Financial Statements
June 30, 2022

Compton Community College District

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Other Information

Independent Auditor's Report

Board of Trustees
Compton Community College District
Compton, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the remaining fund information of Compton Community College District (the District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the remaining fund information of the District, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States *(Government Auditing Standards)*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Adoption of New Accounting Standard

As discussed in Note 2 to the financial statements, the District has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 87, *Leases*, for the year ending June 30, 2022. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 16 and other required supplementary schedules on pages 64 through 68 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information, including the Schedule of Expenditures of Federal Awards, as required by the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and other 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 Schedule of Expenditures of Federal Awards and other supplementary information listed in the table of content are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the financial statements. The other information comprises the governmental funds, proprietary funds, and fiduciary fund financial statements, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2022 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, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Eide Bailly LLP

Rancho Cucamonga, California
December 22, 2022

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

We are pleased to submit the Annual Financial Report of Compton Community College District for the fiscal year ending June 30, 2022. The District is responsible for the accuracy, completeness and fairness of the financial statements presented and all accompanying disclosures. We believe the report and its information are accurate and complete in all material aspects in disclosing the financial position and results of operations of Compton Community College as of June 30, 2022.

College Description

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

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

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

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

FINANCIAL HIGHLIGHTS

- At the end of fiscal year 2021-2022 the District's Unrestricted General Fund Balance is $20.4 million this amount increased by $105 thousand over fiscal year 2021. The amount is well above the five percent reserve required by the Unrestricted General Fund Board Policy.

- The total FTES total compared to prior year has decreased along with the overall count which is lower than pre-pandemic levels. The lingering effects of the pandemic, which drew students away from community colleges, the declining population in the service area and growing economic pressures to make decisions such as taking care of families and dependents or going into the workforce before the completion of their studies continue to impact enrollment. In addition, the separation of the partnership with El Camino Community College District has negatively impacted enrollment.

- The most recent actuarial report of the District is dated September 2, 2021 with a valuation date of June 30, 2021 and a measurement date of June 30, 2021. The District's total Other Post Employment Benefit (OPEB) Liability is $14.0 million and the Net OPEB liability as of June 30, 2021 is $1.1 million.

FINANCIAL HIGHLIGHTS - LIABILITIES

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

The State of California strongly recommended that districts plan for significant pension rate increases that are to occur over the next several years. In 2016, the District created a Pension Trust Stabilization Fund for the purpose of funding future employer contributions. During the 2022 fiscal year, $500,000 was contributed to the trust.

Similarly, the District also committed to funding its Other Postemployment Benefits Obligation. In 2013, the District created an OPEB Trust. During the 2022 fiscal year, $1,250,000 was contributed to the OPEB Trust. Further information is included within this report within the MD&A section under Long-term Liabilities including OPEB and Pensions and in the Notes to the Financial Statements.

FINANCIAL HIGHLIGHTS – CAPITAL OUTLAY AND CAPITAL ADDITIONS

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

- Instructional Building #2

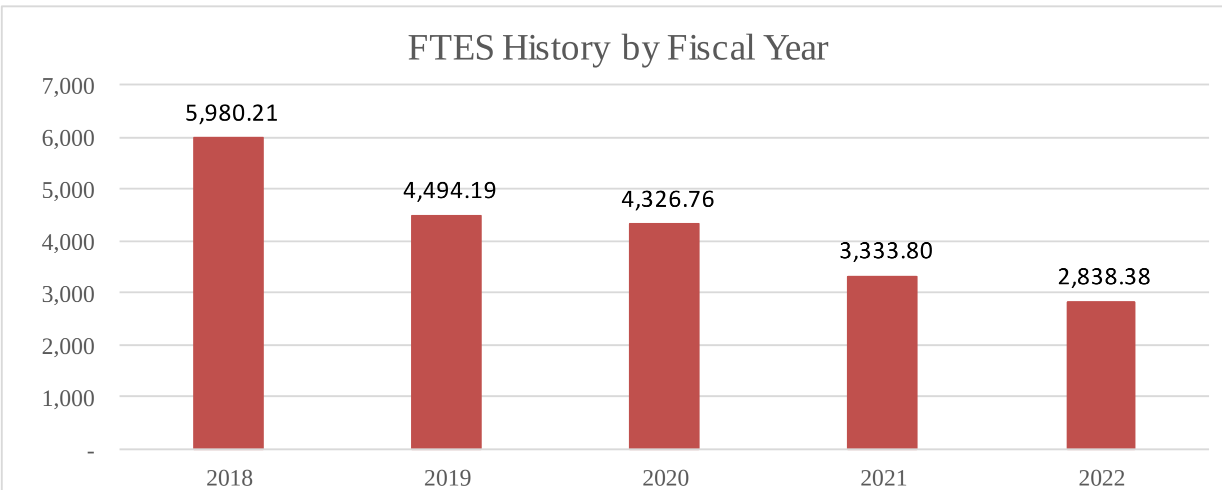
Additionally, the following major projects listed below continue in progress and are funded solely by the District's voter approved General Obligation Bonds.

- Student Services/Administration Building

The District will complete the Instructional Buildings # 2 and Student Services Building during the 2022-2023 fiscal year. These facilities will enhance student experience at Compton Community College District.

Full-Time Equivalent Students Growth/Declines

Over the past five years, Full-Time Equivalent Students (FTES) averaged approximately 4,200 FTES during that period. It is important to note that the District formally ended its partnership with El Camino Community College District on June 7, 2019. One of the expected outcomes was an initial decline in FTES, and now the COVID-19 pandemic. However, FTES data has shown a decline over the past two years. Management continues to implement the enrollment management plan and expects FTES to rebound over the next four years.



STATEMENT OF NET POSITION

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

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

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

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

Current assets decreased by 9.1% due mainly to spending down of GO Bond proceeds for various campus-wide construction projects.

Deferred outflows of resources related to debt refunding, Other Postemployment Benefits (OPEB), and pensions increased by approximately 17% from the prior year.

Deferred inflows of resources related to Other Postemployment Benefits (OPEB) and pensions increased by approximately 727% from the prior year.

A summary of the Statement of Net Position as of June 30, 2022 and June 30, 2021, is below:

Table 1

	2022	2021	Change
Assets			
Cash and investments	$ 91,279,582	$ 97,117,247	$ (5,837,665)
Receivables, net	12,672,289	16,755,152	(4,082,863)
Other current assets	13,580	469,230	(455,650)
Capital and right-to-use leased assets, net	187,500,398	175,652,533	11,847,865
Total assets	291,465,849	289,994,162	1,471,687
Deferred Outflows of Resources	20,417,597	17,498,094	2,919,503
Liabilities			
Accounts payable and accrued liabilities	19,441,864	20,470,807	(1,028,943)
Current portion of long-term liabilities	6,054,306	4,773,002	1,281,304
Noncurrent portion of long-term liabilities	191,305,351	213,361,127	(22,055,776)
Total liabilities	216,801,521	238,604,936	(21,803,415)
Deferred Inflows of Resources	20,636,643	2,496,579	18,140,064
Net Position			
Net investment in capital assets	85,686,435	80,899,697	4,786,738
Restricted	27,278,195	25,437,854	1,840,341
Unrestricted deficit	(38,519,348)	(39,946,810)	1,427,462
Total net position	$ 74,445,282	$ 66,390,741	$ 8,054,541

- The Statement of Cash Flows contained within these financial statements provides greater detail regarding the sources and uses of cash and the net decrease in cash during fiscal year 2021-2022. Cash and Investments decreased approximately $5.8 million primary due to the District spending down the GO Bond proceeds that were issued during the 2019-2020 fiscal year.

- The majority of the accounts receivable balance is from Federal and State sources for State construction and grant and entitlement programs. Included in accounts receivable is approximately $5.4 million State Bond program reimbursement and approximately $0.5 million net student fee receivable.

- Capital and right-to-use leased assets had a net increase of approximately $11.8 million. Depreciation and amortization expense of approximately $7.0 million was recognized during 2021-2022. The capital and right-to-use leased asset section of this discussion and analysis provides greater detail.

- Accounts payable are amounts due as of the fiscal year-end for goods and services received as of June 30, 2022. Total accounts payable are approximately $10.0 million; most significant within this account is approximately $2.8 million due to capital construction related expenditures.

- Bonds payable had a net increase of $5.0 million. Repayment is made from property tax collections occurring over the next 30 years. More information on Long-term liabilities can be found in the Notes to the Financial Statements.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

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

The Statement of Revenues, Expenses, and Changes in Net Position for the years ended June 30, 2022 and June 30, 2021, is summarized below:

Table 2

	2022	2021	Change
Operating Revenues			
Tuition and fees, net	$ 956,366	$ 1,072,803	$ (116,437)
Grants and contracts, noncapital	20,629,875	16,724,904	3,904,971
Total operating revenues	21,586,241	17,797,707	3,788,534
Operating Expenses			
Salaries and benefits	34,375,798	41,746,513	(7,370,715)
Supplies, services, equipment, maintenance and other operating expenses	17,634,869	13,558,741	4,076,128
Student financial aid	9,756,871	10,059,732	(302,861)
Depreciation and amortization	6,968,936	6,909,612	59,324
Total operating expenses	68,736,474	72,274,598	(3,538,124)
Operating loss	(47,150,233)	(54,476,891)	7,326,658
Nonoperating Revenues (Expenses)			
State apportionments, noncapital	32,616,154	32,939,609	(323,455)
Property taxes	13,590,525	13,224,668	365,857
Student financial aid grants	5,889,697	7,998,994	(2,109,297)
State revenues	2,319,328	1,101,658	1,217,670
Net interest expense	(9,624,127)	(5,935,174)	(3,688,953)
Other nonoperating revenues	2,147,431	1,442,292	705,139
Total nonoperating revenues (expenses)	46,939,008	50,772,047	(3,833,039)
Other Revenues			
State capital income	8,265,766	7,248,855	1,016,911
Change in net position	$ 8,054,541	$ 3,544,011	$ 4,510,530

- 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 $285 per unit fee that is charged to all nonresident students.

- Personnel costs accounted for 50.0% of operating expenses in fiscal year 2022. Supplies, materials, and other operating expenses accounted for 25.7% of the operating expense in fiscal year 2022. The remaining balance of operating expenses is for financial aid, equipment, maintenance, repairs, and depreciation and amortization expense.

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

- State capital apportionments consist of amounts received for capital outlay construction projects.

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

Table 3

	Salaries and Employee Benefits	Supplies, Material, and Other Expenses and Services	Student Financial Aid	Equipment, Maintenance, and Repairs	Depreciation and Amortization	Total
Instructional activities	$ 14,255,759	$ 871,133	$ -	$ 29,797	$ -	$ 15,156,689
Instructional administration	2,562,143	86,254	-	76,263	-	2,724,660
Instructional support services	889,386	218,955	-	768	-	1,109,109
Student services	8,737,794	2,148,305	-	11,091	-	10,897,190
Plant operations and maintenance	1,642,584	4,813,410	-	-	-	6,455,994
Planning, policymaking, and coordinations	646,525	850,283	-	96	-	1,496,904
Institutional support services	4,982,189	5,422,781	-	10,064	-	10,415,034
Community services	224,215	79,963	-	3,264	-	307,442
Ancillary services and auxiliary operations	435,203	288,577	-	-	-	723,780
Student aid	-	-	9,756,871	-	-	9,756,871
Physical property and related acquisitions	-	535,291	-	2,188,574	-	2,723,865
Unallocated depreciation and amortization	-	-	-	-	6,968,936	6,968,936
Total	$ 34,375,798	$ 15,314,952	$ 9,756,871	$ 2,319,917	$ 6,968,936	$ 68,736,474

STATEMENT OF CASH FLOWS

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

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

The Statement of Cash Flows for the fiscal years ended June 30, 2022 and June 30, 2021, is summarized below:

Table 4

	2022	2021	Change
Net Cash Flows from			
Operating activities	$ (42,440,500)	$ (44,198,427)	$ 1,757,927
Noncapital financing activities	52,177,447	46,199,223	5,978,224
Capital financing activities	(12,783,466)	(18,373,017)	5,589,551
Investing activities	(1,465,268)	1,322,574	(2,787,842)
Net Change in Cash and Cash Equivalents	(4,511,787)	(15,049,647)	10,537,860
Cash and Cash Equivalents, Beginning of Year	62,456,582	77,506,229	(15,049,647)
Cash and Cash Equivalents, End of Year	$ 57,944,795	$ 62,456,582	$ (4,511,787)

Capital and Right-to-Use Leased Assets

As of June 30, 2022, the District had approximately $258.2 million in capital and right-to-use leased assets; less $70.7 million in accumulated depreciation and amortization. At June 30, 2022, the District's net capital and right-to-use leased assets were approximately $187.5 million. The District spent approximately $18.8 million on capital assets during the year, the majority of which relates to bond projects. Depreciation and amortization expense totaled approximately $7.0 million during the year.

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

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

Table 5

	2022	2021	Net Change
Land and construction in progress	$ 65,508,726	$ 47,513,390	$ 17,995,336
Buildings and improvements, net	120,556,033	126,910,565	(6,354,532)
Equipment and vehicles, net	1,274,924	1,228,578	46,346
Right-to-use leased assets, net	160,715	-	160,715
Total	187,500,398	175,652,533	11,847,865

LONG-TERM LIABILITIES INCLUDING OPEB AND PENSIONS

Long-term liabilities consist primarily of general obligation bonds, note payable, lease liability, claims liability, aggregate net pension liability, and the aggregate net other postemployment benefits (OPEB) liability. At June 30, 2022, the District had approximately $162.0 million liability outstanding due to the issuance of general obligation bonds.

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

As of June 30, 2022, the aggregate net pension liability was approximately $26.3 million versus approximately $45.2 million last year, a decrease of approximately $18.9 million, or 41.9%. The aggregate net OPEB liability was approximately $1.2 million versus approximately $6.7 million last year, a decrease of approximately $5.5 million, or 81.9%.

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

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

A summary of long-term liabilities is presented below.

Table 6

	Balance July 1, 2021	Additions	Deductions	Balance June 30, 2022
General obligation bonds	$ 157,513,324	$ 41,732,849	$ (37,238,463)	$ 162,007,710
Notes payable	6,792,364	-	(1,025,141)	5,767,223
Lease liability	-	199,508	(37,173)	162,335
Aggregate net OPEB liability	6,672,516	-	(5,464,694)	1,207,822
Aggregate net pension liability	45,189,071	-	(18,918,839)	26,270,232
Other liabilities	1,966,854	-	(22,519)	1,944,335
Total long-term liabilities	$ 218,134,129	$ 41,932,357	$ (62,706,829)	$ 197,359,657
Amount due within one year				$ 6,054,306

ECONOMIC FACTORS THAT MAY AFFECT THE FUTURE

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

The Governor's proposed budget for 2022-2023 increase over 2021-2022 of approximately 5% to $300.7 billion. General fund spending increased by approximately 15%, $227.4 billion. This resulted in an increase from the original budget of $12.4 billion to California Community Colleges to $13.4 billion and an increase of $7.8 billion to $9 billion for California Community Colleges General Fund.

The revised budget proposals for each segment of higher education are based on multi-year frameworks. The proposal for the California Community Colleges' roadmap includes a refined set of metrics and goals focused on equity and student success, aligned to the vison for success goals. Key goals and succession in the roadmap include increased collaboration across segments and sectors to enhance timely transfer; improved completion rates and reduction in excess units; closure of equity gaps; and better alignment of the system with K-12 and workforce needs.

The proposed budget for 2022-2023 provides approximately $4.2 billion in prop 98 augmentations over the prior year including $1.3 billion in ongoing spending and $2.9 billion in one-time funding. In terms of the funding to community colleges, the revised budget guaranteed a 9% increase over the budget proposed in January 2022 which is an increase of $1.5 billion dollars over FY 2021-2022.

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

Specific to the District, the trailer bill to the Budget provides that the District hold harmless will be for a period through 2025-2026. This provision was included to assist the District with the transition from its partnership with El Camino Community College District.

Other Factors That May Affect the Future

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

Assets	
Cash and cash equivalents	$ 678,832
Investments	90,600,750
Accounts receivable	12,208,549
Student receivables, net	463,740
Prepaid expenses	13,580
Capital and right-to-use leased assets	
Nondepreciable capital assets	65,508,726
Depreciable capital assets, net of accumulated depreciation	121,830,957
Right-to-use leased assets, net of accumulated amortization	160,715
Total capital and right-to-use leased assets, net	187,500,398
Total assets	291,465,849
Deferred Outflows of Resources	
Deferred outflows of resources related to debt refunding	7,940,264
Deferred outflows of resources related to OPEB	2,938,731
Deferred outflows of resources related to pensions	9,538,602
Total deferred outflows of resources	20,417,597
Liabilities	
Accounts payable	10,016,316
Accrued interest payable	1,541,098
Unearned revenue	7,884,450
Long-term liabilities	
Long-term liabilities other than OPEB and pensions, due within one year	6,054,306
Long-term liabilities other than OPEB and pensions, due in more than one year	163,827,297
Aggregate net other postemployment benefits (OPEB) liability	1,207,822
Aggregate net pension liability	26,270,232
Total liabilities	216,801,521
Deferred Inflows of Resources	
Deferred inflows of resources related to OPEB	3,689,626
Deferred inflows of resources related to pensions	16,947,017
Total deferred inflows of resources	20,636,643
Net Position	
Net investment in capital assets	85,686,435
Restricted for	
Debt service	8,881,264
Capital projects	12,715,636
Other activities	5,681,295
Unrestricted deficit	(38,519,348)
Total Net Position	$ 74,445,282

Operating Revenues	
Tuition and fees	$ 2,415,210
Less: Scholarship discounts and allowances	(1,458,844)
Net tuition and fees	956,366
Grants and contracts, noncapital	
Federal	7,723,789
State	12,678,421
Local	227,665
Total grants and contracts, noncapital	20,629,875
Total operating revenues	21,586,241
Operating Expenses	
Salaries	26,724,158
Employee benefits	7,651,640
Supplies, materials, and other operating expenses and services	15,314,952
Student financial aid	9,756,871
Equipment, maintenance, and repairs	2,319,917
Depreciation and amortization	6,968,936
Total operating expenses	68,736,474
Operating Loss	(47,150,233)
Nonoperating Revenues (Expenses)	
State apportionments, noncapital	32,616,154
Local property taxes, levied for general purposes	6,558,613
Taxes levied for other specific purposes	7,031,912
Federal and state financial aid grants	5,889,697
State taxes and other revenues	2,319,328
Investment loss, net	(2,587,706)
Interest expense on capital related debt	(6,780,648)
Investment loss on capital asset-related debt, net	(255,773)
Other nonoperating revenue	2,147,431
Total nonoperating revenues (expenses)	46,939,008
Loss Before Other Revenues	(211,225)
Other Revenues	
State revenues, capital	8,265,766
Change In Net Position	8,054,541
Net Position, Beginning of Year	66,390,741
Net Position, End of Year	$ 74,445,282

Operating Activities	
Tuition and fees	$ 809,233
Federal, state, and local grants and contracts, noncapital	21,491,868
Payments to or on behalf of employees	(39,184,290)
Payments to vendors for supplies and services	(15,800,440)
Payments to students for scholarships and grants	(9,756,871)
Net Cash Flows From Operating Activities	(42,440,500)
Noncapital Financing Activities	
State apportionments	37,148,909
Federal and state financial aid grants	5,889,697
Property taxes - nondebt related	6,558,613
State taxes and other apportionments	2,334,450
Other nonoperating	245,778
Net Cash Flows From Noncapital Financing Activities	52,177,447
Capital Financing Activities	
Purchase of capital assets	(21,606,544)
Proceeds from issuance of capital debt	38,965,000
State revenue, capital	10,113,035
Property taxes - related to capital debt	7,031,312
Principal paid on capital debt	(36,747,173)
Interest paid on capital debt	(10,553,336)
Interest received on capital asset-related debt	14,240
Net Cash Flows From Capital Financing Activities	(12,783,466)
Investing Activities	
Change in fair value of investments	(1,735,572)
Interest received from investments	270,304
Net Cash Flows From Investing Activities	(1,465,268)
Change In Cash and Cash Equivalents	(4,511,787)
Cash and Cash Equivalents, Beginning of Year	62,456,582
Cash and Cash Equivalents, End of Year	$ 57,944,795

Reconciliation of Net Operating Loss to Net Cash Flows from Operating Activities		
Operating Loss	$	(47,150,233)
Adjustments to reconcile operating loss to net cash flows from operating activities		
Depreciation and amortization expense		6,968,936
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources		
Receivables, net		(477,203)
Prepaid expenses		455,650
Deferred outflows of resources related to OPEB		353,518
Deferred outflows of resources related to pensions		1,438,997
Accounts payable		1,043,760
Unearned revenue		1,192,063
Compensated absences		(22,519)
Aggregate net OPEB liability		(5,464,694)
Aggregate net pension liability		(18,918,839)
Deferred inflows of resources related to OPEB		3,464,980
Deferred inflows of resources related to pensions		14,675,084
Total adjustments		4,709,733
Net cash flows from operating activities	$	(42,440,500)
Cash and Cash Equivalents Consist of the Following:		
Cash in banks	$	678,832
Cash in county treasury		57,265,963
Total cash and cash equivalents	$	57,944,795
Noncash Transactions		
Recognition of deferred outflows of resources related to debt refunding	$	5,252,303
Amortization of deferred outflows of resources related to debt refunding	$	540,285
Amortization of debt premiums	$	528,463
Accretion of interest on capital appreciation bonds	$	2,767,849

	Retiree OPEB Trust
Assets	
Investments	$ 11,386,667
Net Position	
Restricted for postemployment benefits other than pensions	$ 11,386,667

	Retiree OPEB Trust
Additions	
District contributions	$ 1,825,320
Interest and investment income	884,059
Total additions	2,709,379
Deductions	
Benefit payments	575,320
Administrative expenses	112,564
Net realized and unrealized losses	3,600,028
Total deductions	4,287,912
Change in Net Position	(1,578,533)
Net Position - Beginning of Year	12,965,200
Net Position - End of Year	$ 11,386,667

Note 1 - Organization

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

Financial Reporting Entity

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

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

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting

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

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

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

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

Cash and Cash Equivalents

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

Investments

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

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

Accounts Receivable

Accounts receivables 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 based upon management's estimates and analysis. The allowance was estimated at $1,974,968 for the year ended June 30, 2022.

Prepaid Expenses

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

Capital Assets and Depreciation

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

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

The District records impairments of capital assets when it becomes probable that the carrying value of the assets will not be fully recovered over their estimated useful life. Impairments are recorded to reduce the carrying value of the assets to their net realizable value based on facts and circumstances in existence at the time of the determination. No impairments were recorded during the year ended June 30, 2022.

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

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

Debt Premiums

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

Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the Statement of Net Position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense until then. The District reports deferred outflows of resources related to debt refunding, for OPEB related items, and for pension related items. The deferred outflows of resources related to debt refunding resulted from the difference between the carrying value of the refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred amounts related to OPEB and pension related items are associated with differences between expected and actual earnings on plan investments, changes of assumptions, and other OPEB and pension related changes.

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

Leases

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

Pensions

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

Postemployment Benefits Other Than Pensions (OPEB)

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

Unearned Revenue

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

Noncurrent Liabilities

Noncurrent liabilities include general obligation bonds and notes payable, lease liability, compensated absences, claims payable liabilities, the aggregate net OPEB liability, and the aggregate net pension liability with maturities greater than one year.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position related to net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report $27,278,195 of restricted net position, and the fiduciary funds financial statements report $11,386,667 of restricted net position.

Operating and Nonoperating Revenues and Expenses

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

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

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

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

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

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

State Apportionments

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

Property Taxes

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

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

Scholarship Discounts and Allowances

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

Financial Assistance Programs

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

Estimates

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

Interfund Activity

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund activity within the primary government and fiduciary fund has been eliminated respectively in the consolidation process of the basic financial statements. Balances owing between the primary government and the fiduciary fund are not eliminated in the consolidation process.

Operating transfers between funds of the District are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use restricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Operating transfers within the primary government and fiduciary fund has been eliminated respectively in the consolidation process of the basic financial statements. Balances transferred between the primary government and the fiduciary fund are not eliminated in the consolidation process.

Adoption of New Standard

As of July 1, 2021, the District adopted GASB Statement No. 87, *Leases*. The implementation of this standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The standard requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

The provisions of this Statement have been implemented as of June 30, 2022.

Implementation of GASB Statement No. 92

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, for interim financial reporting.
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan.
- The applicability of Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, as amended, and No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits.
- The applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements.
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition.
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers.
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature.
- Terminology used to refer to derivative instruments.

The requirements of this Statement are effective as follows:

- The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.
- The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2021.
- The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2021.

- The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021.

The provisions of this Statement have been implemented as of June 30, 2022.

Implementation of GASB Statement No. 93

In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR (Interbank Offered Rate). This Statement achieves that objective by:

- Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment.
- Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate.
- Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable.
- Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap.
- Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap Clarifying the definition of reference rate, as it is used in Statement 53, as amended.
- Providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend.

The provisions of this Statement have been implemented as of June 30, 2022.

Note 3 - Deposits and Investments

Policies and Practices

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

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

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, 2022, consist of the following:

	Primary Government	Fiduciary Fund
Cash on hand and in banks	$ 403,632	$ -
Cash in revolving	275,200	-
Investments	90,600,750	11,386,667
Total deposits and investments	$ 91,279,582	$ 11,386,667

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 U.S. Treasury Notes, Mutual funds, and the Los Angeles County Investment Pool.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investments in the U.S. Treasury Notes, Mutual funds, and the Los Angeles County Investment Pool are not required to be rated, nor have they been rated as of June 30, 2022.

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

Investment Type	Fair Value	Weighted Average Days to Maturity
U.S. Treasury notes	$ 29,316,970	388
Mutual funds	15,404,484	No maturity
Los Angeles County Investment Pool	57,265,963	933
Total	$ 101,987,417	

Custodial Credit Risk

Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California *Government Code* requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits. As of June 30, 2022, the District's bank balance of approximately $2.3 million was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

Investments

This is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. As of June 30, 2022, the District's investment balance of approximately $43.7 million was exposed to custodial credit risk because it was uninsured, unregistered and held by the brokerage firm which is also the counterparty for these securities. The District's investment policy limits the amount of securities that can be held by counterparties to no more than 10% of total investments in one issuer for commercial paper, mutual funds and money market mutual funds and 30% for Banker’s Acceptance.

Note 4 - Fair Value Measurements

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

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

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

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

The District's fair value measurements are as follows at June 30, 2022:

Investment Type	Fair Value	Fair Value Measurements Using Level 1 Inputs
U.S. Treasury notes	$ 29,316,970	$ 29,316,970
Mutual funds	15,404,484	15,404,484
Total	$ 44,721,454	$ 44,721,454

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

Note 5 - Accounts Receivable

Accounts receivable at June 30, 2022, consisted of the following:

	Primary Government
Federal Government	
Categorical aid	$ 2,624,381
State Government	
Categorical aid	357,569
State construction	5,370,566
Lottery	241,996
Local Sources	
Other local sources	3,614,037
Total	$ 12,208,549
Student receivables	$ 2,438,708
Less: allowance for bad debt	(1,974,968)
Student receivables, net	$ 463,740

Note 6 - Capital and Right-to-use Leased Assets

Capital and right-to-use leased asset activity for the District for the year ended June 30, 2022, was as follows:

	Balance, July 1, 2021	Additions	Deductions	Balance, June 30, 2022
Capital Assets Not Being Depreciated				
Land	$ 2,324,000	$ -	$ -	$ 2,324,000
Construction in progress	45,189,390	17,995,336	-	63,184,726
Total capital assets not being depreciated	47,513,390	17,995,336	-	65,508,726
Capital Assets Being Depreciated				
Land improvements	77,270,257	-	-	77,270,257
Buildings and improvements	104,900,561	117,831	-	105,018,392
Furniture and equipment	9,739,239	504,126	-	10,243,365
Total capital assets being depreciated	191,910,057	621,957	-	192,532,014
Total capital assets	239,423,447	18,617,293	-	258,040,740
Less Accumulated Depreciation				
Land improvements	(26,556,432)	(4,220,869)	-	(30,777,301)
Buildings and improvements	(28,703,821)	(2,251,494)	-	(30,955,315)
Furniture and equipment	(8,510,661)	(457,780)	-	(8,968,441)
Total accumulated depreciation	(63,770,914)	(6,930,143)	-	(70,701,057)
Net capital assets	175,652,533	11,687,150	-	187,339,683
Right-to-use Leased Assets Being Amortized				
Equipment	-	199,508	-	199,508
Less Accumulated Amortization				
Equipment	-	(38,793)	-	(38,793)
Net right-to-use leased assets	-	160,715	-	160,715
Total capital and right-to-use leased assets, net	$ 175,652,533	$ 11,847,865	$ -	$ 187,500,398

Note 7 - Long-Term Liabilities other than OPEB and Pensions

Summary

The changes in the District's long-term liabilities other than OPEB and pensions during the year ended June 30, 2022 consisted of the following:

	Balance, July 1, 2021	Additions	Deductions	Balance, June 30, 2022	Due in One Year
General obligation bonds	$ 152,819,251	$ 41,732,849	$ (36,710,000)	$ 157,842,100	$ 4,940,000
Bond premium	4,694,073	-	(528,463)	4,165,610	-
Note payable	6,792,364	-	(1,025,141)	5,767,223	1,048,791
Lease liability	-	199,508	(37,173)	162,335	65,515
Compensated absences	1,448,593	-	(22,519)	1,426,074	-
Claims liability	518,261	-	-	518,261	-
Total	$ 166,272,542	$ 41,932,357	$ (38,323,296)	$ 169,881,603	$ 6,054,306

Description of Long-Term Liabilities

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

General Obligation Bonds

Election 2002 General Obligation Bonds - Measure CC

General obligation bonds were approved by a local election in November 2002 under Proposition 39. The funds are designated to repair and renovate academic classrooms and job training facilities; upgrade safety security systems, electrical capacity, computer technology, energy efficiency, and leaky roofs; relieve student overcrowding; and repair, renovate, construct, acquire and equip classrooms, facilities and sites. The total amount approved by the voters was $100,000,000. Interest rates on the bonds range from 2.52% to 6.65%. At June 30, 2022, $99,996,761 had been issued and $48,697,100 was outstanding with a premium balance of $816,878.

Election 2014 General Obligation Bonds - Measure C

General obligation bonds were approved by a local election in November 2014 under Proposition 39. The total amount approved by the voters was $100,000,000. The funds are designated to be used to update aging classrooms and buildings; repair deteriorating gas and sewer lines, electrical wiring and leaky roofs; improve classroom technology and handicapped accessibility; upgrade campus safety and repair, construct, and acquire facilities and equipment. Interest rates on the bonds range from 4.00% to 5.00%. At June 30, 2022, $38,000,000 had been issued and $16,035,000 was outstanding with a premium balance of $1,481,661.

2012 General Obligation Refunding Bonds

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

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $1,447,380. This difference, reported in the accompanying financial statements as a deferred charge on refunding, is being charged to operations through the year 2023 using the straight-line method. The outstanding principal balance of these Bonds at June 30, 2022, was $2,095,000.

2014 General Obligation Refunding Bonds

On March 18, 2014, the District issued the 2014 General Obligation Refunding Bonds in the amount of $17,010,000 with interest rates ranging from 1.00% to 5.00%, depending on the maturity of the related bonds. The Bonds were issued at a premium of $1,802,271 to advance refund and defease a portion of the District's 2002 General Obligation Series 2004A Bonds maturing on and after July 1, 2025, and to pay all legal, financial, and contingent costs in connection with the issuance of the Bonds. The Refunding Bonds defeased $18,030,000 of the old debt with a final maturity date of July 1, 2025. The Bonds are payable semiannually on January 1 and July 1 of each year.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $450,434. This difference, reported in the accompanying financial statements as a deferred charge on refunding, is being charged to operations through the year 2026 using the straight-line method. The outstanding principal balance of these Bonds at June 30, 2022, was $5,770,000 with a premium balance of $680,102.

2015 General Obligation Refunding Bonds

On October 6, 2015, the District issued the 2015 General Obligation Refunding Bonds in the amount of $13,100,000 with interest rates ranging from 2.00% to 5.00%, depending on the maturity of the related bonds. The Bonds were issued at a premium of $1,841,849 to advance refund and defease a portion of the District's 2002 General Obligation Series 2009B Bonds maturing on and after August 1, 2020, and to pay all legal, financial, and contingent costs in connection with the issuance of the Bonds. The Refunding Bonds defeased $12,005,000 of the old debt with a final maturity date of August 1, 2028. The Bonds are payable semiannually on January 1 and July 1 of each year.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $2,606,682. This difference, reported in the accompanying financial statements as a deferred charge on refunding, is being charged to operations through the year 2029 using the straight-line method. The outstanding principal balance of these Bonds at June 30, 2022, was $5,300,000 with a premium balance of $1,186,969.

2020 General Obligation Refunding Bonds

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

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $4,128,469. This difference, reported in the accompanying financial statements as a deferred charge on refunding, is being charged to operations through the year 2040 using the straight-line method. The outstanding principal balance of these Bonds at June 30, 2022 was $40,980,000.

2021 General Obligation Refunding Bonds

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

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $5,252,303. This difference, reported in the accompanying financial statements as a deferred charge on refunding, is being charged to operations through fiscal year 2039 using the straight-line method. In addition, the refunding resulted in an economic gain of $1,770,243 based on the difference between the present value of the existing debt service requirements and the new debt service requirements discounted at 2.48%. The outstanding principal balance of these Bonds at June 30, 2022, was $38,965,000.

Debt Maturity – General Obligation Bonds

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding Beginning of Year	Issued	Accreted Interest	Redeemed	Bonds Outstanding End of Year
3/22/2012	8/1/2036	2.59-6.65%	$ 15,001,122	$ 11,423,100	$ -	$ 731,687	$ (320,000)	$ 11,834,787
10/4/2012	7/1/2022	2.00-5.00%	14,470,000	6,300,000	-	-	(4,205,000)	2,095,000
11/13/2013	8/1/2038	2.52-6.62%	16,554,972	23,888,433	-	1,606,937	(95,000)	25,400,370
3/18/2014	7/1/2025	1.00-5.00%	17,010,000	16,115,000	-	-	(10,345,000)	5,770,000
10/6/2015	8/1/2028	2.00-5.00%	13,100,000	11,835,000	-	-	(6,535,000)	5,300,000
10/17/2018	8/1/2040	4.00-5.00%	12,440,677	12,857,718	-	429,225	(1,825,000)	11,461,943
10/17/2018	8/1/2043	4.00-5.00%	38,000,000	29,345,000	-	-	(13,310,000)	16,035,000
5/21/2020	8/1/2039	2.00-3.53%	9,895,000	9,745,000	-	-	(75,000)	9,670,000
5/21/2020	8/1/2038	2.51-3.46%	31,310,000	31,310,000	-	-	-	31,310,000
11/30/21	8/1/2038	0.45-3.12%	38,965,000	-	38,965,000	-	-	38,965,000
				$ 152,819,251	$ 38,965,000	$ 2,767,849	$ (36,710,000)	$ 157,842,100

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

Fiscal Year	Principal (Including accreted interest to date)	Accreted Interest	Current Interest to Maturity	Total
2023	$ 801,222	$ 3,778	$ 108,450	$ 913,450
2024	879,607	50,393	86,625	1,016,625
2025	1,081,477	83,523	64,750	1,229,750
2026	1,122,912	177,088	41,750	1,341,750
2027	1,135,512	294,488	27,250	1,457,250
2028-2032	12,671,579	8,539,421	22,250	21,233,250
2033-2037	16,238,138	20,816,862	-	37,055,000
2038-2041	14,766,653	23,418,347	-	38,185,000
Total	$ 48,697,100	$ 53,383,900	$ 351,075	$ 102,432,075

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

Fiscal Year	Principal	Current Interest to Maturity	Total
2023	$ 125,000	$ 661,950	$ 786,950
2024	190,000	654,700	844,700
2025	260,000	643,450	903,450
2026	335,000	628,575	963,575
2027	415,000	609,825	1,024,825
2028-2032	1,105,000	2,778,625	3,883,625
2033-2037	-	2,721,000	2,721,000
2038-2042	7,480,000	2,289,000	9,769,000
2043-2044	6,125,000	249,900	6,374,900
Total	$ 16,035,000	$ 11,237,025	$ 27,272,025

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

Fiscal Year	Principal	Current Interest to Maturity	Total
2023	$ 4,010,000	$ 2,734,445	$ 6,744,445
2024	3,890,000	2,632,629	6,522,629
2025	4,040,000	2,517,814	6,557,814
2026	4,365,000	2,336,169	6,701,169
2027	4,555,000	2,190,885	6,745,885
2028-2032	21,800,000	9,383,488	31,183,488
2033-2037	29,285,000	6,200,576	35,485,576
2038-2040	21,165,000	776,477	21,941,477
Total	$ 93,110,000	$ 28,772,483	$ 121,882,483

Note Payable

Assembly Bill 318 appropriated $30 million to the Board of Governors of the California Community Colleges as an emergency apportionment to finance, among other things, activities described in Article 5 of Chapter 5, Part 46 of the Education Code. The balance available to the District is $12,103,200. The financing does not constitute a borrowing, but is instead an advance apportionment subject to repayment with interest. During the 2015-2016 year, the District was able to negotiate and obtain a refinancing of a lower interest rate associated with this advance. The interest rate paid by the District prior to this refinance ranged 1.377% to 5.214%. After the refinancing, the interest rate on the remaining balance is 2.307%, resulting in a savings of $966,000 in interest payments for the District. At June 30, 2022, the District had received $17,896,800 with $5,767,223 outstanding.

Fiscal Year	Principal	Current Interest to Maturity	Total
2023	$ 1,048,791	$ 133,050	$ 1,181,841
2024	1,072,987	108,854	1,181,841
2025	1,097,741	84,100	1,181,841
2026	1,052,656	58,776	1,111,432
2027	591,293	34,491	625,784
2028-2029	903,755	27,744	931,499
Total	$ 5,767,223	$ 447,015	$ 6,214,238

Lease Liability

The District has entered into an agreement to lease copiers. The District’s liability for the lease agreement is summarized below:

Leases	Balance, July 1, 2021	Additions	Deductions	Balance, June 30, 2022
Xerox Lease	$ -	$ 199,508	$ (37,173)	$ 162,335

Xerox Lease

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

The remaining principal and interest payment requirements for the lease obligation debt as of June 30, 2022 are as follows:

Fiscal Year	Principal	Interest	Total
2023	$ 65,515	$ 4,637	$ 70,152
2024	67,845	2,307	70,152
2025	28,975	254	29,229
Total	$ 162,335	$ 7,198	$ 169,533

Note 8 - Aggregate Net Other Postemployment Benefits (OPEB) Liability

For the year ended June 30, 2022, the District reported an aggregate net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense for the following plans:

OPEB Plan	Aggregate Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	$ 1,063,597	$ 2,938,731	$ 3,689,626	$ (1,612,285)
Medicare Premium Payment (MPP) Program	144,225	-	-	(33,911)
Total	$ 1,207,822	$ 2,938,731	$ 3,689,626	$ (1,646,196)

The details of each plan are as follows:

District Plan

Plan Administration

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

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

Plan Membership

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

Inactive employees or beneficiaries currently receiving benefits payments	78
Active employees	115
Total	193

Compton Community College District Futuris Trust

Compton Community College District Futuris Trust (the Trust) is an irrevocable governmental trust pursuant to Section 115 of the IRC for the purpose of funding certain postemployment benefits other than pensions. The Trust is administered by the Compton Community College District Retirement Board of Authority as directed by the investment alternative choice selected by the District. The District retains the responsibility to oversee the management of the Trust, including the requirement that investments and assets held within the Trust continually adhere to the requirements of the California Government Code Section 53600.5 which specifies that the trustee's primary role is to preserve capital, to maintain investment liquidity, and to protect investment yield. As such, the District acts as the fiduciary of the Trust. The financial activity of the Trust has been discretely presented. Separate financial statements are not prepared for the Trust.

Benefits Provided

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

Contributions

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

Investment

Investment Policy

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

Asset Class	Target Allocation
All Fixed Income	55%
Real Estate Investment Trusts	4%
All Domestic Equities	22%
All International Equities	19%

Rate of Return

For the year ended June 30, 2021, the annual money-weighed rate of return on investments, net of investment expense, was 26.21%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability of the District

The District's net OPEB liability of $1,063,597 was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The components of the net OPEB liability of the District at June 30, 2021, were as follows:

Total OPEB liability	$ 14,028,797
Plan fiduciary net position	(12,965,200)
Net OPEB liability	$ 1,063,597
Plan fiduciary net position as a percentage of the total OPEB liability	92.42%

Actuarial Assumptions

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

Inflation	2.50%
Salary increases	2.75%
Investment rate of return	5.60%
Healthcare cost trend rate	4.00%

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

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

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

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

Asset Class	Long-Term Expected Real Rate of Return
All Fixed Income	4.25%
Real Estate Investment Trusts	7.25%
All Domestic Equities	7.25%
All International Equities	7.25%

Discount Rate

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

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance, June 30, 2020	$ 15,005,388	$ 8,511,008	$ 6,494,380
Service cost	539,396	-	539,396
Interest	893,593	-	893,593
Difference between expected and actual experience	(2,996,738)	-	(2,996,738)
Contributions - employer	-	2,622,706	(2,622,706)
Expected investment income	-	557,808	(557,808)
Differences between projected and actual earnings on OPEB plan investments	-	1,848,033	(1,848,033)
Changes of assumptions	1,075,829	-	1,075,829
Benefit payments	(488,671)	(488,671)	-
Administrative expense	-	(85,684)	85,684
Net change in total OPEB liability	(976,591)	4,454,192	(5,430,783)
Balance, June 30, 2021	$ 14,028,797	$ 12,965,200	$ 1,063,597

There were no changes in benefit terms since the previous valuation.

Changes of assumptions reflects a change in the discount rate from 5.85% to 5.60% since the previous valuation. The rate of inflation was changed from 2.75% to 2.50% since the previous valuation.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

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

Discount Rate	Net OPEB Liability/(Asset)
1% decrease (4.60%)	$ 2,950,129
Current discount rate (5.60%)	1,063,597
1% increase (6.60%)	(502,023)

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability/(asset) would be if it were calculated using a healthcare cost trend rates that is one percent lower or higher than the current healthcare cost trend rates:

Healthcare Cost Trend Rates	Net OPEB Liability/(Asset)
1% decrease (3.00%)	$ (731,945)
Current healthcare cost trend rate (4.00%)	1,063,597
1% increase (5.00%)	3,272,037

Deferred Outflows/Inflows of Resources Related to OPEB

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	$ 1,825,320	$ -
Differences between expected and actual experience	75,749	2,064,056
Changes of assumptions	1,037,662	-
Net difference between projected and actual earnings on OPEB plan investments	-	1,625,570
Total	$ 2,938,731	$ 3,689,626

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The deferred outflows of resources related to OPEB resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the subsequent fiscal year.

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	$ (419,974)
2024	(414,442)
2025	(421,549)
2026	(369,605)
Total	$ (1,625,570)

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	$ (419,306)
2024	(434,789)
2025	(96,550)
Total	$ (950,645)

Medicare Premium Payment (MPP) Program

Plan Description

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

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2020 annual actuarial valuation report, Medicare Premium Payment Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

Benefits Provided

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

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

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

Net OPEB Liability and OPEB Expense

At June 30, 2022, the District reported a liability of $144,225 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating entities, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2021 and June 30, 2020, was 0.0362% and 0.0420%, respectively, resulting in a net decrease in the proportionate share of 0.0058%.

For the year ended June 30, 2022, the District recognized OPEB expense of ($33,911).

Actuarial Methods and Assumptions

The June 30, 2021 total OPEB liability was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2020, and rolling forward the total OPEB liability to June 30, 2021, using the assumptions listed in the following table:

Measurement Date	June 30, 2021
Valuation Date	June 30, 2020
Experience Study	July 1, 2015 through June 30, 2018
Actuarial Cost Method	Entry age normal
Investment Rate of Return	2.16%
Medicare Part A Premium Cost Trend Rate	4.50%
Medicare Part B Premium Cost Trend Rate	5.40%

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

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

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

Discount Rate

The discount rate used to measure the total OPEB liability as of June 30, 2021, is 2.16%. As the MPP Program is funded on a pay-as-you-go basis as previously noted, the OPEB Plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, a discount rate of 2.16%, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2021, was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate decreased 0.05% from 2.21% as of June 30, 2020.

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

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

Discount Rate	Net OPEB Liability
1% decrease (1.16%)	$ 158,976
Current discount rate (2.16%)	144,225
1% increase (3.16%)	131,622

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

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

Medicare Costs Trend Rates	Net OPEB Liability
1% decrease (3.5% Part A and 4.4% Part B)	$ 131,156
Current Medicare costs trend rate (4.5% Part A and 5.4% Part B)	144,225
1% increase (5.5% Part A and 6.4% Part B)	159,209

Note 9 - Risk Management

Property and Liability Insurance Coverages

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

Joint Powers Authority Risk Pools

During fiscal year ended June 30, 2022, the District contracted with the Statewide Association of Community Colleges (SWACC) Joint Powers Authority for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

For fiscal year 2021-2022, the District participated in the Protected Insurance Program for Schools (PIPS) Joint Powers Authority (JPA), an insurance purchasing pool. The intent of the JPA is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the JPA. The workers' compensation experience of the participating districts is calculated as one experience, and a common premium rate is applied to all districts in the JPA. Each participant pays its workers' compensation premium based on its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall saving. A participant will then either receive money from or be required to contribute to the "equity-pooling fund.

This "equity pooling" arrangement ensures that each participant shares equally in the overall performance of the JPA. Participation in the JPA is limited to K-12 and community college districts that can meet the JPA's selection criteria.

Insurance Program / Company Name	Type of Coverage	Limits
Protected Insurance Program for Schools (PIPS) Joint Powers Authority	Workers' Compensation	$ 155,000,000
Statewide Association of Community Colleges (SWACC)	General Liability	$ 50,000,000
Statewide Association of Community Colleges (SWACC)	Property	$ 250,250,000

Claims Liability

The District records an estimated liability for workers' compensation claims against the District. Prior to July 1, 2014, the District was self-insured for workers' compensation for the first $500,000 of each claim. Effective July 1, 2014, the District contracted with the Protected Insurance Program for Schools and Community Colleges Joint Powers Authority (PIPS) for workers' compensation, which is administered by Keenen & Associates. The claims liability balance at June 30, 2022, 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 of the claims data evaluated as of June 30, 2022. The projected liability for unpaid losses reported in the Statement of Net Position is $518,261 and was calculated using the undiscounted expected confidence level. Changes in the reported liability are shown in the following table:

	Workers' Compensation
Liability Balance, July 1, 2020	$ 659,375
Claims payments	(141,114)
Liability Balance, June 30, 2021	518,261
Claims payments	-
Liability Balance, June 30, 2022	$ 518,261
Assets available to pay claims at June 30, 2022	$ 2,297,700

Note 10 - Employee Retirement Systems

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

For the fiscal year ended June 30, 2022, the District reported its proportionate share of net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Aggregate Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	$ 10,947,073	$ 5,151,953	$ 11,030,321	$ 295,680
CalPERS	15,323,159	4,386,649	5,916,696	2,161,406
Total	$ 26,270,232	$ 9,538,602	$ 16,947,017	$ 2,457,086

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, 2020, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

Benefits Provided

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

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

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

The STRP Defined Benefit Program provisions and benefits in effect at June 30, 2022, are summarized as follows:

Hire date	On or before December 31, 2012	On or after January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	10.205%
Required employer contribution rate	16.92%	16.92%
Required State contribution rate	10.828%	10.828%

Contributions

Required member, District, and State of California contribution rates are set by the California Legislature and Governor and are detailed in Teachers' Retirement Law. The contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with California Assembly Bill 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2022, are presented above, and the District's total contributions were $2,683,228.

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

At June 30, 2022, 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	$ 10,947,073
State's proportionate share of net pension liability associated with the District	5,508,142
Total	$ 16,455,215

The net pension liability was measured as of June 30, 2021. 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, 2021 and June 30, 2020, was 0.0241%.

For the year ended June 30, 2022, the District recognized pension expense of $295,680. In addition, the District recognized pension expense and revenue of $188,454 for support provided by the State. At June 30, 2022, 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	$ 2,683,228	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	890,218	1,205,907
Differences between projected and actual earnings on pension plan investments	-	8,659,417
Differences between expected and actual experience in the measurement of the total pension liability	27,423	1,164,997
Changes of assumptions	1,551,084	-
Total	$ 5,151,953	$ 11,030,321

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
2023	$ (2,198,973)
2024	(2,011,343)
2025	(2,061,256)
2026	(2,387,845)
Total	$ (8,659,417)

The deferred outflows/(inflows) of resources related to the change in proportion and differences between contributions made and District's proportionate share of contributions, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions 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 measurement period is seven years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	$ 310,403
2024	308,494
2025	(271,356)
2026	(166,236)
2027	44,129
Thereafter	(127,613)
Total	$ 97,821

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2020, and rolling forward the total pension liability to June 30, 2021. The financial reporting actuarial valuation as of June 30, 2020, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2020
Measurement date	June 30, 2021
Experience study	July 1, 2015 through June 30, 2018
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

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

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 as an input to the process. The actuarial investment rate of return assumption was adopted by the board in January 2020 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS' independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2021, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Public equity	42%	4.8%
Private equity	13%	6.3%
Real estate	15%	3.6%
Inflation sensitive	6%	3.3%
Fixed income	12%	1.3%
Risk mitigating strategies	10%	1.8%
Cash/liquidity	2%	-0.4%

Discount Rate

The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return of 7.10% and assume 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 (6.10%)	$ 22,284,322
Current discount rate (7.10%)	10,947,073
1% increase (8.10%)	1,537,372

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, 2020, annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: https://www.calpers.ca.gov/page/forms-publications.

Benefits Provided

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

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

	School Employer Pool (CalPERS)	
Hire date	On or before December 31, 2012	On or after January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	7.00%
Required employer contribution rate	22.91%	22.91%

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, 2022, are presented above, and the total District contributions were $2,578,616.

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

As of June 30, 2022, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $15,323,159. The net pension liability was measured as of June 30, 2021. 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, 2021 and June 30, 2020, was 0.0754% and 0.0711%, respectively, resulting in a net increase in the proportionate share of 0.0043%.

For the year ended June 30, 2022, the District recognized pension expense of $2,161,406. At June 30, 2022, 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	$ 2,578,616	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	1,350,597	-
Differences between projected and actual earnings on pension plan investments	-	5,880,573
Differences between expected and actual experience in the measurement of the total pension liability	457,436	36,123
Total	$ 4,386,649	$ 5,916,696

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 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
2023	$ (1,474,843)
2024	(1,356,250)
2025	(1,413,980)
2026	(1,635,500)
Total	$ (5,880,573)

The deferred outflows/(inflows) of resources related to the change in proportion and differences between contributions made and District's proportionate share of contributions, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions 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 measurement period is 4.1 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	$ 891,336
2024	558,669
2025	294,932
2026	26,973
Total	$ 1,771,910

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2020, and rolling forward the total pension liability to June 30, 2021. The financial reporting actuarial valuation as of June 30, 2020, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2020
Measurement date	June 30, 2021
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.50%
Wage growth	Varies by entry age and service

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

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+ 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 rounded 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 equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. 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	50%	5.98%
Fixed income	28%	2.62%
Inflation assets	0%	1.81%
Private equity	8%	7.23%
Real assets	13%	4.93%
Liquidity	1%	-0.92%

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. 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 (6.15%)	$ 25,836,998
Current discount rate (7.15%)	15,323,159
1% increase (8.15%)	6,594,417

CalSTRS/CalPERS Irrevocable Trust

During the 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 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, 2022. For the 2022 fiscal year, the District contributed $500,000 into this trust. As of June 30, 2022, the balance of the trust was $4,017,817.

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS for the fiscal year ended June 30, 2022, which amounted to $1,550,503 (10.828%) 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. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

Note 11 - Participation in Public Entity Risk Pools and Joint Powers Authorities

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

The JPAs have budgeting and financial reporting requirements independent of member units, and their financial statements are not presented in these financial statements; however, transactions between the JPAs and the District are included in these statements. Audited financial statements are available from the respective entities.

The District's share of year-end assets, liabilities, or fund equity has not been calculated.

During the year ended June 30, 2022, the District made premium and claim payments of $293,922 and $757,345 to SWACC and PIPS, respectively.

Note 12 - Commitments and Contingencies

Grants

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2022.

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, 2022.

Line of Credit

As mentioned above in Note 7, the District was appropriated $30 million from Assembly Bill 318 through the Board of Governors of the California Community Colleges. As of June 30, 2022, 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.

Construction Commitments

As of June 30, 2022, the District had approximately $71.6 million in commitments with respect to unfinished capital projects.

Required Supplementary Information
June 30, 2022

Compton Community College District

	2022	2021	2020	2019	2018
Total OPEB Liability					
Service cost	$ 539,396	$ 524,960	$ 523,763	$ 571,280	$ 608,696
Interest	893,593	827,247	795,329	740,494	687,184
Difference between expected and actual experience	(2,996,738)	127,991	(9,805)	-	-
Changes of assumptions	1,075,829	-	768,607	-	-
Benefit payments	(488,671)	(578,591)	(542,933)	(422,378)	(453,237)
Net change in total OPEB liability	(976,591)	901,607	1,534,961	889,396	842,643
Total OPEB Liability - Beginning	15,005,388	14,103,781	12,568,820	11,679,424	10,836,781
Total OPEB Liability - Ending (a)	$ 14,028,797	$ 15,005,388	$ 14,103,781	$ 12,568,820	$ 11,679,424
Plan Fiduciary Net Position					
Contributions - employer	$ 2,622,706	$ 4,328,591	$ 1,292,932	$ 672,378	$ 1,203,237
Expected investment income	557,808	353,615	229,255	186,175	295,644
Differences between projected and actual earnings on OPEB plan investments	1,848,033	259,726	(35,555)	27,664	-
Benefit payments	(488,671)	(578,591)	(542,933)	(422,378)	(453,237)
Administrative expense	(85,684)	(44,060)	(31,886)	(28,168)	(22,667)
Net change in plan fiduciary net position	4,454,192	4,319,281	911,813	435,671	1,022,977
Plan Fiduciary Net Position - Beginning	8,511,008	4,191,727	3,279,914	2,844,243	1,821,266
Plan Fiduciary Net Position - Ending (b)	$ 12,965,200	$ 8,511,008	$ 4,191,727	$ 3,279,914	$ 2,844,243
Net OPEB Liability - Ending (a) - (b)	$ 1,063,597	$ 6,494,380	$ 9,912,054	$ 9,288,906	$ 8,835,181
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	92.42%	56.72%	29.72%	26.10%	24.35%
Covered Employee Payroll	$ 27,113,738	$ 25,662,059	$ 24,004,599	$ 22,908,120	$ 22,192,701
Net OPEB Liability as a Percentage of Covered Employee Payroll	3.92%	25.31%	41.29%	40.55%	39.81%
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

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

	2022	2021	2020	2019	2018
Annual money-weighted rate of return, net of investment expense	26.21%	11.94%	4.77%	7.38%	12.23%
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

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

Year ended June 30,	2022	2021	2020	2019	2018
Proportion of the net OPEB liability	0.0362%	0.0420%	0.0403%	0.0436%	0.0456%
Proportionate share of the net OPEB liability	$ 144,225	$ 178,136	$ 149,935	$ 166,891	$ 191,880
Covered payroll	N/A[1]	N/A[1]	N/A[1]	N/A[1]	N/A[1]
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A[1]	N/A[1]	N/A[1]	N/A[1]	N/A[1]
Plan fiduciary net position as a percentage of the total OPEB liability	-0.80%	-0.71%	-0.81%	-0.40%	0.01%
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

[1] As of June 30, 2012, active members are no longer eligible for future enrollment in the MPP Program; therefore, the covered payroll disclosure is not applicable.

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

	2022	2021	2020	2019	2018	2017	2016	2015
CalSTRS								
Proportion of the net pension liability	0.0241%	0.0241%	0.0228%	0.0243%	0.0252%	0.0263%	0.0259%	0.0268%
Proportionate share of the net pension liability	$ 10,947,073	$ 23,378,082	$ 20,555,654	$ 22,325,730	$ 23,297,882	$ 21,272,244	$ 17,432,301	$ 15,664,559
State's proportionate share of the net pension liability associated with the District	5,508,142	12,051,404	11,214,481	12,782,525	13,782,830	12,109,909	9,219,766	9,458,937
Total	$ 16,455,215	$ 35,429,486	$ 31,770,135	$ 35,108,255	$ 37,080,712	$ 33,382,153	$ 26,652,067	$ 25,123,496
Covered payroll	$ 15,139,257	$ 13,990,573	$ 13,653,071	$ 13,827,554	$ 13,597,782	$ 13,665,051	$ 12,752,399	$ 11,939,418
Proportionate share of the net pension liability as a percentage of its covered payroll	72.31%	167.10%	150.56%	161.46%	171.34%	155.67%	136.70%	131.20%
Plan fiduciary net position as a percentage of the total pension liability	87%	72%	73%	71%	69%	70%	74%	77%
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
CalPERS								
Proportion of the net pension liability	0.0754%	0.0711%	0.0658%	0.0638%	0.0641%	0.0659%	0.0618%	0.0629%
Proportionate share of the net pension liability	$ 15,323,159	$ 21,810,989	$ 19,165,783	$ 17,007,822	$ 15,293,531	$ 13,018,832	$ 9,114,629	$ 7,143,796
Covered payroll	$ 10,522,802	$ 10,014,026	$ 9,255,049	$ 8,365,147	$ 8,169,859	$ 8,205,368	$ 6,862,365	$ 6,605,812
Proportionate share of the net pension liability as a percentage of its covered payroll	145.62%	217.80%	207.08%	203.32%	187.19%	158.66%	132.82%	108.14%
Plan fiduciary net position as a percentage of the total pension liability	81%	70%	70%	71%	72%	74%	79%	83%
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

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

	2022	2021	2020	2019	2018	2017	2016	2015
CalSTRS								
Contractually required contribution	$ 2,683,228	$ 2,444,990	$ 2,392,388	$ 2,222,720	$ 1,995,316	$ 1,710,601	$ 1,466,260	$ 1,132,413
Contributions in relation to the contractually required contribution	(2,683,228)	(2,444,990)	(2,392,388)	(2,222,720)	(1,995,316)	(1,710,601)	(1,466,260)	(1,132,413)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 15,858,322	$ 15,139,257	$ 13,990,573	$ 13,653,071	$ 13,827,554	$ 13,597,782	$ 13,665,051	$ 12,752,399
Contributions as a percentage of covered payroll	16.92%	16.15%	17.10%	16.28%	14.43%	12.58%	10.73%	8.88%
CalPERS								
Contractually required contribution	$ 2,578,616	$ 2,178,220	$ 1,974,866	$ 1,671,647	$ 1,299,191	$ 1,134,630	$ 972,090	$ 807,769
Contributions in relation to the contractually required contribution	(2,578,616)	(2,178,220)	(1,974,866)	(1,671,647)	(1,299,191)	(1,134,630)	(972,090)	(807,769)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 11,255,417	$ 10,522,802	$ 10,014,026	$ 9,255,049	$ 8,365,147	$ 8,169,859	$ 8,205,368	$ 6,862,365
Contributions as a percentage of covered payroll	22.910%	20.700%	19.721%	18.062%	15.531%	13.888%	11.847%	11.771%

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

Note 1 - Purpose of Schedules

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

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

- *Changes in Benefit Terms* - There were no changes in the benefit terms since the previous valuation.
- *Changes of Assumptions* – Changes of assumptions reflects a change in the discount rate from 5.85% to 5.60% since the previous valuation. The rate of inflation was changed from 2.75% to 2.50% since the previous valuation.

Schedule of OPEB Investment Returns

This schedule presents information on the annual money-weighted rate of return on OPEB plan investments. In future years, as data becomes available, ten years of information will be presented.

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

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

- *Changes in Benefit Terms* - There were no changes in the benefit terms since the previous valuation.
- *Changes in Assumptions* - The plan rate of investment return assumption was changed from 2.21% to 2.16% since the previous valuation.

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

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

- *Changes in Benefit Terms* - There were no changes in benefit terms since the previous valuations for either CalSTRS or CalPERS.
- *Changes in Assumptions* - There were no changes in economic assumptions since the previous valuations for either CalSTRS or CalPERS.

Schedule of the District’s Contributions for Pensions

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

Supplementary Information
June 30, 2022

Compton Community College District

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

Board of Trustees as of June 30, 2022

Member	Office	Term Expires
Ms. Sonia Lopez	President	2024
Ms. Barbara J. Calhoun	Vice President	2024
Juanita Doplemore	Clerk	2022
Dr. Sharoni Little	Member	2022
Mr. Andres Ramos	Member	2022
Mr. Paul Medina	Student Trustee	2022

Administration as of June 30, 2022

Dr. Keith Curry	President/Chief Executive Officer
Ms. Sheri Berger	Vice President, Academic Affairs
Dr. Abdul Nasser	Vice President, Administrative Services
Ms. Nicole Jones	Vice President, Student Services
Mr. Ibrahim Ali	Interim Vice President, Human Resources

Auxiliary Organizations in Good Standing

The District did not identify any auxiliary organizations in good standing.

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Student Financial Assistance Cluster			
Federal Pell Grant Program	84.063		$ 4,324,446
Federal Direct Student Loans	84.268		353,057
Federal Supplemental Educational Opportunity Grants (FSEOG)	84.007		167,948
Federal Work-Study Program	84.033		63,075
Subtotal Student Financial Assistance Cluster			4,908,526
TRIO Cluster			
Upward Bound Math and Science	84.047M		177,591
Subtotal TRIO Cluster			177,591
COVID-19: Higher Education Emergency Relief Funds, Student Aid Portion	84.425E		2,059,662
COVID-19: Higher Education Emergency Relief Funds, Institutional Portion	84.425F		4,779,322
COVID-19: Higher Education Emergency Relief Funds, Supplemental Assistance to Institutions of Higher Education	84.425S		241,312
Subtotal			7,080,296
Passed through California Community Colleges Chancellor's Office			
Career and Technical Education Act (CTEA), Title I, Part C	84.048A	[1]	101,196
Total U.S. Department of Education			12,267,609
U.S. Department of the Treasury			
Passed through California Community Colleges Chancellor's Office			
COVID-19: Coronavirus State and Local Fiscal Recovery Funds	21.027	[1]	404,550
Total U.S. Department of the Treasury			404,550
U.S. Department of Agriculture			
Passed through California Department of Education (CDE)			
Child and Adult Care Food Program	10.558	04055-CACFP-19-CC-IC	10,185
U.S. Department of Health and Human Services			
Passed through California Community Colleges Chancellor's Office			
Temporary Assistance for Needy Families (TANF)	93.558	ESS 21-100-004	102,359
Foster and Kinship Care Education	93.658	[1]	41,283
Passed through the Foundation for California Community Colleges			
Youth Empowerment Strategies for Success (YESS)	93.674	2481	22,500
Child Care and Development Fund (CCDF) Cluster			
Passed through CDE			
Child Care and Development Block Grant	93.575	15136/14551	76,455
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	13609	56,659
Passed through Yosemite Community College District			
Child Development Training Consortium	93.575	21-22-4159	10,350
Subtotal CCDF Cluster			143,464
Total U.S. Department of Health and Human Services			309,606
Total Federal Financial Assistance			$ 12,991,950

[1] Pass-Through Entity Identifying Number not available.

Program	Program Revenues: Cash Received	Accounts Receivable	Unearned Revenue	Total Revenue	Program Expenditures
Access to Print and Electronic Info	$ 10,236	$ -	$ -	$ 10,236	$ 10,236
D.S.P.S.	337,556	-	-	337,556	337,556
Deaf and Hard of Hearing	23,777	-	-	23,777	23,777
Basic Need Centers	197,284	59,632	-	256,916	256,916
California College Promise	111,467	-	71,331	40,136	40,136
CalWORKs	459,158	-	42,442	416,716	416,716
CCAP Instructional Materials for Dual Enrollment	38,247	-	-	38,247	38,247
Culturally Competent Faculty PD	50,435	-	50,435	-	-
EEO Best Practices	208,333	-	208,333	-	-
E.O.P.S	1,242,588	-	153,095	1,089,493	1,089,493
Equal Employment Opportunity	50,000	-	-	50,000	50,000
C.A.R.E	556,482	-	164,474	392,008	392,008
Financial Aid Technology	46,184	-	38,918	7,266	7,266
Foster Care Education	64,506	37,780	-	102,286	102,286
Guided Pathways	83,195	-	7,273	75,922	75,922
LGBTQ+	62,062	-	62,062	-	-
Library Services Platform	11,292	-	-	11,292	6,291
Mental Health Support	185,600	-	171,600	14,000	14,000
Nursing Education	87,075	-	10,775	76,300	76,300
Retention and Enrollment Outreach	433,681	-	218,609	215,072	215,072
S.F.A.A.	226,722	-	-	226,722	226,722
Special Trustee AB318 Resticted Exp	130,000	-	53,090	76,910	76,910
Strong Workforce Program	711,884	-	452,116	259,768	259,768
Student Equity and Acheivement	2,398,569	-	1,773,193	625,376	625,376
Student Food and Housing Support	207,001	-	207,001	-	-
Student Success Completion	476,920	-	221,299	255,621	255,621
Undocumented Resources Liaisons	111,113	-	96,202	14,911	14,911
Veteran Resource Center	60,165	-	59,956	209	209
CA State Preschool Program	291,554	-	-	291,554	284,577
General Child Care & Development	373,639	-	-	373,639	371,405
Cal Grant (B&C)	460,308	260,157	-	720,465	717,016
Cal Fresh Outreach (SB 85)	30,343	-	30,343	-	-
Adult Education	902,960	-	598,715	304,245	301,799
Total state programs	$ 10,640,336	$ 357,569	$ 4,691,262	$ 6,306,643	$ 6,286,536

See Notes to Supplementary Information

CATEGORIES	*Revised Reported Data	Audit Adjustments	Audited Data
A. Summer Intersession (Summer 2021 only)			
1. Noncredit	2.67	-	2.67
2. Credit	374.81	-	374.81
B. Summer Intersession (Summer 2022 - Prior to July 1, 2022)			
1. Noncredit	-	-	-
2. Credit	-	-	-
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	1,265.68	-	1,265.68
(b) Daily Census Contact Hours	233.66	-	233.66
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit	22.18	-	22.18
(b) Credit	114.16	-	114.16
3. Alternative Attendance Accounting Procedure Courses			
(a) Weekly Census Procedure Courses	345.67	-	345.67
(b) Daily Census Procedure Courses	479.55	-	479.55
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
D. Total FTES	2,838.38	-	2,838.38
SUPPLEMENTAL INFORMATION (Subset of Above Information)			
E. In-Service Training Courses (FTES)	-	-	-
F. Basic Skills Courses and Immigrant Education			
1. Noncredit	6.02	-	6.02
2. Credit	8.58	-	8.58

*Annual report revised as of September 29, 2022

		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
Academic Salaries							
Instructional Salaries							
Contract or Regular	1100	$ 6,769,169	$ -	$ 6,769,169	$ 6,769,169	$ -	$ 6,769,169
Other	1300	3,077,403	-	3,077,403	3,077,403	-	3,077,403
Total Instructional Salaries		9,846,572	-	9,846,572	9,846,572	-	9,846,572
Noninstructional Salaries							
Contract or Regular	1200	-	-	-	3,343,397	-	3,343,397
Other	1400	-	-	-	308,649	-	308,649
Total Noninstructional Salaries		-	-	-	3,652,046	-	3,652,046
Total Academic Salaries		9,846,572	-	9,846,572	13,498,618	-	13,498,618
Classified Salaries							
Noninstructional Salaries							
Regular Status	2100	-	-	-	6,450,324	-	6,450,324
Other	2300	-	-	-	456,361	-	456,361
Total Noninstructional Salaries		-	-	-	6,906,685	-	6,906,685
Instructional Aides							
Regular Status	2200	698,994	-	698,994	698,994	-	698,994
Other	2400	128,066	-	128,066	128,066	-	128,066
Total Instructional Aides		827,060	-	827,060	827,060	-	827,060
Total Classified Salaries		827,060	-	827,060	7,733,745	-	7,733,745
Employee Benefits	3000	5,995,602	-	5,995,602	11,841,591	-	11,841,591
Supplies and Material	4000	-	-	-	562,391	-	562,391
Other Operating Expenses	5000	493,016	-	493,016	4,904,939	-	4,904,939
Equipment Replacement	6420	-	-	-	1,684	-	1,684
Total Expenditures Prior to Exclusions		17,162,250	-	17,162,250	38,542,968	-	38,542,968

		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	$ 645,520	$ -	$ 645,520	$ 645,520	$ -	$ 645,520
Student Health Services Above Amount Collected	6441	-	-	-	-	-	-
Student Transportation	6491	-	-	-	4,705	-	4,705
Noninstructional Staff - Retirees' Benefits and Retirement Incentives	6740	-	-	-	647,696	-	647,696
Objects to Exclude							
Rents and Leases	5060	-	-	-	493,072	-	493,072
Lottery Expenditures							-
Academic Salaries	1000	-	-	-	-	-	-
Classified Salaries	2000	-	-	-	-	-	-
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		-	-	-	-	-	-

		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	$ -	$ -	$ -	$ 3,695,650	$ -	$ 3,695,650
Capital Outlay	6000						
Library Books	6300	-	-	-	6,929	-	6,929
Equipment	6400	-	-	-	-	-	-
Equipment - Additional	6410	-	-	-	68,492	-	68,492
Equipment - Replacement	6420	-	-	-	8,430	-	8,430
Total Equipment		-	-	-	76,922	-	76,922
Total Capital Outlay					83,851	-	83,851
Other Outgo	7000	-	-	-	806,465	-	806,465
Total Exclusions		645,520	-	645,520	6,376,959	-	6,376,959
Total for ECS 84362, 50 % Law		$ 16,516,730	$ -	$ 16,516,730	$ 32,166,009	$ -	$ 32,166,009
% of CEE (Instructional Salary Cost/Total CEE)		51.35%		51.35%	100.00%		100.00%
50% of Current Expense of Education					$ 16,083,005		$ 16,083,005

Activity Classification	Object Code			Unrestricted
EPA Proceeds:	8630			$ 11,902,862
Activity Classification	Activity Code	Salaries and Benefits (Obj 1000-3000)	Operating Expenses (Obj 4000-5000)	Capital Outlay (Obj 6000)	Total
Instructional Activities	1000-5900	$ 9,846,573	$ -	$ -	$ 9,846,573
Total Expenditures for EPA		$ 9,846,573	$ -	$ -	$ 9,846,573
Revenues Less Expenditures					$ 2,056,289

Amounts reported for governmental activities in the Statement of Net Position are different because		
Total fund balance		
General Funds	$ 21,048,231	
Special Revenue Funds	4,437,749	
Capital Project Funds	22,712,319	
Debt Service Funds	6,253,263	
Internal Service Funds	1,777,892	
Fiduciary Funds	11,386,667	
Total fund balance - all District funds		$ 67,616,121
Amounts held in trust on behalf of others (OPEB Trust)		(11,386,667)
The District has refunded debt liabilities with crossover bonds. These investments are held in an escrow account to pay liabilities remaining on the books until the crossover date.		29,316,970
Capital and right-to-use leased 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	258,040,740	
Accumulated depreciation is	(70,701,057)	
The cost of right-to-use leased assets is	199,508	
Accumulated amortization is	(38,793)	
Total capital and right-to-use leased assets, net		187,500,398
Deferred outflows of resources represent a consumption of net position in a future period and is not reported in the District's funds. Deferred outflows of resources at year-end consist of:		
Deferred outflows of resources related to debt refunding	7,940,264	
Deferred outflows of resources related to OPEB	2,938,731	
Deferred outflows of resources related to pensions	9,538,602	
Total deferred outflows of resources		20,417,597
In governmental funds, unmatured interest on long-term liabilities is recognized in the period when it is due. On the government-wide statements, unmatured interest on long-term liabilities is recognized when it is incurred.		(1,541,098)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
General obligation bonds	(144,736,446)	
Note payable	(5,767,223)	
Lease liability	(162,335)	
Compensated absences	(1,426,074)	
Aggregate net other postemployment benefits (OPEB) liability	(1,207,822)	
Aggregate net pension liability	(26,270,232)	
In addition, the District has issued 'capital appreciation' general obligation bonds. The accretion of interest unmatured on the general obligation bonds to date is	(17,271,264)	
Total long-term liabilities		(196,841,396)

Deferred inflows of resources represent an acquisition of net position in a future period and is not reported in the District's funds. Deferred inflows of resources amount to and related to:		
Deferred inflows of resources related to OPEB	$ (3,689,626)	
Deferred inflows of resources related to pensions	(16,947,017)	
Total deferred inflows of resources		$ (20,636,643)
Total net position		$ 74,445,282

Note 1 - Purpose of Schedules

District Organization

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

Schedule of Federal Awards

Basis of Presentation
The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2022. The information is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

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

Indirect Cost Rate
The District has not elected to use the 10% de minimis cost rate.

Schedule of Expenditures of State Awards

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

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

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

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

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

Proposition 30 Education Protection Account (EPA) Expenditure Report

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

Reconciliation of Government Funds to the Statement of Net Position

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

Independent Auditor's Reports
June 30, 2022

Compton Community College District

CPAs & BUSINESS ADVISORS

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 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 and the remaining fund information of Compton Community College District (the District) as of and for the year ended June 30, 2022, 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 22, 2022.

Adoption of New Accounting Standard

As discussed in Note 2 to the financial statements, the District has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 87, *Leases*, for the year ending June 30, 2022. Our opinions are not modified with respect to this matter.

Report on Internal Control over Financial Reporting

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

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

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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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned Costs as item 2022-001 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

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

District's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the finding identified in our audit and described in the schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

Eide Bailly LLP

Rancho Cucamonga, California
December 22, 2022

Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance

Board of Trustees
Compton Community College District
Compton , California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Compton Community College District's (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2022. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A *deficiency in internal control* over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control* over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control* over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-002 to be a significant deficiency.

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

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the internal control over compliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Eide Bailly LLP

Rancho Cucamonga, California
December 22, 2022

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 described in the 2021-2022 California Community Colleges Chancellor's Office *Contracted District Audit Manual* applicable to the state laws and regulations listed in the table below for the year ended June 30, 2022.

Opinion

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the State programs noted in the table below that were audited for the year ended June 30, 2022.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the standards and procedures identified in the 2021-2022 California Community Colleges Chancellor's Office *Contracted District Audit Manual*. Our responsibilities under those standards and the 2021-2022 California Community Colleges Chancellor's Office *Contracted District Audit Manual* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on state compliance with the compliance requirements subject to audit in the 2021-2022 California Community Colleges Chancellor's Office *Contracted District Audit Manual*. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's compliance with the requirements listed in the table below.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements listed in the table below has occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the 2021-2022 California Community Colleges Chancellor's Office *Contracted District Audit Manual* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements listed in the table below.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the 2021-2022 California Community Colleges Chancellor's Office *Contracted District Audit Manual*, we:

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any material noncompliance with the requirements listed in the table below that we identified during the audit.

Compliance Requirements Tested

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

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

The District reports no Apprenticeship Related and Supplemental Instruction (RSI) Funds programs for funding; therefore, the compliance tests within this section were not applicable.

The purpose of this report on state compliance is solely to describe the results of our testing based on the requirements of the 2021-2022 California Community Colleges Chancellor's Office *Contracted District Audit Manual*. Accordingly, this report is not suitable for any other purpose.

Eide Bailly LLP

Rancho Cucamonga, California
December 22, 2022

Schedule of Findings and Questioned Costs
June 30, 2022

Compton Community College District

Financial statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	Yes
Noncompliance material to financial statements noted?	No

Federal awards

Internal control over major programs	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	Yes
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)	Yes

Identification of major programs

Name of Federal Program or Cluster	Federal Assistance Listing Number/ Federal CFDA Number
Student Financial Assistance Cluster	84.007, 84.033, 84.063, 84.268
COVID-19: Higher Education Emergency Relief Funds, Student Aid Portion	84.425E
COVID-19: Higher Education Emergency Relief Funds, Institutional Portion	84.425F
COVID-19: Higher Education Emergency Relief Funds, Supplemental Assistance to Institutions of Higher Education	84.425S
COVID-19: Coronavirus State and Local Fiscal Recovery Funds	21.027

Dollar threshold used to distinguish between type A and type B programs:	$750,000
Auditee qualified as low-risk auditee?	No

State compliance

Type of auditor's report issued on compliance for state programs	Unmodified

The following finding represents a significant deficiency related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

2022-001 Restricted General Fund and Student Financial Aid Fund Deficit Fund Balance

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

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

Questioned Costs
There are no questioned costs associated with this finding.

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

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

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

Repeat Finding (Yes or No)
Yes. See prior year finding 2021-002 in the summary schedule of prior year audit findings.

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

Views of Responsible Officials and Corrective Action Plans

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

The following finding represents a significant deficiency in internal control over compliance and an instance of noncompliance that is required to be reported by the Uniform Guidance.

2022-002 Special Tests and Provisions – Enrollment Reporting

Program Name: Student Financial Assistance Cluster
Federal Assistance Listing Numbers: 84.033, 84.007, 84.063, and 84.268
Federal Agency: U.S. Department of Education (ED)
Pass-Through Entity: Direct Funded

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

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

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

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

Questioned Costs
There are no questioned costs associated with this finding.

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

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

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

Repeat Finding (Yes or No)
Yes. See prior year finding 2021-007 in the summary schedule of prior year audit findings.

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

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

None reported.

Except as specified in previous sections of this report, summarized below is the current status of all audit findings reported in the prior year's Schedule of Findings and Questioned Costs.

Financial Statement Findings

2021-001 Financial Reporting

Criteria or Specific Requirements
The accounting system used to record the financial affairs of any community college district shall be in accordance with the definitions, instructions, and procedures published in the California Community Colleges Budget and Accounting Manual (BAM). Colleges are also required to present their financial statements in accordance with generally accepted accounting principles (GAAP).

Condition
Material Weakness - Adjustments and reclassifications were identified during the audit in order to conform to the BAM and GAAP during the District's year-end closing process. Corrections were made to the accounts receivable and accounts payable balances to account for adjustments to the District's general apportionment revenue.

Questioned Costs
There are no questioned costs associated with this finding.

Context
Several adjustments and reclassification entries were posted to ensure accuracy and correct classification of account balances.

Effect
Material adjustments to the general ledger were proposed as a result of the audit procedures. These adjustments were accepted by management to ensure the financial statements were presented in accordance with generally accepted accounting principles.

Cause
The internal controls in place during the closing process, including the review of the District's total computational revenue calculation, and accounts receivable and accounts payable balances at year-end, were not performed in a timely manner to ensure accurate reporting of balances for reporting.

Repeat Finding (Yes or No)
Yes. See prior year finding 2020-001.

Recommendation
The District should develop procedures to ensure that all account balances are reconciled and reviewed by appropriate personnel prior to closing the fiscal year ledgers to ensure proper financial reporting. In addition, the District should develop close-out procedures that incorporates a comprehensive accounting of all parts of the District's total computational revenue calculation.

Current Status
Implemented.

2021-002 Restricted General Fund and Student Financial Aid Fund Deficit Fund Balance

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

Condition
Significant Deficiency - The District's Restricted General Fund had a deficit fund balance of $5,476, as of June 30, 2021. In addition, the District's Student Financial Aid Fund had deficit balances for their cash in county treasury and fund balance of $317,789 and $287,969, respectively, as of June 30, 2021.

Questioned Costs
There are no questioned costs associated with this finding.

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

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

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

Repeat Finding (Yes or No)
Yes. See prior year finding 2020-001.

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

Current Status
Not Implemented. See current year finding 2022-001.

Federal Awards Findings

2021-003 Reporting

Program Name: COVID-19: Higher Education Emergency Relief Funds (HEERF), Student Aid Portion;
COVID-19: Higher Education Emergency Relief Funds (HEERF), Institutional Portion
Federal Assistance Listing Number: 84.425E, 84.425F
Federal Agency: U.S. Department of Education (ED)
Pass-Through Entity: Direct Funded

Criteria or Specific Requirements
Section 18004(a)(1) of The Coronavirus Aid, Relief, and Economic Security Act required that institutions that received the HEERF 18004(a)(1) Institutional and Student Aid Portions award to publicly post certain information on their website no later than 10 days after each calendar quarter, or as directed by the U.S. Department of Education.

Condition
Significant Deficiency in Internal Control over Compliance - During our testing over reporting for the Student Aid Portion, we noted that the report required to be publicly each quarter did not contain all the required elements. The estimated number of students eligible to participate in programs under Section 484 in Title IV of the Higher Education Act of 1965 and thus eligible to receive Emergency Financial Aid Grants to Students under Section 18004(a)(1) of the CARES Act, was not disclosed and updated for each reporting quarter. In addition, we noted that the quarterly reports for the Institutional and Student Aid portions were not made available on the District's website within 10 days from the end of the quarter. Reports for the quarters ending September 30, 2020 and December 31, 2020 were posted on January 13, 2021.

Questioned Costs
There are no questioned costs associated with this finding.

Context
The District is required to report student and institutional grant metrics and other data within 10 days of the end of each calendar quarter, or as directed by the U.S. Department of Education. A sample of two reports from each program was reviewed for compliance, four in total, with all reports not submitted in a timely manner.

Effect
The College's quarterly report was not uploaded to their website within the required timeframe.

Cause
The District does have a procedure in place; however, the reports were not filed in a timely manner.

Repeat Finding (Yes or No)
No.

Recommendation
The District should ensure that reporting requirements and deadlines are adhered to by all staff. The District should also ensure all documentation to support amounts reported is maintained in accordance with document retention guidelines.

Current Status
Implemented.

2021-004 Special Tests and Provisions – Borrower Data and Reconciliation (Direct Loan)

Program Name: Student Financial Assistance Cluster
Federal Assistance Listing Numbers: 84.033, 84.007, 84.063, and 84.268
Federal Agency: U.S. Department of Education (ED)
Pass-Through Entity: Direct Funded

Criteria or Specific Requirements
According to 34 CFR 685.300(b)(5), the school must promise to comply with applicable regulations and must agree to reconcile institutional records with Direct Loan funds received from the Secretary and Direct Loan disbursement records submitted to and accepted by the Secretary, on a monthly basis as required by 34 CFR 685.300 (b)(5).

Condition
Material Weakness in Internal Control over Compliance – During our review of the Direct Loans, it was noted that the District was unable to provide documentation to show that they were reconciling the institutional Direct Loan records with the School Account Statement (SAS) data file received by Common Origination and Disbursement (COD) on a monthly basis.

Questioned Costs
There are no questioned costs associated with this finding.

Context
The District disbursed approximately $334,287 in Direct Loan funds during the 2020-2021 fiscal year.

Effect
The District is out of compliance with 34 CFR 685.300(b)(5).

Cause
The District has not implemented policies and procedures to verify that the institutional Direct Loan records are being reconciled to the SAS data files on a monthly basis.

Repeat Finding (Yes or No)
Yes. See prior year finding 2020-005.

Recommendation
It is recommended that the District develop and implement policies and procedures to ensure that the institutional Direct Loan records are being reconciled with the School Account Statement (SAS) data file received by Common Origination and Disbursement (COD) on a monthly basis.

Current Status
Implemented.

2021-005 Reporting

Program Name: Student Financial Assistance Cluster
Federal Assistance Listing Numbers: 84.033, 84.007, 84.063, and 84.268
Federal Agency: U.S. Department of Education (ED)
Pass-Through Entity: Direct Funded

Criteria or Specific Requirements
Common Origination and Disbursement (COD) System (OMB No. 1845-0039) – All schools receiving Pell grants submit Pell payment data to the Department of Education through the COD System. Institutions submit Pell origination records and disbursement records to the COD. Origination records can be sent well in advance of any disbursements, as early as the school chooses to submit them for any student the school reasonably believes will be eligible for a payment. The disbursement record reports the actual disbursement date and the amount of the disbursement. ED processes origination and/or disbursement records and returns acknowledgments to the school. Institutions must report student payment data within 15 calendar days after the school makes a payment, or becomes aware of the need to make an adjustment to previously reported student payment data or expected student payment data. Schools may do this by reporting once every 15 calendar days, bi-weekly or weekly, or may set up their own system to ensure that changes are reported in a timely manner.

Condition
Significant Deficiency in Internal Control over Compliance – The process dates reported in the COD files were more than 15 calendar days after the disbursement dates reported in the COD files in the District's financial records for the Fall and Spring semesters. Three students of the 40 students tested had transactions processed in excess of 15 days. Reporting days ranged from 24 to 73 days after disbursement for those students.

Questioned Costs
There are no questioned costs associated with this finding.

Context
The District processed and reported approximately $5,345,639 in Pell grants during the year.

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

Cause
The District does not have a process in place to ensure timely reporting to COD.

Repeat Finding (Yes or No)
Yes. See prior year finding 2020-006.

Recommendation
It is recommended the District should establish effective controls and processes to ensure that reporting of student disbursement records is timely.

Current Status
Implemented.

2021-006 Special Tests and Provisions – Return to Title IV

Program Name: Student Financial Assistance Cluster
Federal Assistance Listing Numbers: 84.033, 84.007, 84.063, and 84.268
Federal Agency: U.S. Department of Education (ED)
Pass-Through Entity: Direct Funded

Criteria or Specific Requirements
Returns of Title IV funds are required to be deposited or transferred into the SFA account or electronic fund transfers initiated to ED as soon as possible, but no later than 45 days after the date the institution determines that the student withdrew. Returns by check are late if the check is issued more than 45 days after the institution determined the student withdrew or the date on the canceled check shows the check was endorsed more than 60 days after the date the institution determined that the student withdrew (34 CFR 668.173(b)).

Condition
Significant Deficiency in Internal Control over Compliance – During our testing over return of Title IV funds, we noted that in 4 instances out of the 18 calculations tested, the funds were not returned within 45 days after the District determined that the student withdrew.

Questioned Costs
There are no questioned costs associated with this finding.

Context
The District performed 89 Return to Title IV calculations during the 2020-2021 fiscal year.

Effect
Without proper monitoring of Title IV returns, the District is at risk of noncompliance with the above referenced criteria.

Cause
The District does not have a process in place to ensure that funds are returned in a timely manner.

Repeat Finding (Yes or No)
No.

Recommendation
The District should have a process in place to ensure that funds are returned no later than 45 days after the District has determined that a student has withdrawn.

Current Status
Implemented.

2021-007 Special Tests and Provisions – Enrollment Reporting

Program Name: Student Financial Assistance Cluster
Federal Assistance Listing Numbers: 84.033, 84.007, 84.063, and 84.268
Federal Agency: U.S. Department of Education (ED)
Pass-Through Entity: Direct Funded

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

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

Condition
Significant Deficiency in Internal Control over Compliance – During testing over the NSLDS reporting requirements, the following instances were noted:

- Student withdrawal effective dates per the college's Banner system does not match the withdrawal date reported to NSLDS for 6 of 60 students tested.
- Student Certification Dates exceeded 60 days of the of the Effective Date of the status reported to NSLDS for 21 of 60 students tested.

Questioned Costs
There are no questioned costs associated with this finding.

Context
The District disbursed approximately $6,174,596 in federal financial aid to students in the 2020-2021 fiscal year.

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

Cause
The District does not appear to have controls in place to ensure that enrollment status changes are certified within the 60-day requirement and that withdrawal dates are being properly reported to NSLDS.

Repeat Finding (Yes or No)
Yes. See prior year finding 2020-004.

Recommendation
The District should implement a process to review, update, and verify student enrollment statuses, program information, and effective dates that appear on the Enrollment Reporting Roster file or on the Enrollment Maintenance page of the NSLDS Professional Access (NSLDSFAP) website.

Current Status
Partially implemented. See current year finding 2022-002.

State Compliance Findings

None reported.

Other Information
June 30, 2022

Compton Community College District

	General Unrestricted	Line of Credit General Unrestricted	General Restricted	Child Development	Bond Interest and Redemption	Capital Outlay Projects	Revenue Bond Construction	Associated Students
Assets								
Cash and cash equivalents	$ 25,000	$ -	$ 159	$ -	$ -	$ -	$ -	$ 323,383
Investments	23,714,272	1,135,140	3,978,903	486,856	6,253,263	8,920,271	11,204,105	-
Accounts receivable	(12,628)	3,244	6,113,545	1,310	-	5,370,566	34,568	230,512
Student receivables, net	463,740	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	511,000	-
Prepaid expenses	13,580	-	-	-	-	-	-	-
Total assets	$ 24,203,964	$ 1,138,384	$ 10,092,607	$ 488,166	$ 6,253,263	$ 14,290,837	$ 11,749,673	$ 553,895
Liabilities and Fund Balances								
Liabilities								
Accounts payable	$ 3,426,297	$ -	$ 3,449,655	$ 222,308	$ -	$ 1,051,776	$ 1,752,990	$ -
Due to other funds	-	-	-	-	-	511,000	-	-
Unearned revenue	365,090	-	7,145,682	138,212	-	12,425	-	-
Total liabilities	3,791,387	-	10,595,337	360,520	-	1,575,201	1,752,990	-
Fund Balances								
Nonspendable	38,580	-	-	-	-	-	-	-
Restricted	-	-	-	127,646	6,253,263	12,715,636	9,996,683	553,895
Undesignated	20,373,997	1,138,384	(502,730)	-	-	-	-	-
Total fund balances	20,412,577	1,138,384	(502,730)	127,646	6,253,263	12,715,636	9,996,683	553,895
Total liabilities and fund balances	$ 24,203,964	$ 1,138,384	$ 10,092,607	$ 488,166	$ 6,253,263	$ 14,290,837	$ 11,749,673	$ 553,895

	Student Representation Fee	Student Financial Aid	Scholarship and Loan	Payroll Clearing	Pension Stabilization Trust	Other Non-fiduciary Trusts	Total Governmental Funds (Memorandum Only)
Assets							
Cash and cash equivalents	$ -	$ -	$ -	$ -	$ -	$ 80,290	$ 428,832
Investments	44,028	(702,366)	80,340	105,158	4,017,817	-	59,237,787
Accounts receivable	10,881	454,615	229	-	-	-	12,206,842
Student receivables, net	-	-	-	-	-	-	463,740
Due from other funds	-	-	-	-	-	-	511,000
Prepaid expenses	-	-	-	-	-	-	13,580
Total assets	$ 54,909	$ (247,751)	$ 80,569	$ 105,158	$ 4,017,817	$ 80,290	$ 72,861,781
Liabilities and Fund Balances							
Liabilities							
Accounts payable	$ -	$ (50,342)	$ 26,359	$ 110,641	$ -	$ 25,085	$ 10,014,769
Due to other funds	-	-	-	-	-	-	511,000
Unearned revenue	1,742	221,299	-	-	-	-	7,884,450
Total liabilities	1,742	170,957	26,359	110,641	-	25,085	18,410,219
Fund Balances							
Nonspendable	-	-	-	-	-	-	38,580
Restricted	53,167	-	54,210	(5,483)	4,017,817	55,205	33,822,039
Undesignated	-	(418,708)	-	-	-	-	20,590,943
Total fund balances	53,167	(418,708)	54,210	(5,483)	4,017,817	55,205	54,451,562
Total liabilities and fund balances	$ 54,909	$ (247,751)	$ 80,569	$ 105,158	$ 4,017,817	$ 80,290	$ 72,861,781

See Note to Other Information

	General Unrestricted	Line of Credit General Unrestricted	General Restricted	Child Development	Bond Interest and Redemption	Capital Outlay Projects	Revenue Bond Construction	Associated Students
Revenues								
Federal revenues	$ 78,790	$ -	$ 7,487,104	$ 157,895	$ -	$ -	$ -	$ -
State revenues	37,636,321	-	10,632,464	665,641	41,526	8,265,766	-	-
Local revenues	8,451,684	(41,739)	468,218	(193,310)	6,810,423	(223,022)	(385,116)	210,615
Total revenues	46,166,795	(41,739)	18,587,786	630,226	6,851,949	8,042,744	(385,116)	210,615
Expenditures								
Current Expenditures								
Academic salaries	13,500,349	-	2,044,467	-	-	-	-	-
Classified salaries	7,766,835	-	3,103,445	331,081	-	-	-	-
Employee benefits	11,349,492	-	1,930,800	184,330	-	-	-	-
Books and supplies	568,537	-	949,165	180,359	-	-	-	-
Services and operating expenditures	4,648,303	-	8,099,485	1,452	437,697	398,287	36,779	57,628
Capital outlay	77,629	-	1,185,677	-	-	7,172,157	12,501,747	-
Debt service - principal	1,525,141	-	-	-	2,935,000	-	-	-
Debt service - interest and other	156,700	-	-	-	3,303,056	-	-	-
Total expenditures	39,592,986	-	17,313,039	697,222	6,675,753	7,570,444	12,538,526	57,628
Excess of Revenues Over (Under) Expenditures	6,573,809	(41,739)	1,274,747	(66,996)	176,196	472,300	(12,923,642)	152,987
Other Financing Sources (Uses)								
Operating transfers in	-	-	618,853	150,000	-	4,850,000	-	-
Operating transfers out	(6,468,853)	-	(50,000)	-	-	-	-	-
Other sources	-	-	-	-	38,965,000	-	-	-
Other uses	-	-	(3,944,067)	(10,350)	(38,527,303)	-	-	-
Total other financing sources (uses)	(6,468,853)	-	(3,375,214)	139,650	437,697	4,850,000	-	-
Net Change in Fund Balance	104,956	(41,739)	(2,100,467)	72,654	613,893	5,322,300	(12,923,642)	152,987
Fund Balances, Beginning of Year	20,307,621	1,180,123	1,597,737	54,992	5,639,370	7,393,336	22,920,325	400,908
Fund Balances, End of Year	$ 20,412,577	$ 1,138,384	$ (502,730)	$ 127,646	$ 6,253,263	$ 12,715,636	$ 9,996,683	$ 553,895

Compton Community College District

Governmental Funds

Statements of Revenues, Expenditures, and Changes in Fund Balances (Unaudited)

Year Ended June 30, 2022

	Student Representation Fee	Student Financial Aid	Scholarship and Loan	Payroll Clearing	Pension Stabilization Trust	Other Scholarship Trust	Total Governmental Fund (Memorandum Only)
Revenues							
Federal revenues	$ -	$ 4,913,611	$ -	$ -	$ -	$ -	$ 12,637,400
State revenues	-	976,086	-	-	-	-	58,217,804
Local revenues	8,963	(202,349)	(2,954)	(5,483)	(870,220)	-	14,025,710
Total revenues	8,963	5,687,348	(2,954)	(5,483)	(870,220)	-	84,880,914
Expenditures							
Current Expenditures							
Academic salaries	-	-	-	-	-	-	15,544,816
Classified salaries	-	-	-	-	-	-	11,201,361
Employee benefits	-	-	-	-	-	-	13,464,622
Books and supplies	-	-	-	-	-	-	1,698,061
Services and operating expenditures	-	15,633	-	-	14,136	-	13,709,400
Capital outlay	-	-	-	-	-	-	20,937,210
Debt service - principal	-	-	-	-	-	-	4,460,141
Debt service - interest and other	-	-	-	-	-	-	3,459,756
Total expenditures	-	15,633	-	-	14,136	-	84,475,367
Excess of Revenues Over (Under) Expenditures	8,963	5,671,715	(2,954)	(5,483)	(884,356)	-	405,547
Other Financing Sources (Uses)							
Operating transfers in	-	-	-	-	500,000	-	6,118,853
Operating transfers out	-	-	-	-	-	-	(6,518,853)
Other sources	-	-	-	-	-	-	38,965,000
Other uses	-	(5,802,454)	-	-	-	-	(48,284,174)
Total other financing sources (uses)	-	(5,802,454)	-	-	500,000	-	(9,719,174)
Net Change in Fund Balance	8,963	(130,739)	(2,954)	(5,483)	(384,356)	-	(9,313,627)
Fund Balances, Beginning of Year	44,204	(287,969)	57,164	-	4,402,173	55,205	63,765,189
Fund Balances, End of Year	$ 53,167	$ (418,708)	$ 54,210	$ (5,483)	$ 4,017,817	$ 55,205	$ 54,451,562

	General Unrestricted	Line of Credit General Unrestricted	General Restricted	Child Development	Bond Interest and Redemption	Capital Outlay Projects	Revenue Bond Construction	Associated Students
Revenues								
Federal revenues	$ 78,790	$ -	$ 7,487,104	$ 157,895	$ -	$ -	$ -	$ -
State revenues	37,636,321	-	10,632,464	665,641	41,526	8,265,766	-	-
Local revenues	8,451,684	(41,739)	468,218	(193,310)	6,810,423	(223,022)	(385,116)	210,615
Total revenues	46,166,795	(41,739)	18,587,786	630,226	6,851,949	8,042,744	(385,116)	210,615
Expenditures								
Current Expenditures								
Academic salaries	13,500,349	-	2,044,467	-	-	-	-	-
Classified salaries	7,766,835	-	3,103,445	331,081	-	-	-	-
Employee benefits	11,349,492	-	1,930,800	184,330	-	-	-	-
Books and supplies	568,537	-	949,165	180,359	-	-	-	-
Services and operating expenditures	4,648,303	-	8,099,485	1,452	437,697	398,287	36,779	57,628
Capital outlay	77,629	-	1,185,677	-	-	7,172,157	12,501,747	-
Debt service - principal	1,525,141	-	-	-	2,935,000	-	-	-
Debt service - interest and other	156,700	-	-	-	3,303,056	-	-	-
Total expenditures	39,592,986	-	17,313,039	697,222	6,675,753	7,570,444	12,538,526	57,628
Excess of Revenues Over (Under) Expenditures	6,573,809	(41,739)	1,274,747	(66,996)	176,196	472,300	(12,923,642)	152,987
Other Financing Sources (Uses)								
Operating transfers in	-	-	618,853	150,000	-	4,850,000	-	-
Operating transfers out	(6,468,853)	-	(50,000)	-	-	-	-	-
Other sources	-	-	-	-	38,965,000	-	-	-
Other uses	-	-	(3,944,067)	(10,350)	(38,527,303)	-	-	-
Total other financing sources (uses)	(6,468,853)	-	(3,375,214)	139,650	437,697	4,850,000	-	-
Net Change in Fund Balance	104,956	(41,739)	(2,100,467)	72,654	613,893	5,322,300	(12,923,642)	152,987
Fund Balances, Beginning of Year	20,307,621	1,180,123	1,597,737	54,992	5,639,370	7,393,336	22,920,325	400,908
Fund Balances, End of Year	$ 20,412,577	$ 1,138,384	$ (502,730)	$ 127,646	$ 6,253,263	$ 12,715,636	$ 9,996,683	$ 553,895

Compton Community College District
Governmental Funds
Statements of Revenues, Expenditures, and Changes in Fund Balances (Unaudited)
Year Ended June 30, 2022

	Student Representation Fee	Student Financial Aid	Scholarship and Loan	Payroll Clearing	Pension Stabilization Trust	Other Scholarship Trust	Total Governmental Fund (Memorandum Only)
Revenues							
Federal revenues	$ -	$ 4,913,611	$ -	$ -	$ -	$ -	$ 12,637,400
State revenues	-	976,086	-	-	-	-	58,217,804
Local revenues	8,963	(202,349)	(2,954)	(5,483)	(870,220)	-	14,025,710
Total revenues	8,963	5,687,348	(2,954)	(5,483)	(870,220)	-	84,880,914
Expenditures							
Current Expenditures							
Academic salaries	-	-	-	-	-	-	15,544,816
Classified salaries	-	-	-	-	-	-	11,201,361
Employee benefits	-	-	-	-	-	-	13,464,622
Books and supplies	-	-	-	-	-	-	1,698,061
Services and operating expenditures	-	15,633	-	-	14,136	-	13,709,400
Capital outlay	-	-	-	-	-	-	20,937,210
Debt service - principal	-	-	-	-	-	-	4,460,141
Debt service - interest and other	-	-	-	-	-	-	3,459,756
Total expenditures	-	15,633	-	-	14,136	-	84,475,367
Excess of Revenues Over (Under) Expenditures	8,963	5,671,715	(2,954)	(5,483)	(884,356)	-	405,547
Other Financing Sources (Uses)							
Operating transfers in	-	-	-	-	500,000	-	6,118,853
Operating transfers out	-	-	-	-	-	-	(6,518,853)
Other sources	-	-	-	-	-	-	38,965,000
Other uses	-	(5,802,454)	-	-	-	-	(48,284,174)
Total other financing sources (uses)	-	(5,802,454)	-	-	500,000	-	(9,719,174)
Net Change in Fund Balance	8,963	(130,739)	(2,954)	(5,483)	(384,356)	-	(9,313,627)
Fund Balances, Beginning of Year	44,204	(287,969)	57,164	-	4,402,173	55,205	63,765,189
Fund Balances, End of Year	$ 53,167	$ (418,708)	$ 54,210	$ (5,483)	$ 4,017,817	$ 55,205	$ 54,451,562

See Note to Other Information

Balance Sheet (Unaudited)
June 30, 2022

	Internal Service Fund
Assets	
Cash and cash equivalents	$ 250,000
Investments	2,045,993
Accounts receivable	1,707
Total assets	$ 2,297,700
Liabilities and Fund Equity	
Liabilities	
Accounts payable	$ 1,547
Claim liabilities	518,261
Total liabilities	519,808
Fund Equity	
Retained earnings	1,777,892
Total liabilities and fund equity	$ 2,297,700

	Internal Service Fund
Operating Revenues	
Premium contributions	$ 1,078,671
Operating Expenses	
Certificated salaries	500
Employee benefits	21
Services and other operating expenditures	1,027,084
Total operating expenses	1,027,605
Operating Income	51,066
Non Operating Revenues (Losses)	
Investment loss	(18,175)
Operating transfers in	400,000
Total non operating revenues (expenses)	381,825
Net Income	432,891
Retained Earnings, Beginning of Year	1,345,001
Retained Earnings, End of Year	$ 1,777,892

	Internal Service Fund
Operating Activities	
Cash received from user charges	$ 1,077,570
Cash payments to or on behalf of employees	(521)
Cash payments to vendors	(1,083,577)
Net Cash Used for Operating Activities	(6,528)
Noncapital Financing Activities	
Transfers in from other funds	400,000
Investing Activities	
Interest on investments	(18,175)
Net Increase in Cash and Cash Equivalents	375,297
Cash and Cash Equivalents - Beginning	1,920,696
Cash and Cash Equivalents - Ending	$ 2,295,993
Reconciliation of Operating Income to Net Cash Flows Used for Operating Activities	
Operating income	$ 51,066
Changes in assets and liabilities	
Accounts receivable	(1,101)
Accounts payable	(56,493)
Net Cash Used for Operating Activities	$ (6,528)
Cash and Cash Equivalents Consist of the Following	
Cash on hand and in banks	$ 250,000
Cash in county treasury	2,045,993
Total cash and cash equivalents	$ 2,295,993

	Retiree OPEB Trust
Assets	
Investments	$ 11,386,667
Fund Balance	
Restricted	$ 11,386,667

Statement of Revenues, Expenditures, and Changes in Fund Balance (Unaudited)
Year Ended June 30, 2022

	Retiree OPEB Trust
Revenues	
Local revenues (losses)	$ (890,649)
Expenditures	
Employee benefits	575,320
Services and operating expenditures	112,564
Total expenditures	687,884
Change in Fund Balance	(1,578,533)
Fund Balance, Beginning of Year	12,965,200
Fund Balance, End of Year	$ 11,386,667

Note 1 - Purpose of Schedules

Fund Financial Statements

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

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