COMPTON COMMUNITY COLLEGE DISTRICT

ANNUAL FINANCIAL REPORT

JUNE 30, 2014

COMPTON COMMUNITY COLLEGE DISTRICT

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Special Trustee and 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 of Compton Community College District (the District) as of and for the year ended June 30, 2014, 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 misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the District as of June 30, 2014, and the changes in net position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Emphasis of Matter - Change in Accounting Principles

As discussed in Note 15 to the financial statements, the District has elected to change its method of accounting for cost of debt issuance as prescribed by Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Correction of an Error

As discussed in Note 15 to the financial statements, the accompanying financial statements reflect certain changes as a result of accounting corrections for the year ended June 30, 2014. These changes require a restatement of the beginning net position of the District as discussed in Note 15. Our opinion is 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 5 through 14 and the Schedule of Other Postemployment Benefits (OPEB) Funding Progress on page 51 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 basic financial statements. The accompanying supplementary information listed in the Table of Contents, including the Schedule of Expenditures of Federal Awards, as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying supplementary information, including the Schedule of Expenditures of Federal Awards and other supplementary schedules, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 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 accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The additional supplementary information on pages 82 through 89 has been presented at the request of District management for purposes of additional analysis. We have applied certain limited procedures to the additional supplementary information which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries. We do not express an opinion or provide any assurance on this information because of the limited procedures do not provide us with significant evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2014, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Vavrinek, Trine, Day & Co. LLP

Rancho Cucamonga, California
December 5, 2014

Serving the Communities of
Carson, Compton, Lynwood
North Long Beach, Paramount
and Willowbrook

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Introduction

The purpose of this management's discussion and analysis (MD&A) is to provide readers with information about the activities, programs, and financial condition of the Compton Community College District (the District) as of June 30, 2014. The discussion has been prepared by management and should be read in conjunction with the financial statements and notes which follow this section. Responsibility for the completeness and accuracy of this information rests with District management.

The District was established in 1927 and serves the communities of Compton, Willowbrook, Enterprise, Carson, Lynwood, and Paramount. 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.

On June 30, 2006, the District was notified that its accreditation by the Accrediting Commission for Community and Junior Colleges of the Western Association of Schools and Colleges was being withdrawn. In anticipation of this action, the legislature passed and Governor Schwarzenegger signed legislation known as Assembly Bill 318 (AB 318). AB 318 put in place several operational parameters unique to the Compton Community College District. The first provides for access to $30 million in the form of a loan that is to be repaid over 20 years from the date the District withdraws the funds. To date, the District has withdrawn approximately $17.9 million, and the current annual repayment obligation is approximately $1.3 million. Lastly, the District partnered with El Camino Community College District to ensure that Compton students could continue to have access to accredited educational services. El Camino Community College District provides accredited instructional and student services to students on the Compton campus through a newly established El Camino College Compton Community Educational Center.

Overview of the Financial Statements

The 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's Discussion and Analysis – for Public College and Universities*. These statements allow for the presentation of financial activity and results of operations which focuses on the District as a whole. The entity-wide financial statements present the overall results of operations whereby all of the District's activities are consolidated into one total versus the traditional presentation by fund type. Under the Business-Type Activity (BTA) reporting model, this report consists of three basic financial statements that provide information on the District's governmental activities as a whole: the Statement of Net Position; the Statement of Revenues, Expenditures, and Changes in Net Position; and the Statement of Cash Flows.

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

Financial Highlights

Several construction and modernization projects at the District are in progress. The projects listed below are funded both through State construction revenues and through the District's voter approved General Obligation Bond, Measure CC.

Utility Infrastructure Phase 1	Utility Infrastructure Phase 2
Central Plant/Stadium Lighting	Allied Health Building

Additionally, the projects listed below are funded only through the District's voter approved General Obligation Bond, Measure CC.

Library-Student Success Center	Music Building Renovation

The District successfully completed and celebrated a major milestone with the grand opening of the Library-Student Success Center. The new Library-Student Success Center is a 45,000 square-foot, two-story building. The Library, located on the first floor, provides reference services, general library orientation, research, instruction, and access to group study rooms.

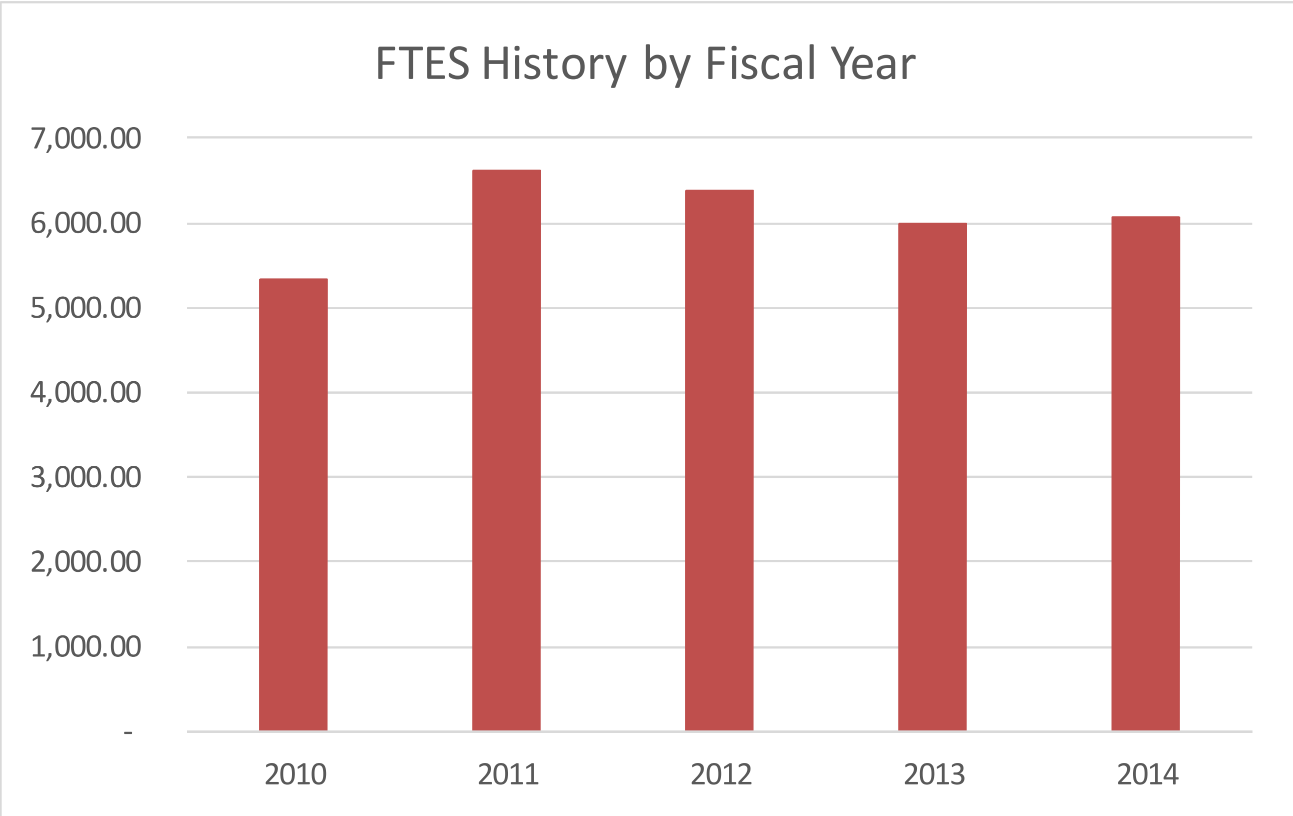
The Student Success Center is located on the second floor, where students have access to four drop-in tutorial centers including tutoring, a Writing Center, a Math and Science Center, and a Reading Success Center. The Student Success Center will also offer a Supplemental Instruction program, Directed Learning Activities, academic skills workshops, and peer-led tutoring. A new Multidisciplinary Computer Lab features 100 new computers with a variety of academic software for students to utilize for computer-aided learning, word processing, and research.

In addition to the Library and Student Success Center, the building accommodates numerous study rooms and a state-of-the-art training room for library orientation and staff training. Another highlight of the first floor is an Art Gallery that will display rotating exhibits featuring local culture and history from throughout the community.

Construction of the $25 million Library-Student Success Center was made possible with funds from the 2002 Measure CC general obligation bond and State Capital Outlay monies.

Full-Time Equivalent Students Growth

During fiscal year 2013-2014, total Full-Time Equivalent Students (FTES) increased from 6,000 to 6,060, an increase of 60 FTES (or 1 percent). Credit FTES increased by 53 FTES (or 1 percent) while noncredit FTES increased by 7 FTES (or 43 percent) due to increased class sections.



Statement of Net Position

The Statement of Net Position presents the assets, liabilities, and net position of the District as of the end of the fiscal year, 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, liabilities, and net position.

From the data presented, the reader of the Statement of Net Position is able to 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 and total liabilities 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; these net positions are 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 the assets. The final category is unrestricted net positions, which are available to the District for any lawful purpose of the District.

A summary of the Statement of Net Position as of June 30, 2014 and June 30, 2013, is below:

Table 1

	2014	2013*	Increase (Decrease)	Percent Change
ASSETS				
Current Assets				
Cash and investments	$ 55,281,003	$ 33,934,707	$ 21,346,296	62.9%
Accounts receivable, net	7,062,595	22,153,905	(15,091,310)	-68.1%
Other current assets	124,835	7,045	117,790	100.0%
Total Current Assets	62,468,433	56,095,657	6,372,776	11.4%
Noncurrent Assets				
Capital assets, net of accumulated depreciation	133,560,683	111,676,564	21,884,119	19.6%
Total Noncurrent Assets	133,560,683	111,676,564	21,884,119	19.6%
TOTAL ASSETS	196,029,116	167,772,221	28,256,895	16.8%
DEFERRED OUTFLOW OF RESOURCES				
Deferred charges on refunding	1,639,767	1,347,561	292,206	21.7%
LIABILITIES				
Current Liabilities				
Accounts payable	7,792,179	7,939,608	(147,429)	-1.9%
Unearned revenue	1,291,784	1,758,704	(466,920)	-26.5%
TRAN payable	3,900,000	8,000,000	(4,100,000)	-51.3%
Current portion of long-term obligations	2,447,083	2,351,254	95,829	4.1%
Interest payable	1,140,277	1,423,306	(283,029)	-19.9%
Total Current Liabilities	16,571,323	21,472,872	(4,901,549)	-22.8%
Noncurrent Liabilities				
Bonds payable	76,622,826	61,973,766	14,649,060	23.6%
Notes payable	13,105,201	13,912,442	(807,241)	-5.8%
Other long-term obligations	13,686,174	11,890,768	1,795,406	15.1%
Total Noncurrent Liabilities	103,414,201	87,776,976	15,637,225	17.8%
TOTAL LIABILITIES	119,985,524	109,249,848	10,735,676	9.8%
NET POSITION				
Net investment in capital assets	84,199,180	66,902,057	17,297,123	25.9%
Restricted for:				
Debt service	2,077,604	1,698,058	379,546	22.4%
Capital projects	1,704,257	1,547,663	156,594	10.1%
Other special services	995,829	391,033	604,796	154.7%
Unrestricted	(11,293,511)	(10,668,877)	(624,634)	5.9%
TOTAL NET POSITION	$ 77,683,359	$ 59,869,934	$ 17,813,425	29.8%

* As restated

- The Statement of Cash Flows contained within these financial statements provides greater detail regarding the sources and uses of cash and the net increase in cash during fiscal year 2013-2014. Cash assets had increases between fiscal years 2014 and 2013 due to the sale of $36.4 million in general obligation bonds, the purchase of capital assets of $24.7 million, and the payment on principal capital debt of $21.7 million.

- The majority of the accounts receivable balance is from Federal and State sources for apportionment and grant and entitlement programs. Included in accounts receivable is approximately $4.0 million for the January through June 2014 apportionment payment deferrals, and approximately $641 thousand for reimbursements from State agencies related to construction grant awards. In addition, there is a $1.3 million net student fee receivable.

- Capital assets had a net increase of $21.9 million. Depreciation expense of $2.1 million was recognized during 2013-2014. 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, 2014. Total accounts payable are $7.8 million; $2.3 million of the balance was accrued in the Capital Projects Fund and the Bond Fund related to construction projects, $2.5 million is for cosmetology liability, and $1.3 million is for amounts due to employees for wages and benefits.

- The District's noncurrent liabilities primarily consist of bonds payable, related to the issuance of Series A, B, C, D, and two refunding bonds that refunded all but one portion of Series A of the 2002 Measure CC General Obligation Bonds, and notes payable related to the drawdown from the line of credit through the State. The face value of these bonds at the time of initial sale totaled $119 million, and $78.2 million represents the remaining long-term obligation to satisfy these obligations. The District has issued $87.6 million of the $100 million authorized under Measure CC and has a remaining balance of $12.4 million available to issue. The District has made withdrawals from the line of credit totaling $17.9 million, and $13.9 million represents the outstanding balance.

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.

The Statement of Revenues, Expenses, and Changes in Net Position for the years ended June 30, 2014 and June 30, 2013, is summarized below:

Table 2

	2014	2013*	Increase (Decrease)	Percent Change
OPERATING REVENUES				
Tuition and fees (net)	$ 1,290,093	$ 1,637,577	$ (347,484)	-21.2%
Other operating revenues	1,465,385	1,078,857	386,528	35.8%
TOTAL OPERATING REVENUES	2,755,478	2,716,434	39,044	1.4%
TOTAL OPERATING EXPENSES	39,162,306	38,064,260	1,098,046	2.9%
OPERATING LOSS	(36,406,828)	(35,347,826)	(1,059,002)	3.0%
NONOPERATING REVENUES (EXPENSES)				
State apportionments, noncapital	25,777,077	23,147,881	2,629,196	11.4%
Local property taxes	7,693,936	7,711,349	(17,413)	-0.2%
State revenue - other	1,029,123	1,305,184	(276,061)	-21.2%
Grants and contracts, noncapital:				
Federal	822,118	860,533	(38,415)	-4.5%
State	4,625,097	3,369,451	1,255,646	37.3%
Interest and investment income	341,670	373,300	(31,630)	-8.5%
Interest expense	(3,330,658)	(5,266,368)	1,935,710	-36.8%
Other nonoperating revenue	2,273,588	4,176,029	(1,902,441)	-45.6%
Gain on asset disposal	7,412	-	7,412	-100.0%
NET NONOPERATING REVENUES	39,239,363	35,677,359	3,562,004	10.0%
OTHER REVENUES				
State apportionments, capital	14,586,725	24,465,426	(9,878,701)	-40.4%
TOTAL OTHER REVENUES	14,586,725	24,465,426	(9,878,701)	-40.4%
CHANGE IN NET POSITION	17,419,260	24,794,959	(7,375,699)	-29.7%
NET POSITION, BEGINNING OF YEAR	60,264,099	35,469,140	24,794,959	69.9%
NET POSITION, END OF YEAR	$ 77,683,359	$ 60,264,099	$17,419,260	28.9%

* As restated

- State apportionments have increased 11.4 percent, and net position increased by 28.9 percent. The increase in net position is related to increase capital construction which the District capitalized $23.8 million in construction in progress.
- 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 $235 per unit fee that is charged to all nonresident students.
- Personnel costs account for 73 percent of operating expenses in fiscal year 2014, compared to 69 percent in 2013. Supplies, materials, and other operating expenses accounted for 19 percent of the operating expense in fiscal year 2014, compared to 25 percent in 2013. The balance of operating expenses is for financial aid, utilities, 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. With the exception of interest income, all of this revenue is received to support the District's instructional activities. 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 enrollment fees and local property taxes. Increases in either of these latter two revenue categories leads to a corresponding decrease in apportionment.

- State capital apportionments consist of amounts received for capital outlay construction projects. The District currently has three projects that are funded by State capital apportionments.

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, Materials, Other Expenses and Services	Equipment, Maintenance, and Repairs	Financial Aid	Depreciation	Total
Instructional Activities	$ 14,111,124	$ 293,285	$ 284,915	$ -	$ -	$ 14,689,324
Instructional Administrative and Instructional Governance	1,448,372	113,998	106,999	-	-	1,669,369
Instructional Support Services	975,841	17,220	102,868	-	-	1,095,929
Admissions and Records	525,373	41,327	-	-	-	566,700
Student Counseling and Guidance	992,827	23,834	-	-	-	1,016,661
Other Student Services	4,339,711	742,194	78,461	-	-	5,160,366
Operation and Maintenance of Plant	1,807,624	1,108,044	13,144	-	-	2,928,812
Planning, Policymaking, and Coordination	478,590	849,602	21,330	-	-	1,349,522
General Institutional Support Services	2,746,357	2,787,046	132,008	-	-	5,665,411
Community Services and Economic Development	256,669	88,982	-	-	-	345,651
Ancillary Services and Auxiliary Operation	878,795	1,157,573	-	-	-	2,036,368
Physical Property and Related Acquisitions	83,818	-	-	-	-	83,818
Long-Term Debt and Other Financing	-	76,264	-	-	-	76,264
Student Aid	-	-	-	394,478	-	394,478
Depreciation	-	-	-	-	2,083,633	2,083,633
Total	$ 28,645,101	$ 7,299,369	$ 739,725	$ 394,478	$ 2,083,633	$ 39,162,306

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 obligations 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, 2014 and June 30, 2013, is summarized below:

Table 4

	2014	2013
Cash Provided by (Used in)		
Operating activities	$ (38,162,929)	$ (27,430,001)
Noncapital financing activities	58,828,488	32,838,033
Capital and related financing activities	451,662	(4,226,564)
Investing activities	229,075	359,938
Net Change in Cash and Cash Equivalents	21,346,296	1,541,406
Cash Balance, Beginning of Year	33,934,707	32,393,301
Cash Balance, End of Year	$ 55,281,003	$ 33,934,707

Capital Assets

At June 30, 2014, the District has $133.6 million in a broad range of capital assets, including land, construction in progress, buildings, and furniture and equipment. At June 30, 2013, the District's net capital assets were $111.7 million. Major capital improvement projects are ongoing throughout the District which includes the Utility Infrastructure Phase 1 and Central Plant/Stadium Lighting, Utility Infrastructure Phase 2, and the Allied Health Building projects. These projects are primarily funded through State Construction Revenues and District General Obligation Bonds. Projects are accounted for with our construction in progress account unit 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.

Debt Obligations

At June 30, 2014, the District has $105.8 million in debt obligations of which $82.1 million is in General Obligation Bonds. These bonds are repaid in annual installments, in accordance with obligation requirements, by way of property tax assessments on property within the Compton Community College District's boundaries.

The District issued an advance refunding of $17.0 million which allowed the District to pay off old debt at lower interest rates in March 2014. The proceeds were used to defease a portion of the General Obligation Bonds, Series 2004A outstanding bonds.

The District's notes payable decreased from its principal payment reducing the liability due to the State in the amount of $13.9 million outstanding. This note is repaid in annual installments, in accordance with obligation requirements.

The District is also obligated to employees of the District for vacation, claims, and retirement payments.

Economic Factors That May Affect the Future

The largest component of revenue the District receives is from the State of California. The most important element of the State funding is the total General Apportionment allocation, which accounts for 63 percent of the District's 2013-2014 Unrestricted General Fund revenues. Apportionment revenue is directly tied to the generation and reporting of FTES. Over the last three years, the District has suffered significant decrease in FTES in fiscal year 2013, but showed a slight increase in FTES in fiscal year 2014. However, the District's 2014 FTES remains 4.9 percent lower than what was reported in fiscal year 2012. Looking to fiscal year 2014-2015, the District, based on the State proposed funding, anticipates no growth in FTES in 2015.

Fiscal year 2015 brings continued stability at the State level due to the passing of Proposition 30 which increased sales tax by ¼ percent for four years and increases income taxes for those making no less than $250,000 per year for seven years. Each of the increases in sales tax and income tax is scheduled to end in December 31, 2016 and December 31, 2018, respectively.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Compton Community College District at 1111 East Artesia Boulevard, Compton, California 90221.

COMPTON COMMUNITY COLLEGE DISTRICT

STATEMENT OF NET POSITION - PRIMARY GOVERNMENT
JUNE 30, 2014

ASSETS	
Current Assets	
Cash and cash equivalents	$ 624,909
Investments	54,656,094
Accounts receivable	5,778,900
Student receivables, net	1,283,695
Prepaid expenses	121,941
Other current assets	2,894
Total Current Assets	62,468,433
Noncurrent Assets	
Capital Assets:	
Nondepreciable capital assets	55,892,449
Depreciable capital assets, net of depreciation	77,668,234
Total Capital Assets	133,560,683
Total Noncurrent Assets	133,560,683
TOTAL ASSETS	196,029,116
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refunding	1,639,767
LIABILITIES	
Current Liabilities	
Accounts payable	7,792,179
Interest payable	1,140,277
Unearned revenue	1,291,784
TRAN payable	3,900,000
Notes payable	807,241
Bonds payable	1,530,000
Other long-term obligations	109,842
Total Current Liabilities	16,571,323
Noncurrent Liabilities	
Compensated absences payable	954,696
Notes payable	13,105,201
Bonds payable	76,622,826
Other long-term obligations	12,731,478
Total Noncurrent Liabilities	103,414,201
TOTAL LIABILITIES	119,985,524
NET POSITION	
Net investment in capital assets	84,199,180
Restricted for:	
Debt service	2,077,604
Capital projects	1,704,257
Other activities	995,829
Unrestricted	(11,293,511)
TOTAL NET POSITION	$ 77,683,359

The accompanying notes are an integral part of these financial statements.

COMPTON COMMUNITY COLLEGE DISTRICT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PRIMARY GOVERNMENT
FOR THE YEAR ENDED JUNE 30, 2014

OPERATING REVENUES	
Student Tuition and Fees	$ 4,531,730
Less: Scholarship discount and allowance	(3,241,637)
Net tuition and fees	1,290,093
Other Operating Revenues	1,465,385
TOTAL OPERATING REVENUES	2,755,478
OPERATING EXPENSES	
Salaries	20,276,956
Employee benefits	8,368,145
Supplies, materials, and other operating expenses and services	7,299,369
Student financial aid	394,478
Equipment, maintenance, and repairs	739,725
Depreciation	2,083,633
TOTAL OPERATING EXPENSES	39,162,306
OPERATING LOSS	(36,406,828)
NONOPERATING REVENUES (EXPENSES)	
State apportionments, noncapital	25,777,077
Local property taxes, levied for general purposes	3,712,063
Taxes levied for other specific purposes	3,981,873
Federal grants	822,118
State grants	4,625,097
State taxes and other revenues	1,029,123
Investment income	333,438
Interest expense on capital related debt	(3,330,658)
Investment income on capital asset-related debt, net	8,232
Gain on the sale of capital assets	7,412
Other nonoperating revenue	2,273,588
TOTAL NONOPERATING REVENUES (EXPENSES)	39,239,363
GAIN BEFORE OTHER REVENUES	2,832,535
OTHER REVENUES	
State revenues, capital	14,586,725
CHANGE IN NET POSITION	17,419,260
NET POSITION, BEGINNING OF YEAR	60,775,791
RESTATEMENT, SEE NOTE 15	(511,692)
NET POSITION, END OF YEAR	$ 77,683,359

The accompanying notes are an integral part of these financial statements.

COMPTON COMMUNITY COLLEGE DISTRICT

STATEMENT OF CASH FLOWS - PRIMARY GOVERNMENT
FOR THE YEAR ENDED JUNE 30, 2014

CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and fees	$ 1,246,488
Payments to vendors for supplies and services	(13,176,637)
Payments to or on behalf of employees	(27,303,687)
Payments to students for scholarships and grants	(394,478)
Other operating receipts	1,465,385
Net Cash Flows From Operating Activities	(38,162,929)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State apportionments	31,364,325
Grant and contracts	5,408,217
Property taxes - nondebt related	7,693,936
State taxes and other apportionments	11,795,406
Other nonoperating	2,566,604
Net Cash Flows From Noncapital Financing Activities	58,828,488
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	
Purchase of capital assets	(24,661,927)
Proceeds from sale of capital assets	10,000
Proceeds from sale of bonds	36,376,986
State revenue, capital projects	14,586,725
Deferred charges on bond refunding	(292,206)
Principal paid on capital debt	(21,636,234)
Interest paid on capital debt	(3,939,914)
Interest received on capital asset-related debt	8,232
Net Cash Flows From Capital Financing Activities	451,662
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received from investments	229,075
NET CHANGE IN CASH AND CASH EQUIVALENTS	21,346,296
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	33,934,707
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 55,281,003

The accompanying notes are an integral part of these financial statements.

COMPTON COMMUNITY COLLEGE DISTRICT

STATEMENT OF CASH FLOWS - PRIMARY GOVERNMENT, Continued
FOR THE YEAR ENDED JUNE 30, 2014

RECONCILIATION OF NET OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES	
Operating Loss	$ (36,406,828)
Adjustments to Reconcile Operating Loss to Net Cash Flows From Operating Activities:	
Depreciation expense	2,083,633
Changes in Operating Assets and Liabilities:	
Receivables	(8,415)
Accrued interest payable	(283,029)
Prepaid expenses	(117,790)
Accounts payable and accrued liabilities	(389,385)
Unearned revenue	66,583
Tax and revenue anticipation note	(4,100,000)
Other postemployment benefits	1,106,351
Compensated absences and retirement incentives	(114,049)
Total Adjustments	(1,756,101)
Net Cash Flows From Operating Activities	$ (38,162,929)
CASH AND CASH EQUIVALENTS CONSIST OF THE FOLLOWING:	
Cash in banks	$ 624,909
Cash in county treasury	54,656,094
Total Cash and Cash Equivalents	$ 55,281,003
NON CASH TRANSACTIONS	
On behalf payments for benefits	$ 603,690
Board of governors fee waivers	3,372,208
Total Non Cash Transactions	$ 3,975,898

The accompanying notes are an integral part of these financial statements.

COMPTON COMMUNITY COLLEGE DISTRICT

STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2014

		Trust
ASSETS		
Cash and cash equivalents	$	84,495
Investments		115,617
Accounts receivable		53,356
Total Assets		253,468
LIABILITIES		
Accounts payable		30,369
Due to student groups		99,818
Total Liabilities		130,187
NET POSITION		
Unreserved		123,281
Total Net Position	$	123,281

The accompanying notes are an integral part of these financial statements.

COMPTON COMMUNITY COLLEGE DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014

	Trust
ADDITIONS	
Local revenues	$ 123,208
DEDUCTIONS	
Services and operating expenditures	87,811
Change in Net Position	35,397
Net Position - Beginning	87,884
Net Position - Ending	$ 123,281

The accompanying notes are an integral part of these financial statements.

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.

Before the loss of its accreditation in August 2006, the college provided post-K-12 educational services to the residents of its service area encompassing 29 square miles. The Chancellor of the Community College System appointed a Special Trustee in the spring of 2004, as his designee to administer the college.

On June 30, 2006, Assembly Bill (AB) 318 was signed into law. AB 318 provided a State loan of $30 million to the Compton Community College District. The legislation also required the Fiscal Crisis and Management Assistance Team (FCMAT) to conduct a comprehensive assessment of the District in five operational areas and to develop a recovery plan for the District to implement. FCMAT is required to file written status reports at regular intervals on the District's progress in implementing the recovery plan.

The District has worked to provide uninterrupted educational services for the students by partnering with another accredited community college, the El Camino Community College District. Under this partnership, instructional services are provided on the Compton campus by the El Camino Community College District as the El Camino College Compton Center.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The District has adopted GASB Statement No. 61, *Determining Whether Certain Organizations are Component Units*. This statement amends GASB Statement No. 14, *The Financial Reporting Entity*, to provide additional guidance 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 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 financial statements in the District's annual report. Information on the Foundation may be requested through the Foundation for the Compton Community College District office.

Based on the criteria listed above, the following potential component unit has been evaluated and excluded from the District's reporting entity:

> The Foundation for the Compton Community College District is a legally separate, tax exempt, public benefit corporation. The Foundation was not included as a component unit because the economic resources held by the Foundation, in management's opinion, are not significant to the District.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities as defined by GASB Statements No. 34 and No. 35 as amended by GASB Statements No. 37 and No. 38. This presentation provides a comprehensive entity-wide perspective of the District's assets, liabilities, activities, and cash flows and replaces the fund group perspective previously required. Accordingly, 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 prescribed 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.

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are classified as operating revenues. These transactions are recorded on the accrual basis when the exchange takes place. 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. For the District, operating revenues consist primarily of student fees and auxiliary activities through the bookstore and cafeteria.

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.

Operating expenses are costs incurred to provide instructional services including support costs, auxiliary services, and depreciation of capital assets. All other expenses not meeting this definition are reported as nonoperating. Expenses are recorded on the accrual basis as they are incurred, when goods are received, or services are rendered.

The District reports are based on all applicable GASB pronouncements, as well as applicable Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, unless those pronouncements conflict or contradict GASB pronouncements. The District has not elected to apply FASB pronouncements after that date.

The financial statements are presented in accordance with the reporting model as prescribed in GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments,* and GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities,* as amended by GASB Statements No. 37 and No. 38. The business-type activities model followed by the District requires the following components of the District's financial statements:

- Management's Discussion and Analysis
- Basic Financial Statements for the District as a whole including:
  - Statement of Net Position - Primary Government
  - Statement of Revenues, Expenses, and Changes in Net Position - Primary Government
  - Statement of Cash Flows - Primary Government
  - Financial Statements for the Fiduciary Funds including:
    - Statement of Fiduciary Net Position
    - Statement of Changes in Fiduciary Net Position
- Notes to the Financial Statements

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be unrestricted cash on hand, demand deposits, and short-term unrestricted investments with original maturities of three months or less from the date of acquisition. Cash equivalents also include unrestricted cash with county treasury balances for purposes of the Statement of Cash Flows. Restricted cash and cash equivalents represent balances restricted by external sources such as grants and contracts or specifically restricted for the repayment of capital debt.

Investments

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, investments held at June 30, 2014 and 2013, are stated at fair value. Fair value is estimated based on quoted market prices at year-end. Short-term investments have an original maturity date greater than three months, but less than one year at time of purchase. Long-term investments have an original maturity of greater than one year at the time of purchase.

Accounts Receivable

Accounts receivable 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 established based upon management's analysis. The allowance is $1,237,083 at June 30, 2014.

Prepaid Expenses

Prepaid expenses represent payments made to vendors and others for services that will benefit periods beyond June 30.

Deferred Charges on Refunding

Deferred charges on refunding are amortized using the straight-line method.

Capital Assets and Depreciation

Capital assets are long-lived assets of the District as a whole and include land, construction in progress, buildings, leasehold 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 estimated fair market 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.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the entity-wide financial statements.

Bond Premiums

In the entity-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums are deferred and amortized over the life of the bonds using the straight line method. See Note 10 for additional information.

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 entity-wide financial statements. The amounts have been recorded in the fund from which the employees, who have accumulated the leave, are paid.

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 school 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.

Unearned Revenue

Unearned revenue arises when resources are received by the District prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the combined balance sheet and revenue is recognized. Unearned revenue includes (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, early retirement incentive, claims payable, capital lease obligations, and OPEB obligations with maturities greater than one year.

Net Position

GASB Statements No. 34 and No. 35 report equity as "Net Position" and represent the difference between assets and liabilities. The net position is classified according to imposed restrictions or availability of assets for satisfaction of District obligations according to the following net position categories:

> **Net Investment in Capital Assets** consists of capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets. To the extent debt has been incurred, but not yet expended for capital assets, such accounts are not included as a component invested in capital assets – net of related debt.
>
> **Restricted**: Net position is reported as restricted when there are limitations imposed on their use, either through 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 resources are available.
>
> **Unrestricted**: Net position that is not subject to externally imposed constraints. Unrestricted net position may be designated for specific purposes by action of the Board of Trustees or may otherwise be limited by contractual agreements with outside parties.

When both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first and the unrestricted resources when they are needed. The entity-wide financial statements report $4,777,690 of restricted net position. At June 30, 2014, the entity-wide financial statements report deficit unrestricted net position in the amount of $11,293,511.

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 a General Obligation Bond in November 2002 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.

Board of Governors Grants (BOGG) and Fee Waivers

Student tuition and fee revenue is reported net of allowances and fee waivers approved by the Board of Governors through BOGG fee waivers 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. To the extent that fee waivers have been used to satisfy tuition and fee charges, the District has recorded a scholarship discount and allowance.

On Behalf Payments

GASB Statement No. 24 requires direct on behalf payments for fringe benefits and salaries made by one entity to a third party recipient for the employees for another legally separate entity be recognized as revenues and expenditures by the employer entity. The State of California makes direct on behalf payments to the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) on behalf of all community colleges in California. The California Department of Education has issued a fiscal advisory instructing districts not to record the revenue and expenditures for the on behalf payments within the funds and accounts of a district. The amount of the on behalf payments made for the District for the year ended June 30, 2014, was $603,690 for CalSTRS and $0 for CalPERS. These amounts are reflected in the District's audited financial statements.

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.

Interfund Activity

Interfund transfers and interfund receivables and payables are eliminated during the consolidation process in the District-wide financial statements.

Change in Accounting Principles

In March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined the elements included in financial statements, including deferred outflows of resources and deferred inflows of resources. In addition, Concepts Statement No. 4 provides that reporting a deferred outflow of resources or a deferred inflow of resources should be limited to those instances identified by the Board in authoritative pronouncements that are established after applicable due process. Prior to the issuance of this Statement, only two such pronouncements have been issued. Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, requires the reporting of a deferred outflow of resources or a deferred inflow of resources for the changes in fair value of hedging derivative instruments, and Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, requires a deferred inflow of resources to be reported by a transferor government in a qualifying service concession arrangement. This Statement amends the financial statement element classification of certain items previously reported as assets and liabilities to be consistent with the definitions in Concepts Statement No. 4. This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in financial statement presentations.

The District has implemented the provisions of this Statement for the year ended June 30, 2014.

As the result of implementing GASB Statement No. 65, the District has restated the beginning net position in the government-wide Statement of Net Position, effectively decreasing net position as of July 1, 2013, by $905,857. The decrease results from no longer deferring and amortizing bond issuance costs.

New Accounting Pronouncements

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not covered by the scope of this Statement.

The scope of this Statement addresses accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts that have the following characteristics:

- Contributions from employers and non-employer contributing entities to the pension plan and earnings on those contributions are irrevocable.
- Pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms.
- Pension plan assets are legally protected from the creditors of employers, non-employer contributing entities, and the pension plan administrator. If the plan is a defined benefit pension plan, plan assets also are legally protected from creditors of the plan members.

This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

Note disclosure and required supplementary information requirements about pensions also are addressed. Distinctions are made regarding the particular requirements for employers based on the number of employers whose employees are provided with pensions through the pension plan and whether pension obligations and pension plan assets are shared. Employers are classified in one of the following categories for purposes of this Statement:

- Single employers are those whose employees are provided with defined benefit pensions through single-employer pension plans—pension plans in which pensions are provided to the employees of only one employer (as defined in this Statement).
- Agent employers are those whose employees are provided with defined benefit pensions through agent multiple-employer pension plans—pension plans in which plan assets are pooled for investment purposes, but separate accounts are maintained for each individual employer so that each employer's share of the pooled assets is legally available to pay the benefits of only its employees.
- Cost-sharing employers are those whose employees are provided with defined benefit pensions through cost-sharing multiple-employer pension plans—pension plans in which the pension obligations to the employees of more than one employer are pooled and plan assets can be used to pay the benefits of the employees of any employer that provides pensions through the pension plan.

In addition, this Statement details the recognition and disclosure requirements for employers with liabilities (payables) to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions. This Statement also addresses circumstances in which a non-employer entity has a legal requirement to make contributions directly to a pension plan.

This Statement is effective for fiscal years beginning after June 15, 2014. Early implementation is encouraged.

In November 2013, the GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a State or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

Statement No. 68 requires a State or local government employer (or nonemployer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a State or local government employer or nonemployer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement No. 68 requires that the government recognize its contribution as a deferred outflow of resources. In addition, Statement No. 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a State or local government employer or nonemployer contributing entity that arise from other types of events. At transition to Statement No. 68, if it is not practical for an employer or nonemployer contributing entity to determine the amounts of *all* deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement No. 68 required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported.

Consequently, if it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, contributions made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition. This could have resulted in a significant understatement of an employer or nonemployer contributing entity's beginning net position and expense in the initial period of implementation.

This Statement amends paragraph 137 of Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement No. 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

The provisions of this Statement are required to be applied simultaneously with the provisions of Statement No. 68.

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 is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (*Education Code* Section (ECS) 41001). 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.

The District is an involuntary participant in the Los Angeles County investment pool. The pool is managed by the Los Angeles County Treasurer and is not registered as an investment company with the Securities Exchange Commission. Oversight of the pool is the responsibility of the County Treasury Oversight Committee. California Government Code statutes and the County Treasury Oversight Committee set forth the various investment policies that the Treasurer follows.

As provided by the Government Code, the cash balances of substantially all funds are pooled and invested by the County Treasurer for the purpose of increasing interest earnings through investment activities. Interest earned on pooled investments is deposited to the participating funds based upon the funds' average daily deposit balance during the allocation period.

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

Summary of Deposits and Investments

Deposits and investments as of June 30, 2014, consist of the following:

Primary government	$ 55,281,003
Fiduciary funds	200,112
Total Deposits and Investments	$ 55,481,115
Cash on hand and in banks	$ 484,404
Cash in revolving	225,000
Investments	54,771,711
Total Deposits and Investments	$ 55,481,115

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 Los Angeles County Investment Pool.

Weighted Average Maturity

The District monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. Information about the weighted average maturity of the District's portfolio is presented in the following schedule:

Investment Type	Fair Value	Weighted Average Days to Maturity
Los Angeles County Investment Pool	$ 54,531,409	741

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 investment in the Los Angeles County Investment Pool is not required to be rated, nor has it been rated as of June 30, 2014.

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. 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 percent 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 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2014, the District and fiduciary funds had bank balances of $68,066 and $110,474, respectively. None of the balances were exposed to custodial credit risk because they were fully covered by depository insurance.

NOTE 4 - ACCOUNTS RECEIVABLE

Accounts receivable for the District consisted primarily of intergovernmental grants, entitlements, interest, and other local sources. The accounts receivable are as follows:

	Primary Government	Fiduciary Funds
Federal Government		
Categorical aid	$ 182,460	$ -
State Government		
Apportionment	4,005,756	-
Categorical aid	10,363	-
Lottery	448,524	-
Other State sources	641,056	-
Local Sources		
Interest	170,604	-
Other local sources	320,137	53,356
Total	$ 5,778,900	$ 53,356

Student receivables	$ 2,520,778
Less: Allowance for bad debt	(1,237,083)
Student receivables, net	$ 1,283,695

COMPTON COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the District for the fiscal year ended June 30, 2014, 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	59,953,657	23,782,356	30,167,564	53,568,449
Total Capital Assets Not Being Depreciated	62,277,657	23,782,356	30,167,564	55,892,449
Capital Assets Being Depreciated				
Buildings and improvements	54,956,998	27,877,857	-	82,834,855
Site improvements	9,019,058	2,289,706	-	11,308,764
Furniture and equipment	7,487,257	187,985	363,625	7,311,617
Total Capital Assets Being Depreciated	71,463,313	30,355,548	363,625	101,455,236
Total Capital Assets	133,740,970	54,137,904	30,531,189	157,347,685
Less Accumulated Depreciation				
Buildings and improvements	13,846,374	1,269,111	-	15,115,485
Site improvements	1,389,339	665,434	-	2,054,773
Furniture and equipment	6,828,693	149,088	361,037	6,616,744
Total Accumulated Depreciation	22,064,406	2,083,633	361,037	23,787,002
Net Capital Assets	$ 111,676,564	$ 52,054,271	$ 30,170,152	$ 133,560,683

Depreciation expense for the year was $2,083,633.

Interest expense on capital related debt for the year ended June 30, 2014, was $3,939,914. Of this amount, $609,256 was capitalized.

NOTE 6 - ACCOUNTS PAYABLE

Accounts payable for the District consisted of the following:

	Primary Government	Fiduciary Funds
Accrued payroll	$ 1,340,052	$ -
Apportionment	3,014,799	-
Construction	2,321,171	-
Vendor payables	1,116,157	30,369
Total	$ 7,792,179	$ 30,369

NOTE 7 - UNEARNED REVENUE

Unearned revenue for the District consisted of the following:

	Primary Government
Federal financial assistance	$ 9,233
State categorical aid	475,629
Student fees	732,113
Other local	74,809
Total	$ 1,291,784

NOTE 8 - INTERFUND TRANSACTIONS

Interfund Receivables and Payables (Due To/Due From)

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 governmental funds has been eliminated in the consolidation process of the basic financial statements. At June 30, 2014, there were no balances due between the primary government and the fiduciary funds.

Interfund Operating Transfers

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 funds of the District have been eliminated in the consolidation process. Transfers between the primary government and the fiduciary funds are not eliminated in the consolidation process. During the 2013-2014 year, there were no amounts transferred between the primary government and the fiduciary funds.

NOTE 9 - TAX AND REVENUE ANTICIPATION NOTES (TRAN)

The District issued $8,000,000 of Tax and Revenue Anticipation Notes dated February 20, 2013. The notes matured on December 31, 2013, and yield 2.0 percent interest. Repayment requirements require that 50 percent of the principal and interest be deposited to the Repayment Fund by November 30, 2013, and the remaining principal and interest deposited by December 31, 2013. The District also issued $3,900,000 of additional Tax and Revenue Anticipation Notes dated February 20, 2013. The notes mature on December 31, 2014, and yield 2.0 percent interest. Repayment requirements require that 10.25 percent of the principal and interest be deposited into the Repayment Fund by June 30, 2014, 44.875 percent deposited by October 31, 2014, and the remaining 44.875 percent by November 30, 2014. Both notes were sold to supplement cash flow during the fiscal year.

	Outstanding Beginning of Year	Additions	Deletions	Outstanding End of Year
February 20, 2013	$ 8,000,000	$ -	$ 8,000,000	$ -
March 19, 2014	-	3,900,000	-	3,900,000
Total	$ 8,000,000	$ 3,900,000	$ 8,000,000	$ 3,900,000

NOTE 10 - LONG-TERM OBLIGATIONS

Summary

The changes in the District's long-term obligations during the 2014 fiscal year consisted of the following:

	Balance Beginning of Year	Additions and Adjustments	Deductions	Balance End of Year	Due in One Year
Bonds and Notes Payable					
General obligation bonds	$ 63,138,766	$ 34,209,060	$ 19,195,000	$ 78,152,826	$ 1,530,000
Bond premium	3,449,277	2,167,926	1,660,542	3,956,661	-
Note payable	14,693,134	-	780,692	13,912,442	807,241
Total Bonds and Notes Payable	81,281,177	36,376,986	21,636,234	96,021,929	2,337,241
Other Liabilities					
Compensated absences	958,903	-	4,207	954,696	-
Early retirement incentive	329,526	-	109,842	219,684	109,842
Claims liability	2,687,816	526,220	526,220	2,687,816	-
Other postemployment benefits	4,870,808	1,780,947	674,596	5,977,159	-
Total Other Liabilities	8,847,053	2,307,167	1,314,865	9,839,355	109,842
Total Long-Term Obligations	$ 90,128,230	$ 38,684,153	$ 22,951,099	$ 105,861,284	$ 2,447,083

The general obligation bonds are paid from property tax collections and are accounted for by the Los Angeles County Treasurer in 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 and early retirement incentives are paid from the resources of the fund from which the employee liability was created. The claims liability is paid through a transfer from the General Fund to the Self-Insurance Fund. Other postemployment benefits are paid from the General Fund.

Description of Debt

2002 General Obligation Bonds

General obligation bonds were approved by a local election in November 2002 under Proposition 39. The total amount approved by the voters was $100,000,000. Interest rates on the bonds range from 2.52 to 6.75 percent. At June 30, 2014, $87,556,094 had been issued and $46,907,826 was outstanding with a premium balance of $800,108.

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 percent to 5.00 percent, 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 August 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, 2014, was $14,235,000 with a premium balance of $1,338,287.

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 percent to 5.00 percent, 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, 2014, was $17,010,000 with a premium balance of $1,768,266.

Debt Maturity

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2013	Issued	Accreted Interest Addition	Redeemed	Bonds Outstanding June 30, 2014
1/14/2004	7/1/2015	3.00-4.00%	$ 41,000,000	$ 19,730,000	$ -	$ -	$ 18,820,000	$ 910,000
8/27/2009	8/1/2034	3.00-6.75%	15,000,000	13,575,000	-	-	140,000	13,435,000
3/22/2012	8/1/2037	2.59-6.65%	15,001,122	15,363,766	-	465,159	-	15,828,925
10/4/2012	7/1/2023	2.00-5.00%	14,470,000	14,470,000	-	-	235,000	14,235,000
11/13/2013	8/1/2039	2.52-6.62%	16,554,972	-	16,554,972	178,929	-	16,733,901
3/18/2014	7/1/2028	1.00-5.00%	17,010,000	-	17,010,000	-	-	17,010,000
			$ 119,036,094	$ 63,138,766	$ 33,564,972	$ 644,088	$ 19,195,000	$ 78,152,826

The Election 2002 Series A bonds mature through fiscal year 2015 as follows:

Fiscal Year	Principal	Interest	Total
2015	$ 910,000	$ 18,200	$ 928,200

The Election 2002 Series B bonds mature through fiscal year 2035 as follows:

Fiscal Year	Principal	Interest	Total
2015	$ 165,000	$ 851,914	$ 1,016,914
2016	190,000	844,695	1,034,695
2017	220,000	835,964	1,055,964
2018	250,000	825,370	1,075,370
2019	285,000	812,464	1,097,464
2020-2024	2,020,000	3,783,554	5,803,554
2025-2029	3,410,000	2,941,506	6,351,506
2030-2034	5,480,000	1,468,800	6,948,800
2035	1,415,000	47,756	1,462,756
Total	$ 13,435,000	$ 12,412,023	$ 25,847,023

The Election 2002 Series C bonds mature through fiscal year 2038 as follows:

Fiscal Year	Principal	Accreted Interest	Interest	Total
2015	$ 153,017	$ 1,983	$ 389,850	$ 544,850
2016	158,026	6,974	389,850	554,850
2017	147,573	12,427	389,850	549,850
2018	145,829	19,171	389,850	554,850
2019	137,457	27,543	389,850	554,850
2020-2024	1,334,894	305,106	1,898,150	3,538,150
2025-2029	1,282,561	1,367,439	1,816,250	4,466,250
2030-2034	3,615,042	8,289,958	1,816,250	13,721,250
2035-2038	8,854,526	5,225,474	1,110,125	15,190,125
Total	$ 15,828,925	$ 15,256,075	$ 8,590,025	$ 39,675,025

The 2013 refunding bonds mature through fiscal year 2023 as follows:

Fiscal Year	Principal	Interest	Total
2015	$ 35,000	$ 689,750	$ 724,750
2016	965,000	670,100	1,635,100
2017	1,095,000	628,900	1,723,900
2018	1,225,000	576,375	1,801,375
2019	1,370,000	511,500	1,881,500
2020-2023	9,545,000	1,289,875	10,834,875
Total	$ 14,235,000	$ 4,366,500	$ 18,601,500

The Election 2002 Series D bonds mature through fiscal year 2039 as follows:

Fiscal Year	Principal	Accreted Interest	Interest	Total
2015	$ -	$ -	$ 74,963	$ 74,963
2016	70,000	-	73,912	143,912
2017	40,000	-	72,263	112,263
2018	-	-	71,662	71,662
2019	37,494	12,506	71,662	121,662
2020-2024	298,554	196,446	358,313	853,313
2025-2029	1,252,513	1,702,487	358,313	3,313,313
2030-2034	6,399,091	13,280,909	358,313	20,038,313
2035-2039	7,271,249	25,868,751	358,312	33,498,312
2040	1,365,000	-	35,831	1,400,831
	$ 16,733,901	$ 41,061,099	$ 1,833,544	$ 59,628,544

The 2014 refunding bonds mature through fiscal year 2029 as follows:

Fiscal Year	Principal	Interest	Total
2015	$ 265,000	$ 593,509	$ 858,509
2016	85,000	813,425	898,425
2017	90,000	812,550	902,550
2018	100,000	811,600	911,600
2019	110,000	808,900	918,900
2020-2024	705,000	3,977,925	4,682,925
2025-2029	15,655,000	2,093,625	17,748,625
Total	$ 17,010,000	$ 9,911,534	$ 26,921,534

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. At June 30, 2014, the District had received $17,896,800 with $13,912,442 outstanding.

Fiscal Year	Principal	Interest	Total
2015	$ 807,241	$ 485,179	$ 1,292,420
2016	834,904	457,516	1,292,420
2017	863,734	428,686	1,292,420
2018	893,786	398,633	1,292,419
2019	925,118	367,303	1,292,421
2020-2024	5,144,756	1,317,345	6,462,101
2025-2029	4,442,903	338,757	4,781,660
Total	$ 13,912,442	$ 3,793,419	$ 17,705,861

Compensated Absences

At June 30, 2014, the liability for compensated absences was $954,696.

Early Retirement Incentives

The District has approved an Early Retirement Incentive Program in accordance with Public Agency Retirement Services (PARS) which is summarized below. A total of nine employees are participating in the program. Payments to PARS will occur through 2016 as follows:

Fiscal Year	Total
2015	$ 109,842
2016	109,842
Total	$ 219,684

Claims Liability

At June 30, 2014, the liability for claims liability was $2,687,816. See Note 12 for additional information.

Other Postemployment Benefits Obligation

The District's annual required contribution for the year ended June 30, 2014, was $1,517,534, and contributions made by the District during the year were $674,596. Interest on the net OPEB obligation and adjustments to the annual required contribution were $292,248 and $(28,835), respectively, which resulted in an increase to the net OPEB obligation of $1,106,351. As of June 30, 2014, the net OPEB obligation was $5,977,159. See Note 11 for additional information regarding the OPEB obligation and the postemployment benefits plan.

NOTE 11 - POSTEMPLOYMENT HEALTH CARE PLAN AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) OBLIGATION

The District provides postemployment health care benefits for retired employees in accordance with negotiated contracts with the various bargaining units of the District.

Plan Description

The Compton Community College Plan (the Plan) is a single-employer defined benefit health care plan administered by Compton Community College District. The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Membership of the Plan consists of 83 retirees and beneficiaries currently receiving benefits and 204 active plan members.

During the 2012-2013 fiscal year, the District established a GASB Statement No. 43 trust with the Futuris Public Entity Investment Trust to fund future OPEB obligations. The trust will be administered by Keenan & Associates in representation of the District. As of June 30, 2014, the value of the plan assets was $475,187.

Funding Policy

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 through agreements between the District and the bargaining units. For fiscal year 2013-2014, the District contributed $674,596 to the Plan, $424,596 of which was used for current premiums and $250,000 was used for a contribution to the pension trust fund.

Annual OPEB Cost and Net OPEB Obligation

The District's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the payments of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial accrued liabilities (UAAL) (or funding costs) over a period not to exceed 30 years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the District's net OPEB obligation to the Plan:

Annual required contribution	$ 1,517,534
Interest on net OPEB obligation	292,248
Adjustment to annual required contribution	(28,835)
Annual OPEB cost (expense)	1,780,947
Contributions made	(674,596)
Increase in net OPEB obligation	1,106,351
Net OPEB obligation, beginning of year	4,870,808
Net OPEB obligation, end of year	$ 5,977,159

Trend Information

Trend information for the annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the past three years is as follows:

Year Ended June 30,	Annual OPEB Cost	Actual Contribution	Percentage Contributed	Net OPEB Obligation
2012	$ 1,531,757	$ 706,901	46%	$ 3,939,311
2013	1,730,572	799,075	46%	4,870,808
2014	1,780,947	674,596	38%	5,977,159

Funding Status and Funding Progress

Actuarial Accrued Liability (AAL)	$ 15,366,693
Actuarial Value of Plan Assets	167,167
Unfunded Actuarial Accrued Liability (UAAL)	$ 15,199,526
Funded Ratio (Actuarial Value of Plan Assets/AAL)	1.09%
Covered Payroll	N/A
UAAL as Percentage of Covered Payroll	N/A

The above noted actuarial accrued liability was based on the March 1, 2013, actuarial valuation. Actuarial valuation of an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health care cost trend. Amounts determined regarding the funded status of the Plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Other Postemployment Benefits Funding Progress, presented as required supplementary information, follows the notes to the financial statements and presents multi-year trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

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

In the March 1, 2013, actuarial valuation, the entity age normal cost method was used. The actuarial assumptions included a five percent investment rate of return. The District has formed an irrevocable trust. The actuarial value of the Plan assets as of March 1, 2013, was $167,167. As of June 30, 2014, the District has contributed a total of $450,000 to the trust. Health care cost trend rates at four percent per year. The UAAL is being amortized at a level percentage of payroll method using a 30 year amortization period.

NOTE 12 - RISK MANAGEMENT

Insurance Coverages

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters.

Joint Powers Authority Risk Pools

During fiscal year ended June 30, 2014, 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

The District is self-insured for the first $500,000 of each workers' compensation claim. The District also participated in School Alliance for Workers' Compensation Excess II Joint Powers Authority to provide excess workers' compensation coverage.

Claims Liability

The District records an estimated liability for workers' compensation claims against the District. Claims liability 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 dated May 6, 2013. The projected liability for unpaid losses reported in the Statement of Net Position is $2,687,816 and was calculated using the expected confidence level discounted at three percent. Changes in the reported liability are shown in the following table:

	Workers' Compensation
Liability Balance, July 1, 2012	$ 2,009,000
Claims and changes in estimates	1,448,644
Claims payments	(769,828)
Liability Balance, June 30, 2013	2,687,816
Claims and changes in estimates	526,220
Claims payments	(526,220)
Liability Balance, June 30, 2014	$ 2,687,816
Assets Available to Pay Claims at June 30, 2014	$ 3,038,359

NOTE 13 - EMPLOYEE RETIREMENT SYSTEMS

Qualified employees are covered under multiple-employer retirement plans maintained by agencies of the State of California. Certificated employees are members of the California State Teachers' Retirement System (CalSTRS) and classified employees are members of the California Public Employees' Retirement System (CalPERS).

CalSTRS

Plan Description

The District contributes to CalSTRS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalSTRS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and survivor benefits to beneficiaries. As a result of the Public Employee Pension Reform Act of 2013 (PEPRA), changes have been made to the defined benefit pension plan effective January 1, 2013. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, 100 Waterfront Place, West Sacramento, CA 95605.

Funding Policy

Due to the implementation of the PEPRA, new members must pay at least 50 percent of the normal costs of the plan, which can fluctuate from year to year. For 2013-2014, the required contribution rate for new members is 8.0 percent. "Classic" plan members are also required to contribute 8.0 percent of their salary. The District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2013-2014 was 8.25 percent of annual payroll. The contribution requirements of the plan members are established by State statute. The CB Benefit Program is an alternative CalSTRS contribution plan for instructors. Instructors who choose not to sign up for the DB Plan or FICA may participate in the CB Benefit Program. The District contribution rate for the CB Benefit Program is always a minimum of four percent with the sum of the District and employee contribution always being equal or greater than 8.0 percent. The District's contributions to CalSTRS for the fiscal years ended June 30, 2014, 2013, and 2012, were $957,700, $874,944, and $898,835, respectively, and equal 100 percent of the required contributions for each year.

CalPERS

Plan Description

The District contributes to the School Employer Pool under CalPERS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and survivor benefits to plan members and beneficiaries. As a result of the PEPRA, changes have been made to the defined benefit pension plan effective January 1, 2013. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Laws. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California 95811.

Funding Policy

As a result of the implementation of the PEPRA, new members must pay at least 50 percent of the normal costs of the plan, which can fluctuate from year to year. For 2013-2014, the normal cost is 11.85 percent, which rounds to a 6.0 percent contribution rate. "Classic" plan members continue to contribute 7.0 percent. The District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2013-2014 was 11.417 percent of covered payroll. The contribution requirements of the plan members are established by State statute. The District's contributions to CalPERS for the fiscal years ended June 30, 2014, 2013, and 2012, were $781,614, $746,643, and $744,544, respectively, and equal 100 percent of the required contributions for each year.

On Behalf Payments

The State of California makes contributions to CalSTRS and CalPERS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS for the fiscal years ended June 30, 2014, 2013, and 2012, which amounted to $603,690, $701,358, and $588,348, respectively, (5.541 percent) 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, 2014. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. These amounts have been reflected in the basic financial statements as a component of nonoperating revenue and employee benefit expense.

NOTE 14 - PARTICIPATION IN PUBLIC ENTITY RISK POOLS AND JOINT POWERS AUTHORITIES

The District is a member of the Statewide Association of Community Colleges (SWACC) and School Alliance for Workers' Compensation Excess II (SAWCX II) 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 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, 2014, the District made payments of $317,196 and $47,398 to SWACC and SAWCX II, respectively.

NOTE 15 - RESTATEMENT OF PRIOR YEAR NET POSITION

The District's prior year beginning net position has been restated as of June 30, 2014.

Effective in fiscal year 2013-2014, the District was required to implement GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The implementation of this standard required a change in accounting principle and restatement of the beginning net position of the District by $(905,857). Additionally, the financial statements reflect corrections of accumulated accounting errors related to student receivables and unearned revenue which were discovered and corrected by management.

	Primary Government
Net Position - Beginning	$ 60,775,791
Restatement of noncurrent assets for implementation of GASB Statement No. 65	(905,857)
Adjustments to reflect a write-off of uncollectable student receivables	(139,338)
Adjustments to reflect the clearing of unearned revenue	533,503
Net Position - Beginning, as Restated	$ 60,264,099

NOTE 16 - COMMITMENTS AND CONTINGENCIES

Financial Condition

On an entity-wide full accrual basis, the District's unrestricted ending deficit is $(11.3) million. The unrestricted deficit in the prior year was $(10.7) million. This increase is due primarily to growing long-term obligations which are the primary responsibility of the Unrestricted General Fund and the Debt Service Fund.

The current unfunded postemployment liability is $6.0 million based on the fiscal year 2013 actuarial report provided to the District and will grow to over $15.5 million as the obligation is amortized over the coming 30 years. The District is also obligated to repay a line of credit issued by the State Chancellor's Office. The full liability of the note payable at June 30, 2014, is $13.9 million and will require annual payments of principal and interest of approximately $1.3 million over each of the coming 14 years.

Capital Appreciation Bonds have been issued to fund various construction projects approved by the voters through Measure CC. These bonds will continue to accrue interest which is added to the principal balance through 2039. While the repayment of the bonds is provided through the assessment of taxes on local property and is not repaid by the District, the increase in the principal balance of the bonds is reflected in the entity-wide Statement of Net Position and is contributing to the deficit ending balance.

These obligations will continue to impact the District as a whole and the Unrestricted General Fund in particular. As of June 30, 2014, the Unrestricted General Fund ending reserve balance was $7,816,163 which represents 25.8 percent of expenditures. The State Chancellor's Office recommends a reserve level of five percent of Unrestricted General Fund expenditures.

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 General Fund or other applicable funds. 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, 2014.

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, 2014.

Operating Lease

The District has entered into an operating lease for copiers and printers with lease terms in excess of one year. This agreement does not contain a purchase option. The agreement contains a termination clause providing for cancellation after a specified number of days written notice to lessors, but it is unlikely that the District will cancel the agreement prior to the expiration date. Future minimum lease payments under this agreement are as follows:

Year Ending June 30,	Lease Payment
2015	$ 152,145
2016	152,145
2017	152,145
2018	139,466
Total	$ 595,901

Construction Commitments

The District is currently in the midst of various construction projects funded primarily through the General Obligation Bonds as well as State approved construction grants.

Project	Remaining Construction Commitment	Percent Complete	Estimated Completion
Allied Health Building	$ 9,633,091	15%	FY 2016
Infrastructure Phase 1	598,257	98%	FY 2015
Infrastructure Phase 2	632,354	94%	FY 2015
MIS Building Renovation	24,455	34%	FY 2015
Music Building	34,787	71%	FY 2016
	$ 10,922,944		

NOTE 17 - ACCREDITATION

The Compton Community College District's accreditation was revoked as a community college district effective July 14, 2006. As a result, the educational and student financial aid programs have been administered through the El Camino Community College District as the El Camino College Compton Center. This revocation of accreditation was the result of deficiencies in the education programs, student support programs, governance, and fiscal stability. The District is under the oversight and governance of a Special Trustee, and the governance authority of the Board has been suspended.

The District is currently working with the El Camino Community College District to implement improvements and processes to gain full and independent accreditation to serve the community and students of Compton and surrounding areas. This process is anticipated to take several years.

NOTE 18 - SUBSEQUENT EVENTS

On November 4, 2014, the voters within the District approved Measure C which will provide $100 million in General Obligation Bonds. The funds are designed 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.

REQUIRED SUPPLEMENTARY INFORMATION

COMPTON COMMUNITY COLLEGE DISTRICT

SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS (OPEB) FUNDING PROGRESS
FOR THE YEAR ENDED JUNE 30, 2014

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age Normal Cost Method (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b - a] / c)
October 1, 2009	$ -	$ 15,327,267	$ 15,327,267	0%	N/A	N/A
March 1, 2011	-	15,723,057	15,723,057	0%	N/A	N/A
March 1, 2013	167,167	15,366,693	15,199,526	1%	N/A	N/A

SUPPLEMENTARY INFORMATION

COMPTON COMMUNITY COLLEGE DISTRICT

DISTRICT ORGANIZATION
JUNE 30, 2014

The Compton Community College District was established on July 1, 1927, and is comprised of an area of approximately 29 square miles located in Los Angeles County. The Assembly Bill 61 authorized the Board of Governors to suspend the authority of the Board of Trustees of the District and appoint a Special Trustee effective 2006, due to the loss of accreditation. The student academic programs, including student financial aid, are administered through the El Camino Community College District as the El Camino College Compton Center. Assembly Bill 318 extended the provisions of Assembly Bill 61 to a period of five years from the effective date of the Bill which was June 30, 2006, plus a period lasting until the State Chancellor, FCMAT, Director of Finance, and the Secretary of Education concur with the Special Trustee that the District has met the requirements in Assembly Bill 318.

SPECIAL TRUSTEE

Mr. Thomas E. Henry

BOARD OF TRUSTEES – NON-VOTING

MEMBER	TERM EXPIRES
Ms. LoWanda Green	December 2017
Ms. Leslie Irving	December 2015
Ms. Sonia Lopez	December 2015
Mr. Andres Ramos	December 2017
Dr. Deborah Sims LeBlanc	December 2017

ADMINISTRATION

Dr. Keith Curry	Chief Executive Officer
Ms. Barbara Perez	Vice President, Compton Center
Mr. Felipe R. Lopez	Chief Business Officer
Ms. Rachelle Sasser	Dean, Human Resources
Ms. Trish Bonacic	Interim Dean, Student Services
Ms. Wanda Morris	Dean, Student Learning, Division 1
Dr. Rodney Murray	Dean, Student Learning, Division 2
Dr. Chelvi Subramaniam	Dean, Student Success, Division 3

See accompanying note to supplementary information.

COMPTON COMMUNITY COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
Direct Funded:			
Upward Bound Math and Science	84.047M		$ 255,327
U.S. DEPARTMENT OF AGRICULTURE			
Passed through the California Department of Education:			
Child and Adult Food Care Program	10.558	04055-CACFP-19-7-IC	47,217
Summer Food Service Program	10.559	13004	1,864
Total U.S. Department of Agriculture			49,081
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through the California Community Colleges Chancellor's Office:			
Temporary Assistance for Needy Families (TANF)	93.558	[1]	121,169
Passed through the County of Los Angeles - Department of Public Social Services (DPSS) Community College CalWORKs Program Contract			
Temporary Assistance for Needy Families (TANF)	93.558	CCCP12004	122,932
Total TANF Cluster			244,101
Passed through the California Community Colleges Chancellor's Office:			
Foster and Kinship Care Education (FKCE)	93.658	1100D00000-00	71,084
Passed through the California Community Colleges Foundation:			
Youth Empowerment Strategies for Success - Independent Living	93.674	[1]	22,500
Passed through the California Department of Education:			
Child Care and Development Fund (CCDF) Cluster:			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	CCTR-3081	61,214
Child Care and Development Block Grant	93.575	CCTR-3081	62,547
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	CSPP-3164	33,621
Child Care and Development Block Grant	93.575	CSPP-3164	20,372
Passed through the Yosemite Community College District, Child Development Training Consortium:			
Child Development Training Consortium	93.575	13-14-4159	2,271
Total CCDF Cluster			180,025
Total U.S. Department of Health and Human Services			517,710
Total Expenditures of Federal Awards			$ 822,118

[1] Pass-through entity identifying number not available.

See accompanying note to supplementary information.

COMPTON COMMUNITY COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2014

	Program Entitlements		
Program	Current Year	Prior Year	Total Entitlement
GENERAL FUND			
Basic Skills	$ 98,330	$ 98,672	$ 197,002
Board of Financial Assistance Program	287,682	-	287,682
CalWORKs	466,777	125	466,902
Cooperative Agencies Resources for Education (CARE)	404,907	-	404,907
Disabled Students Program Services	251,736	47	251,783
Extended Opportunity Program and Services	880,874	9,495	890,369
Faculty and Staff Diversity	3,992	51,530	55,522
Instructional Equipment	109,713	-	109,713
Student Success and Support Program (Credit)	456,394	17,538	473,932
Student Success and Support Program (Non-Credit)	7,584	-	7,584
Cal Grant	371,946	-	371,946
Special Trustee	325,000	90,920	415,920
Transition Aged Foster Youth Program	15,000	-	15,000
Foster and Kinship CARE	123,675	295	123,970
CHILD DEVELOPMENT FUND			
General Child Care and Development Program	197,747	-	197,747
California State Preschool Program	224,380	-	224,380
Child and Adult Care Food Program	2,948	-	2,948
Total State Programs			

See accompanying note to supplementary information.

Program Revenues				
Cash Received	Accounts Receivable	Unearned Revenue	Total Revenue	Program Expenditures
$ 197,002	$ -	$ 100,795	$ 96,207	$ 96,207
287,681	-	-	287,681	287,681
466,652	-	4,272	462,380	462,387
404,907	-	5,614	399,293	399,293
251,783	-	48	251,735	251,735
890,369	-	21,235	869,134	869,134
55,522	-	55,522	-	-
109,713	-	646	109,067	109,067
473,932	-	109,194	364,738	364,738
7,584	-	7,584	-	-
371,946	-	-	371,946	394,478
415,920	-	170,718	245,202	245,202
	9,424	-	9,424	9,424
52,886	-	-	52,886	52,886
87,515	-	-	87,515	87,515
170,736	-	-	170,736	170,736
2,009	939	-	2,948	2,948
$ 4,246,157	$ 10,363	$ 475,628	$ 3,780,892	$ 3,803,431

COMPTON COMMUNITY COLLEGE DISTRICT

SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL APPORTIONMENT ANNUAL (ACTUAL) ATTENDANCE FOR THE YEAR ENDED JUNE 30, 2014

CATEGORIES	*Reported Data	Audit Adjustments	Audited Data
A. Summer Intersession (Summer 2013 only)			
1. Noncredit**	2	-	2
2. Credit	611	-	611
B. Summer Intersession (Summer 2014 - Prior to July 1, 2014)			
1. Noncredit**	-	-	-
2. Credit	500	-	500
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	4,027	-	4,027
(b) Daily Census Contact Hours	298	-	298
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit**	20	-	20
(b) Credit	162	-	162
3. Alternative Attendance Accounting Procedure Courses			
(a) Weekly Census Contact Hours	366	-	366
(b) Daily Census Contact Hours	74	-	74
D. Total FTES	6,060	-	6,060

* The amended annual attendance report was used.
** Including Career Development and College Preparation (CDCP) FTES.

See accompanying note to supplementary information.

COMPTON COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF *EDUCATION CODE* SECTION 84362 (50 PERCENT LAW) CALCULATION
FOR THE YEAR ENDED JUNE 30, 2014

		ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
	Object/TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
<u>**Academic Salaries**</u>							
Instructional Salaries							
Contract or Regular	1100	$ 5,762,198	$ -	$ 5,762,198	$ 5,762,198	$ -	$ 5,762,198
Other	1300	3,557,471	-	3,557,471	3,557,471	-	3,557,471
Total Instructional Salaries		9,319,669	-	9,319,669	9,319,669	-	9,319,669
Noninstructional Salaries							
Contract or Regular	1200	-	-	-	2,135,865	-	2,135,865
Other	1400	-	-	-	391,275	-	391,275
Total Noninstructional Salaries		-	-	-	2,527,140	-	2,527,140
Total Academic Salaries		9,319,669	-	9,319,669	11,846,809	-	11,846,809
<u>**Classified Salaries**</u>							
Noninstructional Salaries							
Regular Status	2100	-	-	-	4,497,330	-	4,497,330
Other	2300	-	-	-	524,292	-	524,292
Total Noninstructional Salaries		-	-	-	5,021,622	-	5,021,622
Instructional Aides							
Regular Status	2200	461,459	-	461,459	461,459	-	461,459
Other	2400	120,105	-	120,105	120,105	-	120,105
Total Instructional Aides		581,564	-	581,564	581,564	-	581,564
Total Classified Salaries		581,564	-	581,564	5,603,186	-	5,603,186
Employee Benefits	3000	3,168,080	-	3,168,080	5,938,328	-	5,938,328
Supplies and Material	4000	-	-	-	343,420	-	343,420
Other Operating Expenses	5000	-	-	-	3,334,774	-	3,334,774
Equipment Replacement	6420	-	-	-	-	-	-
Total Expenditures Prior to Exclusions		13,069,313	-	13,069,313	27,066,517	-	27,066,517

See accompanying note to supplementary information.

COMPTON COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF *EDUCATION CODE* SECTION 84362 (50 PERCENT LAW) CALCULATION, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2014

		ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
	Object/TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Exclusions							
Activities to Exclude							
Instructional Staff - Retirees' Benefits and Retirement Incentives	5900	$ 415,644	$ -	$ 415,644	$ 415,644	$ -	$ 415,644
Student Health Services Above Amount Collected	6441	-	-	-	-	-	-
Student Transportation	6491	-	-	-	-	-	-
Noninstructional Staff - Retirees' Benefits and Retirement Incentives	6740	-	-	-	258,952	-	258,952
Objects to Exclude							
Rents and Leases	5060	-	-	-	601,106	-	601,106
Lottery Expenditures							-
Academic Salaries	1000	-	-	-	-	-	-
Classified Salaries	2000	-	-	-	745,095	-	745,095
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		-	-	-	-	-	-

See accompanying note to supplementary information.

COMPTON COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF *EDUCATION CODE* SECTION 84362 (50 PERCENT LAW) CALCULATION, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2014

		ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
	Object/TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Other Operating Expenses and Services	5000	$ -	$ -	$ -	$ -	$ -	$ -
Capital Outlay							
Library Books	6000	-	-	-	-	-	-
Equipment	6300	-	-	-	-	-	-
Equipment - Additional	6400	-	-	-	-	-	-
Equipment - Replacement	6410	-	-	-	-	-	-
Total Equipment		-	-	-	-	-	-
Total Capital Outlay							
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		415,644	-	415,644	2,020,797	-	2,020,797
Total for ECS 84362, 50 Percent Law		$ 12,653,669	$ -	$ 12,653,669	$ 25,045,720	$ -	$ 25,045,720
Percent of CEE (Instructional Salary Cost/Total CEE)		50.52%		50.52%	100.00%		100.00%
50% of Current Expense of Education					$ 12,522,860		$ 12,522,860

See accompanying note to supplementary information.

COMPTON COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT (CCFS-311) WITH FUND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

There were no adjustments to the Annual Financial and Budget Report (CCFS-311) which required reconciliation to the audited financial statements at June 30, 2014.

See accompanying note to supplementary information.

COMPTON COMMUNITY COLLEGE DISTRICT

PROPOSITION 30 EDUCATION PROTECTION ACT (EPA) EXPENDITURE REPORT FOR THE YEAR ENDED JUNE 30, 2014

Activity Classification	Object Code			Unrestricted	
EPA Proceeds:	8630				$ 5,009,940
Activity Classification	**Activity Code**	**Salaries and Benefits (Obj 1000-3000)**	**Operating Expenses (Obj 4000-5000)**	**Capital Outlay (Obj 6000)**	**Total**
Instructional Activities	0100-5900	$ 5,009,940			$ 5,009,940
Total Expenditures for EPA		$ 5,009,940	-	-	$ 5,009,940
Revenues Less Expenditures					$ -

See accompanying note to supplementary information.

COMPTON COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2014

Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:		
Total Fund Balance and retained earnings:		
General Funds	$ 9,879,981	
Special Revenue Funds	61,438	
Capital Project Funds	32,812,474	
Debt Service Funds	3,217,881	
Internal Service Funds	430,520	
Fiduciary Funds	481,399	
Total Fund Balance and Retained Earnings - All District Funds		**$ 46,883,693**
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:	157,347,685	
Accumulated depreciation is:	(23,787,002)	
		133,560,683
Amounts held in trust on behalf of others (Trust and Agency Funds)		(87,039)
Certain costs related to the refunding of long-term obligations are recorded as expenditures in the year of issuance in the governmental funds, but are capitalized in the Statement of Net Position and amortized over the life of the related long-term obligations.		1,639,767
In governmental funds, unmatured interest on long-term obligations is recognized in the period when it is due. On the government-wide financial statements, unmatured interest on long-term obligations is recognized when it is incurred.		(1,140,277)
Long-term obligations at year-end consist of:		
Bonds payable	78,152,826	
Bond premium	3,956,661	
Notes payable	13,912,442	
Compensated absences	954,696	
Other postemployment benefits (OPEB)	5,977,159	
Early retirement incentive	219,684	(103,173,468)
Total Net Position		**$ 77,683,359**

See accompanying note to supplementary information.

COMPTON COMMUNITY COLLEGE DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2014

NOTE 1 - PURPOSE OF SCHEDULES

District Organization

This schedule provides information about the District's governing board members and administration members.

Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards includes the Federal 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 OMB Circular A-133.

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 pupils attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds, including restricted categorical l funding, are made to community college districts. This schedule provides information regarding the annual attendance measurements of students throughout the District.

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

ECS 84362 requires the District to expend a minimum of 50 percent 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 Fund 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 Act (EPA) Expenditure Report

This schedule provides the District's summary of receipts and uses of the monies received through the EPA.

Reconciliation of Governmental 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 entity-wide full accrual basis financial statements required under GASB Statements No. 34 and No. 35 business-type activities reporting model.

INDEPENDENT AUDITOR'S REPORTS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Special Trustee and 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 basic financial statements of the business-type activities of Compton Community College District (the District) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 5, 2014.

Emphasis of Matter - Change in Accounting Principles

As discussed in Note 15 to the financial statements, the District has elected to change its method of accounting for cost of debt issuance as prescribed by GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is 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) to determine the 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.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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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.

Vavrinek, Trine, Day & Co. LLP

Rancho Cucamonga, California
December 5, 2014

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

Special Trustee and 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 OMB Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of the District's major Federal programs for the year ended June 30, 2014. The District's major Federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major Federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we consider 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 Program

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

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Report on Internal Control Over Compliance

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

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* 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.

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

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

Vavrinek, Trine, Day & Co. LLP

Rancho Cucamonga, California
December 5, 2014

Vavrinek, Trine, Day & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Special Trustee and 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 as identified in the California Community Colleges Chancellor's Office *District Audit Manual* issued in December 2013 that could have a direct and material effect on each of the District's programs as noted below for the year ended June 30, 2014.

Management's Responsibility

Management is responsible for compliance with the requirements identified in the California Community Colleges Chancellor's Office *District Audit Manual* issued in December 2013.

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 to above. 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 California Community Colleges Chancellor's Office *District Audit Manual*. These standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above could have a material effect on the applicable programs noted below. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

Unmodified Opinion for Each of the Programs

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the programs noted below that were audited for the year ended June 30, 2014.

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 421	Salaries of Classroom Instructors (50 Percent Law)
Section 423	Apportionment for Instructional Service Agreements/Contracts
Section 424	State General Apportionment Funding System
Section 425	Residency Determination for Credit Courses

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Section 426 Students Actively Enrolled
Section 427 Concurrent Enrollment of K-12 Students in Community College Credit Courses
Section 430 Schedule Maintenance Program
Section 431 Gann Limit Calculation
Section 435 Open Enrollment
Section 438 Student Fees – Health Fees and Use of Health Fee Funds
Section 439 Proposition 39 Clean Energy
Section 474 Extended Opportunity Programs and Services (EOPS) and Cooperative Agencies Resources for Education (CARE)
Section 475 Disabled Student Programs and Services (DSPS)
Section 479 To Be Arranged (TBA) Hours
Section 490 Proposition 1D State Bond Funded Projects
Section 491 Proposition 30 Education Protection Account Funds

The District reports no Instructional Service Agreements/Contracts for Apportionment Funding; therefore, the compliance tests within this section were not applicable.

The District reports no attendance within classes subject to the TBA Hours; therefore, the compliance tests within this section were not applicable.

The District does not charge fees for instructional or other materials; therefore, the compliance tests within this section were not applicable.

Vavrinek, Trine, Day & Co. LLP

Rancho Cucamonga, California
December 5, 2014

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

COMPTON COMMUNITY COLLEGE DISTRICT

SUMMARY OF AUDITOR'S RESULTS
FOR THE YEAR ENDED JUNE 30, 2014

FINANCIAL STATEMENTS	
Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified?	None reported
Noncompliance material to financial statements noted?	No
FEDERAL AWARDS	
Internal control over major Federal programs:	
Material weaknesses identified?	No
Significant deficiencies identified?	None reported
Type of auditor's report issued on compliance for major Federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133?	No

Identification of major Federal programs:

CFDA Numbers	Name of Federal Program or Cluster
84.047M	TRIO: Upward Bound Math and Science
93.575, 93.596	Child Care and Development Fund Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	$ 300,000
Auditee qualified as low-risk auditee?	Yes
STATE AWARDS	
Type of auditor's report issued on compliance for State programs:	Unmodified

COMPTON COMMUNITY COLLEGE DISTRICT

FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2014

None reported.

COMPTON COMMUNITY COLLEGE DISTRICT

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014

None reported.

COMPTON COMMUNITY COLLEGE DISTRICT

STATE AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014

None reported.

COMPTON COMMUNITY COLLEGE DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2014

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

2013-001 DISTRICT FINANCIAL CONDITION

Criteria or Specific Requirement

The District is required to maintain operational and budgetary financial stability both at the fund level and the entity-wide level.

Condition

The District's Unrestricted General Fund has continued to receive reduced State Apportionment funding in each of the last three years as part of a repayment plan for loans received through an established line of credit. As a result, significant reductions in expenditures have occurred. With the reductions in spending, the District has been able to maintain the State recommended level for reserves for economic uncertainties. The District's Unrestricted General Fund has the ongoing responsibility for the majority of employee compensation and benefits costs. The Unrestricted General Fund is also providing support for the Child Development Fund and the obligations paid through the Workers' Compensation Internal Service Fund.

Compounding the District's reduced funding is the current practice by the State of deferring cash payments for the revenue earned by several months – and moving significant amounts of the cash payment into the next fiscal year. At June 30, 2013, the District was owed over $8 million for apportionment earned during the 2012-2013 year.

Due to the deferral of State apportionment, it has been necessary for the District to issue two separate Tax and Revenue Anticipation Notes (TRANs) during the 2012-2013 year. The first issuance in July 2012 was $4 million, and the subsequent issuance occurred in February 2013 for $8 million. These issuances were necessary for the District's cash flow to fund normal operations and payment of employee salaries and benefits.

On an entity-wide full accrual basis, the District's unrestricted ending balance/deficit is $(10.5) million. This is due primarily to the growing obligation for the postemployment health care benefits and the obligation to repay the line of credit to the State Chancellor's Office. The current unfunded postemployment liability is over $4.8 million based on the fiscal year 2013 actuarial report provided to the District and will grow to over $15.5 million as the obligation is amortized over the coming 30 years. The District did create an irrevocable pension trust in the current year to initiate funding for the liability and correspondingly made the first contribution payment in June of 2013. The full liability of the note payable is $14.7 million and will be repaid by $1.2 million annual payments over the coming 15 years.

Recommendation

The long-term planning for the continued financial stability of the District should continue to include attention to obligations that will be coming due in the future, such as the postemployment health care benefits and the annual line of credit repayments, which impact the District both at the fund level and the entity-wide financial statement level. The plan to provide contributions to the irrevocable pension trust should be evaluated each year as the cash flow of the District to fund this obligation may be impacted.

As noted in observations 2013-2 and 2013-6, the obligations of both the Child Development Fund and the Workers' Compensation Fund should continue to be analyzed to determine the impact on the overall financial condition of the District as a whole.

Current Status

Implemented.

2013-002 FINANCIAL REPORTING SYSTEM RECONCILIATIONS

Criteria or Specific Requirement

The California *Education Code*, the California Community Colleges Chancellor's Office *Budget and Accounting Manual*, and best business practices require an entity to maintain a sound financial system that supports financial reporting and budget monitoring.

Condition

As noted in the prior years' audits, the District is utilizing two separate systems for monitoring accounting transactions - the PeopleSoft System supported by the Los Angeles County Office of Education and the locally supported DataTel System. DataTel is primarily used for student records and student service transactions such as enrollment; with PeopleSoft being the official books of record for budget monitoring, daily transactional analysis, and audit purposes. During the later portion of the 2012-2013 fiscal year, the District has implemented procedures to reconcile the two systems and is preparing monthly reconciling reports; however, as of the fiscal year end, the two systems had not been completely reconciled.

Recommendation

The District should continue with their implementation strategy to reconcile the two systems. Formal training should be provided to the business employees to ensure process understanding and proper document retention. The reconciliation process should be continued on a monthly basis with review from a member of Business management. Reconciling variances should be addressed immediately to prevent the discrepancies from rolling forward into the next month.

Current Status

Implemented.

2013-003 DISTRICT CASH ACCOUNTS

Criteria or Specific Requirement

Best accounting practices require a regular review and reconciliation of all cash accounts maintained by the District.

Condition

The District maintains various cash accounts to collect and remit funds to the County Treasury. These accounts have not been consistently monitored and reconciled during the 2012-2013 fiscal year. As these collections are recorded only in the cash accounts, revenues are not recognized until the County Treasury has received the deposit. We also noted the reconciliation process has not consistently identified individual revenue accounts to post which results in student fees not being properly accounted for during the year by fee type. The District has implemented a formal reconciliation process during the latter portion of the fiscal year; however, the cash clearing account was not adequately reconciled on a monthly basis for the entire year.

Recommendation

The process to reconcile the cash accounts on at least a monthly basis – and more frequently when large balances have been received – and transmitted to the County Treasury must be documented and included in a written procedure manual. The transmittals to the County Treasury must include the detail of the individual revenue accounts to be credited, and the supporting documentation must be maintained for review and audit purposes. The District's implementation of the reconciling process must be maintained and performed within a timely manner.

Current Status

Implemented.

2013-004 PAYROLL CLEARANCE FUND AND RELATED BENEFITS LIABILITY

Criteria or Specific Requirement

Best accounting practices require the District maintain a system of review and reconciliation over all funds and activities of the District.

Condition

The District maintains a Payroll Clearance Fund to account for benefit and payroll deductions and the corresponding payment to the appropriate organization. This fund should consistently net to $0 as it is a clearing fund only and has no separate revenue or expenditure activity. The Payroll Clearance Fund has not been consistently reconciled on a timely basis.

Recommendation

The District must designate and train an employee in the proper reconciliation of the Payroll Clearance Fund. All balances owed to outside third parties, or balances collected for other purposes, should be identified and remitted to the proper agency in a timely manner. The Chief Business Officer should implement formal reconciliation and review process that will assist staff in completing this task on a monthly basis.

Current Status

Implemented.

2013-005 DEFICIT ENDING BALANCE – INTERNAL SERVICE FUND

Criteria or Specific Requirement

Best accounting practices require the District to maintain adequate financial resources, both at an entity-wide level and at the specific fund level.

Condition

The District maintains a Self-Insurance Fund for employee workers' compensation benefits. The District has received an actuarial report noting the liability both for current claims and for those claims incurred, but not reported, and has posted a liability within this fund in the amount of $2.7 million. The Self-Insurance Fund does not have sufficient assets to cover this liability which has resulted in a negative retained earnings balance of $369 thousand. This liability will ultimately become the responsibility of the various programs and funds within the District which record payroll expense – specifically the District's Unrestricted General Fund. This has the possibility of negatively impacting the financial stability of the operations of the District.

Recommendation

The District should review the actuarial report obtained for workers' compensation benefits and determine a funding rate through payroll which will provide adequate resources to offset the liability in the Workers' Compensation Fund. The established rate for payroll should be applied across all funds and programs and accounted for in the Workers' Compensation Fund.

Current Status

Implemented.

COMPTON COMMUNITY COLLEGE DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2014

State Awards Finding

2013-006 50 Percent Law Calculation

Criteria or Specific Requirement

Education Code Section 84362 requires that a minimum of 50 percent of the District's Current Expense of Education (CEE) be expended during each fiscal year for "Salaries of Classroom Instructors".

Condition

Significant Deficiency - As of June 30, 2013, the District is not in compliance with the requirements of the provisions of *Education Code* Section 84362. The District's calculation as presented in the CCFS-311 Annual Financial and Budget Report was 47.93 percent. The District was required to file a waiver with the State Chancellor's Office to report the shortfall.

Questioned Costs

Based on the calculation, the District's shortfall is $499,132.

Recommendation

The District should revise their 2013-2014 budget to ensure expenditures applicable to the provision calculations will allow the District to meet the required percentage threshold.

Current Status

Implemented.

ADDITIONAL SUPPLEMENTARY INFORMATION (UNAUDITED)

COMPTON COMMUNITY COLLEGE DISTRICT

GOVERNMENTAL FUNDS
BALANCE SHEETS
JUNE 30, 2014

	General Unrestricted	Line of Credit General Unrestricted	General Restricted
ASSETS			
Cash and cash equivalents	$ 424,750	$ -	$ 159
Investments	11,499,237	774,803	1,513,039
Accounts receivable	4,316,652	2,087	468,346
Student loans receivable	1,283,695	-	-
Due from other funds	-	-	-
Prepaid expenses	107,851	-	-
Other current assets	2,894	-	-
Total Assets	$ 17,635,079	$ 776,890	$ 1,981,544
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	$ 4,834,266	$ -	$ 505,416
Due to other funds	-	-	-
Other current liabilities	3,900,000	-	-
Unearned revenue	732,113	-	541,737
Total Liabilities	9,466,379	-	1,047,153
FUND BALANCES			
Nonspendable	25,000	-	-
Restricted	-	-	934,391
Undesignated	8,143,700	776,890	-
Total Fund Balances	8,168,700	776,890	934,391
Total Liabilities and Fund Balances	$ 17,635,079	$ 776,890	$ 1,981,544

See accompanying note to additional supplementary information.

Child Development	Bond Interest and Redemption	Capital Outlay Projects	Revenue Bond Construction	Total Governmental Fund (Memorandum Only)
$ -	$ -	$ -	$ -	$ 424,909
71,040	3,217,881	1,720,972	32,549,161	51,346,133
37,398	-	651,933	103,880	5,580,296
-	-	-	-	1,283,695
-	-	-	641,056	641,056
-	-	14,090	-	121,941
-	-	-	-	2,894
$ 108,438	$ 3,217,881	$ 2,386,995	$ 33,294,097	$ 59,400,924
$ 29,066	$ -	$ 41,682	$ 2,185,880	$ 7,596,310
-	-	641,056	-	641,056
-	-	-	-	3,900,000
17,934	-	-	-	1,291,784
47,000	-	682,738	2,185,880	13,429,150
-	-	1,704,257	31,108,217	32,837,474
61,438	3,217,881	-	-	4,213,710
-	-	-	-	8,920,590
61,438	3,217,881	1,704,257	31,108,217	45,971,774
$ 108,438	$ 3,217,881	$ 2,386,995	$ 33,294,097	$ 59,400,924

COMPTON COMMUNITY COLLEGE DISTRICT

GOVERNMENTAL FUNDS
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2014

	General Unrestricted	Line of Credit General Unrestricted	General Restricted
REVENUES			
Federal revenues	$ -	$ -	$ 594,876
State revenues	26,787,073	-	3,354,657
Local revenues	6,036,716	3,966	631,776
Total Revenues	32,823,789	3,966	4,581,309
EXPENDITURES			
Current Expenditures			
Academic salaries	12,182,883	-	655,365
Classified salaries	5,782,977	-	1,294,081
Employee benefits	6,066,665	-	556,893
Books and supplies	343,420	-	281,677
Services and operating expenditures	4,696,740	109,637	736,766
Capital outlay	408,772	-	381,926
Debt service - principal	780,692	-	-
Debt service - interest and other	511,728	-	-
Total Expenditures	30,773,877	109,637	3,906,708
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,049,912	(105,671)	674,601
OTHER FINANCING SOURCES (USES)			
Operating transfers in	(14,920)	200,000	14,920
Operating transfers out	(820,640)	-	-
Other sources	-	-	-
Other uses	(124,800)	-	(663,911)
Total Other Financing Sources (Uses)	(960,360)	200,000	(648,991)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	1,089,552	94,329	25,610
FUND BALANCE, BEGINNING OF YEAR	7,149,975	682,561	389,556
RESTATEMENT	(70,827)	-	519,225
FUND BALANCE, END OF YEAR	$ 8,168,700	$ 776,890	$ 934,391

See accompanying note to additional supplementary information.

Child Development	Bond Interest and Redemption	Capital Outlay Projects	Revenue Bond Construction	Total Governmental Fund (Memorandum Only)
$ 227,242	$ -	$ -	$ -	$ 822,118
261,199	49,922	14,586,725	-	45,039,576
57,352	4,043,154	40,299	876,462	11,689,725
545,793	4,093,076	14,627,024	876,462	57,551,419
6,564	-	-	-	12,844,812
359,293	-	-	-	7,436,351
144,388	-	-	-	6,767,946
33,579	-	-	2,583	661,259
2,333	-	119,171	1,353,299	7,017,946
-	-	14,460,965	8,306,881	23,558,544
-	1,165,000	-	-	1,945,692
-	2,908,899	-	-	3,420,627
546,157	4,073,899	14,580,136	9,662,763	63,653,177
(364)	19,177	46,888	(8,786,301)	(6,101,758)
60,934	-	109,706	-	370,640
-	-	-	-	(820,640)
-	77,340	-	35,655,558	35,732,898
(597)	-	-	(18,480,434)	(19,269,742)
60,337	77,340	109,706	17,175,124	16,013,156
59,973	96,517	156,594	8,388,823	9,911,398
1,477	3,121,364	1,547,663	22,719,394	35,611,990
(12)	-	-	-	448,386
$ 61,438	$ 3,217,881	$ 1,704,257	$ 31,108,217	$ 45,971,774

COMPTON COMMUNITY COLLEGE DISTRICT

PROPRIETARY FUND
BALANCE SHEET
JUNE 30, 2014

		Internal Service Fund
ASSETS		
Cash and cash equivalents	$	200,000
Investments		2,913,472
Accounts receivable		6,588
Total Assets	$	3,120,060
LIABILITIES AND FUND EQUITY		
LIABILITIES		
Accounts payable	$	1,724
Claim liabilities		2,687,816
Total Liabilities		2,689,540
FUND EQUITY		
Retained earnings		430,520
Total Liabilities and Fund Equity	$	3,120,060

See accompanying note to additional supplementary information.

COMPTON COMMUNITY COLLEGE DISTRICT

PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS
FOR THE YEAR ENDED JUNE 30, 2014

	Internal Service Fund
OPERATING REVENUES	
Contracted services	$ 1,370,889
OPERATING EXPENSES	
Services and other operating expenditures	1,033,663
Operating Income	337,226
NONOPERATING REVENUES	
Interest income	11,968
Operating transfers in	450,000
Total Nonoperating Revenues	461,968
NET INCOME	799,194
RETAINED EARNINGS (DEFICIT), BEGINNING OF YEAR	(368,674)
RETAINED EARNINGS, END OF YEAR	$ 430,520

See accompanying note to additional supplementary information.

COMPTON COMMUNITY COLLEGE DISTRICT

PROPRIETARY FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2014

	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from user charges	$ 1,368,219
Cash payments to employees for services	(1,066,290)
Net Cash Flows From Operating Activities	301,929
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Nonoperating transfers received	450,000
Net Cash Flows From Noncapital Financing Activities	450,000
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	11,968
Net Cash Flows From Investing Activities	11,968
Net increase in cash and cash equivalents	763,897
Cash and cash equivalents - Beginning	2,349,575
Cash and cash equivalents - Ending	$ 3,113,472
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Operating income	$ 337,226
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Changes in assets and liabilities:	
Receivables	(2,670)
Accrued liabilities	(32,627)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 301,929
CASH AND CASH EQUIVALENTS CONSIST OF THE FOLLOWING:	
Cash in banks	$ 200,000
Cash in county treasury	2,913,472
Total Cash and Cash Equivalents	$ 3,113,472

See accompanying note to additional supplementary information.

COMPTON COMMUNITY COLLEGE DISTRICT

FIDUCIARY FUNDS
BALANCE SHEETS
JUNE 30, 2014

	Associated Students Trust	Student Representation Fee	Student Financial Aid
ASSETS			
Cash and cash equivalents	$ 84,495	$ -	$ -
Investments	-	38,989	396,489
Accounts receivable	52,915	125	192,016
Total Assets	$ 137,410	$ 39,114	$ 588,505
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	$ 4,010	$ -	$ 194,145
Due to student groups	83,695	-	-
Total Liabilities	87,705	-	194,145
FUND BALANCES			
Restricted	-	-	394,360
Unreserved			
Undesignated	49,705	39,114	-
Total Fund Balances	49,705	39,114	394,360
Total Liabilities and Fund Balances	$ 137,410	$ 39,114	$ 588,505

See accompanying note to additional supplementary information.

Scholarship and Loan	Total
$ -	$ 84,495
76,628	512,106
316	245,372
$ 76,944	$ 841,973
$ 26,359	$ 224,514
16,123	99,818
42,482	324,332
-	394,360
34,462	123,281
34,462	517,641
$ 76,944	$ 841,973

COMPTON COMMUNITY COLLEGE DISTRICT

FIDUCIARY FUNDS
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2014

	Associated Students Trust	Student Representation Fee	Student Financial Aid
REVENUES			
State revenues	$ -	$ -	$ 374,756
Local revenues	95,281	27,441	2,090
Total Revenues	95,281	27,441	376,846
EXPENDITURES			
Current Expenditures			
Services and operating expenditures	63,242	24,569	-
Total Expenditures	63,242	24,569	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	32,039	2,872	376,846
OTHER FINANCING SOURCES (USES)			
Other uses	-	-	(394,478)
Total Other Financing Sources (Uses)	-	-	(394,478)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	32,039	2,872	(17,632)
FUND BALANCE, BEGINNING OF YEAR	17,666	36,242	466,213
RESTATEMENT	-	-	(54,221)
FUND BALANCE, END OF YEAR	$ 49,705	$ 39,114	$ 394,360

See accompanying note to additional supplementary information.

Scholarship and Loan	Total
$ -	$ 374,756
486	125,298
486	500,054
-	87,811
-	87,811
486	412,243
-	(394,478)
-	(394,478)
486	17,765
33,976	554,097
-	(54,221)
$ 34,462	$ 517,641

COMPTON COMMUNITY COLLEGE DISTRICT

NOTE TO ADDITIONAL SUPPLEMENTARY INFORMATION
JUNE 30, 2014

NOTE 1 - PURPOSE OF SCHEDULES

Fund Financial Statements

The accompanying financial statements report the governmental, proprietary, 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.