



See what's possible.

# COMPTON COMMUNITY COLLEGE DISTRICT

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## FINANCIAL STATEMENTS

JUNE 30, 2023

**COMPTON COMMUNITY COLLEGE DISTRICT**  
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**JUNE 30, 2023**

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## INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Compton Community College District  
Compton, California

### **Report on Audit of Financial Statements**

#### ***Opinions***

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, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the District as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Compton Community College District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for one year beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Required Supplementary Information section, as listed in the Table of Contents, 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.

### *Supplementary 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 Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information 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.

### *Other Information*

Management is responsible for the other information included in the annual report. The other information comprises the Management's Discussion and Analysis section and unaudited supplementary information section, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on other work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



San Diego, California  
December 29, 2023

**COMPTON COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2023**

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**INTRODUCTION**

We are pleased to submit the Annual Financial Report of Compton Community College District for the fiscal year ending June 30, 2023. The District is responsible for the accuracy, completeness and fairness of the financial statements presented and all accompanying disclosures. We believe the report and its information are accurate and complete in all material aspects in disclosing the financial position and results of operations of Compton Community College as of June 30, 2023.

**College Description**

The District was established in 1927 and serves the communities of Compton, Willowbrook, Enterprise, Carson, Lynwood, and Paramount, as well as portions of Athens, Bellflower, Downey, Dominguez, Lakewood, Long Beach and South Gate. Currently, approximately 244 full and part-time faculty teach more than 43 degree programs and 45 certificate programs. Students in our college may complete the two years of a baccalaureate degree and transfer to upper division study at a university or complete a certificated vocational program and move directly to the work force.

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

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

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

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

**COMPTON COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2023**

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**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

**FINANCIAL HIGHLIGHTS**

- At the end of fiscal year 2022-2023 the District's Unrestricted General Fund Balance is \$20.3 million this amount decreased by \$100 thousand over fiscal year 2022. The amount is well above the ten percent reserve required by the Unrestricted General Fund Board Policy.
- The total FTES total compared to prior year has increased along with the overall count which is lower than pre-pandemic levels. The lingering effects of the pandemic, which drew students away from community colleges, the declining population in the service area and growing economic pressures to make decisions such as taking care of families and dependents or going into the workforce before the completion of their studies continue to impact enrollment. In addition, the separation of the partnership with El Camino Community College District has negatively impacted enrollment.
- The most recent actuarial report of the District is dated February 24, 2023 with a valuation date of June 30, 2021 and a measurement date of June 30, 2022. The District's total Other Post Employment Benefit (OPEB) Liability, not including the MPP Program, is \$14.7 million and the Net OPEB liability as of June 30, 2022 is \$3.3 million.



**COMPTON COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2023**

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**FINANCIAL HIGHLIGHTS - LIABILITIES**

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

The State of California strongly recommended that districts plan for significant pension rate increases that are to occur over the next several years. In 2016, the District created a Pension Trust Stabilization Fund for the purpose of funding future employer contributions. During the 2023 fiscal year, \$200,000 was contributed to the trust.

Similarly, the District also committed to funding its Other Postemployment Benefits Obligation. In 2013, the District created an OPEB Trust. During the 2023 fiscal year, \$850,000 was contributed to the OPEB Trust. Further information is included within this report within the MD&A section under Long-term Liabilities including OPEB and Pensions and in the Notes to the Financial Statements.

**FINANCIAL HIGHLIGHTS – CAPITAL OUTLAY AND CAPITAL ADDITIONS**

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

- Instructional Building #2

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

- Student Services/Administration Building

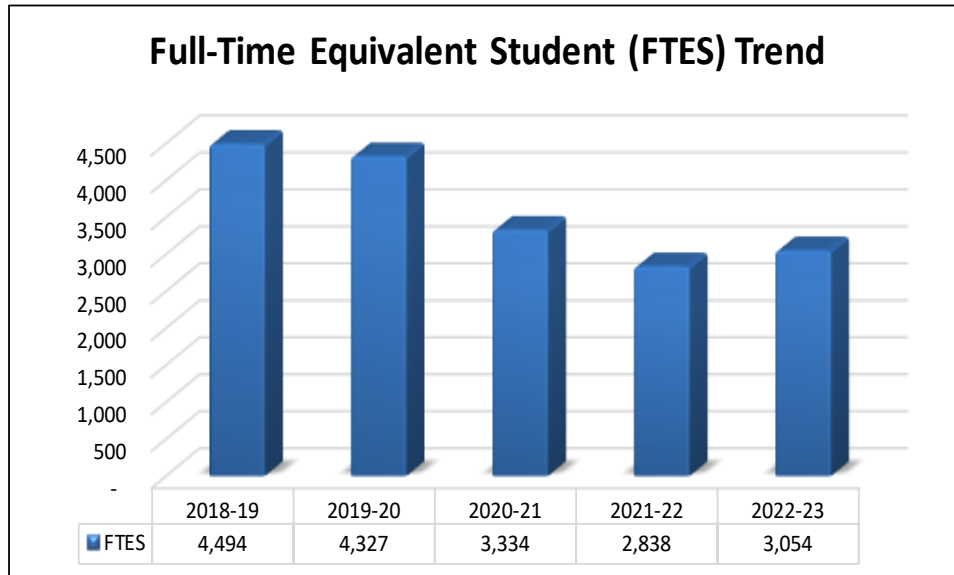
The District completed the Student Services Building during 2022-2023 and anticipates the Instructional Building #2 being completed sometime during the 2023-2024 fiscal year. These facilities will enhance the student experience at Compton Community College District.

**COMPTON COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2023**

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**Full-Time Equivalent Students Growth/Declines**

Over the past five years, Full-Time Equivalent Students (FTES) averaged approximately 3,054 FTES during that period. It is important to note that the District formally ended its partnership with El Camino Community College District on June 7, 2019. One of the expected outcomes was an initial decline in FTES, and now the COVID-19 pandemic. However, FTES has started to increase slightly since the end of the pandemic. Management continues to implement the enrollment management plan and expects FTES to rebound over the next four years.



**STATEMENT OF NET POSITION**

The Statement of Net Position presents the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the District as of the end of the fiscal year, and was prepared using the accrual basis of accounting, which is similar to the accounting basis used by most private-sector organizations. The Statement of Net Position is a point of time financial statement whose purpose is to present to the reader a fiscal snapshot of the District. The Statement of Net Position presents end-of-year data concerning assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position.

From the data presented, the reader of the Statement of Net Position can determine the assets available to continue operations of the District. The reader is also able to determine how much the District owes vendors and employees. Finally, the Statement of Net Position provides a picture of the net position and its availability for expenditure by the District.

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

**COMPTON COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2023**

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**STATEMENT OF NET POSITION, continued**

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

Current assets increased by 56% due to large increases in capital funding received for student housing.

Deferred outflows of resources related to debt refunding, Other Postemployment Benefits (OPEB), and pensions increased by approximately 16% from the prior year.

Deferred inflows of resources related to Other Postemployment Benefits (OPEB) and pensions decreased by approximately 72% from the prior year.

A summary of the Statement of Net Position as of June 30, 2023 and June 30, 2022, is below

	<b>2023</b>	<b>2022</b>	<b>Change</b>
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>			
Current assets	\$ 159,860,155	\$ 103,965,451	\$ 55,894,704
Non-current assets	195,446,150	187,500,398	7,945,752
Deferred outflows of resources	23,718,865	20,417,597	3,301,268
<b>Total Assets and Deferred Outflows of Resources</b>	<b>379,025,170</b>	<b>311,883,446</b>	<b>67,141,724</b>
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>			
Current liabilities	114,342,588	25,496,170	88,846,418
Non-current liabilities	181,687,550	191,305,351	(9,617,801)
Deferred inflows of resources	5,755,940	20,636,643	(14,880,703)
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>301,786,078</b>	<b>237,438,164</b>	<b>64,347,914</b>
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	67,024,676	85,686,435	(18,661,759)
Restricted	23,567,233	27,278,195	(3,710,962)
Unrestricted	(13,352,817)	(38,519,348)	25,166,531
<b>Total Net Position</b>	<b>\$ 77,239,092</b>	<b>\$ 74,445,282</b>	<b>\$ 2,793,810</b>

**COMPTON COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2023**

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**STATEMENT OF NET POSITION, continued**

- The Statement of Cash Flows contained within these financial statements provides greater detail regarding the sources and uses of cash and the net decrease in cash during fiscal year 2022-2023. Cash and Investments increased approximately \$62.8 million primarily due to an increase of cash for the student housing projects offset by payments for GO bonds.
- Capital and right-to-use leased assets had a net increase of approximately \$7.9 million. Depreciation and amortization expense of approximately \$7.0 million was recognized during 2022-2023. The capital and right-to-use leased 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, 2023. Total accounts payable are approximately \$9.8 million; most significant within this account is approximately \$4.0 million due to capital construction related expenditures.
- Bonds payable had a net decrease of \$28 million, including an adjustment of \$25.3 million related to defeased debt in prior years. Repayment is made from property tax collections occurring over the next 30 years. More information on Long-term liabilities can be found in the Notes to the Financial Statements.

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

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

**COMPTON COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2023**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION, continued**

The Statement of Revenues, Expenses, and Changes in Net Position for the years ended June 30, 2023 and June 30, 2022, is summarized below:

	<b>2023</b>	<b>2022</b>	<b>Change</b>
<b>OPERATING REVENUES</b>			
Tuition and fees (net)	\$ 1,329,283	\$ 956,366	\$ 372,917
Grants and contracts	22,876,847	20,629,875	2,246,972
<b>Total Operating Revenues</b>	<b>24,206,130</b>	<b>21,586,241</b>	<b>2,619,889</b>
<b>OPERATING EXPENSES</b>			
Salaries and benefits	40,675,093	34,375,798	6,299,295
Supplies, services, equipment, maintenance and other operating expenses	23,076,216	17,634,869	5,441,347
Financial aid	7,878,803	9,756,871	(1,878,068)
Depreciation and amortization	7,006,200	6,968,936	37,264
<b>Total Operating Expenses</b>	<b>78,636,312</b>	<b>68,736,474</b>	<b>9,899,838</b>
<b>Operating Loss</b>	<b>(54,430,182)</b>	<b>(47,150,233)</b>	<b>(7,279,949)</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
State apportionments, noncapital	35,335,702	32,616,154	2,719,548
Local property taxes, noncapital	7,366,396	6,558,613	807,783
Local property taxes and revenues, capital	7,582,319	7,031,912	550,407
State taxes and other revenues, noncapital	5,400,710	2,319,328	3,081,382
Federal grants and contracts	9,410,488	5,889,697	3,520,791
Investment income	(538,714)	(2,587,706)	2,048,992
Interest and investment income, capital	(2,553,178)	(255,773)	(2,297,405)
Interest expense and costs of issuing capital asset-related debt	(5,025,676)	(6,780,648)	1,754,972
Other non-operating revenues	288,165	2,147,431	(1,859,266)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>57,266,212</b>	<b>46,939,008</b>	<b>10,327,204</b>
<b>OTHER REVENUES (EXPENSES)</b>			
State grants, capital	3,443,626	8,265,766	(4,822,140)
<b>Change in Net Position</b>	<b>6,279,656</b>	<b>8,054,541</b>	<b>(1,774,885)</b>
<b>NET POSITION -- BEGINNING OF YEAR</b>	<b>74,445,282</b>	<b>66,390,741</b>	<b>8,054,541</b>
<b>PRIOR PERIOD ADJUSTMENTS (SEE NOTE 13)</b>	<b>(3,485,846)</b>	<b>-</b>	<b>(3,485,846)</b>
<b>NET POSITION -- END OF YEAR</b>	<b>\$ 77,239,092</b>	<b>\$ 74,445,282</b>	<b>\$ 2,793,810</b>

- 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 \$282 per unit fee that is charged to all nonresident students.
- Personnel costs accounted for 51.7% of operating expenses in fiscal year 2023. Supplies, materials, and other operating expenses accounted for 29.3% of the operating expense in fiscal year 2023. The remaining balance of operating expenses is for financial aid, depreciation and amortization expense.

**COMPTON COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2023**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION, continued**

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

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

Functional Classifications	Salaries and Employee Benefits	Supplies, Material, and Other Expenses and Services	Financial Aid	Equipment, Maintenance, and Repairs	Depreciation and Amortization	Total
Instruction	\$ 16,652,023	\$ 597,822.00	\$ -	\$ 205,937	\$ -	\$ 17,455,782
Academic Support	3,184,251	225,160.00	-	105,941	-	3,515,352
Student Services	8,557,111	3,309,549.00	-	25,125	-	11,891,785
Operation and Maintenance of Plant	1,782,976	1,152,665.00	-	44,013	-	2,979,654
Institutional Support	1,169,160	100,893.00	-	29,262	-	1,299,315
Student Aid	-	-	7,878,803	-	-	7,878,803
Other Outgo	-	9,066,173.00	-	-	-	9,066,173
Depreciation	-	-	-	-	7,006,200	7,006,200
Community Services and Economic Development	917,984	150,768.00	-	6,004	-	1,074,756
Student Counseling and Guidance	1,669,288	145,787.00	-	450,896	-	2,265,971
General Institutional Support Services	5,970,677	2,606,500.00	-	319,094	-	8,896,271
Planning, Policymaking and Coordinations	771,623	556,897.00	-	689,470	-	2,017,990
Auxiliary Operations and Ancillary Services	-	1,606,419.00	-	-	-	1,606,419
Long term Debt and Other Financing	-	1,681,841.00	-	-	-	1,681,841
	\$ 40,675,093	\$ 21,200,474	\$ 7,878,803	\$ 1,875,742	\$ 7,006,200	\$ 78,636,312

**STATEMENT OF CASH FLOWS**

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

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

**COMPTON COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2023**

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**STATEMENT OF CASH FLOWS, continued**

The Statement of Cash Flows for the fiscal years ended June 30, 2023 and June 30, 2022, is summarized below:

<b>CASH PROVIDED BY (USED IN)</b>	<b>2023</b>	<b>2022</b>	<b>Change</b>
Operating activities	\$ 48,012,608	\$ (42,440,500)	\$ 90,453,108
Noncapital financing activities	57,914,760	52,177,447	5,737,313
Capital and related financing activities	(44,910,347)	(12,783,466)	(32,126,881)
Investing activities	(538,714)	(1,465,268)	926,554
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>60,478,307</b>	<b>(4,511,787)</b>	<b>64,990,094</b>
<b>CASH -- BEGINNING OF YEAR</b>	<b>91,279,582</b>	<b>62,456,582</b>	<b>28,823,000</b>
<b>CASH -- END OF YEAR</b>	<b>\$ 151,757,889</b>	<b>\$ 57,944,795</b>	<b>\$ 93,813,094</b>

**CAPITAL AND RIGHT-TO-USE LEASED ASSETS**

As of June 30, 2023, the District had approximately \$273.2 million in capital and right-to-use leased assets; less \$77.7 million in accumulated depreciation and amortization. At June 30, 2023, the District's net capital and right-to-use leased assets were approximately \$195.4 million. The District spent approximately \$15.0 million on capital assets during the year, the majority of which relates to bond projects. Depreciation and amortization expense totaled approximately \$7.0 million during the year.

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

Additional information related to capital and right-to-use leased assets can be found in Note 6 of the financial statements.

	<b>2023</b>	<b>2022</b>	<b>Change</b>
Capital Assets not being depreciated	\$ 53,078,971	\$ 65,508,726	\$ (12,429,755)
Capital Assets being depreciated	219,913,721	192,532,014	27,381,707
Accumulated depreciation	(77,640,753)	(70,701,057)	(6,939,696)
Right-of-use leased assets	199,508	199,508	-
accumulated amortization	(105,297)	(38,793)	(66,504)
<b>Total</b>	<b>\$ 195,446,150</b>	<b>\$ 187,500,398</b>	<b>\$ 7,945,752</b>

**COMPTON COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2023**

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**LONG-TERM LIABILITIES INCLUDING OPEB AND PENSIONS**

Long-term liabilities consist primarily of general obligation bonds, note payable, lease liability, claims liability, aggregate net pension liability, and the aggregate net other postemployment benefits (OPEB) liability. At June 30, 2023, the District had approximately \$183.4 million liabilities outstanding.

The District's notes payable decreased from its principal payment reducing the liability due to the State in the amount of approximately \$5.8 million outstanding. This note is repaid in annual installments, in accordance with obligation requirements.

As of June 30, 2023, the aggregate net pension liability was approximately \$41.2 million versus approximately \$26.3 million last year, an increase of approximately \$14.9 million, or 56.6%. The aggregate net OPEB liability was approximately \$3.4 million versus approximately \$1.2 million last year, an increase of approximately \$2.2 million, or 181.5%.

The District is also obligated for compensated absences and claims liabilities.

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

A summary of long-term liabilities is presented below:

	<b>2023</b>	<b>2022</b>	<b>Change</b>
General obligation bonds	\$ 129,836,753	\$ 157,842,100	\$ (28,005,347)
Bond premium	3,189,294	4,165,610	(976,316)
Note payable	3,706,896	5,767,223	(2,060,327)
Lease liability	96,820	162,335	(65,515)
Compensated absences	1,454,846	1,426,074	28,772
Claims liability	518,261	518,261	-
Net OPEB liability	3,399,548	1,207,822	2,191,726
Net pension liability	41,149,300	26,270,232	14,879,068
<b>Total Long-term liabilities</b>	<b>\$ 183,351,718</b>	<b>\$ 197,359,657</b>	<b>\$ (14,007,939)</b>



**COMPTON COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2023**

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**ECONOMIC FACTORS THAT MAY AFFECT THE FUTURE**

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

The State of California adopted its 2023-24 budget as per statutory law on time for the thirteenth consecutive year. The 23-24 state budget increased funding for community colleges through a combination of ongoing and one-time funds. This includes a COLA increase of 8.22% to the student centered funding formula and various categorical programs, as well as a one-time investment to support college efforts to increase student retention rates and enrollment. However, the budget also reduced allocations of deferred maintenance funds from 2022-23.

Projected increases to Public Employees Retirement System (PERS) and State Teachers Retirement System (STRS) will impact the District's budget in future years. The PERS employer contribution rate has increased yearly from 20.70% in FY20-21, to 22.91% in FY21-22, to 25.37% in FY22-23, to 26.68% in FY23-24. The STRS employer contribution rate increased yearly from 16.15% in FY20-21, to 16.92% in FY21-22, to 19.10% in FY 22-23, but remained flat at 19.10% for FY23-24. STRS rates are expected to increase in the coming years. This large increase in retirement contributions will continue to present challenges for community colleges.

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

Specific to the District, the trailer bill to the Budget provides Compton Community College District with special statutory authority for additional protections. These additional protections 1) apply COLA to the basic allocation rates and FTES rates used to compute the SB361 hold harmless provision through 2025-26, and 2) through 2024-25, provide a SB361 hold harmless amount not less than the total amount that the district would receive if the level of attendance of FTES was the same level of attendance as in the 2017-18 fiscal year. This provision was included to assist the District with the transition from its partnership with El Camino Community College District. The District will continue to monitor their total computational revenue (TCR) in future planning and make expenditure adjustments as needed.

**Other Factors That May Affect the Future**

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

**COMPTON COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2023**

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**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, students, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. For inquiries about this report or additional financial information, submit questions to the Vice President, Administrative Services, Compton Community College District, 1111 East Artesia Boulevard, Compton, California 90221.

**COMPTON COMMUNITY COLLEGE DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2023**

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**ASSETS**

Current Assets:

Cash and investments	\$ 151,757,889
Accounts receivable, net	7,492,051
Prepaid expenditures and other assets	610,215
Total Current Assets	<u>159,860,155</u>

Noncurrent Assets:

Right-of-use assets, net	94,211
Capital assets, net	195,351,939
Total Noncurrent Assets	<u>195,446,150</u>

**TOTAL ASSETS**

355,306,305

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred charge on refunding	7,259,542
Deferred outflows - OPEB	3,090,544
Deferred outflows - pensions	13,368,779

**TOTAL DEFERRED OUTFLOWS OF RESOURCES**

23,718,865

**TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES**

\$ 379,025,170

**LIABILITIES**

Current Liabilities:

Accounts payable and accrued expenses	\$ 9,757,838
Accrued interest	1,982,726
Other current loans	113,299
Unearned revenue	100,803,927
Due to other funds	20,630
Long-term debt, current portion	1,664,168
Total Current Liabilities	<u>114,342,588</u>

Noncurrent Liabilities:

Net OPEB liability	3,399,548
Net pension liability	41,149,300
Long-term debt, non-current portion	137,138,702
Total Noncurrent Liabilities	<u>181,687,550</u>

**TOTAL LIABILITIES**

296,030,138

**DEFERRED INFLOWS OF RESOURCES**

Deferred inflows related to OPEB	1,125,573
Deferred inflows related to pensions	4,630,367

**TOTAL DEFERRED INFLOWS OF RESOURCES**

5,755,940

**NET POSITION**

Net investment in capital assets 67,024,676

Restricted for:

Debt service	6,713,178
Capital projects	8,447,588
Other special purpose	7,867,523

Unrestricted (13,352,817)

**TOTAL NET POSITION**

77,239,092

**TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION**

\$ 379,025,170

**COMPTON COMMUNITY COLLEGE DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2023**

<b>OPERATING REVENUES</b>	
Tuition and fees (gross)	\$ 3,074,385
Less: Scholarship discounts and allowances	(1,745,102)
Net tuition and fees	<u>1,329,283</u>
Grants and contracts, noncapital:	
Federal	9,358,489
State	11,414,302
Local	<u>2,104,056</u>
<b>TOTAL OPERATING REVENUES</b>	<u>24,206,130</u>
<b>OPERATING EXPENSES</b>	
Salaries	28,721,792
Employee benefits	11,953,301
Supplies, services, equipment, maintenance, and other operating expenses	23,076,216
Financial aid	7,878,803
Depreciation and amortization	<u>7,006,200</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>78,636,312</u>
<b>OPERATING LOSS</b>	<u>(54,430,182)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
State apportionments, noncapital	35,335,702
Local property taxes, noncapital	7,366,396
Local property taxes, capital	7,582,319
State taxes and other revenues, noncapital	5,400,710
Federal and State financial aid grants	9,410,488
Interest and investment income (loss), noncapital	(538,714)
Interest and investment income (loss), capital	(2,553,178)
Interest expense, capital	(5,025,676)
Other non-operating income	<u>288,165</u>
<b>TOTAL NON-OPERATING REVENUES</b>	<u>57,266,212</u>
<b>GAIN (LOSS) BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES</b>	<u>2,836,030</u>
<b>OTHER REVENUES, EXPENSES, GAINS AND LOSSES</b>	
State revenues, capital	<u>3,443,626</u>
<b>TOTAL OTHER REVENUES, EXPENSES, GAINS AND LOSSES</b>	<u>3,443,626</u>
<b>CHANGE IN NET POSITION</b>	6,279,656
<b>NET POSITION -- BEGINNING OF YEAR</b>	74,445,282
<b>PRIOR PERIOD ADJUSTMENTS (SEE NOTE 13)</b>	<u>(3,485,846)</u>
<b>NET POSITION -- END OF YEAR</b>	<u>\$ 77,239,092</u>

**COMPTON COMMUNITY COLLEGE DISTRICT  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2023**

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**CASH FLOWS FROM OPERATING ACTIVITIES**

Tuition and fees	\$ 1,329,283
Grants and contracts	120,976,562
Payments to or on behalf of employees	(42,503,735)
Payments to vendors for supplies and services	(23,931,329)
Payment to students	(7,858,173)
Net Cash Provided by Operating Activities	<u>48,012,608</u>

**CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES**

State apportionments	35,335,702
Local property taxes	7,366,396
State taxes and other revenues	5,400,710
Federal and State financial aid grants	9,410,488
Other non-operating revenues	288,165
Net Cash Provided by Non-capital Financing Activities	<u>57,914,760</u>

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Net purchase and sale of capital assets	(14,951,952)
State revenue, capital projects	3,443,626
Local property taxes on capital related debt	7,582,319
Interest earned on capital related debt	(2,553,178)
Principal paid on capital debt	(30,065,674)
Interest paid on capital debt	(8,365,488)
Net Cash Used by Capital and Related Financing Activities	<u>(44,910,347)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Investment income (expense)	(538,714)
Net Cash Provided by Investing Activities	<u>(538,714)</u>

<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	60,478,307
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>91,279,582</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 151,757,889</u>

**COMPTON COMMUNITY COLLEGE DISTRICT  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2023**

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

Operating loss	\$ (54,430,182)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation and amortization expense	7,006,200
Changes in Assets and Liabilities:	
Accounts receivable, net	5,180,238
Prepaid expenditures	(596,635)
Deferred outflows - pensions	(3,830,177)
Deferred outflows - OPEB	(151,813)
Accounts payable and accrued liabilities	(258,478)
Due to other funds	20,630
Deferred revenue	92,919,477
Compensated absences and load banking	28,772
Supplemental Employee Retirement Plan	(65,515)
Net OPEB liability	2,191,726
Net pension liability	14,879,068
Deferred inflows - pensions	(12,316,650)
Deferred inflows - OPEB	(2,564,053)
Total Adjustments	<u>102,442,790</u>
<b>Net Cash Flows From Operating Activities</b>	<u>\$ 48,012,608</u>

**COMPTON COMMUNITY COLLEGE DISTRICT  
FIDUCIARY FUND  
STATEMENT OF NET POSITION  
JUNE 30, 2023**

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	Retiree OPEB Trust
<b>ASSETS</b>	
Investments	\$ 13,203,826
<b>NET POSITION</b>	
Restricted for OPEB	\$ 13,203,826

**COMPTON COMMUNITY COLLEGE DISTRICT  
 FIDUCIARY FUND  
 STATEMENT OF CHANGES IN NET POSITION  
 FOR THE YEAR ENDED JUNE 30, 2023**

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	Retiree OPEB Trust
ADDITIONS	
District contributions	\$ 850,000
Interest and investment income	500,354
Net realized and unrealized gains (losses)	567,295
Total additions	<u>1,917,649</u>
DEDUCTIONS	
Administrative expenses	<u>100,490</u>
Total deductions	<u>100,490</u>
CHANGE IN NET POSITION	1,817,159
NET POSITION -- BEGINNING OF YEAR	<u>11,386,667</u>
NET POSITION -- END OF YEAR	<u>\$ 13,203,826</u>



**COMPTON COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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**NOTE 1 – ORGANIZATION**

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

**Financial Reporting Entity**

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

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

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

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

**COMPTON COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

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

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

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

**Cash and Cash Equivalents**

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash equivalents also include cash with county treasury balances and other investments for purposes of the Statement of Cash Flows.

**Investments**

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

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

**Accounts Receivable**

Accounts 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 and auxiliary enterprise services provided to students, faculty, and staff. The District provides for an allowance for uncollectible accounts as an estimation of amounts that may not be received. This allowance is based upon management's estimates and analysis. The allowance was estimated at \$2,932,844 for the year ended June 30, 2023.

**Prepaid Expenses**

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

**COMPTON COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**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 acquisition value at the date of donation. Improvements to buildings and land that significantly increase the value or extend the useful life of the asset are capitalized; the costs of routine maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are charged as an operating expense in the year in which the expense was incurred. Major outlays for capital improvements are capitalized as construction in progress as the projects are constructed.

Depreciation of capital assets is computed and recorded utilizing the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 50 years; portables, 15 years; improvements, 10 years; equipment, 10 years; vehicles, 8 years; and technology, 3 years.

The District records impairments of capital assets when it becomes probable that the carrying value of the assets will not be fully recovered over their estimated useful life. Impairments are recorded to reduce the carrying value of the assets to their net realizable value based on facts and circumstances in existence at the time of the determination. No impairments were recorded during the year ended June 30, 2023.

**Compensated Absences and Load Banking**

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

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

**Debt Premiums**

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

**COMPTON COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**Deferred Outflows of Resources and Deferred Inflows of Resources**

In addition to assets, the Statement of Net Position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense until then. The District reports deferred outflows of resources for OPEB and pension related items. The deferred amounts related to OPEB and pension related items are associated with differences between expected and actual earnings on plan investments, changes of assumptions, and other OPEB and pension related changes.

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

**Leases**

The District recognizes a lease liability and an intangible right-to-use leased asset in the government-wide financial statements. The District measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The right-to-use leased asset is initially measured as the initial amount of the lease liability, plus certain initial direct costs. Subsequently, the right-to-use leased asset is amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

**Postemployment Benefits Other Than Pensions (OPEB)**

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

**Pensions**

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

**COMPTON COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**Unearned Revenue**

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

**Noncurrent Liabilities**

Noncurrent liabilities include general obligation bonds, capital leases, compensated absences, compensatory time, load banking, PARS supplemental retirement plan, the aggregate net OPEB liability, and the aggregate net pension liability with maturities greater than one year.

**Net Position**

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position related to net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report \$23,028,289 of restricted net position.

**Operating and Nonoperating Revenues and Expenses**

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

**Operating revenues** - Operating revenues include activities that have the characteristics of exchange transactions such as tuition and fees, net of scholarship discounts and allowances, Federal, State, and local grants and contracts, and sales and services of auxiliary enterprises.

**Nonoperating revenues** - Nonoperating revenues include activities that have the characteristics of nonexchange transactions such as State apportionments, property taxes, investment income, and other revenue sources defined by GASB Statements.

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

**Operating expenses** - Operating expenses are necessary costs to provide the services of the District and include employee salaries and benefits, supplies, operating expenses, and student financial aid.

**Nonoperating expenses** - Nonoperating expenses include interest expense and other expenses not directly related to the services of the District.

**COMPTON COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**State Apportionments**

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

**Property Taxes**

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

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

**Scholarship Discounts and Allowances**

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

**Financial Assistance Programs**

The District participates in federally funded Pell Grants, Supplemental Educational Opportunity Grants (SEOG), and Federal Work-Study programs, as well as other programs funded by the Federal government and State of California. Financial aid provided to the student in the form of cash is reported as an operating expense in the Statement of Revenues, Expenses, and Changes in Net Position. Federal financial assistance programs are audited in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

**Estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates, and those differences could be material.

**COMPTON COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**Interfund Activity**

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund activity within the primary government has been eliminated in the consolidation process of the basic financial statements.

Operating transfers between funds of the District are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use restricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Operating transfers within the primary government have been eliminated in the consolidation process of the basic financial statements.

**New Accounting Pronouncements**

**GASB Statement No. 96** – Subscription-Based Information Technology Arrangements. This Statement provides guidance on the accounting and financial reporting for subscription based information technology arrangements (SBITAs) for government end users (governments). Under this Statement, a government generally should recognize a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability. A government should recognize the subscription liability at the commencement of the subscription term, which is when the subscription asset is placed into service. The statement is effective for fiscal year 2022-23. The District has implemented GASB Statement No. 96 for the year ending June 30, 2023.

**GASB Statement No. 99** – In April 2022, GASB issued Statement No. 99, Omnibus 2022. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The statement addresses various practice issues, including: (a) clarification of provisions in Statement No. 87, Leases, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives, (b) disclosures related to nonmonetary transactions; clarification of provisions in Statement No. 34, Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments, as amended, related to the focus of the government-wide financial statements, (c) terminology updates related to certain provisions of Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, and (d) terminology used in Statement 53 to refer to resource flows statements. A portion of this statement was effective upon issuance, while the remaining portions of this statement were effective for periods beginning after June 15, 2022 and for periods beginning after June 15, 2023. The District has implemented the requirements that were effective upon issuance but has not yet determined the impact on the financial statements for the requirements of this statement that are not yet effective.

**COMPTON COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**New Accounting Pronouncements, continued**

**GASB Statement No. 100** – In June 2022, GASB issued Statement No. 100, Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62. The primary objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This statement is effective for periods beginning after June 15, 2023. The District has not yet determined the impact on the financial statements.

**GASB Statement No. 101** – In June 2022, GASB issued Statement No. 101, Compensated Absences. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This statement is effective for periods beginning after December 15, 2023. The District has not yet determined the impact on the financial statements.

**NOTE 3 – DEPOSITS AND INVESTMENTS**

**Policies and Practices**

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

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



**COMPTON COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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**NOTE 3 – DEPOSITS AND INVESTMENTS, continued**

**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	40%	30%
Banker's Acceptance	180 days	25%	10%
Commercial Paper	270 days	30%	None
Negotiable Certificates of Deposit	5 years	None	None
Repurchase Agreements	1 year	20% of base	None
Reverse Repurchase Agreements	92 days	30%	None
Medium-Term Corporate Notes	5 years	20%	10%
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	None
Mortgage Pass-Through Securities	5 years	None	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

**Authorized Under Debt Agreements**

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

**Summary of Deposits and Investments**

Deposits and investments as of June 30, 2023, consist of the following:

	District
Cash on hand and in banks	\$ 3,701,494
Cash in revolving	275,000
Investments	147,781,395
Total Deposits and Investments	\$ 151,757,889

**COMPTON COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

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**NOTE 3 – DEPOSITS AND INVESTMENTS, continued**

**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 Treasury Investment Pool, mutual funds and equities.

**Credit Risk**

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investments in the U.S. Treasury Notes, Mutual funds, and the Los Angeles County Investment Pool are not required to be rated, nor have they been rated as of June 30, 2023.

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

Investment Type	Fair Value	Weighted Average Days to Maturity	Credit Rating
Los Angeles County Investment Pool	\$ 143,293,692	507 days	AAAf/S1
Mutual funds	8,872,224	No maturity	Not rated
Equities	8,819,305	No maturity	Not rated
Total	\$ 160,985,221		

**Custodial Credit Risk**

**Deposits**

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits. As of June 30, 2023, the District's bank balance of approximately \$4.0 million was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

**COMPTON COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

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**NOTE 3 – DEPOSITS AND INVESTMENTS, continued**

**Investments**

This is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. As of June 30, 2023, the District's investment balance of approximately \$17.7 million was exposed to custodial credit risk because it was uninsured, unregistered and held by the brokerage firm which is also the counterparty for these securities. The District's investment policy limits the amount of securities that can be held by counterparties to no more than 10% of total investments in one issuer for commercial paper, mutual funds and money market mutual funds and 30% for Banker's Acceptance.

**NOTE 4 – FAIR VALUE MEASUREMENTS**

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

- Level 1 - Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.
- Level 2 - Observable inputs, other than Level 1 prices, such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.
- Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the District's own data. The District should adjust that data if reasonably available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

The District's fair value measurements are as follows at June 30, 2023:

Investment Type	Fair Value	Fair Value Measurements
		Using Level 1 Inputs
Mutual funds	\$ 8,872,224	\$ 8,872,224
Equities	8,819,305	8,819,305
Total	<u>\$ 17,691,529</u>	

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

**COMPTON COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 5 – ACCOUNTS RECEIVABLE**

Accounts receivable as of June 30, 2023 consisted of the following:

	Primary Government
Federal Government	
Categorical aid	\$ 265,373
State Government	
Categorical aid	892,393
Lottery	195,590
Local Sources	
Other local sources	5,275,468
Subtotal	<u>6,628,824</u>
Student receivables	2,838,195
Less: allowance for bad debt	(1,974,968)
Total receivables, net	<u>\$ 7,492,051</u>

**NOTE 6 – CAPITAL AND RIGHT ASSETS**

Capital asset activity for the District for the year ended June 30, 2023, was as follows:

	Balance July 01, 2022	Additions	Deductions	Balance June 30, 2023
<u>Governmental Activities:</u>				
Capital assets not being depreciated				
Land	\$ 2,324,000	\$ -	\$ -	\$ 2,324,000
Construction in progress	63,184,726	14,197,722	26,627,477	50,754,971
Total Capital Assets not Being Depreciated	<u>65,508,726</u>	<u>14,197,722</u>	<u>26,627,477</u>	<u>53,078,971</u>
Capital assets being depreciated				
Land improvements	77,270,257	-	-	77,270,257
Buildings and improvements	105,018,392	26,627,477	-	131,645,869
Furniture and equipment	10,243,365	754,230	-	10,997,595
Total Capital Assets Being Depreciated	<u>192,532,014</u>	<u>27,381,707</u>	<u>-</u>	<u>219,913,721</u>
Total Capital Assets	<u>258,040,740</u>	<u>41,579,429</u>	<u>26,627,477</u>	<u>272,992,692</u>
Less Accumulated Depreciation				
Land improvements	30,777,301	4,220,870	-	34,998,171
Buildings and improvements	30,955,315	2,251,494	-	33,206,809
Furniture and equipment	8,968,441	467,332	-	9,435,773
Total Accumulated Depreciation	<u>70,701,057</u>	<u>6,939,696</u>	<u>-</u>	<u>77,640,753</u>
Capital Assets, net	<u>187,339,683</u>	<u>34,639,733</u>	<u>26,627,477</u>	<u>195,351,939</u>
Right-of-use leased assets				
Equipment	199,508	-	-	199,508
Less Accumulated Amortization				
Equipment	38,793	66,504	-	105,297
Right-to-use leased assets, net	160,715	(66,504)	-	94,211
Capital Assets and Right-of-Use Leased Assets, Net	<u>\$ 187,500,398</u>	<u>\$ 34,573,229</u>	<u>\$ 26,627,477</u>	<u>\$ 195,446,150</u>

**COMPTON COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 7 – LONG-TERM LIABILITIES OTHER THAN OPEB AND PENSIONS SUMMARY**

The changes in the District's long-term liabilities other than OPEB and pensions during the year ended June 30, 2023 consisted of the following:

	Balance				Balance		Amounts Due in
	July 1, 2022	Adjustment	Additions	Reductions	June 30, 2023		One Year
General obligation bonds	\$ 157,842,100	\$ (25,331,124)	\$ 2,134,269	\$ 4,808,492	\$ 129,836,753	\$	-
Bond premium	4,165,610	-	-	976,316	3,189,294		-
Note payable	5,767,223	(500,000)	-	1,560,327	3,706,896		1,596,323
Lease liability	162,335	-	-	65,515	96,820		67,845
Compensated absences	1,426,074	-	28,772	-	1,454,846		-
Claims liability	518,261	-	-	-	518,261		-
Total	\$ 169,881,603	\$ (25,831,124)	\$ 2,163,041	\$ 7,410,650	\$ 138,802,870	\$	1,664,168

**Description of Long-Term Liabilities**

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

**General Obligation Bonds**

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

General obligation bonds were approved by a local election in November 2002 under Proposition 39. The funds are designated to repair and renovate academic classrooms and job training facilities; upgrade safety security systems, electrical capacity, computer technology, energy efficiency, and leaky roofs; relieve student overcrowding; and repair, renovate, construct, acquire and equip classrooms, facilities and sites. The total amount approved by the voters was \$100,000,000. Interest rates on the bonds range from 2.52% to 6.65%. At June 30, 2023, \$99,996,761 had been issued and \$24,826,753 was outstanding with a premium balance of \$761,732.

**Election 2014 General Obligation Bonds - Measure C**

General obligation bonds were approved by a local election in November 2014 under Proposition 39. The total amount approved by the voters was \$100,000,000. The funds are designated to be used to update aging classrooms and buildings; repair deteriorating gas and sewer lines, electrical wiring and leaky roofs; improve classroom technology and handicapped accessibility; upgrade campus safety and repair, construct, and acquire facilities and equipment. Interest rates on the bonds range from 4.00% to 5.00%. At June 30, 2023, \$38,000,000 had been issued and \$15,910,000 was outstanding with a premium balance of \$1,391,473.

**COMPTON COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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**NOTE 7 – LONG-TERM LIABILITIES OTHER THAN OPEB AND PENSIONS SUMMARY, continued**

**General Obligation Bonds, continued**

**2012 General Obligation Refunding Bonds**

On October 4, 2012, the District issued the 2012 General Obligation Refunding Bonds in the amount of \$14,470,000 with interest rates ranging from 2.00% to 5.00%, depending on the maturity of the related bonds. The Bonds were issued at a premium of \$1,677,513 to advance refund and defease a portion of the District's 2002 General Obligation Series 2004A Bonds maturing on and after July 1, 2028, and to pay all legal, financial, and contingent costs in connection with the issuance of the Bonds. The Refunding Bonds defeased \$14,510,000 of the old debt with a final maturity date of July 1, 2022. 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 Bonds were fully matured at June 30, 2023.

**2014 General Obligation Refunding Bonds**

On March 18, 2014, the District issued the 2014 General Obligation Refunding Bonds in the amount of \$17,010,000 with interest rates ranging from 1.00% to 5.00%, depending on the maturity of the related bonds. The Bonds were issued at a premium of \$1,802,271 to advance refund and defease a portion of the District's 2002 General Obligation Series 2004A Bonds maturing on and after July 1, 2025, 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, 2025. 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 2026 using the straight-line method. The outstanding principal balance of these Bonds at June 30, 2023, was \$5,615,000 with a premium balance of \$327,686.

**2015 General Obligation Refunding Bonds**

On October 6, 2015, the District issued the 2015 General Obligation Refunding Bonds in the amount of \$13,100,000 with interest rates ranging from 2.00% to 5.00%, depending on the maturity of the related bonds. The Bonds were issued at a premium of \$1,841,849 to advance refund and defease a portion of the District's 2002 General Obligation Series 2009B Bonds maturing on and after August 1, 2020, and to pay all legal, financial, and contingent costs in connection with the issuance of the Bonds. The Refunding Bonds defeased \$12,005,000 of the old debt with a final maturity date of August 1, 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 \$2,606,682. This difference, reported in the accompanying financial statements as a deferred charge on refunding, is being charged to operations through the year 2029 using the straight-line method. The outstanding principal balance of these Bonds at June 30, 2023, was \$4,715,000 with a premium balance of \$708,403.

**COMPTON COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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**NOTE 7 – LONG-TERM LIABILITIES OTHER THAN OPEB AND PENSIONS SUMMARY, continued**

**General Obligation Bonds, continued**

**2020 General Obligation Refunding Bonds**

On May 21, 2020, the District issued the 2020 General Obligation Refunding Series A and Series B Crossover Bonds in the amount of \$41,205,000 with interest rates ranging from 2.00% to 3.53%, depending on the maturity of the related bonds. The Series 2020A Refunding Bonds were to advance refund and defease a portion of the District's 2002 General Obligation Series 2002C, Series 2002D, Series 2012C, and Series 2013D Bonds, and to pay all legal, financial, and contingent costs in connection with the issuance of the Bonds. The Series 2020B Refunding Crossover Bonds will be redeemed to refund a portion of the District's 2002 General Obligation Series 2013D Bonds at the Crossover date of August 1, 2023; therefore the refunding is not considered a current refunding. The Refunding Bonds defeased \$12,005,000 of the old debt with a final maturity date of August 1, 2038. The Bonds are payable semiannually on February 1 and August 1 of each year, commencing August 1, 2020.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$4,128,469. This difference, reported in the accompanying financial statements as a deferred charge on refunding, is being charged to operations through the year 2040 using the straight-line method. The outstanding principal balance of these Bonds at June 30, 2023 was \$40,905,000.

**2021 General Obligation Refunding Bonds**

On November 30, 2021, the District issued the 2021 General Obligation Refunding Bonds in the amount of \$38,965,000 with interest rates ranging from 0.45% to 3.12%, depending on the maturity of the related bonds. The Bonds were issued to advance refund and defease a portions of the District's 2022 General Obligation Refunding Bonds, 2014 General Obligation Refunding Bonds, 2015 General Obligation Bonds, 2002 General Obligation 2018E Bonds, 2014 General Obligation 2018A Bonds, and to pay all legal, financial, and contingent costs in connection with the issuance of the Bonds. The Refunding Bonds defeased \$33,275,000 of the old debt with a final maturity date of August 1, 2038. The Bonds are payable semiannually on February 1 and August 1 of each year.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$5,252,303. This difference, reported in the accompanying financial statements as a deferred charge on refunding, is being charged to operations through fiscal year 2039 using the straight-line method. In addition, the refunding resulted in an economic gain of \$1,770,243 based on the difference between the present value of the existing debt service requirements and the new debt service requirements discounted at 2.48%. The outstanding principal balance of these Bonds at June 30, 2023, was \$37,865,000.

**COMPTON COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 7 – LONG-TERM LIABILITIES OTHER THAN OPEB AND PENSIONS SUMMARY, continued**

**General Obligation Bonds, continued**

**Debt Maturity – General Obligation Bonds**

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2022	Issued	Accreted Interest	Redeemed	Bonds Outstanding June 30, 2023
3/22/2012	8/1/2036	2.59-6.65%	\$ 15,001,122	\$ 11,834,787	\$ -	\$ 1,451,255	\$ 385,000	\$ 12,901,042
10/4/2012	7/1/2022	2.00-5.00%	14,470,000	2,095,000	-	-	2,095,000	-
11/13/2013	8/1/2038	2.52-6.62%	16,554,972	25,400,370	-	-	25,319,616	80,754
3/18/2014	7/1/2025	1.00-5.00%	17,010,000	5,770,000	-	-	155,000	5,615,000
10/6/2015	8/1/2028	2.00-5.00%	13,100,000	5,300,000	-	-	585,000	4,715,000
10/17/2018	8/1/2040	4.00-5.00%	12,440,677	11,461,943	-	683,014	300,000	11,844,957
10/17/2018	8/1/2043	4.00-5.00%	38,000,000	16,035,000	-	-	125,000	15,910,000
5/21/2020	8/1/2039	2.00-3.53%	9,895,000	9,670,000	-	-	75,000	9,595,000
5/21/2020	8/1/2038	2.51-3.46%	31,310,000	31,310,000	-	-	-	31,310,000
11/30/2021	8/1/2038	0.45-3.12%	38,965,000	38,965,000	-	-	1,100,000	37,865,000
				\$ 157,842,100	\$ -	\$ 2,134,269	\$ 30,139,616	\$ 129,836,753

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

Fiscal Year	Principal	Accreted Interest	Current Interest to Maturity	Total
2024	\$ 647,268	\$ 213,486	\$ 86,625	\$ 947,379
2025	806,646	263,354	64,750	1,134,750
2026	639,474	315,526	41,750	996,750
2027	486,821	368,179	27,250	882,250
2028	500,696	434,304	16,625	951,625
2029-2033	2,880,819	6,794,181	5,625	9,680,625
2034-2038	2,276,240	7,713,760	-	9,990,000
2039-2040	7,686,217	13,403,782	-	21,089,999
Accretion	8,902,572	(8,902,572)	-	-
Total	\$ 24,826,753	\$ 20,604,000	\$ 242,625	\$ 45,673,378



**COMPTON COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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**NOTE 7 – LONG-TERM LIABILITIES OTHER THAN OPEB AND PENSIONS SUMMARY, continued**

**General Obligation Bonds, continued**

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

Fiscal Year	Principal	Current Interest to Maturity	Total
2024	\$ 190,000	\$ 654,700	\$ 844,700
2025	260,000	643,450	903,450
2026	335,000	628,575	963,575
2027	415,000	609,825	1,024,825
2028	505,000	586,825	1,091,825
2029-2033	600,000	2,736,000	3,336,000
2034-2038	-	2,721,000	2,721,000
2039-2043	10,420,000	1,931,000	12,351,000
2044	3,185,000	63,700	3,248,700
Total	\$ 15,910,000	\$ 10,575,075	\$ 26,485,075

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

Fiscal Year	Principal	Current Interest to Maturity	Total
2024	\$ 3,890,000	\$ 1,819,121	\$ 5,709,121
2025	4,040,000	1,716,793	5,756,793
2026	4,365,000	1,542,940	5,907,940
2027	4,555,000	1,430,962	5,985,962
2028	4,795,000	1,386,369	6,181,369
2029-2033	21,720,000	8,953,110	30,673,110
2034-2038	34,880,000	5,606,631	40,486,631
2039-2040	10,855,000	384,270	11,239,270
Total	\$ 89,100,000	\$ 22,840,196	\$ 111,940,196

**COMPTON COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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**NOTE 7 – LONG-TERM LIABILITIES OTHER THAN OPEB AND PENSIONS SUMMARY, continued**

**Note Payable**

Assembly Bill 318 appropriated \$30 million to the Board of Governors of the California Community Colleges as an emergency apportionment to finance, among other things, activities described in Article 5 of Chapter 5, Part 46 of the Education Code. The balance available to the District is \$12,103,200. The financing does not constitute a borrowing, but is instead an advance apportionment subject to repayment with interest. During the 2015-2016 year, the District was able to negotiate and obtain a refinancing of a lower interest rate associated with this advance. The interest rate paid by the District prior to this refinance ranged 1.377% to 5.214%. After the refinancing, the interest rate on the remaining balance is 2.307%, resulting in a savings of \$966,000 in interest payments for the District. At June 30, 2023, the District had received \$17,896,800 with \$3,706,896 outstanding.

Fiscal Year	Principal	Current Interest to Maturity	Total
2024	\$ 1,596,323	\$ 85,518	\$ 1,681,841
2025	1,633,150	48,691	1,681,841
2026	477,423	11,014	488,437
Total	\$ 3,706,896	\$ 145,223	\$ 3,852,119

**Lease Liability**

The District entered an agreement to lease copiers for three years, beginning December 1, 2021, with one successive term of one year. The one successive term is deemed reasonably certain not to be exercise, the total term is three years. Under the terms of the lease, the District paid monthly payments of \$5,846, which amounted to total principal and interest costs of \$40,922. The annual interest rate charged on the lease is 3.50%. At June 30, 2022, the District has recognized a right-to-use leased asset of \$199,508 and a lease liability of \$162,335 related to this agreement. During the fiscal year, the District recorded \$38,793 in principal expense and \$3,749 in interest expense for the right-to-use leased copiers.

The remaining principal and interest payment requirements for the lease obligation debt as of June 30, 2023 are as follows:

Fiscal year	Principal	Interest	Total
2024	\$ 67,845	\$ 2,307	\$ 70,152
2025	28,975	254	29,229
Total	\$ 96,820	\$ 2,561	\$ 99,381

**COMPTON COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

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**NOTE 8 – AGGREGATE NET OTHER POSTEMPLOYMENT BENEFIT (OPEB) LIABILITY**

For the fiscal year ended June 30, 2023, the District reported an aggregate net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense for the following plans:

OPEB Plan	Net OPEB Liability (Asset)	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	\$ 3,289,830	\$ 3,090,544	\$ 1,125,573	\$ 360,367
MPP Plan	109,718	-	-	(34,507)
Total	\$ 3,399,548	\$ 3,090,544	\$ 1,125,573	\$ 325,860

**District Plan**

**Plan Administration**

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

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

**Plan Membership**

At June 30, 2021, the valuation date, the Plan membership consisted of the following:

Inactive Employees Receiving Benefits	Number of Participants
Active Employees	78
	115
	193

**Benefits Provided**

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

**Contributions**

The contribution requirements of Plan members and the District are established and may be amended by the District and the District's bargaining units. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by management and the District's governing board. For the measurement period of June 30, 2021, the District contributed \$2,622,706 to the Plan, of which \$488,671 was used for current premiums, and \$2,134,035 was transferred to the District's OPEB irrevocable trust.

**COMPTON COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

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**NOTE 8 – AGGREGATE NET OTHER POSTEMPLOYMENT BENEFIT (OPEB) LIABILITY, continued**

**Investment Policy**

The Plan's policy in regard to the allocation of invested assets is established and may be amended by the governing board by a majority vote of its members. It is the policy of the District to pursue an investment strategy that reduces risks through the prudent diversification for the portfolio across a broad selection of distinct asset classes. The Plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocation over short time spans. The following was the governing board's adopted asset allocation policy as of June 30, 2021.

Asset Class	Percentage of Portfolio	Assumed Gross Return
All Fixed Income	55%	4.25%
Real Estate Investment Trusts	4%	7.25%
All Domestic Equities	22%	7.25%
All International Equities	19%	7.25%

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2021.

**Rate of Return**

For the year ended June 30, 2022, the annual money-weighted rate of return on investments, net of investment expense, was (21.82%). The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Total OPEB Liability of the District**

The District's total OPEB liability of \$14,676,497 was measured as of June 30, 2022, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of June 30, 2021.

**COMPTON COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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**NOTE 8 – AGGREGATE NET OTHER POSTEMPLOYMENT BENEFIT (OPEB) LIABILITY, continued**

**Actuarial Assumptions**

The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	June 30, 2021
Measurement date	June 30, 2022
Actuarial cost methods	Entry age actuarial cost method
Inflation rate	2.50%
Investment rate of return	5.60%
Health care cost trend rate	4.00%
Payroll increase	2.75%

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

Mortality rates were based on the 2020 CalSTRS Mortality Table for certificated employees and the 2017 CalPERS Active Mortality for All Employees Table for classified employees. Mortality rates vary by age and sex. (Unisex mortality rates are not often used as individual OPEB benefits do not depend on the mortality table used.) If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reduction. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actual experience study as of June 2021.

**Discount Rate**

The discount rate used to measure the total OPEB liability was 5.60%. The projection of cash flows used to determine the discount rate assumed that the District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**COMPTON COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 8 – AGGREGATE NET OTHER POSTEMPLOYMENT BENEFIT (OPEB) LIABILITY, continued**

**Changes in the Total OPEB Liability**

	Increase/(Decrease)		
	Total OPEB Liability	Total Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
Balance July 1, 2021	\$ 14,028,797	\$ 12,965,200	\$ 1,063,597
Changes for the year:			
Service cost	335,255	-	335,255
Interest on TOL	781,856	-	781,856
Employer contributions	-	1,825,320	(1,825,320)
Experience gains/losses	105,909	-	105,909
Investment gains/losses	-	(2,715,969)	2,715,969
Administrative expense	-	(112,564)	112,564
Expected benefit payments	(575,320)	(575,320)	-
Net change	647,700	(1,578,533)	2,226,233
Balance June 30, 2022	\$ 14,676,497	\$ 11,386,667	\$ 3,289,830

There were no changes to benefit terms or economic assumptions since the previous valuation.

**Sensitivity of the Total OPEB Liability to Changes in the Discount Rate**

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

	Discount Rate	Discount Rate	Discount Rate
	1% Lower (4.60%)	Rate (5.60%)	1% Higher (6.60%)
	Net OPEB liability	\$ 5,222,207	\$ 3,289,830

**Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate**

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

	Trend Rate	Healthcare Cost Trend Rate	Trend Rate
	1% Lower (3.00%)	Trend Rate (4.00%)	1% Higher (5.00%)
	Net OPEB liability	\$ 1,347,161	\$ 3,289,830

**COMPTON COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 8 – AGGREGATE NET OTHER POSTEMPLOYMENT BENEFIT (OPEB) LIABILITY, continued**

**Deferred Outflows/Inflows of Resources Related to OPEB**

At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB for the following:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual earnings on plan investments	\$ 1,573,498	\$ -
Differences between expected and actual experience	122,440	1,125,573
Change in assumptions	544,606	-
District contributions subsequent to the measurement date	850,000	-
	<u>\$ 3,090,544</u>	<u>\$ 1,125,573</u>

The deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to differences between expected and actual experience in the measurement of the total OPEB liability and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits as of the beginning of the measurement period. The EARSL for the measurement period is 3.2 years and will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	\$ (121,360)
2025	209,772
2026	331,787
2027	694,772
	<u>\$ 1,114,971</u>

**Medicare Premium Payment (MPP) Program**

**Plan Description**

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

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2021 annual actuarial valuation report, Medicare Premium Payment Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at:

<http://www.calstrs.com/member-publications>.

**COMPTON COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

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**NOTE 8 – AGGREGATE NET OTHER POSTEMPLOYMENT BENEFIT (OPEB) LIABILITY, continued**

**Benefits Provided**

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

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

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

**Net OPEB Liability and OPEB Expense**

At June 30, 2023, the District reported a liability of \$109,727 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating entities, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2022 and June 30, 2021, was 0.0333% and 0.0362%, respectively, resulting in a net decrease in the proportionate share of 0.0029%.

For the year ended June 30, 2022, the District recognized OPEB expense of (\$34,498).

**Actuarial Methods and Assumptions**

The June 30, 2023 total OPEB liability was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2021, and rolling forward the total OPEB liability to June 30, 2022, using the assumptions listed in the following table:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry Age Normal
Discount Rate	3.54%
Investment Rate of Return	3.54%
Medicare Part A Premium	
Cost Trend Rate*	4.50%
Medicare Part B Premium	
Cost Trend Rate*	5.40%



**COMPTON COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

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**NOTE 8 – AGGREGATE NET OTHER POSTEMPLOYMENT BENEFIT (OPEB) LIABILITY, continued**

**Actuarial Methods and Assumptions, continued**

For the valuation as of June 30, 2020, CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table, issued by the Society of Actuaries.

Assumptions were made about future participation (enrollment) into the MPP Program because CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' age increases. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility and are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 245 or an average of 0.16% of the potentially eligible population (152,062).

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2021, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the State Treasurer.

**Discount Rate**

The discount rate used to measure the total OPEB liability as of June 30, 2022, is 3.54%. As the MPP Program is funded on a pay-as-you-go basis as previously noted, the OPEB Plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, a discount rate of 3.54%, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2022, was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate increased 2.16% from 3.54% as of June 30, 2022.

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

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

	1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
Net OPEB liability - MPP Program	\$ 119,623	\$ 109,718	\$ 101,158

**COMPTON COMMUNITY COLLEGE DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2023**

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**NOTE 8 – AGGREGATE NET OTHER POSTEMPLOYMENT BENEFIT (OPEB) LIABILITY, continued**

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

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

	1% Decrease (3.50% Part A and 4.40% Part B)	Current Current (4.50% Part A and 5.40% Part B)	1% Increase (5.50% Part A and 6.40% Part B)
Net OPEB liability - MPP Program	\$ 100,678	\$ 109,718	\$ 119,984

**NOTE 9 – RISK MANAGEMENT**

**Property and Liability Insurance Coverages**

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

**Joint Powers Authority Risk Pools**

During fiscal year ended June 30, 2023, the District contracted with the Statewide Association of Community Colleges (SWACC) Joint Powers Authority for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

**Workers' Compensation**

For fiscal year 2022-2023, the District participated in the Protected Insurance Program for Schools (PIPS) Joint Powers Authority (JPA), an insurance purchasing pool. The intent of the JPA is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the JPA. The workers' compensation experience of the participating districts is calculated as one experience, and a common premium rate is applied to all districts in the JPA. Each participant pays its workers' compensation premium based on its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall saving. A participant will then either receive money from or be required to contribute to the "equity-pooling fund."

**COMPTON COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

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**NOTE 9 – RISK MANAGEMENT, continued**

**Employee Medical Benefits, continued**

The District has contracted with Self-Insured Schools of California (SISC III) to provide medical plans to faculty and other eligible District employees. SISC III is a shared risk pool. Rates are set through an annual calculation process. The District pays a monthly contribution which is placed in a common fund from which claim payments are made for all participating districts. Claims are paid for all participants regardless of the claims flow. The Board of Directors has the right to return monies to a district subsequent to the settlement of all expenses and claims if a district withdraws from the pool.

Also offered are vision and dental benefits. Dental benefits are provided through California Schools Dental Coalition, a Joint Powers Authority. Vision benefits are provided through California Schools Vision Coalition, a Joint Powers Authority.

**NOTE 10 – EMPLOYEE RETIREMENT SYSTEMS**

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

For the fiscal year ended June 30, 2023, the District reported its proportionate share of the aggregate net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Collective Net Pension Liability	Collective Deferred Outflows of Resources	Collective Deferred Inflows of Resources	Collective Pension Expense
CalSTRS	\$ 15,421,091	\$ 4,314,483	\$ 3,823,835	\$ 974,966
CalPERS	25,728,209	9,054,296	806,532	3,611,284
Total	\$ 41,149,300	\$ 13,368,779	\$ 4,630,367	\$ 4,586,250

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

**Plan Description**

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2021, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

**COMPTON COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 10 – EMPLOYEE RETIREMENT SYSTEMS, continued**

**Benefits Provided**

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

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

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

The STRP Defined Benefit Program provisions and benefits in effect at June 30, 2023, are summarized as follows:

	STRP Defined Benefit Plan	
	On or before December 31, 2012	On or after January 1, 2013
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	10.205%
Required employer contribution rate	19.10%	19.10%
Required state contribution rate	10.828%	10.828%

**Contributions**

Required member, District, and State of California contribution rates are set by the California Legislature and Governor and are detailed in Teachers' Retirement Law. The contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with California Assembly Bill 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2023, are presented above, and the District's total contributions were \$2,869,964.

**COMPTON COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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**NOTE 10 – EMPLOYEE RETIREMENT SYSTEMS, continued**

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

At June 30, 2023, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$	15,421,091
State's proportionate share of the net pension liability associated with the District		<u>7,722,927</u>
Total	\$	<u>23,144,018</u>

The net pension liability was measured as of June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts and the State, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2022 and June 30, 2021, was 0.0222% and 0.0241%, respectively, resulting in a net decrease in the proportionate share of 0.0019%.

For the year ended June 30, 2023, the District recognized pension expense of \$974,966. In addition, the District recognized pension expense and revenue of (\$577,614) for support provided by the State. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual earnings on plan investments	\$ -	\$ 754,607
Differences between expected and actual experience	12,650	1,156,069
Changes in assumptions	764,204	-
Net changes in proportionate share of net pension liability	667,665	1,913,159
District contributions subsequent to the measurement date	2,869,964	-
Total	<u>\$ 4,314,483</u>	<u>\$ 3,823,835</u>

**COMPTON COMMUNITY COLLEGE DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2023**

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**NOTE 10 – EMPLOYEE RETIREMENT SYSTEMS, continued**

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

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	\$ (458,339)
2025	(1,150,681)
2026	(1,448,950)
2027	891,549
2028	(159,854)
Thereafter	(53,041)
	<u>\$ (2,379,316)</u>

**Actuarial Methods and Assumptions**

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2021, and rolling forward the total pension liability to June 30, 2022 using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date	June 30, 2021
Measurement date	June 30, 2022
Experience study	July 1, 2015, through June 30, 2018
Actuarial cost method	Entry Age Normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

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

**COMPTON COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 10 – EMPLOYEE RETIREMENT SYSTEMS, continued**

**Actuarial Methods and Assumptions, continued**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance-PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in January 2020 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2023, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-term Expected Real Rate of Return*
Public Equity	42%	4.8%
Real Estate	15%	3.6%
Private Equity	13%	6.3%
Fixed Income	12%	1.3%
Risk Mitigating Strategies	10%	1.8%
Inflation Sensitive	6%	3.3%
Cash/Liquidity	2%	-0.4%
	100%	

\*20-year average

**Discount Rate**

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

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

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Plan's net pension liability	\$ 26,190,732	\$ 15,421,091	\$ 6,479,051

**COMPTON COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

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**NOTE 10 – EMPLOYEE RETIREMENT SYSTEMS, continued**

**California Public Employees' Retirement System (CalPERS)**

**Plan Description**

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2021, annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: <https://www.calpers.ca.gov/page/forms-publications>.

**Benefits Provided**

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

The CalPERS School Employer Pool provisions and benefits in effect at June 30, 2022, are summarized as follows:

	<u>School Employer Pool (CalPERS)</u>	
	On or before December 31, 2012	On or after January 1, 2013
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	7.00%
Required employer contribution rate	25.37%	25.37%



**COMPTON COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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**NOTE 10 – EMPLOYEE RETIREMENT SYSTEMS, continued**

**Contributions**

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contribution rates are expressed as a percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2023, are presented above, and the total District contributions were \$2,984,045.

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

As of June 30, 2023, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$25,728,209. The net pension liability was measured as of June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2022 and June 30, 2021, was 0.0748% and 0.0754%, respectively, resulting in a net decrease in the proportionate share of 0.0006%.

For the year ended June 30, 2023, the District recognized pension expense of \$3,611,284. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual earnings on plan investments	\$ 3,037,800	\$ -
Differences between expected and actual experience	116,277	640,152
Changes in assumptions	1,903,227	-
Net changes in proportionate share of net pension liability	1,012,947	166,380
District contributions subsequent to the measurement date	2,984,045	-
Total	\$ 9,054,296	\$ 806,532

**COMPTON COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

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**NOTE 10 – EMPLOYEE RETIREMENT SYSTEMS, continued**

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

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	\$ 1,342,522
2025	1,185,468
2026	924,980
2027	1,810,749
	\$ 5,263,719

**Actuarial Methods and Assumptions**

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2021 and rolling forward the total pension liability to June 30, 2022 using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date	June 30, 2021
Measurement date	June 30, 2022
Experience study	July 1, 1997, through June 30, 2015
Actuarial cost method	Entry Age Normal
Discount rate	6.90%
Investment rate of return	6.90%
Consumer price inflation	2.50%
Wage growth	Varies by entry age and service

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

**COMPTON COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

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**NOTE 10 – EMPLOYEE RETIREMENT SYSTEMS, continued**

**Actuarial Methods and Assumptions, continued**

In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and, combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class*	Assumed Asset Allocation	Real Return Years 1 - 10**
Global Equity - cap-weighted	30%	4.45%
Global Equity non-cap-weighted	12%	3.84%
Private Equity	13%	7.28%
Treasury	5%	0.27%
Mortgage-backed Securities	5%	0.50%
Investment Grade Corporates	10%	1.56%
High Yield	5%	2.27%
Emerging Market Debt	5%	2.48%
Private Debt	5%	3.57%
Real Assets	15%	3.21%
Leverage	-5%	-0.59%
	100%	

\*An expected inflation of 2.30% used for this period.

\*\*Figures are based on the 2021-22 Asset Liability Management study.

**Discount Rate**

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the School Employer Pool fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

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

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Plan's net pension liability	\$ 37,165,700	\$ 25,728,209	\$ 16,275,542

**COMPTON COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

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**NOTE 10 – EMPLOYEE RETIREMENT SYSTEMS, continued**

**CalSTRS/CalPERS Irrevocable Trust**

During the 2016 fiscal year, the District established an irrevocable trust for the purpose of funding future employer contributions associated with the CalSTRS and CalPERS pension plans. Funds deposited into this trust are not considered "plan assets" for GASB Statement No. 68 reporting; therefore, the balance of the irrevocable trust is not netted against the net pension liability shown on the Statement of Net Position. The balance and activity of the trust is recorded as a fund of the District. The District contributed \$200 thousand to the trust for the year ended June 30, 2023. As of June 30, 2023, the balance of the trust was \$4,487,703.

**On Behalf Payments**

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS for the fiscal year ended June 30, 2023, which amounted to \$1,238,901. 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, 2022. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

**NOTE 11 – PARTICIPATION IN PUBLIC ENTITY RISK POOLS AND JOINT POWERS AUTHORITIES**

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

The 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.

**COMPTON COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

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**NOTE 12 – COMMITMENTS AND CONTINGENCIES**

**Grants**

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2023.

**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, 2023.

**Line of Credit**

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

**Construction Commitments**

As of June 30, 2023, the District had approximately \$76.3 million in commitments with respect to unfinished capital projects.

**NOTE 13 – PRIOR PERIOD ADJUSTMENT**

Beginning net position decreased by \$3.5 million related to cash sitting in an escrow account for defeased debt during fiscal year 2022-23.

**NOTE 14 – SUBSEQUENT EVENTS**

The District evaluated subsequent events from June 30, 2023 through December 29, 2023, the date the financial statements were issued. The District concluded that no subsequent events have occurred that would require recognition or disclosure in the financial statements

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**REQUIRED SUPPLEMENTARY INFORMATION**

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**COMPTON COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS  
FOR THE YEAR ENDED JUNE 30, 2023**

	Reporting Fiscal Year (Measurement Date)					
	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)
Total OPEB liability						
Service cost	\$ 335,255	\$ 539,396	\$ 524,960	\$ 523,763	\$ 571,280	\$ 608,696
Interest	781,856	893,593	827,247	795,329	740,494	687,184
Change in assumptions	-	1,075,829	-	768,607	-	-
Experience gains/losses	105,909	(2,996,738)	127,991	(9,805)		
Benefit payments	(575,320)	(488,671)	(578,591)	(542,933)	(422,378)	(453,237)
Net change in total OPEB liability	647,700	(976,591)	901,607	1,534,961	889,396	842,643
Total OPEB liability, beginning of year	14,028,797	15,005,388	14,103,781	12,568,820	11,679,424	10,836,781
Total OPEB liability, end of year (a)	\$ 14,676,497	\$ 14,028,797	\$ 15,005,388	\$ 14,103,781	\$ 12,568,820	\$ 11,679,424
Plan fiduciary net position						
Employer contributions	\$ 1,825,320	\$ 2,622,706	\$ 4,328,591	\$ 1,292,932	\$ 672,378	\$ 1,203,237
Expected investment income	-	557,808	353,615	229,255	186,175	295,644
Investment gains/losses	(2,715,969)	1,848,033	259,726	(35,555)	27,664	-
Administrative expense	(112,564)	(85,684)	(44,060)	(31,886)	(28,168)	(22,667)
Benefit payments	(575,320)	(488,671)	(578,591)	(542,933)	(422,378)	(453,237)
Change in plan fiduciary net position	(1,578,533)	4,454,192	4,319,281	911,813	435,671	1,022,977
Fiduciary trust net position, beginning of year	12,965,200	8,511,008	4,191,727	3,279,914	2,844,243	1,821,266
Fiduciary trust net position, end of year (b)	\$ 11,386,667	\$ 12,965,200	\$ 8,511,008	\$ 4,191,727	\$ 3,279,914	\$ 2,844,243
Net OPEB liability (asset), ending (a) - (b)	\$ 3,289,830	\$ 1,063,597	\$ 6,494,380	\$ 9,912,054	\$ 9,288,906	\$ 8,835,181
Covered payroll	\$ 31,351,152	\$ 27,113,738	\$ 25,662,059	\$ 24,004,599	\$ 2,290,820	\$ 22,192,701
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	78%	92%	57%	30%	26%	24%
Net OPEB asset as a percentage of covered payroll	10%	4%	25%	41%	41%	40%

*This is a 10 year schedule, however the information in this schedule is not required to be presented retrospectively.*

**COMPTON COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY – MPP  
PROGRAM  
FOR THE YEAR ENDED JUNE 30, 2023**

	Reporting Fiscal Year (Measurement Date)					
	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)
District's proportion of the net OPEB liability	0.0333%	0.0362%	0.0420%	0.0403%	0.0436%	0.0456%
District's Proportionate Share of the Net OPEB Liability	\$ 109,718	\$ 144,225	\$ 178,136	\$ 149,935	\$ 166,891	\$ 191,880
District's Covered-Employee Payroll	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*
Net OPEB liability as a Percentage of Covered Payroll	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	-0.94%	-0.80%	-0.71%	-0.81%	-0.40%	0.01%

\* Plan participants are limited to retirees; therefore covered payroll is zero.

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



**COMPTON COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
FOR THE YEAR ENDED JUNE 30, 2023**

	Reporting Fiscal Year (Measurement Date)				
	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)
CalSTRS					
District's proportion of the net pension liability	0.0222%	0.0241%	0.0241%	0.0228%	0.0243%
District's proportionate share of the net pension liability	\$ 15,421,091	\$ 10,947,073	\$ 23,378,082	\$ 20,555,654	\$ 22,325,730
State's proportionate share of the net pension liability associated with the District	7,722,927	5,508,142	12,051,404	11,214,481	12,782,525
Total	\$ 23,144,018	\$ 16,455,215	\$ 35,429,486	\$ 31,770,135	\$ 35,108,255
District's covered - employee payroll	\$ 15,858,322	\$ 15,139,257	\$ 13,990,573	\$ 13,653,071	\$ 13,827,554
District's proportionate Share of the net pension liability as percentage of covered-employee payroll	97%	72%	167%	151%	161%
Plan fiduciary net position as a percentage of the total pension liability	81%	87%	72%	73%	71%

	Reporting Fiscal Year (Measurement Date)				
	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)
CalPERS					
District's proportion of the net pension liability	0.0748%	0.0754%	0.0711%	0.0658%	0.0638%
District's proportionate share of the net pension liability	\$ 25,728,209	\$ 15,323,159	\$ 21,810,989	\$ 19,165,783	\$ 17,007,822
District's covered - employee payroll	\$ 11,255,417	\$ 10,522,802	\$ 10,014,026	\$ 9,255,049	\$ 8,365,147
District's proportionate Share of the net pension liability as percentage of covered-employee payroll	229%	146%	218%	207%	203%
Plan fiduciary net position as a percentage of the total pension liability	70%	81%	70%	70%	71%

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

**COMPTON COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
FOR THE YEAR ENDED JUNE 30, 2023**

	Reporting Fiscal Year (Measurement Date)			
	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
CalSTRS				
District's proportion of the net pension liability	0.0252%	0.0263%	0.0259%	0.0268%
District's proportionate share of the net pension liability	\$ 23,297,882	\$ 21,272,244	\$ 17,432,301	\$ 15,664,559
State's proportionate share of the net pension liability associated with the District	13,782,830	12,109,909	9,219,766	9,458,937
Total	\$ 37,080,712	\$ 33,382,153	\$ 26,652,067	\$ 25,123,496
District's covered - employee payroll	\$ 13,597,782	\$ 13,665,051	\$ 12,759,399	\$ 11,939,418
District's proportionate Share of the net pension liability as percentage of covered-employee payroll	171%	156%	137%	131%
Plan fiduciary net position as a percentage of the total pension liability	69%	70%	74%	77%

	Reporting Fiscal Year (Measurement Date)			
	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
CalPERS				
District's proportion of the net pension liability	0.0641%	0.0659%	0.0618%	0.0629%
District's proportionate share of the net pension liability	\$ 15,293,531	\$ 13,018,832	\$ 9,114,629	\$ 7,143,796
District's covered - employee payroll	\$ 8,169,859	\$ 8,205,368	\$ 6,862,365	\$ 6,605,812
District's proportionate Share of the net pension liability as percentage of covered-employee payroll	187%	159%	133%	108%
Plan fiduciary net position as a percentage of the total pension liability	72%	74%	79%	83%

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

**COMPTON COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF DISTRICT CONTRIBUTIONS – PENSIONS  
FOR THE YEAR ENDED JUNE 30, 2023**

CalSTRS	Reporting Fiscal Year				
	2023	2022	2021	2020	2019
Statutorily required contribution	\$ 2,869,964	\$ 2,683,228	\$ 2,444,990	\$ 2,392,388	\$ 2,222,720
District's contributions in relation to the statutorily required contribution	2,869,964	2,683,228	2,444,990	2,392,388	2,222,720
District's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 15,025,990	\$ 15,858,322	\$ 15,139,257	\$ 13,990,573	\$ 13,653,071
District's contributions as a percentage of covered-employee payroll	19.10%	16.92%	16.15%	17.10%	16.28%

CalPERS	Reporting Fiscal Year				
	2023	2022	2021	2020	2019
Statutorily required contribution	\$ 2,984,045	\$ 2,578,616	\$ 2,178,220	\$ 1,974,866	\$ 1,671,647
District's contributions in relation to the statutorily required contribution	2,984,045	2,578,616	2,178,220	1,974,866	1,671,647
District's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 11,762,101	\$ 11,255,417	\$ 10,522,802	\$ 10,014,026	\$ 9,255,049
District's contributions as a percentage of covered-employee payroll	25.37%	22.91%	20.70%	19.72%	18.06%

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

**COMPTON COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF DISTRICT CONTRIBUTIONS – PENSIONS  
FOR THE YEAR ENDED JUNE 30, 2023**

CalSTRS	Reporting Fiscal Year			
	2018	2017	2016	2015
Statutorily required contribution	\$ 1,995,316	\$ 1,710,601	\$ 1,466,260	\$ 1,132,413
District's contributions in relation to the statutorily required contribution	1,995,316	1,710,601	1,466,260	1,132,413
District's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 13,827,554	\$ 13,597,782	\$ 13,665,051	\$ 12,752,399
District's contributions as a percentage of covered-employee payroll	14.43%	12.58%	10.73%	8.88%

CalPERS	Reporting Fiscal Year			
	2018	2017	2016	2015
Statutorily required contribution	\$ 1,299,191	\$ 1,134,630	\$ 972,090	\$ 807,769
District's contributions in relation to the statutorily required contribution	1,299,191	1,134,630	972,090	807,769
District's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 8,365,147	\$ 8,169,859	\$ 8,205,368	\$ 6,862,365
District's contributions as a percentage of covered-employee payroll	15.53%	13.89%	11.85%	11.77%

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

**COMPTON COMMUNITY COLLEGE DISTRICT  
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2023**

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**NOTE 1 – PURPOSE OF SCHEDULES**

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

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

- *Changes in Benefit Terms* - There were no changes in the benefit terms since the previous valuation.
- *Changes of Assumptions* - The changes of economic assumptions reflect a change in the discount rate from 2.16% to 3.54% since the previous valuation.

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

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

- *Changes in Benefit Terms* - There were no changes in the benefit terms since the previous valuation.
- *Changes of Assumptions* - The plan rate of investment return assumption was changed from 2.16% to 3.54% since the previous valuation.

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

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

- *Changes in Benefit Terms* - There were no changes in benefit terms since the previous valuations for either CalSTRS or CalPERS.
- *Changes of Assumptions* - There were no changes in assumptions since the previous valuation for CalSTRS. The plans discount rate was changed from 7.15 percent to 6.90 percent since the previous valuation for CalPERS.

**Schedule of District Contributions – Pensions**

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

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## **SUPPLEMENTARY INFORMATION**

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**COMPTON COMMUNITY COLLEGE DISTRICT  
ORGANIZATIONAL STRUCTURE  
JUNE 30, 2023**

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

**GOVERNING BOARD**

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<b>NAME</b>	<b>OFFICE</b>	<b>TERM EXPIRES</b>
Ms. Barbara J. Calhoun	President	2024
Juanita Doplemore	Vice President	2026
Mr. Andres Ramos	Clerk	2026
Dr. Sharoni Little	Member	2026
Ms. Sonia Lopez	Member	2024
Ms. Kendra Carnes	Student Trustee	2024

**ADMINISTRATION**

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Dr. Keith Curry  
*President/Chief Executive Officer*

Dr. Sheri Berger  
*Vice President, Academic Affairs*

Dr. Abdul Nasser  
*Vice President, Administrative Services*

Ms. Nicole Jones  
*Vice President, Student Services*

Dr. Hyacinth Martinez  
*Vice President, Human Resources*

**AUXILIARY ORGANIZATIONS IN GOOD STANDING**

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<b>AUXILIARY NAME</b>	<b>DIRECTOR'S NAME</b>	<b>ESTABLISHMENT AND MASTER AGREEMENT DATE</b>
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The District did not identify any auxiliary organizations in good standing.

**COMPTON COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2023**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Grant Number	Total Program Expenditures
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<i>Direct Program</i>			
Student Financial Assistance Cluster			
Federal Pell Grant Program	84.063	n/a	\$ 5,031,619
Federal Supplemental Educational Opportunity Grant (FSEOG)	84.007	n/a	501,846
Federal Work Study (FWS)	84.033	n/a	146,165
Federal Direct Student Loans	84.268	n/a	685,606
Subtotal Student Financial Aid Cluster			<u>6,365,236</u>
TRIO Cluster			
Upward Bound Math and Science	84.047M	n/a	209,925
Subtotal TRIO Cluster			<u>209,925</u>
Higher Education Emergency Relief Fund			
COVID-19 HEERF III ARP - Student Aid	84.425E	n/a	4,810,548
COVID-19 HEERF III ARP - Institutional	84.425F	n/a	3,598,844
Subtotal Higher Education Emergency Relief Fund			<u>8,409,392</u>
<i>Passed through California Community Colleges Chancellor's Office</i>			
Career and Technical Education Act (CTEA), Title I - Part C	84.048A	(1)	102,950
Total U.S. Department of Education			<u>15,087,503</u>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<i>Passed through California Department of Education</i>			
Child and Adult Food Care Program	10.558	04055-CACFP-19-CC-IC	48,680
Total U.S. Department of Agriculture			<u>48,680</u>
<b>U.S. DEPARTMENT OF TREASURY</b>			
<i>Passed through California Community Colleges Chancellor's Office</i>			
Coronavirus State and Local Fiscal Recovery Funds	21.027	n/a	1,244,774
Total U.S. Department of Treasury			<u>1,244,774</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
Child Care Development Cluster			
<i>Passed through Yosemite Community College District:</i>			
Child Development Training Consortium	93.575	22-23-4159	15,180
<i>Passed through Foundation for California Community Colleges:</i>			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	13609	497,143
Subtotal Child Care Development Cluster			<u>512,323</u>
<i>Passed through California Community Colleges Chancellor's Office:</i>			
Temporary Assistance for Needy Families (TANF)	93.558	ESS 21-100-004	126,594
Foster and Kinship Care Education (FKCE)	93.658	(1)	120,296
<i>Passed through Foundation for California Community Colleges:</i>			
Youth Empowerment Strategies for Success - Independent Living	93.674	2481	46,021
Total Department of Health and Human Services			<u>805,234</u>
<b>Total Federal Programs</b>			<u>\$ 17,186,191</u>

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

n/a - Pass-through entity identifying number not applicable.



**COMPTON COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2023**

	Program Revenues			Total Revenue	Program Expenditures
	Cash Received	Accounts Receivable	Deferred Income		
Access to Print and Electronic Info	\$ 10,211	\$ -	\$ -	\$ 10,211	\$ 10,211
Basic Needs Centers	224,942	137,657	-	362,599	362,599
CARE	537,346	31,500	-	568,846	568,846
California College Promise	144,994	-	32,099	112,895	112,895
CalWORKs	439,271	35,962	-	475,233	475,233
DSPS	438,971	-	-	438,971	438,971
Deaf and Hard of Hearing	24,246	-	-	24,246	24,246
EOPS	1,262,561	-	48,956	1,213,605	1,213,605
Equal Employment Opportunity	138,888	-	70,140	68,748	68,748
Financial Aid Technology	46,184	-	-	46,184	46,184
Foster Care Education	64,896	55,400	-	120,296	120,296
Guided Pathways	284,710	-	27,974	256,736	256,736
Local and Systemwide Technology and Data Security/ Systemwide Technology and Data Security	364,000	-	303,409	60,591	60,591
Mental Health Program	141,522	-	-	141,522	141,522
NextUp	100,694	-	47,694	53,000	53,000
Nursing Education	87,075	-	11,312	75,763	75,763
Physical Plant & INST'L Support	7,590,341	-	5,663,178	1,927,163	1,927,163
Retention and Enrollment Outreach	1,260,803	-	557,694	703,109	703,109
SFAA	239,430	-	1	239,429	239,429
Strong Workforce Program	527,306	570,720	-	1,098,026	1,098,026
Student Equity and Achievement Program	2,518,742	61,154	-	2,579,896	2,579,896
Special Trustee AB318 Restricted Exp.	130,000	-	8,763	121,237	121,237
Student Housing (Construction)	80,389,000	-	76,138,885	4,250,115	4,250,115
Student Success Completion Grant	1,417,714	-	833,585	584,129	584,129
Undocumented Resources Liaisons	73,861	-	66,861	7,000	7,000
Veteran Resource Center	17,618	-	3,775	13,843	13,843
Zero Textbook Cost Program/ Zero Textbook Cost Program - (One-Time Funds)	200,000	-	198,557	1,443	1,443
Student Food and Housing Support	198,321	-	198,321	-	-
	<b>\$ 98,873,647</b>	<b>\$ 892,393</b>	<b>\$ 84,211,204</b>	<b>\$ 15,554,836</b>	<b>\$ 15,554,836</b>

**COMPTON COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL APPORTIONMENT –  
ANNUAL/ACTUAL ATTENDANCE  
FOR THE YEAR ENDED JUNE 30, 2023**

<b>CATEGORIES</b>	Reported Data	Audit Adjustments	Audited Data
<b>A. Summer Intersession (Summer 2022 only)</b>			
1. Noncredit	4.16	-	4.16
2. Credit	366.15	-	366.15
<b>B. Summer Intersession (Summer 2023 - Prior to July 1, 2023)</b>			
1. Noncredit	-	-	-
2. Credit	-	-	-
<b>C. Primary Terms (Exclusive of Summer Intersession)</b>			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	1,288.87	-	1,288.87
(b) Daily Census Contact Hours	265.29	-	265.29
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit	28.83	-	28.83
(b) Credit	132.83	-	132.83
3. Alternative Attendance Accounting Procedure Courses			
(a) Weekly Census Contact Hours	389.33	-	389.33
(b) Daily Census Contact Hours	578.77	-	578.77
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
<b>D. Total FTES</b>	3,054.23	-	3,054.23
<b>Supplemental Information (subset of above information)</b>			
<b>E. In-service Training Courses</b>			
	-	-	-
<b>H. Basic Skills Courses and Immigrant Education</b>			
1. Credit	-	-	-
2. Noncredit	16.22	-	16.22
Total Basic Skills FTES	16.22	-	16.22

**COMPTON COMMUNITY COLLEGE DISTRICT  
RECONCILIATION OF THE ECS 84362 (50 PERCENT LAW) CALCULATION  
FOR THE YEAR ENDED JUNE 30, 2023**

	Object/ TOP Codes	Activity (ESCA) ECS 84362 A Instructional Salary Cost AC 0100-5900 & AC 6100			Activity (ECSB) ECS 84362 B Total CEE AC 0100-6799		
		Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
<u>Academic Salaries</u>							
Instructional Salaries							
Contract or Regular	1100	\$ 6,724,136	\$ -	\$ 6,724,136	\$ 6,724,136	\$ -	\$ 6,724,136
Other	1300	3,103,416	-	3,103,416	3,174,734	-	3,174,734
Total Instructional Salaries		9,827,552	-	9,827,552	9,898,870	-	9,898,870
Non-Instructional Salaries							
Contract or Regular	1200	-	-	-	3,120,225	-	3,120,225
Other	1400	-	-	-	219,384	-	219,384
Total Non-Instructional Salaries		-	-	-	3,339,609	-	3,339,609
Total Academic Salaries		9,827,552	-	9,827,552	13,238,479	-	13,238,479
<u>Classified Salaries</u>							
Non-Instructional Salaries							
Regular Status	2100	-	-	-	6,612,475	-	6,612,475
Other	2300	-	-	-	246,556	-	246,556
Total Non-Instructional Salaries		-	-	-	6,859,031	-	6,859,031
Instructional Aides							
Regular Status	2200	788,205	-	788,205	788,205	-	788,205
Other	2400	54,632	-	54,632	54,632	-	54,632
Total Instructional Aides		842,837	-	842,837	842,837	-	842,837
Total Classified Salaries		842,837	-	842,837	7,701,868	-	7,701,868
Employee Benefits	3000	5,571,803	-	5,571,803	11,421,168	-	11,421,168
Supplies and Materials	4000	-	-	-	363,888	-	363,888
Other Operating Expenses	5000	191,624	-	191,624	3,347,308	-	3,347,308
Equipment Replacement	6420	-	-	-	-	-	-
Total Expenditures Prior to Exclusions		16,433,816	-	16,433,816	36,072,711	-	36,072,711
<u>Exclusions</u>							
Activities to Exclude							
Inst. Staff-Retirees' Benefits and Incentives	5900	559,968	-	559,968	559,968	-	559,968
Std. Health Svcs. Above Amount Collected	6441	-	-	-	-	-	-
Student Transportation	6491	-	-	-	-	-	-
Non-inst.Staff-Retirees' Benefits and Incentives	6740	-	-	-	560,270	-	560,270
Object to Exclude							
Rents and Leases	5060	-	-	-	-	-	-
Lottery Expenditures							
Academic Salaries	1000	-	-	-	-	-	-
Classified Salaries	2000	-	-	-	-	-	-
Employee Benefits	3000	-	-	-	-	-	-
Supplies and Materials	4000	-	-	-	-	-	-
Software	4100	-	-	-	-	-	-
Books, Magazines & Periodicals	4200	-	-	-	1,240	-	1,240
Instructional Supplies & Materials	4300	-	-	-	-	-	-
Non-inst. Supplies & Materials	4400	-	-	-	26,263	-	26,263
Total Supplies and Materials		-	-	-	27,503	-	27,503
Other Operating Expenses and Services	5000	-	-	-	3,347,308	-	3,347,308
Capital Outlay	6000	-	-	-	-	-	-
Library Books	6300	-	-	-	26,067	-	26,067
Equipment	6400	-	-	-	-	-	-
Equipment - Additional	6410	-	-	-	384,834	-	384,834
Equipment - Replacement	6420	-	-	-	8,520	-	8,520
Total Equipment		-	-	-	393,354	-	393,354
Total Capital Outlay		-	-	-	419,421	-	419,421
Other Outgo	7000	-	-	-	823,673	-	823,673
Total Exclusions		\$ 559,968	\$ -	\$ 559,968	\$ 5,738,143	\$ -	\$ 5,738,143
Total for ECS 84362, 50% Law		\$ 15,873,848	\$ -	\$ 15,873,848	\$ 30,334,568	\$ -	\$ 30,334,568
Percent of CEE (Instructional Salary Cost/Total CEE)		52.33%	0.00%	52.33%	100.00%	0.00%	100.00%
50% of Current Expense of Education		\$ -	\$ -	\$ -	\$ 15,167,284	\$ -	\$ 15,167,284

See Note to Supplementary Information.

**COMPTON COMMUNITY COLLEGE DISTRICT  
 DETAILS OF THE EDUCATION PROTECTION ACCOUNT EXPENDITURES  
 FOR THE YEAR ENDED JUNE 30, 2023**

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EPA Revenue	\$ 7,021,404
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Activity Classification	Activity Code	Salaries and Benefits	Operating Expenses	Capital Outlay	Total
		(Obj 1000-3000)	(Obj 4000-5000)	(Obj 6000)	
Instructional Activities	0100-5900	\$ 7,021,404	\$ -	\$ -	\$ 7,021,404
Total		\$ 7,021,404	\$ -	\$ -	\$ 7,021,404

**COMPTON COMMUNITY COLLEGE DISTRICT  
RECONCILIATION OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2023**

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**Total Fund Equity - District Funds Included in the Reporting Entity**

General Funds	\$	19,888,429	
Debt Service Funds		6,713,178	
Bond Construction Funds		4,701,393	
Capital Project Funds		8,447,588	
Child Development Fund		340,829	
Other Student and Trust Funds		623,283	
Internal Service Funds		2,270,742	
Pension Stabilization Fund		4,487,703	
Student Financial Aid Fund		1,173,055	
			\$ 48,646,200
Total fund balances as reported in the CCFS-311			

Assets recorded within the statements of net position not included in the District fund financial statements:

Capital assets	\$	272,992,692	
Accumulated depreciation		(77,640,753)	
Right-of-use leased assets		199,508	
Accumulated amortization		(105,297)	
			195,446,150

Unmatured Interest (1,982,726)

Deferred outflows recorded within the statement of net position not included in the District fund financial statements:

Deferred loss on refunding	7,259,542
Deferred outflows from OPEB	3,090,544
Deferred outflows from pensions	13,368,779

Liabilities recorded within the statements of net position not recorded in the District fund financial statements:

General obligation bonds	\$	(129,836,753)	
Bond premium		(3,189,294)	
Note payable		(3,706,896)	
Lease liability		(96,820)	
Compensated absences		(1,454,846)	
Net OPEB liability		(3,399,548)	
Net pension liability		(41,149,300)	
			(182,833,457)

Deferred inflows recorded within the statement of net position not included in the District fund financial statements:

Deferred inflows from OPEB	(4,630,367)
Deferred inflows from pensions	(1,125,573)

**Net Assets Reported Within the Statements of Net Position** **\$ 77,239,092**

**COMPTON COMMUNITY COLLEGE DISTRICT  
NOTE TO SUPPLEMENTARY INFORMATION  
JUNE 30, 2023**

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**NOTE 1 – PURPOSE OF SCHEDULES**

**Organizational Structure**

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

**Schedule of Expenditures of Federal Awards**

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2023. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

Summary of Significant Accounting Policies

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

Indirect Cost Rate

The District has elected to use the 10% de minimis cost rate.

**Schedule of Expenditures of State Awards**

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

**Schedule of Workload Measures for State General Apportionment – Annual/Actual Attendance**

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

**Reconciliation of the ECS 84362 (50 Percent Law) Calculation**

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

**COMPTON COMMUNITY COLLEGE DISTRICT  
NOTE TO SUPPLEMENTARY INFORMATION  
JUNE 30, 2023**

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**NOTE 1 – PURPOSE OF SCHEDULES, continued**

**Details of the Education Protection Account Expenditures**

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

**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 government-wide full accrual basis financial statements required under GASB Statements No. 34 and No. 35 business-type activities reporting model.

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**OTHER INDEPENDENT AUDITORS' REPORTS**

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

Board of Trustees  
Compton Community College District  
Compton, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities of Compton Community College District (the District) as of and for the year ended June 30, 2023, 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 29, 2023.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our 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 have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

### **Report on Compliance and Other Matters**

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

### **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.

*CWDL, Certified Public Accountants*

San Diego, California  
December 29, 2023



## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Trustees  
Compton Community College District  
Compton, California

### **Report on Compliance for Each Major Federal Program**

#### ***Opinion on Each Major Federal Program***

We have audited Compton Community College District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2023. 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.

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, 2023.

#### ***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Compton Community College District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Compton Community College District's compliance with the compliance requirements referred to above.

#### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Compton Community College District's federal programs.

### ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Compton Community College District's compliance based on our audit

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate it would influence the judgment made by a reasonable user of the report on compliance about Compton Community College District's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Compton Community College District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Compton Community College District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Compton Community College District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control Over Compliance**

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program that is less severe than a material weakness 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

*CWDL, Certified Public Accountants*

San Diego, California  
December 29, 2023



## INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Trustees  
Compton Community College District  
Compton, California

### **Report on State Compliance**

#### ***Opinion 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 Contracted District Audit Manual 2022-23*, published by the California Community Colleges Chancellor's Office, for the year ended June 30, 2023. The applicable state compliance requirements are identified in the table below.

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, 2023.

#### ***Basis for Opinion***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the compliance requirements described in the *California Community Colleges Contracted District Audit Manual (CDAM) 2022-23*, issued by the California Community Colleges Chancellor's Office. Our responsibilities under those standards and the compliance requirements are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Compton Community College District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for program. Our audit does not provide a legal determination of Compton Community College District's compliance with the compliance requirements referred to above.

#### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements of State laws and regulations, and the terms and conditions identified in the California Community Colleges Chancellor's Office *District Audit Manual 2022-23*.

### ***Auditors' Responsibilities for the Audit of Compliance***

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 Contracted District Audit Manual 2022-23*. 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.

### **Procedures Performed**

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

Section 411 – SCFF Data Management Control Environment  
Section 412 – SCFF Supplemental Allocation Metrics  
Section 413 – SCFF Success Allocation Metrics  
Section 421 – Salaries of Classroom Instructors (50 Percent Law)  
Section 423 – Apportionment for Activities Funded From Other Sources  
Section 424 – Student Centered Funding Formula Base Allocation: FTES  
Section 425 – Residency Determination for Credit Courses  
Section 426 – Students Actively Enrolled  
Section 427 – Dual Enrollment (CCAP)  
Section 430 – Scheduled Maintenance Program  
Section 431 – Gann Limit Calculation  
Section 444 – Apprenticeship Related and Supplemental Instruction (RSI) Funds  
Section 475 – Disabled Student Programs and Services (DSPS)  
Section 490 – Propositions 1D and 51 State Bond Funded Projects  
Section 491 – Education Protection Account Funds  
Section 492 – Student Representation Fee  
Section 494 – State Fiscal Recovery Fund  
Section 499 – COVID-19 Response Block Grant Expenditures

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing over state laws and regulations based on the requirements described in the *California Community Colleges Contracted District Audit Manual (CDAM) 2022-23*. Accordingly, this report is not suitable for any other purpose.



San Diego, California  
December 29, 2023

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## **FINDINGS AND QUESTIONED COSTS SECTION**

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**COMPTON COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2023**

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**Section I – Schedule of Audit Findings and Questioned Costs**

**FINANCIAL STATEMENTS**

Type of auditors' report issued:	<u>Unmodified</u>
Is a going concern emphasis-of-matter paragraph included in the auditors report?	<u>No</u>
Internal control over financial reporting:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>None Noted</u>
Non-compliance material to financial statements noted?	<u>No</u>

**FEDERAL AWARDS**

Internal control over major programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>None Noted</u>
Type of auditors' report issued on compliance for major programs:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards	<u>No</u>
Identification of major programs:	

<u>CFDA Numbers</u>	<u>Name of Federal Program of Cluster</u>
<u>84.007, 84.033 84.063, 84.268</u>	<u>Student Financial Aid Cluster</u>
<u>84.425E, 84.425F</u>	<u>Higher Education Emergency Relief Funds</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 750,000</u>
Auditee qualified as low-risk auditee?	<u>No</u>

**STATE AWARDS**

Internal control over State programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>None Noted</u>
Type of auditors' report issued on compliance for State programs:	<u>Unmodified</u>

**COMPTON COMMUNITY COLLEGE DISTRICT  
FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS  
JUNE 30, 2023**

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**Section II – Financial Statement Findings**

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

**There were no financial statement findings or recommendations identified during 2022-23.**

**COMPTON COMMUNITY COLLEGE DISTRICT  
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2023**

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**Section III – Federal Award Findings and Questioned Costs**

This section identifies the audit findings required to be reported by the Uniform Guidance (e.g., deficiencies, significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs).

**There were no federal award findings or questioned costs identified during 2022-23.**

**COMPTON COMMUNITY COLLEGE DISTRICT  
STATE COMPLIANCE FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2023**

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**Section IV – State Award Findings and Questioned Costs**

This section identifies the audit findings pertaining to noncompliance with state program rules and regulations.

**There were no state award findings or questioned costs identified during 2022-23.**

**COMPTON COMMUNITY COLLEGE DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
JUNE 30, 2023**

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**FINDING #2022-001 – RESTRICTED GENERAL FUND AND STUDENT FINANCIAL AID FUND DEFICIT BALANCE**

**Criteria or Specific Requirements**

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

**Condition**

Significant Deficiency - The District's Restricted General Fund (Fund 01.1) had a deficit ending fund balance of \$1,322,084, as of June 30, 2022. In addition, the District's Student Financial Aid Fund (Fund 74.0) had deficit balances for their cash in county treasury and ending fund balance of \$702,366 and \$418,708, respectively, as of June 30, 2022.

**Questioned Costs**

There are no questioned costs associated with this finding.

**Context**

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

**Effect**

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

**Cause**

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

**Repeat Finding (Yes or No)**

Yes. See prior year finding 2021-002 in the summary schedule of prior year audit findings.

**Recommendation**

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

**COMPTON COMMUNITY COLLEGE DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
JUNE 30, 2023**

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**FINDING #2022-001 – RESTRICTED GENERAL FUND AND STUDENT FINANCIAL AID FUND DEFICIT BALANCE**

**Views of Responsible Officials and Corrective Action Plans**

We concur. The District continues to perform the required close-out procedures at year end, to address deficit balances. This includes the reconciliation of cash balances, and necessary journal entries. To fully eliminate fund balance deficits moving forward, the District will formulate and adhere to a strict cash drawdown schedule.

**Current Status**

Implemented.

**COMPTON COMMUNITY COLLEGE DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
JUNE 30, 2023**

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**FINDING #2022-002 – SPECIAL TEST AND PROVISIONS – ENROLLMENT REPORTING**

**Program Name:** Student Financial Assistance Cluster

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

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

Pass-Through Entity: Direct Funded

**Criteria or Specific Requirements**

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

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

**Condition**

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

1. The student enrollment history per the college’s Banner system did not match the enrollment status reported to NSLDS for 1 of 60 students tested.

**Questioned Costs**

There are no questioned costs associated with this finding.

**Context**

The District disbursed approximately \$4,908,526 in federal financial aid to students in the 2021-2022 fiscal year.

**Effect**

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

**Cause**

The District does not appear to have controls in place to ensure withdrawal dates are being properly reported to NSLDS.

**Repeat Finding (Yes or No)**

Yes. See prior year finding 2021-007 in the summary schedule of prior year audit findings.

**COMPTON COMMUNITY COLLEGE DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
JUNE 30, 2023**

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**FINDING #2022-002 – SPECIAL TEST AND PROVISIONS – ENROLLMENT REPORTING**

**Recommendation**

The District should strengthen internal controls to ensure that withdrawal dates are being properly reported to NSLDS.

**Views of Responsible Officials and Corrective Action Plan**

We concur. Admissions and Records is aware of this issue and the impact that it has on the NSLDS reporting and will implement a business practice that includes a collaboration with Financial Aid and Academic Affairs to address this matter. Additionally, Admissions and Records will work with Academic Affairs to implement a district policy to enforce faculty drops by the established deadlines. Lastly, a recent update was applied to our Banner ERP system on November 13, 2022, to address a known defect that prevented faculty from dropping students by the class census date and W deadline.

**Current Status**

Implemented.



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**UNAUDITED SUPPLEMENTARY INFORMATION**

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**COMPTON COMMUNITY COLLEGE DISTRICT  
GOVERNMENTAL FUNDS  
BALANCE SHEETS  
JUNE 30, 2023**

	General Unrestricted	Line of Credit General Unrestricted	General Restricted	Bond Interest and Redemption	Child Development	Capital Outlay Projects	Revenue Bond Construction	Internal Services
<b>ASSETS</b>								
Cash and equivalents	\$ 21,171,234	\$ 1,110,743	\$ 8,428,033	\$ 6,713,178	\$ 584,365	\$ 100,261,405	\$ 4,847,936	\$ 2,779,946
Accounts receivable, net	1,702,552	12,057	6,166,560	-	7,240	(1,397,689)	59,012	11,820
Prepaid assets	57,431	-	19,831	-	-	507,386	-	-
Other current assets	35,260	-	(9,693)	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 22,966,477</b>	<b>\$ 1,122,800</b>	<b>\$ 14,604,731</b>	<b>\$ 6,713,178</b>	<b>\$ 591,605</b>	<b>\$ 99,371,102</b>	<b>\$ 4,906,948</b>	<b>\$ 2,791,766</b>
<b>LIABILITIES</b>								
Accounts payable and accrued expenses	\$ 2,705,755	\$ -	\$ 2,563,915	\$ -	\$ 126,720	\$ 3,983,099	\$ 205,555	\$ 521,024
Deferred revenue	974,956	-	12,540,323	-	124,056	86,940,415	-	-
Current loans	-	-	-	-	-	-	-	-
Due to other funds	20,630	-	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>3,701,341</b>	<b>-</b>	<b>15,104,238</b>	<b>-</b>	<b>250,776</b>	<b>90,923,514</b>	<b>205,555</b>	<b>521,024</b>
<b>FUND EQUITY</b>								
Restricted	-	-	(499,507)	6,713,178	340,829	8,447,588	4,701,393	2,270,742
Unrestricted	19,265,136	1,122,800	-	-	-	-	-	-
<b>Total Fund Equity</b>	<b>19,265,136</b>	<b>1,122,800</b>	<b>(499,507)</b>	<b>6,713,178</b>	<b>340,829</b>	<b>8,447,588</b>	<b>4,701,393</b>	<b>2,270,742</b>
<b>Total Liabilities and Fund Equity</b>	<b>\$ 22,966,477</b>	<b>\$ 1,122,800</b>	<b>\$ 14,604,731</b>	<b>\$ 6,713,178</b>	<b>\$ 591,605</b>	<b>\$ 99,371,102</b>	<b>\$ 4,906,948</b>	<b>\$ 2,791,766</b>

**COMPTON COMMUNITY COLLEGE DISTRICT  
GOVERNMENTAL FUNDS  
BALANCE SHEETS  
JUNE 30, 2023**

	Associated Students	Student Representation Fee	Student Financial Aid	Scholarship and Loan	Payroll Clearing	Pension Stabilization Trust	Other Non-Fiduciary Trust	Total
<b>ASSETS</b>								
Cash and equivalents	\$ 256,386	\$ 21,337	\$ 784,879	\$ 78,613	\$ 180,085	\$ 4,487,703	\$ 52,046	\$ 151,757,889
Accounts receivable, net	230,512	17,951	681,183	853	-	-	-	7,492,051
Prepaid assets	-	-	-	-	-	-	-	584,648
Other current assets	-	-	-	-	-	-	-	25,567
<b>Total Assets</b>	<b>\$ 486,898</b>	<b>\$ 39,288</b>	<b>\$ 1,466,062</b>	<b>\$ 79,466</b>	<b>\$ 180,085</b>	<b>\$ 4,487,703</b>	<b>\$ 52,046</b>	<b>\$ 159,860,155</b>
<b>LIABILITIES</b>								
Accounts payable and accrued expenses	\$ -	\$ (5,184)	\$ (41,591)	\$ 26,359	\$ 190,447	\$ -	\$ -	\$ 10,276,099
Deferred revenue	-	2,878	221,299	-	-	-	-	100,803,927
Current loans	-	-	113,299	-	-	-	-	113,299
Due to other funds	-	-	-	-	-	-	-	20,630
<b>Total Liabilities</b>	<b>-</b>	<b>(2,306)</b>	<b>293,007</b>	<b>26,359</b>	<b>190,447</b>	<b>-</b>	<b>-</b>	<b>111,213,955</b>
<b>FUND EQUITY</b>								
Restricted	486,898	41,594	1,173,055	53,107	-	4,487,703	52,046	28,268,626
Unrestricted	-	-	-	-	(10,362)	-	-	20,377,574
<b>Total Fund Equity</b>	<b>486,898</b>	<b>41,594</b>	<b>1,173,055</b>	<b>53,107</b>	<b>(10,362)</b>	<b>4,487,703</b>	<b>52,046</b>	<b>48,646,200</b>
<b>Total Liabilities and Fund Equity</b>	<b>\$ 486,898</b>	<b>\$ 39,288</b>	<b>\$ 1,466,062</b>	<b>\$ 79,466</b>	<b>\$ 180,085</b>	<b>\$ 4,487,703</b>	<b>\$ 52,046</b>	<b>\$ 159,860,155</b>

**COMPTON COMMUNITY COLLEGE DISTRICT  
GOVERNMENTAL FUNDS  
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2023**

	General Unrestricted	Line of Credit General Unrestricted	General Restricted	Bond Interest and Redemption	Child Development	Capital Outlay Projects	Revenue Bond Construction	Internal Services
<b>REVENUES</b>								
Federal	\$ 296,276	\$ -	\$ 9,036,184	\$ -	\$ 26,029	\$ -	\$ -	\$ -
State	39,107,519	-	12,811,224	39,934	809,585	3,403,692	-	-
Local	9,175,809	(15,584)	341,927	7,852,332	(16,891)	(2,835,826)	(13,177)	1,167,617
<b>Total Revenues</b>	<b>48,579,604</b>	<b>(15,584)</b>	<b>22,189,335</b>	<b>7,892,266</b>	<b>818,723</b>	<b>567,866</b>	<b>(13,177)</b>	<b>1,167,617</b>
<b>EXPENDITURES</b>								
Academic salaries	13,328,744	-	2,620,912	-	132,935	-	-	-
Classified salaries	8,296,019	-	4,000,216	-	342,966	-	-	-
Employee benefits	11,696,835	-	2,362,240	-	234,967	-	-	-
Supplies and materials	379,078	-	1,025,769	-	27,677	55,368	-	-
Other operating expenses	4,073,593	-	5,046,871	-	1,815	2,399,981	21,094	1,074,767
Capital outlay	415,750	-	1,315,946	-	-	9,834,979	5,261,019	-
Other outgo	139,492	-	6,841,255	-	15,180	-	-	-
Debt Service - Principal	1,681,841	-	-	4,888,870	-	-	-	-
Debt Service - Interest and other issuance costs	-	-	-	2,543,481	-	-	-	-
<b>Total Expenditures</b>	<b>40,011,352</b>	<b>-</b>	<b>23,213,209</b>	<b>7,432,351</b>	<b>755,540</b>	<b>12,290,328</b>	<b>5,282,113</b>	<b>1,074,767</b>
<b>EXCESS/(DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>8,568,252</b>	<b>(15,584)</b>	<b>(1,023,874)</b>	<b>459,915</b>	<b>63,183</b>	<b>(11,722,462)</b>	<b>(5,295,290)</b>	<b>92,850</b>
<b>OTHER FINANCING SOURCES (USES)</b>								
Operating transfer in	-	-	1,027,097	-	150,000	7,454,414	-	400,000
Operating transfer out	(9,715,693)	-	-	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(9,715,693)</b>	<b>-</b>	<b>1,027,097</b>	<b>-</b>	<b>150,000</b>	<b>7,454,414</b>	<b>-</b>	<b>400,000</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(1,147,441)</b>	<b>(15,584)</b>	<b>3,223</b>	<b>459,915</b>	<b>213,183</b>	<b>(4,268,048)</b>	<b>(5,295,290)</b>	<b>492,850</b>
<b>FUND BALANCE - BEGINNING</b>	<b>20,412,577</b>	<b>1,138,384</b>	<b>(502,730)</b>	<b>6,253,263</b>	<b>127,646</b>	<b>12,715,636</b>	<b>9,996,683</b>	<b>1,777,892</b>
<b>FUND BALANCE - ENDING</b>	<b>\$ 19,265,136</b>	<b>\$ 1,122,800</b>	<b>\$ (499,507)</b>	<b>\$ 6,713,178</b>	<b>\$ 340,829</b>	<b>\$ 8,447,588</b>	<b>\$ 4,701,393</b>	<b>\$ 2,270,742</b>

**COMPTON COMMUNITY COLLEGE DISTRICT  
GOVERNMENTAL FUNDS  
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2023**

	Associated Students	Student Representation Fee	Student Financial Aid	Scholarship and Loan	Payroll Clearing	Pension Stabilization Trust	Other Non-Fiduciary Trust	Total
<b>REVENUES</b>								
Federal	\$ -	\$ -	\$ 6,551,034	\$ -	\$ -	\$ -	\$ -	15,909,523
State	-	-	2,859,454	-	-	-	-	59,031,408
Local	40,630	10,654	91,114	(1,103)	(4,879)	269,886	-	16,062,509
<b>Total Revenues</b>	<b>40,630</b>	<b>10,654</b>	<b>9,501,602</b>	<b>(1,103)</b>	<b>(4,879)</b>	<b>269,886</b>	<b>-</b>	<b>91,003,440</b>
<b>EXPENDITURES</b>								
Academic salaries	-	-	-	-	-	-	-	16,082,591
Classified salaries	-	-	-	-	-	-	-	12,639,201
Employee benefits	-	-	-	-	-	-	-	14,294,042
Supplies and materials	-	-	-	-	-	-	-	1,487,892
Other operating expenses	107,627	22,227	31,036	-	-	-	3,159	12,782,170
Capital outlay	-	-	-	-	-	-	-	16,827,694
Other outgo	-	-	7,878,803	-	-	-	-	14,874,730
Debt Service - Principal	-	-	-	-	-	-	-	6,570,711
Debt Service - Interest and other issuance costs	-	-	-	-	-	-	-	2,543,481
<b>Total Expenditures</b>	<b>107,627</b>	<b>22,227</b>	<b>7,909,839</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,159</b>	<b>98,102,512</b>
<b>EXCESS/(DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>								
	(66,997)	(11,573)	1,591,763	(1,103)	(4,879)	269,886	(3,159)	(7,099,072)
<b>OTHER FINANCING SOURCES (USES)</b>								
Operating transfer in	-	-	-	-	-	200,000	-	9,231,511
Operating transfer out	-	-	-	-	-	-	-	(9,715,693)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>200,000</b>	<b>-</b>	<b>(484,182)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(66,997)</b>	<b>(11,573)</b>	<b>1,591,763</b>	<b>(1,103)</b>	<b>(4,879)</b>	<b>469,886</b>	<b>(3,159)</b>	<b>(7,583,254)</b>
<b>FUND BALANCE - BEGINNING</b>	<b>553,895</b>	<b>53,167</b>	<b>(418,708)</b>	<b>54,210</b>	<b>(5,483)</b>	<b>4,017,817</b>	<b>55,205</b>	<b>56,229,454</b>
<b>FUND BALANCE - ENDING</b>	<b>\$ 486,898</b>	<b>\$ 41,594</b>	<b>\$ 1,173,055</b>	<b>\$ 53,107</b>	<b>\$ (10,362)</b>	<b>\$ 4,487,703</b>	<b>\$ 52,046</b>	<b>\$ 48,646,200</b>