

**COMPTON  
COMMUNITY COLLEGE DISTRICT**

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**ANNUAL FINANCIAL REPORT**

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**JUNE 30, 2015**

# COMPTON COMMUNITY COLLEGE DISTRICT

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***FINANCIAL SECTION***

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## INDEPENDENT AUDITOR'S REPORT

Special Trustee and Board of Trustees  
Compton Community College District  
Compton, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the aggregate remaining fund information of Compton Community College District (the District) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate remaining fund information of the District as of June 30, 2015, and the respective changes in financial position and cash flows thereon for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter - Change in Accounting Principles**

As discussed in Note 2 and Note 15 to the financial statements, in 2015, the District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require the Management's Discussion and Analysis on pages 5 through 15, the Schedule of Other Postemployment Benefits (OPEB) Funding Progress on page 63, the Schedule of the District's Proportionate Share of the Net Pension Liability on page 64, and the Schedule of District Contributions on page 65 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information listed in the Table of Contents, including the Schedule of Expenditures of Federal Awards, as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying supplementary information, including the Schedule of Expenditures of Federal Awards and other supplementary schedules, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The additional supplementary information on pages 93 through 100 has been presented at the request of District management for purposes of additional analysis. We have applied certain limited procedures to the additional supplementary information which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries. We do not express an opinion or provide any assurance on this information because of the limited procedures do not provide us with significant evidence to express an opinion or provide any assurance.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2015, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Maurine Dine, Day & Co. LLP". The signature is written in a cursive style.

Rancho Cucamonga, California  
December 7, 2015



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

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Provost/CEO

## **Introduction**

The purpose of this management's discussion and analysis (MD&A) is to provide readers with information about the activities, programs, and financial condition of the Compton Community College District (the District) as of June 30, 2015. The discussion has been prepared by management and should be read in conjunction with the financial statements and notes which follow this section. Responsibility for the completeness and accuracy of this information rests with District management.

The District was established in 1927 and serves the communities of Compton, Willowbrook, Enterprise, Carson, Lynwood, and Paramount. Students in our college may complete the freshman and sophomore years of a baccalaureate degree and transfer to upper division study at a university or complete a certificated vocational program and move directly to the work force.

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

## **Overview of the Financial Statements**

The Compton Community College District's financial statements are presented in accordance with Governmental Accounting Standards Board (GASB) Statements No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, and No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public College and Universities*. These statements allow for the presentation of financial activity and results of operations which focuses on the District as a whole. The entity-wide financial statements present the overall results of operations whereby all of the District's activities are consolidated into one total versus the traditional presentation by fund type. Under the Business-Type Activity (BTA) reporting model, this report consists of three basic financial statements that provide information on the District's governmental activities as a whole: the Statement of Net Position; the Statement of Revenues, Expenditures, and Changes in Net Position; and the Statement of Cash Flows.

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

# COMPTON COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015

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### Financial Highlights

The District's financial statements reflect the implementation of GASB issued Statements No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27* and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an Amendment of GASB Statement No. 68*. The primary objective of these Statements is to improve accounting and financial reporting by State and local governments for pensions. It also improves information provided by State and local governmental employers about financial support for pensions that is provided by other entities. The implementation of this statement resulted in a restatement of prior year Net Position from \$77.7 million to \$50.6 million. Further details of the restatement are addressed in Note 15 of the financial statements.

### Financial Highlights

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

Allied Health Building

Instructional Building #1

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

Music Building Renovation  
Football Field Renovation  
Swing Space (Portable Modulars)

Infrastructure and Wi-Fi Project  
Police Safety Facility

The District successfully closed out two major projects totaling nearly \$52.5 million. The projects include the Utility Infrastructure Phase 1 and Central Plant/Stadium Lighting and Utility Infrastructure Phase 2.

The two infrastructure projects were to correct safety issues associated with the existing campus-wide utility infrastructure with special emphasis on the electrical distribution system, and the code required fire suppression/fire water distribution system. The infrastructure upgrades were necessary to safely support the increased electrical loads and demands that have resulted from constructed capital projects (Math/Science and Vocational Technology), as well as the Library Student Success Center, Child Development Center and Stadium upgrades. These two infrastructure projects replaced an existing utility infrastructure that was developed at the time the original campus was constructed, and was over 50 years old.

Construction of the \$52.5 million utility infrastructure projects was made possible with \$9.1 million from the 2002 Measure CC general obligation bond and \$43.7 million of State Capital Outlay funds.

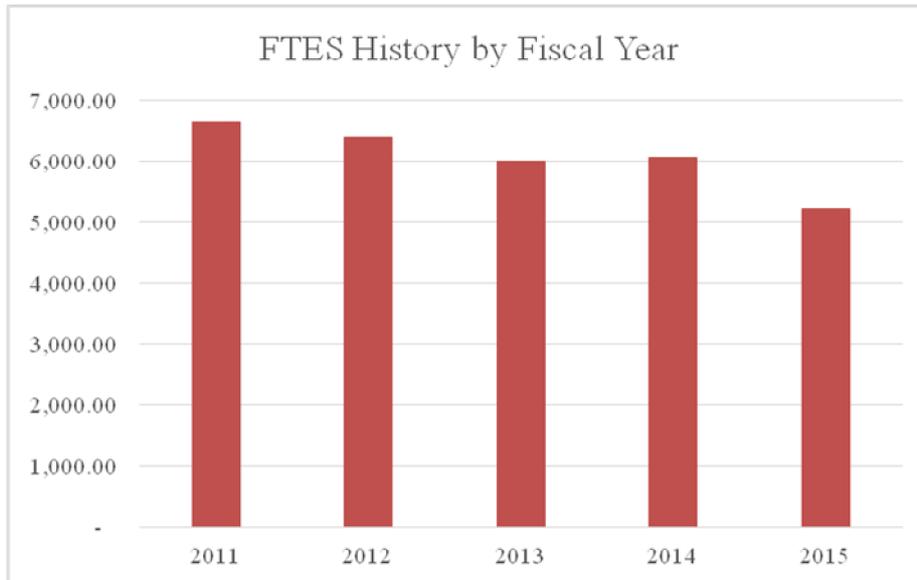
# COMPTON COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015

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### Full-Time Equivalent Students Growth

During fiscal year 2014-2015, total Full-Time Equivalent Students (FTES) decreased from 6,060 to 5,217, a decrease of 843 FTES (or 14 percent). The entire decrease in FTES is contributed to declining enrollment from the District's feeder high schools and increased competition from neighboring community college districts.



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

The difference between total assets plus deferred outflows and total liabilities and deferred inflows 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, 2015**

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The net position is divided into three major categories. The first category, net investment in capital assets, provides the equity amount in property, plant, and equipment owned by the District. The second category is expendable restricted net position; these net positions are available for expenditure by the District, but must be spent for purposes as determined by external entities and/or donors that have placed time or purpose restrictions on the use of the assets. The final category is unrestricted net positions, which are available to the District for any lawful purpose of the District.

**COMPTON COMMUNITY COLLEGE DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2015**

A summary of the Statement of Net Position as of June 30, 2015 and June 30, 2014, is below:

**Table 1**

	<b>2015</b>	<b>2014 (as restated)</b>	<b>Increase (Decrease)</b>	<b>Percent Change</b>
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and investments	\$ 47,751,039	\$ 55,281,003	\$ (7,529,964)	-13.6%
Accounts receivable, net	7,619,401	7,062,595	556,806	7.9%
Other current assets	30,991	124,835	(93,844)	-75.2%
<b>Total Current Assets</b>	<b>55,401,431</b>	<b>62,468,433</b>	<b>(7,067,002)</b>	<b>-11.3%</b>
<b>Noncurrent Assets</b>				
Capital assets, net of accumulated depreciation	142,219,915	133,560,683	8,659,232	6.5%
<b>Total Noncurrent Assets</b>	<b>142,219,915</b>	<b>133,560,683</b>	<b>8,659,232</b>	<b>6.5%</b>
<b>TOTAL ASSETS</b>	<b>197,621,346</b>	<b>196,029,116</b>	<b>1,592,230</b>	<b>0.8%</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>				
Deferred charges on refunding	1,456,043	1,639,767	(183,724)	-11.2%
Current year pension contribution	1,940,182	1,740,839	199,343	11.5%
<b>Total Deferred Outflows</b>	<b>3,396,225</b>	<b>3,380,606</b>	<b>15,619</b>	<b>0.5%</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Accounts payable	5,471,268	7,792,179	(2,320,911)	-29.8%
Unearned revenue	2,179,799	1,291,784	888,015	68.7%
TRAN payable	-	3,900,000	(3,900,000)	-100.0%
Current portion of long-term obligations	2,419,746	2,447,083	(27,337)	-1.1%
Interest payable	1,337,012	1,140,277	196,735	17.3%
<b>Total Current Liabilities</b>	<b>11,407,825</b>	<b>16,571,323</b>	<b>(5,163,498)</b>	<b>-31.2%</b>
<b>Noncurrent Liabilities</b>				
Bonds payable	76,675,577	76,622,826	52,751	0.1%
Notes payable	12,270,297	13,105,201	(834,904)	-6.4%
Net pension liability	22,808,355	28,869,933	(6,061,578)	-21.0%
Other long-term obligations	12,607,376	13,686,174	(1,078,798)	-7.9%
<b>Total Noncurrent Liabilities</b>	<b>124,361,605</b>	<b>132,284,134</b>	<b>(7,922,529)</b>	<b>-6.0%</b>
<b>TOTAL LIABILITIES</b>	<b>135,769,430</b>	<b>148,855,457</b>	<b>(13,086,027)</b>	<b>-8.8%</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Difference between projected and actual earnings on pension plan investments	6,312,056	-	6,312,056	100.0%
<b>NET POSITION</b>				
Net investment in capital assets	92,392,091	85,207,802	7,184,289	8.4%
Restricted for:				
Debt service	1,991,627	2,077,604	(85,977)	-4.1%
Capital projects	1,510,413	1,704,257	(193,844)	-11.4%
Other special services	1,085,408	995,829	89,579	9.0%
Unrestricted	(38,043,454)	(39,431,227)	1,387,773	-3.5%
<b>TOTAL NET POSITION</b>	<b>\$ 58,936,085</b>	<b>\$ 50,554,265</b>	<b>\$ 8,381,820</b>	<b>16.6%</b>

## COMPTON COMMUNITY COLLEGE DISTRICT

### MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015

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- The Statement of Cash Flows contained within these financial statements provides greater detail regarding the sources and uses of cash and the net increase in cash during fiscal year 2014-2015. Cash assets had decreases between fiscal years 2015 and 2014 due to the purchase of capital assets of \$10.4 million, and the payment on principal capital debt of \$2.7 million.
- The majority of the accounts receivable balance is from Federal and State sources for apportionment and grant and entitlement programs. Included in accounts receivable is approximately \$4.7 million for reimbursements from State agencies related to construction grant awards. In addition, there is a \$1.3 million net student fee receivable.
- Capital assets had a net increase of \$8.7 million. Depreciation expense of \$2.1 million was recognized during 2014-2015. The capital asset section of this discussion and analysis provides greater detail.
- Accounts payable are amounts due as of the fiscal year end for goods and services received as of June 30, 2015. Total accounts payable are \$5.5 million; \$1.9 million of the balance was accrued in the Capital Projects Fund and the Bond Fund related to construction projects, and \$1.4 million is for amounts due to employees for wages and benefits.
- The District's noncurrent liabilities consist of bonds payable, related to the issuance of Series A, B, C, D, and two refunding bonds that refunded all but one portion of Series A of the 2002 Measure CC General Obligation Bonds, and notes payable related to the drawdown from the line of credit through the State. The face value of these bonds at the time of initial sale totaled \$119 million, and \$78.2 million represents the remaining long-term obligation to satisfy these obligations. The District has issued \$87.6 million of the \$100 million authorized under Measure CC and has a remaining balance of \$12.4 million available to issue. In November 2014, the voters approved a \$100 million authorized under Measure C of which no funds have been issued and remain available. The District has made withdrawals from the line of credit totaling \$17.9 million, and \$13.1 million represents the outstanding balance.

#### **Statement of Revenues, Expenses, and Changes in Net Position**

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

**COMPTON COMMUNITY COLLEGE DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2015**

The Statement of Revenues, Expenses, and Changes in Net Position for the years ended June 30, 2015 and June 30, 2014, is summarized below:

**Table 2**

	<b>2015</b>	<b>2014 (as restated)</b>	<b>Increase (Decrease)</b>	<b>Percent Change</b>
<b>OPERATING REVENUES</b>				
Tuition and fees (net)	\$ 1,329,367	\$ 1,290,093	\$ 39,274	3.0%
Other operating revenues	1,542,318	1,465,385	76,933	5.3%
<b>TOTAL OPERATING REVENUES</b>	<b>2,871,685</b>	<b>2,755,478</b>	<b>116,207</b>	<b>4.2%</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>42,124,249</b>	<b>39,162,306</b>	<b>2,961,943</b>	<b>7.6%</b>
<b>OPERATING LOSS</b>	<b>(39,252,564)</b>	<b>(36,406,828)</b>	<b>(2,845,736)</b>	<b>7.8%</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
State apportionments, noncapital	26,836,020	25,777,077	1,058,943	4.1%
Local property taxes	8,173,607	7,693,936	479,671	6.2%
State revenue - other	1,322,289	1,029,123	293,166	28.5%
Grants and contracts, noncapital:				
Federal	853,115	822,118	30,997	3.8%
State	6,049,274	4,625,097	1,424,177	30.8%
Interest and investment income	388,992	341,670	47,322	13.9%
Interest expense	(3,881,365)	(3,330,658)	(550,707)	16.5%
Other nonoperating revenue	1,674,819	2,273,588	(598,769)	-26.3%
Gain (loss) on asset disposal	(406,435)	7,412	(413,847)	-100.0%
<b>NET NONOPERATING REVENUES</b>	<b>41,010,316</b>	<b>39,239,363</b>	<b>1,770,953</b>	<b>4.5%</b>
<b>OTHER REVENUES</b>				
State apportionments, capital	6,624,068	14,586,725	(7,962,657)	-54.6%
<b>TOTAL OTHER REVENUES</b>	<b>6,624,068</b>	<b>14,586,725</b>	<b>(7,962,657)</b>	<b>-54.6%</b>
<b>CHANGE IN NET POSITION</b>	<b>8,381,820</b>	<b>17,419,260</b>	<b>(9,037,440)</b>	<b>-51.9%</b>
<b>NET POSITION, BEGINNING OF YEAR</b>	<b>50,554,265</b>	<b>33,135,005</b>	<b>17,419,260</b>	<b>52.6%</b>
<b>NET POSITION, END OF YEAR</b>	<b>\$ 58,936,085</b>	<b>\$ 50,554,265</b>	<b>\$ 8,381,820</b>	<b>16.6%</b>

- State apportionments have increased by 4.1 percent while net position increased by 16.6 percent. The increase in net position is related to increased capital construction which the District capitalized \$11.0 million in construction in progress. Additionally, the long-term obligations of the District decreased by \$7.9 million or 6.0 percent.
- The primary components of tuition and fees are the \$46 per unit enrollment fee that is charged to all students registering for classes and the additional \$235 per unit fee that is charged to all nonresident students.
- Personnel costs account for 71 percent of operating expenses in fiscal year 2015, compared to 73 percent in 2014. Supplies, materials, and other operating expenses accounted for 20 percent of the operating expense in fiscal year 2015, compared to 19 percent in 2014. The balance of operating expenses is for financial aid, utilities, and depreciation expense.

**COMPTON COMMUNITY COLLEGE DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2015**

- The primary revenue sources of the District's nonoperating revenue are: State apportionment, local property taxes, other State funding, and interest income. With the exception of interest income, all of this revenue is received to support the District's instructional activities. The amount of State general apportionment received by the District is dependent upon the number of FTES generated and reported to the State, less amounts received from enrollment fees and local property taxes. Increases in either of these latter two revenue categories leads to a corresponding decrease in apportionment.
- State capital apportionments consist of amounts received for capital outlay construction projects. The District currently has two projects that are funded by State capital apportionments.

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

**Table 3**

	Salaries and Employee Benefits	Supplies, Materials, Other Expenses and Services	Equipment, Maintenance, and Repairs	Financial Aid	Depreciation	Total
Instructional Activities	\$ 14,603,445	\$ 405,775	\$ 229,182	\$ -	\$ -	\$ 15,238,402
Instructional Administrative and Instructional Governance	1,534,149	146,294	104,006	-	-	1,784,449
Instructional Support Services	1,125,482	36,233	392,396	-	-	1,554,111
Admissions and Records	501,391	26,895	14,030	-	-	542,316
Student Counseling and Guidance	901,022	32,660	-	-	-	933,682
Other Student Services	4,863,934	910,853	57,709	-	-	5,832,496
Operation and Maintenance of Plant	1,850,138	1,181,004	72,446	-	-	3,103,588
Planning, Policymaking, and Coordination	427,775	895,653	18,683	-	-	1,342,111
General Institutional Support Services	3,039,055	2,842,772	564,478	-	-	6,446,305
Community Services and Economic Development	204,489	7,688	-	-	-	212,177
Ancillary Services and Auxiliary Operation	761,517	1,420,361	7,842	-	-	2,189,720
Physical Property and Related Acquisitions	-	344,877	-	-	-	344,877
Student Aid	-	-	-	512,741	-	512,741
Depreciation	-	-	-	-	2,087,274	2,087,274
<b>Total</b>	<b>\$ 29,812,397</b>	<b>\$ 8,251,065</b>	<b>\$ 1,460,772</b>	<b>\$ 512,741</b>	<b>\$ 2,087,274</b>	<b>\$ 42,124,249</b>

# COMPTON COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015

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### Statement of Cash Flows

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

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

The Statement of Cash Flows for the fiscal years ended June 30, 2015 and June 30, 2014, is summarized below:

**Table 4**

	<u>2015</u>	<u>2014</u>
Cash Provided by (Used in)		
Operating activities	\$ (40,372,391)	\$ (38,162,929)
Noncapital financing activities	38,036,579	58,828,488
Capital and related financing activities	(5,552,611)	451,662
Investing activities	<u>358,459</u>	<u>229,075</u>
Net Change in Cash and Cash Equivalents	(7,529,964)	21,346,296
Cash Balance, Beginning of Year	<u>55,281,003</u>	<u>33,934,707</u>
Cash Balance, End of Year	<u><u>\$ 47,751,039</u></u>	<u><u>\$ 55,281,003</u></u>

### Capital Assets

At June 30, 2015, the District has \$142.2 million in a broad range of capital assets, including land, construction in progress, buildings, and furniture and equipment. At June 30, 2014, the District's net capital assets were \$133.6 million. Major capital improvement projects are ongoing throughout the District which includes the Allied Health Building, Instructional Building #1 projects. These projects are primarily funded through State Construction Revenues and District General Obligation Bonds. Other capital improvement projects include the Music Building Renovation, Infrastructure and Wi-Fi Project, Football Field Renovation, Police Safety Facility, and Swing Space (Portable Modulares). These projects are primarily funded through District General Obligation Bonds.

# COMPTON COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015

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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.

### Debt Obligations

At June 30, 2015, the District has \$126.8 million in debt obligations of which \$81.8 million is in General Obligation Bonds. These bonds are repaid in annual installments, in accordance with obligation requirements, by way of property tax assessments on property within the Compton Community College District's boundaries.

The District's notes payable decreased from its principal payment reducing the liability due to the State in the amount of \$13.1 million outstanding. This note is repaid in annual installments, in accordance with obligation requirements.

The District is also obligated for vacation, claims, early retirement payments, other postemployment benefits, and pension obligations to its qualified employees.

The implementation of GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an Amendment of GASB Statement No. 68*, resulted in a \$22.8 million net pension liability recorded on the Statement of Net Position in 2014-2015. The amount represents the District's proportionate share of the net pension liability for each of the two pension plans, CalSTRS and CalPERS, the District participates in.

### Economic Factors That May Affect the Future

The largest component of revenue the District receives is from the State of California. The most important element of the State funding is the total General Apportionment allocation, which accounts for 77 percent of the District's 2014-2015 Unrestricted General Fund revenues. Apportionment revenue is directly tied to the generation and reporting of FTES. Over the last three years, the District has recently suffered a significant decrease in FTES, marking its lowest point in fiscal year 2015 at 5,217 FTES. However, the District's 2014-2015 funded apportionment reflects funded FTES in excess of the District's actual FTES count (5,217), and for which the District received "stability" funding under CCR Section 58776. During the initial year of a decline in FTES, community college districts are eligible to receive "stability" funding in an amount equal to the revenue loss associated with a decline in FTES for that year.

Looking to fiscal year 2015-2016, the District, based on the State proposed funding, anticipates growth in actual FTES climbing from 5,217 reported in 2014-2015 to 5,860 in 2015-2016, an increase of 643 FTES.

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

Additionally, the District is faces sharp increases in pension contributions and other postemployment benefits which will claim a growing share of the District's Unrestricted General Fund budget.

# COMPTON COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015

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### *Contacting the District's Financial Management*

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

**COMPTON COMMUNITY COLLEGE DISTRICT**

**STATEMENT OF NET POSITION - PRIMARY GOVERNMENT  
JUNE 30, 2015**

**ASSETS**

**Current Assets**

Cash and cash equivalents	\$ 225,159
Investments	47,525,880
Accounts receivable	6,343,739
Student receivables, net	1,275,662
Prepaid expenses	17,324
Other current assets	13,667

**Total Current Assets** 55,401,431

**Noncurrent Assets**

Nondepreciable capital assets	14,427,967
Depreciable capital assets, net of depreciation	127,791,948

**Total Noncurrent Assets** 142,219,915

**TOTAL ASSETS** 197,621,346

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred charge on refunding	1,456,043
Current year pension contribution	1,940,182

**TOTAL DEFERRED OUTFLOW OF RESOURCES** 3,396,225

**LIABILITIES**

**Current Liabilities**

Accounts payable	5,471,268
Accrued Interest payable	1,337,012
Unearned revenue	2,179,799
Notes payable	834,904
Bonds payable	1,475,000
Other long-term obligations	109,842

**Total Current Liabilities** 11,407,825

**Noncurrent Liabilities**

Compensated absences payable	1,011,606
Notes payable	12,270,297
Bonds payable	76,675,577
Other postemployment benefits	6,475,664
Aggregate net pension obligation	22,808,355
Other long-term obligations	5,120,106

**Total Noncurrent Liabilities** 124,361,605

**TOTAL LIABILITIES** 135,769,430

**DEFERRED INFLOWS OF RESOURCES**

Difference between projected and actual earnings on pension plan investments	6,312,056
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The accompanying notes are an integral part of these financial statements.

**COMPTON COMMUNITY COLLEGE DISTRICT**

**STATEMENT OF NET POSITION - PRIMARY GOVERNMENT, CONTINUED  
JUNE 30, 2015**

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**NET POSITION**

Net investment in capital assets	\$ 92,392,091
Restricted for:	
Debt service	1,991,627
Capital projects	1,510,413
Other activities	1,085,408
Unrestricted	<u>(38,043,454)</u>
<b>TOTAL NET POSITION</b>	<b><u><u>\$ 58,936,085</u></u></b>

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

**COMPTON COMMUNITY COLLEGE DISTRICT**

**STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION - PRIMARY GOVERNMENT  
FOR THE YEAR ENDED JUNE 30, 2015**

<b>OPERATING REVENUES</b>	
Student Tuition and Fees	\$ 4,571,004
Less: Scholarship discount and allowance	(3,241,637)
Net tuition and fees	<u>1,329,367</u>
Other Operating Revenues	<u>1,542,318</u>
<b>TOTAL OPERATING REVENUES</b>	<b><u>2,871,685</u></b>
<b>OPERATING EXPENSES</b>	
Salaries	21,770,563
Employee benefits	8,041,834
Supplies, materials, and other operating expenses and services	8,251,065
Student financial aid	512,741
Equipment, maintenance, and repairs	1,460,772
Depreciation	<u>2,087,274</u>
<b>TOTAL OPERATING EXPENSES</b>	<b><u>42,124,249</u></b>
<b>OPERATING LOSS</b>	<b><u>(39,252,564)</u></b>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
State apportionments, noncapital	26,836,020
Local property taxes, levied for general purposes	4,006,386
Taxes levied for other specific purposes	4,167,221
Federal grants	853,115
State grants	6,049,274
State taxes and other revenues	1,322,289
Investment income	341,045
Interest expense on capital related debt	(3,881,365)
Investment income on capital asset-related debt, net	47,947
Other nonoperating revenue	<u>1,674,819</u>
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b><u>41,416,751</u></b>
<b>INCOME BEFORE OTHER REVENUES AND LOSSES</b>	<b><u>2,164,187</u></b>
<b>OTHER REVENUES AND LOSSES</b>	
State revenues, capital	6,624,068
Loss on the write-off of capital assets	<u>(406,435)</u>
<b>TOTAL OTHER REVENUES AND LOSSES</b>	<b><u>6,217,633</u></b>
<b>CHANGE IN NET POSITION</b>	<b>8,381,820</b>
<b>NET POSITION, BEGINNING OF YEAR AS RESTATED</b>	<b><u>50,554,265</u></b>
<b>NET POSITION, END OF YEAR</b>	<b><u><u>\$ 58,936,085</u></u></b>

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

**COMPTON COMMUNITY COLLEGE DISTRICT**

**STATEMENT OF CASH FLOWS - PRIMARY GOVERNMENT  
FOR THE YEAR ENDED JUNE 30, 2015**

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<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Tuition and fees	\$ 1,221,480
Payments to vendors for supplies and services	(12,224,694)
Payments to or on behalf of employees	(30,398,754)
Payments to students for scholarships and grants	(512,741)
Other operating receipts	<u>1,542,318</u>
<b>Net Cash Flows From Operating Activities</b>	<u>(40,372,391)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
State apportionments	28,380,174
Grant and contracts	6,939,500
Property taxes - nondebt related	4,006,386
State taxes and other apportionments	(3,040,457)
Other nonoperating	<u>1,750,976</u>
<b>Net Cash Flows From Noncapital Financing Activities</b>	<u>38,036,579</u>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>	
Purchase of capital assets	(10,408,951)
Current year bond principal accretion	1,527,751
State revenue, capital projects	6,624,068
Deferred charges on bond refunding	183,724
Property taxes - related to capital debt	4,167,221
Principal paid on capital debt	(2,682,796)
Interest paid on capital debt	(5,011,575)
Interest received on capital asset-related debt	<u>47,947</u>
<b>Net Cash Flows From Capital Financing Activities</b>	<u>(5,552,611)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest received from investments	<u>358,459</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<u>(7,529,964)</u>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>55,281,003</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u><u>\$ 47,751,039</u></u>

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

**COMPTON COMMUNITY COLLEGE DISTRICT**

**STATEMENT OF CASH FLOWS - PRIMARY GOVERNMENT, Continued  
FOR THE YEAR ENDED JUNE 30, 2015**

**RECONCILIATION OF NET OPERATING LOSS TO NET CASH  
FLOWS FROM OPERATING ACTIVITIES**

Operating Loss	<u>\$ (39,252,564)</u>
Adjustments to Reconcile Operating Loss to Net Cash Flows From Operating Activities:	
Depreciation expense	2,087,274
Changes in Operating Assets and Liabilities:	
Receivables	8,033
Accrued interest payable	196,735
Prepaid expenses/Other assets	93,844
Accounts payable and accrued liabilities	188,380
Unearned revenue	888,015
Tax and revenue anticipation note	(3,900,000)
Current year pension contribution	(199,343)
Difference between projected and actual earnings on pension plan investments	6,312,056
Claims liabilities	(1,178,816)
Compensated absences and retirement incentives	(5,616,005)
Total Adjustments	<u>(1,119,827)</u>
<b>Net Cash Flows From Operating Activities</b>	<u><u>\$ (40,372,391)</u></u>

**CASH AND CASH EQUIVALENTS CONSIST OF THE FOLLOWING:**

Cash in banks	\$ 225,159
Cash in county treasury	47,525,880
<b>Total Cash and Cash Equivalents</b>	<u><u>\$ 47,751,039</u></u>

**NON CASH TRANSACTIONS**

On behalf payments for benefits	\$ 543,448
Board of governors fee waivers	5,105,587
<b>Total Non Cash Transactions</b>	<u><u>\$ 5,649,035</u></u>

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

**COMPTON COMMUNITY COLLEGE DISTRICT**

**STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2015**

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	<u>Trust</u>	<u>Agency</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 134,205	\$ 20,763
Investments	116,589	-
Accounts receivable	128,185	-
Due from other funds	-	26,888
<b>Total Assets</b>	<u>378,979</u>	<u>47,651</u>
 <b>LIABILITIES</b>		
Accounts payable	30,369	-
Due to other funds	26,888	-
Due to student groups	87,045	47,651
<b>Total Liabilities</b>	<u>144,302</u>	<u>\$ 47,651</u>
 <b>NET POSITION</b>		
Unreserved	<u>234,677</u>	
<b>Total Net Position</b>	<u>\$ 234,677</u>	

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

**COMPTON COMMUNITY COLLEGE DISTRICT**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2015**

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	<u>Trust</u>
<b>ADDITIONS</b>	
Local revenues	<u>\$ 201,398</u>
<b>DEDUCTIONS</b>	
Services and operating expenditures	<u>90,002</u>
<b>Change in Net Position</b>	111,396
<b>Net Position - Beginning</b>	<u>123,281</u>
<b>Net Position - Ending</b>	<u><u>\$ 234,677</u></u>

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

# COMPTON COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

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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.

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

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

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

### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **Financial Reporting Entity**

The District has adopted GASB Statement No. 61, *Determining Whether Certain Organizations are Component Units*. This statement amends GASB Statement No. 14, *The Financial Reporting Entity*, to provide additional guidance to determine whether certain organizations, for which the District is not financially accountable, should be reported as component units based on the nature and significance of their relationship with the District. The three components used to determine the presentation are: providing a "direct benefit", the "environment and ability to access/influence reporting", and the "significance" criterion. As defined by accounting principles generally accepted in the United States of America and established by the Governmental Accounting Standards Board, the financial reporting entity consists of the District.

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

# COMPTON COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2015**

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

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

### **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities as defined by GASB Statements No. 34 and No. 35 as amended by GASB Statements No. 37, No. 38, and No. 39. This presentation provides a comprehensive entity-wide perspective of the District's assets, liabilities, activities, and cash flows and replaces the fund group perspective previously required. Accordingly, the District's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. The significant accounting policies followed by the District in preparing these financial statements are in accordance with accounting principles generally accepted in the United States of America as prescribed by GASB. Additionally, the District's policies comply with the California Community Colleges Chancellor's Office *Budget and Accounting Manual*. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All material intra-agency and intra-fund transactions have been eliminated.

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are classified as operating revenues. These transactions are recorded on the accrual basis when the exchange takes place. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, operating revenues consist primarily of student fees and auxiliary activities through the bookstore and cafeteria.

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

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

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

# COMPTON COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2015**

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The financial statements are presented in accordance with the reporting model as prescribed in GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, and GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*, as amended by GASB Statements No. 37, No. 38, and No. 39. The business-type activities model followed by the District requires the following components of the District's financial statements:

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

### **Cash and Cash Equivalents**

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

### **Investments**

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, investments held at June 30, 2015 and 2014, are stated at fair value. Fair value is estimated based on quoted market prices at year-end. Short-term investments have an original maturity date greater than three months, but less than one year at time of purchase. Long-term investments have an original maturity of greater than one year at the time of purchase.

### **Accounts Receivable**

Accounts receivable include amounts due from the Federal, State and/or local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the District's grants and contracts. Accounts receivable also consist of tuition and fee charges to students. The District provides for an allowance for uncollectable accounts as an estimation of amounts that may not be received. This allowance is established based upon management's analysis. The allowance is \$1,363,262 at June 30, 2015.

### **Prepaid Expenses**

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

# COMPTON COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

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### **Capital Assets and Depreciation**

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

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

### **Accrued Liabilities and Long-Term Obligations**

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

### **Bond Premiums**

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

### **Deferred Outflows/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 or expenditure until then. The District reports deferred outflows of resources for the deferred charges on the refunding of general obligation bonds and current year pension contributions.

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 the difference between projected and actual earnings on pension plan investments specific to the net pension liability.

# COMPTON COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

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### **Pensions**

For purposes of measuring the net pension liability and 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 (the 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.

### **Compensated Absences**

Accumulated unpaid employee vacation benefits are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the entity-wide financial statements. The amounts have been recorded in the fund from which the employees, who have accumulated the leave, are paid.

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

### **Unearned Revenue**

Unearned revenue arises when resources are received by the District prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the combined balance sheet and revenue is recognized. Unearned revenue includes (1) amounts received for tuition and fees prior to the end of the fiscal year that are related to the subsequent fiscal year and (2) amounts received from Federal and State grants received before the eligibility requirements are met.

### **Noncurrent Liabilities**

Noncurrent liabilities include bonds and notes payable, compensated absences, early retirement incentive, claims payable, capital lease obligations, aggregate net pension obligation, and OPEB obligations with maturities greater than one year.

### **Net Position**

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

# COMPTON COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

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**Net Investment in Capital Assets** consists of capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets. To the extent debt has been incurred, but not yet expended for capital assets, such accounts are not included as a component invested in capital assets – net of related debt.

**Restricted:** Net position is reported as restricted when there are limitations imposed on their use, either through enabling legislation adopted by the District, or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

**Unrestricted:** Net position that is not subject to externally imposed constraints. Unrestricted net position may be designated for specific purposes by action of the Board of Trustees or may otherwise be limited by contractual agreements with outside parties.

When both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first and the unrestricted resources when they are needed. The entity-wide financial statements report \$4,587,448 of restricted net position. At June 30, 2015, the entity-wide financial statements report deficit unrestricted net position in the amount of \$38,043,454.

### 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.

### Board of Governors Grants (BOGG) and Fee Waivers

Student tuition and fee revenue is reported net of allowances and fee waivers approved by the Board of Governors through BOGG fee waivers in the Statement of Revenues, Expenses, and Changes in Net Position. Scholarship discounts and allowances represent the difference between stated charges for enrollment fees and the amount that is paid by students or third parties making payments on the students' behalf. To the extent that fee waivers have been used to satisfy tuition and fee charges, the District has recorded a scholarship discount and allowance.

# COMPTON COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

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### Estimates

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

### Interfund Activity

Interfund transfers and interfund receivables and payables are eliminated during the consolidation process in the Primary Government and Fiduciary Funds' financial statements, respectively.

### Change in Accounting Principles

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

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

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

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

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

## COMPTON COMMUNITY COLLEGE DISTRICT

### NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2015**

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

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

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

The District has implemented the Provisions of this Statement for the year ended June 30, 2015.

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

# COMPTON COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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Statement No. 68 requires a State or local government employer (or nonemployer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a State or local government employer or nonemployer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement No. 68 requires that the government recognize its contribution as a deferred outflow of resources. In addition, Statement No. 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a State or local government employer or nonemployer contributing entity that arise from other types of events. At transition to Statement No. 68, if it is not practical for an employer or nonemployer contributing entity to determine the amounts of *all* deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement No. 68 required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported. The restatement of the District's beginning net position for the year ended June 30, 2015, does not include deferred inflows of resources as this information was not available.

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

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

The District has implemented the Provisions of this Statement for the year ended June 30, 2015.

As the result of implementing GASB Statement No. 68, the District has restated the beginning net position in the government-wide Statement of Net Position, effectively decreasing net position as of July 1, 2014, by \$27,129,094. The decrease results from recognizing the net pension liability, net of related deferred outflows of resources. This restatement does not include deferred inflow of resources, as the information was not available.

### **New Accounting Pronouncements**

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015. Early implementation is encouraged.

## COMPTON COMMUNITY COLLEGE DISTRICT

### NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2015**

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In June 2015, the GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68*. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of State and local governments for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement No. 68. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement No. 68 for pension plans and pensions that are within their respective scopes.

The requirements of this Statement extend the approach to accounting and financial reporting established in Statement No. 68 to all pensions, with modifications as necessary to reflect that for accounting and financial reporting purposes, any assets accumulated for pensions that are provided through pension plans that are not administered through trusts that meet the criteria specified in Statement No. 68 should not be considered pension plan assets. It also requires that information similar to that required by Statement No. 68 be included in notes to financial statements and required supplementary information by all similarly situated employers and nonemployer contributing entities.

This Statement also clarifies the application of certain provisions of Statements No. 67 and No. 68 with regard to the following issues:

- Information that is required to be presented as notes to the ten-year schedules of required supplementary information about investment-related factors that significantly affect trends in the amounts reported.
- Accounting and financial reporting for separately financed specific liabilities of individual employers and nonemployer contributing entities for defined benefit pensions.
- Timing of employer recognition of revenue for the support of nonemployer contributing entities not in a special funding situation.

The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2016. Early implementation is encouraged.

In June 2015, the GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of State and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

# COMPTON COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2015**

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This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement No. 43, and Statement No. 50, *Pension Disclosures*.

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain nonemployer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities.

The scope of this Statement includes OPEB plans—defined benefit and defined contribution—administered through trusts that meet the following criteria:

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

This Statement also includes requirements to address financial reporting for assets accumulated for purposes of providing defined benefit OPEB through OPEB plans that are not administered through trusts that meet the specified criteria.

The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2016. Early implementation is encouraged.

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*. The primary objective of this Statement is to improve accounting and financial reporting by State and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by State and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans.

# COMPTON COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2015**

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The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of State and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed.

In addition, this Statement details the recognition and disclosure requirements for employers with payables to defined benefit OPEB plans that are administered through trusts that meet the specified criteria and for employers whose employees are provided with defined contribution OPEB. This Statement also addresses certain circumstances in which a nonemployer entity provides financial support for OPEB of employees of another entity.

In this Statement, distinctions are made regarding the particular requirements depending upon whether the OPEB plans through which the benefits are provided are administered through trusts that meet the following criteria:

- Contributions from employers and nonemployer contributing entities to the OPEB plan and earnings on those contributions are irrevocable.
- OPEB plan assets are dedicated to providing OPEB to plan members in accordance with the benefit terms.
- OPEB plan assets are legally protected from the creditors of employers, nonemployer contributing entities, the OPEB plan administrator, and the plan members.

The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2017. Early implementation is encouraged.

In June 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of State and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*.

The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015, and should be applied retroactively. Earlier implementation is permitted.

# COMPTON COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

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### *NOTE 3 - DEPOSITS AND INVESTMENTS*

#### **Policies and Practices**

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

#### **Investment in County Treasury**

The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (*Education Code* Section (ECS) 41001). The fair value of the District's investment in the pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

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

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

**COMPTON COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

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**General Authorizations**

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

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

**Authorized Under Debt Agreements**

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

**COMPTON COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

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**Summary of Deposits and Investments**

Deposits and investments as of June 30, 2015, consist of the following:

Primary government	\$ 47,751,039
Fiduciary funds	271,557
Total Deposits and Investments	<u>\$ 48,022,596</u>
Cash on hand and in banks	\$ 154,927
Cash in revolving	225,200
Investments	47,642,469
Total Deposits and Investments	<u>\$ 48,022,596</u>

**Interest Rate Risk**

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

**Weighted Average Maturity**

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Days to Maturity</u>
Los Angeles County Investment Pool	<u>\$ 47,592,789</u>	595

**Credit Risk**

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment in the Los Angeles County Investment Pool is not required to be rated, nor has it been rated as of June 30, 2015.

**COMPTON COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

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**Custodial Credit Risk - Deposits**

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk. However, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2015, the District and fiduciary funds had bank balances of \$346,841 and \$159,128, respectively. Of these balances, the District had \$96,841 exposed to custodial credit risk because they were not fully covered by depository insurance; however, it was collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

**NOTE 4 - ACCOUNTS RECEIVABLE**

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

	<u>Primary Government</u>	<u>Fiduciary Funds</u>
Federal Government		
Categorical aid	\$ 145,349	\$ -
State Government		
Apportionment	338,531	-
Categorical aid	54,123	-
State construction projects	4,720,798	-
Lottery	527,407	-
Other State sources	160,361	-
Local Sources		
Interest	153,190	395
Other local sources	243,980	127,790
Total	<u>\$ 6,343,739</u>	<u>\$ 128,185</u>
Student receivables	\$ 2,638,924	
Less: Allowance for bad debt	(1,363,262)	
Student receivables, net	<u>\$ 1,275,662</u>	

**COMPTON COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 5 - CAPITAL ASSETS**

Capital asset activity for the District for the fiscal year ended June 30, 2015, was as follows:

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Capital Assets Not Being Depreciated				
Land	\$ 2,324,000	\$ -	\$ -	\$ 2,324,000
Construction in progress	53,568,449	11,003,357	52,467,839	12,103,967
Total Capital Assets Not Being Depreciated	<u>55,892,449</u>	<u>11,003,357</u>	<u>52,467,839</u>	<u>14,427,967</u>
Capital Assets Being Depreciated				
Buildings and improvements	82,834,855	2,891,561	-	85,726,416
Site improvements	11,308,764	49,169,843	-	60,478,607
Furniture and equipment	7,311,617	149,584	-	7,461,201
Total Capital Assets Being Depreciated	<u>101,455,236</u>	<u>52,210,988</u>	<u>-</u>	<u>153,666,224</u>
Total Capital Assets	<u>157,347,685</u>	<u>63,214,345</u>	<u>52,467,839</u>	<u>168,094,191</u>
Less Accumulated Depreciation				
Buildings and improvements	15,115,485	1,271,460	-	16,386,945
Site improvements	2,054,773	665,434	-	2,720,207
Furniture and equipment	6,616,744	150,380	-	6,767,124
Total Accumulated Depreciation	<u>23,787,002</u>	<u>2,087,274</u>	<u>-</u>	<u>25,874,276</u>
Net Capital Assets	<u>\$ 133,560,683</u>	<u>\$ 61,127,071</u>	<u>\$ 52,467,839</u>	<u>\$ 142,219,915</u>

Depreciation expense for the year was \$2,087,274.

Interest expense on capital related debt for the year ended June 30, 2015, was \$6,141,785. Of this amount, \$1,130,210 was capitalized.

**COMPTON COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

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***NOTE 6 - ACCOUNTS PAYABLE***

Accounts payable for the District consisted of the following:

	Primary Government	Fiduciary Funds
Accrued payroll	\$ 1,435,803	\$ -
Apportionment	891,728	-
Construction	1,934,951	-
Vendor payables	1,208,786	30,369
Total	<u>\$ 5,471,268</u>	<u>\$ 30,369</u>

***NOTE 7 - UNEARNED REVENUE***

Unearned revenue for the District consisted of the following:

	Primary Government
Federal financial assistance	\$ 1,931
State categorical aid	870,627
Other State	583,238
Student fees	616,193
Other local	107,810
Total	<u>\$ 2,179,799</u>

***NOTE 8 - INTERFUND TRANSACTIONS***

**Interfund Receivables and Payables (Due To/Due From)**

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund activity within the governmental funds has been eliminated in the consolidation process of the basic financial statements. At June 30, 2015, there were no balances due between the primary government and the fiduciary funds.

**COMPTON COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

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**Interfund Operating Transfers**

Operating transfers between funds of the District are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use restricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Operating transfers within the funds of the District have been eliminated in the consolidation process. Transfers between the primary government and the fiduciary funds are not eliminated in the consolidation process. During the 2014-2015 year, there were no amounts transferred between the primary government and the fiduciary funds.

**NOTE 9 - TAX AND REVENUE ANTICIPATION NOTES (TRAN)**

The District issued \$3,900,000 of Tax and Revenue Anticipation Notes dated March 19, 2014. The notes matured on December 31, 2014, and yield 2.0 percent interest. Repayment requirements require that 10.25 percent of the principal and interest be deposited into the Repayment Fund by June 30, 2014, 44.875 percent deposited by October 31, 2014, and the remaining 44.875 percent by November 30, 2014. As of June 30, 2015, the notes were paid in full.

	Outstanding Beginning of Year	Additions	Deletions	Outstanding End of Year
March 19, 2014	<u>\$ 3,900,000</u>	<u>\$ -</u>	<u>\$ 3,900,000</u>	<u>\$ -</u>

**COMPTON COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 10 - LONG-TERM OBLIGATIONS**

**Summary**

The changes in the District's long-term obligations during the 2015 fiscal year consisted of the following:

	Balance Beginning of Year (as restated)	Additions and Adjustments	Deductions	Balance End of Year	Due in One Year
<b>Bonds and Notes Payable</b>					
General obligation bonds	\$ 78,152,826	\$ 1,527,751	\$ 1,530,000	\$ 78,150,577	\$ 1,475,000
Bond premium	3,956,661	-	345,555	3,611,106	-
Note payable	13,912,442	-	807,241	13,105,201	834,904
Total Bonds and Notes Payable	<u>96,021,929</u>	<u>1,527,751</u>	<u>2,682,796</u>	<u>94,866,884</u>	<u>2,309,904</u>
<b>Other Liabilities</b>					
Compensated absences	954,696	56,910	-	1,011,606	-
Early retirement incentive	219,684	-	109,842	109,842	109,842
Claims liability	2,687,816	497,848	1,676,664	1,509,000	-
Aggregate pension liability	28,869,933	-	6,061,578	22,808,355	-
Other postemployment benefits	5,977,159	1,630,336	1,131,831	6,475,664	-
Total Other Liabilities	<u>38,709,288</u>	<u>2,185,094</u>	<u>8,979,915</u>	<u>31,914,467</u>	<u>109,842</u>
Total Long-Term Obligations	<u>\$ 134,731,217</u>	<u>\$ 3,712,845</u>	<u>\$ 11,662,711</u>	<u>\$ 126,781,351</u>	<u>\$ 2,419,746</u>

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

**Description of Debt**

**Election 2002 General Obligation Bonds**

General obligation bonds were approved by a local election in November 2002 under Proposition 39. The total amount approved by the voters was \$100,000,000. Interest rates on the bonds range from 2.52 to 6.75 percent. At June 30, 2015, \$87,556,094 had been issued, and \$47,205,577 was outstanding with a premium balance of \$764,110.

# COMPTON COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

### 2012 General Obligation Refunding Bonds

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

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$1,447,380. This difference, reported in the accompanying financial statements as a deferred charge on refunding, is being charged to operations through the year 2023 using the straight-line method. The outstanding principal balance of these Bonds at June 30, 2015, was \$14,200,000 with a premium balance of \$1,214,751.

### 2014 General Obligation Refunding Bonds

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

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$450,434. This difference, reported in the accompanying financial statements as a deferred charge on refunding, is being charged to operations through the year 2028 using the straight-line method. The outstanding principal balance of these Bonds at June 30, 2015, was \$16,745,000 with a premium balance of \$1,632,245.

### Debt Maturity

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2014	Issued	Accreted Interest Addition	Redeemed	Bonds Outstanding June 30, 2015
1/14/2004	7/1/2015	3.00-4.00%	\$ 41,000,000	\$ 910,000	\$ -	\$ -	\$ 910,000	\$ -
8/27/2009	8/1/2034	3.00-6.75%	15,000,000	13,435,000	-	-	165,000	13,270,000
3/22/2012	8/1/2037	2.59-6.65%	15,001,122	15,828,925	-	499,726	155,000	16,173,651
10/4/2012	7/1/2023	2.00-5.00%	14,470,000	14,235,000	-	-	35,000	14,200,000
11/13/2013	8/1/2039	2.52-6.62%	16,554,972	16,733,901	-	1,028,025	-	17,761,926
3/18/2014	7/1/2028	1.00-5.00%	17,010,000	17,010,000	-	-	265,000	16,745,000
			<u>\$ 119,036,094</u>	<u>\$ 78,152,826</u>	<u>\$ -</u>	<u>\$ 1,527,751</u>	<u>\$ 1,530,000</u>	<u>\$ 78,150,577</u>

**COMPTON COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 190,000	\$ 844,695	\$ 1,034,695
2017	220,000	835,964	1,055,964
2018	250,000	825,370	1,075,370
2019	285,000	812,464	1,097,464
2020	320,000	797,339	1,117,339
2021-2025	2,250,000	3,660,347	5,910,347
2026-2030	3,765,000	2,702,244	6,467,244
2031-2035	5,990,000	1,081,686	7,071,686
Total	<u>\$ 13,270,000</u>	<u>\$ 11,560,109</u>	<u>\$ 24,830,109</u>

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

<u>Fiscal Year</u>	<u>Principal (including accreted interest to date)</u>	<u>Accreted Interest</u>	<u>Current Interest to Maturity</u>	<u>Total</u>
2016	\$ 162,640	\$ 2,360	\$ 389,850	\$ 554,850
2017	152,424	7,576	389,850	549,850
2018	151,068	13,932	389,850	554,850
2019	143,149	21,851	389,850	554,850
2020	176,292	38,708	389,850	604,850
2021-2025	1,492,654	452,346	1,871,550	3,816,550
2026-2030	1,875,862	2,319,138	1,816,250	6,011,250
2031-2035	3,773,298	8,826,702	1,816,250	14,416,250
2036-2038	8,246,264	3,073,736	746,875	12,066,875
Total	<u>\$ 16,173,651</u>	<u>\$ 14,756,349</u>	<u>\$ 8,200,175</u>	<u>\$ 39,130,175</u>

**COMPTON COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

The 2012 refunding bonds mature through fiscal year 2023 as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 965,000	\$ 670,100	\$ 1,635,100
2017	1,095,000	628,900	1,723,900
2018	1,225,000	576,375	1,801,375
2019	1,370,000	511,500	1,881,500
2020	1,535,000	438,875	1,973,875
2021-2023	8,010,000	851,000	8,861,000
Total	<u>\$ 14,200,000</u>	<u>\$ 3,676,750</u>	<u>\$ 17,876,750</u>

The Election 2002 Series D bonds mature through fiscal year 2040 as follows:

<u>Fiscal Year</u>	<u>Principal (including accreted interest to date)</u>	<u>Accreted Interest</u>	<u>Current Interest to Maturity</u>	<u>Total</u>
2016	\$ 70,000	\$ -	\$ 73,912	\$ 143,912
2017	40,000	-	72,263	112,263
2018	-	-	71,663	71,663
2019	39,971	10,029	71,663	121,663
2020	44,993	15,007	71,663	131,663
2021-2025	325,020	204,980	358,312	888,312
2026-2030	2,778,268	3,886,732	358,312	7,023,312
2031-2035	6,601,603	13,833,397	358,312	20,793,312
2036-2040	7,862,071	22,082,929	322,481	30,267,481
	<u>\$ 17,761,926</u>	<u>\$ 40,033,074</u>	<u>\$ 1,758,581</u>	<u>\$ 59,553,581</u>

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 85,000	\$ 813,425	\$ 898,425
2017	90,000	812,550	902,550
2018	100,000	811,600	911,600
2019	110,000	808,900	918,900
2020	115,000	804,400	919,400
2021-2025	3,190,000	3,891,275	7,081,275
2026-2029	13,055,000	1,375,875	14,430,875
Total	<u>\$ 16,745,000</u>	<u>\$ 9,318,025</u>	<u>\$ 26,063,025</u>

**COMPTON COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**Note Payable**

Assembly Bill 318 appropriated \$30 million to the Board of Governors of the California Community Colleges as an emergency apportionment to finance, among other things, activities described in Article 5 of Chapter 5, Part 46 of the Education Code. The balance available to the District is \$12,103,200. The financing does not constitute a borrowing, but is instead an advance apportionment subject to repayment with interest. At June 30, 2015, the District had received \$17,896,800 with \$13,105,201 outstanding.

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 834,904	\$ 457,516	\$ 1,292,420
2017	863,734	428,686	1,292,420
2018	893,786	398,633	1,292,419
2019	925,118	367,303	1,292,421
2020	957,790	334,630	1,292,420
2021-2025	5,330,551	1,131,550	6,462,101
2026-2030	3,299,318	189,922	3,489,240
Total	<u>\$ 13,105,201</u>	<u>\$ 3,308,240</u>	<u>\$ 16,413,441</u>

**Compensated Absences**

At June 30, 2015, the liability for compensated absences was \$1,011,606.

**Early Retirement Incentives**

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

<u>Fiscal Year</u>	<u>Total</u>
2016	<u>\$ 109,842</u>

**Claims Liability**

At June 30, 2015, the liability for claims liability was \$1,509,000. See Note 12 for additional information.

**Other Postemployment Benefits Obligation**

The District's annual required contribution for the year ended June 30, 2015, was \$1,721,216, and contributions made by the District during the year were \$1,131,831. Interest on the net OPEB obligation and adjustments to the annual required contribution were \$346,675 and \$(437,555), respectively, which resulted in an increase to the net OPEB obligation of \$498,505. As of June 30, 2015, the net OPEB obligation was \$6,475,664. See Note 11 for additional information regarding the OPEB obligation and the postemployment benefits plan.

# COMPTON COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

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### Aggregate Net Pension Obligation

At June 30, 2015, the District's aggregate net pension liability was \$22,808,355. See Note 13 for additional information.

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

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

#### Plan Description

The Compton Community College Plan (the Plan) is a single-employer defined benefit health care plan administered by Compton Community College District. The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Membership of the Plan consists of 79 retirees and beneficiaries currently receiving benefits and 205 active plan members.

During the 2012-2013 fiscal year, the District established a GASB Statement No. 43 trust with the Futuris Public Entity Investment Trust to fund future OPEB obligations. The trust will be administered by Keenan & Associates in representation of the District. As of June 30, 2015, the value of the plan assets was \$1,080,478.

#### Contribution Information

The contribution requirements of plan members and the District are established and may be amended by the District and the District's bargaining units. The required contribution is based on projected pay-as-you-go financing requirements with an additional amount to prefund benefits as determined annually through agreements between the District and the bargaining units. For fiscal year 2014-2015, the District contributed \$1,131,831 to the Plan, \$512,084 of which was used for current premiums and \$619,747 was used for a contribution to the pension trust fund.

**COMPTON COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

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**Annual OPEB Cost and Net OPEB Obligation**

The District's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the payments of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial accrued liabilities (UAAL) (or funding costs) over a period not to exceed 24 years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the District's net OPEB obligation to the Plan:

Annual required contribution	\$ 1,721,216
Interest on net OPEB obligation	346,675
Adjustment to annual required contribution	<u>(437,555)</u>
Annual OPEB cost (expense)	1,630,336
Contributions made for retiree benefit premiums	(512,084)
Contributions made to irrevocable trust	<u>(619,747)</u>
Increase in net OPEB obligation	498,505
Net OPEB obligation, beginning of year	<u>5,977,159</u>
Net OPEB obligation, end of year	<u><u>\$ 6,475,664</u></u>

**Trend Information**

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

Year Ended June 30,	Annual OPEB Cost	Actual Contribution	Percentage Contributed	Net OPEB Obligation
2013	\$ 1,730,572	\$ 799,075	46%	\$ 4,870,808
2014	1,780,947	674,596	38%	5,977,159
2015	1,630,336	1,131,831	69%	6,475,664

**COMPTON COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

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**Funding Status and Funding Progress**

Actuarial Accrued Liability (AAL)	\$ 16,073,283
Actuarial Value of Plan Assets	482,834
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 15,590,449</u>
Funded Ratio (Actuarial Value of Plan Assets/AAL)	3.00%
Covered Payroll	N/A
UAAL as Percentage of Covered Payroll	N/A

The above noted actuarial accrued liability was based on the March 1, 2015, actuarial valuation. Actuarial valuation of an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health care cost trend. Amounts determined regarding the funded status of the Plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Other Postemployment Benefits Funding Progress, presented as required supplementary information, follows the notes to the financial statements and presents multi-year trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**Actuarial Methods and Assumptions**

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

In the March 1, 2015, actuarial valuation, the entity age normal cost method was used. The actuarial assumptions included a 5.8 percent investment rate of return. The District has formed an irrevocable trust. The actuarial value of the Plan assets as of March 1, 2015, was \$482,834. As of June 30, 2015, the District has contributed a total of \$1,069,747 to the trust. Health care cost trend rates at four percent per year. The UAAL is being amortized at a level percentage of payroll method using a 24 year amortization period.

**NOTE 12 - RISK MANAGEMENT**

**Insurance Coverages**

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

# COMPTON COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

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### Joint Powers Authority Risk Pools

During fiscal year ended June 30, 2015, the District contracted with the Statewide Association of Community Colleges (SWACC) Joint Powers Authority for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

### Workers' Compensation

The District is self-insured for the first \$500,000 of each workers' compensation claim. The District also participated in the Protected Insurance Program for Schools and Community Colleges Joint Powers Authority to provide excess workers' compensation coverage.

### Claims Liability

The District records an estimated liability for workers' compensation claims against the District. Claims liability is based on the ultimate cost of the reported claims including future claim adjustment expense and an estimate for claims incurred, but not reported, based on historical experience. The amount of the liability is based on Bay Actuarial Consultants report dated June 22, 2015. The projected liability for unpaid losses reported in the Statement of Net Position is \$1,509,000 and was calculated using the expected confidence level discounted at three percent. Changes in the reported liability are shown in the following table:

	Workers' Compensation
Liability Balance, July 1, 2013	\$ 2,687,816
Claims and changes in estimates	526,220
Claims payments	(526,220)
Liability Balance, June 30, 2014	2,687,816
Claims and changes in estimates	(680,958)
Claims payments	(497,858)
Liability Balance, June 30, 2015	<u>\$ 1,509,000</u>
Assets Available to Pay Claims at June 30, 2015	<u><u>\$ 2,916,352</u></u>

### NOTE 13 - 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 CalSTRS and classified employees are members of CalPERS.

**COMPTON COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

The District implemented GASB Statements No. 68 and No. 71 for the fiscal year ended June 30, 2015. As a result, the District reported its proportionate share of the net pension liabilities, pension expense, and deferred inflow of resources for each of the above plans and a deferred outflow of resources for each of the above plans as follows:

<u>Pension Plan</u>	Proportionate Share of Net Pension Liability	Deferred Outflow of Resources	Proportionate Share of Deferred Inflow of Resources	Proportionate Share of Pension Expense
CalSTRS	\$ 15,664,559	\$ 1,132,413	\$ 3,857,368	\$ 1,357,604
CalPERS	7,143,796	807,769	2,454,688	633,713
Total	<u>\$ 22,808,355</u>	<u>\$ 1,940,182</u>	<u>\$ 6,312,056</u>	<u>\$ 1,991,317</u>

The details of each plan are as follows:

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

**Plan Description**

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2013, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publically available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

**Benefits Provided**

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

**COMPTON COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

The STRP provisions and benefits in effect at June 30, 2015, are summarized as follows:

	<u>STRP Defined Benefit Program</u>	
	On or before	On or after
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	8.15%	8.15%
Required employer contribution rate	8.88%	8.88%
Required State contribution rate	5.95%	5.95%

**Contributions**

Required member, District, and State of California contribution rates are set by the California Legislature and Governor and 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 AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2015, are presented above, and the District's total contributions were \$1,132,413.

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

At June 30, 2015, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

Total net pension liability, including State share:

District's proportionate share of net pension liability	\$ 15,664,559
State's proportionate share of net pension liability associated with the District	9,458,937
Total	<u>\$ 25,123,496</u>

The net pension liability was measured as of June 30, 2014. 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. At June 30, 2015, the District's proportion was 0.0268 percent.

**COMPTON COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

For the year ended June 30, 2015, the District recognized pension expense of \$1,357,604. In addition, the District recognized pension expense and revenue of \$816,612 for support provided by the State. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 1,132,413	\$ -
Difference between projected and actual earnings on pension plan investments	-	3,857,368
Total	<u>\$ 1,132,413</u>	<u>\$ 3,857,368</u>

The deferred outflow 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 year ended June 30, 2016.

The deferred inflow of resources will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Amortization
2016	\$ 964,342
2017	964,342
2018	964,342
2019	964,342
Total	<u>\$ 3,857,368</u>

**Actuarial Methods and Assumptions**

Total pension liability for STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2013, and rolling forward the total pension liability to June 30, 2014. The financial reporting actuarial valuation as of June 30, 2013, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2013
Measurement date	June 30, 2014
Experience study	July 1, 2006 through June 30, 2010
Actuarial cost method	Entry age normal
Discount rate	7.60%
Investment rate of return	7.60%
Consumer price inflation	3.00%
Wage growth	3.75%

CalSTRS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are based on RP2000 series tables adjusted to fit CalSTRS experience.

# COMPTON COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2015**

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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. Based on the model for CalSTRS consulting actuary investment practice, a best estimate range was determined assuming the portfolio is re-balanced annually and that the annual returns are lognormally distributed and independent from year to year to develop expected percentile for the long-term distribution of annualized returns. The assumed asset allocation is based on board policy for target asset allocation in effect on February 2, 2012, the date the current experience study was approved by the board. Best estimates of 10-year geometric real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized in the following table:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global equity	47%	4.50%
Private equity	12%	6.20%
Real estate	15%	4.35%
Inflation sensitive	5%	3.20%
Fixed income	20%	0.20%
Cash/liquidity	1%	0.00%

### **Discount Rate**

The discount rate used to measure the total pension liability was 7.60 percent. 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 (7.60 percent) 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.

# COMPTON COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

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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:

<u>Discount Rate</u>	<u>Net Pension Liability</u>
1% decrease (6.60%)	\$ 24,416,950
Current discount rate (7.60%)	15,664,559
1% increase (8.60%)	8,366,655

### 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, 2013, annual actuarial valuation report, Schools Pool Actuarial Valuation, 2013. This report and CalPERS audited financial information are publically 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.

# COMPTON COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

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The CalPERS provisions and benefits in effect at June 30, 2015, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before	On or after
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	7.000%	6.000%
Required employer contribution rate	11.771%	11.771%

### 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, 2015, are presented above, and the total District contributions were \$807,769.

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

As of June 30, 2015, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$7,143,796. The net pension liability was measured as of June 30, 2014. 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. At June 30, 2015, the District's proportion was 0.0629 percent.

**COMPTON COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

For the year ended June 30, 2015, the District recognized pension expense of \$633,713. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 807,769	\$ -
Difference between projected and actual earnings on pension plan investments	-	2,454,688
Total	<u>\$ 807,769</u>	<u>\$ 2,454,688</u>

The deferred outflow 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 year ended June 30, 2016.

The deferred inflow of resources will be amortized over a closed five-year period and will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Amortization</u>
2016	\$ 613,672
2017	613,672
2018	613,672
2019	613,672
Total	<u>\$ 2,454,688</u>

**Actuarial Methods and Assumptions**

Total pension liability for the SEP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2013, and rolling forward the total pension liability to June 30, 2014. The financial reporting actuarial valuation as of June 30, 2013, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2013
Measurement date	June 30, 2014
Experience study	July 1, 1997 through June 30, 2011
Actuarial cost method	Entry age normal
Discount rate	7.50%
Investment rate of return	7.50%
Consumer price inflation	2.75%
Wage growth	3.00%

Mortality assumptions are based on mortality rates resulting from the most recent CalPERS experience study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include five years of projected ongoing mortality improvement using Scale AA published by the Society of Actuaries.

**COMPTON COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations, as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first ten years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global equity	47%	5.25%
Global fixed income	19%	0.99%
Private equity	12%	6.83%
Real estate	11%	4.50%
Inflation sensitive	6%	0.45%
Infrastructure and Forestland	3%	4.50%
Liquidity	2%	-0.55%

**Discount Rate**

The discount rate used to measure the total pension liability was 7.50 percent. 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:

<u>Discount Rate</u>	<u>Net Pension Liability</u>
1% decrease (6.50%)	\$ 12,531,850
Current discount rate (7.50%)	7,143,796
1% increase (8.50%)	2,641,535

# COMPTON COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

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### On Behalf Payments

The State of California makes contributions to CalSTRS and CalPERS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS for the fiscal year ended June 30, 2015 which amounted to \$543,448, (5.679 percent) of salaries subject to CalSTRS. Contributions are no longer appropriated in the annual *Budget Act* for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. No contributions were made for CalPERS for the year ended June 30, 2015. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. These amounts have been reflected in the basic financial statements as a component of nonoperating revenue and employee benefit expense.

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

The District is a member of the Statewide Association of Community Colleges (SWACC) and 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.

During the year ended June 30, 2015, the District made payments of \$295,544 and \$392,360 to SWACC and PIPS, respectively.

### ***NOTE 15 - RESTATEMENT OF PRIOR YEAR NET POSITION***

The District adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, in the current year. As a result, the effect on the current fiscal year is as follows:

	<b>Primary Government</b>
Net Position - Beginning	\$ 77,683,359
Restatement of net pension liability for implementation of GASB Statement No. 68	(28,869,933)
Restatement of deferred outflow of resources for implementation of GASB Statement No. 68	1,740,839
Net Position - Beginning, as Restated	<u>\$ 50,554,265</u>

# COMPTON COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

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### *NOTE 16 - 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 General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2015.

#### **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, 2015.

#### **Operating Lease**

The District has entered into an operating lease for copiers and printers with lease terms in excess of one year. This agreement does not contain a purchase option. The agreement contains a termination clause providing for cancellation after a specified number of days written notice to lessors, but it is unlikely that the District will cancel the agreement prior to the expiration date. Expenditures for rent under leases for the year ended June 30, 2015, were \$152,145. Future minimum lease payments under this agreement are as follows:

<u>Year Ending June 30,</u>	<u>Lease Payment</u>
2016	\$ 152,145
2017	152,145
2018	139,466
Total	<u>\$ 443,756</u>

**COMPTON COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

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**Construction Commitments**

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

<u>Project</u>	<u>Remaining Construction Commitment</u>	<u>Percent Complete</u>	<u>Estimated Completion</u>
Allied Health Building	\$ 3,931,798	66%	FY 2016
Football Field Renovation	2,218,867	0%	FY 2016
Infrastructure and Wi-Fi Project	1,931,983	52%	FY 2016
Instructional Building #1	1,370,440	11%	FY 2018
Music Building	30,614	74%	FY 2016
	<u>\$ 9,483,702</u>		

***NOTE 17 - ACCREDITATION***

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

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

***NOTE 18 - SUBSEQUENT EVENTS***

On October 6, 2015, the District issued the 2015 General Obligation Refunding Bonds in the amount of \$13,100,000. The purpose of the bonds is to advance refund the District's outstanding General Obligation Bonds, Election of 2002, Series 2009B and pay for the costs of issuance of the bonds. Interest rates on the bonds range from 2.0 percent to 5.0 percent.

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***REQUIRED SUPPLEMENTARY INFORMATION***

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**COMPTON COMMUNITY COLLEGE DISTRICT**

**SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS (OPEB) FUNDING  
PROGRESS  
FOR THE YEAR ENDED JUNE 30, 2015**

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<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Liability (AAL) - Entry Age Normal Cost Method (b)</b>	<b>Unfunded AAL (UAAL) (b - a)</b>	<b>Funded Ratio (a / b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll ((b - a) / c)</b>
March 1, 2011	\$ -	\$ 15,723,057	\$ 15,723,057	0%	N/A	N/A
March 1, 2013	167,167	15,366,693	15,199,526	1%	N/A	N/A
March 1, 2015	482,834	16,073,283	15,590,449	3%	N/A	N/A

**COMPTON COMMUNITY COLLEGE DISTRICT**

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE  
NET PENSION LIABILITY  
FOR THE YEAR ENDED JUNE 30, 2015**

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**CalSTRS**

District's proportion of the net pension liability	<u>0.0268%</u>
District's proportionate share of the net pension liability	\$ 15,664,559
State's proportionate share of the net pension liability associated with the District	9,458,937
Total	<u>\$ 25,123,496</u>
District's covered - employee payroll	<u>\$ 11,939,418</u>
District's proportionate share of the net pension liability as a percentage of its covered - employee payroll	<u>131.20%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>77%</u>

**CalPERS**

District's proportion of the net pension liability	<u>0.0629%</u>
District's proportionate share of the net pension liability	<u>\$ 7,143,796</u>
District's covered - employee payroll	<u>\$ 6,605,812</u>
District's proportionate share of the net pension liability as a percentage of its covered - employee payroll	<u>108.14%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>83%</u>

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

**COMPTON COMMUNITY COLLEGE DISTRICT**

**SCHEDULE OF THE DISTRICT CONTRIBUTIONS  
FOR THE YEAR ENDED JUNE 30, 2015**

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**CalSTRS**

Contractually required contribution	\$ 1,132,413
Contributions in relation to the contractually required contribution	<u>1,132,413</u>
Contribution deficiency (excess)	<u>\$ -</u>
District's covered - employee payroll	<u>\$ 12,752,399</u>
Contributions as a percentage of covered - employee payroll	<u>8.88%</u>

**CalPERS**

Contractually required contribution	\$ 807,769
Contributions in relation to the contractually required contribution	<u>807,769</u>
Contribution deficiency (excess)	<u>\$ -</u>
District's covered - employee payroll	<u>\$ 6,862,365</u>
Contributions as a percentage of covered - employee payroll	<u>11.77%</u>

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

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*SUPPLEMENTARY INFORMATION*

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# COMPTON COMMUNITY COLLEGE DISTRICT

## DISTRICT ORGANIZATION

**JUNE 30, 2015**

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

### SPECIAL TRUSTEE

Mr. Thomas E. Henry

### BOARD OF TRUSTEES – NON-VOTING

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

### ADMINISTRATION

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

See accompanying note to supplementary information.

**COMPTON COMMUNITY COLLEGE DISTRICT**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2015**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U.S. DEPARTMENT OF EDUCATION</b>			
Direct Funded:			
TRIO: Authorized Under Debt Agreements	84.047M		\$ 235,660
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
Passed through the California Department of Education:			
Child and Adult Food Care Program	10.558	04055-CACFP- 19-7-IC	57,242
Summer Food Service Program	10.559	13004	4,070
Total U.S. Department of Agriculture			<u>61,312</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
Passed through the California Community Colleges Chancellor's Office:			
Temporary Assistance for Needy Families (TANF)	93.558	[1]	104,468
Passed through the County of Los Angeles - Department of Public Social Services (DPSS) Community College CalWORKs Program Contract			
Temporary Assistance for Needy Families (TANF)	93.558	CCCP12004	126,990
Total TANF Cluster			<u>231,458</u>
Passed through the California Community Colleges Chancellor's Office:			
Foster and Kinship Care Education (FKCE)	93.658	1100D00000-00	54,552
Passed through the California Community Colleges Foundation:			
Youth Empowerment Strategies for Success - Independent Living	93.674	[1]	23,472
Passed through the California Department of Education:			
Child Care and Development Fund (CCDF) Cluster:			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	13609	54,199
Child Care and Development Block Grant	93.575	15369	29,819
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	CSPP-4165	34,175
Child Care and Development Block Grant	93.575	CSPP-4165	11,645
Passed through the Yosemite Community College District, Child Development Training Consortium:			
Child Development Training Consortium	93.575	14-15-4159	7,220
Total CCDF Cluster			<u>137,058</u>
Total U.S. Department of Health and Human Services			<u>446,540</u>
Total Expenditures of Federal Awards			<u><u>\$ 743,512</u></u>

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

See accompanying note to supplementary information.

**COMPTON COMMUNITY COLLEGE DISTRICT**

**SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2015**

Program	Program Entitlements		
	Current Year	Prior Year	Total Entitlement
<b>GENERAL FUND</b>			
Basic Skills	\$ 100,795	\$ 92,530	\$ 193,325
Board of Financial Assistance Program	291,634	-	291,634
CalWORKs	443,843	132	443,975
Cooperative Agencies Resources for Education (CARE)	404,906	2	404,908
Disabled Students Program Services	409,537	48	409,585
Extended Opportunity Program and Services	880,874	8,815	889,689
Faculty and Staff Diversity	3,810	55,522	59,332
Instructional Equipment	300,000	646	300,646
Nursing Education	114,000	-	114,000
Student Equity	401,975	-	401,975
Student Success and Support Program (Credit)	1,027,704	109,194	1,136,898
Student Success and Support Program (Non-Credit)	2,645	7,584	10,229
Cal Grant	531,657	-	531,657
Special Trustee	325,000	221,854	546,854
Transition Aged Foster Youth Program	5,579	-	5,579
Foster and Kinship CARE	123,380	-	123,380
<b>CHILD DEVELOPMENT FUND</b>			
General Child Care and Development Program	119,404	-	119,404
California State Preschool Program	190,795	-	190,795
Child and Adult Care Food Program	3,263	-	3,263
Total State Programs			

See accompanying note to supplementary information.

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Program Revenues				
Cash Received	Accounts Receivable	Unearned Revenue	Total Revenue	Program Expenditures
\$ 193,325	\$ -	\$ 27,900	\$ 165,425	\$ 165,425
291,634	-	-	291,634	291,634
443,975	-	-	443,975	441,749
404,908	-	11,249	393,659	393,659
409,585	-	7,788	401,797	401,797
889,689	-	31,729	857,960	857,960
59,332	-	59,332	-	-
300,646	-	-	300,646	300,646
114,000	-	22,864	91,136	91,136
401,975	-	357,812	44,163	44,163
1,136,898	-	341,724	795,174	795,174
10,229	-	10,229	-	-
531,657	-	-	531,657	512,741
546,854	-	-	546,854	546,854
5,579	-	-	5,579	5,579
36,652	28,988	-	65,640	65,640
95,143	24,261	-	119,404	119,404
229,543	-	-	190,795	169,829
2,556	874	-	3,430	3,263
<u>\$ 6,104,180</u>	<u>\$ 54,123</u>	<u>\$ 870,627</u>	<u>\$ 5,248,928</u>	<u>\$ 5,206,653</u>

**COMPTON COMMUNITY COLLEGE DISTRICT**

**SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL  
 APPORTIONMENT ANNUAL (ACTUAL) ATTENDANCE  
 FOR THE YEAR ENDED JUNE 30, 2015**

<b>CATEGORIES</b>	<u>Reported Data</u>	<u>Audit Adjustments</u>	<u>Audited Data</u>
<b>A. Summer Intersession (Summer 2014 only)</b>			
1. Noncredit*	3	-	3
2. Credit	312	-	312
<b>B. Summer Intersession (Summer 2015 - Prior to July 1, 2015)</b>			
1. Noncredit*	-	-	-
2. Credit	-	-	-
<b>C. Primary Terms (Exclusive of Summer Intersession)</b>			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	4,002	-	4,002
(b) Daily Census Contact Hours	286	-	286
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit*	19	-	19
(b) Credit	159	-	159
3. Alternative Attendance Accounting Procedure Courses			
(a) Weekly Census Contact Hours	365	-	365
(b) Daily Census Contact Hours	71	-	71
<b>D. Total FTES</b>	<u>5,217</u>	<u>-</u>	<u>5,217</u>

\* Including Career Development and College Preparation (CDCP) FTES.

See accompanying note to supplementary information.

**COMPTON COMMUNITY COLLEGE DISTRICT**

**RECONCILIATION OF EDUCATION CODE SECTION 84362 (50 PERCENT LAW) CALCULATION  
FOR THE YEAR ENDED JUNE 30, 2015**

	Object/TOP Codes	ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
		Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
<b><u>Academic Salaries</u></b>							
<b>Instructional Salaries</b>							
Contract or Regular	1100	\$ 6,330,785	\$ -	\$ 6,330,785	\$ 6,330,785	\$ -	\$ 6,330,785
Other	1300	3,907,709	-	3,907,709	3,907,709	-	3,907,709
<b>Total Instructional Salaries</b>		<b>10,238,494</b>	<b>-</b>	<b>10,238,494</b>	<b>10,238,494</b>	<b>-</b>	<b>10,238,494</b>
<b>Noninstructional Salaries</b>							
Contract or Regular	1200	-	-	-	2,265,539	-	2,265,539
Other	1400	-	-	-	226,621	-	226,621
<b>Total Noninstructional Salaries</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>2,492,160</b>	<b>-</b>	<b>2,492,160</b>
<b>Total Academic Salaries</b>		<b>10,238,494</b>	<b>-</b>	<b>10,238,494</b>	<b>12,730,654</b>	<b>-</b>	<b>12,730,654</b>
<b><u>Classified Salaries</u></b>							
<b>Noninstructional Salaries</b>							
Regular Status	2100	-	-	-	4,533,873	-	4,533,873
Other	2300	-	-	-	631,927	-	631,927
<b>Total Noninstructional Salaries</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>5,165,800</b>	<b>-</b>	<b>5,165,800</b>
<b>Instructional Aides</b>							
Regular Status	2200	536,771	-	536,771	536,771	-	536,771
Other	2400	136,695	-	136,695	136,695	-	136,695
<b>Total Instructional Aides</b>		<b>673,466</b>	<b>-</b>	<b>673,466</b>	<b>673,466</b>	<b>-</b>	<b>673,466</b>
<b>Total Classified Salaries</b>		<b>673,466</b>	<b>-</b>	<b>673,466</b>	<b>5,839,266</b>	<b>-</b>	<b>5,839,266</b>
Employee Benefits	3000	2,953,848	-	2,953,848	5,913,055	-	5,913,055
Supplies and Material	4000	-	-	-	412,262	-	412,262
Other Operating Expenses	5000	-	-	-	3,474,632	-	3,474,632
Equipment Replacement	6420	-	-	-	-	-	-
<b>Total Expenditures</b>		<b>2,953,848</b>	<b>-</b>	<b>2,953,848</b>	<b>9,799,945</b>	<b>-</b>	<b>9,799,945</b>
<b>Prior to Exclusions</b>		<b>13,865,808</b>	<b>-</b>	<b>13,865,808</b>	<b>28,369,869</b>	<b>-</b>	<b>28,369,869</b>

See accompanying note to supplementary information.

**COMPTON COMMUNITY COLLEGE DISTRICT**

**RECONCILIATION OF *EDUCATION CODE* SECTION 84362 (50 PERCENT LAW) CALCULATION, CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2015**

	Object/TOP Codes	ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
		Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
<b><u>Exclusions</u></b>							
<b>Activities to Exclude</b>							
Instructional Staff - Retirees' Benefits and Retirement Incentives	5900	\$ 309,650	\$ -	\$ 309,650	\$ 309,650	\$ -	\$ 309,650
Student Health Services Above Amount Collected	6441	-	-	-	-	-	-
Student Transportation	6491	-	-	-	-	-	-
Noninstructional Staff - Retirees' Benefits and Retirement Incentives	6740	-	-	-	231,519	-	231,519
<b>Objects to Exclude</b>							
Rents and Leases	5060	-	-	-	757,143	-	757,143
Lottery Expenditures							-
Academic Salaries	1000	-	-	-	570,289	-	570,289
Classified Salaries	2000	-	-	-	68,736	-	68,736
Employee Benefits	3000	-	-	-	170,292	-	170,292
Supplies and Materials	4000	-	-	-	-	-	-
Software	4100	-	-	-	-	-	-
Books, Magazines, and Periodicals	4200	-	-	-	-	-	-
Instructional Supplies and Materials	4300	-	-	-	-	-	-
Noninstructional Supplies and Materials	4400	-	-	-	-	-	-
<b>Total Supplies and Materials</b>		-	-	-	-	-	-

See accompanying note to supplementary information.

**COMPTON COMMUNITY COLLEGE DISTRICT**

**RECONCILIATION OF EDUCATION CODE SECTION 84362 (50 PERCENT LAW) CALCULATION, CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2015**

	Object/TOP Codes	ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
		Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Other Operating Expenses and Services	5000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Outlay	6000						
Library Books	6300	-	-	-	-	-	-
Equipment	6400	-	-	-	-	-	-
Equipment - Additional	6410	-	-	-	-	-	-
Equipment - Replacement	6420	-	-	-	-	-	-
<b>Total Equipment</b>		-	-	-	-	-	-
<b>Total Capital Outlay</b>							
Other Outgo	7000	-	-	-	-	-	-
<b>Total Exclusions</b>		309,650	-	309,650	2,107,629	-	2,107,629
<b>Total for ECS 84362, 50 Percent Law</b>		\$ 13,556,158	\$ -	\$ 13,556,158	\$ 26,262,240	\$ -	\$ 26,262,240
<b>Percent of CEE (Instructional Salary Cost/Total CEE)</b>		51.62%		51.62%	100.00%		100.00%
<b>50% of Current Expense of Education</b>					\$ 13,131,120		\$ 13,131,120

See accompanying note to supplementary information.

**COMPTON COMMUNITY COLLEGE DISTRICT**

**RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT (CCFS-311)  
WITH FUND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

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There were no adjustments to the Annual Financial and Budget Report (CCFS-311) which required reconciliation to the audited financial statements at June 30, 2015.

See accompanying note to supplementary information.

**COMPTON COMMUNITY COLLEGE DISTRICT**

**PROPOSITION 30 EDUCATION PROTECTION ACT (EPA) EXPENDITURE REPORT  
FOR THE YEAR ENDED JUNE 30, 2015**

<b>Activity Classification</b>	<b>Object Code</b>				<b>Unrestricted</b>
EPA Proceeds:	8630				\$ 5,558,359
<b>Activity Classification</b>	<b>Activity Code</b>	<b>Salaries and Benefits (Obj 1000-3000)</b>	<b>Operating Expenses (Obj 4000-5000)</b>	<b>Capital Outlay (Obj 6000)</b>	<b>Total</b>
Instructional Activities	0100-5900	\$ 5,558,359			\$ 5,558,359
<b>Total Expenditures for EPA</b>		\$ 5,558,359	-	-	\$ 5,558,359
<b>Revenues Less Expenditures</b>					\$ -

See accompanying note to supplementary information.

**COMPTON COMMUNITY COLLEGE DISTRICT**

**RECONCILIATION OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF NET POSITION  
JUNE 30, 2015**

**Amounts Reported for Governmental Activities in the Statement  
of Net Position are Different Because:**

**Total Fund Balance and retained earnings:**

General Funds	\$ 11,318,013
Special Revenue Funds	80,006
Capital Project Funds	29,460,796
Debt Service Funds	3,328,639
Internal Service Funds	1,637,880
Fiduciary Funds	<u>650,707</u>

**Total Fund Balance and Retained Earnings**

**- All District Funds**

**\$ 46,476,041**

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.

The cost of capital assets is:	168,094,191
Accumulated depreciation is:	<u>(25,874,276)</u>

142,219,915

Amounts held in trust on behalf of others (Trust and Agency Funds)

(234,677)

Certain costs related to the refunding of long-term obligations are recorded as expenditures in the year of issuance in the governmental funds, but are capitalized in the Statement of Net Position and amortized over the life of the related long-term obligations.

1,456,043

Contributions to pension plans made subsequent to the measurements date were recognized as expenditures on the modified accrual basis, but are not recognized on the accrual basis.

1,940,182

Difference between projected and actual earnings on pension plan investments are not recognized on the modified accrual basis, but are recognized on the accrual basis as an adjustment to pension expense.

(6,312,056)

In governmental funds, unmatured interest on long-term obligations is recognized in the period when it is due. On the government-wide financial statements, unmatured interest on long-term obligations is recognized when it is incurred.

(1,337,012)

Long-term obligations at year end consist of:

Bonds payable	75,623,144
Bond premium	3,611,106
Notes payable	13,105,201
Compensated absences	1,011,606
Aggregate pension liability	22,808,355
Other postemployment benefits	6,475,664
Early retirement incentive	109,842

In addition, the District issued "capital appreciation" general obligation bonds. The accretion of interest on those bonds to date is the following:

<u>2,527,433</u>	<u>(125,272,351)</u>
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**Total Net Position**

**\$ 58,936,085**

See accompanying note to supplementary information.

**COMPTON COMMUNITY COLLEGE DISTRICT**

**NOTE TO SUPPLEMENTARY INFORMATION  
JUNE 30, 2015**

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**NOTE 1 - PURPOSE OF SCHEDULES**

**District Organization**

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

**Schedule of Expenditures of Federal Awards**

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the financial statements. The information in this schedule is presented to comply with reporting requirements of OMB Circular A-133. The following schedule reconciles the revenues reported in the Statement of Revenues, Expenses, and Changes in Net Position with the expenditures reported in the Schedule of Expenditures of Federal Awards.

Description	<u>CFDA Number</u>	<u>Program Expenditures</u>
Total Federal Revenues From the Statement of Revenues, Expenses, and Changes in Net Position:		\$ 853,115
Temporary Assistance for Needy Families (TANF)	10.558	(7,773)
Upward Bound	84.047A	(61,176)
Medi-Cal Administration Activities Program	93.778	(40,654)
Total Schedule of Expenditures of Federal Awards		<u>\$ 743,512</u>

**Schedule of Expenditures of State Awards**

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

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

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

# COMPTON COMMUNITY COLLEGE DISTRICT

## NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2015

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

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

### **Reconciliation of Annual Financial and Budget Report (CCFS-311) With Fund Financial Statements**

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

### **Proposition 30 Education Protection Act (EPA) Expenditure Report**

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

### **Reconciliation of Governmental Funds to the Statement of Net Position**

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

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***INDEPENDENT AUDITOR'S REPORTS***

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

Special Trustee and Board of Trustees  
Compton Community College District  
Compton, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the business-type activities and the aggregate remaining fund information of Compton Community College District (the District) as of and for the year ended June 30, 2015, 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 7, 2015.

**Emphasis of Matter - Change in Accounting Principles**

As discussed in Note 2 and Note 15 to the financial statements, in 2015, the District adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to this matter.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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. 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 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 determination of financial statement amounts. 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.



Rancho Cucamonga, California  
December 7, 2015



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

Special Trustee and Board of Trustees  
Compton Community College District  
Compton, California

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

We have audited Compton Community College District's (the District) compliance with the types of compliance requirements described in the OMB Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of the District's major Federal programs for the year ended June 30, 2015. The District's major Federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major Federal program. However, our audit does not provide a legal determination of the District's compliance.

**Opinion on Each Major Federal Program**

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2015.

## Report on Internal Control Over Compliance

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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

*Vaurinick, Fine, Day & Co. LLP*

Rancho Cucamonga, California  
December 7, 2015



## INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Special Trustee and Board of Trustees  
Compton Community College District  
Compton, California

### Report on State Compliance

We have audited Compton Community College District's (the District) compliance with the types of compliance requirements as identified in the California Community Colleges Chancellor's Office *District Audit Manual* issued in August 2014 that could have a direct and material effect on each of the District's programs as noted below for the year ended June 30, 2015.

### Management's Responsibility

Management is responsible for compliance with the requirements identified in the California Community Colleges Chancellor's Office *District Audit Manual* issued in August 2014.

### Auditor's Responsibility

Our responsibility is to express an opinion on compliance of each of the District's State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the standards and procedures identified in the California Community Colleges Chancellor's Office *District Audit Manual*. These standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above could have a material effect on the applicable programs noted below. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

### Unmodified Opinion for Each of the Programs

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the programs noted below that were audited for the year ended June 30, 2015.

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

- Section 421 Salaries of Classroom Instructors (50 Percent Law)
- Section 423 Apportionment for Instructional Service Agreements/Contracts
- Section 424 State General Apportionment Funding System
- Section 425 Residency Determination for Credit Courses
- Section 426 Students Actively Enrolled
- Section 427 Concurrent Enrollment of K-12 Students in Community College Credit Courses
- Section 430 Schedule Maintenance Program
- Section 431 Gann Limit Calculation
- Section 435 Open Enrollment
- Section 438 Student Fees – Health Fees and Use of Health Fee Funds
- Section 439 Proposition 39 Clean Energy
- Section 440 Intersession Extension Programs
- Section 474 Extended Opportunity Programs and Services (EOPS) and Cooperative Agencies Resources for Education (CARE)
- Section 475 Disabled Student Programs and Services (DSPS)
- Section 479 To Be Arranged (TBA) Hours
- Section 490 Proposition 1D State Bond Funded Projects
- Section 491 Proposition 30 Education Protection Account Funds

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

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

The District did not participate in the Intersession Extension Program.



Rancho Cucamonga, California  
December 7, 2015

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***SCHEDULE OF FINDINGS AND QUESTIONED COSTS***

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**COMPTON COMMUNITY COLLEGE DISTRICT**

**SUMMARY OF AUDITOR'S RESULTS  
FOR THE YEAR ENDED JUNE 30, 2015**

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**FINANCIAL STATEMENTS**

Type of auditor's report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified?	<u>None reported</u>
Noncompliance material to financial statements noted?	<u>No</u>

**FEDERAL AWARDS**

Internal control over major Federal programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified?	<u>None reported</u>
Type of auditor's report issued on compliance for major Federal programs:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133?	<u>No</u>

Identification of major Federal programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
<u>84.047M</u>	<u>TRIO: Upward Bound Math and Science</u>
<u>93.575, 93.596</u>	<u>Child Care and Development Fund (CCDF) Cluster</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 300,000</u>
Auditee qualified as low-risk auditee?	<u>No</u>

**STATE AWARDS**

Type of auditor's report issued on compliance for State programs:	<u>Unmodified</u>
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**COMPTON COMMUNITY COLLEGE DISTRICT**

**FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS  
FOR THE YEAR ENDED JUNE 30, 2015**

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None reported.

**COMPTON COMMUNITY COLLEGE DISTRICT**

**FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2015**

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None reported.

**COMPTON COMMUNITY COLLEGE DISTRICT**

**STATE AWARDS FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2015**

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None reported.

**COMPTON COMMUNITY COLLEGE DISTRICT**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2015**

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None reported.

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***ADDITIONAL SUPPLEMENTARY INFORMATION***  
***(UNAUDITED)***

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**COMPTON COMMUNITY COLLEGE DISTRICT**

**GOVERNMENTAL FUNDS  
BALANCE SHEETS  
JUNE 30, 2015**

	<b>General Unrestricted</b>	<b>Line of Credit General Unrestricted</b>	<b>General Restricted</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 25,000	\$ -	\$ 159
Investments	10,445,175	891,511	2,284,853
Accounts receivable	749,116	2,250	529,843
Student loans receivable	1,275,662	-	-
Due from other funds	-	-	-
Prepaid expenses	15,274	-	2,050
Other current assets	13,667	-	-
<b>Total Assets</b>	<b>\$ 12,523,894</b>	<b>\$ 893,761</b>	<b>\$ 2,816,905</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 2,408,506	\$ -	\$ 855,540
Due to other funds	-	-	-
Unearned revenue	696,538	-	955,963
<b>Total Liabilities</b>	<b>3,105,044</b>	<b>-</b>	<b>1,811,503</b>
<b>FUND BALANCES</b>			
Nonspendable	25,000	-	-
Restricted	-	-	1,005,402
Undesignated	9,393,850	893,761	-
<b>Total Fund Balances</b>	<b>9,418,850</b>	<b>893,761</b>	<b>1,005,402</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 12,523,894</b>	<b>\$ 893,761</b>	<b>\$ 2,816,905</b>

Unaudited: See accompanying note to additional supplementary information.

<b>Child Development</b>	<b>Bond Interest and Redemption</b>	<b>Capital Outlay Projects</b>	<b>Revenue Bond Construction</b>	<b>Total Governmental Fund (Memorandum Only)</b>
\$ -	\$ -	\$ -	\$ -	\$ 25,159
109,493	3,328,639	2,102,940	25,004,192	44,166,803
46,329	-	4,729,793	86,120	6,143,451
-	-	-	-	1,275,662
-	-	-	4,720,798	4,720,798
-	-	-	-	17,324
-	-	-	-	13,667
<u>\$ 155,822</u>	<u>\$ 3,328,639</u>	<u>\$ 6,832,733</u>	<u>\$ 29,811,110</u>	<u>\$ 56,362,864</u>
\$ 75,816	\$ -	\$ 74,224	\$ 1,860,727	\$ 5,274,813
-	-	4,720,798	-	4,720,798
-	-	527,298	-	2,179,799
<u>75,816</u>	<u>-</u>	<u>5,322,320</u>	<u>1,860,727</u>	<u>12,175,410</u>
-	-	1,510,413	27,950,383	29,485,796
80,006	3,328,639	-	-	4,414,047
-	-	-	-	10,287,611
<u>80,006</u>	<u>3,328,639</u>	<u>1,510,413</u>	<u>27,950,383</u>	<u>44,187,454</u>
<u>\$ 155,822</u>	<u>\$ 3,328,639</u>	<u>\$ 6,832,733</u>	<u>\$ 29,811,110</u>	<u>\$ 56,362,864</u>

**COMPTON COMMUNITY COLLEGE DISTRICT**

**GOVERNMENTAL FUNDS  
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2015**

	Line of Credit		
	General Unrestricted	General Unrestricted	General Restricted
<b>REVENUES</b>			
Federal revenues	\$ 40,654	\$ -	\$ 618,162
State revenues	28,556,348	-	4,539,925
Local revenues	6,325,725	4,896	695,945
<b>Total Revenues</b>	<b>34,922,727</b>	<b>4,896</b>	<b>5,854,032</b>
<b>EXPENDITURES</b>			
Current Expenditures			
Academic salaries	12,945,383	-	931,364
Classified salaries	5,949,433	-	1,529,428
Employee benefits	6,548,222	-	635,117
Books and supplies	412,262	-	240,902
Services and operating expenditures	4,784,785	88,025	1,192,081
Capital outlay	957,999	-	618,707
Debt service - principal	807,241	-	-
Debt service - interest and other	485,179	-	-
<b>Total Expenditures</b>	<b>32,890,504</b>	<b>88,025</b>	<b>5,147,599</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>2,032,223</b>	<b>(83,129)</b>	<b>706,433</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating transfers in	-	200,000	-
Operating transfers out	(700,575)	-	-
Other uses	(81,498)	-	(635,422)
<b>Total Other Financing Sources (Uses)</b>	<b>(782,073)</b>	<b>200,000</b>	<b>(635,422)</b>
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>1,250,150</b>	<b>116,871</b>	<b>71,011</b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<b>8,168,700</b>	<b>776,890</b>	<b>934,391</b>
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 9,418,850</b>	<b>\$ 893,761</b>	<b>\$ 1,005,402</b>

Unaudited: See accompanying note to additional supplementary information.

<b>Child Development</b>	<b>Bond Interest and Redemption</b>	<b>Capital Outlay Projects</b>	<b>Revenue Bond Construction</b>	<b>Total Governmental Fund (Memorandum Only)</b>
\$ 194,299	\$ -	\$ -	\$ -	\$ 853,115
267,810	38,679	6,624,068	-	40,026,830
86,551	4,220,265	26,089	209,973	11,569,444
<u>548,660</u>	<u>4,258,944</u>	<u>6,650,157</u>	<u>209,973</u>	<u>52,449,389</u>
-	-	-	-	13,876,747
358,045	-	-	-	7,836,906
145,533	-	-	-	7,328,872
44,184	-	-	1,134	698,482
2,636	-	86,255	241,895	6,395,677
8,578	-	6,757,746	3,124,778	11,467,808
-	1,530,000	-	-	2,337,241
-	2,618,186	-	-	3,103,365
<u>558,976</u>	<u>4,148,186</u>	<u>6,844,001</u>	<u>3,367,807</u>	<u>53,045,098</u>
<u>(10,316)</u>	<u>110,758</u>	<u>(193,844)</u>	<u>(3,157,834)</u>	<u>(595,709)</u>
30,575	-	-	-	230,575
-	-	-	-	(700,575)
<u>(1,691)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(718,611)</u>
<u>28,884</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,188,611)</u>
18,568	110,758	(193,844)	(3,157,834)	(1,784,320)
61,438	3,217,881	1,704,257	31,108,217	45,971,774
<u>\$ 80,006</u>	<u>\$ 3,328,639</u>	<u>\$ 1,510,413</u>	<u>\$ 27,950,383</u>	<u>\$ 44,187,454</u>

**COMPTON COMMUNITY COLLEGE DISTRICT**

**PROPRIETARY FUND  
BALANCE SHEET  
JUNE 30, 2015**

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	<b>Internal Service Fund</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 200,000
Investments	2,939,140
Accounts receivable	8,402
<b>Total Assets</b>	<u><u>\$ 3,147,542</u></u>
 <b>LIABILITIES AND FUND EQUITY</b>	
<b>LIABILITIES</b>	
Accounts payable	\$ 662
Claim liabilities	1,509,000
<b>Total Liabilities</b>	<u><u>1,509,662</u></u>
 <b>FUND EQUITY</b>	
Retained earnings	<u>1,637,880</u>
<b>Total Liabilities and         Fund Equity</b>	<u><u>\$ 3,147,542</u></u>

Unaudited: See accompanying note to additional supplementary information.

**COMPTON COMMUNITY COLLEGE DISTRICT**

**PROPRIETARY FUND  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN  
RETAINED EARNINGS  
FOR THE YEAR ENDED JUNE 30, 2015**

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	<b><u>Internal Service Fund</u></b>
<b>OPERATING REVENUES</b>	
Contracted services	\$ 1,516,993
<b>OPERATING EXPENSES</b>	
Services and other operating expenditures	783,850
Capital outlay	15,695
<b>Total Operating Expenses</b>	<b><u>799,545</u></b>
<b>Operating Income</b>	<b><u>717,448</u></b>
<b>NONOPERATING REVENUES</b>	
Interest income	19,912
Operating transfers in	470,000
<b>Total Nonoperating         Revenues</b>	<b><u>489,912</u></b>
<b>NET INCOME</b>	1,207,360
<b>RETAINED EARNINGS, BEGINNING OF YEAR</b>	430,520
<b>RETAINED EARNINGS, END OF YEAR</b>	<b><u><u>\$ 1,637,880</u></u></b>

Unaudited: See accompanying note to additional supplementary information.

**COMPTON COMMUNITY COLLEGE DISTRICT**

**PROPRIETARY FUND  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2015**

	<b><u>Internal Service Fund</u></b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from user charges	\$ 1,515,179
Cash payments to employees for services	<u>(1,979,423)</u>
Net Cash Flows From Operating Activities	<u>(464,244)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Nonoperating transfers received	470,000
Interest on investments	<u>19,912</u>
Net Cash Flows From Investing Activities	<u>489,912</u>
Net increase in cash and cash equivalents	25,668
Cash and cash equivalents - Beginning	<u>3,113,472</u>
Cash and cash equivalents - Ending	<u><u>\$ 3,139,140</u></u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Operating income	\$ 717,448
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Changes in assets and liabilities:	
Receivables	(1,814)
Accrued liabilities	<u>(1,179,878)</u>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u><u>\$ (464,244)</u></u>
<b>CASH AND CASH EQUIVALENTS CONSIST OF THE FOLLOWING:</b>	
Cash in banks	\$ 200,000
Cash in county treasury	<u>2,939,140</u>
<b>Total Cash and Cash Equivalents</b>	<u><u>\$ 3,139,140</u></u>

Unaudited: See accompanying note to additional supplementary information.

**COMPTON COMMUNITY COLLEGE DISTRICT**

**FIDUCIARY FUNDS  
BALANCE SHEETS  
JUNE 30, 2015**

	<u>Associated Students Trust</u>	<u>Student Representation Fee</u>	<u>Student Financial Aid</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 134,205	\$ -	\$ -
Investments	-	39,420	419,937
Accounts receivable	127,790	99	191,886
Due from other funds	-	-	-
<b>Total Assets</b>	<u>\$ 261,995</u>	<u>\$ 39,519</u>	<u>\$ 611,823</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 4,010	\$ -	\$ 195,793
Due to other funds	26,888	-	-
Due to student groups	70,922	-	-
<b>Total Liabilities</b>	<u>101,820</u>	<u>-</u>	<u>195,793</u>
<b>FUND BALANCES</b>			
Restricted	-	-	416,030
Unreserved			
Undesignated	160,175	39,519	-
<b>Total Fund Balances</b>	<u>160,175</u>	<u>39,519</u>	<u>416,030</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 261,995</u>	<u>\$ 39,519</u>	<u>\$ 611,823</u>

Unaudited: See accompanying note to additional supplementary information.

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<b>Scholarship and Loan</b>	<b>Scholarship Agency</b>	<b>Total</b>
\$ -	\$ 20,763	\$ 154,968
77,169	-	536,526
296	-	320,071
-	26,888	26,888
<u>\$ 77,465</u>	<u>\$ 47,651</u>	<u>\$ 1,038,453</u>
\$ 26,359	\$ -	\$ 226,162
-	-	26,888
16,123	47,651	134,696
<u>42,482</u>	<u>\$ 47,651</u>	<u>387,746</u>
-		416,030
<u>34,983</u>		<u>234,677</u>
<u>34,983</u>		<u>650,707</u>
<u>\$ 77,465</u>		<u>\$ 1,038,453</u>

**COMPTON COMMUNITY COLLEGE DISTRICT**

**FIDUCIARY FUNDS**

**STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Associated Students Trust</u>	<u>Student Representation Fee</u>	<u>Student Financial Aid</u>
<b>REVENUES</b>			
State revenues	\$ -	\$ -	\$ 531,657
Local revenues	147,477	53,400	2,754
<b>Total Revenues</b>	<u>147,477</u>	<u>53,400</u>	<u>534,411</u>
<b>EXPENDITURES</b>			
Current Expenditures			
Services and operating expenditures	<u>37,007</u>	<u>52,995</u>	<u>-</u>
<b>Total Expenditures</b>	<u>37,007</u>	<u>52,995</u>	<u>-</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>110,470</u>	<u>405</u>	<u>534,411</u>
<b>OTHER FINANCING USES</b>			
Other uses	<u>-</u>	<u>-</u>	<u>(512,741)</u>
<b>Total Other Financing Uses</b>	<u>-</u>	<u>-</u>	<u>(512,741)</u>
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	110,470	405	21,670
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>49,705</u>	<u>39,114</u>	<u>394,360</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 160,175</u>	<u>\$ 39,519</u>	<u>\$ 416,030</u>

Unaudited: See accompanying note to additional supplementary information.

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<b>Scholarship and Loan</b>	<b>Total</b>
\$ -	\$ 531,657
521	204,152
<u>521</u>	<u>735,809</u>
-	90,002
-	90,002
<u>521</u>	<u>645,807</u>
-	(512,741)
-	(512,741)
521	133,066
34,462	517,641
<u>\$ 34,983</u>	<u>\$ 650,707</u>

**COMPTON COMMUNITY COLLEGE DISTRICT**

**NOTE TO ADDITIONAL SUPPLEMENTARY INFORMATION (UNAUDITED)  
JUNE 30, 2015**

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***NOTE 1 - PURPOSE OF SCHEDULES***

**Fund Financial Statements**

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

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