COMPTON COMMUNITY COLLEGE DISTRICT

ANNUAL FINANCIAL REPORT

JUNE 30, 2018

COMPTON COMMUNITY COLLEGE DISTRICT

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UNAUDITED SUPPLEMENTARY INFORMATION

FINANCIAL SECTION

VAVRINEK, TRINE, DAY & CO., LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Compton Community College District
Compton, California

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the aggregate remaining fund information of Compton Community College District (the District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the 2017-2018 *Contracted District Audit Manual*, issued by the California Community Colleges Chancellor's Office. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate remaining fund information of the District as of June 30, 2018, 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.

Emphasis of Matter - Change in Accounting Principles

As discussed in Note 2 and Note 16 to the financial statements, in 2018, the District adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the Management's Discussion and Analysis on pages 5 through 14 and other required supplementary schedules on pages 67 through 71 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information listed in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

The unaudited supplementary schedules on pages 98 through 104 has been presented at the request of District management for purposes of additional analysis. We have applied certain limited procedures to the additional supplementary information which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries. We do not express an opinion or provide any assurance on this information because the limited procedures do not provide us with significant evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2018, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Vavrinek, Trine, Day & Co. LLP

Rancho Cucamonga, California
December 4, 2018

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

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Introduction

The purpose of this management's discussion and analysis (MD&A) is to provide readers with information about the activities, programs, and financial condition of the Compton Community College District (the District) as of June 30, 2018. The discussion has been prepared by management and should be read in conjunction with the financial statements and notes which follow this section. Responsibility for the completeness and accuracy of this information rests with District management.

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

On June 30, 2006, the District was notified that its accreditation by the Accrediting Commission for Community and Junior Colleges (ACCJC) was being withdrawn. In anticipation of this action, the legislature passed Assembly Bill 318 (AB 318). AB 318 put into place several operational parameters unique to Compton Community College District. It provided the District with a $30 million Line of Credit that was to be used to assist with recovery. The District withdrew $17.9 million and is required to make annual debt service payments until this amount is repaid in full. The District entered a unique partnership with El Camino Community College District to provide accredited educational services to the community.

At its June 7, 2017 meeting, the ACCJC granted initial accreditation status to Compton College; the action established Compton College as an accredited college under the authority of the El Camino Community College District Board of Trustees.

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 District Board of Trustees effective June 7, 2019, at 11:59 p.m. On October 16, 2018, the District Board of Trustees approved Resolution No. 10-16-2018A, terminating the agreement dated November 30, 2016, between the District and El Camino Community College District effective June 7, 2019, at 11:59 p.m. At this time, Compton College will operate as an independent college under the authority of the District Board of Trustees, and the partnership with El Camino Community College District will end.

Overview of the Financial Statements

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

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

The District's financial statements reflect the implementation of GASB issued Statements No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27* and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an Amendment of GASB Statement No. 68*. The primary objective of these Statements is to improve accounting and financial reporting by State and local governments for pensions. It also improves information provided by State and local governmental employers about financial support for pensions that is provided by other entities.

Financial Highlights - Obligations

The District continues to make annual debt service payments on the Line of Credit obligation owed to the State of California. This is an obligation 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 five years. The District created a Pension Trust Stabilization Fund and contributed $200,000 to partially prefund the obligation.

The District has also committed to funding its Other Postemployment Benefits (OPEB) obligation. The District budgeted for and made a contribution of $250,000 to the trust established for this purpose.

Further information is included within this report within the MD&A section under Debt Obligations and in the Notes to the Financial Statements.

Financial Highlights - Capital Outlay and Capital Asset Additions

College facilities improvements are essential to the future growth at the College. Bonds financed by property owners of the District, as well as State bonds, are utilized to fund the College's Facilities Master Planning document that was updated this year.

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

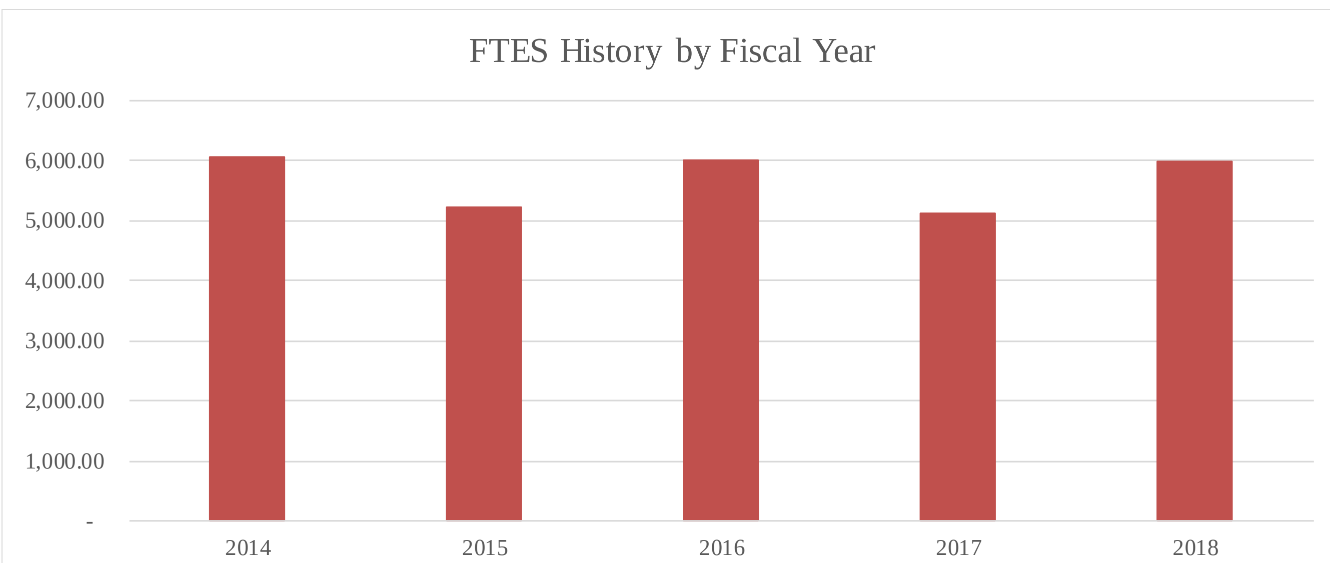
- Instructional Building #1
- Instructional Building #2

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

- Public Safety Facility
- Student Services Building

Full-Time Equivalent Students Growth/Declines

Over the past five years, Full-Time Equivalent Students (FTES) fluctuated up and down but has remained relatively stable at or near 6,000 FTES.



Statement of Net Position

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

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

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

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

A summary of the Statement of Net Position as of June 30, 2018 and June 30, 2017, is below:

Table 1

	2018	(as restated) 2017	Increase (Decrease)	Percent Change
ASSETS				
Current Assets				
Cash and investments	$ 42,914,857	$ 37,883,303	$ 5,031,554	13.3%
Accounts receivable, net	3,551,411	2,632,068	919,343	34.9%
Other current assets	47,552	141,133	(93,581)	-66.3%
Total Current Assets	46,513,820	40,656,504	5,857,316	14.4%
Noncurrent Assets				
Capital assets, net of accumulated depreciation	149,004,874	151,897,925	(2,893,051)	-1.9%
TOTAL ASSETS	195,518,694	192,554,429	2,964,265	1.5%
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges on refunding	3,140,825	3,463,572	(322,747)	-9.3%
Deferred outflows of resources related to pensions	11,527,360	7,839,357	3,688,003	47.0%
Deferred outflows of resources related to OPEB	672,378	-	672,378	100.0%
Total Deferred Outflows of Resources	15,340,563	11,302,929	4,037,634	35.7%
LIABILITIES				
Current Liabilities				
Accounts payable	5,411,295	4,045,319	1,365,976	33.8%
Accrued interest payable	1,151,555	1,190,131	(38,576)	-3.2%
Unearned revenue	5,003,431	3,779,844	1,223,587	32.4%
Current portion of long-term obligations	3,087,343	2,820,755	266,588	9.5%
Total Current Liabilities	14,653,624	11,836,049	2,817,575	23.8%
Noncurrent Liabilities				
Bonds payable	81,040,741	81,820,700	(779,959)	-1.0%
Notes payable	8,773,818	9,731,161	(957,343)	-9.8%
Aggregate net pension obligation	38,591,413	34,291,076	4,300,337	12.5%
Other long-term obligations	10,933,912	11,244,138	(310,226)	-2.8%
Total Noncurrent Liabilities	139,339,884	137,087,075	2,252,809	1.6%
TOTAL LIABILITIES	153,993,508	148,923,124	5,070,384	3.4%
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources related to pensions	2,577,787	1,465,989	1,111,798	75.8%
NET POSITION				
Net investment in capital assets	86,229,669	88,583,022	(2,353,353)	-2.7%
Restricted for:				
Debt service	2,285,366	2,026,762	258,604	12.8%
Capital projects	1,435,811	1,572,827	(137,016)	-8.7%
Educational programs	4,164,070	1,038,308	3,125,762	301.0%
Other activities	89,082	69,531	19,551	28.1%
Unrestricted	(39,916,036)	(39,822,205)	(93,831)	-0.2%
TOTAL NET POSITION	$ 54,287,962	$ 53,468,245	$ 819,717	1.5%

- 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 2017-2018. Cash and Investments increased $5.0 million primary due to funding received to assist the District transition from our partnership with El Camino Community College District.

- The majority of the accounts receivable balance is from Federal and State sources for apportionment and grant and entitlement programs. Included in accounts receivable is a $1.7 million net student fee receivable.

- Capital assets had a net decrease of $2.9 million. Depreciation expense of $6.0 million was recognized during 2017-2018. The capital asset section of this discussion and analysis provides greater detail.

- Accounts payable are amounts due as of the fiscal year-end for goods and services received as of June 30, 2018. Total accounts payable are $5.4 million; most significant within this account is $1.9 million due to employees for wages and benefits.

- The District's noncurrent liabilities consist of bonds payable, related to the issuance of Series A, B, C, D, and two refunding bonds that refunded all but one portion of Series A of the 2002 Measure CC General Obligation Bonds, one refunding bond that refunded a portion of Series B of the 2002 Measure CC General Obligation Bonds, and notes payable related to the drawdown from the Line of Credit through the State. The face value of these bonds at the time of initial sale totaled $91.1 million, and $79.2 million represents the remaining long-term obligation to satisfy these obligations. The District has issued $91.1 million of the $100 million authorized under Measure CC and has a remaining balance of $8.9 million available to issue. In November 2014, the voters approved a $100 million authorized under Measure C. Subsequent to the end of this year the District issued $38 million of the $100 million authorization. The District Line of Credit obligation continues to be repaid and the remaining obligation is $9.7 million.

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, 2018 and June 30, 2017, is summarized below:

Table 2

	2018	2017	Increase (Decrease)	Percent Change
OPERATING REVENUES				
Tuition and fees (net)	$ 1,536,899	$ 993,181	$ 543,718	54.7%
Grants and contracts, noncapital	15,352,547	11,632,574	3,719,973	32.0%
Other operating revenues	919,096	945,181	(26,085)	-2.8%
TOTAL OPERATING REVENUES	17,808,542	13,570,936	4,237,606	31.2%
TOTAL OPERATING EXPENSES	54,526,312	53,312,904	1,213,408	2.3%
OPERATING LOSS	(36,717,770)	(39,741,968)	3,024,198	-7.6%
NONOPERATING REVENUES (EXPENSES)				
State apportionments, noncapital	28,781,354	28,175,919	605,435	2.1%
Local property taxes	9,054,571	8,531,613	522,958	6.1%
State taxes and other revenues	977,190	1,396,877	(419,687)	-30.0%
State financial aid grants, noncapital	1,376,889	1,025,041	351,848	34.3%
Interest and investment income	610,399	424,207	186,192	43.9%
Interest expense	(4,366,117)	(3,234,425)	(1,131,692)	35.0%
Transfer to fiduciary funds	(200,000)	(1,450,000)	1,250,000	-86.2%
Other nonoperating revenue	544,018	(763,931)	1,307,949	-171.2%
TOTAL NONOPERATING REVENUES (EXPENSES)	36,778,304	34,105,301	2,673,003	7.8%
OTHER REVENUES				
State apportionments, capital	759,183	1,652,378	(893,195)	-54.1%
CHANGE IN NET POSITION	$ 819,717	$ (3,984,289)	$ 4,804,006	120.6%

- Grant revenues increased $3.7 million (32 percent). This is due to growth in new programs including Strong Workforce, Adult Education, Student Equity, and Student Support Services Program.

- 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 $216 per unit fee that is charged to all nonresident students.

- Personnel costs accounted for 65 percent of operating expenses in fiscal year 2018. Supplies, materials, and other operating expenses accounted for 18 percent of the operating expense in fiscal year 2018. The balance of operating expenses is for financial aid, utilities, and depreciation expense.

- The primary revenue sources of the District's nonoperating revenue are: State apportionment, local property taxes, other State funding, and interest income. With the exception of interest income, all of this revenue is received to support the District's instructional activities and operations. 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.

- 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, Materials, Other Expenses and Services	Equipment, Maintenance, and Repairs	Student Financial Aid	Depreciation	Total
Instructional Activities	$ 16,148,836	$ 161,299	$ 41,061	$ -	$ -	$ 16,351,196
Instructional Administrative and Instructional	1,939,691	103,247	32,160	-	-	2,075,098
Instructional Support Services	1,066,799	122,045	40,304	-	-	1,229,148
Admissions and Records	730,527	7,961	5,212	-	-	743,700
Student Counseling and Guidance	1,129,950	31,022	-	-	-	1,160,972
Other Student Services	7,347,181	2,830,142	473,994	-	-	10,651,317
Operation and Maintenance of Plant	1,910,009	1,056,513	25,481	-	-	2,992,003
Planning, Policymaking, and Coordination	481,475	122,491	244	-	-	604,210
General Institutional Support Services	3,333,670	4,470,934	52,818	-	-	7,857,422
Community Services and Economic Development	158,844	8,156	-	-	-	167,000
Ancillary Services and Auxiliary Operation	837,351	840,092	125,000	-	-	1,802,443
Physical Property and Related Acquisitions	316,360	171,561	-	-	-	487,921
Student Aid	-	-	-	2,382,962	-	2,382,962
Depreciation	-	-	-	-	6,020,920	6,020,920
Total	$ 35,400,693	$ 9,925,463	$ 796,274	$ 2,382,962	$ 6,020,920	$ 54,526,312

Statement of Cash Flows

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

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

The Statement of Cash Flows for the fiscal years ended June 30, 2018 and June 30, 2017, is summarized below:

Table 4

	2018	2017
Cash Provided by (Used in)		
Operating activities	$ (27,262,068)	$ (32,376,023)
Noncapital financing activities	35,990,180	34,043,901
Capital financing activities	(4,186,757)	(8,823,216)
Investing activities	490,199	389,410
Net Change in Cash and Cash Equivalents	5,031,554	(6,765,928)
Cash Balance, Beginning of Year	37,883,303	44,649,231
Cash Balance, End of Year	$ 42,914,857	$ 37,883,303

Capital Assets

At June 30, 2018, the District has $192.5 million in a broad range of capital assets, including land, construction in progress, buildings, and furniture and equipment. At June 30, 2018, the District's net capital assets were $149.0 million.

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.

Note 6 in the financial statements provides additional information on capital assets.

Debt Obligations

At June 30, 2018, the District has $142.4 million in debt obligations of which $83.2 million is in General Obligation Bonds. These bonds are repaid in annual installments, in accordance with obligation requirements, by way of property tax assessments on property within the Compton Community College District's boundaries.

The District's notes payable decreased from its principal payment reducing the liability due to the State in the amount of $9.7 million outstanding. This note is repaid in annual installments, in accordance with obligation requirements.

The District is also obligated for compensated absences, claims liability, aggregate net other postemployment benefits liability, and aggregate net pension obligations to its qualified employees.

Note 10 in the financial statements provides additional information on long-term obligations.

As of June 30, 2018, the aggregate net pension obligation was $38.6 million. The amount represents the District's proportionate share of the net pension liability for each of the two pension plans, CalSTRS and CalPERS, the District participates in.

Economic Factors That May Affect the Future

Student Centered Funding Formula. Assembly Bill 1809 ("AB 1809"), the higher education trailer bill passed as part of the State budget for fiscal year 2018-2019, implemented a new funding mechanism for community college districts referred to as the "Student Centered Funding Formula", (the"SCFF"). The SCFF includes three components: (1) a base allocation (the "Base Allocation") driven primarily by enrollment, (2) a supplemental allocation (the "Supplemental Allocation") based on the number of certain types of low-income students, and (3) a student success allocation (the "Student Success Allocation") calculated using various performance-based metrics.

The SCFF includes several hold-harmless provisions to provide districts greater financial stability in transitioning to the new formula.

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

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

Other Factors That May Affect the Future

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

The reforms that comprise the Uniform Guidance aim to reduce the administrative burden on award recipients and change the audit requirements, requiring a non-Federal entity that expends $750,000 or more during the non-Federal entity's fiscal year in Federal awards must have a single or program-specific audit conducted for that year in accordance with the provisions of Title 2, Part 200 of the Code of Federal Regulations. This change resulted in the District falling below the expenditure of Federal awards threshold of $750,000 as of June 30, 2017 and 2018, and thus not subject to a single audit.

Looking to fiscal year 2018-2019, the District anticipates receiving additional Federal awards which would potentially put the District above the $750,000 threshold and requiring the District to obtain a single audit in accordance with Title 2, Part 200 of the Code of Federal Regulations.

Contacting the District's Financial Management

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

COMPTON COMMUNITY COLLEGE DISTRICT

STATEMENT OF NET POSITION - PRIMARY GOVERNMENT
JUNE 30, 2018

ASSETS	
Current Assets	
Cash and cash equivalents	$ 275,159
Investments	42,639,698
Accounts receivable	1,814,377
Student receivables, net	1,737,034
Prepaid expenses	47,552
Total Current Assets	46,513,820
Noncurrent Assets	
Nondepreciable capital assets	6,107,735
Depreciable capital assets, net of depreciation	142,897,139
Total Noncurrent Assets	149,004,874
TOTAL ASSETS	195,518,694
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charges on refunding	3,140,825
Deferred outflows of resources related to pensions	11,527,360
Deferred outflows of resources related to other postemployment benefits (OPEB)	672,378
TOTAL DEFERRED OUTFLOWS OF RESOURCES	15,340,563
LIABILITIES	
Current Liabilities	
Accounts payable	5,411,295
Accrued interest payable	1,151,555
Unearned revenue	5,003,431
Bonds payable	2,130,000
Notes payable	957,343
Total Current Liabilities	14,653,624
Noncurrent Liabilities	
Compensated absences payable	1,091,760
Claims liability	815,091
Bonds payable	81,040,741
Notes payable	8,773,818
Aggregate net other postemployment benefits (OPEB) liability	9,027,061
Aggregate net pension obligation	38,591,413
Total Noncurrent Liabilities	139,339,884
TOTAL LIABILITIES	153,993,508
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pensions	2,577,787
NET POSITION	
Net investment in capital assets	86,229,669
Restricted for:	
Debt service	2,285,366
Capital projects	1,435,811
Educational programs	1,098,591
Other activities	89,082
Unrestricted	(36,850,557)
TOTAL NET POSITION	$ 54,287,962

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

COMPTON COMMUNITY COLLEGE DISTRICT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PRIMARY GOVERNMENT FOR THE YEAR ENDED JUNE 30, 2018

OPERATING REVENUES	
Student Tuition and Fees	$ 5,851,141
Less: Scholarship discount and allowance	(4,314,242)
Net tuition and fees	1,536,899
Grants and Contracts, Noncapital	
Federal	628,779
State	13,221,329
Local	1,502,439
Total grants and contracts, noncapital	15,352,547
Other Operating Revenues	919,096
TOTAL OPERATING REVENUES	17,808,542
OPERATING EXPENSES	
Salaries	24,566,948
Employee benefits	10,833,745
Supplies, materials, and other operating expenses and services	9,925,463
Equipment, maintenance, and repairs	796,274
Student financial aid	2,382,962
Depreciation	6,020,920
TOTAL OPERATING EXPENSES	54,526,312
OPERATING LOSS	(36,717,770)
NONOPERATING REVENUES (EXPENSES)	
State apportionments, noncapital	28,781,354
Local property taxes, levied for general purposes	4,542,699
Taxes levied for other specific purposes	4,511,872
State financial aid grants, noncapital	1,376,889
State taxes and other revenues	977,190
Investment income	567,382
Interest expense on capital related debt	(4,366,117)
Investment income on capital asset-related debt	43,017
Transfer to fiduciary funds	(200,000)
Other nonoperating revenue	544,018
TOTAL NONOPERATING REVENUES (EXPENSES)	36,778,304
LOSS BEFORE OTHER REVENUES	60,534
OTHER REVENUES	
State revenues, capital	759,183
CHANGE IN NET POSITION	819,717
NET POSITION, BEGINNING OF YEAR, AS RESTATED	53,468,245
NET POSITION, END OF YEAR	$ 54,287,962

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

COMPTON COMMUNITY COLLEGE DISTRICT

STATEMENT OF CASH FLOWS - PRIMARY GOVERNMENT
FOR THE YEAR ENDED JUNE 30, 2018

CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and fees	$ 957,404
Federal, State, and local grants and contracts, noncapital	16,935,075
Payments to vendors for supplies and services	(9,261,269)
Payments to or on behalf of employees	(34,429,412)
Payments to students for scholarships and grants	(2,382,962)
Other operating receipts	919,096
Net Cash Flows From Operating Activities	(27,262,068)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State apportionments	29,079,244
Noncapital grants and contracts	1,376,889
Property taxes - nondebt related	4,542,699
State taxes and other apportionments	841,972
Other nonoperating payments	149,376
Net Cash Flows From Noncapital Financing Activities	35,990,180
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	
Purchase of capital assets	(3,358,533)
Current year bond principal accretion	1,840,572
State revenue, capital projects	(589,636)
Deferred charges on bond refunding	322,747
Property taxes - related to capital debt	5,271,055
Principal paid on capital debt	(3,311,286)
Interest paid on capital debt	(4,404,693)
Interest received on capital asset-related debt	43,017
Net Cash Flows From Capital Financing Activities	(4,186,757)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received from investments	490,199
NET CHANGE IN CASH AND CASH EQUIVALENTS	5,031,554
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	37,883,303
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 42,914,857

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

COMPTON COMMUNITY COLLEGE DISTRICT

STATEMENT OF CASH FLOWS - PRIMARY GOVERNMENT, Continued
FOR THE YEAR ENDED JUNE 30, 2018

RECONCILIATION OF NET OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES	
Operating Loss	$ (36,717,770)
Adjustments to Reconcile Operating Loss to Net Cash Flows From Operating Activities:	
Depreciation expense	6,020,920
Changes in Assets, Deferred Outflows, Liabilities, and Deferred Inflows	
Receivables	(220,554)
Prepaid expenses	93,581
Accounts payable and accrued liabilities	1,596,640
Unearned revenue	1,223,587
Claims liabilities	(173,908)
Compensated absences	71,051
Deferred outflows of resources related to pensions	(3,688,003)
Deferred outflows of resources related to OPEB	(672,378)
Deferred inflows of resources related to pensions	1,111,798
Aggregate net pension obligation	4,300,337
Aggregate net OPEB liability	(207,369)
Total Adjustments	9,455,702
Net Cash Flows From Operating Activities	$ (27,262,068)
CASH AND CASH EQUIVALENTS CONSIST OF THE FOLLOWING:	
Cash in banks	$ 275,159
Cash in county treasury	42,639,698
Total Cash and Cash Equivalents	$ 42,914,857
NON CASH TRANSACTIONS	
On behalf payments for benefits	$ 1,120,839
Board of governors fee waivers	4,314,242
Total Non Cash Transactions	$ 5,435,081

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

COMPTON COMMUNITY COLLEGE DISTRICT

FIDUCIARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2018

	Retiree OPEB Trust	Other Trust Funds	Agency
ASSETS			
Cash and cash equivalents	$ -	$ 217,291	$ 33,931
Investments	3,279,914	1,551,867	-
Accounts receivable	-	139,155	-
Due from trust funds	-	-	26,888
Total Assets	3,279,914	1,908,313	$ 60,819
LIABILITIES			
Accounts payable	-	30,369	$ -
Due to agency funds	-	26,888	-
Due to student groups	-	87,866	60,819
Total Liabilities	-	145,123	$ 60,819
NET POSITION			
Restricted for postemployment benefits other than pensions	3,279,914	-	
Restricted	-	1,436,482	
Unrestricted	-	326,708	
Total Net Position	$ 3,279,914	$ 1,763,190	

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

COMPTON COMMUNITY COLLEGE DISTRICT

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018

	Retiree OPEB Trust	Other Trust Funds
ADDITIONS		
District contributions	$ 672,378	$ -
Interest and investment income	115,942	-
Net realized and unrealized gain	97,897	-
Local revenues	-	93,981
Total Additions	886,217	93,981
DEDUCTIONS		
Administrative expenses	28,168	-
Benefit payments	422,378	-
Services and operating expenditures	-	21,325
Total Deductions	450,546	21,325
OTHER FINANCING SOURCES		
Transfer from primary government	-	200,000
Change in Net Position	435,671	272,656
Net Position - Beginning of Year	2,844,243	1,490,534
Net Position - End of Year	$ 3,279,914	$ 1,763,190

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

NOTE 1 - ORGANIZATION

Compton Community College District (the District) is located in the city of Compton, Los Angeles County, California. Compton Community College was established in 1927 as a component of the Compton Union High School District. At that time, State law authorized high school and unified school districts to offer education through a junior college accredited program. In 1950, voters approved a bond issue separating the college from the high school district. The District administers operations of one College campus. See Note 15 for additional information.

Financial Reporting Entity

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

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

The Foundation for the Compton Community College District

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include State apportionments, property taxes, Federal and State financial aid 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 financial aid grants are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements may include time and/or purpose requirements.

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

The financial statements are presented in accordance with the reporting model as prescribed in GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, and GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*, as amended by GASB Statements No. 37, No. 38, No. 39, and No. 61. The business-type activities model followed by the District requires the following components of the District's financial statements:

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

Cash and Cash Equivalents

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

Investments

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, investments held at June 30, 2018, are stated at fair value. Fair value is estimated based on quoted market prices at year end. Short-term investments have an original maturity date greater than three months, but less than one year at time of purchase. Long-term investments have an original maturity of greater than one year at the time of purchase.

Accounts Receivable

Accounts receivable include amounts due from the Federal, State and/or local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the District's grants and contracts. Accounts receivable also consist of tuition and fee charges to students. The District provides for an allowance for uncollectable accounts as an estimation of amounts that may not be received. This allowance is established based upon management's analysis. The allowance is $1,855,023 at June 30, 2018.

Prepaid Expenses

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

Capital Assets and Depreciation

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

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

Accrued Liabilities and Long-Term Obligations

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

Debt Issuance Costs, Premiums, and Discounts

Debt premiums are amortized over the life of the bonds using the straight-line method.

Deferred Charges on Refunding

Deferred charges on refunding is amortized using the straight-line method over the remaining life of the new or old debt, whichever is shorter.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The District reports deferred outflows of resources for deferred charges on refunding of debt, for pension related items, and for OPEB related items.

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

Pensions

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

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, and deferred outflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the CalSTRS Medicare Premium Payment (MPP) Program and additions to/deductions from MPP's fiduciary net position have been determined on the same basis as they are reported by MPP. For this purpose, 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.

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 school members who retire after January 1, 1999. At retirement, each member will receive .004 year of service credit for each day of unused sick leave. Retirement credit for unused sick leave is applicable to all academic employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full-time.

Unearned Revenue

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

Noncurrent Liabilities

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

Net Position

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

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

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

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

When both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first and the unrestricted resources when they are needed. The government-wide financial statements report $7,974,329 of restricted net position.

Operating 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 Statements No. 34 and No. 35. Classifications are as follows:

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

Nonoperating revenues - Nonoperating revenues include activities that have the characteristics of nonexchange transactions such as State apportionments, property taxes, investment income, gifts and contributions, and other revenue sources defined in GASB Statements No. 34 and No. 35.

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.

Scholarships, Discounts, and Allowances

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

Estimates

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

Interfund Activity

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

Change in Accounting Principles

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

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

The District has implemented the provisions of this Statement as of June 30, 2018.

In March 2017, the GASB issued Statement No. 85, *Omnibus 2017.* The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). Specifically, this Statement addresses the following topics:

- Blending a component unit in circumstances in which the primary government is a business-type activity that reports in a single column for financial statement presentation;
- Reporting amounts previously reported as goodwill and "negative" goodwill;
- Classifying real estate held by insurance entities;
- Measuring certain money market investments and participating interest-earning investment contracts at amortized cost;
- Timing of the measurement of pension or OPEB liabilities and expenditures recognized in financial statements prepared using the current financial resources measurement focus;
- Recognizing on behalf payments for pensions or OPEB in employer financial statements;
- Presenting payroll-related measures in required supplementary information for purposes of reporting by OPEB plans and employers that provide OPEB;
- Classifying employer-paid member contributions for OPEB;
- Simplifying certain aspects of the alternative measurement method for OPEB; and
- Accounting and financial reporting for OPEB provided through certain multiple-employer defined benefit OPEB plans.

The District has implemented the provisions of this Statement as of June 30, 2018.

In May 2017, the GASB issued Statement No. 86, *Certain Debt Extinguishment Issues.* The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

The District has implemented the provisions of this Statement as of June 30, 2018.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements,* which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Early implementation is encouraged. The requirements of this Statement should be applied prospectively.

The District has implemented the provisions of this Statement as of June 30, 2018.

New Accounting Pronouncements

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations.* This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. Laws and regulations may require governments to take specific actions to retire certain tangible capital assets at the end of the useful lives of those capital assets, such as decommissioning nuclear reactors and dismantling and removing sewage treatment plants. Other obligations to retire tangible capital assets may arise from contracts or court judgments. Internal obligating events include the occurrence of contamination, placing into operation a tangible capital asset that is required to be retired, abandoning a tangible capital asset before it is placed into operation, or acquiring a tangible capital asset that has an existing ARO.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Early implementation is encouraged.

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities.* The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

This Statement establishes criteria for identifying fiduciary activities of all State and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Early implementation is encouraged.

In June 2017, the GASB issued Statement No. 87, *Leases.* The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring 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. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The requirements of this Statement are effective for the reporting periods beginning after December 15, 2019. Early implementation is encouraged.

In April 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established.

This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses.

For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Early implementation is encouraged.

NOTE 3 - DEPOSITS AND INVESTMENTS

Policies and Practices

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

Investment in County Treasury

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

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

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

General Authorizations

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

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

Authorized Under Debt Agreements

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

Summary of Deposits and Investments

Deposits and investments as of June 30, 2018, consist of the following:

Primary government	$ 42,914,857
Fiduciary funds	5,083,003
Total Deposits and Investments	$ 47,997,860

Cash on hand and in banks	$ 251,381
Cash in revolving	275,000
Investments	47,471,479
Total Deposits and Investments	$ 47,997,860

Interest Rate Risk

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

Specific Identification

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	Book Value	Fair Value	Weighted Average Days to Maturity
Los Angeles County Investment Pool	$ 42,755,083	$ 42,182,354	609
Mutual Funds	4,716,396	4,716,396	N/A
Total	$ 47,471,479	$ 46,898,750	

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 Los Angeles County Investment Pool and mutual funds are not required to be rated, nor have they been rated as of June 30, 2018.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk. However, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2018, the District and fiduciary funds had bank balances of $1,750,135 and $263,130, respectively. Of these balances, the District and fiduciary funds had $1,572,955 exposed to custodial credit risk because they were not fully covered by depository insurance; however, it was collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

NOTE 4 - FAIR VALUE MEASUREMENTS

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

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

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

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

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

The District's fair value measurements are as follows at June 30, 2018:

Investment Type	Fair Value	Level 1 Inputs	Uncategorized
Los Angeles County Investment Pool	$ 42,182,354	$ -	$ 42,182,354
Mutual Funds	4,716,396	4,716,396	-
Total	$ 46,898,750	$ 4,716,396	$ 42,182,354

NOTE 5 - ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2018, consisted primarily of intergovernmental grants, entitlements, interest, and other local sources. The accounts receivable are as follows:

	Primary Government	Fiduciary Funds
Federal Government		
Categorical aid	$ 132,183	$ -
State Government		
Categorical aid	43,808	-
Lottery	391,086	-
State construction projects	589,636	-
Other state aid	155,717	-
Local Sources		
Interest	210,841	623
Other local sources	291,106	138,532
Total	$ 1,814,377	$ 139,155

Student receivables	$ 3,592,057
Less: Allowance for bad debt	(1,855,023)
Student receivables, net	$ 1,737,034

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the District for the fiscal year ended June 30, 2018, was as follows:

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
Capital Assets Not Being Depreciated				
Land	$ 2,324,000	$ -	$ -	$ 2,324,000
Construction in progress	10,760,367	2,284,200	9,260,832	3,783,735
Total Capital Assets Not Being Depreciated	13,084,367	2,284,200	9,260,832	6,107,735
Capital Assets Being Depreciated				
Buildings and improvements	100,380,612	-	-	100,380,612
Site improvements	67,952,091	9,260,832	-	77,212,923
Furniture and equipment	7,929,623	843,669	-	8,773,292
Total Capital Assets Being Depreciated	176,262,326	10,104,501	-	186,366,827
Total Capital Assets	189,346,693	12,388,701	9,260,832	192,474,562
Less Accumulated Depreciation				
Buildings and improvements	20,230,540	2,068,339	-	22,298,879
Site improvements	10,152,649	3,741,173	-	13,893,822
Furniture and equipment	7,065,579	211,408	-	7,276,987
Total Accumulated Depreciation	37,448,768	6,020,920	-	43,469,688
Net Capital Assets	$ 151,897,925	$ 6,367,781	$ 9,260,832	$ 149,004,874

Depreciation expense for the year was $6,020,920.

NOTE 7 - ACCOUNTS PAYABLE

Accounts payable at June 30, 2018, consisted of the following:

	Primary Government	Fiduciary Funds
Accrued payroll	$ 1,943,743	$ -
Apportionment	1,745,008	-
Construction	355,657	-
Vendor payables	1,366,887	30,369
Total	$ 5,411,295	$ 30,369

NOTE 8 - UNEARNED REVENUE

Unearned revenue at June 30, 2018, consisted of the following:

	Primary Government
State categorical aid	$ 2,971,333
Other State	816,468
Student fees	688,113
Other local	527,517
Total	$ 5,003,431

NOTE 9 - INTERFUND TRANSACTIONS

Interfund Receivables and Payables (Due To/Due From)

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund activity within the governmental funds has been eliminated in the consolidation process of the basic financial statements. At June 30, 2018, there were no balances due between the primary government and the fiduciary funds.

Interfund Operating Transfers

Operating transfers between funds of the District are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use restricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Operating transfers within the funds of the District have been eliminated in the consolidation process. Transfers between the primary government and the fiduciary funds are not eliminated in the consolidation process. During the 2018 fiscal year, the amount transferred between the primary government and the fiduciary funds amounted to $200,000.

NOTE 10 - LONG-TERM OBLIGATIONS

Summary

The changes in the District's long-term obligations during the 2018 fiscal year consisted of the following:

	(as restated) Balance July 1, 2017	Additions and Adjustments	Deductions	Balance June 30, 2018	Due in One Year
Bonds and Notes Payable					
General obligation bonds	$ 79,201,061	$ 1,840,572	$ 1,885,000	$ 79,156,633	$2,130,000
Bond premium	4,504,639	-	490,531	4,014,108	-
Note payable	10,666,916	-	935,755	9,731,161	957,343
Total Bonds and Notes Payable	94,372,616	1,840,572	3,311,286	92,901,902	3,087,343
Other Liabilities					
Compensated absences	1,020,709	71,051	-	1,091,760	-
Claims liability	988,999	-	173,908	815,091	-
Aggregate net OPEB liability	9,234,430	-	207,369	9,027,061	-
Aggregate net pension obligation	34,291,076	4,300,337	-	38,591,413	-
Total Other Liabilities	45,535,214	4,371,388	381,277	49,525,325	-
Total Long-Term Obligations	$139,907,830	$ 6,211,960	$ 3,692,563	$ 142,427,227	$3,087,343

The general obligation bonds are paid from property tax collections and are accounted for by the Los Angeles County Treasurer in the Bond Interest and Redemption Fund. The note payable is an advance apportionment appropriated by the State. Repayment is made from the unrestricted resources of the General Fund. Compensated absences 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. The aggregate net OPEB liability is paid from the General Fund. The aggregate net pension obligation is paid from the resources of the fund from which the employee liability was created.

Description of Debt

Election 2002 General Obligation Bonds

General obligation bonds were approved by a local election in November 2002 under Proposition 39. The total amount approved by the voters was $100,000,000. Interest rates on the bonds range from 2.52 to 6.75 percent. At June 30, 2018, $91,136,094 had been issued, and $39,136,633 was outstanding with a premium balance of $515,884.

2012 General Obligation Refunding Bonds

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

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $1,447,380. This difference, reported in the accompanying financial statements as a deferred charge on refunding, is being charged to operations through the year 2023 using the straight-line method. The outstanding principal balance of these Bonds at June 30, 2018, was $10,915,000 with a premium balance of $694,143.

2014 General Obligation Refunding Bonds

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

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $450,434. This difference, reported in the accompanying financial statements as a deferred charge on refunding, is being charged to operations through the year 2028 using the straight-line method. The outstanding principal balance of these Bonds at June 30, 2018, was $16,470,000 with a premium balance of $1,224,184.

2015 General Obligation Refunding Bonds

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

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $2,606,682. This difference, reported in the accompanying financial statements as a deferred charge on refunding, is being charged to operations through the year 2035 using the straight-line method. The outstanding principal balance of these Bonds at June 30, 2018, was $12,635,000 with a premium balance of $1,579,897.

Debt Maturity

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2017	Accreted Interest Addition	Redeemed	Bonds Outstanding June 30, 2018
8/27/2009	8/1/2019	3.00-6.75%	$15,000,000	$ 855,000	$ -	$ 250,000	$ 605,000
3/22/2012	8/1/2037	2.59-6.65%	15,001,122	16,935,480	590,314	165,000	17,360,794
10/4/2012	7/1/2023	2.00-5.00%	14,470,000	12,140,000	-	1,225,000	10,915,000
11/13/2013	8/1/2039	2.52-6.62%	16,554,972	19,920,581	1,250,258	-	21,170,839
3/18/2014	7/1/2028	1.00-5.00%	17,010,000	16,570,000	-	100,000	16,470,000
10/6/2015	8/1/2034	2.00-5.00%	13,100,000	12,780,000	-	145,000	12,635,000
			$91,136,094	$ 79,201,061	$1,840,572	$1,885,000	$ 79,156,633

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

Fiscal Year	Principal	Current Interest to Maturity	Total
2019	$ 285,000	$ 23,125	$ 308,125
2020	320,000	8,000	328,000
Total	$ 605,000	$ 31,125	$ 636,125

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

Fiscal Year	Principal (including accreted interest to date)	Accreted Interest	Current Interest to Maturity	Total
2019	$ 161,685	$ 3,315	$ 389,850	$ 554,850
2020	201,235	13,765	389,850	604,850
2021	235,021	29,979	389,850	654,850
2022	320,000	-	384,250	704,250
2023	385,000	-	370,950	755,950
2024-2028	1,864,412	1,060,588	1,816,250	4,741,250
2029-2033	3,928,289	5,521,711	1,816,250	11,266,250
2034-2038	10,265,152	6,449,848	1,473,375	18,188,375
Total	$ 17,360,794	$ 13,079,206	$ 7,030,625	$ 37,470,625

The 2012 refunding bonds mature through fiscal year 2024 as follows:

Fiscal Year	Principal	Current Interest to Maturity	Total
2019	$ 1,370,000	$ 511,500	$ 1,881,500
2020	1,535,000	438,875	1,973,875
2021	1,710,000	357,750	2,067,750
2022	1,895,000	267,625	2,162,625
2023	2,095,000	167,875	2,262,875
2024	2,310,000	57,750	2,367,750
Total	$ 10,915,000	$ 1,801,375	$ 12,716,375

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

Fiscal Year	Principal (including accreted interest to date)	Accreted Interest	Current Interest to Maturity	Total
2019	$ 48,427	$ 1,573	$ 71,663	$ 121,663
2020	54,511	5,489	71,663	131,663
2021	59,654	10,346	71,663	141,663
2022	75,944	19,056	71,663	166,663
2023	89,984	30,016	71,662	191,662
2024-2028	1,058,676	736,324	358,312	2,153,312
2029-2033	7,335,864	9,304,136	358,312	16,998,312
2034-2038	8,331,315	18,278,685	358,312	26,968,312
2039-2040	4,116,464	8,128,536	107,494	12,352,494
	$ 21,170,839	$ 36,514,161	$ 1,540,744	$ 59,225,744

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

Fiscal Year	Principal	Current Interest to Maturity	Total
2019	$ 110,000	$ 808,900	$ 918,900
2020	115,000	804,400	919,400
2021	130,000	800,800	930,800
2022	140,000	796,700	936,700
2023	155,000	790,800	945,800
2024-2028	12,125,000	2,786,475	14,911,475
2029	3,695,000	92,375	3,787,375
Total	$ 16,470,000	$ 6,880,450	$ 23,350,450

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

Fiscal Year	Principal	Current Interest to Maturity	Total
2019	$ 150,000	$ 597,350	$ 747,350
2020	155,000	594,300	749,300
2021	495,000	582,850	1,077,850
2022	535,000	559,575	1,094,575
2023	585,000	531,575	1,116,575
2024-2028	3,775,000	2,143,125	5,918,125
2029-2033	4,940,000	1,114,100	6,054,100
2034-2035	2,000,000	100,000	2,100,000
Total	$ 12,635,000	$ 6,222,875	$ 18,857,875

Note Payable

Assembly Bill 318 appropriated $30 million to the Board of Governors of the California Community Colleges as an emergency apportionment to finance, among other things, activities described in Article 5 of Chapter 5, Part 46 of the Education Code. The balance available to the District is $12,103,200. The financing does not constitute a borrowing, but is instead an advance apportionment subject to repayment with interest. During the 2015-2016 year, the District was able to negotiate and obtain a refinancing of a lower interest rate associated with this advance. The interest rate paid by the District prior to this refinance ranged 1.377 percent to 5.214 percent. After the refinancing, the interest rate on the remaining balance is 2.307 percent, resulting in a savings of $966,000 in interest payments for the District. At June 30, 2018, the District had received $17,896,800 with $9,731,161 outstanding.

Fiscal Year	Principal	Current Interest to Maturity	Total
2019	$ 957,343	$ 224,498	$ 1,181,841
2020	979,429	202,412	1,181,841
2021	1,002,025	179,817	1,181,842
2022	1,025,141	156,700	1,181,841
2023	1,048,791	133,050	1,181,841
2024-2028	4,419,611	307,071	4,726,682
2029	298,821	6,894	305,715
Total	$ 9,731,161	$ 1,210,442	$ 10,941,603

Compensated Absences

At June 30, 2018, the liability for compensated absences was $1,091,760.

Claims Liability

At June 30, 2018, the liability for claims liability was $815,091. See Note 11 for additional information.

Aggregate Net Other Postemployment Benefits (OPEB) Liability

For the fiscal year ended June 30, 2018, 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	OPEB Expense
District Plan	$ 8,835,181	$ 672,378	$ (108,334)
Medicare Premium Payment (MPP) Program	191,880	-	(27,035)
Total	$ 9,027,061	$ 672,378	$ (135,369)

The details of each plan are as follows:

<u>District Plan</u>

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, 2017, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefit payments	68
Active Plan members	182
	250

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 fiscal year 2016-2017, the District contributed $1,203,237 to the Plan, of which $453,237 was used for current premiums, and $750,000 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, 2017:

Asset Class	Target Allocation
Domestic equity	23%
Fixed income	50%
International equity	20%
Real estate	7%

Rate of Return

For the year ended June 30, 2017, the annual money-weighed rate of return on investments, net of investment expense, was 12.23 percent. 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 $8,835,181 was measured as of June 30, 2017, 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, 2017, were as follows:

Total OPEB liability	$ 11,679,424
Plan fiduciary net position	2,844,243
District's net OPEB liability	$ 8,835,181
Plan fiduciary net position as a percentage of the total OPEB liability	24%

Actuarial Assumptions

The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75 percent
Salary increases	2.75 percent
Investment rate of return	6.30 percent
Healthcare cost trend rates	4.00 percent

The discount rate was based on the Bond Buyer 20-Bond General Obligation Index.

Mortality rates were based on the 2009 CalSTRS Mortality Table for certificated employees and the 2014 CalPERS Active Mortality for Miscellaneous 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 actual assumptions used in the June 30, 2017 valuation were based on the results of an actual experience study as of July 2017.

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, 2017, (see the discussion of the Plan's investment policy) are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Domestic equity	9.1%
Fixed income	4.8%
International equity	8.7%
Real estate	7.5%
Cash	1.0%

Discount Rate

The discount rate used to measure the total OPEB liability was 6.30 percent. 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 lability.

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at June 30, 2016	$ 10,836,781	$ 1,821,266	$ 9,015,515
Service cost	608,696	-	608,696
Interest	687,184	-	687,184
Contributions - employer	-	1,203,237	(1,203,237)
Net investment income	-	295,644	(295,644)
Benefit payments	(453,237)	(453,237)	-
Administrative expense	-	(22,667)	22,667
Net change in total OPEB liability	842,643	1,022,977	(180,334)
Balance at June 30, 2017	$ 11,679,424	$ 2,844,243	$ 8,835,181

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

Changes of assumptions and other inputs reflect a change in the discount rate from 5.80 percent to 6.30 percent 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 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 (5.3%)	$ 10,380,963
Current discount rate (6.3%)	8,835,181
1% increase (7.3%)	7,550,186

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 would be if it were calculated using healthcare cost trend rates that are one percent lower or higher than the current healthcare costs trend rates:

Healthcare Cost Trend Rates	Net OPEB Liability
1% decrease (3.0%)	$ 7,532,225
Current healthcare cost trend rate (4.0%)	8,835,181
1% increase (5.0%)	10,363,028

Deferred Outflows of Resources Related to OPEB

At June 30, 2018, the District reported deferred outflows of resources for OPEB contributions subsequent to measurement date of $672,378.

<u>Medicare Premium Payment (MPP) Program</u>

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, 2016 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.

Contributions

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.

OPEB Liabilities and OPEB Expense Related to the OPEB

At June 30, 2018, the District reported a liability of $191,880 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2016, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. 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 community college districts, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2017 and June 30, 2016, was 0.0456 percent and 0.0468, respectively, resulting in a net decrease in the proportionate share of 0.0012 percent.

For the year ended June 30, 2018, the District recognized OPEB expense of ($27,035).

Actuarial Methods and Assumptions

The total OPEB liability for the MPP Program as of June 30, 2016, was determined based on a financial reporting actuarial valuation that used the June 30, 2016 assumptions presented in the table below. The June 30, 2017 total OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2016, and rolling forward the total OPEB liability to June 30, 2017, using the assumptions listed in the following table:

Measurement Date	June 30, 2017	June 30, 2016
Valuation Date	June 30, 2016	June 30, 2016
Experience Study	July 1, 2010 through June 30, 2016	July 1, 2010 through June 30, 2015
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return	3.58%	2.85%
Medicare Part A Premium Cost Trend Rate	3.70%	3.70%
Medicare Part B Premium Cost Trend Rate	4.10%	4.10%

For the valuation as of June 30, 2016, CalSTRS used custom mortality tables based on RP2000 Series tables issued by the Society of Actuaries, adjusted to fit CalSTRS specific experience through June 30, 2015. For the valuation as of June 30, 2017, CalSTRS changed the mortality assumptions based on the July 1, 2010 through June 30, 2015, experience study adopted by the board in February 2017. CalSTRS now 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 the members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) 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 571 or an average of 0.32 percent of the potentially eligible population (177,763).

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, 2017 and 2016, 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, 2017 and 2016 was 3.58 percent and 2.85 percent, respectively. The MPP Program is funded on a pay-as-you-go basis as described in Note 2, and under the pay-as-you-go method, the OPEB Plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, a discount rate of 3.58 percent and 2.85 percent, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2017 and 2016, respectively, was applied to all periods of projected benefit payments to measure the total OPEB liability.

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 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 OPEB Liability
1% decrease (2.58%)	$ 212,425
Current discount rate (3.58%)	191,880
1% increase (4.58%)	171,896

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 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:

Medicare Costs Trend Rate	Net OPEB Liability
1% decrease (2.7% Part A and 3.1% Part B)	$ 173,393
Current Medicare costs trend rate (3.7% Part A and 4.1% Part B)	191,880
1% increase (4.7% Part A and 5.1% Part B)	210,183

Aggregate Net Pension Obligation

At June 30, 2018, the District's aggregate net pension liability was $38,591,413. See Note 12 for additional information.

NOTE 11 - RISK MANAGEMENT

Property and Liability Insurance Coverages

The District is exposed to various risks of loss related to torts and liability; theft of, damage to 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, 2018, 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 2017-2018, 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, 2018, is based on the ultimate cost of the reported claims including future claim adjustment expense and an estimate for claims incurred, but not reported, based on historical experience. The amount of the liability is based on Bay Actuarial Consultants report dated June 29, 2017. The projected liability for unpaid losses reported in the Statement of Net Position is $815,091 and was calculated using the expected confidence level discounted at three percent. Changes in the reported liability are shown in the following table:

	Workers' Compensation
Liability Balance, July 1, 2016	$ 1,272,247
Claims and changes in estimates	(87,708)
Claims payments	(195,540)
Liability Balance, June 30, 2017	988,999
Claims payments	(173,908)
Liability Balance, June 30, 2018	$ 815,091
Assets Available to Pay Claims at June 30, 2018	$ 4,097,383

NOTE 12 - EMPLOYEE RETIREMENT SYSTEMS

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Academic employees are members of CalSTRS and classified employees are members of CalPERS.

For the fiscal year ended June 30, 2018, the District reported the net pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources for each of the above plans as follows:

Pension Plan	Collective Net Pension Liability	Collective Deferred Outflows of Resources	Collective Deferred Inflows of Resources	Collective Pension Expense
CalSTRS	$ 23,297,882	$ 6,612,901	$ 2,132,683	$ 2,207,021
CalPERS	15,293,531	4,914,459	445,104	2,811,618
Total	$ 38,591,413	$ 11,527,360	$ 2,577,787	$ 5,018,639

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, 2016, 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 percent of final compensation for each year of credited service.

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

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

The STRP provisions and benefits in effect at June 30, 2018, are summarized as follows:

	STRP Defined Benefit Program	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	9.205%
Required employer contribution rate	14.43%	14.43%
Required State contribution rate	9.328%	9.328%

Contributions

Required member, District, and State of California contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2018, are presented above, and the District's total contributions were $1,995,316.

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

At June 30, 2018, 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	$ 23,297,882
State's proportionate share of net pension liability associated with the District	13,782,830
Total	$ 37,080,712

The net pension liability was measured as of June 30, 2017. 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, 2017 and June 30, 2016, was 0.0252 percent and 0.0263 percent, respectively, resulting in a net decrease in the proportionate share of 0.0011 percent.

For the year ended June 30, 2018, the District recognized pension expense of $2,207,021. In addition, the District recognized pension expense and revenue of $1,387,374 for support provided by the State. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 1,995,316	$ -
Net change in proportionate share of net pension liability	215,222	1,105,842
Differences between projected and actual earnings on the pension plan investments	-	620,488
Differences between expected and actual experience in the measurement of the total pension liability	86,158	406,353
Changes of assumptions	4,316,205	-
Total	$ 6,612,901	$ 2,132,683

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
2019	$ (515,835)
2020	390,333
2021	56,284
2022	(551,270)
Total	$ (620,488)

The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, 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
2019	$ 470,094
2020	470,094
2021	470,094
2022	470,096
2023	612,288
Thereafter	612,724
Total	$ 3,105,390

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2016, and rolling forward the total pension liability to June 30, 2017. The financial reporting actuarial valuation as of June 30, 2016, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2016
Measurement date	June 30, 2017
Experience study	July 1, 2010 through June 30, 2015
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 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) 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 (Pension Consulting Alliance-PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in February 2017 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2017, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	47%	6.30%
Fixed income	12%	0.30%
Real estate	13%	5.20%
Private equity	13%	9.30%
Absolute Return/Risk Mitigating Strategies	9%	2.90%
Inflation sensitive	4%	3.80%
Cash/liquidity	2%	-1.00%

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	$ 34,208,688
Current discount rate (7.10%)	23,297,882
1% increase (8.10%)	14,443,024

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, 2016, 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 provisions and benefits in effect at June 30, 2018, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	6.50%
Required employer contribution rate	15.531%	15.531%

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, 2018, are presented above, and the total District contributions were $1,299,191.

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

As of June 30, 2018, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $15,293,531. The net pension liability was measured as of June 30, 2017. 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, 2017 and June 30, 2016, was 0.0641 percent and 0.0659 percent, respectively, resulting in a net decrease in the proportionate share of 0.0018 percent.

For the year ended June 30, 2018, the District recognized pension expense of $2,811,618. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 1,299,191	$ -
Net change in proportionate share of net pension liability	304,451	265,042
Differences between projected and actual earnings on the pension plan investments	529,052	-
Differences between expected and actual experience in the measurement of the total pension liability	547,904	-
Changes of assumptions	2,233,861	180,062
Total	$ 4,914,459	$ 445,104

The deferred outflow of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2019	$ (14,336)
2020	610,410
2021	222,685
2022	(289,707)
Total	$ 529,052

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2019	$ 955,226
2020	983,638
2021	702,248
Total	$ 2,641,112

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2016, and rolling forward the total pension liability to June 30, 2017. The financial reporting actuarial valuation as of June 30, 2016, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2016
Measurement date	June 30, 2017
Experience study	July 1, 1997 through June 30, 2011
Actuarial cost method	Entry age normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.75%
Wage growth	Varies by entry age and services

The mortality table used was developed based on CalPERS-specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.

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	47%	5.38%
Global debt securities	19%	2.27%
Inflation assets	6%	1.39%
Private equity	12%	6.63%
Real estate	11%	5.21%
Infrastructure and Forestland	3%	5.36%
Liquidity	2%	-0.90%

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the School Employer Pool fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

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

Discount Rate	Net Pension Liability
1% decrease (6.15%)	$ 22,501,686
Current discount rate (7.15%)	15,293,531
1% increase (8.15%)	9,313,764

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, 2018. For the 2018 fiscal year, the District contributed a total of $200,000 into this trust.

On Behalf Payments

The State of California makes contributions to CalSTRS and CalPERS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS for the fiscal year ended June 30, 2018 which amounted to $1,120,839 (9.328 percent) of salaries subject to CalSTRS. Contributions are no longer appropriated in the annual *Budget Act* for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. No contributions were made for CalPERS for the year ended June 30, 2018. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. These amounts have been reflected in the basic financial statements as a component of operating revenue and employee benefit expense.

NOTE 13 - 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, 2018, the District made premium and claim payments of $293,178 and $611,059 to SWACC and PIPS, respectively.

NOTE 14 - COMMITMENTS AND CONTINGENCIES

Grants

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2018.

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, 2018.

Line of Credit

As mentioned above in Note 10, the District was appropriated $30 million from Assembly Bill 318 through the Board of Governors of the California Community Colleges. As of June 30, 2018, 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

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

Project	Remaining Construction Commitment	Estimated Completion
Instructional Building #1	$ 308,495	FY 2022
Instructional Building #2	1,139,320	FY 2022
Public Safety Building	3,899,952	FY 2019
Student Services Building	1,229,085	FY 2022
Master Planning	48,022	FY 2019
Project Support Services	212,108	FY 2022
Weight Room	465,500	FY 2019
Child Development Center Playground	134,000	FY 2019
	$ 7,436,482	

NOTE 15 - ACCREDITATION

The Compton Community College District's accreditation was revoked as a community college district effective July 14, 2006. As a result, the educational and student financial aid programs have since been administered through the El Camino Community College District (El Camino CCD) as the El Camino College Compton Center. This revocation of accreditation was the result of deficiencies in the education programs, student support programs, governance, and fiscal stability.

On June 7, 2017, the Accrediting Commission for Community and Junior Colleges (ACCJC) granted initial accreditation status to Compton College; the action established Compton College as an accredited college. This action came after the ACCJC, Western Association of Schools and Colleges, reviewed the Institutional Self Evaluation Report (ISER) submitted by Compton Center and the report prepared by the evaluation team that visited the Center March 6-9, 2017. The purpose of the Commission's review was to determine whether the Center meets Eligibility Requirements, Accreditation Standards, and Commission policies. The Commission acted to Grant Initial Accreditation to Compton College. Granting Initial Accreditation indicates that the Commission has determined that the institute is in substantial compliance with its Eligibility Requirements, Accreditation Standards, and Commission policies.

NOTE 16 - RESTATEMENT OF PRIOR YEAR NET POSITION

The District adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, in the current year. As a result, the effect on the current fiscal year is as follows:

Primary Government	
Net Position - Beginning	$ 55,749,675
Inclusion of aggregate net OPEB liability from the adoption of GASB Statement No. 75	(2,281,430)
Net Position - Beginning, as Restated	$ 53,468,245

NOTE 17 - SUBSEQUENT EVENT

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 District Board of Trustees effective June 7, 2019, at 11:59 p.m. On October 16, 2018, the District Board of Trustees approved Resolution No. 10-16-2018A, terminating the agreement dated November 30, 2016, between the District and El Camino Community College District effective June 7, 2019, at 11:59 p.m. At this time, Compton College will operate as an independent college under the authority of the District Board of Trustees, and the partnership with El Camino Community College District will end.

On October 17, 2018, the District issued Election 2002 General Obligation Bonds, Series 2018E in the amount of $12,440,677. The Bonds are comprised of $4,490,000 in current interest bonds and $7,950,677 of capital appreciation bonds with interest rates ranging from 4.00 percent to 5.00 percent. The proceeds from the Bonds will be used to finance the acquisition, construction, modernization, and equipping District sites and facilities, and pay the costs of issuing the Bonds. The Bonds will be repaid by the District from the proceeds of *ad valorem* property taxes, through August 1, 2040.

On October 17, 2018, the District issued Election 2014 General Obligation Bonds, Series 2018A in the amount of $38,000,000. The Bond issuance is comprised of current interest bonds with interest rates ranging from 4.00 percent to 5.00 percent. The proceeds from the Bonds will be used to finance the acquisition, construction, modernization and equipping District sites and facilities, and pay the costs of issuing the Bonds. The Bonds will be repaid by the District, from the proceeds of *ad valorem* property taxes, through August 1, 2043.

REQUIRED SUPPLEMENTARY INFORMATION

COMPTON COMMUNITY COLLEGE DISTRICT

SCHEDULE OF CHANGES IN THE DISTRICT'S NET OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2018

	2018
Total OPEB Liability	
Service cost	$ 608,696
Interest	687,184
Benefit payments	(453,237)
Net changes in total OPEB liability	842,643
Total OPEB Liability - beginning	10,836,781
Total OPEB Liability - ending (a)	$ 11,679,424
Plan fiduciary net position	
Contributions - employer	$ 1,203,237
Net investment income	295,644
Benefit payments	(453,237)
Administrative expense	(22,667)
Net change in plan fiduciary net position	1,022,977
Plan fiduciary net position - beginning	1,821,266
Plan fiduciary net position - ending (b)	$ 2,844,243
District's net OPEB liability - ending (a) - (b)	$ 8,835,181
Plan fiduciary net position as a percentage of the total OPEB liability	24.35%
Covered-employee payroll	$ 22,192,701
District's net OPEB liability as a percentage of covered-employee payroll	39.81%

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

See accompanying note to required supplementary information.

COMPTON COMMUNITY COLLEGE DISTRICT

SCHEDULE OF OPEB INVESTMENT RETURNS
FOR THE YEAR ENDED JUNE 30, 2018

	2018
Annual money-weighted rate of return, net of investment expense	12.23%

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

See accompanying note to required supplementary information.

COMPTON COMMUNITY COLLEGE DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY - MPP PROGRAM
FOR THE YEAR ENDED JUNE 30, 2018

	2018
Year ended June 30,	
District's proportion of the net OPEB liability	0.0456%
District's proportionate share of the net OPEB liability	$ 191,880
District's covered-employee payroll	N/A[1]
District's proportionate share of the net OPEB liability as a percentage of it's covered-employee payroll	N/A[1]
Plan fiduciary net position as a percentage of the total OPEB liability	0.01%

[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.

See accompanying note to required supplementary information.

COMPTON COMMUNITY COLLEGE DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY FOR THE YEAR ENDED JUNE 30, 2018

	2018	2017
CalSTRS		
District's proportion of the net pension liability	0.0252%	0.0263%
District's proportionate share of the net pension liability	$ 23,297,882	$ 21,272,244
State's proportionate share of the net pension liability associated with the District	13,782,830	12,109,909
Total	$ 37,080,712	$ 33,382,153
District's covered-employee payroll	$ 13,597,782	$ 13,665,051
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	171.34%	155.67%
Plan fiduciary net position as a percentage of the total pension liability	69%	70%
CalPERS		
District's proportion of the net pension liability	0.0641%	0.0659%
District's proportionate share of the net pension liability	$ 15,293,531	$ 13,018,832
District's covered-employee payroll	$ 8,169,859	$ 8,205,368
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	187.19%	158.66%
Plan fiduciary net position as a percentage of the total pension liability	72%	74%

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

See accompanying note to required supplementary information.

	2016	2015
	0.0259%	0.0268%
	$ 17,432,301	$ 15,664,559
	9,219,766	9,458,937
	$ 26,652,067	$ 25,123,496
	$ 12,752,399	$ 11,939,418
	136.70%	131.20%
	74%	77%
	0.0618%	0.0629%
	$ 9,114,629	$ 7,143,796
	$ 6,862,365	$ 6,605,812
	132.82%	108.14%
	79%	83%

COMPTON COMMUNITY COLLEGE DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS FOR PENSIONS
FOR THE YEAR ENDED JUNE 30, 2018

	2018	2017
CalSTRS		
Contractually required contribution	$ 1,995,316	$ 1,710,601
Contributions in relation to the contractually required contribution	1,995,316	1,710,601
Contribution deficiency (excess)	$ -	$ -
District's covered-employee payroll	$ 13,827,554	$ 13,597,782
Contributions as a percentage of covered-employee payroll	14.43%	12.58%
CalPERS		
Contractually required contribution	$ 1,299,191	$ 1,134,630
Contributions in relation to the contractually required contribution	1,299,191	1,134,630
Contribution deficiency (excess)	$ -	$ -
District's covered-employee payroll	$ 8,365,147	$ 8,169,859
Contributions as a percentage of covered-employee payroll	15.531%	13.888%

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

See accompanying note to required supplementary information.

2016	2015
$ 1,466,260	$ 1,132,413
1,466,260	1,132,413
$ -	$ -
$ 13,665,051	$ 12,752,399
10.73%	8.88%
$ 972,090	$ 807,769
972,090	807,769
$ -	$ -
$ 8,205,368	$ 6,862,365
11.847%	11.771%

COMPTON COMMUNITY COLLEGE DISTRICT

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2018

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 **-** The plan rate of investment return assumption was changed from 5.80 percent to 6.30 percent 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 of Assumptions **-** The plan rate of investment return assumption was changed from 2.85 percent to 3.58 percent 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 both CalSTRS and CalPERS.

Changes of Assumptions **-** The CalSTRS plan rate of investment return assumption was changed from 7.60 percent to 7.10 percent since the previous valuation. The CalPERS plan rate of investment return assumption was changed from 7.65 percent to 7.15 percent since the previous valuation.

Schedule of District 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

DISTRICT ORGANIZATION
JUNE 30, 2018

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.

BOARD OF TRUSTEES

MEMBER	POSITION	TERM EXPIRES
Ms. Nicole Jones	President	December 2018
Ms. Sonia Lopez	Vice President	December 2020
Ms. LoWanda Green	Clerk	December 2018
Dr. Deborah Sims LeBlanc	Member	December 2018
Mr. Andres Ramos	Member	December 2018
Mr. Gene Farrell	Special Trustee	
Mr. Joshua Castellanos Ramos	Student Trustee	May 2018

ADMINISTRATION

Dr. Keith Curry	President/Chief Executive Officer
Dr. Stephanie Atkinson-Alston	Vice President, Academic Affairs
Mr. Steven Haigler	Vice President, Administrative Services
Ms. Elizabeth Martinez	Vice President, Student Services
Ms. Barbara Perez	Vice President, Compton College
Ms. Rachelle Sasser	Vice President, Human Resources
Dr. Abiodun Osanyinpeju	Dean, Student Learning, Division 1
Dr. Rodney Murray	Dean, Student Learning, Division 2
Dr. Chelvi Subramaniam	Dean, Student Success, Division 3

See accompanying note to supplementary information.

COMPTON COMMUNITY COLLEGE DISTRICT

SCHEDULE OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

Program	CFDA Number	Program Entitlements Current Year	Prior Year	Total Entitlement
U.S. DEPARTMENT OF EDUCATION				
Upward Bound Math and Science	84.047M	$ 296,938	$118,661	$415,599
U.S. DEPARTMENT OF AGRICULTURE				
Child and Adult Care Food Care Program	10.558	43,863	-	43,863
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Temporary Assistance for Needy Families (TANF)	93.558	93,517	-	93,517
Temporary Assistance for Needy Families (TANF) - DPSS	93.558	114,999	-	114,999
Foster and Kinship Care Education (FKCE)	93.658	52,180	-	52,180
Youth Empowerment Strategies for Success - Independent Living	93.674	22,500	-	22,500
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	74,653	-	74,653
Child Care and Development Block Grant	93.575	34,315	-	34,315
Total Federal Programs				

See accompanying note to supplementary information.

Program Revenues			
Cash Received	Accounts Receivable	Total Revenue	Program Expenditures
$ 170,845	$ 38,430	$ 209,275	$ 209,275
31,641	12,222	43,863	43,863
71,073	22,444	93,517	93,517
95,294	19,705	114,999	114,999
31,308	19,222	50,530	50,530
2,340	20,160	22,500	22,500
64,463	-	64,463	64,463
29,632	-	29,632	29,632
$ 496,596	$ 132,183	$ 628,779	$ 628,779

COMPTON COMMUNITY COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

	Program Entitlements		
Program	Current Year	Prior Year	Total Entitlement
Adult Education Consortium	$ 375,000	$ 456,328	$ 831,328
Basic Skills	351,301	-	351,301
Board of Financial Assistance Program (SFAA)	276,702	-	276,702
Cal Grant	868,665	35,579	904,244
CCC Completion Grant	91,500	-	91,500
CalWORKs	530,498	-	530,498
Campus Safety	15,995	-	15,995
Cooperative Agencies Resources for Education (CARE)	620,775	-	620,775
Disabled Students Program Services	395,674	-	395,674
Extended Opportunity Program and Services	1,173,523	-	1,173,523
Equal Employment Opportunity	50,000	63,505	113,505
Foster and Kinship Care Education	64,415	-	64,415
Full Time Student Success Grant	216,500	102,687	319,187
Guided Pathways	831,951	-	831,951
Hunger-Free Campus Support	12,851	-	12,851
Instructional Equipment	96,224	266,149	362,373
Nonresident Dreamer Emergency Aid	82,186	-	82,186
Nursing Education	91,200	-	91,200
Special Trustee	325,000	125,123	450,123
Strong Workforce	727,419	716,398	1,443,817
Student Equity	834,188	241,550	1,075,738
Student Success and Support Program (Credit)	1,105,544	87,789	1,193,333
General Child Care and Development Program	182,530	-	182,530
California State Preschool Program	448,428	-	448,428
Child and Adult Care Food Program	2,591	-	2,591
Total State Programs			

See accompanying note to supplementary information.

Program Revenues				
Cash Received	Accounts Receivable	Unearned Revenue	Total Revenue	Program Expenditures
$ 831,328	$ -	$ 605,646	$ 225,682	$ 225,682
351,301	-	252,088	99,213	99,213
276,702	-	-	276,702	276,702
911,394	-	7,150	904,244	904,244
91,500	-	15,750	75,750	75,750
530,498	-	581	529,917	529,729
15,995	-	15,995	-	-
620,775	-	-	620,775	620,775
395,674	-	-	395,674	395,674
1,173,523	-	-	1,173,523	1,173,523
113,505	-	80,688	32,817	32,817
64,415	-	-	64,415	64,415
319,187	-	-	319,187	319,187
207,988	-	207,988	-	-
12,851	-	12,851	-	-
362,373	-	314,699	47,674	47,674
82,186	-	1,186	81,000	81,000
51,646	39,554	-	91,200	91,200
450,123	-	290,724	159,399	159,399
1,443,817	-	889,860	553,957	553,957
1,075,738	-	215,580	860,158	860,158
1,193,333	-	60,547	1,132,786	1,132,786
157,617	-	-	157,617	157,617
299,180	3,529	-	302,709	302,709
1,866	725	-	2,591	2,591
$ 11,034,515	$ 43,808	$ 2,971,333	$ 8,106,990	$ 8,106,802

COMPTON COMMUNITY COLLEGE DISTRICT

SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL APPORTIONMENT ANNUAL (ACTUAL) ATTENDANCE FOR THE YEAR ENDED JUNE 30, 2018

CATEGORIES	**Revised Reported Data	Audit Adjustments	Audited Data
A. Summer Intersession (Summer 2017 only)			
1. Noncredit*	3.20	-	3.20
2. Credit	668.13	-	668.13
B. Summer Intersession (Summer 2018 - Prior to July 1, 2018)			
1. Noncredit*	-	-	-
2. Credit	558.93	-	558.93
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	3,496.65	-	3,496.65
(b) Daily Census Contact Hours	594.96	-	594.96
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit*	15.32	-	15.32
(b) Credit	160.92	-	160.92
3. Alternative Attendance Accounting Procedure Courses			
(a) Weekly Census Contact Hours	355.02	-	355.02
(b) Daily Census Contact Hours	127.08	-	127.08
D. Total FTES	5,980.21	-	5,980.21
SUPPLEMENTAL INFORMATION (Subset of Above Information)			
E. In-Service Training Courses (FTES)	-	-	-
H. Basic Skills Courses and Immigrant Education			
1. Noncredit*	3.64	-	3.64
2. Credit	359.42	-	359.42

* Including Career Development and College Preparation (CDCP) FTES.
** Annual report revised as of November 1, 2018.

See accompanying note to supplementary information.

COMPTON COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF *EDUCATION CODE* SECTION 84362 (50 PERCENT LAW) CALCULATION FOR THE YEAR ENDED JUNE 30, 2018

		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	$ 6,669,081	$ -	$ 6,669,081	$ 6,669,081	$ -	$ 6,669,081
Other	1300	3,991,595	-	3,991,595	4,048,968	-	4,048,968
Total Instructional Salaries		10,660,676	-	10,660,676	10,718,049	-	10,718,049
Noninstructional Salaries							
Contract or Regular	1200	-	-	-	2,539,129	-	2,539,129
Other	1400	-	-	-	308,750	-	308,750
Total Noninstructional Salaries		-	-	-	2,847,879	-	2,847,879
Total Academic Salaries		10,660,676	-	10,660,676	13,565,928	-	13,565,928
Classified Salaries							
Noninstructional Salaries							
Regular Status	2100	-	-	-	5,032,335	-	5,032,335
Other	2300	-	-	-	553,619	-	553,619
Total Noninstructional Salaries		-	-	-	5,585,954	-	5,585,954
Instructional Aides							
Regular Status	2200	493,964	-	493,964	649,991	-	649,991
Other	2400	135,096	-	135,096	135,096	-	135,096
Total Instructional Aides		629,060	-	629,060	785,087	-	785,087
Total Classified Salaries		629,060	-	629,060	6,371,041	-	6,371,041
Employee Benefits	3000	4,325,069	-	4,325,069	8,158,780	-	8,158,780
Supplies and Material	4000	-	-	-	591,671	-	591,671
Other Operating Expenses	5000	-	-	-	4,870,909	-	4,870,909
Equipment Replacement	6420	-	-	-	-	-	-
Total Expenditures Prior to Exclusions		15,614,805	-	15,614,805	33,558,329	-	33,558,329

See accompanying note to supplementary information.

COMPTON COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF *EDUCATION CODE* SECTION 84362 (50 PERCENT LAW) CALCULATION, Continued
FOR THE YEAR ENDED JUNE 30, 2018

		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	$ 323,130	$ -	$ 323,130	$ 323,130	$ -	$ 323,130
Student Health Services Above Amount Collected	6441	-	-	-	-	-	-
Student Transportation	6491	-	-	-	89,779	-	89,779
Noninstructional Staff - Retirees' Benefits and Retirement Incentives	6740	-	-	-	243,408	-	243,408
Objects to Exclude							
Rents and Leases	5060	-	-	-	377,396	-	377,396
Lottery Expenditures							
Academic Salaries	1000	-	-	-	-	-	-
Classified Salaries	2000	-	-	-	798,625	-	798,625
Employee Benefits	3000	-	-	-	-	-	-
Supplies and Materials	4000	-	-	-	-	-	-
Software	4100	-	-	-	-	-	-
Books, Magazines, and Periodicals	4200	-	-	-	-	-	-
Instructional Supplies and Materials	4300	-	-	-	-	-	-
Noninstructional Supplies and Materials	4400	-	-	-	-	-	-
Total Supplies and Materials		-	-	-	-	-	-

See accompanying note to supplementary information.

COMPTON COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF *EDUCATION CODE* SECTION 84362 (50 PERCENT LAW) CALCULATION, Continued
FOR THE YEAR ENDED JUNE 30, 2018

		ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
	Object/TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Other Operating Expenses and Services	5000	$ -	$ -	$ -	$ -	$ -	$ -
Capital Outlay	6000						
Library Books	6300	-	-	-	57,226	-	57,226
Equipment	6400	-	-	-	-	-	-
Equipment - Additional	6410	-	-	-	115,160	-	115,160
Equipment - Replacement	6420	-	-	-	-	-	-
Total Equipment		-	-	-	115,160	-	115,160
Total Capital Outlay		-	-	-	172,386	-	172,386
Other Outgo	7000	-	-	-	1,748,690	-	1,748,690
Total Exclusions		323,130	-	323,130	3,753,414	-	3,753,414
Total for ECS 84362, 50 Percent Law		$15,291,675	$ -	$15,291,675	$29,804,915	$ -	$29,804,915
Percent of CEE (Instructional Salary Cost/Total CEE)		51.31%		51.31%	100.00%		100.00%
50% of Current Expense of Education					$14,902,458		$14,902,458

See accompanying note to supplementary information.

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT (CCFS-311) WITH AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

There were no adjustments to the Annual Financial and Budget Report (CCFS-311) which required reconciliation to the audited financial statements at June 30, 2018.

See accompanying note to supplementary information.

COMPTON COMMUNITY COLLEGE DISTRICT

PROPOSITION 30 EDUCATION PROTECTION ACCOUNT (EPA) EXPENDITURE REPORT FOR THE YEAR ENDED JUNE 30, 2018

Activity Classification	Object Code			Unrestricted	
EPA Proceeds:	8630				$ 5,210,465
Activity Classification	**Activity Code**	**Salaries and Benefits (Obj 1000-3000)**	**Operating Expenses (Obj 4000-5000)**	**Capital Outlay (Obj 6000)**	**Total**
Instructional Activities	0100-5900	$ 5,210,465	$ -	$ -	$ 5,210,465
Total Expenditures for EPA		$ 5,210,465	$ -	$ -	$ 5,210,465
Revenues Less Expenditures					$ -

See accompanying note to supplementary information.

COMPTON COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2018

Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:		
Total Fund Balance and Retained Earnings:		
General Funds	$ 13,981,955	
Special Revenue Funds	89,082	
Capital Project Funds	11,002,832	
Debt Service Funds	3,436,921	
Internal Service Funds	3,285,572	
Student Financial Aid Fund	422,162	
Total Fund Balance and Retained Earnings - All District Funds		**$ 32,218,524**
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is:	192,474,562	
Accumulated depreciation is:	(43,469,688)	
		149,004,874
In governmental funds, unmatured interest on long-term obligations is recognized in the period when it is due. On the government-wide financial statements, unmatured interest on long-term obligation is recognized when it is incurred.		(1,151,555)
Deferred charges on refunding (the difference between the reacquisition price and net carrying amount of refunded debt) are capitalized and amortized over the remaining life of the new or old debt (whichever is shorter) and are included with governmental activities.		3,140,825
Deferred outflows of resources related to pensions represent a consumption of net position in a future period and is not reported in the District's funds. Deferred outflows of resources related to pensions at year end consist of:		
Pension contributions subsequent to measurement date	3,294,507	
Net change in proportionate share of net pension liability	519,673	
Differences between projected and actual earnings on pension plan investments	529,052	
Differences between expected and actual experience in the measurement of the total pension liability	634,062	
Changes of assumptions	6,550,066	
Total Deferred Outflows of Resources Related to Pensions		11,527,360

See accompanying note to supplementary information.

RECONCILIATION OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION, Continued
JUNE 30, 2018

Deferred inflows of resources related to pensions represent an acquisition of net position that applies to a future period and is not reported in the District's funds. Deferred inflows of resources related to pensions at year-end consist of:		
Net change in proportionate share of net pension liability	$ (1,370,884)	
Differences between projected and actual earnings on pension plan investments	(620,488)	
Differences between expected and actual experience in the measurement of the total pension liability	(406,353)	
Changes of assumptions	(180,062)	
Total Deferred Inflows of Resources Related to Pensions		$ (2,577,787)
Deferred outflows of resources related to OPEB represent a consumption of net position in a future period and is not reported in the District's funds. Deferred outflows of resources related to OPEB at year-end consist of OPEB contributions subsequent to measurement date.		672,378
Long-term obligations, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.		
Long-term obligations at year-end consist of:		
Bonds payable	71,468,943	
Bond premium	4,014,108	
Notes payable	9,731,161	
Compensated absences	1,091,760	
Aggregate net OPEB liability	9,027,061	
Aggregate net pension obligation	38,591,413	
In addition, the District issued 'capital appreciation' general obligation bonds. The accretion of interest on those bonds to date is the following:	7,687,690	(141,612,136)
Total Net Position		**$ 51,222,483**

See accompanying note to supplementary information.

NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2018

NOTE 1 - PURPOSE OF SCHEDULES

District Organization

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

Schedule of Federal Awards

The accompanying Schedule of Federal Awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. This schedule is not intended to be prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (Part 200), *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). This schedule is presented at the request of District management as the District was not subject to these requirements for the 2017-2018 fiscal year due to the District not exceeding the Federal expenditure threshold ($750,000) to become subject to Single Audit.

Schedule of Expenditures of State Awards

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

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

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

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

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

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

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

Proposition 30 Education Protection Account (EPA) Expenditure Report

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

NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2018

Reconciliation of Governmental Funds to the Statement of Net Position

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

INDEPENDENT AUDITOR'S REPORTS

VAVRINEK, TRINE, DAY & CO., LLP
Certified Public Accountants

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

Board of Trustees
Compton Community College District
Compton, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate remaining fund information of Compton Community College District (the District) as of and for the year ended June 30, 2018, 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 4, 2018.

Emphasis of Matter - Change in Accounting Principles

As discussed in Note 2 and Note 16 to the financial statements, in 2018, the District adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* Our opinion is not modified with respect to this matter.

Internal Control Over Financial Reporting

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

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

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

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Compliance and Other Matters

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

Purpose of This Report

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

Vavrinek, Trine, Day & Co. LLP

Rancho Cucamonga, California
December 4, 2018

VAVRINEK, TRINE, DAY & CO., LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Board of Trustees
Compton Community College District
Compton, California

Report on State Compliance

We have audited Compton Community College District's (the District) compliance with the types of compliance requirements as identified in the 2017-2018 California Community Colleges Chancellor's Office *District Audit Manual* that could have a direct and material effect on each of the District's State programs as noted below for the year ended June 30, 2018.

Management's Responsibility

Management is responsible for compliance with State laws and regulations, and the terms and conditions of its State awards applicable to its State programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance of each of the District's State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the standards and procedures identified in the 2017-2018 California Community Colleges Chancellor's Office *District Audit Manual*. These standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above could have a material effect on the applicable programs noted below. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions. Our audit does not provide a legal determination of the District's compliance with those requirements.

Unmodified Opinion for Each of the Programs

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the State programs noted below that were audited for the year ended June 30, 2018.

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

Section 421	Salaries of Classroom Instructors (50 Percent Law)
Section 423	Apportionment for Instructional Service Agreements/Contracts
Section 424	State General Apportionment Funding System
Section 425	Residency Determination for Credit Courses
Section 426	Students Actively Enrolled
Section 427	Dual Enrollment (CCAP and Non-CCAP)
Section 428	Student Equity
Section 429	Student Success and Support Program (SSSP) Funds
Section 430	Scheduled Maintenance Program
Section 431	Gann Limit Calculation
Section 435	Open Enrollment
Section 439	Proposition 39 Clean Energy Fund
Section 440	Intersession Extension Programs
Section 444	Apprenticeship Related and Supplemental Instruction (RSI) Funds
Section 475	Disabled Student Programs and Services (DSPS)
Section 479	To Be Arranged Hours (TBA)
Section 490	Proposition 1D and 51 State Bond Funded Projects
Section 491	Education Protection Account Funds

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

The District did not offer any Intersession Extension Programs; therefore, the compliance tests within this section were not applicable.

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 District reports no To Be Arranged (TBA) Hours for Apportionment Funding; therefore, the compliance tests within this section were not applicable.

Vavrinek, Trine, Day & Co. LLP

Rancho Cucamonga, California
December 4, 2018

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SUMMARY OF AUDITOR'S RESULTS
FOR THE YEAR ENDED JUNE 30, 2018

FINANCIAL STATEMENTS

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

STATE AWARDS

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

**FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2018**

None reported.

STATE AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

None reported.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018

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

None reported.

State Awards Findings

None reported.

UNAUDITED SUPPLEMENTARY INFORMATION

COMPTON COMMUNITY COLLEGE DISTRICT

GOVERNMENTAL FUNDS
BALANCE SHEETS
JUNE 30, 2018

	General Unrestricted	Line of Credit General Unrestricted	General Restricted
ASSETS			
Cash and cash equivalents	$ 25,000	$ -	$ 159
Investments	14,680,332	1,124,141	4,554,485
Accounts receivable	406,025	6,218	667,150
Student loans receivable	1,737,034	-	-
Prepaid expenses	37,394	-	2,525
Total Assets	$ 16,885,785	$ 1,130,359	$ 5,224,319
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	$ 4,207,833	$ -	$ 679,934
Unearned revenue	924,947	-	3,445,794
Total Liabilities	5,132,780	-	4,125,728
FUND BALANCES			
Nonspendable	62,394	-	-
Restricted	-	-	1,098,591
Undesignated	11,690,611	1,130,359	-
Total Fund Balances	11,753,005	1,130,359	1,098,591
Total Liabilities and Fund Balances	$ 16,885,785	$ 1,130,359	$ 5,224,319

See accompanying note to unaudited supplementary information.

Compton Recovery Fund	Child Development	Bond Interest and Redemption	Capital Outlay Projects	Revenue Bond Construction	Total Governmental Fund (Memorandum Only)
$ -	$ -	$ -	$ -	$ -	$ 25,159
3,186,767	97,083	3,436,921	1,441,648	9,777,764	38,299,141
16,480	33,983	-	607,310	53,698	1,790,864
-	-	-	-	-	1,737,034
-	-	-	7,633	-	47,552
$ 3,203,247	$ 131,066	$ 3,436,921	$ 2,056,591	$ 9,831,462	$ 41,899,750
$ 137,768	$ 41,984	$ -	$ 33,856	$ 264,441	$ 5,365,816
-	-	-	586,924	-	4,957,665
137,768	41,984	-	620,780	264,441	10,323,481
-	-	-	7,633	-	70,027
3,065,479	89,082	3,436,921	1,428,178	9,567,021	18,685,272
-	-	-	-	-	12,820,970
3,065,479	89,082	3,436,921	1,435,811	9,567,021	31,576,269
$ 3,203,247	$ 131,066	$ 3,436,921	$ 2,056,591	$ 9,831,462	$ 41,899,750

COMPTON COMMUNITY COLLEGE DISTRICT

GOVERNMENTAL FUNDS
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2018

	General Unrestricted	Line of Credit General Unrestricted	General Restricted
REVENUES			
Federal revenues	$ -	$ -	$ 490,821
State revenues	30,936,489	-	6,502,532
Local revenues	7,357,373	17,435	884,155
Total Revenues	38,293,862	17,435	7,877,508
EXPENDITURES			
Current Expenditures			
Academic salaries	13,769,315	-	1,432,795
Classified salaries	6,625,894	-	2,245,752
Employee benefits	8,127,858	-	1,173,040
Books and supplies	592,412	-	731,504
Services and operating expenditures	5,679,653	-	782,430
Capital outlay	215,655	-	647,253
Debt service - principal	935,755	-	-
Debt service - interest and other	246,086	-	-
Total Expenditures	36,192,628	-	7,012,774
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,101,234	17,435	864,734
OTHER FINANCING SOURCES (USES)			
Operating transfers in	-	-	6,238
Operating transfers out	(712,309)	-	-
Other uses	(144,319)	-	(810,689)
Total Other Financing Sources (Uses)	(856,628)	-	(804,451)
NET CHANGE IN FUND BALANCES	1,244,606	17,435	60,283
FUND BALANCE, BEGINNING OF YEAR	10,508,399	1,112,924	1,038,308
FUND BALANCE, END OF YEAR	$ 11,753,005	$ 1,130,359	$ 1,098,591

See accompanying note to unaudited supplementary information.

Compton Recovery Fund	Child Development	Bond Interest and Redemption	Capital Outlay Projects	Revenue Bond Construction	Total Governmental Fund (Memorandum Only)
$ -	$ 137,958	$ -	$ -	$ -	$ 628,779
4,520,000	463,349	35,958	759,183	-	43,217,511
18,011	149,149	4,554,889	59,327	161,241	13,201,580
4,538,011	750,456	4,590,847	818,510	161,241	57,047,870
-	-	-	-	-	15,202,110
12,418	409,723	-	-	-	9,293,787
5,739	161,178	-	-	-	9,467,815
-	36,398	-	-	-	1,360,314
976,432	2,364	-	25,859	145,702	7,612,440
477,943	125,000	-	929,667	1,528,625	3,924,143
-	-	1,885,000	-	-	2,820,755
-	-	2,485,819	-	-	2,731,905
1,472,532	734,663	4,370,819	955,526	1,674,327	52,413,269
3,065,479	15,793	220,028	(137,016)	(1,513,086)	4,634,601
-	3,758	-	-	-	9,996
-	-	-	-	-	(712,309)
-	-	-	-	-	(955,008)
-	3,758	-	-	-	(1,657,321)
3,065,479	19,551	220,028	(137,016)	(1,513,086)	2,977,280
-	69,531	3,216,893	1,572,827	11,080,107	28,598,989
$ 3,065,479	$ 89,082	$ 3,436,921	$ 1,435,811	$ 9,567,021	$ 31,576,269

COMPTON COMMUNITY COLLEGE DISTRICT

PROPRIETARY FUND
BALANCE SHEET
JUNE 30, 2018

	Internal Service Fund
ASSETS	
Cash and cash equivalents	250,000
Investments	3,836,789
Accounts receivable	14,433
Total Assets	$ 4,101,222
LIABILITIES	
Accounts payable	$ 559
Claim liabilities	815,091
Total Liabilities	815,650
NET POSITION	
Restricted	3,285,572
Total Net Position	$ 4,101,222

See accompanying note to unaudited supplementary information.

COMPTON COMMUNITY COLLEGE DISTRICT

PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018

	Internal Service Fund
OPERATING REVENUES	
Contracted services	$ 919,096
OPERATING EXPENSES	
Services and other operating expenditures	898,169
Operating Income	20,927
NONOPERATING REVENUES	
Interest income	41,941
Operating transfers in	400,000
Total Nonoperating Revenues	441,941
CHANGE IN NET POSITION	462,868
TOTAL NET POSITION, BEGINNING OF YEAR	2,822,704
TOTAL NET POSITION, END OF YEAR	$ 3,285,572

See accompanying note to unaudited supplementary information.

COMPTON COMMUNITY COLLEGE DISTRICT

PROPRIETARY FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from user charges	$ 918,173
Cash payments to vendors	(1,071,641)
Net Cash Flows From Operating Activities	(153,468)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds	400,000
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	41,941
Net increase in cash and cash equivalents	288,473
Cash and cash equivalents - Beginning	3,798,316
Cash and cash equivalents - Ending	$ 4,086,789
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES:	
Operating income	$ 20,927
Adjustments to reconcile operating income to net cash used by operating activities:	
Changes in assets and liabilities:	
Receivables	(923)
Accrued liabilities	(173,472)
NET CASH FLOWS FROM OPERATING ACTIVITIES	$ (153,468)
CASH AND CASH EQUIVALENTS CONSIST OF THE FOLLOWING:	
Cash in banks	$ 250,000
Cash in county treasury	3,836,789
Total Cash and Cash Equivalents	$ 4,086,789

See accompanying note to unaudited supplementary information.

COMPTON COMMUNITY COLLEGE DISTRICT

FIDUCIARY FUNDS
BALANCE SHEETS
JUNE 30, 2018

	Associated Students Trust	Student Representation Fee	Student Financial Aid
ASSETS			
Cash and cash equivalents	$ 217,291	$ -	$ -
Investments	-	43,080	503,768
Accounts receivable	138,532	204	9,080
Due from other funds	-	-	-
Total Assets	$ 355,823	$ 43,284	$ 512,848
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	$ 4,010	$ -	$ 44,920
Due to other funds	26,888	-	-
Unearned revenue	-	-	45,766
Due to student groups	79,118	-	-
Total Liabilities	110,016	-	90,686
FUND BALANCES			
Restricted	-	-	422,162
Unreserved			
Undesignated	245,807	43,284	-
Total Fund Balances	245,807	43,284	422,162
Total Liabilities and Fund Balances	$ 355,823	$ 43,284	$ 512,848

See accompanying note to unaudited supplementary information.

GASB Statement No. 74 OPEB Trust	Pension Stabilization Trust	Scholarship and Loan	Scholarship Agency	Total
$ -	$ -	$ -	$ 33,931	$ 251,222
3,279,914	1,436,482	72,305	-	5,335,549
-	-	419	-	148,235
-	-	-	26,888	26,888
$ 3,279,914	$ 1,436,482	$ 72,724	$ 60,819	$ 5,761,894
$ -	$ -	$ 26,359	$ -	$ 75,289
-	-	-	-	26,888
-	-	-	-	45,766
-	-	8,748	60,819	148,685
-	-	35,107	$ 60,819	296,628
3,279,914	1,436,482	-		5,138,558
-	-	37,617		326,708
3,279,914	1,436,482	37,617		5,465,266
$ 3,279,914	$ 1,436,482	$ 72,724		$ 5,761,894

COMPTON COMMUNITY COLLEGE DISTRICT

FIDUCIARY FUNDS
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2018

	Associated Students Trust	Student Representation Fee	Student Financial Aid
REVENUES			
State revenues	$ -	$ -	$ 1,376,889
Local revenues	58,266	6,854	4,805
Total Revenues	58,266	6,854	1,381,694
EXPENDITURES			
Current Expenditures			
Services and operating expenditures	17,486	-	-
EXCESS REVENUES OVER EXPENDITURES	40,780	6,854	1,381,694
OTHER FINANCING SOURCES (USES)			
Operating transfers in	-	-	102,313
Other uses - student aid	-	-	(1,482,494)
Total Other Financing Sources (Uses)	-	-	(1,380,181)
NET CHANGE IN FUND BALANCES	40,780	6,854	1,513
FUND BALANCE, BEGINNING OF YEAR, AS RESTATED	205,027	36,430	420,649
FUND BALANCE, END OF YEAR	$ 245,807	$ 43,284	$ 422,162

See accompanying note to unaudited supplementary information.

GASB Statement No. 74 Pension Trust	Pension Stabilization Trust	Scholarship and Loan	Total
$ -	$ -	$ -	$ 1,376,889
463,839	27,696	1,165	562,625
463,839	27,696	1,165	1,939,514
28,168	3,839	-	49,493
435,671	23,857	1,165	1,890,021
-	200,000	-	302,313
-	-	-	(1,482,494)
-	200,000	-	(1,180,181)
435,671	223,857	1,165	709,840
2,844,243	1,212,625	36,452	4,755,426
$ 3,279,914	$ 1,436,482	$ 37,617	$ 5,465,266

NOTE 1 - PURPOSE OF SCHEDULES

Fund Financial Statements

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

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