the maturity amount and amortized to interest expense over the life of the liability. The bonds included total premiums of $24,999,472, which are amortized using the straight-line method. Amortization of $689,421 was recognized during the 2013-14 year.

On March 11, 2014 the District offered for sale $11,825,000 in General Obligation 2008 Election, Refunding Bonds 2014 Series C (federally taxable) of current interest bonds. The bond was issued to effect an advance refunding of a portion of the District’s outstanding general obligation bonds (Series A). The bonds contained an interest provision ranging from 0.66 percent to 4.10 percent depending on the maturity date of the bond.

Proceeds in an amount of $10,114,154 were deposited into an irrevocable escrow account for future repayments. $1,500,000, net of costs of issuance, was deposited into the District’s Bond Interest and Redemption Fund for debt service. The cash flow savings from the refunding amounted to $2,280,507 and the present value of the economic gain to the District and taxpayers is $780,508. The refunded bonds are considered in-substance defeased and are not recorded on the financial statement.

The difference between the reacquisition price and the net carrying amount on refunded debt is deferred and amortized as a component of interest expense over the life of the new debt. Payments to the refunding escrow agent exceeded the existing carrying value of the refunded debt by $2,035,257. Amortization of $156,557 was recognized during the 2013-14 year.

NOTE 9 - GENERAL OBLIGATION BONDS – MEASURE E (2008): (continued)

The following summarizes the outstanding bonded debt of Measure E (2008) at June 30, 2014.

Date of Issue		Interest Rate %	Original Maturity Dates	Amount of Original Issue	Outstanding July 1, 2013	Addition Current Year	Redeemed Current Year	Outstanding June 30, 2014
7/24/2008	A	3.59-5.45%	6/1/2012 to 6/1/2033	$ 48,373,981	$ 47,537,904	$	$ 7,689,020	$ 39,848,884
12/12/2012	B	2.0-5.0%	8/1/2013 to 8/1/2049	237,003,695	237,003,695		4,420,000	232,583,695
3/11/2014 Refunding	C	0.66-4.10%	8/1/2016 to 8/1/2026	11,825,000	-	11,825,000	-	11,825,000
				$ 297,202,676	$ 284,541,599	$ 11,825,000	$ 12,109,020	$ 284,257,579

The annual requirements to amortize the Measure E (2008) bonds payable, outstanding as of June 30, 2014, are as follows:

Fiscal Year Ending June 30,	Principal	Accreted Interest	Interest	Total
2015	$ 2,428,877	$ 161,123	$ 9,040,488	$ 11,630,488
2016	3,053,897	246,103	9,016,462	12,316,462
2017	4,264,312	415,688	8,912,218	13,592,218
2018	3,510,693	829,307	8,852,547	13,192,547
2019	3,035,000	-	8,794,705	11,829,705
2020-2024	30,405,000	-	41,266,487	71,671,487
2025-2029	42,456,349	10,543,651	32,817,423	85,817,423
2030-2034	35,429,507	24,280,493	31,368,350	91,078,350
2035-2039	51,768,233	6,936,767	50,276,850	108,981,850
2040-2044	63,540,193	9,484,807	35,955,500	108,980,500
2045-2049	36,087,508	54,632,491	18,269,450	108,989,449
2050	8,278,010	12,531,990	988,475	21,798,475
Total Debt Service	$ 284,257,579	$ 120,062,420	$ 255,558,955	$ 659,878,954

NOTE 10 – LONG-TERM DEBT:

A schedule of changes in long-term debt for the year ended June 30, 2014 is shown below:

	Balance June 30, 2013	Additions	Retirements	Balance June 30, 2014	Balance Due In One Year
Compensated absences	$ 5,035,995	$	$ 48,575	$ 4,987,420	$ 2,391,312
General obligation bonds (2002 election):					
Bonds payable	135,621,305		4,181,135	131,440,170	4,550,469
Accreted interest	18,001,074	2,346,812	3,078,865	17,269,021	3,454,531
Bond premium	7,892,942		842,396	7,050,546	
General obligation bonds (2008 election):					
Bonds payable	284,541,599	11,825,000	12,109,020	284,257,579	2,428,877
Accreted interest	6,663,881	3,954,876	1,115,283	9,503,474	161,123
Bond premium	24,140,356		689,421	23,450,935	
Other postemployment benefits other than pensions (OPEB)	4,640,437	407,748		5,048,185	
Supplemental employee retirement plan	192,825		192,825	-	
	$ 486,730,414	$ 18,534,436	$ 22,257,520	$ 483,007,330	$ 12,986,312

Liabilities are liquidated by the General Fund for governmental activities, including compensated absences, net OPEB obligations and supplemental employee retirement plans. General obligation bond liabilities are liquidated through property tax collections as administered by the County Controller's office through the Bond Interest and Redemption Fund.

NOTE 11 – INTERNAL SERVICE ACTIVITY:

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has established an Internal Service Fund to account for and finance its risks of loss related to property and liability. Under this program, the Internal Service Fund provides coverage for up to a maximum of $10,000 for each general liability claim and $5,000 for each property damage claim. The District participates in a JPA to provide excess insurance coverage above the member retained limit for property and liability claims. Settled claims have not exceeded the coverage provided by the JPA by a significant amount in any of the past three fiscal years.

Funding of the Internal Service Fund is based on estimates of the amounts needed to pay prior and current year claims. Funding is provided by transfers from the General Fund. Claims paid within the member retained limit during 2013-14 totaled $85,194.

Prior to July 1, 2003, the District was self-insured for risks of loss related to workers' compensation. Under this program, the District provided funding ranging from $100,000 up to a maximum of $350,000, based on the claim year, for each workers' compensation claim. The District purchased commercial insurance and/or participated in a JPA to provide coverage for claims above the self-insured retention level to the statutory limit of $1 million. Settled claims have not exceeded this additional coverage in any of the past three fiscal years.

Effective July 1, 2003, the District participates in a JPA that provides first-dollar coverage for risk of loss related to workers' compensation. The District continues to pay for run-off claims related to years prior to July 1, 2003. Run-off claims payment activity is reported in the District's General Fund. Run-off claims paid during 2013-14 totaled $141,498.

NOTE 11 – INTERNAL SERVICE ACTIVITY: (continued)

Claims Liability

At June 30, 2014, the District accrued the workers' compensation claims liability for run-off claims in accordance with GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The amount of future liability is estimated at $719,530. Changes in the reported liability are shown below:

	Beginning Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Ending Fiscal Year Liability
Workers' Compensation	$719,530	$141,498	($141,498)	$719,530

An estimate for claims liability related to property and liability risk has not been recorded and is not believed to be material.

NOTE 12 - EMPLOYEE RETIREMENT PLANS:

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Academic employees are members of the State Teachers' Retirement System (STRS) and classified employees are members of the Public Employees' Retirement System (PERS) and part-time, seasonal and temporary employees and employees not covered by STRS or PERS are members of the Alternative Retirement System (ARS).

NOTE 12 - EMPLOYEE RETIREMENT PLANS: (continued)

State Teachers' Retirement System (STRS)

Plan Description

The District contributes to the State Teachers' Retirement System (STRS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by STRS. The plan provides retirement, disability and survivor benefits to beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law. STRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the STRS annual financial report may be obtained from STRS, 7667 Folsom Boulevard, Sacramento, CA 95826.

Funding Policy

Active plan members are required to contribute 8.0% of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the STRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2013-14 was 8.25% of annual payroll. The contribution requirements of the plan members are established and may be amended by State statute.

Public Employees' Retirement System (PERS)

Plan Description

The District contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Both entities contribute to separate pools due to the number of employees. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law. CalPERS issues a separate comprehensive annual financial report that includes required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814.

NOTE 12 - EMPLOYEE RETIREMENT PLANS: (continued)

Public Employees' Retirement System (PERS) (continued)

Funding Policy

Active plan members are required to contribute 7.0% of their salary. The District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2013-14 was 11.442% of annual payroll. The contribution requirements of the plan members are established and may be amended by State statute.

Contributions to STRS and PERS

The District's contributions to STRS and PERS for each of the last three fiscal years are as follows:

	STRS		PERS	
Year Ended June 30,	Required Contribution	Percent Contributed	Required Contribution	Percent Contributed
2012	$ 3,324,729	100%	$ 3,226,944	100%
2013	3,214,271	100%	3,153,215	100%
2014	3,082,324	100%	3,146,905	100%

Alternative Retirement System (ARS)

Plan Description

The Alternative Retirement System Plan (ARS) is a defined contribution plan qualifying under §401(a) and §501 of the Internal Revenue Code. The plan covers part-time, seasonal and temporary employees and employees not covered by §3121(b)(7)(F) of the Internal Revenue Code. The benefit provisions and contribution requirements of plan members are established and may be amended by the Governing Board of the District. The plan is administered by MidAmerica Administrative Solutions, Inc.

NOTE 12 - EMPLOYEE RETIREMENT PLANS: (continued)

Alternative Retirement System (ARS) (continued)

Funding Policy

The District does not contribute any percentage based on the employee's gross earnings. An employee is required to contribute 7.5% of his or her gross earnings to the pension plan. Total contributions were made by the employees in the amount of $386,633 during the fiscal year. The total amount of covered compensation was $5,155,078. Contributions made by the employee vest immediately.

NOTE 13 – SUPPLEMENTAL EMPLOYEE RETIREMENT PLAN:

In 2009-10, the Board of Trustees approved the implementation of the District's Supplemental Employee Retirement Plan for faculty employees, effective December 31, 2009. Thirteen faculty employees were participating. The final payment of $192,825 was paid during the 2013-14 fiscal year.

NOTE 14 – POSTEMPLOYMENT HEALTHCARE BENEFITS:

Plan Description

The District provides employee health benefits coverage for eligible retirees and their families. Employees hired prior to February 1, 1995 who retire from District service are eligible for Option A or B. Employees hired after February 1, 1995 are eligible for Option B.

Option A:

An employee who retires from the District under PERS/STRS guidelines, after more than twelve/fifteen years of service for classified/academic, qualifies for District-paid hospital-medical-benefits. Employees who retire under age 65 qualify for coverage up to age 67. Employees who retire after age 65 qualify for up to 4 years of coverage past retirement based on years of service.

NOTE 14 – POSTEMPLOYMENT HEALTHCARE BENEFITS: (continued)

Plan Description (continued)

Option B:

An employee, who retires from the District under PERS/STRS, after more than twelve/fifteen years of service for classified/academic, qualifies for one year of District-paid hospital/medical benefits for every three/five years of full-time District service.

Benefit provisions are established through negotiations between the District and the bargaining unions representing employees and are renegotiated each three-year bargaining period. The Retiree Health Plan does not issue a separate financial report.

Membership of the plan consisted of the following at June 30, 2014:

Retirees and beneficiaries receiving benefits	275
Terminated plan members entitled to but not yet receiving benefits	0
Active plan members	723
Total	998

Funding Policy

The District currently finances benefits on a pay-as-you-go basis. The District incurs 100 percent of the cost of current year premiums for eligible retired plan members and their spouses as applicable. For fiscal year 2013-14, the District contributed $2,390,328 to the plan.

NOTE 14 – POSTEMPLOYMENT HEALTHCARE BENEFITS: (continued)

Annual OPEB Cost and Net OPEB Obligation

The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The table below shows the components of the District's annual OPEB cost for the year, the amount actually contributed, and changes in the OPEB obligation.

Annual required contribution	$ 2,761,417
Interest on net OPEB obligation	278,427
Adjustment to annual required contribution	(241,768)
Annual OPEB cost (expense)	2,798,076
Contributions made	(2,390,328)
Change in net OPEB obligation	407,748
Net OPEB obligation - beginning of year	4,640,437
Net OPEB obligation - end of year	$ 5,048,185

The District's annual OPEB cost for the year, the percentage of annual OPEB cost contributed, and the net OPEB obligation for the current fiscal year ended and previous two years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2012	$ 3,131,682	68.2%	$ 3,657,401
6/30/2013	3,137,362	68.7%	4,640,437
6/30/2014	2,798,076	85.4%	5,048,185

NOTE 14 – POSTEMPLOYMENT HEALTHCARE BENEFITS: (continued)

Funding Status and Funding Progress

As of September 1, 2013, the most recent actuarial valuation date, the actuarial accrued liability for benefits was $28,344,282 and the unfunded actuarial accrued liability (UAAL) was $26,741,570. The covered payroll (annual payroll of active employees covered by the plan) was $56,347,307, and the ratio of the UAAL to the covered payroll was 47.46%. The District has established an irrevocable trust to mitigate the unfunded liability required by GASB 45. For fiscal year 2013-14, the District made contributions of $59,048 to the Retiree Benefit Trust. The ending reserve balance in the Retiree Benefit Trust totaled $1,657,400 at June 30, 2014. Additionally, the District maintains a retiree benefits fund to designate resources for retiree health care costs. Assigned resources in the fund totaled $15,707,567 at June 30, 2014.

Actuarial valuations of an ongoing benefit plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of postemployment healthcare benefits funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets, if any, is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

The accompanying schedule of employer contributions, also presented as required supplementary information, presents trend information about the amounts contributed to the plan by employers in comparison to the Annual Required Contribution (ARC), an amount that is actuarially determined in accordance with the parameters of GASB Statement No. 43. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost for each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

NOTE 14 – POSTEMPLOYMENT HEALTHCARE BENEFITS: (continued)

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, if any, consistent with the long-term perspective of the calculations.

For the September 1, 2013 actuarial valuation, the most recent actuarial valuation performed, the entry age normal cost method was used. The actuarial assumptions included a 6.0 percent investment rate of return (net of administrative expenses) which is a blended rate of the expected long-term investment returns on plan assets and on the employers own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 4 percent. Both rates included a 2.75 percent inflation assumption. The actuarial value of assets was determined using the asset values provided by the District and used a 5 year smoothing formula and a 20% corridor around market value. The initial UAAL is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period will expire on June 30, 2038. The remaining UAAL is being amortized as a level percentage of projected payroll on an open basis over a 30 year amortization period.

NOTE 15 - JOINT VENTURES (JOINT POWERS AGREEMENTS):

The District participates in four joint Powers Agreements (JPA) entities: Protective Insurance Program for Schools (PIPS), School’s Association for Excess Risk (SAFER), Statewide Educational Wrap-up Program (SEWUP), and the Statewide Association of Community Colleges (SWACC). The relationship between the District and the JPAs is such that the JPAs are not component units of the District for financial reporting purposes.

PIPS provides workers’ compensation insurance protection to its membership of public schools and community colleges throughout California. This is a finite risk sharing pool that transfers risk away from the members. Premiums are determined based on payroll expense and additional premiums may be required in subsequent years.

NOTE 15 - JOINT VENTURES (JOINT POWERS AGREEMENTS): (continued)

SAFER provides excess insurance coverage for liability losses from $1,000,000 to $25,000,000 and $5,000,000 to $250,000,000 for excess property coverage.

SEWUP is a consolidated construction insurance program covering the job-site risks of: District as Owner, Construction Manager, General Contractor, contractors and sub-contractors of all tiers. Membership is comprised of 400 California Schools and Community College Districts. Premiums are determined for each construction project or projects.

SWACC provides liability and property insurance for forty-seven community colleges. SWACC is governed by a Board comprised of a member of each of the participating districts. The board controls the operations of SWACC, including selection of management and approval of members beyond their representation on the Board. Each member shares surpluses and deficits proportionately to its participation in SWACC.

Each JPA is governed by a board consisting of a representative from each member district. Each governing board controls the operations of its JPA independent of any influence by the Long Beach Community College District beyond the District's representation on the governing boards.

Each JPA is independently accountable for its fiscal matters. All JPA's maintain their own accounting records. Budgets are not subject to any approval other than that of the respective governing boards. Member districts share surpluses and deficits proportionately to their participation in the JPA.

The relationships between the Long Beach Community College District and the JPAs are such that neither JPA is a component unit of the District for financial reporting purposes.

NOTE 15 - JOINT VENTURES (JOINT POWERS AGREEMENTS): (continued)

Condensed financial information for the most current information available is as follows:

	PIPS 6/30/2014 (Unaudited)	SAFER 6/30/2014 (Unaudited)	SEWUP 6/30/2014 (Unaudited)	SWACC 6/30/2014 (Unaudited)
Total assets	$ 101,635,390	$ 6,441,498	$ 16,962,655	$ 54,045,044
Total liabilities	89,564,503	5,916,290	13,988,830	23,536,002
Net position	$ 12,070,887	$ 525,208	$ 2,973,825	$ 30,509,042
Total revenues	$ 18,271,889	$ 1,373,518	$ 9,493,317	$ 18,715,567
Total expenditures	22,602,717	3,121,411	10,378,711	19,449,490
Changes in net position	$ (4,330,828)	$ (1,747,893)	$ (885,394)	$ (733,923)

NOTE 16 – FUNCTIONAL EXPENSES:

	Salaries	Employee Benefits	Supplies, Materials, Utilities Other Expenses and Services	Financial Aid	Depreciation	Total
Instructional	$ 38,136,823	$ 11,022,536	$ 826,755	$ 4,118	$	$ 49,990,232
Academic Support	6,602,082	2,359,113	811,737	101,099		9,874,031
Student Services	10,290,260	3,824,724	653,280	291,798		15,060,062
Operation & Maintenance of Plant	4,213,250	1,904,473	3,121,615			9,239,338
Institutional Support	9,262,721	2,837,190	5,517,566			17,617,477
Community Services and Economic Development	2,435,938	949,810	5,837,951			9,223,699
Ancillary Services and Auxiliary Operations	2,417,402	825,858	1,199,704	5,148		4,448,112
Student Aid				45,992,546		45,992,546
Other Outgo	361,858	152,580	13,787,824	13,065		14,315,327
Depreciation Expense					8,614,221	8,614,221
Total	$ 73,720,334	$ 23,876,284	$ 31,756,432	$ 46,407,774	$ 8,614,221	$ 184,375,045

NOTE 17 - COMMITMENTS AND CONTINGENCIES:

A. State and Federal Allowances, Award and Grants

The District has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursement will not be material.

B. Purchase Commitments

As of June 30, 2014, the District was committed under various capital expenditure purchase agreements for construction and modernization projects totaling approximately $30.6 million. Projects will be funded through general obligation bond proceeds and state funding for capital outlay projects.

C. Litigation

The District is involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the District's financial statements.

NOTE 18 - GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENTS ISSUED, NOT YET EFFECTIVE:

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2014 that have future effective dates. The selected pronouncements will most likely impact the District's financial reporting; however, the impact of the implementation of each of the statements below to the District's financial statements has not been assessed at this time.

Governmental Accounting Standards Board Statements No. 68 and No. 71

In June 2013, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27.* This standard is designed to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions provided by other entities. This statement replaces the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, and GASB Statement No. 50, *Pension Disclosures.* This statement is effective for fiscal year 2014-15 financial statements.

NOTE 18 - GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENTS ISSUED, NOT YET EFFECTIVE: (continued)

Governmental Accounting Standards Board Statements No. 68 and No. 71 (continued)

In November 2013, the GASB issued Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date* – an amendment of GASB Statement No. 68. This statement addresses an issue regarding application of the transition provision of Statement No. 68. This statement is effective simultaneously with Statement No. 68.

Governmental Accounting Standards Board Statement No. 69

In January 2013, the GASB issued Statement No. 69 *Government Combinations and Disposals of Government Operations.* This statement provides guidance on the measurement of assets and liabilities in a government merger or when a government acquires another entity, or its operations, in exchange for significant consideration. This statement also provides guidance for transfers of operations that do not constitute entire legally separate entities and in which no significant consideration is exchanged. This statement is effective for fiscal year 2014-15 financial statements.

NOTE 19 – SUBSEQUENT EVENT:

General Obligation Bonds

The District issued $43,200,000 in General Obligation, 2002 Election, Refunding Bonds 2014 Series E, 2002 Election on August 28, 2014. The bonds were issued with interest rates of 2 percent to 5 percent. The bonds were sold to effect an advance refund $43,550,000 of the District's outstanding General Obligation Bonds, 2002 Election, Series D (2007).

Property Sale

On October 28, 2014, the Board approved and accepted the bid ranking for the sale of land located at 3320 and 3340 Los Coyotes Diagonal and 3325 Palo Verde Avenue, Long Beach, California for a purchase price of $14.5 million. A Purchase and Sale Agreement was entered into on November 17, 2014. Provided the agreement has not been terminated or extended, and all the conditions of the agreement have been satisfied, the closing date is expected to occur within the ten month due diligence period.

REQUIRED SUPPLEMENTARY INFORMATION

LONG BEACH COMMUNITY COLLEGE DISTRICT

SCHEDULE OF POSTEMPLOYMENT HEALTHCARE BENEFITS FUNDING PROGRESS
For the Fiscal Year Ended June 30, 2014

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (Unit Cost Method) (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funding Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
9/1/2009	$ 1,164,628	$ 31,394,983	$ 30,230,355	3.71%	$ 62,401,719	48.44%
9/1/2011	1,246,469	30,703,602	29,457,133	4.06%	58,365,525	50.47%
9/1/2013	1,602,712	28,344,282	26,741,570	5.65%	56,347,307	47.46%

Note: In May 2006, the District established an irrevocable trust for investment and disbursement of funds for the payment of its obligation to eligible employees. At June 30, 2014, the balance in the trust was $1,657,400 from District contributions net of trust activities. In addition, the District maintains a retiree benefits fund to designate resources for retiree health care costs. At June 30, 2014, the fund's assigned balance was $15,707,567.

See the accompanying notes to the required supplementary information.

LONG BEACH COMMUNITY COLLEGE DISTRICT

SCHEDULE OF EMPLOYER CONTRIBUTIONS
For the Fiscal Year Ended June 30, 2014

Year Ended June 30,	Annual Required Contribution	Percentage Contributed
2012	$ 3,116,486	68.6%
2013	3,116,486	69.1%
2014	2,761,417	86.6%

See the accompanying notes to the required supplementary information.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2014

NOTE 1 - PURPOSE OF SCHEDULES:

A. Schedule of Postemployment Healthcare Benefits Funding Progress

This schedule is prepared in accordance with Statement No. 45 of the Governmental Accounting Standards Board, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The schedule is intended to show trends about the funding progress of the District's actuarially determined liability for postemployment benefits other than pensions.

B. Schedule of Employer Contributions

This schedule is prepared in accordance with Statement No. 43 of the Governmental Accounting Standards Board, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The schedule is intended to show trends about the percentage of the annual required contribution made to the plan.

SUPPLEMENTARY INFORMATION

LONG BEACH COMMUNITY COLLEGE DISTRICT

HISTORY AND ORGANIZATION
June 30, 2014

Long Beach Community College District is a comprehensive California college located in the southern part of Los Angeles County covering an urban area of approximately 128 square miles, serving approximately 25,000 students at two distinct but highly inter-related campuses, the Liberal Arts Campus and the Pacific Coast Campus. To serve its community, Long Beach Community College District offers a comprehensive set of education programs and support services in response to student and community needs and plays a key role in transfer preparation, workforce development, basic skills, associate degrees, and economic development.

BOARD OF TRUSTEES

ADMINISTRATION

Mr. Eloy O. Oakley	Superintendent – President
Ms. Lou Anne Bynum	Executive Vice President, College Advancement and Economic Development
Ms. Ann-Marie Gabel	Vice President, Administrative Services
Marilyn Brock, Ed. D.	Interim Vice President, Academic Affairs
Dr. Greg Peterson	Vice President, Student Support Services
Ms. Rose Del Gaudio	Vice President, Human Resources

LONG BEACH COMMUNITY COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2014

Program Name	Federal Catalog Number	Pass-Through Entity Identifying Number	Total Program Expenditures
Federal Categorical Aid Programs:			
Student Financial Aid Cluster			
Department of Education			
Direct:			
Supplemental Educational Opportunities Grant (SEOG)	84.007	n/a	$ 405,689
Administrative Allowance - Campus Based Programs	84.000	n/a	63,565
Federal Work Study (FWS)	84.033	n/a	548,286
Administrative Allowance - Pell	84.063	n/a	56,025
Pell Grant	84.063	n/a	38,063,070
William D. Ford Direct Loan Program	84.268	n/a	4,915,361
Total Student Financial Aid Cluster			44,051,996
TRIO Cluster			
Department of Education			
Direct:			
Student Support Services-Project Launch	84.042A	n/a	272,544
Student Support Services-Project Go	84.042A	n/a	220,227
Upward Bound	84.047A	n/a	577,279
Total TRIO Cluster			1,070,050
Department of Agriculture			
Direct:			
Child Nutrition Program	10.558	n/a	64,543
Department of Labor			
Direct:			
Trade Adjustment Assistance Community College Career Training (TAACCCT) - Alternative Pathways to Engineering Education and Careers	17.282	n/a	194,553
Pass-Through Program from Boward College:			
Trade Adjustment Assistance Community College Career Training (TAACCCT) - Leveraging, Integrating, Networking and Coordinating Supplies in Supply Chain Management	17.282	(1)	118,228
Total Department of Labor			312,781
Department of Transportation			
Direct:			
Commercial Motor Vehicle Operator Training Grant	20.235	n/a	42,068
U.S. Small Business Administration			
Direct:			
Small Business Development Center (SBDC)	59.037	n/a	4,286,096

See the accompanying notes to the supplementary information.

LONG BEACH COMMUNITY COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2014

Program Name	Federal Catalog Number	Pass-Through Entity Identifying Number	Total Program Expenditures
Department of Veterans Affairs			
Direct:			
Post 9/11 Veteran Education Assistant - GI Bill Chapter 33	64.028	n/a	112,551
Department of Education			
Pass-Through Programs from the California Community College Chancellor's Office:			
Career Technical Education:			
Perkins Title I-C (Basic Grants to States)	84.048	(1)	848,146
Career Technical Education Transitions	84.048A	(1)	44,025
Pass-Through Program from Long Beach Unified School District:			
Gear Up	84.334A	(1)	67,185
Total Department of Education			959,356
Department of Health and Human Services			
Pass-Through Program from the California Community College Chancellor's Office:			
Temporary Assistance for Needy Families (TANF)	93.558	(1)	145,536
Foster Care - Title IV - E	93.658	(1)	83,220
Total Department of Health and Human Services			228,756
Corporation for National and Community Service (CNCS)			
Direct:			
AmeriCorps National Service Awards	94.006	n/a	80,230
Total Federal Grants			$ 51,208,427
Student Financial Aid Loan Programs:			
Loans Outstanding			
Long Beach Community College District had the following loan balance outstanding as of 6/30/14:			
Perkins Program	84.038	n/a	$ 1,924,110

Note: (1) Pass-through entity identifying number not readily available.

See the accompanying notes to the supplementary information.

LONG BEACH COMMUNITY COLLEGE DISTRICT

SCHEDULE OF STATE FINANCIAL ASSISTANCE - GRANTS
For the Fiscal Year Ended June 30, 2014

Program Name	Cash Received	Unearned Revenue	Accounts Payable	Total	Program Expenditures
State Categorical Aid Programs:					
Basic Skills	$ 253,935	$ 144,853	$	$ 109,082	$ 109,082
Board Financial Assistance Program - Student Financial Aid Administration (BFAP - SFFA)	925,756			925,756	925,756
CalWORKS	315,429		6,331	309,098	309,098
Childcare Taxbailout	51,519			51,519	51,519
Cooperative Agencies Resources for Education (CARE)	162,279		900	161,379	161,379
Disabled Student Program and Services (DSPS)	982,602			982,602	982,602
Equal Employment Opportunity	9,067			9,067	9,067
Extended Opportunities Program and Services (EOPS)	1,286,900		2,438	1,284,462	1,284,462
Student Success - Credit	1,092,509	248,213		844,296	844,296
Student Success - Non-Credit	32,906			32,906	32,906
Part-Time Faculty Allocation	453,420			453,420	453,420
Instructional Equipment and Library	249,913	64,514		185,399	185,399
Scheduled Maintenance and Repairs	249,916			249,916	249,916
Total State Programs	$ 6,066,151	$ 457,580	$ 9,669	$ 5,598,902	$ 5,598,902

See the accompanying notes to the supplementary information.

LONG BEACH COMMUNITY COLLEGE DISTRICT

SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL APPORTIONMENT
ANNUAL (ACTUAL) ATTENDANCE
For the Fiscal Year Ended June 30, 2014

	Annual - Factored FTES		
	Reported Data	**Audit Adjustments**	**Audited Data**
A. Summer Intersession (Summer 2013 only)			
1. Noncredit[1]	7.96		7.96
2. Credit	777.78		777.78
B. Summer Intersession (Summer 2014 - Prior to July 1, 2014)			
1. Noncredit[1]	-		-
2. Credit	716.34		716.34
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	15,337.77		15,337.77
(b) Daily Census Contact Hours	1,053.14		1,053.14
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit[1]	226.41		226.41
(b) Credit	391.07		391.07
3. Independent Study/Work Experience			
(a) Weekly Census Contact Hours	1,145.32		1,145.32
(b) Daily Census Contact Hours	254.34		254.34
(c) Noncredit Independent Study/Distance Education Courses	-		-
D. Total FTES	19,910.13	-	19,910.13
Supplemental Information (subset of above information)			
E. In-Service Training Courses (FTES)	n/a		
H. Basic Skills courses and Immigrant Education			
(a) Noncredit[1]	226.03		
(b) Credit	1,556.81		
CCFS 320 Addendum			
CDCP Noncredit FTES	97.36		
Centers FTES			
Noncredit	124.82		
Credit	4,193.44		

[1] Including Career Development and College Preparation (CDCP) FTES
n/a - Workload Measure is not applicable

See the accompanying notes to the supplementary information.

LONG BEACH COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2014

The financial data for the activity of the Auxiliary is a component part of these financial statements that is not reported in the District's CCFS-311 series.

The audit resulted in no adjustments to the fund balances reported on the June 30, 2014 Annual Financial and Budget Report (CCFS-311) based upon governmental accounting principles. Additional entries were made to comply with the GASB 34/35 reporting requirements. These entries are not considered audit adjustments for purposes of this reconciliation.

See the accompanying notes to the supplementary information.

LONG BEACH COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF 50 PERCENT LAW CALCULATION
For the Fiscal Year Ended June 30, 2014

		Activity (ECSA) ECS 84362 A Instructional Salary Cost AC 0100-5900 & AC 6110			Activity (ECSB) ECS 84362 B Total CEE AC 0100-6799		
	Object/TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Academic Salaries							
Instructional Salaries							
Contract or Regular	1100	$ 19,925,217	$	$ 19,925,217	$ 19,925,217	$	$ 19,925,217
Other	1300	13,530,491		13,530,491	13,530,491		13,530,491
Total Instructional Salaries		33,455,708	-	33,455,708	33,455,708	-	33,455,708
Non-Instructional Salaries							
Contract or Regular	1200			-	6,913,435		6,913,435
Other	1400			-	1,033,236		1,033,236
Total Non-Instructional Salaries		-	-	-	7,946,671	-	7,946,671
Total Academic Salaries		33,455,708	-	33,455,708	41,402,379	-	41,402,379
Classified Salaries							
Non-Instructional Salaries							
Regular Status	2100			-	18,378,754		18,378,754
Other	2300			-	603,001		603,001
Total Non-Instructional Salaries		-	-	-	18,981,755	-	18,981,755
Instructional Aides							
Regular Status	2200	1,947,875		1,947,875	1,947,875		1,947,875
Other	2400	909,213		909,213	909,213		909,213
Total Instructional Aides		2,857,088	-	2,857,088	2,857,088	-	2,857,088
Total Classified Salaries		2,857,088	-	2,857,088	21,838,843	-	21,838,843
Employee Benefits	3000	10,490,865		10,490,865	21,868,720		21,868,720
Supplies and Materials	4000			-	605,648		605,648
Other Operating Expenses	5000	168,091		168,091	7,795,594		7,795,594
Equipment Replacement	6420			-			-
Total Expenditures Prior to Exclusions		46,971,752	-	46,971,752	93,511,184	-	93,511,184

See the accompanying notes to the supplementary information.

LONG BEACH COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF 50 PERCENT LAW CALCULATION
For the Fiscal Year Ended June 30, 2014

		Activity (ECSA) ECS 84362 A Instructional Salary Cost AC 0100-5900 & AC 6110			Activity (ECSB) ECS 84362 B Total CEE AC 0100-6799		
	Object/TOP Codes	**Reported Data**	**Audit Adjustments**	**Revised Data**	**Reported Data**	**Audit Adjustments**	**Revised Data**
Exclusions							
Activities to Exclude							
Instructional Staff–Retirees' Benefits and Retirement Incentives	5900	691,046		691,046	691,046		691,046
Student Health Services Above Amount Collected	6441			-			-
Student Transportation	6491			-			-
Non-instructional Staff-Retirees' Benefits and Retirement Incentives	6740			-	702,602		702,602
Objects to Exclude							
Rents and Leases	5060			-	48,170		48,170
Lottery Expenditures							
Academic Salaries	1000			-			-
Classified Salaries	2000			-			-
Employee Benefits	3000			-			-
Supplies and Materials	4000			-			-
Software	4100			-			-
Books, Magazines, & Periodicals	4200			-			-
Instructional Supplies & Materials	4300			-			-
Noninstructional, Supplies & Materials	4400			-			-
Total Supplies and Materials							
Other Operating Expenses and Services	5000			-	2,608,266		2,608,266
Capital Outlay	6000			-			-
Library Books	6300			-			-
Equipment	6400			-			-
Equipment - Additional	6410			-			-
Equipment - Replacement	6420			-			-
Total Equipment							
Total Capital Outlay							
Other Outgo	7000			-			-
Total Exclusions		691,046	-	691,046	4,050,084	-	4,050,084
Total for ECS 84362, 50% Law		$ 46,280,706	-	$ 46,280,706	$ 89,461,100	-	$ 89,461,100
Percent of CEE (Instructional Salary Cost / Total CEE)		51.73%	0%	51.73%	100%	0%	100%
50% of Current Expense of Education					$ 44,730,550	-	$ 44,730,550

See the accompanying notes to the supplementary information.

LONG BEACH COMMUNITY COLLEGE DISTRICT

PROPOSITION 30 EDUCATION PROTECTION ACCOUNT EXPENDITURE REPORT
For the Fiscal Year Ended June 30, 2014

Activity Classification	**Object Code**				**Unrestricted**
EPA Proceeds:	8630				$ 15,185,116
Activity Classification	**Activity Code**	**Salaries and Benefits (1000 - 3000)**	**Operating Expenses (4000 - 5000)**	**Capital Outlay (6000)**	**Total**
Instructional Activities	0100-5900	$ 15,185,116	$	$	$ 15,185,116
					-
					-
					-
					-
					-
					-
					-
					-
Total Expenditures for EPA*		$ 15,185,116	$ -	$ -	15,185,116
Revenues less Expenditures					-
*Total Expenditures for EPA may not include Administrator Salaries and Benefits or other administrative costs.					

See the accompanying notes to the supplementary information

LONG BEACH COMMUNITY COLLEGE DISTRICT

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
For the Fiscal Year Ended June 30,

	(Budget) 2015 (3)		2014		2013		2012	
	Amount	%	Amount	%	Amount	%	Amount	%
COMBINED GENERAL FUND:								
Revenue								
Federal	$ 7,985,703	5.9	$ 7,679,535	6.3	$ 7,286,426	6.4	$ 8,108,230	6.6
State	93,595,342	69.1	90,534,593	74.7	70,418,145	61.5	87,923,854	71.3
County and Local	29,967,250	22.1	26,872,058	22.2	38,558,382	33.7	22,489,137	18.2
Other Financing Sources	332,509	0.2	352,916	0.3	631,139	0.6	1,126,264	0.9
Total Revenue	131,880,804	97.3	125,439,102	103.5	116,894,092	102.2	119,647,485	97.0
Expenditures								
Academic Salaries	48,967,753	36.1	43,521,328	35.9	43,964,526	38.4	45,520,468	36.8
Classified Salaries	31,929,433	23.6	28,421,570	23.4	27,348,825	23.9	31,199,190	25.3
Employee Benefits	28,397,575	21.0	24,721,330	20.4	25,150,593	22.0	27,449,369	22.3
Supplies and Materials	2,680,343	2.0	1,615,542	1.3	1,572,520	1.4	1,691,274	1.4
Other Operating Expenses and Services	17,675,827	13.0	16,176,827	13.3	13,051,528	11.4	13,977,121	11.3
Capital Outlay	4,014,686	3.0	3,776,531	3.1	1,847,533	1.6	1,281,982	1.0
Other Uses	1,860,096	1.3	3,009,033	2.5	1,635,856	1.4	2,133,960	1.7
Total Expenditures	135,525,713	100.0	121,242,161	100.0	114,571,381	100.0	123,253,364	100.0
Change in Fund Balance	$ (3,644,909)	(2.7)	$ 4,196,941	3.5	$ 2,322,711	2.0	$ (3,605,879)	(2.9)
Ending Fund Balance	$ 20,440,710	15.1	$ 24,085,619	19.9	$ 19,888,678	17.4	$ 17,565,967	14.3
Available Reserve Balance (1)	$ 12,751,213	9.4	$ 14,633,658	12.1	$ 13,941,315	12.2	$ 11,971,274	9.7
Full-time Equivalent Students (2)	20,307		19,910		19,521		19,694	
Total Long-Term Debt	$ 472,412,330		$ 483,007,330		$ 486,730,414		$ 380,948,800	

IMPORTANT NOTES:

(1) The California Community College Chancellor's Office has provided guidelines that recommend a minimum prudent ending fund balance reserve of 5% of unrestricted expenditures. In addition, the District's Board policy requires a 5.5% unrestricted ending fund balance.

(2) Full-time equivalent students (FTES) represent credit and non-credit factored FTES and excludes FTES generated by non-residents.

(3) The 2015 budget is the original budget adopted by the Board of Trustees on September 9, 2014.

All percentages are of total expenditures.

See the accompanying notes to the supplementary information.

LONG BEACH COMMUNITY COLLEGE DISTRICT

SCHEDULE OF BUDGETARY COMPARISON FOR THE COMBINED GENERAL FUND
For the Fiscal Year Ended June 30, 2014

	Combined General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Revenue from Federal Sources			
Higher Education Act	$ 930,455	$ 820,831	$ (109,624)
Temporary Assistance for Needy Families (TANF)	161,457	145,536	(15,921)
Veterans Education	150,000	112,551	(37,449)
Vocational and Technical Education Act	892,170	892,171	1
Other Federal Revenue	6,050,808	5,708,446	(342,362)
Revenue from State Sources			
General Apportionments	72,505,072	79,490,444	6,985,372
Categorical Apportionments	4,713,380	4,952,233	238,853
Other State Revenues	7,414,629	6,091,916	(1,322,713)
Revenue from Local Sources			
Property Taxes	20,273,301	15,005,150	(5,268,151)
Interest and Investment Income	375,439	456,298	80,859
Student Fees and Charges	7,676,960	7,823,617	146,657
Other Local Revenue	5,322,281	3,586,993	(1,735,288)
TOTAL REVENUES	126,465,952	125,086,186	(1,379,766)
EXPENDITURES			
Academic Salaries	43,908,207	43,521,328	386,879
Classified Salaries	29,473,398	28,421,570	1,051,828
Employee Benefits	25,479,340	24,721,330	758,010
Supplies and Materials	2,397,056	1,615,542	781,514
Other Operating Expenses & Services	19,383,678	16,176,827	3,206,851
Capital Outlay	3,866,464	3,776,531	89,933
TOTAL EXPENDITURES	124,508,143	118,233,128	6,275,015
Excess of revenues over expenditures	1,957,809	6,853,058	4,895,249
OTHER FINANCING SOURCES (USES)			
Interfund Transfers In	330,609	352,916	22,307
Interfund Transfers Out	(2,481,256)	(2,481,255)	1
Student Financial Aid	(585,778)	(527,778)	58,000
TOTAL OTHER FINANCING SOURCES (USES)	(2,736,425)	(2,656,117)	80,308
Excess (deficiencies) of revenues over expenditures and other sources (uses)	$ (778,616)	4,196,941	$ 4,975,557
Fund Balances, beginning of year		19,888,678	
Fund Balance, end of year		$ 24,085,619	

See the accompanying notes to the supplementary information.

NOTES TO SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2014

NOTE 1 - PURPOSE OF SCHEDULES:

A. Schedules of Expenditures of Federal Awards and State Financial Assistance

The audit of the Long Beach Community College District for the year ended June 30, 2014 was conducted in accordance with OMB Circular A-133, which requires a disclosure of the financial activities of all federally funded programs. The Schedule of Federal Awards and the Schedule of State Financial Assistance was prepared on the modified accrual basis of accounting.

Subrecipients

The District provided Federal awards to subrecipients as follows:

Federal Grantor/Pass-Through Grantor/Program	CFDA Number	Amount Provided to Subrecipients
Small Business Development Center		
Small Business Development Center (SBDC)	59.037	
- Economic Development Collaboration - Ventura		$ 334,141
- El Camino Community College District		303,752
- Pacific Coast Regional Small Business Development Corporation		279,500
- Santa Clarita Community College District		350,430
- Pasadena Community College District		44,600
- Santa Monica Community College District		337,275
		$ 1,649,698

B. Schedule of Workload Measures for State General Apportionment Annual (Actual) Attendance

The Schedule of Workload Measures for State General Apportionment represents the basis of apportionment of the Long Beach Community College District's annual source of funding.

C. Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

This schedule reports any audit adjustments made to the fund balances of applicable funds as reported on the Annual Financial and Budget Report (Form CCFS-311).

NOTE 1 - PURPOSE OF SCHEDULES: (continued)

D. Reconciliation of 50 Percent Law Calculation

This schedule reports any audit adjustments made to the 50 percent law calculation (Education Code Section 84362).

E. Proposition 30 Education Protection Account Expenditure Report

This schedule reports how funds received from the passage of Proposition 30 Education Protection Act were expended.

F. Schedule of Financial Trends and Analysis

This schedule is prepared to show financial trends of the combined General Fund over the past three fiscal years as well as the current year budget. This report is intended to identify if the District faces potential fiscal problems and if they have met the recommended available reserve percentages.

G. Schedule of Budgetary Comparison for the General Fund

Continuing disclosure for the general obligation bond requires a budgetary comparison be presented for the combined General Fund. This schedule presents the revised combined General Fund budget as of the fiscal year end, actual amounts at fiscal year end and the variance between the revised budget and actual amounts.

OTHER INDEPENDENT AUDITOR'S REPORTS

INDEPENDENT AUDITOR'S 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
Long Beach Community College District
4901 E. Carson Street
Long Beach, California 90808

We have audited, 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, the basic financial statements of Long Beach Community College District (the District) as of and for the year ended June 30, 2014 and have issued our report thereon dated December 1, 2014.

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) to determine 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 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.

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INDEPENDENT AUDITOR'S 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*

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 Long Beach Community College District's financial statements are free of 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 determination of financial statement amounts. 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 non-compliance 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.

Vicenti, Lloyd & Stutzman LLP

VICENTI, LLOYD & STUTZMAN LLP
Glendora, California
December 1, 2014

VICENTI • LLOYD • STUTZMAN LLP
BUSINESS CONSULTANTS AND CPAs

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

The Board of Trustees
Long Beach Community College District
4901 E. Carson Street
Long Beach, California 90808

Report on Compliance for Each Major Federal Program

We have audited Long Beach Community College District's (the District) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2014. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance, for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies in internal control over compliance such that there is a reasonable possibility, that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Vicenti, Lloyd & Stutzman LLP
VICENTI, LLOYD & STUTZMAN LLP
Glendora, California
December 1, 2014

VICENTI ◆ LLOYD ◆ STUTZMAN LLP
BUSINESS CONSULTANTS AND CPAs

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

The Board of Trustees
Long Beach Community College District
4901 E. Carson Street
Long Beach, California 90808

We have audited the Long Beach Community College District's (the District) compliance with the types of compliance requirements described in the *2013-14 Contracted District Audit Manual,* published by the California Community Colleges Chancellor's Office for the year ended June 30, 2014. The District's State compliance requirements are identified below.

Management's Responsibility

Management is responsible for compliance with the State laws and regulations as identified below.

Auditor's Responsibility

Our responsibility is to express an opinion on the District's compliance based on our audit of the types of compliance requirements referred to on page 68.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *2013-14 Contracted District Audit Manual,* published by the California Community Colleges Chancellor's Office. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the specific areas listed below has occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on state compliance. However, our audit does not provide a legal determination of the District's compliance.

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INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Compliance Requirements Tested

In connection with our audit referred to above, we selected and tested transactions and records to determine the District's compliance with the State laws and regulations applicable to the following items:

Section 421	Salaries of Classroom Instructors (50 Percent Law)
Section 423	Apportionment for Instructional Service Agreements/Contracts
Section 424	State General Apportionment Funding System
Section 425	Residency Determination for Credit Courses
Section 426	Students Actively Enrolled
Section 427	Concurrent Enrollment of K-12 Students in Community College Credit Courses
Section 430	Scheduled Maintenance Program
Section 431	Gann Limit Calculation
Section 435	Open Enrollment
Section 438	Student Fees – Health Fees and Use of Health Fee Funds
Section 439	Proposition 39 Clean Energy Funds
Section 474	Extended Opportunity Programs and Services (EOPS) and Cooperative Agencies Resources for Education (CARE)
Section 475	Disabled Student Programs and Services (DSPS)
Section 479	To Be Arranged Hours (TBA)
Section 490	Proposition 1D State Bond Funded Projects
Section 491	Proposition 30 Education Protection Account Funds

Opinion on State Compliance

In our opinion, the Long Beach Community College District complied with the laws and regulations of the state programs referred to above in all material respects for the year ended June 30, 2014.

Purpose of this Report

The purpose of this report on state compliance is solely to describe the results of testing based on the requirements of the *2013-14 Contracted District Audit Manual,* published by the California Community Colleges Chancellor's Office. Accordingly, this report is not suitable for any other purpose.

Vicenti, Lloyd + Stutzman LLP
VICENTI, LLOYD & STUTZMAN LLP
Glendora, California
December 1, 2014

FINDINGS AND QUESTIONED COSTS

LONG BEACH COMMUNITY COLLEGE DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SUMMARY OF AUDITOR RESULTS
June 30, 2014

Financial Statements

Type of auditor's report issued:	*Unmodified*
Internal control over financial reporting:	
Material weakness(es) identified?	_____ Yes __X__ No
Significant deficiencies identified not considered to be material weaknesses?	_____ Yes __X__ None reported
Noncompliance material to financial statements noted?	_____ Yes __X__ No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	_____ Yes __X__ No
Significant deficiencies identified not considered to be material weaknesses?	_____ Yes __X__ None reported
Type of auditor's report issued on compliance for major programs:	*Unmodified*
Any audit findings disclosed that are required to be Reported in accordance with Circular A-133, Section .510(a)	_____ Yes __X__ No

Identification of major programs tested:

CFDA Number(s)	Name of Federal Program or Cluster
84.000, 84.007, 84.033, 84.063, and 84.268	Student Financial Aid Cluster
84.048	Career Technical Education: Perkins I-C (Basic Grants to States)
17.282	Trade Adjustment Assistance Community College Career Training (TAACCCT): - Alternative Pathways to Engineering Education and Careers - Leveraging Integrating, Networking and Coordinating Supplies in Supply Chain Management

Dollar threshold used to distinguish between Type A and Type B programs:	$ 300,000
Auditee qualified as low-risk auditee?	__X__ Yes _____ No

LONG BEACH COMMUNITY COLLEGE DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS RELATED TO FINANCIAL STATEMENTS June 30, 2014

There were no findings and questioned costs related to basic financial statements for the fiscal year ended June 30, 2014.

LONG BEACH COMMUNITY COLLEGE DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
RELATED TO FEDERAL AWARDS
June 30, 2014

There were no findings and questioned costs related to federal awards for the fiscal year ended June 30, 2014.

LONG BEACH COMMUNITY COLLEGE DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
RELATED TO STATE AWARDS
June 30, 2014

There were no findings and questioned costs related to state awards for the fiscal year ended June 30, 2014.

STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
June 30, 2014

Original Finding No.	Finding	Recommendation	Current Status
13-01	**TRANSPARENCY ACT REPORTING** **CFDA Title and Number:** Small Business Development Center (59.037) **Federal Award Number and Year:** SBAHQ-12-B-0074 2012 **Name of Federal Agency:** U.S. Small Business Administration **Name of the Pass-through Agency:** Not Applicable According to the Federal Funding Accounting and Transparency Act, direct recipients of grants who make first-tier subawards and contracts must be reported if the value of the Federal prime contract award under which that subcontract was awarded was $25,000 or more. Grant and cooperative agreement recipients and contractors are required to register in the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS) and report subaward data through FSRS. Recipients are required to report in FSRS no later than the last day of the month in the following month in which the award or modification was made. The District is a direct recipient of Small Business Development Center funding and, during the 2012-13 fiscal year, made first-tier subawards totaling $1,476,544. We noted that the District did not report subaward data through FSRS timely.	Implement specific procedures to register in the FSRS and report subaward data through FSRS annually and in a timely manner.	Implemented.

Original Finding No.	Finding	Recommendation	Current Status
12-02	**<u>Section 475 - Disabled Student Programs and Services (DSPS) Student Education Contract</u>** **Prior Year Finding 13-02** **Criteria:** In accordance with California Code of Regulations (CCR), Title 5 §56022, a Student Educational Contract (SEC), a plan to address specific needs of the student must be established upon initiation of DSPS services. The SEC is also to be reviewed and updated annually by a DSPS professional staff person to determine whether the student has made progress toward his/her stated goal(s). **Condition:** During our testing of student eligibility for the DSPS program, we noted the following in our sample of 33 students out of 1,433 served: • 1 file was missing a Student Education Contract. • 1 student file could not be located. • 25 student files did not have documentation of progress made towards the established goals; however all met the requirement on impairment. **Context:** A statistical sample was derived from the District's detail report of DSPS students served. The missing file and missing student education contract appears to be isolated occurrences. However; missing documentation of progress appears to be a systemic issue.	Implement procedures to ensure student progress towards goals is updated annually.	Implemented.

Original Finding No.	Finding	Recommendation	Current Status
12-02	**<u>SECTION 475 – DISABLED STUDENT PROGRAMS AND SERVICES (DSPS) STUDENT EDUCATION CONTRACT</u> (continued)** **Prior Year Finding 13-02** **Questioned Costs:** Unknown; however the extrapolated files in error were calculated as follows: • Missing Student Education Contract – error rate of 3% or 43 files • Missing file – error rate of 3% or 43 files • Missing documentation of progress – error rate of 76% or 1,089 files Effect: Missing files or documentation of progress does not meet Title 5 compliance requirements.		

Original Finding No.	Finding	Recommendation	Current Status
11-01	**SECTION 479 - TO BE ARRANGED (TBA) HOURS** **Prior Year Finding 13-03** **Criteria:** The Contracted District Audit Manual (CDAM) defines TBA as "Some courses with regularly scheduled hours of instruction have – hours to be arranged (TBA) as part of the total contact hours for the course. The TBA portion of the course uses an alternate method for regularly scheduling a credit course for purposes of applying either the Weekly or Daily Census Attendance Accounting Procedures pursuant to CCR, Title 5, §58003.1(b) and (c), respectively." TBA hours are only an option for credit courses that apply the Weekly or Daily Attendance Accounting Procedures and not to those that apply the Alternative Attendance Accounting Procedure pursuant to Title 5, section 58003.1(f). The guidance provided by the Chancellor's Office further requires the following elements related to TBA courses:	Review courses classified as requiring TBA hours and determine TBA hours that do not meet the definition of Weekly or Daily Census procedure courses. Such courses should be reported as positive attendance courses. In addition the District should review all courses labeled as TBA and revise the course designation as appropriate.	Implemented.

Original Finding No.	Finding	Recommendation	Current Status
11-01	**SECTION 479 - TO BE ARRANGED (TBA) HOURS (continued)** **Prior Year Finding 13-03** • The official course outline of record must include the number of TBA hours. This requirement should also be listed in the published class schedule, whether printed, online, or an addenda to the original schedule. • Student participation must be carefully tracked to ensure TBA hours are not claimed for apportionment for students who have documented zero hours as of the census date for the course. • Require all students enrolled in a course with TBA hours to fulfill the hours and other conditions for TBA; ensure all student participation is documented. • TBA hours may not be claimed for apportionment under the auspices of individual student tutoring.		

Original Finding No.	Finding	Recommendation	Current Status
11-01	**SECTION 479 - TO BE ARRANGED (TBA) HOURS (continued)** **Prior Year Finding 13-03** **Condition:** When auditing TBA courses we noted the following exceptions: • The course syllabus/outline and student participation could not be provided for one course. • TBA hours were not documented as of the census date for four courses. • Student participation in TBA hours could not be verified for four courses. In addition, the original query provided by the District included courses that were incorrectly identified as TBA courses. The query included scheduled courses with labs, lectures, independent study and field trips. The TBA designation is used in the Student information system for courses other than TBA; therefore, an accurate query of TBA courses or FTES generated was not easily available. For those courses misclassified in the query, attendance was recalculated and appropriately moved to the actual attendance FTES type for courses where student participation records were available.		

Original Finding No.	Finding	Recommendation	Current Status
11-01	**SECTION 479 - TO BE ARRANGED (TBA) HOURS (continued)**		

Prior Year Finding 13-03

Context: The issue appears to be systemic due to the error rate experienced. 100% of the TBA courses were included in our audit. In addition, all FTES moved from Daily and Weekly to Positive Attendance were verified against student participation records.

Questioned Costs/FTES:

Note: Since the sample included 100% of courses, no extrapolation was performed.

FTES Daily	(24.29)
FTES Weekly	(473.59)
FTES Positive	214.19
Net Decrease	(283.70)

Effect: Course classification errors will result in FTES per type, weekly, daily and or positive attendance, being inaccurately calculated and reported for funding.

CONTINUING DISCLOSURE INFORMATION

LONG BEACH COMMUNITY COLLEGE DISTRICT

CONTINUING DISCLOSURE INFORMATION (UNAUDITED)
June 30, 2014

Assessed valuation for fiscal year 2013-14	$50,704,966,920	(2)
Secured tax levies for fiscal year 2013-14	$10,358,076	(1)
Secured tax delinquencies for fiscal year 2013-14	$269,934	(1)
Secured tax collections for fiscal year 2013-14	$10,088,142	(1)

2013-14 Largest Local Secured Taxpayers (2)

	Property Owner	Primary Land Use	2013-14 Assessed Valuation	% of Total(1)
1.	Participants in Long Beach Unit	Industrial – Petroleum	$2,096,996,156	4.14%
2.	Hanjin America Inc.	Industrial – Terminal Operations	721,778,873	1.42
3.	Tidelands Oil Production Co.	Industrial – Petroleum	456,097,846	0.90
4.	Oxy Long Beach Inc.	Industrial – Petroleum	364,018,305	0.72
5.	International Trans Service Inc.	Industrial – Terminal Operations	360,131,289	0.71
6.	Macerich Lakewood LLC	Shopping Center	310,817,861	0.61
7.	Pacific Maritime Services LLC	Industrial – Terminal Operations	297,800,000	0.59
8.	The Boeing Company	Industrial	280,838,633	0.55
9.	OOCL LLC	Industrial – Terminal Operations	270,385,680	0.53
10.	SSAT Long Beach LLC	Industrial – Terminal Operations	192,162,731	0.38
11.	Massachusetts Mutual Life Insurance	Shopping Center	160,387,151	0.32
12.	Legacy Partners II LB World Trade LLC	Office Building	144,300,000	0.28
13.	2009 CUSA Community Owner LLC	Apartments	143,347,104	0.28
14.	BOP Landmark Square Co. LLC	Office Building	125,513,856	0.25
15.	GRE Shoreline Square LP	Office Building	98,932,714	0.20
16.	Noble Utah Long Beach LLC	Hotel	96,276,446	0.19
17.	Total Terminals International LLC	Industrial – Terminal Operations	93,758,733	0.18
18.	Douglas Park Associates LLC	Industrial	90,850,900	0.18
19.	Molina Center LLC	Office Building	82,620,000	0.16
20.	Lyon West Gateway LLC	Commercial	80,656,071	0.16
			$6,467,670,349	12.76%

(1) Information obtained from the Los Angeles County Auditor-Controller's Office
(2) Information obtained from California Municipal Statistics, Inc.

APPENDIX D

FORM OF CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (this "Disclosure Undertaking") is executed and delivered by the Long Beach Community College District (the "District") as of June 1, 2015, in connection with the execution and delivery of $__________ aggregate principal amount of the District's General Obligation Refunding Bonds, 2015 Series F (the "Bonds"). The Bonds are being issued pursuant to a Resolution adopted by the Board of Trustees of the District on May 12, 2015 (the "Resolution"). Capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Resolution.

In consideration of the execution and delivery of the Bonds by the District and the purchase of such Bonds by the Underwriters described below, the District hereby covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Undertaking. This Disclosure Undertaking is being executed and delivered by the District for the benefit of the Bondholders and in order to assist RBC Capital Markets, LLC and Piper Jaffray & Co. (the "Underwriters") in complying with Rule 15c2-12(b)(5) (the "Rule") adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended.

SECTION 2. Additional Definitions. In addition to the above definitions and the definitions set forth in the Resolution, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 4 and 5 of this Disclosure Undertaking.

"Bondholder" or "Holder" means any holder of the Bonds or any beneficial owner of the Bonds so long as they are immobilized with DTC.

"Commission" means the Securities and Exchange Commission.

"Dissemination Agent" shall mean any dissemination agent, or any alternate or successor dissemination agent, designated in writing by the Superintendent-President or Vice President, Administrative Services (or otherwise by the District), which Dissemination Agent has evidenced its acceptance in writing.

"Listed Event" means any of the events listed in Section 6 of this Disclosure Undertaking.

"MSRB" shall mean the Municipal Securities Rulemaking Board, through its Electronic Municipal Market Access ("EMMA") website located at http://emma.msrb.org, or any other entity designated or authorized by the Commission.

SECTION 3. CUSIP Numbers and Final Official Statement. The CUSIP Numbers for the Bonds have been assigned. The Final Official Statement relating to the Bonds is dated June [__], 2015.

SECTION 4. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent (if other than the District), not later than 240 days after the end of the District's fiscal year (currently ending June 30), commencing with the report for the fiscal year ending June 30, 2015, to provide to the MSRB, in a format prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 5 of this Disclosure Undertaking. As of the date of this Certificate, the format prescribed by the MSRB is the EMMA system. Information regarding requirement for submissions to EMMA is available at http://emma.msrb.org.

The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 5 of this Disclosure Undertaking; provided that the audited financial statements of the District may be submitted, when and if available, separately from the balance of the relevant Annual Report. If the District does not have audited financial statements available when it submits the relevant Annual Report, it shall submit unaudited financial statements, as described in Section 5(a) below.

(b) Not later than 15 Business Days prior to the filing date required in paragraph (a) above for providing the Annual Report to the MSRB, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If the District is unable to provide to the MSRB an Annual Report by the date required in paragraph (a) above, the District shall send a notice to the MSRB in substantially the form attached as Exhibit A.

(c) The Dissemination Agent (if other than the District) shall:

(i) determine each year prior to the date for providing the Annual Report the format for filing with the MSRB; and

(ii) file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Undertaking, stating the date it was provided to the MSRB.

SECTION 5. Content of Annual Report. The District's Annual Report shall contain or incorporate by reference the following:

(a) Financial information including the general purpose financial statements of the District for the preceding fiscal year, prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board and the American Institute of Certified Public Accountants. If audited financial information is not available by the time the Annual Report is required to be filed pursuant to Section 4(a) hereof, the financial information included in the Annual Report may be unaudited, and the District will provide audited financial information to the MSRB as soon as practical after it has been made available to the District.

(b) Operating data, including the following information with respect to the District's preceding fiscal year (to the extent not included in the audited financial statements described in paragraph (a) above):

(i) State funding received by the District for the last completed fiscal year;

(ii) outstanding District indebtedness;

(iii) assessed value of taxable property in the District as shown on the most recent equalized assessment roll;

(iv) top twenty property owners in the District for the then-current fiscal year, as measured by secured assessed valuation, the amount of their respective taxable value and their percentage of total secured assessed value; and

(v) summary financial information on revenues, expenditures and fund balances for the District's General Fund reflecting adopted budget for the current year.

(c) Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the District or related public entities, which have been submitted to the MSRB or to the Commission. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The District shall clearly identify each other document so incorporated by reference.

SECTION 6. Reporting of Designated Listed Events.

(a) The District agrees to provide or cause to be provided to the MSRB notice of the occurrence of any of the following events with respect to the Bonds not later than ten (10) Business Days after the occurrence of the event:

(i) Principal and interest payment delinquencies;

(ii) Unscheduled draws on any debt service reserves reflecting financial difficulties;

(iii) Unscheduled draws on any credit enhancements reflecting financial difficulties;

(iv) Substitution of credit or liquidity providers, or their failure to perform;

(v) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);

(vi) Tender offers;

(vii) Defeasances;

(viii) Rating changes; or

(ix) Bankruptcy, insolvency, receivership or similar event of the District.

For purposes of item (ix) above, the described event shall be deemed to occur when any of the following shall occur: the appointment of a receiver, fiscal agent or similar officer for the District in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or other governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority have supervision or jurisdiction over substantially all of the assets or business of the District.

(b) The District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material, not later than ten (10) business days after the occurrence of the event:

(i) Unless described in paragraph 6(a)(v) hereof, other material notices or determinations with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;

(ii) Modifications to rights of Owners;

(iii) Optional, unscheduled or contingent Bond calls;

(iv) Release, substitution or sale of property securing repayment of the Bonds;

(v) Non-payment related defaults;

(vi) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; or

(vii) Appointment of a successor or additional Paying Agent or the change of name of a Paying Agent.

(c) The District shall give, or cause to be given, in a timely manner, notice of a failure to provide the annual financial information on or before the date specified in Section 4 hereof, as provided in Section 4(b) hereof.

(d) Whenever the District obtains knowledge of the occurrence of a Listed Event described in Section 6(a) hereof, or determines that knowledge of a Listed Event described in Section 6(b) hereof would be material under applicable federal securities laws, the District shall within ten (10) business days of occurrence file a notice of such occurrence with the MSRB in electronic format, accompanied by such identifying information as is prescribed by the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in subsections (a)(vii) or (b)(iii) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Resolution.

SECTION 7. Termination of Reporting Obligation. The District's obligations under this Disclosure Undertaking shall terminate when the District is no longer an obligated person with respect to the Bonds, as provided in the Rule, upon the defeasance, prior redemption or payment in full of all of the Bonds.

SECTION 8. Dissemination Agent. The Superintendent-President or Vice President, Administrative Services may, from time to time, appoint or engage an alternate or successor Dissemination Agent to assist in carrying out the District's obligations under this Disclosure Undertaking, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. If at any time there is no other designated Dissemination Agent in place, the District shall act as the Dissemination Agent.

The Dissemination Agent, if other than the District, shall be paid compensation for its services provided hereunder, and reimbursement for its costs and expenses. The Dissemination Agent shall not be responsible for the form or content of any document provided by the District hereunder.

SECTION 9. Amendment. Notwithstanding any other provision of this Disclosure Undertaking, the District may amend this Disclosure Undertaking under the following conditions, provided no amendment to this Disclosure Undertaking shall be made that affects the rights, duties or obligations of the Dissemination Agent without its written consent:

(a) The amendment may be made only in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the obligated person, or type of business conducted;

(b) This Disclosure Undertaking, as amended, would have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment does not materially impair the interests of Holders, as determined either by parties unaffiliated with the District or another obligated person (such as the Bond Counsel) or by the written approval of the Bondholders; provided, that the Annual Report containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

SECTION 10. Additional Information. If the District chooses to include any information from any document or notice of occurrence of a Material Event in addition to that which is specifically required by this Disclosure Undertaking, the District shall have no obligation under this Disclosure Undertaking to update such information or to include it in any future disclosure or notice of occurrence of a Designated Material Event.

Nothing in this Disclosure Undertaking shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Undertaking or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Designated Material Event, in addition to that which is required by this Disclosure Undertaking.

SECTION 11. Default. The District shall give notice to the MSRB of any failure to provide the Annual Report when the same is due hereunder, which notice shall be given prior to July 1 of that year. In the event of a failure of the District to comply with any provision of this Disclosure Undertaking, any Bondholder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Undertaking. A default under this Disclosure Undertaking shall not be deemed an event of default under the Resolution, and the sole remedy under this Disclosure Undertaking in the event of any failure of the District to comply with this Disclosure Undertaking shall be an action to compel performance.

SECTION 12. Beneficiaries. This Disclosure Undertaking shall inure solely to the benefit of the District, the Dissemination Agent, the Underwriters and Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 13. Record Keeping. The District shall maintain records of all Annual Reports and notices of material Listed Events including the content of such disclosure, the names of the entities with whom the such disclosure were filed and the date of filing such disclosure.

SECTION 14. Governing Law. This Disclosure Undertaking shall be governed by the laws of the State of California, applicable to contracts made and performed in such State of California.

IN WITNESS WHEREOF, Long Beach Community College District has executed this Continuing Disclosure Undertaking as of the date first set forth herein.

LONG BEACH COMMUNITY COLLEGE DISTRICT

By: ____
Vice President, Administrative Services

EXHIBIT A

NOTICE TO THE MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Long Beach Community College District

Name of Issue: $__________ Long Beach Community College District General Obligation Refunding Bonds, 2015 Series F

Date of Issuance: __________, 2015

NOTICE IS HEREBY GIVEN that the above-named Issuer has not provided an Annual Report with respect to the above-named Bonds as required by Section 4(a) of the Disclosure Undertaking dated ________, 2015. The Issuer anticipates that the Annual Report will be filed by _______________.

Dated: _____________________

[ISSUER/DISSEMINATION AGENT]

By: ____________________________________

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APPENDIX E

BOOK-ENTRY ONLY SYSTEM

The information in this Appendix concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy or completeness thereof. The District cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) Bonds representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedure" of DTC to be followed in dealing with DTC Participants are on file with DTC.

General

The Depository Trust Company ("DTC") will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation, and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of "AA+". The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. *The foregoing internet address is included for reference only, and the information on this internet site is not incorporated by reference herein.*

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District (or the Paying Agent on behalf thereof) as soon as possible after the Record Date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the Record Date (identified in a listing attached to the Omnibus Proxy).

Principal, premium, if any and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, certificates for the Bonds are required to be printed and delivered in such principal amount or amounts, in authorized denominations, and registered in whatever name or names DTC shall designate.

The District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). Discontinuance of use of the system of book-entry transfers through DTC may require the approval of DTC Participants under DTC's operational arrangements. In that event, printed certificates for the Bonds will be printed and delivered in such principal amount or amounts, in authorized denominations, and registered in whatever name or names DTC shall designate.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

Discontinuation of Book-Entry Only System; Payment to Beneficial Owners

In the event that the book-entry system described above is no longer used with respect to the Bonds, the following provisions will govern the payment, transfer and exchange of the Bonds.

The principal of the Bonds and any premium and interest upon the redemption thereof prior to maturity will be payable in lawful money of the United States of America upon presentation and surrender of the Bonds at the office of the Paying Agent, initially located in Los Angeles, California. Interest on the Bonds will be paid by the Paying Agent by check or draft mailed to the person whose name appears on the registration books of the Paying Agent as the registered owner, and to that person's address appearing on the registration books as of the close of business on the Record Date. At the written request of any registered owner of at least $1,000,000 in aggregate principal, payments shall be wired to a bank and account number on file with the Paying Agent as of the Record Date.

Any Bond may be exchanged for a Bond of any authorized denomination upon presentation and surrender at the office of the Paying Agent, initially located in Los Angeles, California, together with a request for exchange signed by the registered owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. A Bond may be transferred only on the Bond registration books upon presentation and surrender of the Bond at such office of the Paying Agent together with an assignment executed by the registered owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. Upon exchange or transfer, the Paying Agent shall complete, authenticate and deliver a new Bond or Bonds of any authorized denomination or denominations requested by the owner equal in the aggregate to the unmatured principal amount of the Bond surrendered and bearing interest at the same rate and maturing on the same date.

Neither the District nor the Paying Agent will be required to exchange or transfer any Bond during the period from the Record Date through the next Interest Payment Date.

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APPENDIX F

THE LOS ANGELES COUNTY POOLED SURPLUS INVESTMENTS

The following information concerning the Los Angeles County Pooled Surplus Investments Fund has been provided by the Treasurer and has not been confirmed or verified by the District. No representation is made herein as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof or that the information contained or incorporated hereby by reference is correct as of any time subsequent to its date.

The Treasurer and Tax Collector (the "Treasurer") of Los Angeles County has the delegated authority to invest funds on deposit in the County treasury (the "Treasury Pool"). As of March 31, 2015, investments in the Treasury Pool were held for local agencies including school districts, community college districts, special districts and discretionary depositors in the following amounts:

Local Agency	Invested Funds (in billions)
County of Los Angeles and Special Districts	$ 9.747
Schools and Community Colleges	12.649
Discretionary Participants	2.319
Total	$24.715

The Treasury Pool participation composition is as follows:

Non-discretionary Participants	90.61%
Discretionary Participants:	
Independent Public Agencies	7.99
County Bond Proceeds and Repayment Funds	1.40
Total	100.00%

Decisions on the investment of funds in the Treasury Pool are made by the County Investment Officer in accordance with established policy, with certain transactions requiring the Treasurer's prior approval. In Los Angeles County, investment decisions are governed by Chapter 4 (commencing with Section 53600) of Part 1 of Division 2 of Title 5 of the California Government Code, which governs legal investments by local agencies in the State of California, and by a more restrictive Investment Policy developed by the Treasurer and adopted by the Los Angeles County Board of Supervisors on an annual basis. The Investment Policy adopted on March 31, 2015, reaffirmed the following criteria and order of priority for selecting investments:

1. Safety of Principal
2. Liquidity
3. Return on Investment

The Treasurer prepares a monthly Report of Investments (the "Investment Report") summarizing the status of the Treasury Pool, including the current market value of all investments. This report is submitted monthly to the Board of Supervisors. According to the Investment Report dated April 30, 2015, the March 31, 2015 book value of the Treasury Pool was approximately $24.715 billion and the corresponding market value was approximately $24.715 billion.

An internal controls system for monitoring cash accounting and investment practices is in place. The Treasurer's Compliance Auditor, who operates independently from the Investment Officer, reconciles cash and investments to fund balances daily. The Compliance Auditor's staff also reviews each investment trade for accuracy and compliance with the Board adopted Investment Policy. On a quarterly basis, the County's outside auditor (the "External Auditor") reviews the cash and investment reconciliations for completeness and accuracy. Additionally, the External Auditor reviews investment transactions on a quarterly basis for conformance with the approved Investment Policy and annual accounts for all investments.

The following table identifies the types of securities held by the Treasury Pool as of March 31, 2015:

Type of Investment	% of Pool
U.S. Government and Agency Obligations	51.65
Certificates of Deposit	13.56
Commercial Paper	33.41
Bankers Acceptances	0.00
Municipal Obligations	0.15
Corporate Notes & Deposit Notes	1.23
Asset Backed Instruments	0.00
Repurchase Agreements	0.00
Other	0.00
	100.00

The Treasury Pool is highly liquid. As of March 31, 2015, approximately 41.38% of the investments mature within 60 days, with an average of 557 days to maturity for the entire portfolio.