



Financial Statements
June 30, 2021

Compton Community College District

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Independent Auditor's Report

Board of Trustees
Compton Community College District
Compton, California

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the remaining fund information of Compton Community College District (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic 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 opinions 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 from material misstatement.

An audit involves performing procedures to obtain audit 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, the auditor considers internal control relevant to the District'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 District'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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the remaining fund information of the District as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 2 and Note 13 to the financial statements, the District adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, which resulted in a restatement of net position as of July 1, 2020. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the management's discussion and analysis on pages 3 through 14, and other required supplementary schedules on pages 60 through 66 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 opinions on the financial statements that collectively comprise the District's financial statements. The accompanying supplementary information, including the Schedule of Expenditures of Federal Awards, as required by the audit requirements of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, and other supplementary information listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards and other supplementary information listed in the table of contents are the responsibility of management and were derived from and relate 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 basic 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 Schedule of Expenditures of Federal Awards and other supplementary information listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The accompanying unaudited supplementary 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 April 8, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

The image shows a handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Rancho Cucamonga, California
April 8, 2022



Serving the Communities of
Compton, Lynwood, Paramount and
Willowbrook, as well as portions of
Athens, Bellflower, Carson, Downey,
Dominguez, Lakewood, Long Beach,
and South Gate

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President/CEO

INTRODUCTION

We are pleased to submit the Annual Financial Report of Compton Community College District for the fiscal year ending June 30, 2021. The District is responsible for the accuracy, completeness and fairness of the financial statements presented and all accompanying disclosures. We believe the report and its information are accurate and complete in all material aspects in disclosing the financial position and results of operations of Compton Community College as of June 30, 2021.

College Description

The District was established in 1927 and serves the communities of Compton, Willowbrook, Enterprise, Carson, Lynwood, and Paramount, as well as portions of Athens, Bellflower, Downey, Dominguez, Lakewood, Long Beach and South Gate. Currently, approximately 232 full and part-time faculty teach more than 42 degree programs and 41 certificate programs. Students in our college may complete the freshman and sophomore years of a baccalaureate degree and transfer to upper division study at a university or complete a certificated vocational program and move directly to the work force.

After many successful years, some of which were challenging, in June 2006, the Accrediting Commission for Community and Junior Colleges (ACCJC) announced its decision to revoke Compton College's accreditation. In August 2006, the El Camino Community College District Board of Trustees approved a Memorandum of Understanding to provide educational and related support services to Compton Community College District residents. Through this agreement, the students of Compton Community College District and residents of the surrounding Communities continued to have access to university transfer and career and technical education opportunities, as well as financial aid, basic skills courses and related support services.

The Accrediting Commission for Community and Junior Colleges granted initial accreditation status to Compton College at its June 7, 2017 meeting; the action established Compton College as an accredited college within the El Camino Community College District.

On August 27, 2018, Compton College received notification from the Accrediting Commission for Community and Junior Colleges that its Substantive Change Proposal had been approved. This document outlined the transition of control of Compton College to Compton Community College District.

On August 29, 2018, the California Community Colleges Chancellor issued Executive Order 2018-01 declaring Compton College will operate as an independent college under the authority of the Compton Community College District Board of Trustees effective June 7, 2019, at 11:59 p.m. A Special Board meeting was held at 11:59 p.m. on June 7, 2019, commemorating the moment Compton College began to operate as an independent college and concluded the collaborative partnership between Compton Community College and the El Camino Community College District. Courses are currently offered under the authority of the Compton Community College District, and all students earning degrees or certificates at Compton College will be issued a Compton College diploma.

OVERVIEW OF THE FINANCIAL STATEMENTS

Compton Community College District's financial statements are presented in accordance with Governmental Accounting Standards Board (GASB) Statements No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments and No. 35, Basic Financial Statements and Management Discussion and Analysis - for Public Colleges and Universities. The statements allow for the presentation of financial activity and results of operations which focuses on the District. The government-wide financial statements present the overall results of operations whereby all the District's activities are consolidated into one total versus the traditional presentation by fund type. The focus of the Statement of Net Position is designed to be similar to the bottom-line results of the District. This statement combines and consolidates current financial resources with capital assets and long-term liabilities. The Statement of Revenues, Expenses and Changes in Net Position focuses on the costs of the District's operational activities with revenues and expenses categorized as operating and nonoperating, and expenses are reported by natural classification. The Statement of Cash Flows provides an analysis of the sources and uses of cash within the operations of the District.

The California Community College Chancellor's Office has recommended that all State community colleges follow the Business-Type Activity (BTA) model for financial statement reporting purposes.

FINANCIAL HIGHLIGHTS

- At the end of fiscal year 2020-2021 the District's Unrestricted General Fund Balance is \$20.3 million this amount increased by \$4.4 million over fiscal year 2020. The amount is well above the five percent reserve required by the Unrestricted General Fund Board Policy.
- The FTES total compared to the previous year has decreased. Declining populations in the service areas and COVID-19 pandemic pressures drawing young adults to the workforce instead of into community college are the major reasons for lower enrollment.
- The most recent actuarial report of the District is dated April 27, 2021 with a valuation date of June 30, 2019 and a measurement date of June 30, 2020. The District's total Other Post Employment Benefit (OPEB) is \$15.0 million and the Net OPEB liability as of June 30, 2020 is \$6.5 million.

FINANCIAL HIGHLIGHTS - LIABILITIES

The District continues to make annual debt service payments on the Line of Credit liability owed to the State of California. This is a liability paid from the Unrestricted Resources of our General Fund.

The State of California strongly recommended that districts plan for significant pension rate increases that are to occur over the next several years. In 2016, the District created a Pension Trust Stabilization Fund for the purpose of funding future employer contributions. During the 2021 fiscal year, \$200,000 was contributed to the trust.

Similarly, the District also committed to funding its Other Postemployment Benefits Obligation. In 2013, the District created an OPEB Trust. During the 2021 fiscal year, \$2,134,035 was contributed to the OPEB Trust. Further information is included within this report within the MD&A section under Long-term Liabilities including OPEB and Pensions and in the Notes to the Financial Statements.

FINANCIAL HIGHLIGHTS – CAPITAL OUTLAY AND CAPITAL ASSET ADDITIONS

College facilities improvements are essential to the future growth at the College. Bonds financed by property owners of the District, as well as State bonds, are utilized to fund the College's Facilities Master Planning document that was updated this year.

Several construction and modernization projects at the District are in progress. The projects listed below are funded both through State Capital Outlay construction revenues and through the District's voter approved General Obligation Bonds.

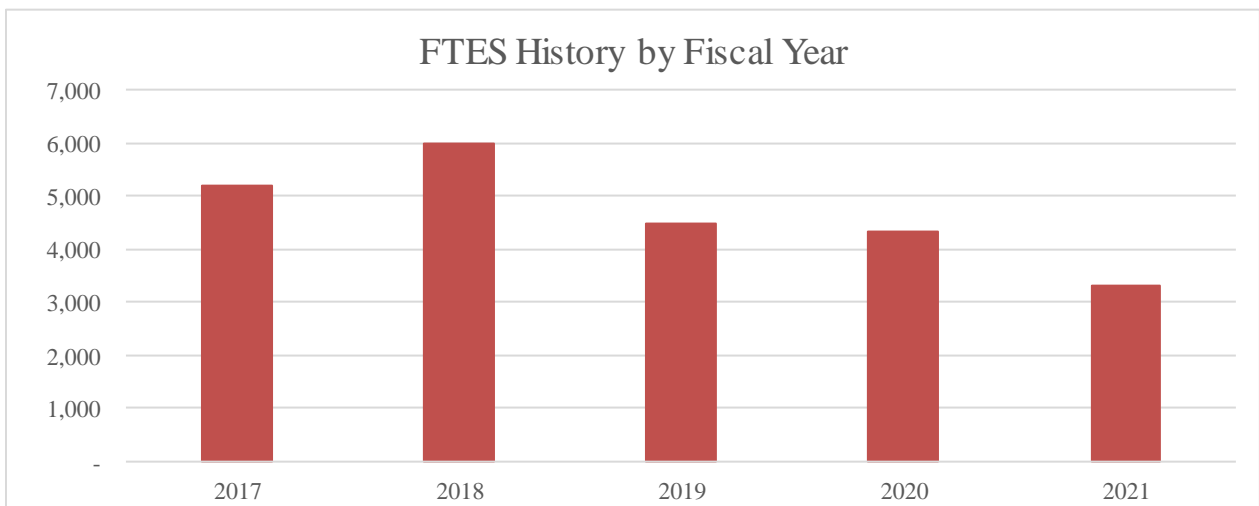
- Instructional Building #1
- Instructional Building #2

Additionally, the following major projects listed below continue in progress and are funded solely by the District's voter approved General Obligation Bonds.

- Student Services/Administration Building

Full-Time Equivalent Students Growth/Declines

Over the past five years, Full-Time Equivalent Students (FTES) fluctuated up and down but averaged approximately 4,700 FTES during that period. It is important to note that the District formally ended its partnership with El Camino Community College District on June 7, 2019. One of the expected outcomes was an initial decline in FTES, and now the COVID-19 pandemic. However, FTES data has shown a decline over the past two years. Management continues to implement the enrollment management plan and expects FTES to rebound over the next four years.



STATEMENT OF NET POSITION

The Statement of Net Position presents the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the District as of the end of the fiscal year, and was prepared using the 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 of time financial statement whose purpose is to present to the reader a fiscal snapshot of the District. The Statement of Net Position presents end-of-year data concerning assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position.

From the data presented, the reader of the Statement of Net Position can determine the assets available to continue operations of the District. The reader is 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 its availability for expenditure by the District.

The difference between total assets, deferred outflows of resources, and total liabilities and deferred inflows of resources (net position) is one indicator of the current financial condition of the District. The change 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 accumulated depreciation.

The net position is divided into three major categories. The first category, net investment in capital assets, provides the equity amount in property, plant, and equipment owned by the District. The second category is expendable restricted net position. This net position is available for expenditure by the District but must be spent for purposes as determined by external entities and or donors that have placed time or purpose restrictions on the use of these funds. The final category is unrestricted net position, which represents the remaining net position balance, this can be utilized for any purpose as determined by the governing board who retains the power to place internal restrictions on the unrestricted net position.

Current assets decreased by 8.7% due mainly to spending down of GO Bond proceeds for various campus-wide construction projects.

Deferred outflows of resources related to debt refunding, Other Postemployment Benefits (OPEB), and pensions decreased by approximately 5% from the prior year.

Deferred inflows of resources related to Other Postemployment Benefits (OPEB) and pensions decreased by approximately 33% from the prior year.

A summary of the Statement of Net Position as of June 30, 2021 and June 30, 2020, is below:

Table 1

	2021	2020, as restated	Change
Assets			
Cash and investments	\$ 97,117,247	\$ 111,887,181	\$ (14,769,934)
Receivables, net	16,755,152	12,916,814	3,838,338
Other current assets	469,230	446,138	23,092
Capital assets, net	<u>175,652,533</u>	<u>159,991,907</u>	<u>15,660,626</u>
Total assets	<u>289,994,162</u>	<u>285,242,040</u>	<u>4,752,122</u>
Deferred Outflows of Resources	<u>17,498,094</u>	<u>18,363,099</u>	<u>(865,005)</u>
Liabilities			
Accounts payable and accrued liabilities	20,470,807	14,526,558	5,944,249
Current portion of long-term liabilities	4,773,002	8,447,025	(3,674,023)
Noncurrent portion of long-term liabilities	<u>213,361,127</u>	<u>214,062,345</u>	<u>(701,218)</u>
Total liabilities	<u>238,604,936</u>	<u>237,035,928</u>	<u>1,569,008</u>
Deferred Inflows of Resources	<u>2,496,579</u>	<u>3,722,481</u>	<u>(1,225,902)</u>
Net Position			
Net investment in capital assets	80,899,697	74,352,490	6,547,207
Restricted	25,437,854	30,774,874	(5,337,020)
Unrestricted deficit	<u>(39,946,810)</u>	<u>(42,280,634)</u>	<u>2,333,824</u>
Total net position	<u>\$ 66,390,741</u>	<u>\$ 62,846,730</u>	<u>\$ 3,544,011</u>

- The Statement of Cash Flows contained within these financial statements provides greater detail regarding the sources and uses of cash and the net decrease in cash during fiscal year 2020-2021. Cash and Investments decreased approximately \$14.8 million primary due to the District spending down the GO Bond proceeds that were issued during the 2019-2020 fiscal year.
- The majority of the accounts receivable balance is from Federal and State sources for State construction and grant and entitlement programs. Included in accounts receivable is approximately \$7.2 million State Bond program reimbursement and approximately \$0.6 million net student fee receivable.
- Other current assets are comprised of Prepaid Expenses including approximately \$469 thousand prepayment for our new student information system licensing.
- Capital assets had a net increase of approximately \$15.7 million. Depreciation expense of approximately \$6.9 million was recognized during 2020-2021. The capital asset section of this discussion and analysis provides greater detail.
- Accounts payable are amounts due as of the fiscal year-end for goods and services received as of June 30, 2021. Total accounts payable are approximately \$11.8 million; most significant within this account is approximately \$5.6 million due to capital construction related expenditures.
- Bonds payable decreased by approximately \$5.4 million. Repayment is made from property tax collections occurring over the next 30 years. More information on Long-term liabilities can be found in the Notes to the Financial Statements.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

The Statement of Revenues, Expenses and Changes in Net Position present the financial results of the District's operations, as well as its nonoperating activities. The distinction between these two activities involves the concepts of exchange and non-exchange. Operating activities are those in which a direct payment or exchange is made for the receipt of specified goods or services. For example, tuition fees paid by the student are considered an exchange for instructional services. The receipt of State apportionments and property taxes, however, do not include this exchange relationship between the payment and receipt of specified goods or services. These revenues and related expense are classified as nonoperating activities. It is because of the methodology used to categorize between operating and nonoperating combined with the fact that the primary source of funding that supports the District's instructional activities comes from State apportionment and local property taxes, that the results of the District's operations will result in a net operating loss.

Compton Community College District
Management's Discussion and Analysis
June 30, 2021

The Statement of Revenues, Expenses and Changes in Net Position for the years ended June 30, 2021 and June 30, 2020, is summarized below:

Table 2

	2021	2020, as restated	Change
Operating Revenues			
Tuition and fees, net	\$ 1,072,803	\$ 896,055	\$ 176,748
Grants and contracts, noncapital	16,724,904	12,334,337	4,390,567
Total operating revenues	<u>17,797,707</u>	<u>13,230,392</u>	<u>4,567,315</u>
Operating Expenses			
Salaries and benefits	41,746,513	40,518,800	1,227,713
Supplies, services, equipment, maintenance and other operating expenses	13,558,741	14,908,388	(1,349,647)
Student financial aid	10,059,732	12,800,884	(2,741,152)
Depreciation	6,909,612	6,738,961	170,651
Total operating expenses	<u>72,274,598</u>	<u>74,967,033</u>	<u>(2,692,435)</u>
Loss on operations	<u>(54,476,891)</u>	<u>(61,736,641)</u>	<u>7,259,750</u>
Nonoperating Revenues (Expenses)			
State apportionments, noncapital	32,939,609	32,834,151	105,458
Property taxes	13,224,668	15,626,795	(2,402,127)
Local sales tax	-	1,415,125	(1,415,125)
Student financial aid grants	7,998,994	10,660,196	(2,661,202)
State revenues	1,101,658	-	1,101,658
Net interest expense	(5,935,174)	(5,101,712)	(833,462)
Other nonoperating revenues	1,442,292	2,477,031	(1,034,739)
Total nonoperating revenues (expenses)	<u>50,772,047</u>	<u>57,911,586</u>	<u>(7,139,539)</u>
Other Revenues			
State capital income	<u>7,248,855</u>	<u>8,190,890</u>	<u>(942,035)</u>
Change in net position	<u>\$ 3,544,011</u>	<u>\$ 4,365,835</u>	<u>\$ (821,824)</u>

- The primary components of tuition and fees are the \$46 per unit enrollment fee that is charged to all students registering for classes and the additional \$290 per unit fee that is charged to all nonresident students.
- Personnel costs accounted for 57.8% of operating expenses in fiscal year 2021. Supplies, materials, and other operating expenses accounted for 14.6% of the operating expense in fiscal year 2021. The remaining balance of operating expenses is for financial aid, equipment, maintenance, repairs, and depreciation expense.

- The primary revenue sources of the District's nonoperating revenue are: State apportionment, local property taxes, other State funding, and interest income. The amount of State general apportionment received by the District is dependent upon the number of FTES generated and reported to the State, less amounts received from education protection account (EPA), enrollment fees, local property taxes. Increases in any of these latter three revenue categories leads to a corresponding decrease in State support through apportionment. Compton Community College District is held harmless through the 2025-2026 fiscal year for any decline in FTES.
- State capital apportionments consist of amounts received for capital outlay construction projects.

In accordance with requirements set forth by the California Community Colleges Chancellor's Office, the District reports operating expenses by object code. Operating expenses by functional classification are as follows:

Table 3

	Salaries and Employee Benefits	Supplies, Material, and Other Expenses and Services	Student Financial Aid	Equipment, Maintenance, and Repairs	Depreciation	Total
Instructional activities	\$ 18,868,771	\$ 483,765	\$ -	\$ 7,384	\$ -	\$ 19,359,920
Instructional administration	3,382,571	228,501	-	20,673	-	3,631,745
Instructional support services	1,374,557	1,289,152	-	106,959	-	2,770,668
Student services	9,584,556	1,090,792	-	8,280	-	10,683,628
Plant operations and maintenance	2,018,842	2,678,671	-	3,054	-	4,700,567
Planning, policymaking, and coordinations	693,358	304,102	-	357	-	997,817
Institutional support services	5,030,380	4,263,962	-	29,350	-	9,323,692
Community services	299,522	159,004	-	4,151	-	462,677
Ancillary services and auxiliary operations	493,956	28,720	-	-	-	522,676
Student aid	-	-	10,059,732	-	-	10,059,732
Physical property and related acquisitions	-	13,986	-	2,837,878	-	2,851,864
Unallocated depreciation	-	-	-	-	6,909,612	6,909,612
Total	\$ 41,746,513	\$ 10,540,655	\$ 10,059,732	\$ 3,018,086	\$ 6,909,612	\$ 72,274,598

STATEMENT OF CASH FLOWS

The Statement of Cash Flows provides information about cash receipts and cash payments during the fiscal year. This Statement also assists users assessing the District's ability to generate positive cash flows, meet liabilities as they come due, and the need for external financing. The primary operating expense of the District is the payment of salaries and benefits to faculty, administrators, and classified staff.

The Statement of Cash Flows is divided into five parts. The first part reflects operating cash flows and shows the net cash used by the operating activities of the District. The second part details cash received for nonoperating, non-investing, and non-capital financing purposes. The third part shows cash flows from capital and related financing activities. This part deals with the cash used for the acquisition and construction of capital and related items. The fourth part provides information from investing activities and the amount of interest received. The last section reconciles the net cash used by operating activities to the operating loss reflected on the Statement of Revenues, Expenses and Changes in Net Position.

The Statement of Cash Flows for the fiscal years ended June 30, 2021 and June 30, 2020, is summarized below:

Table 4

	2021	2020, as restated	Change
Net Cash Flows from			
Operating activities	\$ (44,198,427)	\$ (56,435,128)	\$ 12,236,701
Noncapital financing activities	46,199,223	48,978,979	(2,779,756)
Capital financing activities	(18,373,017)	19,413,826	(37,786,843)
Investing activities	<u>1,322,574</u>	<u>(29,495,658)</u>	<u>30,818,232</u>
Net Decrease in Cash	(15,049,647)	(17,537,981)	2,488,334
Cash, Beginning of Year	<u>77,506,229</u>	<u>95,044,210</u>	<u>(17,537,981)</u>
Cash, End of Year	<u><u>\$ 62,456,582</u></u>	<u><u>\$ 77,506,229</u></u>	<u><u>\$ (15,049,647)</u></u>

Capital Assets

As of June 30, 2021, the District had approximately \$239.4 million in capital assets; less \$63.8 million in accumulated depreciation. The capital assets include land, construction in progress, buildings, and furniture and equipment. At June 30, 2021, the District's net capital assets were approximately \$175.7 million. The District spent approximately \$22.6 million on capital assets during the year, the majority of which relates to bond projects. Depreciation expense totaled approximately \$6.9 million during the year.

Projects are recorded as construction in progress until the project is completed at which time the cost of the building and/or improvements will be recorded to the depreciable Building and Improvement category.

Additional information related to capital assets can be found in Note 6 of the financial statements.

Table 5

	Balance, Beginning of Year	Additions	Deletions	Balance, End of Year
Land and construction in progress	\$ 25,101,960	\$ 22,411,430	\$ -	\$ 47,513,390
Buildings and improvements	182,170,818	-	-	182,170,818
Equipment and vehicles	9,580,431	158,808	-	9,739,239
Subtotal	216,853,209	22,570,238	-	239,423,447
Accumulated depreciation	(56,861,302)	(6,909,612)	-	(63,770,914)
Total	<u>\$ 159,991,907</u>	<u>\$ 15,660,626</u>	<u>\$ -</u>	<u>\$ 175,652,533</u>

LONG-TERM LIABILITIES INCLUDING OPEB AND PENSIONS

Long-term liabilities consist primarily of general obligation bonds, note payable, aggregate net pension liability, and the aggregate net other postemployment benefits (OPEB) liability. At June 30, 2021, the District had approximately \$157.5 million liability outstanding due to the issuance of general obligation bonds.

The District's notes payable decreased from its principal payment reducing the liability due to the State in the amount of approximately \$6.8 million outstanding. This note is repaid in annual installments, in accordance with obligation requirements.

As of June 30, 2021, the aggregate net pension liability was approximately \$45.2 million versus approximately \$39.7 million last year, an increase of approximately \$5.5 million, or 13.8%. The aggregate net OPEB liability was approximately \$6.7 million versus approximately \$10.1 million last year, a decrease of approximately \$3.4 million, or 33.7%.

The District is also obligated for compensated absences and claims liabilities to its qualified employees.

Notes 7-10 in the financial statements provides additional information on long-term liabilities.

A summary of long-term liabilities is presented below.

Table 6

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
General obligation bonds	\$ 162,876,040	\$ 2,610,748	\$ (7,973,464)	\$ 157,513,324
Notes payable	7,794,389	-	(1,002,025)	6,792,364
Aggregate net OPEB liability	10,061,989	-	(3,389,473)	6,672,516
Aggregate net pension liability	39,721,437	5,467,634	-	45,189,071
Other liabilities	2,055,515	52,453	(141,114)	1,966,854
Total long-term liabilities	<u>\$ 222,509,370</u>	<u>\$ 8,130,835</u>	<u>\$ (12,506,076)</u>	<u>\$ 218,134,129</u>
Amount due within one year				<u>\$ 4,773,002</u>

ECONOMIC FACTORS THAT MAY AFFECT THE FUTURE

The Compton Community College District's economic condition is heavily influenced by those of the State of California. The state provides funding for the California Community College Chancellor's Office, which in turn funds the District's General Funds revenues from State apportionments, local property taxes including redevelopment agency allocations, and the Education Protection Account (EPA). Additionally, enrollment fees paid by students, adds to the District's general apportionment.

In terms of the State of California's Budget Overview for 2022–2023, the Governor's budget proposes additional ongoing resources of approximately \$840 million to California Community Colleges appropriations and categorical programs, as compared to the 2021 Budget Act. Furthermore, the proposed budget for 2022-2023 provides about \$1.8 billion in Proposition 98 augmentations over the prior year, including \$842 million (46%) in ongoing spending and \$983 million (54%) in one-time funding.

In response to the disruptions of the COVID-19 pandemic, the state has made fiscal stability a top priority. While the temporary protections under the COVID-19 Emergency Conditions Allowance expires at the end of 2021-2022, the 2021 Budget Act extended the Student Centered Funding Formula (SCFF) existing minimum revenue (hold harmless) provision by one year, through 2024-2025. Under this provision, districts will earn at least their 2017-2018 total computational revenue, adjusted by COLA each year, if applicable.

Specific to the District, the trailer bill to the Budget provides that the District hold harmless will be for a period through 2025-2026. This provision was included to assist the District with the transition from its partnership with El Camino Community College District.

Other Factors That May Affect the Future

The concern for community colleges is that currently the economic condition of the State is unpredictable and the outlook for cost of living remains high with rising inflation that is expected to continue into the near future. This, along with rising pension costs and forecasted decreases in college enrollments provides critical concerns for the community colleges.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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. For inquiries about this report or additional financial information, submit questions to the Vice President, Administrative Services, Compton Community College District, 1111 East Artesia Boulevard, Compton, California 90221.

Compton Community College District

Primary Government
Statement of Net Position
June 30, 2021

Assets	
Cash and cash equivalents	\$ 615,523
Investments	96,501,724
Accounts receivable	16,202,820
Student receivables, net	552,332
Prepaid expenses	469,230
Capital assets	
Nondepreciable capital assets	47,513,390
Depreciable capital assets, net of depreciation	<u>128,139,143</u>
Total capital assets	<u>175,652,533</u>
Total assets	<u>289,994,162</u>
Deferred Outflows of Resources	
Deferred outflows of resources related to debt refunding	3,228,246
Deferred outflows of resources related to OPEB	3,292,249
Deferred outflows of resources related to pensions	<u>10,977,599</u>
Total deferred outflows of resources	<u>17,498,094</u>
Liabilities	
Accounts payable	11,762,299
Accrued interest payable	2,016,121
Unearned revenue	6,692,387
Long-term liabilities	
Long-term liabilities other than OPEB and pensions, due within one year	4,773,002
Long-term liabilities other than OPEB and pensions, due in more than one year	161,499,540
Aggregate net other postemployment benefits (OPEB) liability	6,672,516
Aggregate net pension liability	<u>45,189,071</u>
Total liabilities	<u>238,604,936</u>
Deferred Inflows of Resources	
Deferred inflows of resources related to OPEB	224,646
Deferred inflows of resources related to pensions	<u>2,271,933</u>
Total deferred inflows of resources	<u>2,496,579</u>
Net Position	
Net investment in capital assets	80,899,697
Restricted for	
Debt service	11,810,115
Capital projects	7,393,336
Other activities	6,234,403
Unrestricted deficit	<u>(39,946,810)</u>
Total Net Position	<u>\$ 66,390,741</u>

Compton Community College District
Primary Government
Statement of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2021

Operating Revenues	
Tuition and fees	\$ 2,979,802
Less: Scholarship discounts and allowances	<u>(1,906,999)</u>
Net tuition and fees	<u>1,072,803</u>
Grants and contracts, noncapital	
Federal	4,404,666
State	11,940,672
Local	<u>379,566</u>
Total grants and contracts, noncapital	<u>16,724,904</u>
Total operating revenues	<u>17,797,707</u>
Operating Expenses	
Salaries	26,478,356
Employee benefits	15,268,157
Supplies, materials, and other operating expenses and services	10,540,655
Student financial aid	10,059,732
Equipment, maintenance, and repairs	3,018,086
Depreciation	<u>6,909,612</u>
Total operating expenses	<u>72,274,598</u>
Operating Loss	<u>(54,476,891)</u>
Nonoperating Revenues (Expenses)	
State apportionments, noncapital	32,939,609
Local property taxes, levied for general purposes	6,505,086
Taxes levied for other specific purposes	6,719,582
Federal and state financial aid grants	7,998,994
State taxes and other revenues	1,101,658
Investment income	1,465,692
Interest expense on capital related debt	(7,483,731)
Investment income on capital asset-related debt, net	82,865
Other nonoperating revenue	<u>1,442,292</u>
Total nonoperating revenues (expenses)	<u>50,772,047</u>
Loss Before Other Revenues	<u>(3,704,844)</u>
Other Revenues	
State revenues, capital	<u>7,248,855</u>
Change In Net Position	3,544,011
Net Position, Beginning of Year, as Restated	<u>62,846,730</u>
Net Position, End of Year	<u>\$ 66,390,741</u>

Compton Community College District

Primary Government
Statement of Cash Flows
Year Ended June 30, 2021

Operating Activities	
Tuition and fees	\$ 1,093,360
Federal, state, and local grants and contracts, noncapital	16,790,891
Payments to or on behalf of employees	(39,784,154)
Payments to vendors for supplies and services	(12,238,792)
Payments to students for scholarships and grants	<u>(10,059,732)</u>
Net Cash Flows From Operating Activities	<u>(44,198,427)</u>
Noncapital Financing Activities	
State apportionments	30,113,284
Federal and state financial aid grants	7,998,994
Property taxes - nondebt related	6,505,086
State taxes and other apportionments	1,076,507
Other nonoperating	<u>505,352</u>
Net Cash Flows From Noncapital Financing Activities	<u>46,199,223</u>
Capital Financing Activities	
Purchase of capital assets	(19,782,938)
State revenue, capital	7,863,836
Property taxes - related to capital debt	6,719,582
Principal paid on capital debt	(7,445,000)
Interest paid on capital debt	(5,811,362)
Interest received on capital asset-related debt	<u>82,865</u>
Net Cash Flows From Capital Financing Activities	<u>(18,373,017)</u>
Investing Activities	
Proceeds from sales and maturities of investments	(279,713)
Interest received from investments	<u>1,602,287</u>
Net Cash Flows From Investing Activities	<u>1,322,574</u>
Change In Cash and Cash Equivalents	(15,049,647)
Cash and Cash Equivalents, Beginning of Year, as Restated	<u>77,506,229</u>
Cash and Cash Equivalents, End of Year	<u>\$ 62,456,582</u>

Compton Community College District
Statement of Cash Flows
Year Ended June 30, 2021

Reconciliation of Net Operating Loss to Net Cash Flows from Operating Activities	
Operating Loss	<u>\$ (54,476,891)</u>
Adjustments to reconcile operating loss to net cash flows from operating activities	
Depreciation expense	6,909,612
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources	
Receivables, net	(801,498)
Prepaid expenses	(23,092)
Deferred outflows of resources related to OPEB	1,659,936
Deferred outflows of resources related to pensions	(1,176,056)
Accounts payable	2,057,922
Unearned revenue	888,042
Compensated absences	52,453
Claims liability	(141,114)
Aggregate net OPEB liability	(3,389,473)
Aggregate net pension liability	5,467,634
Deferred inflows of resources related to OPEB	216,843
Deferred inflows of resources related to pensions	<u>(1,442,745)</u>
Total adjustments	<u>10,278,464</u>
Net Cash Flows From Operating Activities	<u><u>\$ (44,198,427)</u></u>
Cash and Cash Equivalents Consist of the Following:	
Cash in banks	\$ 615,523
Cash in county treasury	<u>61,841,059</u>
Total cash and cash equivalents	<u><u>\$ 62,456,582</u></u>
Noncash Transactions	
Amortization of deferred outflows of resources related to debt refunding	\$ 381,125
Amortization of debt premiums	\$ 528,464
Accretion of interest on capital appreciation bonds	\$ 2,610,748

Compton Community College District
Fiduciary Fund
Statement of Net Position
June 30, 2021

	<u>Retiree OPEB Trust</u>
Assets	
Investments	<u>\$ 12,965,200</u>
Net Position	
Restricted for postemployment benefits other than pensions	<u>\$ 12,965,200</u>

Compton Community College District

Fiduciary Fund

Statement of Changes in Net Position

Year Ended June 30, 2021

	Retiree OPEB Trust
	<u> </u>
Additions	
District contributions	\$ 2,714,157
Interest and investment income	340,517
Net realized and unrealized gains	<u>2,065,324</u>
Total additions	<u>5,119,998</u>
Deductions	
Benefit payments	580,122
Administrative expenses	<u>85,684</u>
Total deductions	<u>665,806</u>
Change in Net Position	4,454,192
Net Position - Beginning of Year, as Restated	<u>8,511,008</u>
Net Position - End of Year	<u><u>\$ 12,965,200</u></u>

Note 1 - Organization

Compton Community College District (the District) is located in the city of Compton, Los Angeles County, California. Compton Community College was established in 1927 as a component of the Compton Union High School District. At that time, State law authorized high school and unified school districts to offer education through a junior college accredited program. In 1950, voters approved a bond issue separating the college from the high school district. The District administers operations of one College campus. While the District is a political subdivision of the State of California, it is legally separate and is independent of other State and local governments, and it is not a component unit of the State in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 61. The District is classified as a Public Educational Institution under Internal Revenue Code Section 115 and is, therefore, exempt from Federal taxes.

Financial Reporting Entity

The District has adopted accounting policies to determine whether certain organizations, for which the District is not financially accountable, should be reported as component units based on the nature and significance of their relationship with the District. The three components used to determine the presentation are: providing a "direct benefit", the "environment and ability to access/influence reporting", and the "significance" criterion. As defined by accounting principles generally accepted in the United States of America and established by the Governmental Accounting Standards Board, the financial reporting entity consists of the District. The District has identified no component units.

The District has analyzed the financial and accountability relationship with the Foundation for the Compton Community College District (the Foundation) in conjunction with the GASB Statement No. 61 criteria. The Foundation is a separate, not for profit organization, and the District does provide and receive direct benefits to and from the Foundation. However, it has been determined that all criteria under GASB Statement No. 61 have not been met to require inclusion of the Foundation's financial statements in the District's annual report. Information on the Foundation may be requested through the Compton Community College District.

Note 2 - Summary of Significant Accounting Policies**Basis of Accounting**

For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities as defined by GASB. This presentation provides a comprehensive government-wide perspective of the District's assets, deferred outflows of resources, liabilities, deferred inflows of resources, activities, and cash flows and replaces the fund group perspective previously required. Fiduciary activities are excluded from the primary government financial statements. The District's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. The significant accounting policies followed by the District in preparing these financial statements are in accordance with accounting principles generally accepted in the United States of America as promulgated by GASB. Additionally, the District's policies comply with the California Community Colleges Chancellor's Office *Budget and Accounting Manual*. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All material intra-agency and intra-fund transactions have been eliminated.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter, to be used to pay liabilities of the current fiscal year. The District considers revenues to be available if they are collected within one year after year-end, except for property taxes, which are considered available if collected within 60 days.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include State apportionments, property taxes, certain Federal and State grants, entitlements, and donations. Property tax revenue is recognized in the fiscal year received. State apportionment revenue is earned based upon criteria set forth from the Community Colleges Chancellor's Office and includes reporting of full-time equivalent students (FTES) attendance. The corresponding apportionment revenue is recognized in the period the FTES are generated. Revenue from Federal and State grants and entitlements are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements may include time and/or purpose requirements.

Expenses are recorded on the accrual basis as they are incurred, when goods are received, or services are rendered.

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 equivalents also include with county treasury balances for purposes of the Statement of Cash Flows.

Investments

Investments are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value, including money market investments and participating interest-earning investment contracts with original maturities greater than one year, are stated at cost or amortized cost.

The District's investment in the County Treasury is measured at fair value on a recurring basis, which is determined by the fair value per share of the underlying portfolio determined by the program sponsor. Positions in this investment pool is not required to be categorized within the fair value hierarchy.

Accounts Receivable

Accounts receivables include amounts due from the Federal, State and/or local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the District's grants and contracts. Accounts receivable also consist of tuition and fee charges to students. The District provides for an allowance for uncollectable accounts as an estimation of amounts that may not be received. This allowance is based upon management's estimates and analysis. The allowance was estimated at \$1,974,968 for the year ended June 30, 2021.

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements. The cost of prepaid items is recorded as an expense when consumed rather than when purchased.

Capital Assets and Depreciation

Capital assets are long-lived assets of the District as a whole and include land, construction in progress, buildings, building and land improvements, and equipment. The District maintains an initial unit cost capitalization threshold of \$5,000 and an estimated useful life greater than one year. Assets are recorded at historical cost, or estimated historical cost, when purchased or constructed. The District does not possess any infrastructure. Donated capital assets are recorded at acquisition value at the date of donation. Improvements to buildings and land that significantly increase the value or extend the useful life of the asset are capitalized; the costs of routine maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are charged as an operating expense in the year in which the expense was incurred. Major outlays for capital improvements are capitalized as construction in progress as the projects are constructed.

Depreciation of capital assets is computed and recorded utilizing the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 25 to 50 years; improvements, 10 to 20 years; equipment, 5 to 10 years; vehicles, 5 to 10 years.

The District records impairments of capital assets when it becomes probable that the carrying value of the assets will not be fully recovered over their estimated useful life. Impairments are recorded to reduce the carrying value of the assets to their net realizable value based on facts and circumstances in existence at the time of the determination. No impairments were recorded during the year ended June 30, 2021.

Compensated Absences

Accumulated unpaid employee vacation benefits are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide financial statements. The current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignation and retirements that occur prior to year-end that have not yet been paid within the fund from which the employees who have accumulated the leave are paid. The liability for this benefit is reported on the government-wide financial statements.

Sick leave is accumulated without limit for each employee based upon negotiated contracts. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. Therefore, the value of accumulated sick leave is not recognized as a liability in the District's financial statements. However, retirement credit for unused sick leave is applicable to all classified members who retire after January 1, 1999. At retirement, each member will receive .004 year of service credit for each day of unused sick leave. Retirement credit for unused sick leave is applicable to all academic employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full time.

Debt Premiums

Debt premiums are amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. All other bond issuance costs are expensed when incurred.

Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the Statement of Net Position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense until then. The District reports deferred outflows of resources related to debt refunding of general obligation bonds, and for OPEB related items and pension related items. The deferred charges on refunding resulted from the difference between the carrying value of the refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The District reports deferred inflows of resources for OPEB and pension related items.

Pensions

For purposes of measuring the net pension liability, deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the California State Teachers Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) plan for schools (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalSTRS and CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Member contributions are recognized in the period in which they are earned. Investments are reported at fair value. The aggregate net pension liability attributable to the governmental activities will be paid by the fund in which the employee worked.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District OPEB Plan and CalSTRS Medicare Premium Payment (MPP) Program and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the District OPEB Plan and MPP. For this purpose, the District OPEB Plan and MPP recognize benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost. Contributions for the net OPEB liability will be paid primarily by the General Fund.

Unearned Revenue

Unearned revenues arise when resources are received by the District before it has a legal claim to them, such as when certain grants are received prior to the occurrence of qualifying expenditures. In the subsequent periods, when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and the revenue is recognized. Unearned revenue is primarily composed of (1) amounts received for tuition and fees prior to the end of the fiscal year that are related to the subsequent fiscal year, and (2) amounts received from Federal and State grants received before the eligibility requirements are met.

Noncurrent Liabilities

Noncurrent liabilities include bonds and notes payable, compensated absences, claims payable liabilities, the aggregate net OPEB liability, and the aggregate net pension liability with maturities greater than one year.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position related to net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report \$25,437,854 of restricted net position, and the fiduciary funds financial statements report \$12,965,200 of restricted net position.

Operating and Nonoperating Revenues and Expenses

Classification of Revenues - The District has classified its revenues as either operating or nonoperating. Certain significant revenue streams relied upon for operation are classified as nonoperating as defined by GASB. Classifications are as follows:

- **Operating revenues** - Operating revenues include activities that have the characteristics of exchange transactions such as tuition and fees, net of scholarship discounts and allowances, Federal, State, and local grants and contracts.
- **Nonoperating revenues** - Nonoperating revenues include activities that have the characteristics of nonexchange transactions such as State apportionments, property taxes, investment income, and other revenue sources defined by GASB.

Classification of Expenses - Nearly all of the District's expenses are from exchange transactions and are classified as either operating or nonoperating according to the following criteria:

- **Operating expenses** - Operating expenses are necessary costs to provide the services of the District and include employee salaries and benefits, supplies, operating expenses, and student financial aid.
- **Nonoperating expenses** - Nonoperating expenses include interest expense and other expenses not directly related to the services of the District.

State Apportionments

Certain current year apportionments from the State are based on financial and statistical information of the previous year. Any corrections due to the recalculation of the apportionment are made in February of the subsequent year. When known and measurable, these recalculations and corrections are accrued in the year in which the FTES are generated.

Property Taxes

Secured property taxes attach as an enforceable lien on property as of January 1. The County Assessor is responsible for assessment of all taxable real property. Taxes are payable in two installments on November 1 and February 1 and become delinquent on December 10 and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31. The County of Los Angeles bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

The voters of the District passed General Obligation Bond measures in November 2002 and 2014 for the acquisition, construction, and remodeling of certain District property. As a result of the passage of the Bond, property taxes are assessed on the property within the District specifically for the repayment of the debt incurred. The taxes are assessed, billed, and collected as noted above and remitted to the District when collected.

Scholarship Discounts and Allowances

Tuition and fee revenue is reported net of scholarship discount, and allowances. Fee waivers approved by the California Community College Board of Governors are included within the scholarship discounts and allowances in the Statement of Revenues, Expenses and Changes in Net Position. Scholarship discounts and allowances represent the difference between stated charges for enrollment fees and the amount that is paid by students or third parties making payments on the students' behalf.

Financial Assistance Programs

The District participates in federally funded Pell Grants, Direct Loans, Supplemental Educational Opportunity Grants (SEOG), and Federal Work-Study programs, as well as other programs funded by the Federal government and State of California. Financial aid Provided to the student in the form of cash is reported as an operating expense in the Statement of Revenues, Expenses and Changes in Net Position.

Federal Financial Assistance programs are audited in accordance with Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America 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, and those differences could be material.

Interfund Activity

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund activity within the primary government and fiduciary fund has been eliminated respectively in the consolidation process of the basic financial statements. Balances owing between the primary government and the fiduciary fund are not eliminated in the consolidation process.

Operating transfers between funds of the District are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use restricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Operating transfers within the primary government and fiduciary fund has been eliminated respectively in the consolidation process of the basic financial statements. Balances transferred between the primary government and the fiduciary fund are not eliminated in the consolidation process.

Change in Accounting Principles

Implementation of GASB Statement No. 84

As of July 1, 2020, the District adopted GASB No. 84, *Fiduciary Activities*. The objective of this Statement is to improve the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements and this Statement will enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. Greater consistency and comparability enhance the value provided by the information reported in financial statements for assessing government accountability and stewardship. The impact to the District resulted in a reclassification of the District's trust and agency funds from fiduciary to governmental. The effect of the implementation of this standard on beginning net position is disclosed in Note 13.

Note 3 - Deposits and Investments**Policies and Practices**

The District is authorized under *California Government Code* to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium-term corporate notes; shares of beneficial interest issued by diversified management companies; certificates of participation; obligations with first priority security, and collateralized mortgage obligations.

Investment in County Treasury

The District deposits substantially all receipts and collections of monies with their County Treasurer. The fair value of the District's investment in the pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

General Authorizations

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedules below:

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

Authorized Under Debt Agreements

Investments of debt proceeds held by bond trustees are governed by provisions of the debt agreements rather than the general provisions of the California Government Code. These provisions allow for the acquisition of investment agreements with maturities of up to 30 years.

Summary of Deposits and Investments

Deposits and investments as of June 30, 2021, consist of the following:

	Primary Government	Fiduciary Funds
Cash on hand and in banks	\$ 340,323	\$ -
Cash in revolving	275,200	-
Investments	96,501,724	12,965,200
Total deposits and investments	\$ 97,117,247	\$ 12,965,200

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the U.S. Treasury Notes, Mutual funds, and the Los Angeles County Investment Pool.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investments in the U.S. Treasury Notes, Mutual funds, and the Los Angeles County Investment Pool are not required to be rated, nor have they been rated as of June 30, 2021.

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuation is provided by the following schedule that shows the distribution of the District's investment by maturity:

Investment Type	Fair Value	Weighted Average Days to Maturity
U.S. Treasury notes	\$ 30,258,492	734
Mutual funds	17,367,373	No maturity
Los Angeles County Investment Pool	61,841,059	1,045
Total	\$ 109,466,924	

Custodial Credit Risk

Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California *Government Code* requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits. As of June 30, 2021, the District's bank balance of approximately \$1.6 million was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

Investments

This is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. As of June 30, 2021, the District's investment balance of approximately \$47.6 million was exposed to custodial credit risk because it was uninsured, unregistered and held by the brokerage firm which is also the counterparty for these securities. The District's investment policy limits the amount of securities that can be held by counterparties to no more than 10% of total investments in one issuer for commercial paper, mutual funds and money market mutual funds and 30% for Banker's Acceptance.

Note 4 - Fair Value Measurements

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

- Level 1 - Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.
- Level 2 - Observable inputs, other than Level 1 prices, such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.

- Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the District's own data. The District should adjust that data if reasonably available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

The District's fair value measurements are as follows at June 30, 2021:

Investment Type	Fair Value	Fair Value Measurements Using		
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
U.S. Treasury notes	\$ 30,258,492	\$ 30,258,492	\$ -	\$ -
Mutual funds	17,367,373	17,367,373	-	-
Total	\$ 47,625,865	\$ 47,625,865	\$ -	\$ -

All assets have been valued using a market approach, which uses prices and other relevant information generated by market transactions involving identical or comparable assets or group of assets.

Note 5 - Accounts Receivable

Accounts receivable at June 30, 2021, consisted of the following:

	Primary Government
Federal Government	
Categorical aid	\$ 318,387
State Government	
Apportionment	4,532,755
Categorical aid	2,097,768
State construction	7,217,835
Lottery	257,118
Local Sources	
Interest	66,573
Other local sources	1,712,384
Total	\$ 16,202,820
Student receivables	\$ 2,527,300
Less: allowance for bad debt	(1,974,968)
Student receivables, net	\$ 552,332

Note 6 - Capital Assets

Capital asset activity for the District for the year ended June 30, 2021, was as follows:

	Balance, Beginning of Year	Additions	Deductions	Balance, End of Year
Capital Assets Not Being Depreciated				
Land	\$ 2,324,000	\$ -	\$ -	\$ 2,324,000
Construction in progress	22,777,960	22,411,430	-	45,189,390
Total capital assets not being depreciated	25,101,960	22,411,430	-	47,513,390
Capital Assets Being Depreciated				
Land improvements	77,270,257	-	-	77,270,257
Buildings and improvements	104,900,561	-	-	104,900,561
Furniture and equipment	9,580,431	158,808	-	9,739,239
Total capital assets being depreciated	191,751,249	158,808	-	191,910,057
Total capital assets	216,853,209	22,570,238	-	239,423,447
Less Accumulated Depreciation				
Land improvements	(22,335,562)	(4,220,870)	-	(26,556,432)
Buildings and improvements	(26,453,637)	(2,250,184)	-	(28,703,821)
Furniture and equipment	(8,072,103)	(438,558)	-	(8,510,661)
Total accumulated depreciation	(56,861,302)	(6,909,612)	-	(63,770,914)
Net capital assets	\$ 159,991,907	\$ 15,660,626	\$ -	\$ 175,652,533

Note 7 - Long-Term Liabilities other than OPEB and Pensions**Summary**

The changes in the District's long-term liabilities other than OPEB and pensions during the year ended June 30, 2021 consisted of the following:

	Balance, Beginning of Year	Additions	Deductions	Balance, End of Year	Due in One Year
General obligation bonds	\$ 157,653,503	\$ 2,610,748	\$ (7,445,000)	\$ 152,819,251	\$ 3,435,000
Bond premium	5,222,537	-	(528,464)	4,694,073	-
Note payable	7,794,389	-	(1,002,025)	6,792,364	1,025,141
Compensated absences	1,396,140	52,453	-	1,448,593	-
Claims liability	659,375	-	(141,114)	518,261	-
Total	\$ 172,725,944	\$ 2,663,201	\$ (9,116,603)	\$ 166,272,542	\$ 4,773,002

Description of Long-Term Liabilities

The general obligation bonds are paid from property tax collections and are accounted for by the Los Angeles County Treasurer by the Bond Interest and Redemption Fund. The note payable is an advance apportionment appropriated by the State. Repayment is made from the unrestricted resources of the General Fund. Compensated absences are paid from the resources of the fund from which the employee liability was created. The claims liability is paid from resources generated by the charging of workers' compensation benefit expenditures in each fund that incurs payroll expenditures.

General Obligation Bonds**Election 2002 General Obligation Bonds - Measure CC**

General obligation bonds were approved by a local election in November 2002 under Proposition 39. The funds are designated to repair and renovate academic classrooms and job training facilities; upgrade safety security systems, electrical capacity, computer technology, energy efficiency, and leaky roofs; relieve student overcrowding; and repair, renovate, construct, acquire and equip classrooms, facilities and sites. The total amount approved by the voters was \$100,000,000. Interest rates on the bonds range from 2.52% to 6.65%. At June 30, 2021, \$99,996,761 had been issued and \$48,169,251 was outstanding with a premium balance of \$867,276.

Election 2014 General Obligation Bonds - Measure C

General obligation bonds were approved by a local election in November 2014 under Proposition 39. The total amount approved by the voters was \$100,000,000. The funds are designated to be used to update aging classrooms and buildings; repair deteriorating gas and sewer lines, electrical wiring and leaky roofs; improve classroom technology and handicapped accessibility; upgrade campus safety and repair, construct, and acquire facilities and equipment. Interest rates on the bonds range from 4.00% to 5.00%. At June 30, 2021, \$38,000,000 had been issued and \$29,345,000 was outstanding with a premium balance of \$1,551,937.

2012 General Obligation Refunding Bonds

On October 4, 2012, the District issued 2012 General Obligation Refunding Bonds in the amount of \$14,470,000 with interest rates ranging from 2.00% to 5.00%, depending on the maturity of the related bonds. The Bonds were issued at a premium of \$1,677,513 to advance refund and defease a portion of the District's 2002 General Obligation Series 2004A Bonds maturing on and after July 1, 2028, and to pay all legal, financial, and contingent costs in connection with the issuance of the Bonds. The Refunding Bonds defeased \$14,510,000 of the old debt with a final maturity date of July 1, 2023. The Bonds are payable semiannually on January 1 and July 1 of each year.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$1,447,380. This difference, reported in the accompanying financial statements as a deferred charge on refunding, is being charged to operations through the year 2023 using the straight-line method. The outstanding principal balance of these Bonds at June 30, 2021, was \$6,300,000 with a premium balance of \$173,536.

2014 General Obligation Refunding Bonds

On March 18, 2014, the District issued 2014 General Obligation Refunding Bonds in the amount of \$17,010,000 with interest rates ranging from 1.00% to 5.00%, depending on the maturity of the related bonds. The Bonds were issued at a premium of \$1,802,271 to advance refund and defease a portion of the District's 2002 General Obligation Series 2004A Bonds maturing on and after July 1, 2028, and to pay all legal, financial, and contingent costs in connection with the issuance of the Bonds. The Refunding Bonds defeased \$18,030,000 of the old debt with a final maturity date of July 1, 2028. The Bonds are payable semiannually on January 1 and July 1 of each year.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$450,434. This difference, reported in the accompanying financial statements as a deferred charge on refunding, is being charged to operations through the year 2028 using the straight-line method. The outstanding principal balance of these Bonds at June 30, 2021, was \$16,115,000 with a premium balance of \$816,123.

2015 General Obligation Refunding Bonds

On October 6, 2015, the District issued 2015 General Obligation Refunding Bonds in the amount of \$13,100,000 with interest rates ranging from 2.00% to 5.00%, depending on the maturity of the related bonds. The Bonds were issued at a premium of \$1,841,849 to advance refund and defease a portion of the District's 2002 General Obligation Series 2009B Bonds maturing on and after August 1, 2020, and to pay all legal, financial, and contingent costs in connection with the issuance of the Bonds. The Refunding Bonds defeased \$12,005,000 of the old debt with a final maturity date of August 1, 2034. The Bonds are payable semiannually on January 1 and July 1 of each year.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$2,606,682. This difference, reported in the accompanying financial statements as a deferred charge on refunding, is being charged to operations through the year 2035 using the straight-line method. The outstanding principal balance of these Bonds at June 30, 2021, was \$11,835,000 with a premium balance of \$1,285,201.

2020 General Obligation Refunding Bonds

On May 21, 2020, the District issued 2020 General Obligation Refunding Series A and Series B Crossover Bonds in the amount of \$41,205,000 with interest rates ranging from 2.004% to 3.533%, depending on the maturity of the related bonds. The Series 2020A Refunding Bonds were to advance refund and defease a portion of the District's 2002 General Obligation Series 2002C, Series 2002D, Series 2012C, and Series 2013D Bonds, and to pay all legal, financial, and contingent costs in connection with the issuance of the Bonds. The Series 2020B Refunding Crossover Bonds will be redeemed to refund a portion of the District's 2002 General Obligation Series 2013D Bonds at the Crossover date of August 1, 2023; therefore the refunding is not considered a current refunding. The Refunding Bonds defeased \$12,005,000 of the old debt with a final maturity date of August 1, 2038. The Bonds are payable semiannually on February 1 and August 1 of each year, commencing August 1, 2020.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$4,128,469. This difference, reported in the accompanying financial statements as a deferred charge on refunding, is being charged to operations through the year 2040 using the straight-line method. The outstanding principal balance of these Bonds at June 30, 2021 was \$41,055,000.

Debt Maturity – General Obligation Bonds

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding Beginning of Year	Issued	Accreted Interest	Redeemed	Bonds Outstanding End of Year
3/22/2012	8/1/2036	2.59-6.65%	\$ 15,001,122	\$ 10,997,120	\$ -	\$ 690,980	\$ (265,000)	\$ 11,423,100
10/4/2012	7/1/2023	2.00-5.00%	14,470,000	8,010,000	-	-	(1,710,000)	6,300,000
11/13/2013	8/1/2038	2.52-6.62%	16,554,972	22,447,908	-	1,510,525	(70,000)	23,888,433
3/18/2014	7/1/2028	1.00-5.00%	17,010,000	16,245,000	-	-	(130,000)	16,115,000
10/6/2015	8/1/2034	2.00-5.00%	13,100,000	12,330,000	-	-	(495,000)	11,835,000
10/17/2018	8/1/2040	4.00-5.00%	12,440,677	12,918,475	-	409,243	(470,000)	12,857,718
10/17/2018	8/1/2043	4.00-5.00%	38,000,000	33,500,000	-	-	(4,155,000)	29,345,000
5/21/2020	8/1/2039	2.004-3.533%	9,895,000	9,895,000	-	-	(150,000)	9,745,000
5/21/2020	8/1/2038	2.509-3.463%	31,310,000	31,310,000	-	-	-	31,310,000
				<u>\$ 157,653,503</u>	<u>\$ -</u>	<u>\$ 2,610,748</u>	<u>\$ (7,445,000)</u>	<u>\$ 152,819,251</u>

The Election 2002 Measure CC General Obligation Bonds mature through fiscal year 2041 as follows:

Fiscal Year	Principal (Including accreted interest to date)	Accreted Interest	Current Interest to Maturity	Total
2022	\$ 717,010	\$ 2,990	\$ 209,850	\$ 929,850
2023	794,020	10,980	184,450	989,450
2024	848,377	81,623	162,625	1,092,625
2025	1,051,345	113,655	140,750	1,305,750
2026	1,078,825	221,175	117,750	1,417,750
2027-2031	10,290,045	6,516,955	416,750	17,223,750
2032-2036	17,155,575	20,914,425	81,500	38,151,500
2037-2041	16,234,054	28,290,946	-	44,525,000
Total	<u>\$ 48,169,251</u>	<u>\$ 56,152,749</u>	<u>\$ 1,313,675</u>	<u>\$ 105,635,675</u>

The Election 2014 Measure C General Obligation Bonds mature through fiscal year 2044 as follows:

Fiscal Year	Principal	Current Interest to Maturity	Total
2022	\$ 70,000	\$ 1,327,850	\$ 1,397,850
2023	125,000	1,323,950	1,448,950
2024	190,000	1,316,700	1,506,700
2025	260,000	1,311,950	1,571,950
2026	335,000	1,290,575	1,625,575
2027-2031	3,040,000	6,081,000	9,121,000
2032-2036	6,080,000	4,963,000	11,043,000
2037-2041	10,415,000	2,976,350	13,391,350
2042-2044	8,830,000	549,000	9,379,000
Total	<u>\$ 29,345,000</u>	<u>\$ 21,140,375</u>	<u>\$ 50,485,375</u>

Compton Community College District

Notes to Financial Statements

June 30, 2021

The General Obligation Refunding Bonds mature through fiscal year 2040 as follows:

Fiscal Year	Principal	Current Interest to Maturity	Total
2022	\$ 2,645,000	\$ 2,969,351	\$ 5,614,351
2023	2,910,000	2,834,197	5,744,197
2024	3,195,000	2,686,319	5,881,319
2025	3,370,000	2,526,241	5,896,241
2026	3,680,000	2,352,387	6,032,387
2027-2031	18,120,000	8,937,901	27,057,901
2032-2036	16,940,000	5,807,093	22,747,093
2037-2040	24,445,000	1,380,180	25,825,180
Total	\$ 75,305,000	\$ 29,493,669	\$ 104,798,669

Note Payable

Assembly Bill 318 appropriated \$30 million to the Board of Governors of the California Community Colleges as an emergency apportionment to finance, among other things, activities described in Article 5 of Chapter 5, Part 46 of the Education Code. The balance available to the District is \$12,103,200. The financing does not constitute a borrowing, but is instead an advance apportionment subject to repayment with interest. During the 2015-2016 year, the District was able to negotiate and obtain a refinancing of a lower interest rate associated with this advance. The interest rate paid by the District prior to this refinance ranged 1.377% to 5.214%. After the refinancing, the interest rate on the remaining balance is 2.307%, resulting in a savings of \$966,000 in interest payments for the District. At June 30, 2021, the District had received \$17,896,800 with \$6,792,364 outstanding.

Fiscal Year	Principal	Current Interest to Maturity	Total
2022	\$ 1,025,141	\$ 156,700	\$ 1,181,841
2023	1,048,791	133,050	1,181,841
2024	1,072,987	108,854	1,181,841
2025	1,097,741	84,100	1,181,841
2026	1,052,656	58,776	1,111,432
2027-2029	1,495,048	62,235	1,557,283
Total	\$ 6,792,364	\$ 603,715	\$ 7,396,079

Note 8 - Aggregate Net Other Postemployment Benefits (OPEB) Liability

For the year ended June 30, 2021, the District reported an aggregate net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense for the following plans:

OPEB Plan	Aggregate Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	\$ 6,494,380	\$ 3,292,249	\$ 224,646	\$ (1,540,895)
Medicare Premium Payment (MPP) Program	178,136	-	-	28,201
Total	<u>\$ 6,672,516</u>	<u>\$ 3,292,249</u>	<u>\$ 224,646</u>	<u>\$ (1,512,694)</u>

The details of each plan are as follows:

District Plan

Plan Administration

The District's governing board administers the Postemployment Benefits Plan (the Plan). The Plan is a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for eligible retirees and their spouses.

Management of the plan is vested in the District management. Management of the trustee assets is vested with the Compton Community College District Retirement Board of Authority.

Plan Membership

At June 30, 2020, the measurement date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	70
Active employees	<u>156</u>
Total	<u><u>226</u></u>

Compton Community College District Futuris Trust

Compton Community College District Futuris Trust (the Trust) is an irrevocable governmental trust pursuant to Section 115 of the IRC for the purpose of funding certain postemployment benefits other than pensions. The Trust is administered by the Compton Community College District Retirement Board of Authority as directed by the investment alternative choice selected by the District. The District retains the responsibility to oversee the management of the Trust, including the requirement that investments and assets held within the Trust continually adhere to the requirements of the California Government Code Section 53600.5 which specifies that the trustee's primary role is to preserve capital, to maintain investment liquidity, and to protect investment yield. As such, the District acts as the fiduciary of the Trust. The financial activity of the Trust has been discretely presented. Separate financial statements are not prepared for the Trust.

Benefits Provided

The Plan provides medical, vision, and dental insurance benefits to eligible retirees and their spouses. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the Plan. The District's governing board has the authority to establish and amend the benefit terms as contained within the negotiated labor agreements.

Contributions

The contribution requirements of Plan members and the District are established and may be amended by the District and the District's bargaining units. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by management and the District's governing board. For the measurement period of June 30, 2020, the District contributed \$4,328,591 to the Plan, of which \$578,591 was used for current premiums, and \$3,750,000 was transferred to the District's OPEB irrevocable trust.

Investment

Investment Policy

The Plan's policy in regard to the allocation of invested assets is established and may be amended by the governing board by a majority vote of its members. It is the policy of the District to pursue an investment strategy that reduces risks through the prudent diversification for the portfolio across a broad selection of distinct asset classes. The Plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocation over short time spans. The following was the governing board's adopted asset allocation policy as of June 30, 2020:

<u>Asset Class</u>	<u>Target Allocation</u>
All Fixed Income	55%
Real Estate Investment Trusts	4%
All Domestic Equities	22%
All International Equities	19%

Rate of Return

For the year ended June 30, 2020, the annual money-weighted rate of return on investments, net of investment expense, was 11.94%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability of the District

The District's net OPEB liability of \$6,494,380 was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019. The components of the net OPEB liability of the District at June 30, 2020, were as follows:

Total OPEB liability	\$ 15,005,388
Plan fiduciary net position	<u>(8,511,008)</u>
Net OPEB liability	<u>\$ 6,494,380</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>56.72%</u>

Actuarial Assumptions

The total OPEB liability in the June 30, 2020 was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2019 and rolling forward the total OPEB liability to June 30, 2020. The following assumptions were applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75%
Salary increases	2.75%
Investment rate of return	5.85%
Healthcare cost trend rate	4.00%

The discount rate was based on an index of 20-year General Obligation municipal bonds rated AA or higher.

Mortality rates were based on the 2009 CalSTRS Mortality Table for certificated employees and the 2014 CalPERS Active Mortality for Miscellaneous Employees Table for classified employees. Mortality rates vary by age and sex. (Unisex mortality rates are not often used as individual OPEB benefits do not depend on the mortality table used.) If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reduction. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actual experience study as of June 30, 2019.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2020, (see the discussion of the Plan's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
All Fixed Income	4.50%
Real Estate Investment Trusts	7.50%
All Domestic Equities	7.50%
All International Equities	7.50%

Discount Rate

The discount rate used to measure the total OPEB liability was 5.85%. The projection of cash flows used to determine the discount rate assumed that the District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance, June 30, 2019	\$ 14,103,781	\$ 4,191,727	\$ 9,912,054
Service cost	524,960	-	524,960
Interest	827,247	-	827,247
Difference between expected and actual experience	127,991	-	127,991
Contributions - employer	-	4,328,591	(4,328,591)
Expected investment income	-	353,615	(353,615)
Differences between projected and actual earnings on OPEB plan investments	-	259,726	(259,726)
Benefit payments	(578,591)	(578,591)	-
Administrative expense	-	(44,060)	44,060
Net change in total OPEB liability	<u>901,607</u>	<u>4,319,281</u>	<u>(3,417,674)</u>
Balance, June 30, 2020	<u>\$ 15,005,388</u>	<u>\$ 8,511,008</u>	<u>\$ 6,494,380</u>

There were no changes in benefit terms or changes of assumptions since the previous valuation.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate	Net OPEB Liability
1% decrease (4.85%)	\$ 8,574,483
Current discount rate (5.85%)	6,494,380
1% increase (6.85%)	4,780,696

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percent lower or higher than the current healthcare cost trend rate:

Healthcare Cost Trend Rates	Net OPEB Liability
1% decrease (3.00%)	\$ 4,612,159
Current healthcare cost trend rate (4.00%)	6,494,380
1% increase (5.00%)	8,747,373

Deferred Outflows/Inflows of Resources Related to OPEB

At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB for the following:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 2,714,157	\$ -
Differences between expected and actual experience	101,870	5,801
Changes of assumptions	454,889	-
Net difference between projected and actual earnings on OPEB plan investments	21,333	218,845
Total	\$ 3,292,249	\$ 224,646

The deferred outflows of resources related to OPEB resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the subsequent fiscal year.

The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on OPEB plan investments will be amortized over a closed five-year period and will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2022	\$ (50,368)
2023	(50,367)
2024	(44,835)
2025	(51,942)
Total	<u>\$ (197,512)</u>

The deferred outflows/(inflows) of resources related to differences between expected and actual experience in the measurement of the total OPEB liability and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits as of the beginning of the measurement period. The EARSL for the measurement period is 4.9 years and will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2022	\$ 180,978
2023	180,978
2024	165,495
2025	23,507
Total	<u>\$ 550,958</u>

Medicare Premium Payment (MPP) Program

Plan Description

The Medicare Premium Payment (MPP) Program is administered by the California State Teachers' Retirement System (CalSTRS). The MPP Program is a cost-sharing multiple-employer other postemployment benefit plan (OPEB) established pursuant to Chapter 1032, Statutes 2000 (SB 1435). CalSTRS administers the MPP Program through the Teachers' Health Benefits Fund (THBF).

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2019 annual actuarial valuation report, Medicare Premium Payment Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

Benefits Provided

The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the State Teachers Retirement Plan (STRP) Defined Benefit (DB) Program who were retired or began receiving a disability allowance prior to July 1, 2012 and were not eligible for premium free Medicare Part A. The payments are made directly to the Centers for Medicare and Medicaid Services (CMS) on a monthly basis.

The MPP Program is closed to new entrants as members who retire after July 1, 2012, are not eligible for coverage under the MPP Program.

The MPP Program is funded on a pay-as-you go basis from a portion of monthly District contributions. In accordance with California *Education Code* Section 25930, contributions that would otherwise be credited to the DB Program each month are instead credited to the MPP Program to fund monthly program and administrative costs. Total redirections to the MPP Program are monitored to ensure that total incurred costs do not exceed the amount initially identified as the cost of the program.

Net OPEB Liability and OPEB Expense

At June 30, 2021, the District reported a liability of \$178,136 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating entities, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2020 and June 30, 2019, was 0.0420% and 0.0403%, respectively, resulting in a net increase in the proportionate share of 0.0017%.

For the year ended June 30, 2021, the District recognized OPEB expense of \$28,201.

Actuarial Methods and Assumptions

The June 30, 2020 total OPEB liability was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2019, and rolling forward the total OPEB liability to June 30, 2020, using the assumptions listed in the following table:

Measurement Date	June 30, 2020
Valuation Date	June 30, 2019
Experience Study	June 30, 2014 through June 30, 2018
Actuarial Cost Method	Entry age normal
Investment Rate of Return	2.21%
Medicare Part A Premium Cost Trend Rate	4.50%
Medicare Part B Premium Cost Trend Rate	5.40%

For the valuation as of June 30, 2019, CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table, issued by the Society of Actuaries.

Assumptions were made about future participation (enrollment) into the MPP Program because CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' age increases. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility and are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 294 or an average of 0.18% of the potentially eligible population (159,339).

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2020, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the State Treasurer.

Discount Rate

The discount rate used to measure the total OPEB liability as of June 30, 2020, is 2.21%. As the MPP Program is funded on a pay-as-you-go basis as previously noted, the OPEB Plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, a discount rate of 2.21%, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2020, was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate decreased 1.29% from 3.50% as of June 30, 2019.

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net OPEB liability calculated using the current discount rate, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

<u>Discount Rate</u>	<u>Net OPEB Liability</u>
1% decrease (1.21%)	\$ 196,979
Current discount rate (2.21%)	178,136
1% increase (3.21%)	162,102

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Medicare Costs Trend Rates

The following presents the District's proportionate share of the net OPEB liability calculated using the current Medicare costs trend rates, as well as what the net OPEB liability would be if it were calculated using the Medicare costs trend rates that is one percent lower or higher than the current rate:

Medicare Costs Trend Rate	Net OPEB Liability
1% decrease (3.5% Part A and 4.4% Part B)	\$ 161,522
Current Medicare costs trend rate (4.5% Part A and 5.4% Part B)	178,136
1% increase (5.5% Part A and 6.4% Part B)	197,262

Note 9 - Risk Management

Property and Liability Insurance Coverages

The District is exposed to various risks of loss related to torts and liability; theft, damage, and destruction of assets; errors and omissions and injuries to employees. The District obtains coverage for these risks as a member of a joint powers authority. The District has coverage up to \$50,000,000 for liability and tort risks. This coverage is subject to a \$50,000 self-insured retention. The District carries replacement coverage on its buildings and furniture and equipment with limits of \$250,250,000 (total pool value) with a \$50,000 self-insurance retention. A property and equipment audit performed by the Joint Powers Authority is used to identify the aforementioned exposures. However, claims against the property coverage would use current replacement value to respond to a covered event.

Joint Powers Authority Risk Pools

During fiscal year ended June 30, 2021, the District contracted with the Statewide Association of Community Colleges (SWACC) Joint Powers Authority for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

For fiscal year 2020-2021, the District participated in the Protected Insurance Program for Schools (PIPS) Joint Powers Authority (JPA), an insurance purchasing pool. The intent of the JPA is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the JPA. The workers' compensation experience of the participating districts is calculated as one experience, and a common premium rate is applied to all districts in the JPA. Each participant pays its workers' compensation premium based on its individual rate. Total savings are then calculated and each participant's individual

performance is compared to the overall saving. A participant will then either receive money from or be required to contribute to the "equity-pooling fund." This "equity pooling" arrangement ensures that each participant shares equally in the overall performance of the JPA. Participation in the JPA is limited to K-12 and community college districts that can meet the JPA's selection criteria.

Insurance Program / Company Name	Type of Coverage	Limits
Protected Insurance Program for Schools (PIPS) Joint Powers Authority	Workers' Compensation	\$ 155,000,000
Statewide Association of Community Colleges (SWACC)	General Liability	\$ 50,000,000
Statewide Association of Community Colleges (SWACC)	Property	\$ 250,250,000

Claims Liability

The District records an estimated liability for workers' compensation claims against the District. Prior to July 1, 2014, the District was self-insured for workers' compensation for the first \$500,000 of each claim. Effective July 1, 2014, the District contracted with the Protected Insurance Program for Schools and Community Colleges Joint Powers Authority (PIPS) for workers' compensation, which is administered by Keenen & Associates. The claims liability balance at June 30, 2021, is based on the ultimate cost of the reported claims including future claim adjustment expense and an estimate for claims incurred, but not reported, based on historical experience. The amount of the liability is based on Bay Actuarial Consultants report of the claims data evaluated as of June 30, 2021. The projected liability for unpaid losses reported in the Statement of Net Position is \$518,261 and was calculated using the undiscounted expected confidence level. Changes in the reported liability are shown in the following table:

	<u>Workers' Compensation</u>
Liability Balance, July 1, 2019	\$ 754,771
Claims payments	<u>(95,396)</u>
Liability Balance, June 30, 2020	659,375
Claims payments	<u>(141,114)</u>
Liability Balance, June 30, 2021	<u>\$ 518,261</u>
Assets available to pay claims at June 30, 2021	<u>\$ 1,863,262</u>

Note 10 - Employee Retirement Systems

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 California State Teachers' Retirement System (CalSTRS) and classified employees are members of the California Public Employees' Retirement System (CalPERS).

For the fiscal year ended June 30, 2021, the District reported its proportionate share of net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

<u>Pension Plan</u>	<u>Aggregate Net Pension Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Pension Expense</u>
CalSTRS	\$ 23,378,082	\$ 6,423,962	\$ 2,258,869	\$ 2,840,333
CalPERS	21,810,989	4,553,637	13,064	4,631,710
Total	<u>\$ 45,189,071</u>	<u>\$ 10,977,599</u>	<u>\$ 2,271,933</u>	<u>\$ 7,472,043</u>

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)**Plan Description**

The District contributes to the State Teachers' Retirement Plan (STRP) administered by CalSTRS. STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2019, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

Benefits Provided

The STRP provides retirement, disability, and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age, and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0% of final compensation for each year of credited service.

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program, and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the State is the sponsor of the STRP and obligor of the trust. In addition, the State is both an employer and nonemployer contributing entity to the STRP.

The District contributes exclusively to the STRP Defined Benefit Program; thus disclosures are not included for the other plans.

The STRP Defined Benefit Program provisions and benefits in effect at June 30, 2021, are summarized as follows:

	<u>On or before December 31, 2012</u>	<u>On or after January 1, 2013</u>
Hire date		
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	10.205%
Required employer contribution rate	16.15%	16.15%
Required State contribution rate	10.328%	10.328%

Contributions

Required member, District, and State of California contribution rates are set by the California Legislature and Governor and are detailed in Teachers' Retirement Law. The contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with California Assembly Bill 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2021, are presented above, and the District's total contributions were \$2,444,990.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

At June 30, 2021, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

Total net pension liability, including State share:

District's proportionate share of net pension liability	\$ 23,378,082
State's proportionate share of net pension liability associated with the District	<u>12,051,404</u>
Total	<u>\$ 35,429,486</u>

The net pension liability was measured as of June 30, 2020. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts and the State, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2020 and June 30, 2019, was 0.0241% and 0.0228%, respectively, resulting in a net increase in the proportionate share of 0.0013%.

For the year ended June 30, 2021, the District recognized pension expense of \$2,840,333. In addition, the District recognized pension expense and revenue of \$1,688,283 for support provided by the State. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 2,444,990	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	1,102,698	1,599,567
Differences between projected and actual earnings on pension plan investments	555,328	-
Differences between expected and actual experience in the measurement of the total pension liability	41,252	659,302
Changes of assumptions	<u>2,279,694</u>	<u>-</u>
Total	<u>\$ 6,423,962</u>	<u>\$ 2,258,869</u>

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

The deferred outflows/(inflows) of resources related to the difference between projected and actual earning on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2022	\$ (338,858)
2023	189,211
2024	377,496
2025	<u>327,479</u>
Total	<u>\$ 555,328</u>

The deferred outflows/(inflows) of resources related to the change in proportion and differences between contributions made and District's proportionate share of contributions, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is seven years and will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2022	\$ 298,580
2023	439,376
2024	437,825
2025	(143,901)
2026	(38,829)
Thereafter	<u>171,724</u>
Total	<u>\$ 1,164,775</u>

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2019, and rolling forward the total pension liability to June 30, 2020. The financial reporting actuarial valuation as of June 30, 2019, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2019
Measurement date	June 30, 2020
Experience study	July 1, 2015 through June 30, 2018
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table, issued by the Society of Actuaries.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance-PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in January 2020 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2020, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Public equity	42.0%	4.8%
Private equity	13.0%	6.3%
Real estate	15.0%	3.6%
Inflation sensitive	6.0%	3.3%
Fixed income	12.0%	1.3%
Risk mitigating strategies	10.0%	1.8%
Cash/liquidity	2.0%	-0.4%

Discount Rate

The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10%) and assuming that contributions, benefit payments, and administrative expense occurred midyear. Based on these assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate	Net Pension Liability
1% decrease (6.10%)	\$ 35,321,025
Current discount rate (7.10%)	23,378,082
1% increase (8.10%)	13,517,500

California Public Employees' Retirement System (CalPERS)

Plan Description

Qualified employees are eligible to participate in the School Employer Pool (SEP) under CalPERS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2019, annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at:

<https://www.calpers.ca.gov/page/forms-publications>.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor, and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or age 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost-of-living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The CalPERS School Employer Pool provisions and benefits in effect at June 30, 2021, are summarized as follows:

	On or before December 31, 2012	On or after January 1, 2013
Hire date		
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	7.00%
Required employer contribution rate	20.70%	20.70%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contribution rates are expressed as a percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2021, are presented above, and the total District contributions were \$2,178,220.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

As of June 30, 2021, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$21,810,989. The net pension liability was measured as of June 30, 2020. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2020 and June 30, 2019, was 0.0711% and 0.0658%, respectively, resulting in a net increase in the proportionate share of 0.0053%.

For the year ended June 30, 2021, the District recognized pension expense of \$4,631,710. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 2,178,220	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	759,642	13,064
Differences between projected and actual earnings on pension plan investments	454,035	-
Differences between expected and actual experience in the measurement of the total pension liability	1,081,758	-
Changes of assumptions	79,982	-
	<u>4,553,637</u>	<u>13,064</u>
Total	<u>\$ 4,553,637</u>	<u>\$ 13,064</u>

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2022	\$ (169,911)
2023	151,553
2024	263,425
2025	<u>208,968</u>
Total	<u>\$ 454,035</u>

The deferred outflows/(inflows) of resources related to the change in proportion and differences between contributions made and District's proportionate share of contributions, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 4.1 years and will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2022	\$ 998,516
2023	602,315
2024	282,761
2025	<u>24,726</u>
Total	<u>\$ 1,908,318</u>

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2019, and rolling forward the total pension liability to June 30, 2020. The financial reporting actuarial valuation as of June 30, 2019, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2019
Measurement date	June 30, 2020
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.50%
Wage growth	Varies by entry age and service

The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries 90% of Scale MP-2016.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations, as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first ten years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	50%	5.98%
Fixed income	28%	2.62%
Inflation assets	0%	1.81%
Private equity	8%	7.23%
Real assets	13%	4.93%
Liquidity	1%	-0.92%

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the School Employer Pool fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate	Net Pension Liability
1% decrease (6.15%)	\$ 31,357,275
Current discount rate (7.15%)	21,810,989
1% increase (8.15%)	13,888,052

CalSTRS/CalPERS Irrevocable Trust

During the 2016 fiscal year, the District established an irrevocable trust with Benefit Trust Company, through Keenan & Associates, for the purpose of funding future employer contributions associated with the CalSTRS and CalPERS pension plans. District contribution rates for these plans are expected to rise significantly through the 2021 fiscal year. Funds deposited into this trust are not considered "plan assets" for GASB Statement No. 68 reporting and, therefore, are not netted against the net pension liability shown on the Statement of Net Position. Instead, the activity within this trust is recorded as a fiduciary fund of the District as of June 30, 2021. For the 2021 fiscal year, the District contributed \$200,000 into this trust. As of June 30, 2021, the balance of the trust was \$4,402,173.

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS for the fiscal year ended June 30, 2021, which amounted to \$1,363,860 (10.328%) of salaries subject to CalSTRS. Contributions are no longer appropriated in the annual *Budget Act* for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. No contributions were made for CalPERS for the year ended June 30, 2021. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

Note 11 - Participation in Public Entity Risk Pools and Joint Powers Authorities

The District is a member of the Statewide Association of Community Colleges (SWACC) and the Protected Insurance Program for Schools and Community Colleges (PIPS) Joint Powers Authority. The District pays annual premiums for its property liability and excess workers' compensation coverage. The relationship between the District and each Joint Powers Authority (JPA) is such that they are not component units of the District for financial reporting purposes.

The District is a member of the Intelcom JPA. Intelcom provides for the design, development, and distribution of educational media materials. Intelcom is governed by a council comprised of a member of each of the participatory districts.

The JPAs have budgeting and financial reporting requirements independent of member units, and their financial statements are not presented in these financial statements; however, transactions between the JPAs and the District are included in these statements. Audited financial statements are available from the respective entities.

The District's share of year-end assets, liabilities, or fund equity has not been calculated.

During the year ended June 30, 2021, the District made premium and claim payments of \$289,074 and \$673,400 to SWACC and PIPS, respectively.

Note 12 - Commitments and Contingencies

Grants

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2021.

Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2021.

Line of Credit

As mentioned above in Note 7, the District was appropriated \$30 million from Assembly Bill 318 through the Board of Governors of the California Community Colleges. As of June 30, 2021, the District has a balance available to them of \$12,103,200. While these funds are available to the District, the District currently has no plans to further drawdown funding from this appropriation.

Construction Commitments

As of June 30, 2021, the District had approximately \$32.9 million in commitments with respect to unfinished capital projects.

Note 13 - Restatement of Prior Year Net Position

The District adopted GASB Statement No. 84, *Fiduciary Activities*, in the current year. As a result, the effect on the current fiscal year is as follows:

Primary Government	
Net Position - Beginning	\$ 58,903,939
Inclusion of assets and liabilities of funds previously identified as fiduciary in nature from the adoption of GASB Statement No. 84	3,942,791
Net Position - Beginning, as Restated	\$ 62,846,730
Fiduciary Funds	
Net Position - Beginning	\$ 12,357,334
Exclusion of assets and liabilities of funds previously identified as fiduciary in nature from the adoption of GASB Statement No. 84	(3,846,326)
Net Position - Beginning, as Restated	\$ 8,511,008

Certain reclassifications of amounts previously reported have been made to the Management Discussion and Analysis and the Statement of Cash Flows to maintain consistency between periods presented.

Note 14 - Subsequent Events

On November 30, 2021, The District issued \$38,965,000 of 2021 General Obligation Refunding Bonds. The Bonds are being issued to advance refund portions of the District's 2012 General Obligation Refunding Bonds, 2014 General Obligation Refunding Bonds, 2015 General Obligation Refunding Bonds, Election 2002 General Obligation Bonds, Series 2018E, and Election 2014 General Obligation Bonds, Series 2018A. The Bonds are being issued with interest rates ranging from 0.445% to 3.116%, payable semiannually on February 1 and August 1 of each year, commencing February 1, 2022. The Bonds have a final maturity on August 1, 2038.



Required Supplementary Information
June 30, 2021

Compton Community College District

Compton Community College District
Schedule of Changes in the District's Net OPEB Liability and Related Ratios
Year Ended June 30, 2021

	2021	2020	2019	2018
Total OPEB Liability				
Service cost	\$ 524,960	\$ 523,763	\$ 571,280	\$ 608,696
Interest	827,247	795,329	740,494	687,184
Difference between expected and actual experience	127,991	(9,805)	-	-
Changes of assumptions	-	768,607	-	-
Benefit payments	(578,591)	(542,933)	(422,378)	(453,237)
Net change in total OPEB liability	901,607	1,534,961	889,396	842,643
Total OPEB Liability - Beginning	14,103,781	12,568,820	11,679,424	10,836,781
Total OPEB Liability - Ending (a)	<u>\$ 15,005,388</u>	<u>\$ 14,103,781</u>	<u>\$ 12,568,820</u>	<u>\$ 11,679,424</u>
Plan Fiduciary Net Position				
Contributions - employer	\$ 4,328,591	\$ 1,292,932	\$ 672,378	\$ 1,203,237
Expected investment income	353,615	229,255	186,175	295,644
Differences between projected and actual earnings on OPEB plan investments	259,726	(35,555)	27,664	-
Benefit payments	(578,591)	(542,933)	(422,378)	(453,237)
Administrative expense	(44,060)	(31,886)	(28,168)	(22,667)
Net change in plan fiduciary net position	4,319,281	911,813	435,671	1,022,977
Plan Fiduciary Net Position - Beginning	4,191,727	3,279,914	2,844,243	1,821,266
Plan Fiduciary Net Position - Ending (b)	<u>\$ 8,511,008</u>	<u>\$ 4,191,727</u>	<u>\$ 3,279,914</u>	<u>\$ 2,844,243</u>
Net OPEB Liability - Ending (a) - (b)	<u>\$ 6,494,380</u>	<u>\$ 9,912,054</u>	<u>\$ 9,288,906</u>	<u>\$ 8,835,181</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	56.72%	29.72%	26.10%	24.35%
Covered Employee Payroll	\$ 25,662,059	\$ 24,004,599	\$ 22,908,120	\$ 22,192,701
Net OPEB Liability as a Percentage of Covered Employee Payroll	25.31%	41.29%	40.55%	39.81%
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

Note: In the future, as data becomes available, ten years of information will be presented.

Compton Community College District
 Schedule of OPEB Investment Returns
 Year Ended June 30, 2021

	2021	2020	2019	2018
Annual money-weighted rate of return, net of investment expense	11.94%	4.77%	7.38%	12.23%
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

Note: In the future, as data becomes available, ten years of information will be presented.

Compton Community College District
Schedule of the District's Proportionate Share of the Net OPEB Liability – MPP Program
Year Ended June 30, 2021

Year ended June 30,	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Proportion of the net OPEB liability	0.0420%	0.0403%	0.0436%	0.0456%
Proportionate share of the net OPEB liability	\$ 178,136	\$ 149,935	\$ 166,891	\$ 191,880
Covered payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Plan fiduciary net position as a percentage of the total OPEB liability	-0.71%	-0.81%	-0.40%	0.01%
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

¹ As of June 30, 2012, active members are no longer eligible for future enrollment in the MPP Program; therefore, the covered payroll disclosure is not applicable.

Note : In the future, as data becomes available, ten years of information will be presented.

Compton Community College District
Schedule of the District's Proportionate Share of the Net Pension Liability
Year Ended June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
CalSTRS				
Proportion of the net pension liability	0.0241%	0.0228%	0.0243%	0.0252%
Proportionate share of the net pension liability	\$ 23,378,082	\$ 20,555,654	\$ 22,325,730	\$ 23,297,882
State's proportionate share of the net pension liability associated with the District	12,051,404	11,214,481	12,782,525	13,782,830
Total	<u>\$ 35,429,486</u>	<u>\$ 31,770,135</u>	<u>\$ 35,108,255</u>	<u>\$ 37,080,712</u>
Covered payroll	<u>\$ 13,990,573</u>	<u>\$ 13,653,071</u>	<u>\$ 13,827,554</u>	<u>\$ 13,597,782</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>167.10%</u>	<u>150.56%</u>	<u>161.46%</u>	<u>171.34%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>72%</u>	<u>73%</u>	<u>71%</u>	<u>69%</u>
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
CalPERS				
Proportion of the net pension liability	0.0711%	0.0658%	0.0638%	0.0641%
Proportionate share of the net pension liability	<u>\$ 21,810,989</u>	<u>\$ 19,165,783</u>	<u>\$ 17,007,822</u>	<u>\$ 15,293,531</u>
Covered payroll	<u>\$ 10,014,026</u>	<u>\$ 9,255,049</u>	<u>\$ 8,365,147</u>	<u>\$ 8,169,859</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>217.80%</u>	<u>207.08%</u>	<u>203.32%</u>	<u>187.19%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>70%</u>	<u>70%</u>	<u>71%</u>	<u>72%</u>
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

Note: In the future, as data becomes available, ten years of information will be presented.

Compton Community College District
Schedule of the District's Proportionate Share of the Net Pension Liability
Year Ended June 30, 2021

	<u>2017</u>	<u>2016</u>	<u>2015</u>
CalSTRS			
Proportion of the net pension liability	<u>0.0263%</u>	<u>0.0259%</u>	<u>0.0268%</u>
Proportionate share of the net pension liability	<u>\$ 21,272,244</u>	<u>\$ 17,432,301</u>	<u>\$ 15,664,559</u>
State's proportionate share of the net pension liability associated with the District	<u>12,109,909</u>	<u>9,219,766</u>	<u>9,458,937</u>
Total	<u><u>\$ 33,382,153</u></u>	<u><u>\$ 26,652,067</u></u>	<u><u>\$ 25,123,496</u></u>
Covered payroll	<u>\$ 13,665,051</u>	<u>\$ 12,752,399</u>	<u>\$ 11,939,418</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>155.67%</u>	<u>136.70%</u>	<u>131.20%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>70%</u>	<u>74%</u>	<u>77%</u>
Measurement Date	June 30, 2016	June 30, 2015	June 30, 2014
CalPERS			
Proportion of the net pension liability	<u>0.0659%</u>	<u>0.0618%</u>	<u>0.0629%</u>
Proportionate share of the net pension liability	<u>\$ 13,018,832</u>	<u>\$ 9,114,629</u>	<u>\$ 7,143,796</u>
Covered payroll	<u>\$ 8,205,368</u>	<u>\$ 6,862,365</u>	<u>\$ 6,605,812</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>158.66%</u>	<u>132.82%</u>	<u>108.14%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>74%</u>	<u>79%</u>	<u>83%</u>
Measurement Date	June 30, 2016	June 30, 2015	June 30, 2014

Note: In the future, as data becomes available, ten years of information will be presented.

Compton Community College District
Schedule of the District Contributions for Pensions
Year Ended June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
CalSTRS				
Contractually required contribution	\$ 2,444,990	\$ 2,392,388	\$ 2,222,720	\$ 1,995,316
Contributions in relation to the contractually required contribution	<u>(2,444,990)</u>	<u>(2,392,388)</u>	<u>(2,222,720)</u>	<u>(1,995,316)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 15,139,257</u>	<u>\$ 13,990,573</u>	<u>\$ 13,653,071</u>	<u>\$ 13,827,554</u>
Contributions as a percentage of covered payroll	<u>16.15%</u>	<u>17.10%</u>	<u>16.28%</u>	<u>14.43%</u>
CalPERS				
Contractually required contribution	\$ 2,178,220	\$ 1,974,866	\$ 1,671,647	\$ 1,299,191
Contributions in relation to the contractually required contribution	<u>(2,178,220)</u>	<u>(1,974,866)</u>	<u>(1,671,647)</u>	<u>(1,299,191)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 10,522,802</u>	<u>\$ 10,014,026</u>	<u>\$ 9,255,049</u>	<u>\$ 8,365,147</u>
Contributions as a percentage of covered payroll	<u>20.700%</u>	<u>19.721%</u>	<u>18.062%</u>	<u>15.531%</u>

Note : In the future, as data becomes available, ten years of information will be presented.

Compton Community College District
Schedule of the District Contributions for Pensions
Year Ended June 30, 2021

	<u>2017</u>	<u>2016</u>	<u>2015</u>
CalSTRS			
Contractually required contribution	\$ 1,710,601	\$ 1,466,260	\$ 1,132,413
Contributions in relation to the contractually required contribution	<u>(1,710,601)</u>	<u>(1,466,260)</u>	<u>(1,132,413)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 13,597,782</u>	<u>\$ 13,665,051</u>	<u>\$ 12,752,399</u>
Contributions as a percentage of covered payroll	<u>12.58%</u>	<u>10.73%</u>	<u>8.88%</u>
CalPERS			
Contractually required contribution	\$ 1,134,630	\$ 972,090	\$ 807,769
Contributions in relation to the contractually required contribution	<u>(1,134,630)</u>	<u>(972,090)</u>	<u>(807,769)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 8,169,859</u>	<u>\$ 8,205,368</u>	<u>\$ 6,862,365</u>
Contributions as a percentage of covered payroll	<u>13.888%</u>	<u>11.847%</u>	<u>11.771%</u>

Note : In the future, as data becomes available, ten years of information will be presented.

Note 1 - Purpose of Schedules

Schedule of Changes in the District's Net OPEB Liability and Related Ratios

This schedule presents information on the District's changes in the net OPEB liability, including beginning and ending balances, the Plan's fiduciary net position, and the net OPEB liability. In the future, as data becomes available, ten years of information will be presented.

- *Changes in Benefit Terms* - There were no changes in the benefit terms since the previous valuation.
- *Changes of Assumptions* - There were no changes of assumptions since the previous valuation.

Schedule of OPEB Investment Returns

This schedule presents information on the annual money-weighted rate of return on OPEB plan investments. In future years, as data becomes available, ten years of information will be presented.

Schedule of the District's Proportionate Share of the Net OPEB Liability - MPP Program

This schedule presents information on the District's proportionate share of the net OPEB liability - MPP program and the Plans' fiduciary net position. In the future, as data becomes available, ten years of information will be presented.

- *Changes in Benefit Terms* - There were no changes in the benefit terms since the previous valuation.
- *Changes in Assumptions* - The plan rate of investment return assumption was changed from 3.50% to 2.21% since the previous valuation.

Schedule of the District's Proportionate Share of the Net Pension Liability

This schedule presents information on the District's proportionate share of the net pension liability (NPL), the Plans' fiduciary net positions and, when applicable, the State's proportionate share of the NPL associated with the District. In the future, as data becomes available, ten years of information will be presented.

- *Changes in Benefit Terms* - There were no changes in benefit terms since the previous valuations for either CalSTRS or CalPERS.
- *Changes in Assumptions* - There were no changes in economic assumptions since the previous valuations for either CalSTRS or CalPERS.

Schedule of the District Contributions for Pensions

This schedule presents information on the District's required contribution, the amounts actually contributed, and any excess or deficiency related to the required contribution. In the future, as data becomes available, ten years of information will be presented.



Supplementary Information
June 30, 2021

Compton Community College District

Compton Community College District (the District) is located in the city of Compton, Los Angeles County, California. Compton Junior College was established in 1927 as a component of the Compton Union High School District. At that time, State law authorized high school and unified school districts to offer education through a junior college accredited program. In 1950, voters approved a bond issue separating the college from the high school district. The District administers operations of one College campus.

Board of Trustees as of June 30, 2021

Member	Office	Term Expires
Ms. Sonia Lopez	President	2024
Dr. Sharoni Little	Vice President	2022
Ms. Barbara J. Calhoun	Clerk	2024
Mr. Andres Ramos	Member	2022
Dr. Deborah Sims LeBlanc	Member	2022
Mr. Benson Atkins	Student Trustee	2022

Administration as of June 30, 2021

Dr. Keith Curry	President/Chief Executive Officer
Ms. Sheri Berger	Vice President, Academic Affairs
Dr. Abdul Nasser	Vice President, Administrative Services
Ms. Elizabeth Martinez	Vice President, Student Services
Ms. Rachelle Sasser	Vice President, Human Resources

Auxiliary Organizations in Good Standing

The District did not identify any auxiliary organizations in good standing.

Compton Community College District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Student Financial Assistance Cluster			
Federal Pell Grant Program	84.063		\$ 5,345,639
Federal Direct Student Loans	84.268		334,287
Federal Supplemental Educational Opportunity Grants (FSEOG)	84.007		428,417
Federal Work-Study Program	84.033		<u>66,253</u>
Subtotal Student Financial Assistance Cluster			<u>6,174,596</u>
TRIO Cluster			
Upward Bound Math and Science	84.047M		<u>297,275</u>
Subtotal TRIO Cluster			<u>297,275</u>
COVID-19: Higher Education Emergency Relief Funds, Student Aid Portion			
	84.425E		1,453,424
COVID-19: Higher Education Emergency Relief Funds, Institutional Portion			
	84.425F		<u>1,932,140</u>
Subtotal			<u>3,385,564</u>
Passed through California Community Colleges Chancellor's Office Career and Technical Education Act (CTEA), Title I, Part C			
	84.048A	20-C01-011	<u>152,394</u>
Total U.S. Department of Education			<u>10,009,829</u>
U.S. Department of the Treasury			
Passed through California Community Colleges Chancellor's Office COVID-19: Coronavirus Relief Fund			
	21.019	[1]	<u>219,658</u>
Research and Development Cluster			
National Science Foundation			
Passed through the American Association of Community Colleges GP-Extra: Bridge to Geosciences for Community Colleges			
	47.076	[1]	<u>11,261</u>
Subtotal Research and Development Cluster			<u>11,261</u>
U.S. Department of Agriculture			
Passed through California Department of Education (CDE) Child and Adult Care Food Program			
	10.558	04055-CACFP- 19-CC-IC	<u>1,025</u>
U.S. Department of Health and Human Services			
Passed through California Community Colleges Chancellor's Office			
Temporary Assistance for Needy Families (TANF)	93.558	[1]	174,711
Foster and Kinship Care Education	93.658	[1]	41,549
Passed through the Foundation for California Community Colleges			
Youth Empowerment Strategies for Success (YESS)	93.674	2481	36,044
Child Care and Development Fund (CCDF) Cluster			
Passed through CDE			
Child Care and Development Block Grant	93.575	15136	18,327
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	13609	39,868
Passed through Yosemite Community College District			
Child Development Training Consortium	93.575	20-21-4159	<u>10,350</u>
Subtotal CCDF Cluster			<u>68,545</u>
Total U.S. Department of Health and Human Services			<u>320,849</u>
Total Federal Financial Assistance			<u>\$ 10,562,622</u>

[1] Pass-Through Entity Identifying Number not available.

Compton Community College District
Schedule of Expenditures of State Awards
Year Ended June 30, 2021

Program	Program Revenues			Total Revenue	Program Expenditures
	Cash Received	Accounts Receivable	Unearned Revenue		
Adult Education	\$ 1,154,794	\$ -	\$ 678,614	\$ 476,180	\$ 476,180
California State Preschool Program	346,906	-	146,136	200,770	200,770
Cal Grant (B&C)	937,900	-	-	937,900	935,023
Cal Fresh Outreach (SB 85)	30,343	-	30,343	-	-
California Promise Grant	212,049	-	79,337	132,712	132,712
CalWORKs	560,741	-	99,645	461,096	461,096
Child Dev General Child Care	265,829	-	52,722	213,107	213,107
COVID-19 Response Grant (P98)	269,633	-	-	269,633	269,633
D.S.P.S.	390,347	-	1,688	388,659	388,659
Disaster Relief Emergency Student Financial Aid	63,293	-	-	63,293	-
Early Action Emergency Financial Aid (SB 85)	410,983	-	-	410,983	404,550
E.O.P.S	1,192,720	-	260,559	932,161	932,161
Equal Employment Opportunity	61,717	-	-	61,717	61,717
C.A.R.E	573,210	-	216,979	356,231	356,231
Financial Aid Technology Grant	173,891	-	35,431	138,460	138,460
Foster Kinship Care Education	69,406	-	12,360	57,046	57,046
Guided Pathways	185,395	-	4,771	180,624	180,624
Mental Health Support	45,445	-	-	45,445	45,445
Nursing Education	87,075	-	-	87,075	87,075
Professional development for classified employees	5,898	-	-	5,898	5,898
Retention and Enrollment Outreach (SB 85)	179,354	-	175,871	3,483	3,483
Board of Financial Assistance Program (SFAA)	291,213	-	-	291,213	291,213
Special Trustee AB318 Resticted Exp	130,000	-	44,376	85,624	85,624
Strong Workforce Regional	418,413	-	94,140	324,273	324,273
Student Equity and Achievement	3,959,904	2,097,768	3,892,878	2,164,794	2,164,794
Student Success Completion	463,230	-	-	463,230	444,542
Undocumented Resources Liaisons	37,252	-	37,252	-	-
Veterans Program	143	-	143	-	-
Veterans Education Outreach	18,262	-	18,262	-	-
Total state programs	\$ 12,535,346	\$ 2,097,768	\$ 5,881,507	\$ 8,751,607	\$ 8,660,316

Compton Community College District
Schedule of Workload Measures for State General Apportionment Annual (Actual) Attendance
Year Ended June 30, 2021

CATEGORIES	*Revised Reported Data	Audit Adjustments	Audited Data
A. Summer Intersession (Summer 2020 only)			
1. Noncredit	-	-	-
2. Credit	466.07	-	466.07
B. Summer Intersession (Summer 2021 - Prior to July 1, 2021)			
1. Noncredit	-	-	-
2. Credit	-	-	-
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	1,627.46	-	1,627.46
(b) Daily Census Contact Hours	334.87	-	334.87
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit	6.37	-	6.37
(b) Credit	129.45	-	129.45
3. Alternative Attendance Accounting Procedure Courses			
(a) Weekly Census Procedure Courses	435.62	-	435.62
(b) Daily Census Procedure Courses	333.96	-	333.96
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
D. Total FTES	<u>3,333.80</u>	<u>-</u>	<u>3,333.80</u>
SUPPLEMENTAL INFORMATION (Subset of Above Information)			
E. In-Service Training Courses (FTES)	-	-	-
F. Basic Skills Courses and Immigrant Education			
1. Noncredit	-	-	-
2. Credit	8.83	-	8.83

*Annual report revised as of October 1, 2021

Compton Community College District
 Reconciliation of *Education Code* Section 84362 (50 Percent Law) Calculation
 Year Ended June 30, 2021

	Object/TOP	ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
		Reported	Audit	Revised	Reported	Audit	Revised
<u>Academic Salaries</u>							
Instructional Salaries							
Contract or Regular	1100	\$ 6,643,249	\$ -	\$ 6,643,249	\$ 6,643,249	\$ -	\$ 6,643,249
Other	1300	3,420,924	-	3,420,924	3,420,924	-	3,420,924
Total Instructional Salaries		10,064,173	-	10,064,173	10,064,173	-	10,064,173
Noninstructional Salaries							
Contract or Regular	1200	-	-	-	3,497,999	-	3,497,999
Other	1400	-	-	-	329,632	-	329,632
Total Noninstructional Salaries		-	-	-	3,827,631	-	3,827,631
Total Academic Salaries		10,064,173	-	10,064,173	13,891,804	-	13,891,804
<u>Classified Salaries</u>							
Noninstructional Salaries							
Regular Status	2100	-	-	-	5,869,185	-	5,869,185
Other	2300	-	-	-	319,054	-	319,054
Total Noninstructional Salaries		-	-	-	6,188,239	-	6,188,239
Instructional Aides							
Regular Status	2200	688,164	-	688,164	688,164	-	688,164
Other	2400	151,765	-	151,765	151,765	-	151,765
Total Instructional Aides		839,929	-	839,929	839,929	-	839,929
Total Classified Salaries		839,929	-	839,929	7,028,168	-	7,028,168
Employee Benefits	3000	7,285,970	-	7,285,970	11,684,531	-	11,684,531
Supplies and Material	4000	-	-	-	574,325	-	574,325
Other Operating Expenses	5000	307,948	-	307,948	4,650,717	-	4,650,717
Equipment Replacement	6420	-	-	-	639	-	639
Total Expenditures							
Prior to Exclusions		18,498,020	-	18,498,020	37,830,184	-	37,830,184

Compton Community College District
 Reconciliation of *Education Code* Section 84362 (50 Percent Law) Calculation
 Year Ended June 30, 2021

	Object/TOP	ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
		Reported	Audit	Revised	Reported	Audit	Revised
<u>Exclusions</u>							
Activities to Exclude							
Instructional Staff - Retirees' Benefits and Retirement Incentives	5900	\$ 403,815	\$ -	\$ 403,815	\$ 403,815	\$ -	\$ 403,815
Student Health Services Above Amount Collected	6441	-	-	-	-	-	-
Student Transportation	6491	-	-	-	6,038	-	6,038
Noninstructional Staff - Retirees' Benefits and Retirement Incentives	6740	-	-	-	200,805	-	200,805
Objects to Exclude							
Rents and Leases	5060	-	-	-	-	-	-
Lottery Expenditures							
Academic Salaries	1000	-	-	-	-	-	-
Classified Salaries	2000	-	-	-	-	-	-
Employee Benefits	3000	-	-	-	-	-	-
Supplies and Materials	4000	-	-	-	-	-	-
Software	4100	-	-	-	-	-	-
Books, Magazines, and Periodicals	4200	-	-	-	-	-	-
Instructional Supplies and Materials	4300	-	-	-	-	-	-
Noninstructional Supplies and Materials	4400	-	-	-	-	-	-
Total Supplies and Materials		-	-	-	-	-	-

Compton Community College District
 Reconciliation of *Education Code* Section 84362 (50 Percent Law) Calculation
 Year Ended June 30, 2021

	Object/TOP	ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
		Reported	Audit	Revised	Reported	Audit	Revised
Other Operating Expenses and Services	5000	\$ -	\$ -	\$ -	\$ 1,067,308	\$ -	\$ 1,067,308
Capital Outlay	6000						
Library Books	6300	-	-	-	22,944	-	22,944
Equipment	6400	-	-	-	-	-	-
Equipment - Additional	6410	-	-	-	21,685	-	21,685
Equipment - Replacement	6420	-	-	-	639	-	639
Total Equipment		-	-	-	22,324	-	22,324
Total Capital Outlay					45,268	-	45,268
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		403,815	-	403,815	1,723,234	-	1,723,234
Total for ECS 84362, 50 % Law		\$ 18,094,205	\$ -	\$ 18,094,205	\$ 36,106,950	\$ -	\$ 36,106,950
% of CEE (Instructional Salary Cost/Total CEE)		50.11%		50.11%	100.00%		100.00%
50% of Current Expense of Education					\$ 18,053,475		\$ 18,053,475

Compton Community College District
 Reconciliation of Annual Financial and Budget Report (CCFS-311) with Audited Financial Statements
 Year Ended June 30, 2021

Summarized below is the fund balance reconciliation between the Annual Financial and Budget Report (CCFS-311) and the audited financial statements.

	<u>Unrestricted General Fund</u>
Fund Balance	
Balance, June 30, 2021, (CCFS-311)	\$ 21,988,499
Decrease in	
Accounts receivable	(1,393,024)
Increase in	
Accounts payable	<u>(287,854)</u>
Balance, June 30, 2021, Audited	<u><u>\$ 20,307,621</u></u>

Compton Community College District
 Proposition 30 Education Protection Account (EPA) Expenditure Report
 Year Ended June 30, 2021

Activity Classification	Object Code				Unrestricted
EPA Revenue:	8630				\$ 8,289,178
Activity Classification	Activity Code	Salaries and Benefits (Obj 1000-3000)	Operating Expenses (Obj 4000-5000)	Capital Outlay (Obj 6000)	Total
Instructional Activities	1000-5900	\$ 8,289,178	\$ -	\$ -	\$ 8,289,178
Total Expenditures for EPA		\$ 8,289,178	\$ -	\$ -	\$ 8,289,178
Revenues Less Expenditures					\$ -

Compton Community College District
 Reconciliation of Government Funds to the Statement of Net Position
 Year Ended June 30, 2021

Amounts reported for governmental activities in the Statement of Net Position are different because

Total fund balance		
General Funds	\$	23,085,481
Special Revenue Funds		4,726,677
Capital Project Funds		30,313,661
Debt Service Funds		5,639,370
Internal Service Funds		1,345,001
Fiduciary Funds		<u>12,965,200</u>
Total fund balance - all District funds		\$ 78,075,390
Amounts held in trust on behalf of others (OPEB Trust)		(12,965,200)
The District has refunded debt liabilities with crossover bonds. These investments are held in an escrow account to pay liabilities remaining on the books until the crossover date.		30,258,492
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is	239,423,447	
Accumulated depreciation is	<u>(63,770,914)</u>	
Total capital assets, net		175,652,533
Deferred outflows of resources represent a consumption of net position in a future period and is not reported in the District's funds.		
Deferred outflows of resources at year-end consist of:		
Deferred outflows of resources related to debt refunding	3,228,246	
Deferred outflows of resources related to OPEB	3,292,249	
Deferred outflows of resources related to pensions	<u>10,977,599</u>	
Total deferred outflows of resources		17,498,094
In governmental funds, unmatured interest on long-term liabilities is recognized in the period when it is due. On the government-wide statements, unmatured interest on long-term liabilities is recognized when it is incurred.		(2,016,121)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.		
Long-term liabilities at year end consist of:		
General obligation bonds	(142,973,033)	
Note payable	(6,792,364)	
Compensated absences	(1,448,593)	
Aggregate net other postemployment benefits (OPEB) liability	(6,672,516)	
Aggregate net pension liability	(45,189,071)	
In addition, the District has issued 'capital appreciation' general obligation bonds. The accretion of interest unmatured on the general obligation bonds to date is	<u>(14,540,291)</u>	
Total long-term liabilities		(217,615,868)
Deferred inflows of resources represent an acquisition of net position in a future period and is not reported in the District's funds.		
Deferred inflows of resources amount to and related to		
Deferred inflows of resources related to OPEB	(224,646)	
Deferred inflows of resources related to pensions	<u>(2,271,933)</u>	
Total deferred inflows of resources		<u>(2,496,579)</u>
Total net position		<u>\$ 66,390,741</u>

Note 1 - Purpose of Schedules**District Organization**

This schedule provides information about the District's governing board members, administration members, and auxiliary organizations in good standing.

Schedule of Federal AwardsBasis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2021. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

Summary of Significant Accounting Policies

Expenditures reported in the schedule are reported on the modified accrual basis of accounting. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No Federal financial assistance has been provided to a subrecipient.

Indirect Cost Rate

The District has not elected to use the 10% de minimis cost rate.

Donated Personal Protective Equipment (PPE) (unaudited)

Nonmonetary assistance of PPE received during the emergency period of the COVID-19 pandemic was approximately \$1.0 million and is based on the estimated fair market value of the PPE received. The donated PPE was generally provided by donors without information about compliance or reporting requirements associated with federal financial assisting listings or CFDA numbers. The donated PPE is not included in the Schedule of Expenditure of Federal Awards.

Schedule of Expenditures of State Awards

The accompanying Schedule of Expenditures of State Awards includes the state grant activity of the District and is presented on the modified accrual basis of accounting. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. The information in this schedule is presented to comply with reporting requirements of the California State Chancellor's Office.

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

FTES is a measurement of the number of students attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis for making apportionments of State funds to community college districts. This schedule provides information regarding the attendance of students based on various methods of accumulating attendance data.

Reconciliation of Education Code Section 84362 (50 Percent Law) Calculation

ECS 84362 requires the District to expend a minimum of 50% of the Unrestricted General Fund monies on salaries of classroom instructors. This is reported annually to the State Chancellor's Office. This schedule provides a reconciliation of the amount reported to the State Chancellor's Office and the impact of any audit adjustments and/or corrections noted during the audit.

Reconciliation of Annual Financial and Budget Report (CCFS-311) With Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Form CCFS-311 to the District's internal fund financial statements.

Proposition 30 Education Protection Account (EPA) Expenditure Report

This schedule provides information about the District's EPA revenue and summarizes the expenditures of EPA funds.

Reconciliation of Government Funds to the Statement of Net Position

This schedule provides a reconciliation of the adjustments necessary to bring the District's internal fund financial statements, prepared on a modified accrual basis, to the government-wide full accrual basis financial statements required under GASB Statements No. 34 and No. 35 business-type activities reporting model.



Independent Auditor's Reports
June 30, 2021

Compton Community College District



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*

Board of Trustees
Compton Community College District
Compton, California

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 financial statements of the business-type activities and the remaining fund information of Compton Community College District (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated April 8, 2022

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 2 and Note 13 to the financial statements, the District adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, which resulted in a restatement of net position as of July 1, 2020. Our opinions are not modified with respect to this matter.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompany schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be a material weakness and a significant deficiency.

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 District's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as item 2021-001 to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2021-002 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Compton Community College District's Responses to Findings

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Rancho Cucamonga, California
April 8, 2022



Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance Required by the Uniform Guidance

Board of Trustees
Compton Community College District
Compton, California

Report on Compliance for Each Major Federal Program

We have audited Compton Community College District's (the District) compliance with the types of compliance requirements described in the *OMB 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, 2021. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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.

Opinion on Each Major Federal Programs

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, 2021.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2021-003 through 2021-007. Our opinion on each major federal program is not modified with respect to these matters.

The District's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The District's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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 the Uniform Guidance, 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.

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

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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2021-004 to be a material weakness.

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 in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2021-003, 2021-005, 2021-006, and 2021-007 to be significant deficiencies.

The District's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The District's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Eide Bailly LLP

Rancho Cucamonga, California
April 8, 2022



Independent Auditor's Report on State Compliance

Board of Trustees
Compton Community College District
Compton, California

Report on State Compliance

We have audited Compton Community College District's (the District) compliance with the types of compliance requirements described in the 2020-2021 California Community Colleges Chancellor's Office *Contracted District Audit Manual* applicable to the state laws and regulations listed in the table below for the year ended June 30, 2021.

Management's Responsibility

Management is responsible for compliance with the state laws and regulations, as identified in the table below.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance of each of the District's State programs based on our audit of the types of compliance requirements referred in the table below. We conducted our audit 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 standards and procedures identified in the 2020-2021 California Community Colleges Chancellor's Office *Contracted District Audit Manual*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements listed in the table 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.

Compliance Requirements Tested

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

Section 411	SCFF Data Management Control Environment
Section 412	SCFF Supplemental Allocation Metrics
Section 413	SCFF Success Allocation Metrics
Section 421	Salaries of Classroom Instructors (50 Percent Law)
Section 423	Apportionment for Activities Funded From Other Sources
Section 424	Student Centered Funding Formula Base Allocation: FTES
Section 425	Residency Determination for Credit Courses
Section 426	Students Actively Enrolled
Section 427	Dual Enrollment (CCAP and Non-CCAP)
Section 430	Scheduled Maintenance Program
Section 431	Gann Limit Calculation
Section 435	Open Enrollment
Section 444	Apprenticeship Related and Supplemental Instruction (RSI) Funds
Section 475	Disabled Student Programs and Services (DSPS)
Section 479	To Be Arranged Hours (TBA)
Section 490	Proposition 1D and 51 State Bond Funded Projects
Section 491	Education Protection Account Funds
Section 499	COVID-19 Response Block Grant Expenditures

The District reports no Apprenticeship Related and Supplemental Instruction (RSI) Funds; therefore, the compliance tests within this section were not applicable.

The District reports no attendance for classes with To Be Arranged Hours (TBA); therefore, the compliance tests within this section were not applicable.

Unmodified Opinion

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the state programs noted in the table above that were audited for the year ended June 30, 2021.

The purpose of the report on state compliance is solely to describe the results of our testing based on the requirements of the 2020-2021 California Community Colleges Chancellor's Office *Contracted District Audit Manual*. Accordingly, this report is not suited for any other purpose.



Rancho Cucamonga, California
April 8, 2022



Schedule of Findings and Questioned Costs
June 30, 2021

Compton Community College District

Financial statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	Yes
Noncompliance material to financial statements noted?	No

Federal awards

Internal control over major programs	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	Yes
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 Uniform Guidance 2 CFR 200.516(a)	Yes

Identification of major programs

<u>Name of Federal Program or Cluster</u>	<u>Federal Assistance Listing Number/ Federal CFDA Number</u>
COVID-19: Higher Education Emergency Relief Funds, Student Aid Portion	84.425E
COVID-19: Higher Education Emergency Relief Funds, Institutional Portion	84.425F
Student Financial Assistance Cluster	84.007, 84.033, 84.063, 84.268
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

State compliance

Type of auditor's report issued on compliance for state programs	Unmodified
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The following findings represent a significant deficiency and a material weakness related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

2021-001 Financial Reporting

Criteria or Specific Requirements

The accounting system used to record the financial affairs of any community college district shall be in accordance with the definitions, instructions, and procedures published in the California Community Colleges Budget and Accounting Manual (BAM). Colleges are also required to present their financial statements in accordance with generally accepted accounting principles (GAAP).

Condition

Material Weakness - Adjustments and reclassifications were identified during the audit in order to conform to the BAM and GAAP during the District's year-end closing process. Corrections were made to the accounts receivable and accounts payable balances to account for adjustments to the District's general apportionment revenue.

Questioned costs

There are no questioned costs associated with this finding.

Context

Several adjustments and reclassification entries were posted to ensure accuracy and correct classification of account balances.

Effect

Material adjustments to the general ledger were proposed as a result of the audit procedures. These adjustments were accepted by management to ensure the financial statements were presented in accordance with generally accepted accounting principles.

Cause

The internal controls in place during the closing process, including the review of the District's total computational revenue calculation, and accounts receivable and accounts payable balances at year-end, were not performed in a timely manner to ensure accurate reporting of balances for reporting.

Repeat Finding (Yes or No)

Yes. See prior year finding 2020-001 in the summary schedule of prior audit findings.

Recommendation

The District should develop procedures to ensure that all account balances are reconciled and reviewed by appropriate personnel prior to closing the fiscal year ledgers to ensure proper financial reporting. In addition, the District should develop close-out procedures that incorporates a comprehensive accounting of all parts of the District's total computational revenue calculation.

Views of Responsible Officials and Corrective Action Plan

We concur. The reversal of previous practices and the full adoption of the recommended procedures to ensure that all account balances are reconciled and reviewed prior to year-end was delayed but has since been implemented to prevent a repeat finding. Currently, instead of implementing this procedure at year-end, the District is now engaging in this procedure on a quarterly basis. This process of implementing the recommended procedures quarterly, significantly minimizes the risk of delays at year-end. Additionally, the District will fully implement the recommendation to develop close-out procedures that incorporate a comprehensive accounting of all parts of the District's total computational revenue calculation.

2021-002 Restricted General Fund and Student Financial Aid Fund Deficit Fund Balance

Criteria or Specific Requirements

The accounting system used to record the financial affairs of any community college district shall be in accordance with the definitions, instructions, and procedures published in the California Community Colleges Budget and Accounting Manual (BAM). Colleges are also required to use fund accounting. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

Condition

Significant Deficiency - The District's Restricted General Fund had a deficit fund balance of \$5,476, as of June 30, 2021. In addition, the District's Student Financial Aid Fund had deficit balances for their cash in county treasury and fund balance of \$317,789 and \$287,969, respectively, as of June 30, 2021.

Questioned costs

There are no questioned costs associated with this finding.

Context

A deficit fund balance indicates that the assets of the fund are not sufficient to extinguish the liabilities of that fund. In the future, the deficit fund balances may require the District to encroach on the Unrestricted General Fund to cover the expenditures of those funds.

Effect

The Restricted General Fund and the Student Financial Aid Fund has liabilities in excess of its total assets, resulting in a deficit fund which encroaches on the Unrestricted General Fund's ending fund balance.

Cause

The oversight and monitoring of controls over account balances and budget monitoring were not effective in preventing or detecting errors that resulted in deficit fund balances.

Repeat Finding (Yes or No)

Yes. See prior year finding 2020-001 in the summary schedule of prior audit findings.

Recommendation

The District's year-end closing process should include a reconciliation and review process over fund balances to ensure ending balances are not in deficit. Deficit ending fund balances should be researched and reviewed prior to year-end closing.

Views of Responsible Officials and Corrective Action Plan

We concur. The District has since addressed the issue of deficit balances as part of the process of developing comprehensive close-out procedures. The District has instituted the recommended review and reconciliation methodology to eliminate deficits in fund balances and prevent the need to revert to the use of Unrestricted General Funds to balance the Restricted General Fund and the Student Financial Aid Fund.

The following findings represent significant deficiencies, material weaknesses, and instances of noncompliance that are required to be reported by the Uniform Guidance.

2021-003 Reporting

Program Name: COVID-19: Higher Education Emergency Relief Funds (HEERF), Student Aid Portion;
COVID-19: Higher Education Emergency Relief Funds (HEERF), Institutional Portion

Federal Assistance Listing Number: 84.425E, 84.425F

Federal Agency: U.S. Department of Education (ED)

Pass-Through Entity: Direct Funded

Criteria or Specific Requirements

Section 18004(a)(1) of The Coronavirus Aid, Relief, and Economic Security Act required that institutions that received the HEERF 18004(a)(1) Institutional and Student Aid Portions award to publicly post certain information on their website no later than 10 days after each calendar quarter, or as directed by the U.S. Department of Education.

Condition

Significant Deficiency in Internal Control over Compliance - During our testing over reporting for the Student Aid Portion, we noted that the report required to be publicly each quarter did not contain all the required elements. The estimated number of students eligible to participate in programs under Section 484 in Title IV of the Higher Education Act of 1965 and thus eligible to receive Emergency Financial Aid Grants to Students under Section 18004(a)(1) of the CARES Act, was not disclosed and updated for each reporting quarter. In addition, we noted that the quarterly reports for the Institutional and Student Aid portions were not made available on the District's website within 10 days from the end of the quarter. Reports for the quarters ending September 30, 2020 and December 31, 2020 were posted on January 13, 2021.

Questioned Costs

There are no questioned costs associated with this finding.

Context

The District is required to report student and institutional grant metrics and other data within 10 days of the end of each calendar quarter, or as directed by the U.S. Department of Education. A sample of two reports from each program was reviewed for compliance, four in total, with all reports not submitted in a timely manner.

Effect

The College's quarterly report was not uploaded to their website within the required timeframe.

Cause

The District does have a procedure in place; however, the reports were not filed in a timely manner.

Repeat Finding (Yes or No)

No.

Recommendation

The District should ensure that reporting requirements and deadlines are adhered to by all staff. The District should also ensure all documentation to support amounts reported is maintained in accordance with document retention guidelines.

Views of Responsible Officials and Corrective Action Plan

We concur. A master calendar has been created with due dates added to the MS Outlook calendar to make sure that HEERF reporting is processed within the stated deadlines and to ensure that these deadlines are shared with other stakeholders. The reports will be posted on our website, as required, ten days after the quarter ends.

2021-004 Special Tests and Provisions – Borrower Data and Reconciliation (Direct Loan)

Program Name: Student Financial Assistance Cluster

Federal Assistance Listing Numbers: 84.033, 84.007, 84.063, and 84.268

Federal Agency: U.S. Department of Education (ED)

Pass-Through Entity: Direct Funded

Criteria or Specific Requirements

According to 34 CFR 685.300(b)(5), the school must promise to comply with applicable regulations and must agree to reconcile institutional records with Direct Loan funds received from the Secretary and Direct Loan disbursement records submitted to and accepted by the Secretary, on a monthly basis as required by 34 CFR 685.300 (b)(5).

Condition

Material Weakness in Internal Control over Compliance – During our review of the Direct Loans, it was noted that the District was unable to provide documentation to show that they were reconciling the institutional Direct Loan records with the School Account Statement (SAS) data file received by Common Origination and Disbursement (COD) on a monthly basis.

Questioned Costs

There are no questioned costs associated with this finding.

Context

The District disbursed approximately \$334,287 in Direct Loan funds during the 2020-2021 fiscal year.

Effect

The District is out of compliance with 34 CFR 685.300(b)(5).

Cause

The District has not implemented policies and procedures to verify that the institutional Direct Loan records are being reconciled to the SAS data files on a monthly basis.

Repeat Finding (Yes or No)

Yes. See prior year finding 2020-005 in the summary schedule of prior audit findings.

Recommendation

It is recommended that the District develop and implement policies and procedures to ensure that the institutional Direct Loan records are being reconciled with the School Account Statement (SAS) data file received by Common Origination and Disbursement (COD) on a monthly basis.

Views of Responsible Officials and Corrective Action Plan

We concur. The Financial Aid Office updated its policy and procedures for the Direct Loan Program. Training will be provided to the loan program coordinator through the Ellucian Training Modules under the Direct Loan Reconciliation modules. Monthly rosters of students approved and disbursed will be compiled for the Direct Loan Program. A workbook by academic year will be created, and within the workbook, sheets will be created per term. This information will be used to track students approved for loans disbursed, and timely reconciled in COD to make sure that we meet the stated guidelines and deadlines.

2021-005 Reporting

Program Name: Student Financial Assistance Cluster

Federal Assistance Listing Numbers: 84.033, 84.007, 84.063, and 84.268

Federal Agency: U.S. Department of Education (ED)

Pass-Through Entity: Direct Funded

Criteria or Specific Requirements

Common Origination and Disbursement (COD) System (OMB No. 1845-0039) – All schools receiving Pell grants submit Pell payment data to the Department of Education through the COD System. Institutions submit Pell origination records and disbursement records to the COD. Origination records can be sent well in advance of any disbursements, as early as the school chooses to submit them for any student the school reasonably believes will be eligible for a payment. The disbursement record reports the actual disbursement date and the amount of the disbursement. ED processes origination and/or disbursement records and returns acknowledgments to the school. Institutions must report student payment data within 15 calendar days after the school makes a payment, or becomes aware of the need to make an adjustment to previously reported student payment data or expected student payment data. Schools may do this by reporting once every 15 calendar days, bi-weekly or weekly, or may set up their own system to ensure that changes are reported in a timely manner.

Condition

Significant Deficiency in Internal Control over Compliance – The process dates reported in the COD files were more than 15 calendar days after the disbursement dates reported in the COD files in the District's financial records for the Fall and Spring semesters. Three students of the 40 students tested had transactions processed in excess of 15 days. Reporting days ranged from 24 to 73 days after disbursement for those students.

Questioned Costs

There are no questioned costs associated with this finding.

Context

The District processed and reported approximately \$5,345,639 in Pell grants during the year.

Effect

The District is not in compliance with the Federal requirements described in the OMB Compliance Supplement.

Cause

The District does not have a process in place to ensure timely reporting to COD.

Repeat Finding (Yes or No)

Yes. See prior year finding 2020-006 in the summary schedule of prior audit findings.

Recommendation

It is recommended the District should establish effective controls and processes to ensure that reporting of student disbursement records is timely.

Views of Responsible Officials and Corrective Action Plan

We concur. The Financial Aid Office updated its policy and procedures for the COD/Pell Payment data reporting to the Department of Education Common Origination and Disbursement system. The Pell Payment reconciliation will be processed on a weekly basis after each batch disbursement of Title IV aid. A COD/Pell Payment Reconciliation folder will be created in the shared network drive (K-Drive). We will use this folder to store the roster of Title IV aid disbursed to students to ensure that changes or adjustments to the students' COD records are reported in a timely manner. This information will be used to also track student records that were previously adjusted, the actual disbursement date, and the amount that was disbursed or adjusted.

2021-006 Special Tests and Provisions – Return to Title IV

Program Name: Student Financial Assistance Cluster

Federal Assistance Listing Numbers: 84.033, 84.007, 84.063, and 84.268

Federal Agency: U.S. Department of Education (ED)

Pass-Through Entity: Direct Funded

Criteria or Specific Requirements

Returns of Title IV funds are required to be deposited or transferred into the SFA account or electronic fund transfers initiated to ED as soon as possible, but no later than 45 days after the date the institution determines that the student withdrew. Returns by check are late if the check is issued more than 45 days after the institution determined the student withdrew or the date on the canceled check shows the check was endorsed more than 60 days after the date the institution determined that the student withdrew (34 CFR 668.173(b)).

Condition

Significant Deficiency in Internal Control over Compliance – During our testing over return of Title IV funds, we noted that in 4 instances out of the 18 calculations tested, the funds were not returned within 45 days after the District determined that the student withdrew.

Questioned Costs

There are no questioned costs associated with this finding.

Context

The District performed 89 Return to Title IV calculations during the 2020-2021 fiscal year.

Effect

Without proper monitoring of Title IV returns, the District is at risk of noncompliance with the above referenced criteria.

Cause

The District does not have a process in place to ensure that funds are returned in a timely manner.

Repeat Finding (Yes or No)

No.

Recommendation

The District should have a process in place to ensure that funds are returned no later than 45 days after the District has determined that a student has withdrawn.

Views of Responsible Officials and Corrective Action Plan

We concur. The Financial Aid Office updated its R2T4 policy and procedure. The R2T4 coordinator will manually update the student's COD record after each R2T4 calculation to ensure that we comply with the 45-day reporting guidelines. The R2T4 calculations are processed every two weeks from the initial Title IV aid disbursement for each term when Title IV aid is paid out.

2021-007 Special Tests and Provisions – Enrollment Reporting

Program Name: Student Financial Assistance Cluster

Federal Assistance Listing Numbers: 84.033, 84.007, 84.063, and 84.268

Federal Agency: U.S. Department of Education (ED)

Pass-Through Entity: Direct Funded

Criteria or Specific Requirements

OMB Compliance Supplement, OMB No. 1845-0035 – Institutions are required to report enrollment information under the Pell grant and the Direct and Federal family Education Loan (FFEL) loan programs via the National Student Loan Data System (NSLDS).

Institutions must review, update, and verify student enrollment statuses, program information, and effective dates that appear on the Enrollment Reporting Roster file or on the Enrollment Maintenance page of the NSLDS Professional Access (NSLDSFAP) website which the financial aid administrator can access for the auditor. The data on the institution's Enrollment Reporting Roster, or Enrollment Maintenance page, is what NSLDS has as the most recently certified enrollment information. There are two categories of enrollment information; "Campus Level" and "Program Level," both of which need to be reported accurately and have separate record types. The NSLDS Enrollment Reporting Guide provides the requirements and guidance for reporting enrollment details using the NSLDS Enrollment Reporting Process.

Condition

Significant Deficiency in Internal Control over Compliance – During testing over the NSLDS reporting requirements, the following instances were noted:

- Student withdrawal effective dates per the college's Banner system does not match the withdrawal date reported to NSLDS for 6 of 60 students tested.
- Student Certification Dates exceeded 60 days of the of the Effective Date of the status reported to NSLDS for 21 of 60 students tested.

Questioned Costs

There are no questioned costs associated with this finding.

Context

The District disbursed approximately \$6,174,596 in federal financial aid to students in the 2020-2021 fiscal year.

Effect

The District is not in compliance with the Federal enrollment reporting requirements described in the OMB Compliance Supplement.

Cause

The District does not appear to have controls in place to ensure that enrollment status changes are certified within the 60-day requirement and that withdrawal dates are being properly reported to NSLDS.

Repeat Finding (Yes or No)

Yes. See prior year finding 2020-004 in the summary schedule of prior audit findings.

Recommendation

The District should implement a process to review, update, and verify student enrollment statuses, program information, and effective dates that appear on the Enrollment Reporting Roster file or on the Enrollment Maintenance page of the NSLDS Professional Access (NSLDSFAP) website.

Views of Responsible Officials and Corrective Action Plan

We concur. The Financial Aid Office will work collaboratively with Admissions & Records (A&R) to ensure this doesn't happen again. Meanwhile, A&R has implemented the National Clearing House (NCH) program to help with this process. A&R runs a Banner Report process: SFRNSLC is an extract report that A&R runs to capture student enrollment: Full-Time (FT), Three Quarter-Time (3Q), Half-Time (HT), Less than Half-Time (LT) and Withdrawn (WD). A&R submits enrollment files four times via National Student Clearinghouse (NSC) by FTP. These files are then processed by NSC and passed to NSLDS for reporting. Winter/Summer A&R submits enrollment files twice via NSC FTP site. Fall Terms submission dates will commence after census. Fall 2022 submissions beginning September 9, October 15, November 19, and December 23. Spring term submissions dates will commence after census. Spring 2022 submission begin March 9, April 8, May 6, and June 10. All members involved are set up to receive an email response to ensure the process is completed.

None reported.

Except as specified in previous sections of this report, summarized below is the current status of all audit findings reported in the prior year's Schedule of Findings and Questioned Costs.

Financial Statement Findings

2020-001 Financial Reporting

Criteria or Specific Requirement

The accounting system used to record the financial affairs of any community college district shall be in accordance with the definitions, instructions, and procedures published in the California Community Colleges *Budget and Accounting Manual* (BAM). Colleges are also required to present their financial statements in accordance with generally accepted accounting principles (GAAP).

Condition

Material Weakness - Adjustments and reclassifications were identified during the audit in order to conform to the BAM and GAAP during the District's year-end closing process. Corrections were made to the various accounts included below, but not limited to:

- Enrollment fee revenues were recorded on a cash basis during the year and were not adjusted to the modified accrual basis during the closing process. Adjustments were necessary for student receivables, unearned enrollment fee liabilities, and enrollment fee revenues. Adjustments were required for all three accounts.
- The capital asset records of the District, reflective of 2019-2020 activity, was not provided to the auditors until March 2021. Several initial reports provided were materially incorrect within the Construction in Progress account.
- The accounts receivable balance required adjustment due to accrued amounts subsequently being received by the District, however the accruals were not cleared out of the receivable account and instead were recorded as revenue for a second time for these transactions.
- The Student Financial Aid Fund had a negative fund balance as well as a negative Cash in County balance at June 30, 2020, representing an encroachment on the General Fund of the District.
- In prior years, the District had recorded their annual payment with Ellucian as a prepaid expense, as the contract term extended over two fiscal years. In 2019-2020, the entire payment amount was recognized in the current year representing an overstatement of expenditures and an inconsistency in expense recognition.

Questioned Costs

No questioned costs were associated with this finding.

Context

The District maintains individual funds with asset and liability balances subject to the reconciliation process. The net impact to the individual funds is included on page 76 of this report.

Effect

Material adjustments to the general ledger were proposed as a result of the audit procedures. These adjustments were accepted by management to ensure the financial statements were presented in accordance with generally accepted accounting principles.

Cause

The oversight and monitoring of controls over the individual asset and liability accounts during the closing process were not effective in preventing or detecting errors.

Recommendation

The District should develop a closing procedure calendar at year-end to ensure that all information is prepared, reviewed, and reconciled prior to the closing of the general ledger. A regular and timely reconciliation of all accounts should be performed with any inconsistencies reconciled and adjusted prior to year-end. Cash and ending fund balances should be monitored for negative balances.

Current Status

Partially Implemented. See current year finding 2021-001.

Federal Awards Findings

2020-002 Cash Management

Program Name: COVID-19: CARES Act Higher Education Emergency Relief Funds, Student Aid Portion; Student Financial Assistance Cluster

CFDA Number: 84.425E; 84.007, 84.033, 84.063, and 84.268

Federal Agency: U.S. Department of Education

Pass-Through Entity: Direct Funded

Criteria or Specific Requirements

Uniform Guidance, 2 CFR 200.305: Federal Payment

(b) For non-Federal entities other than states, payments methods must minimize the time elapsing between the transfer of funds from the United States Treasury or the pass-through entity and the disbursement by the non-Federal entity whether the payment is made by electronic funds transfer, or issuance or redemption of checks, warrants, or payment by other means. See also §200.302(b)(6). Except as noted elsewhere in this part, Federal agencies must require recipients to use only OMB-approved, governmentwide information collection requests to request payment.

(1) Advance payments to a non-Federal entity must be limited to the minimum amounts needed and be timed to be in accordance with the actual, immediate cash requirements of the non-Federal entity in carrying out the purpose of the approved program or project. The timing and amount of advance payments must be as close as is administratively feasible to the actual disbursements by the non-Federal entity for direct program or project costs and the proportionate share of any allowable indirect costs. The non-Federal entity must make timely payment to contractors in accordance with the contract provisions.

Condition

Significant Deficiency and Noncompliance – The District drew down the entire allocation of \$1,269,203 in funds available for the Higher Education Emergency Relief Funds - Student Aid Portion program on May 26, 2020. However, at June 30, 2020, the District had only spent \$643,252 of these federal funds. The District did not minimize the time between receipt and disbursement of these funds requested, and as a result, held excess cash of \$625,951 at June 30, 2020.

For Federal Work Study and FSEOG programs of the Student Financial Assistance Cluster, the District drew down their entire award allocation for the 2019-2020 year on September 19, 2019. Neither program disbursed the amount drawn down or returned the funds within the required three days.

Questioned Costs

The questioned costs have not been identified at this time, however, the District needs to determine the interest earned on the excess cash and return those funds to the U.S. Department of Education.

Context

The District expended \$643,252 and \$10,511,220 for HEERF and Student Financial Aid Cluster, respectively.

Effect

The District is not in compliance with federal cash management requirements.

Cause

The District did not minimize the time between receipt and disbursement of the funds requested, and as a result, held excess cash at June 30, 2020.

Recommendation

It is recommended the District should establish effective controls to ensure the return of Title IV funds are properly calculated and returned.

Current Status

Implemented.

2020-003 Special Tests and Provisions – Return to Title IV

Program Name: Student Financial Assistance Cluster

CFDA Number: 84.033, 84.007, 84.063, and 84.268

Federal Agency: U.S. Department of Education

Pass-Through Entity: Direct Funded

Criteria or Specific Requirement

The institution must return the lesser of (1) the total amount of unearned Title IV assistance to be returned or (2) an amount equal to the total institutional charges incurred by the student for the payment period or period of enrollment multiplied by the percentage of Title IV grant or loan assistance that has not been earned by the student. If, for a non-term program an institution chooses to calculate the treatment of Title IV assistance on a payment period basis, but the institution charges for a period that is longer than the payment period, “total institutional charges incurred by the student for the payment period” is the greater of (1) the prorated amount of institutional charges for the longer period, or (2) the amount of Title IV assistance retained for institutional charges as of the student’s withdrawal date (34 CFR 668.22(g)).

Condition

Significant Deficiency and Noncompliance – There was no evidence that the District’s portion of the Return to Title IV was returned.

Questioned Costs

Questioned costs are funds not returned to the Department of Education of \$155.

Context

The District performed 220 Return to Title IV calculations during the 2019-2020 fiscal year. There was one instance out of the 40 tested where the District was unable to provide evidence that Title IV funds were returned to the Department of Education.

Effect

Without proper monitoring of Title IV returns, the District is at risk of noncompliance with the above referenced criteria.

Cause

The District internal controls did not operate effectively to ensure the college submitted all required return of Title IV funds.

Recommendation

It is recommended the District should establish effective controls to ensure the return of Title IV funds are properly calculated and returned.

Current Status

Implemented.

2020-004 Special Tests and Provisions – Enrollment Reporting

Program Name: Student Financial Assistance Cluster

CFDA Number: 84.033, 84.007, 84.063, and 84.268

Federal Agency: U.S. Department of Education

Pass-Through Entity: Direct Funded

Criteria or Specific Requirement

OMB Compliance Supplement, OMB No. 1845-0035 – Institutions are required to report enrollment information under the Pell grant and the Direct and Federal family Education Loan (FFEL) loan programs via the National Student Loan Data System (NSLDS).

Institutions must review, update, and verify student enrollment statuses, program information, and effective dates that appear on the Enrollment Reporting Roster file or on the Enrollment Maintenance page of the NSLDS Professional Access (NSLDSFAP) website which the financial aid administrator can access for the auditor. The data on the institution’s Enrollment Reporting Roster, or Enrollment Maintenance page, is what NSLDS has as the most recently certified enrollment information. There are two categories of enrollment information; “Campus Level” and “Program Level,” both of which need to be reported accurately and have separate record types. The NSLDS Enrollment Reporting Guide provides the requirements and guidance for reporting enrollment details using the NSLDS Enrollment Reporting Process.

Condition

Material Weakness and Noncompliance – During testing over the NSLDS reporting requirements, it was noted that the college did not report any student information to NSLDS in the 2019-2020 fiscal year. The SCHER1 Report indicated that there were no submissions in the 2019-2020 fiscal year. The first submission appears to be on July 6, 2020. After further testing of specific students, the following were noted:

- Student withdrawal effective dates per the college’s system does not match the withdrawal date reported to NSLDS for 48 of 60 students tested.
- The student’s enrollment status per the college’s system does not match the status reported to NSLDS for 19 of 60 students tested.
- Since the first reporting date was not until July 6, 2020, the timeliness of reporting enrollment status was outside of the required 60 days on all 60 students tested.
- The students’ program in the college’s system does not match the students’ program reported to NSLDS for three of 60 students tested. For two of these students, no enrollment records were reported to NSLDS.
- The students’ program enrollment effective date in the college’s system does not match the students’ program enrollment effective date reported to NSLDS for six of 60 students tested.
- One of 60 students tested was noted to have an undeclared major, but received Title IV funds in the 2019-2020 fiscal year.

Questioned Costs

There were \$840 in questioned costs for aid disbursements associated with the undeclared major student identified in the condition.

Context

The District disbursed financial aid to approximately 3,765 students in the 2019-2020 fiscal year that required student enrollment and program enrollment reporting to NSLDS.

Effect

The District is not in compliance with the Federal requirements described in the OMB Compliance Supplement.

Cause

The District appeared to have been unaware of requirement to update the Enrollment Reporting Rosters provided by NSLDS on a monthly basis.

Recommendation

The District should implement a process to review, update, and verify student enrollment statuses, program information, and effective dates that appear on the Enrollment Reporting Roster file or on the Enrollment Maintenance page of the NSLDS Professional Access (NSLDSFAP) website.

Current Status

Partially implemented. See current year finding 2021-007.

2020-005 Special Tests and Provisions – Borrower Data and Reconciliation (Direct Loan)

Program Name: Student Financial Assistance Cluster

CFDA Number: 84.033, 84.007, 84.063, and 84.268

Federal Agency: U.S. Department of Education

Pass-Through Entity: Direct Funded

Criteria or Specific Requirement

According to 34 CFR 685.300(b)(5), the school must promise to comply with applicable regulations and must agree to reconcile institutional records with Direct Loan funds received from the Secretary and Direct Loan disbursement records submitted to and accepted by the Secretary, on a monthly basis as required by 34 CFR 685.300 (b)(5).

Condition

Material Weakness and Noncompliance – During our review of the Direct Loans, it was noted that the District was unable to provide documentation to show that they were reconciling the institutional Direct Loan records with the School Account Statement (SAS) data file received by Common Origination and Disbursement (COD) on a monthly basis.

Questioned Costs

There are no questioned costs associated with this finding.

Context

The District disbursed approximately \$493,559 in Direct Loan funds during the 2019-2020 fiscal year.

Effect

The District is out of compliance with 34 CFR 685.300(b)(5).

Cause

The District has not implemented policies and procedures to verify that the institutional Direct Loan records are being reconciled to the SAS data files on a monthly basis.

Recommendation

It is recommended that the District develop and implement policies and procedures to ensure that the institutional Direct Loan records are being reconciled with the School Account Statement (SAS) data file received by Common Origination and Disbursement (COD) on a monthly basis.

Current Status

Not Implemented. See current year finding 2021-004.

2020-006 Reporting

Program Name: Student Financial Assistance Cluster

CFDA Number: 84.033, 84.007, 84.063, and 84.268

Federal Agency: U.S. Department of Education

Pass-Through Entity: Direct Funded

Criteria or Specific Requirement

Common Origination and Disbursement (COD) System (OMB No. 1845-0039) – All schools receiving Pell grants submit Pell payment data to the Department of Education through the COD System.

Institutions submit Pell origination records and disbursement records to the COD. Origination records can be sent well in advance of any disbursements, as early as the school chooses to submit them for any student the school reasonably believes will be eligible for a payment. The disbursement record reports the actual disbursement date and the amount of the disbursement. ED processes origination and/or disbursement records and returns acknowledgments to the school. Institutions must report student payment data within 15 calendar days after the school makes a payment, or becomes aware of the need to make an adjustment to previously reported student payment data or expected student payment data. Schools may do this by reporting once every 15 calendar days, bi-weekly or weekly, or may set up their own system to ensure that changes are reported in a timely manner.

Condition

Significant Deficiency and Noncompliance – The process dates reported in the COD files were more than 15 calendar days after the disbursement dates reported in the COD files in the District's financial records for the Fall and Spring semesters. Four students of the 40 students tested had transactions processed in excess of 15 days. Reporting days ranged from 29 to 197 days after disbursement.

Questioned Costs

There are no questioned costs associated with this finding.

Context

The District processed and reported approximately \$9,593,110 in Pell grants during the year.

Effect

The District is not in compliance with the Federal requirements described in the OMB Compliance Supplement.

Cause

The District does not have a process in place to ensure timely reporting to COD.

Recommendation

It is recommended the District should establish effective controls and processes to ensure that reporting of student disbursement records is timely.

Current Status

Not Implemented. See current year finding 2021-005.

State Awards Findings

None reported.



Unaudited Supplementary Information
June 30, 2021

Compton Community College District

Compton Community College District
Governmental Funds
Balance Sheets (Unaudited)
June 30, 2021

	General Unrestricted	Line of Credit General Unrestricted	General Restricted	Child Development	Bond Interest and Redemption	Capital Outlay Projects	Revenue Bond Construction	Associated Students
Assets								
Cash and cash equivalents	\$ 25,000	\$ -	\$ 159	\$ -	\$ -	\$ -	\$ -	\$ 260,074
Investments	20,600,333	1,177,609	3,793,340	301,367	5,639,370	3,524,196	25,079,377	-
Accounts receivable	4,333,850	2,514	4,307,267	546	-	7,247,495	66,992	140,834
Student receivables, net	552,332	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	511,000	-
Prepaid expenses	91,250	-	377,980	-	-	-	-	-
Total assets	<u>\$ 25,602,765</u>	<u>\$ 1,180,123</u>	<u>\$ 8,478,746</u>	<u>\$ 301,913</u>	<u>\$ 5,639,370</u>	<u>\$ 10,771,691</u>	<u>\$ 25,657,369</u>	<u>\$ 400,908</u>
Liabilities and Fund Balances								
Liabilities								
Accounts payable	\$ 4,694,329	\$ -	\$ 1,019,661	\$ 28,793	\$ -	\$ 2,857,465	\$ 2,737,044	\$ -
Due to other funds	-	-	-	-	-	511,000	-	-
Unearned revenue	600,815	-	5,861,348	218,128	-	9,890	-	-
Total liabilities	<u>5,295,144</u>	<u>-</u>	<u>6,881,009</u>	<u>246,921</u>	<u>-</u>	<u>3,378,355</u>	<u>2,737,044</u>	<u>-</u>
Fund Balances								
Nonspendable	116,250	-	377,980	-	-	-	-	-
Restricted	-	-	1,219,757	54,992	5,639,370	7,393,336	22,920,325	400,908
Undesignated	20,191,371	1,180,123	-	-	-	-	-	-
Total fund balances	<u>20,307,621</u>	<u>1,180,123</u>	<u>1,597,737</u>	<u>54,992</u>	<u>5,639,370</u>	<u>7,393,336</u>	<u>22,920,325</u>	<u>400,908</u>
Total liabilities and fund balances	<u>\$ 25,602,765</u>	<u>\$ 1,180,123</u>	<u>\$ 8,478,746</u>	<u>\$ 301,913</u>	<u>\$ 5,639,370</u>	<u>\$ 10,771,691</u>	<u>\$ 25,657,369</u>	<u>\$ 400,908</u>

Compton Community College District

Governmental Funds

Balance Sheets (Unaudited)

June 30, 2021

	Student Representation Fee	Student Financial Aid	Scholarship and Loan	Payroll Clearing	Pension Stabilization Trust	Other Non-fiduciary Trusts	Total Governmental Funds (Memorandum Only)
Assets							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 80,290	\$ 365,523
Investments	41,361	(317,789)	83,345	247,854	4,402,173	-	64,572,536
Accounts receivable	11,220	91,318	178	-	-	-	16,202,214
Student receivables, net	-	-	-	-	-	-	552,332
Due from other funds	-	-	-	-	-	-	511,000
Prepaid expenses	-	-	-	-	-	-	469,230
Total assets	\$ 52,581	\$ (226,471)	\$ 83,523	\$ 247,854	\$ 4,402,173	\$ 80,290	\$ 82,672,835
Liabilities and Fund Balances							
Liabilities							
Accounts payable	\$ 6,171	\$ 61,498	\$ 26,359	\$ 247,854	\$ -	\$ 25,085	11,704,259
Due to other funds	-	-	-	-	-	-	511,000
Unearned revenue	2,206	-	-	-	-	-	6,692,387
Total liabilities	8,377	61,498	26,359	247,854	-	25,085	18,907,646
Fund Balances							
Nonspendable	-	-	-	-	-	-	494,230
Restricted	44,204	-	57,164	-	4,402,173	55,205	42,187,434
Undesignated	-	(287,969)	-	-	-	-	21,083,525
Total fund balances	44,204	(287,969)	57,164	-	4,402,173	55,205	63,765,189
Total liabilities and fund balances	\$ 52,581	\$ (226,471)	\$ 83,523	\$ 247,854	\$ 4,402,173	\$ 80,290	\$ 82,672,835

Compton Community College District

Governmental Funds

Statements of Revenues, Expenditures and Changes in Fund Balances (Unaudited)

Year Ended June 30, 2021

	General Unrestricted	Line of Credit General Unrestricted	General Restricted	Child Development	Bond Interest and Redemption	Capital Outlay Projects	Revenue Bond Construction
Revenues							
Federal revenues	\$ -	\$ -	\$ 4,335,096	\$ 69,570	\$ -	\$ -	\$ -
State revenues	35,660,908	-	9,590,092	368,303	38,213	7,248,855	-
Local revenues	8,391,471	6,417	1,023,014	3,398	6,827,103	17,441	190,414
Total revenues	44,052,379	6,417	14,948,202	441,271	6,865,316	7,266,296	190,414
Expenditures							
Current Expenditures							
Academic salaries	13,892,543	-	2,139,065	-	-	-	-
Classified salaries	7,028,168	-	3,041,023	308,011	-	-	-
Employee benefits	11,485,356	-	1,951,661	168,044	-	-	-
Books and supplies	588,122	-	944,310	9,527	-	-	-
Services and operating expenditures	4,658,354	-	4,273,723	4,043	-	-	15,366
Capital outlay	136,609	-	1,373,277	-	-	7,291,182	16,769,280
Debt service - principal	1,002,025	-	-	-	7,445,000	-	-
Debt service - interest and other	179,817	-	-	-	3,617,026	-	-
Total expenditures	38,970,994	-	13,723,059	489,625	11,062,026	7,291,182	16,784,646
Excess of Revenues Over (Under) Expenditures	5,081,385	6,417	1,225,143	(48,354)	(4,196,710)	(24,886)	(16,594,232)
Other Financing Sources (Uses)							
Operating transfers in	-	-	-	100,000	-	-	-
Operating transfers out	(700,000)	-	-	-	-	-	-
Other uses	-	-	(2,156,924)	(10,350)	-	-	-
Total other financing sources (uses)	(700,000)	-	(2,156,924)	89,650	-	-	-
Excess Of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	4,381,385	6,417	(931,781)	41,296	(4,196,710)	(24,886)	(16,594,232)
Fund Balances, Beginning of Year	15,926,236	1,173,706	2,529,518	13,696	9,836,080	7,418,222	39,514,557
Fund Balances, End of Year	\$ 20,307,621	\$ 1,180,123	\$ 1,597,737	\$ 54,992	\$ 5,639,370	\$ 7,393,336	\$ 22,920,325

Compton Community College District

Governmental Funds

Statements of Revenues, Expenditures and Changes in Fund Balances (Unaudited)

Year Ended June 30, 2021

	Associated Students	Student Representation Fee	Student Financial Aid	Scholarship and Loan	Pension Stabilization Trust	Other Scholarship Trust	Total Governmental Fund (Memorandum Only)
Revenues							
Federal revenues	\$ -	\$ -	\$ 6,123,588	\$ -	\$ -	\$ -	\$ 10,528,254
State revenues	-	-	1,875,406	-	-	-	54,781,777
Local revenues	96,303	4,149	-	453	744,365	1,391	17,305,919
Total revenues	96,303	4,149	7,998,994	453	744,365	1,391	82,615,950
Expenditures							
Current Expenditures							
Academic salaries	-	-	-	-	-	-	16,031,608
Classified salaries	-	-	-	-	-	-	10,377,202
Employee benefits	-	-	-	-	-	-	13,605,061
Books and supplies	-	-	-	-	-	-	1,541,959
Services and operating expenditures	17,983	-	-	-	11,815	-	8,981,284
Capital outlay	-	-	-	-	-	-	25,570,348
Debt service - principal	-	-	-	-	-	-	8,447,025
Debt service - interest and other	-	-	-	-	-	-	3,796,843
Total expenditures	17,983	-	-	-	11,815	-	88,351,330
Excess of Revenues Over (Under) Expenditures	78,320	4,149	7,998,994	453	732,550	1,391	(5,735,380)
Other Financing Sources (Uses)							
Operating transfers in	-	-	-	-	200,000	-	300,000
Operating transfers out	-	-	-	-	-	-	(700,000)
Other uses	-	-	(7,892,458)	-	-	-	(10,059,732)
Total other financing sources (uses)	-	-	(7,892,458)	-	200,000	-	(10,459,732)
Excess Of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	78,320	4,149	106,536	453	932,550	1,391	(16,195,112)
Fund Balances, Beginning of Year	322,588	40,055	(394,505)	56,711	3,469,623	53,814	79,960,301
Fund Balances, End of Year	\$ 400,908	\$ 44,204	\$ (287,969)	\$ 57,164	\$ 4,402,173	\$ 55,205	\$ 63,765,189

Compton Community College District

Proprietary Fund
 Balance Sheet (Unaudited)
 June 30, 2021

	<u>Internal Service Fund</u>
Assets	
Cash and cash equivalents	\$ 250,000
Investments	1,670,696
Accounts receivable	<u>606</u>
Total assets	<u>\$ 1,921,302</u>
Liabilities and Fund Equity	
Liabilities	
Accounts payable	\$ 58,040
Claim liabilities	<u>518,261</u>
Total liabilities	<u>576,301</u>
Fund Equity	
Retained earnings	<u>1,345,001</u>
Total liabilities and fund equity	<u>\$ 1,921,302</u>

Compton Community College District
 Proprietary Fund
 Statement of Revenues, Expenses and Changes in Retained Earnings (Unaudited)
 Year Ended June 30, 2021

	Internal Service Fund
Operating Revenues	
Premium contributions	\$ 1,039,757
Operating Expenses	
Certificated salaries	5,527
Classified salaries	11,566
Employee benefits	2,534
Books and supplies	12,837
Services and other operating expenditures	1,044,332
Capital outlay	17,976
Total operating expenses	1,094,772
Operating Loss	(55,015)
Nonoperating Revenues	
Investment income	2,310
Operating transfers in	400,000
Total nonoperating revenues	402,310
Net Income	347,295
Retained Earnings, Beginning of Year	997,706
Retained Earnings, End of Year	\$ 1,345,001

Compton Community College District
Proprietary Fund
Statement of Cash Flows (Unaudited)
Year Ended June 30, 2021

	Internal Service Fund
Operating Activities	
Cash received from user charges	\$ 1,042,084
Cash payments to or on behalf of employees	(19,627)
Cash payments to vendors	(1,192,542)
Net Cash Used for Operating Activities	(170,085)
Noncapital Financing Activities	
Transfers in from other funds	400,000
Investing Activities	
Interest on investments	2,310
Net Increase in Cash and Cash Equivalents	232,225
Cash and Cash Equivalents - Beginning	1,688,471
Cash and Cash Equivalents - Ending	\$ 1,920,696
Reconciliation of Operating Loss to Net Cash Flows Used for Operating Activities	
Operating loss	\$ (55,015)
Changes in assets and liabilities	
Receivables	2,327
Accrued liabilities	(117,397)
Net Cash Used for Operating Activities	\$ (170,085)
Cash and Cash Equivalents Consist of the Following	
Cash on hand and in banks	\$ 250,000
Cash in county treasury	1,670,696
Total cash and cash equivalents	\$ 1,920,696

Compton Community College District
Fiduciary Fund
Balance Sheet (Unaudited)
June 30, 2021

	<u>Retiree OPEB Trust</u>
Assets	
Investments	<u>\$ 12,965,200</u>
Fund Balance	
Restricted	<u>\$ 12,965,200</u>

Compton Community College District
 Fiduciary Fund
 Statement of Revenues, Expenditures and Changes in Fund Balances (Unaudited)
 Year Ended June 30, 2021

	Retiree OPEB Trust
Revenues	
Local revenues	\$ 5,119,998
Expenditures	
Employee benefits	580,122
Services and operating expenditures	85,684
Total expenditures	665,806
Excess of Revenues Over Expenditures	4,454,192
Fund Balance, Beginning of Year	8,511,008
Fund Balance, End of Year	\$ 12,965,200

Note 1 - Purpose of Schedules

Fund Financial Statements

The accompanying financial statements report the governmental and fiduciary fund activities of Compton Community College District and are presented on the modified accrual basis of accounting. Therefore, some amounts presented in these financial statements may differ from amounts presented in, or used in, the preparation of the basic financial statements. The information is not a required component of the financial statements in accordance with GASB Statements No. 34 and No. 35 and is presented at the request of the District management.

Proprietary fund activities are reported on the full accrual basis of accounting.