

COMPTON COMMUNITY COLLEGE DISTRICT
PROPOSITION 39 GENERAL OBLIGATION BONDS
MEASURE CC, NOVEMBER 2002 AND
MEASURE C, NOVEMBER 2014
FINANCIAL AND
PERFORMANCE AUDITS
YEAR ENDED JUNE 30, 2021

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**COMPTON COMMUNITY COLLEGE DISTRICT
PROPOSITION 39 GENERAL OBLIGATION BONDS
MEASURE CC, NOVEMBER 2002 AND MEASURE C, NOVEMBER 2014**

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YEAR ENDED JUNE 30, 2021**

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**FINANCIAL AUDIT OF BOND CONSTRUCTION FUNDS
MEASURE CC, NOVEMBER 2002 AND
MEASURE C, NOVEMBER 2014**

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Citizens' Bond Oversight Committee
Compton Community College District
Compton, California

We have audited the accompanying financial statements of the Bond Construction Funds (Measure CC, November 2002 and Measure C, November 2014) of the Compton Community College District (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Bond Construction Funds (Measure CC, November 2002 and Measure C, November 2014) of the District as of June 30, 2021, and the changes in their respective financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present fairly only the Bond Construction Funds (Measure CC, November 2002 and Measure C, November 2014) and do not purport to, and do not, present fairly the financial position of the District as of June 30, 2021 or the change in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated **Report Date** on our consideration of the District's internal control over the Bond Construction Funds (Measure CC, November 2002 and Measure C, November 2014) financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of this 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 the Bond Construction Funds (Measure CC, November 2002 and Measure C, November 2014) 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 the Bond Construction Funds (Measure CC, November 2002 and Measure C, November 2014) financial reporting and compliance.

CliftonLarsonAllen LLP

Glendora, California

Report Date

**COMPTON COMMUNITY COLLEGE DISTRICT
 BOND CONSTRUCTION FUNDS
 MEASURE CC, NOVEMBER 2002 AND MEASURE C, NOVEMBER 2014
 BALANCE SHEETS
 JUNE 30, 2021**

	Measure CC	Measure C
ASSETS		
Cash in County Treasury	\$ 5,549,274	\$ 19,530,102
Accounts Receivable	12,137	54,855
Due from Other Funds	6,772,020	1,571,796
Total Assets	\$ 12,333,431	\$ 21,156,753
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts Payable	\$ 86,146	\$ 2,650,899
Total Liabilities	86,146	2,650,899
FUND BALANCE		
Restricted	12,247,285	18,505,854
Total Fund Balance	12,247,285	18,505,854
Total Liabilities and Fund Balance	\$ 12,333,431	\$ 21,156,753

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**COMPTON COMMUNITY COLLEGE DISTRICT
BOND CONSTRUCTION FUNDS
MEASURE CC, NOVEMBER 2002 AND MEASURE C, NOVEMBER 2014
STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2021**

	<u>Measure CC</u>	<u>Measure C</u>
REVENUES		
Interest and Investment Income	\$ 31,339	\$ 159,074
Total Revenues	<u>31,339</u>	<u>159,074</u>
EXPENDITURES		
Other Services	(463)	1,811
Capital Outlay	329,947	16,453,352
Total Expenditures	<u>329,484</u>	<u>16,455,163</u>
NET CHANGE IN REVENUES OVER EXPENDITURES	(298,145)	(16,296,089)
OTHER FINANCING SOURCES (USES)		
Interfund Transfers In	6,261,020	1,571,796
Total Other Financing Sources (Uses)	<u>6,261,020</u>	<u>1,571,796</u>
NET CHANGE IN FUND BALANCE	5,962,875	(14,724,293)
Fund Balance - Beginning of Year	<u>6,284,410</u>	<u>33,230,147</u>
FUND BALANCE - END OF YEAR	<u>\$ 12,247,285</u>	<u>\$ 18,505,854</u>

See accompanying Notes to Financial Statements.

**COMPTON COMMUNITY COLLEGE DISTRICT
BOND CONSTRUCTION FUNDS
MEASURE CC, NOVEMBER 2002 AND MEASURE C, NOVEMBER 2014
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Policies

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles as prescribed by the *Governmental Accounting Standards Board* and Audits of State and Local Governmental Units issued by the American Institute of Certified Public Accountants.

Financial Reporting Entity

The financial statements include only the Measure CC, November 2002 and Measure C, November 2014 Bond Construction Funds of the Compton Community College District (the District). These funds were established to account for the proceeds of general obligation bonds issued under the General Obligation Bond election of November 2002 for Measure CC and November 2014 for Measure C and to account for the project expenditures authorized by each measure. These financial statements are not intended to present fairly the financial position and results of operations of the Compton Community College District in compliance with accounting principles generally accepted in the United States of America.

Basis of Accounting

The Bond Construction Funds (Measure CC, November 2002 and Measure C, November 2014) are maintained on the modified accrual basis of accounting. As such, revenues are recognized when they become susceptible to accrual, which is to say, when they become both measurable and available to finance expenditures of the current period. Expenditures are recognized in the accounting period in which the liability is incurred (when goods are received or services rendered).

Cash in the county treasury is recorded at cost, which approximates fair value.

Fund Structure

The Statements of Revenues, Expenditures, and Change in Fund Balance is a statement of financial activities of the Bond Construction Funds (Measure CC, November 2002 and Measure C, November 2014) related to the current reporting period. Fund expenditures frequently include amounts for land, buildings, equipment, retirement of indebtedness, transfers to other funds, etc. Consequently, these statements do not purport to present the result of operations or the net income or loss for the period as would a statement of income for a profit-type organization.

**COMPTON COMMUNITY COLLEGE DISTRICT
BOND CONSTRUCTION FUNDS
MEASURE CC, NOVEMBER 2002 AND MEASURE C, NOVEMBER 2014
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. The District's governing board adopts an operating budget no later than July 1 in accordance with state law. A public hearing must be conducted to receive comments prior to adoption. The District's governing board satisfied these requirements. The board revises this budget during the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

Encumbrances

The Bond Construction Funds (Measure CC, November 2002 and Measure C, November 2014) funds utilize an encumbrance accounting system under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation. Encumbrances are liquidated when the commitments are paid.

Fund Balance Classification

The governmental fund financial statements present fund balance classifications that comprise a hierarchy based on the extent to which the District is bound to honor constraints on the specific purposes for which amounts can be spent. Amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation are considered restricted.

The fund balances of the Bond Construction Funds (Measure CC, November 2002 and Measure C, November 2014) is therefore classified as restricted.

Capital Assets and Long-Term Debt

The accounting and reporting treatment applied to the capital assets and long-term liabilities associated with the Bond Construction Funds (Measure CC, November 2002 and Measure C, November 2014) are determined by its measurement focus. The Bond Construction Funds (Measure CC, November 2002 and Measure C, November 2014) is accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on the balance sheet. The reported fund balance is considered a measure of "available spendable resources". Thus, the capital assets and long-term liabilities associated with the Bond Construction Funds (Measure CC, November 2002 and Measure C, November 2014) are accounted for in the governmental activities financial statements of the District.

**COMPTON COMMUNITY COLLEGE DISTRICT
BOND CONSTRUCTION FUNDS
MEASURE CC, NOVEMBER 2002 AND MEASURE C, NOVEMBER 2014
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates

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

NOTE 2 DEPOSITS AND INVESTMENTS

Cash in County

In accordance with Title 5 and the *Budget and Accounting Manual*, the District maintains its cash related to the Bond Construction Funds (Measure CC, November 2002 and Measure C, November 2014) in the Los Angeles County Treasury (the County) as part of the common investment pool. The District is considered an involuntary participant in the investment pool. These pooled funds are recorded at amortized cost which approximates fair value. Fair value of the pooled investments at June 30, 2021 is measured at 99.44% of carrying value and is based upon the District's pro-rata share of the fair value for the entire portfolios (in relation to the amortized cost of the portfolio). The District's investment in the pool is considered to be highly liquid.

The County is authorized to deposit cash and invest excess funds by California Government Code Sections 53534, 53635, 53601, and 53648. The county is restricted to invest in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements. The funds maintained by the county are either secured by federal depository insurance or are collateralized. The county investment pool is not required to be rated. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

The county investment pool is not registered as an investment company with the Securities and Exchange Commission (SEC) nor is it an SEC Rule 2a7-like pool. California Government Code statutes and the County Board of Supervisors set forth the various investment policies that the County Treasurer follows. The method used to determine the value of the participant's equity withdrawn is based on the book value, which is amortized cost, of the participant's percentage participation on the date of such withdrawals.

**COMPTON COMMUNITY COLLEGE DISTRICT
BOND CONSTRUCTION FUNDS
MEASURE CC, NOVEMBER 2002 AND MEASURE C, NOVEMBER 2014
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

Cash in County (Continued)

The pool sponsor's annual financial report may be obtained from the Los Angeles County Public Affairs Office, Kenneth Hahn Hall of Administration, 500 W. Temple St, Room 358, Los Angeles, CA 90012.

General Authorizations

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

	<u>Maximum Remaining Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Authorized Investment Type:			
Local Agency Bonds, Notes, Warrants	5 Years	None	None
Registered State Bonds, Notes, Warrants	5 Years	None	None
U.S. Treasury Obligations	5 Years	None	None
U.S. Agency Securities	5 Years	None	None
Banker's Acceptance	180 Days	40%	30%
Commercial paper	270 Days	25%	10%
Negotiable Certificates of Deposit	5 Years	30%	None
Repurchase Agreements	1 Year	None	None
Reverse Repurchase Agreements	92 Days	20% of Base	None
Medium-Term Corporate Notes	5 Years	30%	None
Mutual Funds	N/A	20%	10%
money Market Mutual Funds	N/A	20%	120%
Mortgage Pass-Through Securities	5 Years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligations. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure. The District follows Government Code to reduce exposure to investment credit risk. See the previous disclosure for information about the investment ratings.

**COMPTON COMMUNITY COLLEGE DISTRICT
BOND CONSTRUCTION FUNDS
MEASURE CC, NOVEMBER 2002 AND MEASURE C, NOVEMBER 2014
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 3 BONDED DEBT

Measure CC

On November 5, 2002, the voters within the District approved Measure CC authorizing the issuance and sale of general obligation bonds totaling \$100 million, under Proposition 39. Proceeds of the bonds will generally be used to finance the acquisition, construction and modernization of certain District property and facilities approved by the voters and that bond proceeds will not be used for salaries of school administrators or other operational expenses of the District.

The District issued 2002 Series A, B, C, D, and E in the amount of \$ 100 million between the period of January 2004 and November 2018. Series A Bonds were defeased during the year ended June 30, 2016.

On October 4, 2012, \$14,470,000 of general obligation refunding bonds were sold in order to refund a portion of Series A bonds. On March 18, 2014, \$17,010,000 of general obligation refunding bonds were sold in order to refund the remaining Series A bonds. On October 27, 2015, \$13,100,000 of general obligation refunding bonds were sold in order to refund a portion of Series B bonds. On May 21, 2020, \$9,895,000 and \$31,310,000 of general obligation refunding bonds, Series A and B, respectively, were sold in order to refund portions of current interest bonds for Series C, Series D, and capital appreciation bonds for Series D.

Measure C

On November 4, 2014 the voters within the District approved Measure C authorizing the issuance and sale of general obligation bonds totaling \$100 million, under Proposition 39. Proceeds of the bonds will generally be used to update aging classrooms and buildings, repair deteriorating gas and sewer lines, electrical wiring, leaky roofs, improve classroom technology and handicapped accessibility, upgrade campus safety and repair, construction, and acquire facilities and equipment.

The District issued 2014 Series A in the amount of \$38 million on November 8, 2018.

On October 28, 2021, \$38,965,000 of general obligation refunding bonds were sold in order to refund portions of the District's 2012 general obligation refunding bonds, 2014 general obligation refunding bonds, 2015 general obligation refunding bonds, general obligation bonds, election of 2002, Series 2018E, and general obligation Bonds, Election of 2014, Series 2018A, and pay the costs of issuance of the Bonds.

**COMPTON COMMUNITY COLLEGE DISTRICT
BOND CONSTRUCTION FUNDS
MEASURE CC, NOVEMBER 2002 AND MEASURE C, NOVEMBER 2014
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 3 BONDED DEBT (CONTINUED)

The Measure CC, November 2002 and Measure C, November 2014 outstanding general obligation bonded debt of the District at June 30, 2021 is:

	Date of Issue	Date of Maturity	Interest Rate %	Original Issue	Outstanding Principal June 30, 2021
Measure CC 2002					
2004 Series A	1/14/2004	7/1/2015	3.0-4.0	\$ 41,000,000	\$ -
2009 Series B	8/27/2009	8/1/2034	3.0-6.75	15,000,000	-
2012 Series C	3/22/2012	8/1/2037	2.59-6.65	15,001,122	6,702,751
2012 Refunding	10/4/2012	7/1/2023	2.00-5.00	14,470,000	6,300,000
2013 Series D	11/13/2013	8/1/2039	2.52-6.62	16,554,972	207,748
2014 Refunding	3/18/2014	7/1/2028	1.00-5.00	17,010,000	16,115,000
2015 Refunding	10/27/2015	8/1/2034	2.00-5.00	13,100,000	11,835,000
2018 Series E	11/8/2018	8/1/2040	2.00-4.82	12,440,677	11,970,677
2020 Refunding Series A	5/21/2020	8/1/3039	2.00-3.53	9,895,000	9,745,000
2020 Refunding Series B	5/21/2020	8/1/2038	2.51-3.46	31,310,000	31,310,000
					94,186,176
Measure C 2014					
Series 2018A	11/8/2018	8/1/2043	1.85-4.11	38,000,000	29,345,000
Total					\$ 123,531,176

The annual debt service requirements for Measure CC, November 2002 are as shown herein.

<u>Year Ending June 30,</u>	Accreted	
	Principal	Interest
2022	\$ 3,328,124	\$ 36,876
2023	3,663,870	51,130
2024	3,842,268	282,732
2025	4,176,646	263,354
2026	4,319,475	315,526
2027-2031	21,515,740	3,939,260
2032-2036	21,113,068	10,956,932
2037 - 2040	32,226,985	13,818,014
Subtotal	\$ 94,186,176	\$ 29,663,824
		\$ 30,709,869

**COMPTON COMMUNITY COLLEGE DISTRICT
BOND CONSTRUCTION FUNDS
MEASURE CC, NOVEMBER 2002 AND MEASURE C, NOVEMBER 2014
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 3 BONDED DEBT (CONTINUED)

The annual debt service requirements for Measure C, November 2014 are as shown herein.

<u>Year Ending June 30.</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 70,000	\$ 1,327,850
2023	125,000	1,323,950
2024	190,000	1,316,700
2025	260,000	1,305,450
2026	335,000	1,290,575
2027-2031	3,040,000	6,081,000
2032-2036	6,080,000	4,963,000
2037-2041	10,415,000	2,976,350
2042 - 2044	8,830,000	549,000
Total	<u>\$ 29,345,000</u>	<u>\$ 21,133,875</u>

The repayment of the debt related to the general obligation bonds is accounted for in the District's Bond Interest and Redemption Fund which is part of the District's basic financial statements. Proceeds received in excess of debt are added to the maturity amount and amortized to interest expense over the life of the liability are recognized in the basic financial statements of the District. The difference between the reacquisition price and the net carrying amount on refunded debt is deferred and amortized as a component of interest expense over the life of the new debt are recognized in the basic financial statements of the District.

NOTE 4 PURCHASE COMMITMENTS AND CONTINGENCIES

Purchase Commitments

As of June 30, 2021, the District was committed under various capital expenditure purchase agreements for bond projects totaling approximately \$20.8 million.

Litigation

The District is involved in various claims and legal actions related to various construction projects. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Districts' Bond Construction Funds (Measure CC, November 2002 and Measure C, November 2014).

**COMPTON COMMUNITY COLLEGE DISTRICT
BOND CONSTRUCTION FUNDS
MEASURE CC, NOVEMBER 2002 AND MEASURE C, NOVEMBER 2014
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 5 SUBSEQUENT EVENTS

The District sold \$38,965,000 General Obligation Bonds, 2002 Election, Series 2021 Refunding on October 28, 2021. The bonds were sold with an interest rate of 0.445% to 3.116% and mature in August 1, 2038. The Refunding Bonds are being issued to refund certain outstanding maturities of the District's General Obligation Refunding Bonds:

- Measure CC (2002), Refunding 2012 of which \$2,310,000 principal amount is currently outstanding and to pay the costs of issuance of the Refunding Bonds
- Measure CC (2002), Refunding 2014, of which \$10,205,000 principal amount is currently outstanding and to pay the costs of issuance of the Refunding Bonds.
- Measure CC (2002), Refunding 2015, of which \$6,000,000 principal amount is currently outstanding and to pay the costs of issuance of the Refunding Bonds
- Measure CC (2002), Refunding Series E, of which \$1,520,000 principal amount is currently outstanding and to pay the costs of issuance of the Refunding Bonds
- Measure C (2014), Refunding Series A, of which \$13,240,000 principal amount is currently outstanding and to pay the costs of issuance of the Refunding Bonds

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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
Citizens' Bond Oversight Committee
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 Bond Construction Funds (Measure CC, November 2002 and Measure C, November 2014) financial statements of the Compton Community College District (the District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's Bond Construction Funds (Measure CC, November 2002 and Measure C, November 2014) financial statements, and have issued our report thereon dated **Report Date**.

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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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 non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

Glendora, California

Report Date

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**COMPTON COMMUNITY COLLEGE DISTRICT
BOND CONSTRUCTION FUNDS
MEASURE CC, NOVEMBER 2002 AND MEASURE C, NOVEMBER 2014
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2021**

There were no findings related to the financial audits of the Bond Construction Funds (Measure CC, November 2002 and Measure C, November 2014) for the years ended June 30, 2021 and June 30, 2020.

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**PERFORMANCE AUDIT OF
PROPOSITION 39 GENERAL OBLIGATION BONDS
MEASURE CC, NOVEMBER 2002 AND MEASURE C, NOVEMBER 2014**

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Citizens' Bond Oversight Committee
Compton Community College District
Compton, California

We have conducted a performance audit of the Compton Community College District (the District) Measure CC, November 2002 and Measure C, November 2014 bond funds for the year ended June 30, 2021.

We conducted our performance audit in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Our audit was limited to the objectives listed within this report which includes determining the District's compliance with the performance requirements for the Proposition 39 Measure CC, November 2002 and Measure C, November 2014 General Obligation Bonds under the applicable provisions of Section 1(b)(3)(C) of Article XIII A of the California Constitution. Management is responsible for the District's compliance with those requirements.

Solely to assist us in planning and performing our performance audit, we obtained an understanding of the internal control of the District to determine if internal controls were adequate to help ensure the District's compliance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution. Accordingly, we do not express any assurance on internal control.

The results of our tests indicated that, in all significant respects, the District expended Measure CC, November 2002 and Measure C, November 2014 bond funds for the fiscal year ended June 30, 2021, only for the specific projects developed by the District's Board of Trustees, and approved by the voters, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution.

CliftonLarsonAllen LLP

Glendora, California

Report Date

**COMPTON COMMUNITY COLLEGE DISTRICT
PROPOSITION 39 GENERAL OBLIGATION BOND
MEASURE CC, NOVEMBER 2002 AND MEASURE C, NOVEMBER 2014
PERFORMANCE AUDIT
YEAR ENDED JUNE 30, 2021**

BACKGROUND INFORMATION

In November 2000, the voters of the state of California approved Proposition 39 authorizing the issuance of general obligation bonds by California public school districts and community colleges under certain circumstances and subject to certain conditions.

On November 5, 2002, a general obligation bond proposition (Measure CC) of the District was approved by the voters of that District. Measure CC authorized the District to issue up to \$100,000,000 of general obligation bonds to finance various capital projects and related costs, as specified in the bond measure provisions.

On November 4, 2014, a general obligation bond proposition (Measure C) of the District was approved by the voters of the District. Measure C authorized the District to issue up to \$100,000,000 of general obligation bonds to finance various capital projects and related costs, as specified in the bond measure provisions. The bylaws of the Independent Citizen's Bond Oversight Committee have been revised to expand their duties to include oversight of the expenditures of bond proceeds for both Measure CC and Measure C projects.

Pursuant to the requirements of Proposition 39, and related state legislation, the Board of Trustees of the District established a Citizens' Bond Oversight Committee and appointed its members. The principal purpose of the Citizens' Bond Oversight Committee, as set out in state law, is to inform the public as to the expenditures of the proceeds of the bonds issued pursuant to the Measure CC and Measure C bond authorization. The Citizens' Bond Oversight Committee is required to issue at least one report annually as to its activities and findings.

Section 1(b)(3)(C) of Article XIII A of the California Constitution requires the District to conduct an annual independent performance audit to ensure that the proceeds of the bonds deposited into the Measure CC and Measure C General Obligation Bonds have been expended only for the authorized bond projects.

OBJECTIVES

The objectives of our performance audit were to:

- Determine the expenditures charged to the Measure CC, November 2002 and Measure C, November 2014 bond funds.
- Determine whether expenditures charged to the Measure CC, November 2002 and Measure C, November 2014 bond funds have been made in accordance with the bond project list developed by the District's Board of Trustees and approved by the voters, through the approval of Measure CC in November 2002 and Measure C in November 2014.
- Determine that amounts expended on salaries and benefits were only to the extent employees perform work associated with the Measure CC, November 2002 and Measure C, November 2014 bond projects as allowable per Opinion 04-110 issued on November 9, 2004 by the State of California Attorney General.

**COMPTON COMMUNITY COLLEGE DISTRICT
PROPOSITION 39 GENERAL OBLIGATION BOND
MEASURE CC, NOVEMBER 2002 AND MEASURE C, NOVEMBER 2014
PERFORMANCE AUDIT
YEAR ENDED JUNE 30, 2021**

SCOPE OF THE AUDIT

The scope of our performance audit covered the fiscal period from July 1, 2020 to June 30, 2021. The sample of expenditures tested included object and project codes associated with the bond projects. The propriety of expenditures for capital projects and maintenance projects funded through other state or local funding sources, other than the proceeds of the bonds, were not included within the scope of our audit. Expenditures incurred subsequent to June 30, 2021, were not reviewed or included within the scope of our audit or in this report.

PROCEDURES PERFORMED

- We identified the expenditures and projects charged to the general obligation bond proceeds by obtaining the general ledger and project listing.
- We selected a judgmental sample of expenditures for supplies, services and capital outlay considering all projects for the year ended June 30, 2021. The District expended \$343,503 of Measure CC (2002) Bond Construction funds and \$9,641,787 of Measure C (2014) Bond Construction funds for the year ended June 30, 2021.

We selected a sample of 5 non-salary expenditures totaling \$188,163, which is 54.8% of total non-salary expenditures of \$343,503 for Measure CC (2002) Bond Construction funds.

We selected a sample of 19 non-salary expenditures totaling \$9,641,787, which is 58.6% of total non-salary expenditures of \$16,455,163 for Measure C (2014) Bond Construction funds.

- We reviewed the actual invoices and supporting documentation to determine that expenditures charged to projects were:
 - Supported by invoices with evidence of proper approval and documentation of receipt of goods or services;
 - Supported by proper bid documentation, as applicable;
 - Properly expended on the authorized bond projects as listed on the voter-approved bond project list.
- We noted there were no salary and benefit expenditures charged to the Bond Construction Funds (Measure CC, November 2002 and Measure C, November 2014).

**COMPTON COMMUNITY COLLEGE DISTRICT
PROPOSITION 39 GENERAL OBLIGATION BOND
MEASURE CC, NOVEMBER 2002 AND MEASURE C, NOVEMBER 2014
PERFORMANCE AUDIT
YEAR ENDED JUNE 30, 2021**

CONCLUSION

The results of our tests indicated that, in all significant respects, the District has properly accounted for the expenditures of the funds held in the Measure CC, November 2002 and Measure C, November 2014 bond funds and that such expenditures were made on authorized bond projects.

Further, it was noted that there were no salary and benefit expenditures charged to the Bond Construction Funds (Measure CC, November 2002 and Measure C, November 2014); therefore, funds were properly not expended for salaries of school administrators or other operating expenditures.

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