COMPTON
COMMUNITY COLLEGE DISTRICT

ANNUAL FINANCIAL REPORT

JUNE 30, 2016

COMPTON COMMUNITY COLLEGE DISTRICT

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Compton Community College District
Compton, California

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the aggregate remaining fund information of Compton Community College District (the District) as of and for the year ended June 30, 2016, 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, and the 2015-2016 *Contracted District Audit Manual*, issued by the California Community Colleges Chancellor's Office. 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.

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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, 2016, 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 to the financial statements, in 2016, the District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*; GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*; GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*; and GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the Management's Discussion and Analysis on pages 5 through 14, the Schedule of Other Postemployment Benefits (OPEB) Funding Progress on page 60, the Schedule of the District's Proportionate Share of the Net Pension Liability on page 61, and the Schedule of District Contributions on page 62 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 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

The unaudited supplementary information on pages 89 through 96 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 1, 2016, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Vavrinek, Trine, Day & Co. LLP

Rancho Cucamonga, California
December 1, 2016

Compton Community College District

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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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, 2016. 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 $1.2 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.

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.

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 (Little Theater) Building Renovation	Infrastructure and Wi-Fi Project
Football Field Renovation	Police Safety Facility
Swing Space (Portable Modulars)	Cosmetology Building

The District successfully completed the following projects totaling nearly $20.8 million.

Allied Health Building	Football Field Renovation
Infrastructure and Wi-Fi Project	

On September 7, 2015, the $2.3 million Football field renovation project was completed. This project included the purchase and installation of a synthetic turf field and an upgraded track surface. This project corrected safety issues associated with the existing field.

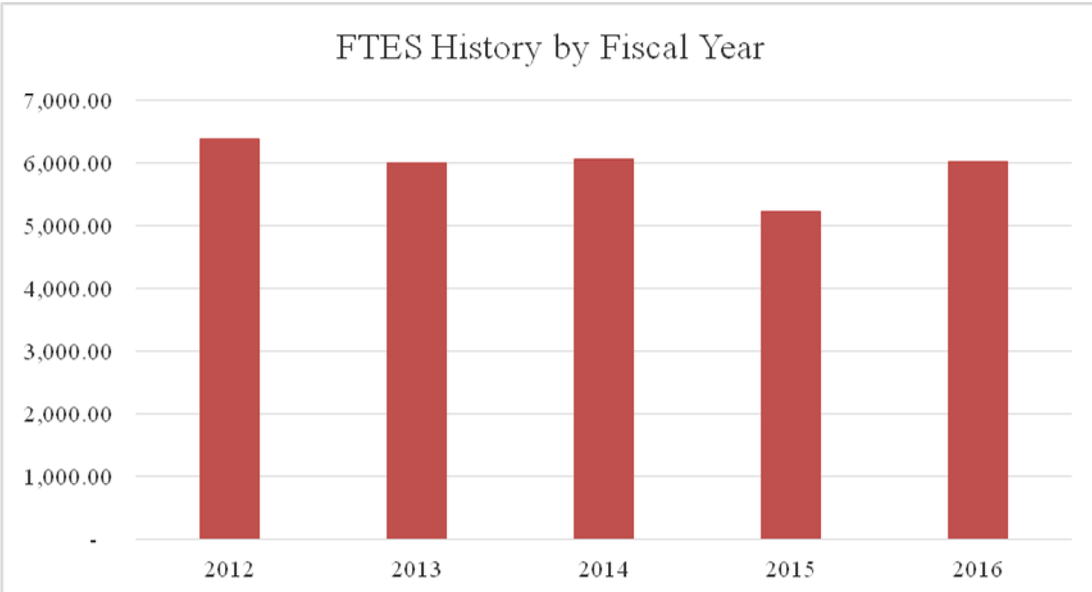
On March 21, 2016, the $14.3 million Allied Health Building project was completed. This 26,000 gross square foot building provides students with state-of-the-art classrooms and labs for the nursing program. This building replaced the flood damage building and provides students modernize instructional technology infrastructure to support current curriculum and learning methodologies.

On June 30, 2016, the $4.2 million Infrastructure and Wi-Fi Project was completed. This project upgraded the information technology infrastructure which include the core, switches, intermediate distribution frames (IDFs), and security. The project also included a comprehensive Aruba wireless local area network (LAN) solution that included over 180 Aruba access points, access controls, and a network management solution.

Construction projects totaling $20.8 million was made possible with $8.3 million from the 2002 Measure CC general obligation bond and $12.5 million of State Capital Outlay funds.

Full-Time Equivalent Students Growth

During fiscal year 2015-2016, total Full-Time Equivalent Students (FTES) increased from 5,217, to 6,006 an increase of 789 FTES (or 15.1 percent). The entire increase in FTES is contributed to the efforts to increase enrollment from the District's feeder high schools and the addition of the Early College program.



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

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

COMPTON COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016

A summary of the Statement of Net Position as of June 30, 2016 and June 30, 2015, is below:

Table 1

	2016	2015	Increase (Decrease)	Percent Change
ASSETS				
Current Assets				
Cash and investments	$ 44,649,231	$ 47,751,039	$ (3,101,808)	-6.5%
Accounts receivable, net	2,715,281	7,619,401	(4,904,120)	-64.4%
Other current assets	131,722	30,991	100,731	325.0%
Total Current Assets	47,496,234	55,401,431	(7,905,197)	-14.3%
Noncurrent Assets				
Capital assets, net of accumulated depreciation	149,863,898	142,219,915	7,643,983	5.4%
Total Noncurrent Assets	149,863,898	142,219,915	7,643,983	5.4%
TOTAL ASSETS	197,360,132	197,621,346	(261,214)	-0.1%
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges on refunding	3,786,319	1,456,043	2,330,276	160.0%
Deferred outflows of resources related to pensions	5,829,747	1,940,182	3,889,565	200.5%
Total Deferred Outflows of Resources	9,616,066	3,396,225	6,219,841	183.1%
LIABILITIES				
Current Liabilities				
Accounts payable	4,886,816	5,471,268	(584,452)	-10.7%
Unearned revenue	2,309,362	2,179,799	129,563	5.9%
Due to fiduciary funds	500,000	-	500,000	100.0%
Current portion of long-term obligations	2,828,380	2,419,746	408,634	16.9%
Interest payable	1,222,731	1,337,012	(114,281)	-8.5%
Total Current Liabilities	11,747,289	11,407,825	339,464	3.0%
Noncurrent Liabilities				
Bonds payable	77,471,267	76,675,577	795,690	1.0%
Notes payable	11,166,916	12,270,297	(1,103,381)	-9.0%
Net pension liability	26,546,930	22,808,355	3,738,575	16.4%
Other long-term obligations	14,161,312	12,607,376	1,553,936	12.3%
Total Noncurrent Liabilities	129,346,425	124,361,605	4,984,820	4.0%
TOTAL LIABILITIES	141,093,714	135,769,430	5,324,284	3.9%
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources related to pensions	6,148,520	6,312,056	(163,536)	-2.6%
NET POSITION				
Net investment in capital assets	92,367,733	92,392,091	(24,358)	0.0%
Restricted for:				
Debt service	2,255,997	1,991,627	264,370	13.3%
Capital projects	1,560,234	1,510,413	49,821	3.3%
Other special services	1,112,262	1,085,408	26,854	2.5%
Unrestricted	(37,562,262)	(38,043,454)	481,192	-1.3%
TOTAL NET POSITION	$ 59,733,964	$ 58,936,085	$ 797,879	1.4%

- 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 2015-2016. Cash assets had decreases between fiscal years 2016 and 2015 due to the purchase of capital assets of $12.7 million, the payment on principal capital debt of $16.6 million, and increase in net noncapital financing activities.

- 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 $210 thousand for reimbursements from State agencies related to construction projects. In addition, there is a $1.3 million net student fee receivable.

- Capital assets had a net increase of $7.6 million. Depreciation expense of $5.6 million was recognized during 2015-2016. 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, 2016. Total accounts payable are $4.9 million; $2.4 million of the balance was accrued in the Capital Projects Fund and the Bond Fund related to construction projects, and $800 thousand 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, one refunding bond that refunded all ne portion of Series B 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 $91.1 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 $12.1 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.

The Statement of Revenues, Expenses, and Changes in Net Position for the years ended June 30, 2016 and June 30, 2015, is summarized below:

Table 2

	2016	2015	Increase (Decrease)	Percent Change
OPERATING REVENUES				
Tuition and fees (net)	$ 1,406,778	$ 1,329,367	$ 77,411	5.8%
Other operating revenues	962,097	1,542,318	(580,221)	-37.6%
TOTAL OPERATING REVENUES	2,368,875	2,871,685	(502,810)	-17.5%
TOTAL OPERATING EXPENSES	50,417,783	42,124,249	8,293,534	19.7%
OPERATING LOSS	(48,048,908)	(39,252,564)	(8,796,344)	22.4%
NONOPERATING REVENUES (EXPENSES)				
State apportionments, noncapital	27,988,208	26,836,020	1,152,188	4.3%
Local property taxes	8,250,119	8,173,607	76,512	0.9%
State revenue - other	4,282,458	1,322,289	2,960,169	223.9%
Grants and contracts, noncapital:				
Federal	724,132	853,115	(128,983)	-15.1%
State	8,346,698	6,049,274	2,297,424	38.0%
Interest and investment income	365,594	388,992	(23,398)	-6.0%
Interest expense	(4,671,831)	(3,881,365)	(790,466)	20.4%
Transfer to fiduciary funds	(500,000)	-	(500,000)	100.0%
Other nonoperating revenue	1,469,386	1,674,819	(205,433)	-12.3%
Gain (loss) on asset disposal	-	(406,435)	406,435	-100.0%
NET NONOPERATING REVENUES	46,254,764	41,010,316	5,244,448	12.8%
OTHER REVENUES				
State apportionments, capital	2,592,023	6,624,068	(4,032,045)	-60.9%
TOTAL OTHER REVENUES	2,592,023	6,624,068	(4,032,045)	-60.9%
CHANGE IN NET POSITION	797,879	8,381,820	(7,583,941)	-90.5%
NET POSITION, BEGINNING OF YEAR	58,936,085	50,554,265	8,381,820	16.6%
NET POSITION, END OF YEAR	$ 59,733,964	$ 58,936,085	$ 797,879	1.4%

- State apportionments have increased 4.3 percent while net position increased by 1.4 percent. The increase in net position is related to increase capital construction which the District capitalized $20.8 million in construction in progress. Additionally, the long-term obligations of the District increased by $5.4 million or 4.3 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 $200 per unit fee that is charged to all nonresident students.

- Personnel costs account for 66 percent of operating expenses in fiscal year 2016, compared to 71 percent in 2015. Supplies, materials, and other operating expenses accounted for 16 percent of the operating expense in fiscal year 2016, compared to 20 percent in 2015. The balance of operating expenses is for financial aid, utilities, and depreciation expense.

- The primary revenue sources of the District's nonoperating revenue are: State apportionment, local property taxes, other State funding, and interest income. With the exception of interest income, all of this revenue is received to support the District's instructional activities. The amount of State general apportionment received by the District is dependent upon the number of FTES generated and reported to the State, less amounts received from education protection account (EPA), enrollment fees, local property taxes. Increases in either of these latter three revenue categories leads to a corresponding decrease in state support through apportionment.

- State capital apportionments consist of amounts received for capital outlay construction projects. The District currently has one project that is 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	$ 15,625,575	$ 369,155	$ 496,263	$ -	$ -	$ 16,490,993
Instructional Administrative and Instructional Governance	1,673,587	183,249	153,218	-	-	2,010,054
Instructional Support Services	1,085,439	20,609	145,624	-	-	1,251,672
Admissions and Records	567,787	21,468	239	-	-	589,494
Student Counseling and Guidance	1,077,924	45,026		-	-	1,122,950
Other Student Services	6,133,704	1,305,449	155,782	-	-	7,594,935
Operation and Maintenance of Plant	1,818,302	1,155,360	117,433	-	-	3,091,095
Planning, Policymaking, and Coordination	395,900	661,792		-	-	1,057,692
General Institutional Support Services	3,638,777	2,911,141	180,879	-	-	6,730,797
Community Services and Economic Development	210,437	65,221	2,688	-	-	278,346
Ancillary Services and Auxiliary Operation	782,612	1,334,114	1,461	-	-	2,118,187
Physical Property and Related Acquisitions	108,282	185,799	452,080	-	-	746,161
Student Aid	-	-	-	1,721,411	-	1,721,411
Depreciation	-	-	-	-	5,613,996	5,613,996
Total	$ 33,118,326	$ 8,258,383	$ 1,705,667	$ 1,721,411	$ 5,613,996	$ 50,417,783

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, 2016 and June 30, 2015, is summarized below:

Table 4

	2016	2015
Cash Provided by (Used in)		
Operating activities	$ (42,448,786)	$ (40,372,391)
Noncapital financing activities	54,564,751	38,036,579
Capital and related financing activities	(15,558,897)	(5,552,611)
Investing activities	341,124	358,459
Net Change in Cash and Cash Equivalents	(3,101,808)	(7,529,964)
Cash Balance, Beginning of Year	47,751,039	55,281,003
Cash Balance, End of Year	$ 44,649,231	$ 47,751,039

Capital Assets

At June 30, 2016, the District has $149.9 million in a broad range of capital assets, including land, construction in progress, buildings, and furniture and equipment. At June 30, 2015, the District's net capital assets were $142.2 million. Major capital improvement projects are ongoing throughout the District which includes the Instructional Building #1 project. This project is primarily funded through State Construction Revenues and District General Obligation Bonds. Other capital improvement projects include the Music Building (Little Theater) Renovation, Police Safety Facility, Cosmetology, and the Swing Space (Portable Modulars) project. These projects are primarily funded through District General Obligation Bonds.

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, 2016, the District has $132.2 million in debt obligations of which $84.4 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 $12.1 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 $26.5 million net pension liability recorded on the Statement of Net Position as of June 30, 2016. 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 compensation revenue, which accounts for 82 percent of the District's 2015-2016 Unrestricted General Fund revenues. Apportionment revenue is directly tied to the generation and reporting of FTES. Over the last three years, the District has suffered a significant decrease in FTES, marking its lowest point in fiscal year 2015 at 5,217 FTES. However, the District's 2015-2016 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. In 2015-2016 the District's reported FTES increased to 6,006, which included 570 FTES being borrowed from Summer 2016 term.

Looking to fiscal year 2016-2017, the District, based on the State proposed funding, anticipates growth in actual FTES climbing from 6,006 reported in 2015-2016 to 6,060 in 2016-2017, an increase of 54 FTES. To achieve 6,060 FTES in 2016-2017, the District anticipates borrowing 664 FTES from Summer 2017 term which will bring to the District to its base FTES from 2013-2014.

Fiscal year 2016-2017 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 over $250,000 per year for seven years which are scheduled to phase out on December 31, 2016 and December 31, 2018, respectively. However, with the recent passing of Proposition 55, the increased income taxes for those making over $250,000 per year was extended for an additional 12 years, expiring on December 31, 2030.

Additionally, the District continues to face sharp increases in pension contributions and other postemployment benefits which will claim a growing share of the District's unrestricted general fund budget.

Other Factors That May Affect the Future

The implementation the Office of Management and Budget's (OMB) *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (commonly called "Uniform Guidance") was officially implemented for fiscal year 2015-2016. The Uniform Guidance – a "government-wide framework for grants management" – synthesizes and supersedes guidance from earlier OMB circulars.

The reforms that comprise the Uniform Guidance aim to reduce the administrative burden on award recipients and change the audit requirements, requiring a non-Federal entity that expends $750,000 or more during the non-Federal entity's fiscal year in Federal awards must have a single or program-specific audit conducted for that year in accordance with the provisions of Title 2, Part 200 of the Code of Federal Regulations. This change resulted in the District falling below the expenditure of Federal awards threshold of $750,000 as of June 30, 2016, and thus not subject to a single audit.

Looking to fiscal year 2016-2017, the District anticipates receiving additional Federal awards which would potentially put the District above the $750,000 threshold and requiring the District to obtain a single audit in accordance with Title 2, Part 200 of the Code of Federal Regulations.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, students, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. 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, 2016

ASSETS	
Current Assets	
Cash and cash equivalents	$ 225,158
Investments	44,424,073
Accounts receivable	1,428,981
Student receivables, net	1,286,300
Prepaid expenses	131,722
Total Current Assets	47,496,234
Noncurrent Assets	
Nondepreciable capital assets	6,733,876
Depreciable capital assets, net of depreciation	143,130,022
Total Noncurrent Assets	149,863,898
TOTAL ASSETS	197,360,132
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refunding	3,786,319
Deferred outflows of resources related to pensions	5,829,747
TOTAL DEFERRED OUTFLOWS OF RESOURCES	9,616,066
LIABILITIES	
Current Liabilities	
Accounts payable	4,886,816
Accrued interest payable	1,222,731
Due to fiduciary funds	500,000
Unearned revenue	2,309,362
Notes payable	903,380
Bonds payable	1,925,000
Total Current Liabilities	11,747,289
Noncurrent Liabilities	
Compensated absences payable	1,082,332
Notes payable	11,166,916
Bonds payable	77,471,267
Other postemployment benefits	6,811,564
Aggregate net pension obligation	26,546,930
Other long-term obligations	6,267,416
Total Noncurrent Liabilities	129,346,425
TOTAL LIABILITIES	141,093,714
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pensions	6,148,520
NET POSITION	
Net investment in capital assets	92,367,733
Restricted for:	
Debt service	2,255,997
Capital projects	1,560,234
Other activities	1,112,262
Unrestricted	(37,562,262)
TOTAL NET POSITION	$ 59,733,964

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, 2016

OPERATING REVENUES	
Student Tuition and Fees	$ 5,115,468
Less: Scholarship discount and allowance	(3,708,690)
Net tuition and fees	1,406,778
Other Operating Revenues	962,097
TOTAL OPERATING REVENUES	2,368,875
OPERATING EXPENSES	
Salaries	24,135,734
Employee benefits	8,982,592
Supplies, materials, and other operating expenses and services	8,258,383
Student financial aid	1,721,411
Equipment, maintenance, and repairs	1,705,667
Depreciation	5,613,996
TOTAL OPERATING EXPENSES	50,417,783
OPERATING LOSS	(48,048,908)
NONOPERATING REVENUES (EXPENSES)	
State apportionments, noncapital	27,988,208
Local property taxes, levied for general purposes	4,157,761
Taxes levied for other specific purposes	4,092,358
Federal grants	724,132
State grants	8,346,698
State taxes and other revenues	4,282,458
Investment income	321,844
Interest expense on capital related debt	(4,671,831)
Investment income on capital asset-related debt, net	43,750
Transfer to fiduciary funds	(500,000)
Other nonoperating revenue	1,469,386
TOTAL NONOPERATING REVENUES (EXPENSES)	46,254,764
INCOME BEFORE OTHER REVENUES AND LOSSES	(1,794,144)
OTHER REVENUES AND LOSSES	
State revenues, capital	2,592,023
CHANGE IN NET POSITION	797,879
NET POSITION, BEGINNING OF YEAR	58,936,085
NET POSITION, END OF YEAR	$ 59,733,964

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, 2016

CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and fees	$ 1,355,646
Payments to vendors for supplies and services	(9,543,044)
Payments to or on behalf of employees	(33,502,074)
Payments to students for scholarships and grants	(1,721,411)
Other operating receipts	962,097
Net Cash Flows From Operating Activities	(42,448,786)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State apportionments	27,374,258
Grant and contracts	9,073,031
Property taxes - nondebt related	8,250,119
State taxes and other apportionments	8,789,565
Other nonoperating	1,077,778
Net Cash Flows From Noncapital Financing Activities	54,564,751
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	
Purchase of capital assets	(12,657,803)
Proceeds from capital debt	16,567,539
Current year bond principal accretion	1,625,690
State revenue, capital projects	2,592,023
Deferred charges on bond refunding	(2,330,276)
Principal paid on capital debt	(16,598,381)
Interest paid on capital debt	(4,801,439)
Interest received on capital asset-related debt	43,750
Net Cash Flows From Capital Financing Activities	(15,558,897)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received from investments	341,124
NET CHANGE IN CASH AND CASH EQUIVALENTS	(3,101,808)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	47,751,039
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 44,649,231

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, 2016

RECONCILIATION OF NET OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES	
Operating Loss	$ (48,048,908)
Adjustments to Reconcile Operating Loss to Net Cash Flows From Operating Activities:	
Depreciation expense	5,613,996
Changes in Operating Assets and Deferred Outflows and Liabilities and Deferred Inflows:	
Receivables	(10,638)
Accrued interest payable	(114,281)
Prepaid expenses/Other assets	(100,731)
Accounts payable and accrued liabilities	336,708
Unearned revenue	129,563
Claims liabilities	(236,753)
Compensated absences and retirement incentives	(39,116)
Change in deferred outflows related to pensions	(3,889,565)
Change in deferred inflows related to pensions	(163,536)
Pension obligation	3,738,575
OPEB obligation	335,900
Total Adjustments	5,600,122
Net Cash Flows From Operating Activities	$ (42,448,786)
CASH AND CASH EQUIVALENTS CONSIST OF THE FOLLOWING:	
Cash in banks	$ 225,158
Cash in county treasury	44,424,073
Total Cash and Cash Equivalents	$ 44,649,231
NON CASH TRANSACTIONS	
On behalf payments for benefits	$ 886,186
Board of governors fee waivers	3,708,690
Total Non Cash Transactions	$ 4,594,876

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

COMPTON COMMUNITY COLLEGE DISTRICT

STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2016

	Trust	Agency
ASSETS		
Cash and cash equivalents	$ 195,006	$ 26,839
Investments	114,815	-
Accounts receivable	70,521	-
Due from other funds	500,000	26,888
Total Assets	880,342	53,727
LIABILITIES		
Accounts payable	30,369	-
Due to other funds	26,888	-
Due to student groups	92,579	53,727
Total Liabilities	149,836	$ 53,727
NET POSITION		
Reserved	500,000	
Unreserved	230,506	
Total Net Position	$ 730,506	

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, 2016

	Trust
ADDITIONS	
Local revenues	$ 74,881
DEDUCTIONS	
Services and operating expenditures	79,052
DEDUCTIONS	
Transfer from primary government	500,000
Change in Net Position	495,829
Net Position - Beginning	234,677
Net Position - Ending	$ 730,506

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

NOTE 1 - ORGANIZATION

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

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

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

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

The District is classified as a Public Educational Institution under Internal Revenue Code Section 115 and is, therefore, exempt from Federal taxes.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

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

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

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities as defined by GASB Statements No. 34 and No. 35 as amended by GASB Statements No. 37, 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.

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, 2016 and 2015, 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 $1,535,021 at June 30, 2016.

Prepaid Expenses

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

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 deferred charges on refunding of debt and for pension related items. 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 pension related items. 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.

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

Sick leave is accumulated without limit for each employee based upon negotiated contracts. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. Therefore, the value of accumulated sick leave is not recognized as a liability in the District's financial statements. However, retirement credit for unused sick leave is applicable to all classified 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:

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 $4,928,493 of restricted net position. At June 30, 2016, the entity-wide financial statements report deficit unrestricted net position in the amount of $(37,562,262).

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.

Scholarships, Discounts, and Allowances

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

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 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 District has implemented the provisions of this Statement as of June 30, 2016.

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 68, and Amendments to Certain Provisions of GASB Statements 67 and 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—an amendment to GASB Statement No. 27*, 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 GASB Statement No. 68. It also amends certain provisions of GASB Statement No. 67, *Financial Reporting for Pension Plans—an amendment to GASB Statement No. 25*, and GASB Statement No. 68 for pension plans and pensions that are within their respective scopes.

The provisions in this Statement, effective as of June 30, 2016, include the provisions for assets accumulated for purposes of providing pensions through defined benefit plans and the amended provisions of GASB Statements No. 67 and No. 68. The District has implemented these provisions as of June 30, 2016. The provisions in this Statement related to defined benefit pensions that are not within the scope of GASB Statement No. 68 are effective for periods beginning after June 15, 2016.

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

The District has implemented the provisions of this Statement as of June 30, 2016.

In December 2015, the GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants.* This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. Significant noncompliance prevents the external investment pool from measuring all of its investments at amortized cost for financial reporting purposes. Professional judgment is required to determine if instances of noncompliance with the criteria established by this Statement during the reporting period, individually or in the aggregate, were significant.

If an external investment pool does not meet the criteria established by this Statement, that pool should apply the provisions in paragraph 16 of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, as amended. If an external investment pool meets the criteria in this Statement and measures all of its investments at amortized cost, the pool's participants also should measure their investments in that external investment pool at amortized cost for financial reporting purposes. If an external investment pool does not meet the criteria in this Statement, the pool's participants should measure their investments in that pool at fair value, as provided in paragraph 11 of GASB Statement No. 31, as amended.

This Statement establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. Those disclosures, for both the qualifying external investment pools and their participants, include information about any limitations or restrictions on participant withdrawals.

The District has implemented the provisions of this Statement as of June 30, 2016.

New Accounting Pronouncements

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.

This Statement replaces GASB 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 GASB Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, No. 43, and No. 50, *Pension Disclosures*.

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 GASB 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. GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans.

The requirements of this Statement are effective for financial statements for periods beginning after June 30, 2017. Early implementation is encouraged.

In December 2015, the GASB issued Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment to GASB Statement No. 27*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to State or local governmental employers whose employees are provided with such pensions.

Prior to the issuance of this Statement, the requirements of GASB Statement No. 68 applied to the financial statements of all State and local governmental employers whose employees are provided with pensions through pension plans that are administered through trusts that meet the criteria in paragraph 4 of that Statement.

This Statement amends the scope and applicability of GASB Statement No. 68 to exclude pensions provided to employees of State or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a State or local governmental pension plan; (2) is used to provide defined benefit pensions both to employees of State or local governmental employers and to employees of employers that are not State or local governmental employers; and (3) has no predominant State or local governmental employer (either individually or collectively with other State or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. Early implementation is encouraged.

In January 2016, the GASB issued Statement No. 80, *Blending Requirements for Certain Component Units—an amendment to GASB Statement No. 14.* The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of GASB Statement No. 14, *The Financial Reporting Entity*. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units—an amendment to GASB Statement No. 14*.

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

In March 2016, the GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements.* The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period.

The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016, and should be applied retroactively. Early implementation is encouraged.

In March 2016, the GASB issued Statement No. 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73.* The objective of this Statement is to address certain issues that have been raised with respect to GASB Statement No. 67, *Financial Reporting for Pension Plans—an amendment to GASB Statement No. 25*, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment to GASB Statement No. 27*, and GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information; (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes; and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. Early implementation is encouraged.

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

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

General Authorizations

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

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

Authorized Under Debt Agreements

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

Summary of Deposits and Investments

Deposits and investments as of June 30, 2016, consist of the following:

Primary government	$ 44,649,231
Fiduciary funds	336,660
Total Deposits and Investments	$ 44,985,891
Cash on hand and in banks	$ 222,003
Cash in revolving	225,000
Investments	44,538,888
Total Deposits and Investments	$ 44,985,891

Interest Rate Risk

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

Weighted Average Maturity

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

Investment Type	Fair Value	Weighted Average Days to Maturity
Los Angeles County Investment Pool	$ 44,590,921	608

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, 2016.

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, 2016, the District and fiduciary funds had bank balances of $496,969 and $222,241, respectively. Of these balances, the District had $69,784 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 - FAIR VALUE MEASUREMENTS

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

Level 1 **-** Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

Level 2 **-** Observable inputs, other than Level 1 prices, such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.

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

Uncategorized **-** Investments in the Los Angeles County Treasury Investment Pool are not measured using the input levels above because the District's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at $1.00 net asset value per share.

The District's fair value measurements are as follows at June 30, 2016:

Investment Type	Fair Value	Uncategorized
County Pool	$ 44,590,921	$ 44,590,921

All assets have been valued using a market approach, with quoted market prices.

NOTE 5 - ACCOUNTS RECEIVABLE

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

	Primary Government	Fiduciary Funds
Federal Government		
Categorical aid	$ 143,146	$ -
State Government		
Apportionment	60,753	-
Categorical aid	122,961	-
State construction projects	209,940	-
Lottery	558,484	-
Other State sources	64,197	-
Local Sources		
Interest	133,910	393
Other local sources	135,590	70,128
Total	$ 1,428,981	$ 70,521

Student receivables	$ 2,821,321
Less: Allowance for bad debt	(1,535,021)
Student receivables, net	$ 1,286,300

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the District for the fiscal year ended June 30, 2016, 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	12,103,967	13,145,180	20,839,271	4,409,876
Total Capital Assets Not Being Depreciated	14,427,967	13,145,180	20,839,271	6,733,876
Capital Assets Being Depreciated				
Buildings and improvements	85,726,416	14,281,344	-	100,007,760
Site improvements	60,478,607	6,557,927	-	67,036,534
Furniture and equipment	7,461,201	112,799	-	7,574,000
Total Capital Assets Being Depreciated	153,666,224	20,952,070	-	174,618,294
Total Capital Assets	168,094,191	34,097,250	20,839,271	181,352,170
Less Accumulated Depreciation				
Buildings and improvements	16,386,945	1,775,256	-	18,162,201
Site improvements	2,720,207	3,691,269	-	6,411,476
Furniture and equipment	6,767,124	147,471	-	6,914,595
Total Accumulated Depreciation	25,874,276	5,613,996	-	31,488,272
Net Capital Assets	$ 142,219,915	$ 28,483,254	$ 20,839,271	$ 149,863,898

Depreciation expense for the year was $5,613,996.

Interest expense on capital related debt for the year ended June 30, 2016, was $4,801,439. Of this amount, $129,608 was capitalized.

NOTE 7 - ACCOUNTS PAYABLE

Accounts payable for the District consisted of the following:

	Primary Government	Fiduciary Funds
Accrued payroll	$ 806,550	$ -
Construction	2,405,519	-
Vendor payables	1,674,747	30,369
Total	$ 4,886,816	$ 30,369

NOTE 8 - UNEARNED REVENUE

Unearned revenue for the District consisted of the following:

	Primary Government
State categorical aid	$ 663,422
Other State	970,166
Student fees	575,699
Other local	100,075
Total	$ 2,309,362

NOTE 9 - 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, 2016, there was a $500,000 balance due between the primary government and the fiduciary funds.

Interfund Operating Transfers

Operating transfers between funds of the District are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use restricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Operating transfers within the funds of the District have been eliminated in the consolidation process. Transfers between the primary government and the fiduciary funds are not eliminated in the consolidation process. During the 2015-2016 year, there was $500,000 transferred between the primary government and the fiduciary funds to fund future pension obligations.

NOTE 10 - LONG-TERM OBLIGATIONS

Summary

The changes in the District's long-term obligations during the 2016 fiscal year consisted of the following:

	Balance Beginning of Year	Additions and Adjustments	Deductions	Balance End of Year	Due in One Year
Bonds and Notes Payable					
General obligation bonds	$ 78,150,577	$ 14,725,690	$ 13,480,000	$ 79,396,267	$ 1,925,000
Bond premium	3,611,106	1,841,849	457,786	4,995,169	-
Note payable	13,105,201	-	1,034,905	12,070,296	903,380
Total Bonds and Notes Payable	94,866,884	16,567,539	14,972,691	96,461,732	2,828,380
Other Liabilities					
Compensated absences	1,011,606	70,726	-	1,082,332	-
Early retirement incentive	109,842	-	109,842	-	-
Claims liability	1,509,000	236,753	473,506	1,272,247	-
Aggregate net pension obligation	22,808,355	3,738,575	-	26,546,930	-
Other postemployment benefits	6,475,664	1,622,758	1,286,858	6,811,564	-
Total Other Liabilities	31,914,467	5,668,812	1,870,206	35,713,073	-
Total Long-Term Obligations	$ 126,781,351	$ 22,236,351	$ 16,842,897	$ 132,174,805	$ 2,828,380

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, 2016, $87,556,094 had been issued, and $36,401,267 was outstanding with a premium balance of $681,367.

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, 2016, was $13,235,000 with a premium balance of $1,041,215.

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, 2016, was $16,660,000 with a premium balance of $1,496,225.

2015 General Obligation Refunding Bonds

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

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $2,606,682. This difference, reported in the accompanying financial statements as a deferred charge on refunding, is being charged to operations through the year 2035 using the straight-line method. The outstanding principal balance of these Bonds at June 30, 2016, was $13,100,000 with a premium balance of $1,776,361.

Debt Maturity

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2015	Issued	Accreted Interest Addition	Redeemed	Bonds Outstanding June 30, 2016
8/27/2009	8/1/2034	3.00-6.75%	$ 15,000,000	$ 13,270,000	$ -	$ -	$ 12,195,000	$ 1,075,000
3/22/2012	8/1/2037	2.59-6.65%	15,001,122	16,173,651	-	528,344	165,000	16,536,995
10/4/2012	7/1/2023	2.00-5.00%	14,470,000	14,200,000	-	-	965,000	13,235,000
11/13/2013	8/1/2039	2.52-6.62%	16,554,972	17,761,926	-	1,097,346	70,000	18,789,272
3/18/2014	7/1/2028	1.00-5.00%	17,010,000	16,745,000	-	-	85,000	16,660,000
10/6/2015	8/1/2034	2.00-5.00%	13,100,000	-	13,100,000	-	-	13,100,000
			$ 91,136,094	$ 78,150,577	$ 13,100,000	$ 1,625,690	$ 13,480,000	$ 79,396,267

The Election 2002 Series B bonds mature through fiscal year 2020 as follows:

Fiscal Year	Principal	Interest	Total
2017	$ 220,000	$ 46,625	$ 266,625
2018	250,000	36,032	286,032
2019	285,000	23,125	308,125
2020	320,000	8,000	328,000
Total	$ 1,075,000	$ 113,782	$ 1,188,782

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

Fiscal Year	Principal (including accreted interest to date)	Accreted Interest	Current Interest to Maturity	Total
2017	$ 157,434	$ 2,566	$ 389,850	$ 549,850
2018	156,493	8,507	389,850	554,850
2019	149,079	15,921	389,850	554,850
2020	184,243	30,757	389,850	604,850
2021	213,500	51,500	389,850	654,850
2022-2026	1,659,651	605,349	1,844,950	4,109,950
2027-2031	2,502,816	3,397,184	1,816,250	7,716,250
2032-2036	4,124,324	9,730,676	1,816,250	15,671,250
2037-2038	7,389,455	385,545	383,625	8,158,625
Total	$ 16,536,995	$ 14,228,005	$ 7,810,325	$ 38,575,325

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

Fiscal Year	Principal	Interest	Total
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	1,710,000	357,750	2,067,750
2022-2023	6,300,000	493,250	6,793,250
Total	$ 13,235,000	$ 3,006,650	$ 16,241,650

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

Fiscal Year	Principal (including accreted interest to date)	Accreted Interest	Current Interest to Maturity	Total
2017	$ 40,000	$ -	$ 72,263	$ 112,263
2018	-	-	71,662	71,662
2019	42,611	7,389	71,662	121,662
2020	47,965	12,035	71,663	131,663
2021	52,491	17,509	71,663	141,663
2022-2026	481,891	323,109	358,312	1,163,312
2027-2031	4,110,785	5,634,215	358,313	10,103,313
2032-2036	7,268,372	15,396,628	358,313	23,023,313
2037-2040	6,745,157	17,544,843	250,818	24,540,818
	$ 18,789,272	$ 38,935,728	$ 1,684,669	$ 59,409,669

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

Fiscal Year	Principal	Interest	Total
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	130,000	800,800	930,800
2022-2026	5,910,000	3,671,975	9,581,975
2027-2029	10,205,000	794,375	10,999,375
Total	$ 16,660,000	$ 8,504,600	$ 25,164,600

The 2015 refunding bonds mature through fiscal year 2035 as follows:

Fiscal Year	Principal	Interest	Total
2017	$ 320,000	$ 604,950	$ 924,950
2018	145,000	600,300	745,300
2019	150,000	597,350	747,350
2020	155,000	594,300	749,300
2021	495,000	582,850	1,077,850
2022-2026	3,200,000	2,491,500	5,691,500
2027-2031	4,635,000	1,556,875	6,191,875
2032-2035	4,000,000	400,000	4,400,000
Total	$ 13,100,000	$ 7,428,125	$ 20,528,125

Note Payable

Assembly Bill 318 appropriated $30 million to the Board of Governors of the California Community Colleges as an emergency apportionment to finance, among other things, activities described in Article 5 of Chapter 5, Part 46 of the Education Code. The balance available to the District is $12,103,200. The financing does not constitute a borrowing, but is instead an advance apportionment subject to repayment with interest. During the 2015-2016 year, the District was able to negotiate and obtain a refinancing of a lower interest rate associated with this advance. The interest rate paid by the District prior to this refinance ranged 1.377 percent to 5.214 percent. After the refinancing, the interest rate on the remaining balance is 2.307 percent, resulting in a savings of $966,000 in interest payments for the District. At June 30, 2016, the District had received $17,896,800 with $12,070,296 outstanding.

Fiscal Year	Principal	Interest	Total
2017	$ 903,380	$ 278,462	$ 1,181,842
2018	924,220	257,621	1,181,841
2019	945,542	236,299	1,181,841
2020	967,356	214,485	1,181,841
2021	989,673	192,168	1,181,841
2022-2026	5,301,559	607,646	5,909,205
2027-2029	2,038,566	74,773	2,113,339
Total	$ 12,070,296	$ 1,861,454	$ 13,931,750

Compensated Absences

At June 30, 2016, the liability for compensated absences was $1,082,332.

Early Retirement Incentive

The District has approved an Early Retirement Incentive Program in accordance with Public Agency Retirement Services (PARS). A total of nine employees participated in the program. As of June 30, 2016, this obligation was paid in full.

Claims Liability

At June 30, 2016, the liability for claims liability was $1,272,247. See Note 12 for additional information.

Aggregate Net Pension Obligation

At June 30, 2016, the District's aggregate net pension liability was $26,546,930. See Note 13 for additional information.

Other Postemployment Benefits Obligation

The District's annual required contribution for the year ended June 30, 2016, was $1,721,216. Net earnings and contributions made by the District during the year were $1,286,858. Interest on the net OPEB obligation and adjustments to the annual required contribution were $375,589 and $(474,047), respectively, which resulted in an increase to the net OPEB obligation of $335,900. As of June 30, 2016, the net OPEB obligation was $6,811,564. See Note 11 for additional information regarding the OPEB obligation and the postemployment benefits plan.

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

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

Plan Description

The Compton Community College Plan (the Plan) is a single-employer defined benefit health care plan administered by Compton Community College District. The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Membership of the Plan consists of 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, 2016, the value of the plan assets was $1,821,266.

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 2015-2016, the District contributed $1,286,858 to the Plan, $544,642 of which was used for current premiums and $742,216 was contributions and net earnings to the pension trust fund.

Annual OPEB Cost and Net OPEB Obligation

The District's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the payments of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial accrued liabilities (UAAL) (or funding costs) over a period not to exceed 28 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	375,589
Adjustment to annual required contribution	(474,047)
Annual OPEB cost (expense)	1,622,758
Contributions made for retiree benefit premiums	(544,642)
Net earnings and contributions made to irrevocable trust	(742,216)
Increase in net OPEB obligation	335,900
Net OPEB obligation, beginning of year	6,475,664
Net OPEB obligation, end of year	$ 6,811,564

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
2014	$ 1,780,947	$ 674,596	38%	$ 5,977,159
2015	1,630,336	1,131,831	69%	6,475,664
2016	1,622,758	1,286,858	79%	6,811,564

Funding Status and Funding Progress

Actuarial Accrued Liability (AAL)	$ 16,073,283
Actuarial Value of Plan Assets	482,834
Unfunded Actuarial Accrued Liability (UAAL)	$ 15,590,449
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, 2016, the District has contributed a total of $1,819,747 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 28 year amortization period.

NOTE 12 - RISK MANAGEMENT

Property and Liability Insurance Coverages

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

Joint Powers Authority Risk Pools

During fiscal year ended June 30, 2016, 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 $1,272,247 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, 2014	$ 2,687,816
Claims and changes in estimates	(680,958)
Claims payments	(497,858)
Liability Balance, June 30, 2015	1,509,000
Claims and changes in estimates	236,753
Claims payments	(473,506)
Liability Balance, June 30, 2016	$ 1,272,247
Assets Available to Pay Claims at June 30, 2016	$ 3,104,926

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.

For the fiscal year ended June 30, 2016, the District reported the net pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources for each of the above plans as follows:

Pension Plan		Collective Net Pension Liability	Collective Deferred Outflows of Resources	Collective Deferred Inflows of Resources	Collective Pension Expense
CalSTRS		$ 17,432,301	$ 2,839,762	$ 3,655,581	$ 1,324,866
CalPERS		9,114,629	2,989,985	2,492,939	798,957
	Total	$ 26,546,930	$ 5,829,747	$ 6,148,520	$ 2,123,823

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, 2014, 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.

The STRP provisions and benefits in effect at June 30, 2016, are summarized as follows:

	STRP Defined Benefit Program	
	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	9.20%	8.56%
Required employer contribution rate	10.73%	10.73%
Required State contribution rate	7.12589%	7.12589%

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, 2016, are presented above, and the District's total contributions were $1,466,260.

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

At June 30, 2016, 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	$ 17,432,301
State's proportionate share of net pension liability associated with the District	9,219,766
Total	$ 26,652,067

The net pension liability was measured as of June 30, 2015. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts and the State, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2015 and June 30, 2014, was 0.0259 percent and 0.0268 percent, respectively, resulting in a net decrease in the proportionate share of 0.0009 percent.

For the year ended June 30, 2016, the District recognized pension expense of $1,324,866. In addition, the District recognized pension expense and revenue of $714,174 for support provided by the State. At June 30, 2016, 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	$ 1,466,260	$ -
Net change in proportionate share of net pension liability	-	569,765
Deferred outflows (inflows) of resources related to pensions	1,373,502	2,794,518
Differences between expected and actual experience in the measurement of the total pension liability	-	291,298
Total	$ 2,839,762	$ 3,655,581

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earning on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2017	$ (588,130)
2018	(588,130)
2019	(588,130)
2020	343,374
Total	$ (1,421,016)

The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the 2014-2015 measurement period is seven years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2017	$ (143,510)
2018	(143,510)
2019	(143,510)
2020	(143,511)
2021	(143,511)
Thereafter	(143,511)
Total	$ (861,063)

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, 2014, and rolling forward the total pension liability to June 30, 2015. The financial reporting actuarial valuation as of June 30, 2014, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2014
Measurement date	June 30, 2015
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.

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's investment practice, a best estimate range was determined by assuming the portfolio is re-balanced annually and that the annual returns are lognormally distributed and independent from year to year to develop expected percentiles for the long-term distribution of annualized returns. The assumed asset allocation is based on the Teachers' Retirement Board of the California State Teachers' Retirement System (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:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
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.

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

Discount Rate	Net Pension Liability
1% decrease (6.60%)	$ 26,321,418
Current discount rate (7.60%)	17,432,301
1% increase (8.60%)	10,044,728

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, 2014, annual actuarial valuation report, Schools Pool Actuarial Valuation, 2014. 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.

The CalPERS provisions and benefits in effect at June 30, 2016, 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	11.847%	11.847%

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, 2016, are presented above, and the total District contributions were $972,090.

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

As of June 30, 2016, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $9,114,629. The net pension liability was measured as of June 30, 2015. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2015 and June 30, 2014, was 0.0618 percent and 0.0629 percent, respectively, resulting in a net decrease in the proportionate share of 0.0011 percent.

For the year ended June 30, 2016, the District recognized pension expense of $798,957. At June 30, 2016, 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	$ 972,090	$ -
Net change in proportionate share of net pension liability	-	123,837
Deferred outflows (inflows) of resources related to pensions	1,496,981	1,809,074
Difference between expected and actual experience in the measurement of the total pension liability	520,914	-
Changes of assumptions	-	560,028
Total	$ 2,989,985	$ 2,492,939

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2017	$ (228,779)
2018	(228,779)
2019	(228,779)
2020	374,244
Total	$ (312,093)

The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the EARSL of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the 2014-2015 measurement period is 3.9 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2017	$ (56,190)
2018	(56,190)
2019	(50,571)
Total	$ (162,951)

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, 2014, and rolling forward the total pension liability to June 30, 2015. The financial reporting actuarial valuation as of June 30, 2014, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2014
Measurement date	June 30, 2015
Experience study	July 1, 1997 through June 30, 2011
Actuarial cost method	Entry age normal
Discount rate	7.65%
Investment rate of return	7.65%
Consumer price inflation	2.75%
Wage growth	Varies by entry age and services

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.

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:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	51%	5.25%
Global fixed income	19%	0.99%
Private equity	10%	6.83%
Real estate	10%	4.50%
Inflation sensitive	6%	0.45%
Infrastructure and Forestland	2%	4.50%
Liquidity	2%	-0.55%

Discount Rate

The discount rate used to measure the total pension liability was 7.65 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:

Discount Rate	Net Pension Liability
1% decrease (6.65%)	$ 14,834,819
Current discount rate (7.65%)	9,114,629
1% increase (8.65%)	4,357,910

CalSTRS/CalPERS Irrevocable Trust

During the 2015-2016 fiscal year, the District established an irrevocable trust with Benefit Trust Company, through Keenan & Associates, for the purpose of funding future employer contributions associated with the CalSTRS and CalPERS pension plans. District contribution rates for these plans are expected to rise significantly through the 2020-2021 fiscal year. Funds deposited into this trust are not considered "plan assets" for GASB Statement No. 68 reporting and, therefore, are not netted against the net pension liability shown on the Statement of Net Position. Instead, the activity within this trust is recorded as a fiduciary fund of the District as of June 30, 2016. For the 2015-2016 fiscal year, the District contributed a total of $500,000 into this trust.

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, 2016 which amounted to $886,186, (7.12589 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, 2016. 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, 2016, the District made payments of $299,947 and $499,816 to SWACC and PIPS, respectively.

NOTE 15 - 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, 2016.

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, 2016.

Line of Credit

As mentioned above in Note 10, the District was appropriated $30 million from Assembly Bill 318 through the Board of Governors of the California Community Colleges. As of June 30, 2016, the District has a balance available to them of $12,103,200. While these funds are available to the District, the District currently has no plans to further drawdown funding from this appropriation.

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, 2016, were $329,652. Future minimum lease payments under this agreement are as follows:

Year Ending June 30,	Lease Payment
2017	$ 217,879
2018	199,723
Total	$ 417,602

Construction Commitments

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

Project	Remaining Construction Commitment	Percent Complete	Estimated Completion
Cosmetology	$ 429,409	69%	FY 2017
Swing Space	651,400	30%	FY 2017
Police Facility	279,220	11%	FY 2018
Instructional Building #1	946,369	39%	FY 2019
Music Building	1,519,686	23%	FY 2017
	$ 3,826,084		

NOTE 16 - 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.

REQUIRED SUPPLEMENTARY INFORMATION

COMPTON COMMUNITY COLLEGE DISTRICT

SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS (OPEB) FUNDING PROGRESS
FOR THE YEAR ENDED JUNE 30, 2016

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age Normal Cost Method (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b - a] / c)
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

See accompanying note to required supplementary information.

COMPTON COMMUNITY COLLEGE DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY FOR THE YEAR ENDED JUNE 30, 2016

	2016	2015
CalSTRS		
District's proportion of the net pension liability	0.0259%	0.0268%
District's proportionate share of the net pension liability	$ 17,432,301	$ 15,664,559
State's proportionate share of the net pension liability associated with the District	9,219,766	9,458,937
Total	$ 26,652,067	$ 25,123,496
District's covered - employee payroll	$ 12,752,399	$ 11,939,418
District's proportionate share of the net pension liability as a percentage of its covered - employee payroll	136.70%	131.20%
Plan fiduciary net position as a percentage of the total pension liability	74%	77%
CalPERS		
District's proportion of the net pension liability	0.0618%	0.0629%
District's proportionate share of the net pension liability	$ 9,114,629	$ 7,143,796
District's covered - employee payroll	$ 6,862,365	$ 6,605,812
District's proportionate share of the net pension liability as a percentage of its covered - employee payroll	132.82%	108.14%
Plan fiduciary net position as a percentage of the total pension liability	79%	83%

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

See accompanying note to required supplementary information.

COMPTON COMMUNITY COLLEGE DISTRICT

SCHEDULE OF THE DISTRICT CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2016

	2016	2015
CalSTRS		
Contractually required contribution	$ 1,466,260	$ 1,132,413
Contributions in relation to the contractually required contribution	1,466,260	1,132,413
Contribution deficiency (excess)	$ -	$ -
District's covered - employee payroll	$ 13,665,051	$ 12,752,399
Contributions as a percentage of covered - employee payroll	10.73%	8.88%
CalPERS		
Contractually required contribution	$ 972,090	$ 807,769
Contributions in relation to the contractually required contribution	972,090	807,769
Contribution deficiency (excess)	$ -	$ -
District's covered - employee payroll	$ 8,203,291	$ 6,862,365
Contributions as a percentage of covered - employee payroll	11.85%	11.77%

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

See accompanying note to required supplementary information.

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2016

NOTE 1 - PURPOSE OF SCHEDULES

Schedule of Other Postemployment Benefits (OPEB) Funding Progress

This schedule is intended to show trends about the funding progress of the District's actuarially determined liability for postemployment benefits other than pensions.

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

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

Schedule of District Contributions

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

Changes in Benefit Terms

There were no changes in benefit terms since the previous valuation for either CalSTRS or CalPERS.

Changes in Assumptions

The CalSTRS plan rate of investment return assumption was not changed from the previous valuation. The CalPERS plan rate of investment return assumption was changed from 7.50 percent to 7.65 percent since the previous valuation.

SUPPLEMENTARY INFORMATION

DISTRICT ORGANIZATION
JUNE 30, 2016

The Compton Community College was established on July 1, 1927 as a component of the Compton Union High School District. In 1950, voters elected to establish the Compton Community College District via a bond issuance 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.

BOARD OF TRUSTEES

MEMBER	TERM EXPIRES
Ms. LoWanda Green	December 2017
Ms. Leslie Irving	December 2019
Ms. Sonia Lopez	December 2019
Mr. Andres Ramos	December 2017
Dr. Deborah Sims LeBlanc	December 2017
Mr. Thomas E. Henry	Special Trustee

ADMINISTRATION

Dr. Keith Curry	Provost/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. Abiodun Osanyinpeju	Dean, Student Learning, Division 1
Ms. Elizabeth Martinez	Interim Dean, Student Services
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 FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016

Program	CFDA Number	Program Entitlements Current Year	Prior Year	Total Entitlement
U.S. DEPARTMENT OF EDUCATION				
Upward Bound Math and Science	84.047M	$ 250,000	$ 91,325	$ 341,325
U.S. DEPARTMENT OF AGRICULTURE				
Child and Adult Food Care Program	10.558	49,928	-	49,928
Summer Food Service Program	10.559	3,328	-	3,328
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Temporary Assistance for Needy Families (TANF)	93.558	100,113	94	100,207
Temporary Assistance for Needy Families (TANF) - DPSS	93.558	130,000	-	130,000
Foster and Kinship Care Education (FKCE)	93.658	54,284	-	54,284
Youth Empowerment Strategies for Success - Independent Living	93.674	22,500	-	22,500
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	74,138	-	74,138
Child Care and Development Block Grant	93.575	40,788	-	40,788
Child Development Training Consortium	93.575	10,000	-	10,000
Total Federal Programs				

RECONCILIATION OF FEDERAL REVENUES AND THE SCHEDULE OF FEDERAL AWARDS

	CFDA Number	Program Expenditures
Total Federal Revenues From the Statement of Revenues, Expenses, and Changes in Net Position:		$ 724,132
Medi-Cal Administration Activities Program	93.778	(16,074)
Total Schedule of Federal Awards		$ 708,058

See accompanying note to supplementary information.

Program Revenues			
Cash Received	Accounts Receivable	Total Revenue	Program Expenditures
$ 174,518	$ 56,953	$ 231,471	$ 231,471
49,928	-	49,928	49,928
3,328	-	3,328	3,328
100,207	-	100,207	100,207
117,888	10,911	128,799	128,799
25,660	28,624	54,284	54,284
10,391	12,109	22,500	22,500
40,746	33,393	74,139	74,139
40,788	-	40,788	40,788
1,458	1,156	2,614	2,614
$ 564,912	$ 143,146	$ 708,058	$ 708,058

COMPTON COMMUNITY COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2016

	Program Entitlements		
Program	Current Year	Prior Year	Total Entitlement
GENERAL FUND			
Basic Skills	$ 90,000	$ 27,900	$ 117,900
Board of Financial Assistance Program	314,534	-	314,534
CalWORKs	434,924	132	435,056
Cooperative Agencies Resources for Education (CARE)	677,259	2	677,261
Disabled Students Program Services	386,701	-	386,701
Extended Opportunity Program and Services	1,185,122	8,815	1,193,937
Faculty and Staff Diversity	3,810	59,332	63,142
Instructional Equipment	300,000	-	300,000
Nursing Education	114,000	-	114,000
Student Equity	821,379	357,812	1,179,191
Student Success and Support Program (Credit)	1,264,828	341,724	1,606,552
Student Success and Support Program (Non-Credit)	-	5,158	5,158
Cal Grant	627,472	-	627,472
Special Trustee	325,000	-	325,000
Foster and Kinship CARE	66,132	-	66,132
CHILD DEVELOPMENT FUND			
General Child Care and Development Program	226,541	-	226,541
California State Preschool Program	277,671	-	277,671
Child and Adult Care Food Program	53,000	-	53,000
Total State Programs			

See accompanying note to supplementary information.

Program Revenues				
Cash Received	Accounts Receivable	Unearned Revenue	Total Revenue	Program Expenditures
$ 117,900	$ -	$ -	$ 117,900	$ 117,900
314,534	-	-	314,534	314,534
435,056	-	-	435,056	435,056
677,261	-	19,867	657,394	657,394
386,701	-	-	386,701	386,701
1,193,937	-	-	1,193,937	1,168,623
63,142	-	63,142	-	-
300,000	-	-	300,000	299,999
104,880	9,120	-	114,000	114,000
1,179,191	-	452,374	726,817	726,817
1,606,552	-	93,488	1,513,064	1,513,064
5,158	-	-	5,158	5,158
624,181	3,291	-	627,472	627,472
325,000	-	17,743	307,257	307,257
33,066	33,066	-	66,132	66,132
164,092	62,449	-	226,541	226,541
277,671	-	16,808	260,863	260,863
37,907	15,035	-	52,942	52,942
$ 7,846,229	$ 122,961	$ 663,422	$ 7,305,768	$ 7,280,453

COMPTON COMMUNITY COLLEGE DISTRICT

SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL APPORTIONMENT
FOR THE YEAR ENDED JUNE 30, 2016

CATEGORIES	**Revised Reported Data	Audit Adjustments	Audited Data
A. Summer Intersession (Summer 2015 only)			
1. Noncredit*	3.40	-	3.40
2. Credit	754.53	-	754.53
B. Summer Intersession (Summer 2016 - Prior to July 1, 2016)			
1. Noncredit*	-	-	-
2. Credit	569.67	-	569.67
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	3,829.15	-	3,829.15
(b) Daily Census Contact Hours	261.22	-	261.22
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit*	19.61	-	19.61
(b) Credit	155.64	-	155.64
3. Alternative Attendance Accounting Procedure Courses			
(a) Weekly Census Contact Hours	349.94	-	349.94
(b) Daily Census Contact Hours	62.84	-	62.84
D. Total FTES	6,006.00	-	6,006.00
SUPPLEMENTAL INFORMATION (Subset of Above Information)			
E. In-Service Training Courses (FTES)	-	-	-
H. Basic Skills Courses and Immigrant Education			
1. Noncredit*	2.36	-	2.36
2. Credit	490.91	-	490.91

* Including Career Development and College Preparation (CDCP) FTES.
** Annual report revised as of November 1, 2016.

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, 2016

		ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
	Object/TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
<u>Academic Salaries</u>							
Instructional Salaries							
Contract or Regular	1100	$ 6,791,209	$ -	$ 6,791,209	$ 6,791,209	$ -	$ 6,791,209
Other	1300	3,746,768	-	3,746,768	3,746,768	-	3,746,768
Total Instructional Salaries		10,537,977	-	10,537,977	10,537,977	-	10,537,977
Noninstructional Salaries							
Contract or Regular	1200	-	-	-	2,421,189	-	2,421,189
Other	1400	-	-	-	341,237	-	341,237
Total Noninstructional Salaries		-	-	-	2,762,426	-	2,762,426
Total Academic Salaries		10,537,977	-	10,537,977	13,300,403	-	13,300,403
<u>Classified Salaries</u>							
Noninstructional Salaries							
Regular Status	2100	-	-	-	5,229,253	-	5,229,253
Other	2300	-	-	-	595,346	-	595,346
Total Noninstructional Salaries		-	-	-	5,824,599	-	5,824,599
Instructional Aides							
Regular Status	2200	629,799	-	629,799	629,799	-	629,799
Other	2400	144,471	-	144,471	144,471	-	144,471
Total Instructional Aides		774,270	-	774,270	774,270	-	774,270
Total Classified Salaries		774,270	-	774,270	6,598,869	-	6,598,869
Employee Benefits	3000	4,553,442	-	4,553,442	8,470,234	-	8,470,234
Supplies and Material	4000	-	-	-	433,890	-	433,890
Other Operating Expenses	5000	-	-	-	3,935,097	-	3,935,097
Equipment Replacement	6420	-	-	-	-	-	-
Total Expenditures Prior to Exclusions		15,865,689	-	15,865,689	32,738,493	-	32,738,493

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, 2016

		ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
	Object/TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Exclusions							
Activities to Exclude							
Instructional Staff - Retirees' Benefits and Retirement Incentives	5900	$ 576,752	$ -	$ 576,752	$ 576,752	$ -	$ 576,752
Student Health Services Above Amount Collected	6441	-	-	-	-	-	-
Student Transportation	6491	-	-	-	-	-	-
Noninstructional Staff - Retirees' Benefits and Retirement Incentives	6740	-	-	-	459,493	-	459,493
Objects to Exclude							
Rents and Leases	5060	-	-	-	873,511	-	873,511
Lottery Expenditures							-
Academic Salaries	1000	-	-	-	-	-	-
Classified Salaries	2000	-	-	-	679,258	-	679,258
Employee Benefits	3000	-	-	-	-	-	-
Supplies and Materials	4000	-	-	-	-	-	-
Software	4100	-	-	-	-	-	-
Books, Magazines, and Periodicals	4200	-	-	-	-	-	-
Instructional Supplies and Materials	4300	-	-	-	-	-	-
Noninstructional Supplies and Materials	4400	-	-	-	-	-	-
Total Supplies and Materials		-	-	-	-	-	-

See accompanying note to supplementary information.

COMPTON COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF *EDUCATION CODE* SECTION 84362 (50 PERCENT LAW) CALCULATION, Continued
FOR THE YEAR ENDED JUNE 30, 2016

		ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
	Object/TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Other Operating Expenses and Services	5000	$ -	$ -	$ -	$ -	$ -	$ -
Capital Outlay	6000						
Library Books	6300	-	-	-	-	-	-
Equipment	6400	-	-	-	-	-	-
Equipment - Additional	6410	-	-	-	-	-	-
Equipment - Replacement	6420	-	-	-	-	-	-
Total Equipment		-	-	-	-	-	-
Total Capital Outlay							
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		576,752	-	576,752	2,589,014	-	2,589,014
Total for ECS 84362, 50 Percent Law		$ 15,288,937	$ -	$ 15,288,937	$ 30,149,479	$ -	$ 30,149,479
Percent of CEE (Instructional Salary Cost/Total CEE)		50.71%		50.71%	100.00%		100.00%
50% of Current Expense of Education					$ 15,074,740		$ 15,074,740

See accompanying note to supplementary information.

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT (CCFS-311) WITH FUND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

There were no adjustments to the Annual Financial and Budget Report (CCFS-311) which required reconciliation to the audited financial statements at June 30, 2016.

See accompanying note to supplementary information.

COMPTON COMMUNITY COLLEGE DISTRICT

PROPOSITION 30 EDUCATION PROTECTION ACT (EPA) EXPENDITURE REPORT FOR THE YEAR ENDED JUNE 30, 2016

Activity Classification	**Object Code**				**Unrestricted**
EPA Proceeds:	8630				$ 5,303,615
Activity Classification	**Activity Code**	**Salaries and Benefits (Obj 1000-3000)**	**Operating Expenses (Obj 4000-5000)**	**Capital Outlay (Obj 6000)**	**Total**
Instructional Activities	0100-5900	$ 5,303,615			$ 5,303,615
Total Expenditures for EPA		$ 5,303,615	-	-	$ 5,303,615
Revenues Less Expenditures					$ -

See accompanying note to supplementary information.

COMPTON COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2016

Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:		
Total Fund Balance and retained earnings:		
General Funds	$ 13,760,284	
Special Revenue Funds	88,223	
Capital Project Funds	18,697,114	
Debt Service Funds	3,478,728	
Internal Service Funds	2,083,943	
Fiduciary Funds	1,150,023	
Total Fund Balance and Retained Earnings - All District Funds		**$ 39,258,315**
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:	181,352,170	
Accumulated depreciation is:	(31,488,272)	
		149,863,898
Amounts held in trust on behalf of others (Trust and Agency Funds)		(730,506)
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.		3,786,319
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.		2,438,350
Deferred outflows (inflows) of resources related to pensions are not recognized on the modified accrual basis, but are recognized on the accrual basis as an adjustment to pension expense.		(1,733,109)
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.		(1,222,731)
The differences between expected and actual experience in the measurement of the total pension liability are not recognized on the modified accrual basis, but are recognized on the accrual basis over the expected average remaining service life of members receiving pension benefits.		229,616
The changes of assumptions are not recognized as an expenditure under the modified accrual basis, but are recognized on the accrual basis over the expected average remaining service life of members receiving pension benefits.		(560,028)
The net change in proportionate share of net pension liability as of the measurement date is not recognized as an expenditure under the modified accrual basis, but is recognized on the accrual basis over the expected remaining service life of members receiving pension benefits.		(693,602)

See accompanying note to supplementary information.

COMPTON COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION, Continued
JUNE 30, 2016

Long-term obligations at year end consist of:		
Bonds payable	$ 73,424,195	
Bond premium	4,995,169	
Notes payable	12,070,296	
Compensated absences	1,082,332	
Aggregate pension liability	26,546,930	
Other postemployment benefits	6,811,564	
In addition, the District issued "capital appreciation" general obligation bonds. The accretion of interest on those bonds to date is the following:	5,972,072	$ (130,902,558)
Total Net Position		**$ 59,733,964**

See accompanying note to supplementary information.

NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2016

NOTE 1 - PURPOSE OF SCHEDULES

District Organization

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

Schedule of Federal Awards

The accompanying Schedule 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. This schedule is not intended to be prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (Part 200), *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). This schedule is presented at the request of District management as the District was not subject to these requirements for the 2015-2016 fiscal year due to the District not exceeding the Federal expenditure threshold ($750,000) to become subject to Single Audit.

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

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

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

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

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

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

Proposition 30 Education Protection Act (EPA) Expenditure Report

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

NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2016

Reconciliation of Governmental Funds to the Statement of Net Position

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

INDEPENDENT AUDITOR'S REPORTS

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

Board of Trustees
Compton Community College District
Compton, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities, the aggregate discretely presented component units, and the aggregate remaining fund information of Compton Community College District (the District) as of and for the year ended June 30, 2016, 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 1, 2016.

Emphasis of Matter - Change in Accounting Principles

As discussed in Note 2 to the financial statements, in 2016, the District adopted new accounting guidance, GASB Statement No. 72, *Fair Value Measurement and Application*; GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*; GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*; and GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. Our opinion is not modified with respect to this matter.

Internal Control Over Financial Reporting

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

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

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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.

Vavrinek, Trine, Day & Co. LLP

Rancho Cucamonga, California
December 1, 2016

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Board of Trustees
Compton Community College District
Compton, California

Report on State Compliance

We have audited Compton Community College District's (the District) compliance with the types of compliance requirements as identified in the California Community Colleges Chancellor's Office *District Audit Manual* issued in November 2015 that could have a direct and material effect on each of the District's programs as noted below for the year ended June 30, 2016.

Management's Responsibility

Management is responsible for compliance with the requirements of State laws and regulations, and the terms and conditions identified in the California Community Colleges Chancellor's Office *District Audit Manual* issued in November 2015.

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* issued in November 2015. 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, 2016.

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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 429	Student Success and Support Program (SSSP)
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 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.

Vavrinek, Trine, Day & Co. LLP

Rancho Cucamonga, California
December 1, 2016

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

COMPTON COMMUNITY COLLEGE DISTRICT

SUMMARY OF AUDITOR'S RESULTS
FOR THE YEAR ENDED JUNE 30, 2016

FINANCIAL STATEMENTS	
Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified?	None reported
Noncompliance material to financial statements noted?	No
STATE AWARDS	
Type of auditor's report issued on compliance for State programs:	Unmodified

FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2016

None reported.

STATE AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016

None reported.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2016

None reported.

UNAUDITED SUPPLEMENTARY INFORMATION

COMPTON COMMUNITY COLLEGE DISTRICT

GOVERNMENTAL FUNDS
BALANCE SHEETS
JUNE 30, 2016

	General Unrestricted	Line of Credit General Unrestricted	General Restricted
ASSETS			
Cash and cash equivalents	$ 25,000	$ -	$ 158
Investments	12,603,083	1,097,996	2,115,792
Accounts receivable	490,176	2,812	522,523
Student loans receivable	1,286,300	-	-
Due from other funds	-	-	-
Prepaid expenses	126,177	-	(1,499)
Total Assets	$ 14,530,736	$ 1,100,808	$ 2,636,974
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	$ 1,819,600	$ -	$ 599,675
Due to other funds	500,000	-	-
Unearned revenue	575,699	-	1,013,260
Total Liabilities	2,895,299	-	1,612,935
FUND BALANCES			
Nonspendable	151,177	-	
Restricted	-	-	1,024,039
Undesignated	11,484,260	1,100,808	-
Total Fund Balances	11,635,437	1,100,808	1,024,039
Total Liabilities and Fund Balances	$ 14,530,736	$ 1,100,808	$ 2,636,974

See accompanying note to unaudited supplementary information.

	Child Development	Bond Interest and Redemption	Capital Outlay Projects	Revenue Bond Construction	Total Governmental Fund (Memorandum Only)
	$ -	$ -	$ -	$ -	$ 25,158
	37,917	3,478,728	2,267,039	19,204,330	40,804,885
	112,236	-	231,633	49,843	1,409,223
	-	-	-	-	1,286,300
	-	-	-	209,940	209,940
	-	-	7,044	-	131,722
	$ 150,153	$ 3,478,728	$ 2,505,716	$ 19,464,113	$ 43,867,228
	$ 35,203	$ -	$ 78,285	$ 2,327,233	$ 4,859,996
	-	-	209,940	-	709,940
	26,727	-	657,257	-	2,272,943
	61,930	-	945,482	2,327,233	7,842,879
	-	-	7,044	-	158,221
	88,223	3,478,728	1,553,190	17,136,880	23,281,060
	-	-	-	-	12,585,068
	88,223	3,478,728	1,560,234	17,136,880	36,024,349
	$ 150,153	$ 3,478,728	$ 2,505,716	$ 19,464,113	$ 43,867,228

COMPTON COMMUNITY COLLEGE DISTRICT

GOVERNMENTAL FUNDS
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2016

	General Unrestricted	Line of Credit General Unrestricted	General Restricted
REVENUES			
Federal revenues	$ 16,074	$ -	$ 540,589
State revenues	33,130,703	-	6,488,633
Local revenues	6,466,019	7,047	598,527
Total Revenues	39,612,796	7,047	7,627,749
EXPENDITURES			
Current Expenditures			
Academic salaries	13,537,948	-	1,353,337
Classified salaries	6,782,590	-	1,994,607
Employee benefits	8,111,868	-	968,659
Books and supplies	447,485	-	473,656
Services and operating expenditures	5,265,744	-	1,157,209
Capital outlay	507,083	-	776,026
Debt service - principal	1,034,904	-	-
Debt service - interest and other	457,516	-	-
Total Expenditures	36,145,138	-	6,723,494
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	3,467,658	7,047	904,255
OTHER FINANCING SOURCES (USES)			
Operating transfers in	-	200,000	71,521
Operating transfers out	(1,167,521)	-	-
Other sources	-	-	-
Other uses	(83,550)	-	(957,139)
Total Other Financing Sources (Uses)	(1,251,071)	200,000	(885,618)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	2,216,587	207,047	18,637
FUND BALANCE, BEGINNING OF YEAR	9,418,850	893,761	1,005,402
FUND BALANCE, END OF YEAR	$ 11,635,437	$ 1,100,808	$ 1,024,039

See accompanying note to unaudited supplementary information.

Child Development	Bond Interest and Redemption	Capital Outlay Projects	Revenue Bond Construction	Total Governmental Fund (Memorandum Only)
$ 167,469	$ -	$ -	$ -	$ 724,132
370,281	35,487	2,592,023	-	42,617,127
73,130	4,145,711	68,646	145,073	11,504,153
610,880	4,181,198	2,660,669	145,073	54,845,412
-	-	-	-	14,891,285
396,526	-	-	-	9,173,723
162,545	-	-	-	9,243,072
38,131	-	-	-	959,272
3,495	330,167	19,956	170,663	6,947,234
1,461	-	2,590,892	10,787,913	14,663,375
-	1,475,001	-	-	2,509,905
-	2,556,108	-	-	3,013,624
602,158	4,361,276	2,610,848	10,958,576	61,401,490
8,722	(180,078)	49,821	(10,813,503)	(6,556,078)
-	-	-	-	271,521
-	-	-	-	(1,167,521)
-	14,941,849	-	-	14,941,849
(505)	(14,611,682)	-	-	(15,652,876)
(505)	330,167	-	-	(1,607,027)
8,217	150,089	49,821	(10,813,503)	(8,163,105)
80,006	3,328,639	1,510,413	27,950,383	44,187,454
$ 88,223	$ 3,478,728	$ 1,560,234	$ 17,136,880	$ 36,024,349

COMPTON COMMUNITY COLLEGE DISTRICT

PROPRIETARY FUND
BALANCE SHEET
JUNE 30, 2016

	Internal Service Fund
ASSETS	
Cash and cash equivalents	$ 200,000
Investments	3,164,375
Accounts receivable	8,065
Total Assets	$ 3,372,440
LIABILITIES AND FUND EQUITY	
LIABILITIES	
Accounts payable	$ 16,250
Claim liabilities	1,272,247
Total Liabilities	1,288,497
FUND EQUITY	
Retained earnings	2,083,943
Total Liabilities and Fund Equity	$ 3,372,440

See accompanying note to unaudited supplementary information.

COMPTON COMMUNITY COLLEGE DISTRICT

PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS
FOR THE YEAR ENDED JUNE 30, 2016

	Internal Service Fund
OPERATING REVENUES	
Contracted services	$ 925,836
OPERATING EXPENSES	
Services and other operating expenditures	896,271
Operating Income	29,565
NONOPERATING REVENUES	
Interest income	20,498
Operating transfers in	396,000
Total Nonoperating Revenues	416,498
NET INCOME	446,063
RETAINED EARNINGS, BEGINNING OF YEAR	1,637,880
RETAINED EARNINGS, END OF YEAR	$ 2,083,943

See accompanying note to unaudited supplementary information.

COMPTON COMMUNITY COLLEGE DISTRICT

PROPRIETARY FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016

	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from user charges	$ 926,173
Cash payments to vendors	(1,117,436)
Net Cash Flows From Operating Activities	(191,263)
CASH FLOWS FROM INVESTING ACTIVITIES	
Nonoperating transfers received	396,000
Interest on investments	20,498
Net Cash Flows From Investing Activities	416,498
Net increase in cash and cash equivalents	225,235
Cash and cash equivalents - Beginning	3,139,140
Cash and cash equivalents - Ending	$ 3,364,375
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES:	
Operating income	$ 29,565
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Changes in assets and liabilities:	
Receivables	337
Accrued liabilities	(221,165)
NET CASH FLOWS FROM OPERATING ACTIVITIES	$ (191,263)
CASH AND CASH EQUIVALENTS CONSIST OF THE FOLLOWING:	
Cash in banks	$ 200,000
Cash in county treasury	3,164,375
Total Cash and Cash Equivalents	$ 3,364,375

See accompanying note to unaudited supplementary information.

COMPTON COMMUNITY COLLEGE DISTRICT

FIDUCIARY FUNDS
BALANCE SHEETS
JUNE 30, 2016

	Associated Students Trust	Student Representation Fee	Student Financial Aid
ASSETS			
Cash and cash equivalents	$ 195,006	$ -	$ -
Investments	-	37,032	454,813
Accounts receivable	70,128	101	11,693
Due from other funds	-	-	-
Total Assets	$ 265,134	$ 37,133	$ 466,506
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	$ 4,010	$ -	$ 10,570
Due to other funds	26,888	-	-
Unearned revenue	-	-	36,419
Due to student groups	76,456	-	-
Total Liabilities	107,354	-	46,989
FUND BALANCES			
Restricted	-	-	419,517
Unreserved			
Undesignated	157,780	37,133	-
Total Fund Balances	157,780	37,133	419,517
Total Liabilities and Fund Balances	$ 265,134	$ 37,133	$ 466,506

See accompanying note to unaudited supplementary information.

GASB Statement No. 68 Pension Trust	Scholarship and Loan	Scholarship Agency	Total
$ -	$ -	$ 26,839	$ 221,845
-	77,783	-	569,628
-	292	-	82,214
500,000	-	26,888	526,888
$ 500,000	$ 78,075	$ 53,727	$ 1,400,575
$ -	$ 26,359	$ -	$ 40,939
-	-	-	26,888
-	-	-	36,419
-	16,123	53,727	146,306
-	42,482	$ 53,727	250,552
500,000	-		919,517
-	35,593		230,506
500,000	35,593		1,150,023
$ 500,000	$ 78,075		$ 1,400,575

COMPTON COMMUNITY COLLEGE DISTRICT

FIDUCIARY FUNDS
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2016

	Associated Students Trust	Student Representation Fee	Student Financial Aid
REVENUES			
State revenues	$ -	$ -	$ 764,272
Local revenues	67,480	6,791	3,487
Total Revenues	67,480	6,791	767,759
EXPENDITURES			
Current Expenditures			
Services and operating expenditures	69,875	9,177	-
Total Expenditures	69,875	9,177	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(2,395)	(2,386)	767,759
OTHER FINANCING USES			
Operating transfers in	-	-	-
Other uses	-	-	(764,272)
Total Other Financing Uses	-	-	(764,272)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(2,395)	(2,386)	3,487
FUND BALANCE, BEGINNING OF YEAR	160,175	39,519	416,030
FUND BALANCE, END OF YEAR	$ 157,780	$ 37,133	$ 419,517

See accompanying note to unaudited supplementary information.

GASB Statement No. 68 Pension Trust	Scholarship and Loan	Total
$ -	$ -	$ 764,272
-	610	78,368
-	610	842,640
-	-	79,052
-	-	79,052
-	610	763,588
500,000	-	500,000
-	-	(764,272)
500,000	-	(264,272)
500,000	610	499,316
-	34,983	650,707
$ 500,000	$ 35,593	$ 1,150,023

NOTE TO UNAUDITED SUPPLEMENTARY INFORMATION
JUNE 30, 2016

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.