



**LOS ANGELES UNIFIED SCHOOL DISTRICT**

Proposition BB School Bond Construction Program

Statement of Project Costs

Period from April 1, 1997 (inception)  
through June 30, 2003

(With Independent Auditors' Report Thereon)



**KPMG LLP**  
Suite 2000  
355 South Grand Avenue  
Los Angeles, CA 90071-1568

## **Independent Auditors' Report**

The Board of Education  
Los Angeles Unified School District:

We have audited the accompanying statement of project costs of the Proposition BB Bond Construction Program of the Los Angeles Unified School District (the District) for the period from April 1, 1997 (inception) through June 30, 2003. Such statement of project costs is the responsibility of the District's management. Our responsibility is to express an opinion on the accompanying statement of project costs based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of project costs is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of project costs. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the statement of project costs referred to above presents fairly, in all material respects, the project costs of the Proposition BB Bond Construction Program for the period from April 1, 1997 (inception) through June 30, 2003 in conformity with accounting principles generally accepted in the United States of America.

**KPMG LLP**

April 4, 2004

**LOS ANGELES UNIFIED SCHOOL DISTRICT  
PROPOSITION BB BOND FUNDS**

Statement of Project Costs

Period from April 1, 1997 (inception) through June 30, 2003

	<b>Budget</b> (Unaudited)	<b>Actual costs incurred</b>			<b>Budget variance</b>
		<b>April 1, 1997 (inception) through June 30, 2002</b>	<b>Project costs, year ended June 30, 2003</b>	<b>Total Project costs, June 30, 2003</b>	
Repairs/School Contracts:					
Nonhealth and safety:					
Air-conditioning	\$ 225,511,569	210,931,861	(14,513,626)	196,418,235	29,093,334
Bleachers	15,259,995	8,476,553	1,032,031	9,508,584	5,751,411
Safety and technology	413,314,921	170,469,524	10,362,627	180,832,151	232,482,770
Lockers	7,384,680	3,377,448	401,257	3,778,705	3,605,975
Lunch shelters	16,786,869	9,228,825	3,253,029	12,481,854	4,305,015
Security grills	30,021,847	16,243,724	4,021,004	20,264,728	9,757,119
Total nonhealth and safety	<u>708,279,881</u>	<u>418,727,935</u>	<u>4,556,322</u>	<u>423,284,257</u>	<u>284,995,624</u>
Health and safety repairs:					
Ventilation replacement	8,424,451	8,105,203	128,443	8,233,646	190,805
Auditorium renovations	7,338,730	2,800,688	1,311,114	4,111,802	3,226,928
Lighting	5,870,058	5,423,659	28,043	5,451,702	418,356
Paving	156,371,475	54,617,436	46,568,602	101,186,038	55,185,437
Electrical	12,815,873	6,078,280	1,288,994	7,367,274	5,448,599
Painting	28,830,140	25,975,648	30,604	26,006,252	2,823,888
Wall systems	12,905,279	10,621,133	465,443	11,086,576	1,818,703
Floor coverings	32,828,305	17,781,047	3,764,040	21,545,087	11,283,218
Locks	677,242	643,233	11,360	654,593	22,649
Plumbing	74,513,301	35,936,809	11,779,530	47,716,339	26,796,962
Roofing	6,510,392	6,077,391	(6,009)	6,071,382	439,010
Gutters	29,989,146	14,748,574	5,567,808	20,316,382	9,672,764
Total health and safety repairs	<u>377,074,392</u>	<u>188,809,101</u>	<u>70,937,972</u>	<u>259,747,073</u>	<u>117,327,319</u>
Total Repairs/School Contracts	<u>1,085,354,273</u>	<u>607,537,036</u>	<u>75,494,294</u>	<u>259,747,073</u>	<u>402,322,943</u>
State Matching Funds:					
New construction:					
Construction	485,859,796	62,593,076	76,978,166	139,571,242	346,288,554
Tests	500,000	1,125,658	189,458	1,315,116	(815,116)
Inspections	—	887,622	826,026	1,713,648	(1,713,648)
Sites	254,874,837	325,846,814	61,640,129	387,486,943	(132,612,106)
Plans	29,097,637	37,835,642	23,948,730	61,784,372	(32,686,735)
Nonreimbursable costs	75,924	839,868	7,229	847,097	(771,173)
Total new construction	<u>770,408,194</u>	<u>429,128,680</u>	<u>163,589,738</u>	<u>592,718,418</u>	<u>177,689,776</u>
Modernization:					
Construction	46,194,366	9,897,497	10,429,834	20,327,331	25,867,035
Tests	—	509,811	23,544	533,355	(533,355)
Inspections	36,400	1,674,178	193,881	1,868,059	(1,831,659)
Plans	322,930	2,330,278	735,097	3,065,375	(2,742,445)
Nonreimbursable cost	—	66,209	—	66,209	(66,209)
Total modernization	<u>46,553,696</u>	<u>14,477,973</u>	<u>11,382,356</u>	<u>25,860,329</u>	<u>20,693,367</u>
Total State Matching Funds	<u>816,961,890</u>	<u>443,606,653</u>	<u>174,972,094</u>	<u>618,578,747</u>	<u>198,383,143</u>
Class size reduction costs:					
Portables	97,789,465	56,585,048	1,330,154	57,915,202	39,874,263
New schools/centers	36,702,183	7,810,220	162,550	7,972,770	28,729,413
Renovation	1,500,000	540,367	—	540,367	959,633
Opening of closed schools	7,440,444	7,299,596	6,252	7,305,848	134,596
Total class size reduction costs	<u>143,432,092</u>	<u>72,235,231</u>	<u>1,498,956</u>	<u>73,734,187</u>	<u>69,697,905</u>

**LOS ANGELES UNIFIED SCHOOL DISTRICT  
PROPOSITION BB BOND FUNDS**

Statement of Project Costs

Period from April 1, 1997 (inception) through June 30, 2003

		Actual costs incurred			
		April 1, 1997 (inception) through June 30, 2002	Project costs, year ended June 30, 2003	Total Project costs, June 30, 2003	Budget variance
	Budget (Unaudited)				
Other costs:					
Program/Project Manager Fees	\$ 308,375,157	135,708,428	58,280,777	193,989,205	114,385,952
Insurance	23,000,000	19,193,296	6,022,215	25,215,511	(2,215,511)
Project-related salaries	3,820,433	—	1,129,266	1,129,266	2,691,167
Asbestos/lead consultants	5,002,077	3,950,950	996,183	4,947,133	54,944
School-determined needs	8,194,118	4,090,290	1,298,495	5,388,785	2,805,333
Board Area Match Program	13,631,728	4,328,071	2,000,722	6,328,793	7,302,935
Hazard mitigation	6,930,269	1,940,055	5,056,580	6,996,635	(66,366)
Reprographic and other costs	4,030,000	2,759,799	180,461	2,940,260	1,089,740
Bonds building effort	3,794,480	—	685,704	685,704	3,108,776
PERS recapture	—	—	2,228,464	2,228,464	(2,228,464)
OIG contractor audits	3,750,000	—	—	—	3,750,000
Refund 1996 COPs	15,344,829	15,344,829	—	15,344,829	—
Cost of issuance	1,028,064	1,019,148	5,067	1,024,215	3,849
Total other costs	396,901,155	188,334,866	77,883,934	266,218,800	130,682,355
Total Proposition BB Project Costs	\$ 2,442,649,410	1,311,713,786	329,849,278	1,218,278,807	801,086,346

See accompanying notes to the Statement of Project Costs.

**LOS ANGELES UNIFIED SCHOOL DISTRICT**  
**PROPOSITION BB SCHOOL FUND CONSTRUCTION PROGRAM**

Notes to Statement of Project Costs

Period from April 1, 1997 (inception) through June 30, 2003

**(1) Proposition BB Bond Program Background**

*Los Angeles Unified School District*  
*Proposition BB School Bond Construction*

Proposition BB authorized the Los Angeles Unified School District to issue \$2.4 billion in general obligation bonds. Bond proceeds are to be utilized for projects such as the repair of safety hazards, asbestos removal, installation of air-conditioning, making classrooms accessible to the disabled, upgrading security, and the construction of new classrooms. Proposition BB specifically states that no bond proceeds are to be used for administrator salaries.

The Proposition BB School Bond Construction Program (Program) is intended to provide needed health and safety improvements to more than 800 deteriorating schools and 15,000 buildings and to match State funds for new construction and modernization projects. The Los Angeles Unified School District Board of Education has established a Citizen's Oversight Committee to ensure that the proceeds of the Proposition BB School Bond Construction Project issues are used for the purposes stated in the resolution, which placed the Proposition BB on the 1997 ballot.

All projects are managed by LAUSD approved Program Managers. The Board of Education must approve all project contracts. Each Program Manager is responsible for managing all program-related activities, including the maintenance of master construction schedules and the master program budgets.

**(2) Basis of Presentation**

The accompanying Statement of Project Costs has been prepared in conformity with accounting principles generally accepted in the United States of America. The accompanying Statement of Project Costs reflects the flow of economic resources management and is presented on the full-accrual basis of accounting.

**(a) Budget (Unaudited)**

The amounts included within the budget (unaudited) column in the accompanying statement of project costs represent costs that are expected to be expended to complete the various projects.

**(b) Actual Costs**

The amounts included within the total actual costs columns in the accompanying statement of project costs represent actual expenditures paid and accrued by the Los Angeles Unified School District for the period from April 1, 1997 (inception) through June 30, 2003.

