

COMPTON COMMUNITY COLLEGE PROP 39
PROPOSITION 39 GENERAL OBLIGATION BONDS
MEASURE CC
FINANCIAL AND PERFORMANCE AUDITS
June 30, 2017

COMPTON COMMUNITY COLLEGE DISTRICT

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**FINANCIAL AUDIT OF GENERAL OBLIGATION BOND FUND
MEASURE CC**

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying General Obligation Bond Fund Measure CC financial statements of the Compton Community College District (the District) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's General Obligation Bond Fund Measure CC financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the General Obligation Bond Fund Measure CC of the District as of June 30, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present fairly only the General Obligation Bond Fund Measure CC and do not purport to, and do not, present fairly the financial position of the District as of June 30, 2017 or the change in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2017 on our consideration of the District's internal control over the General Obligation Bond Fund Measure CC financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over

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

financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over the General Obligation Bond Fund Measure CC financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over the General Obligation Bond Fund Measure CC financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP
Glendora, California
December 29, 2017

**COMPTON COMMUNITY COLLEGE DISTRICT
GENERAL OBLIGATION BOND FUND MEASURE CC**

**Management’s Discussion and Analysis
June 30, 2017**

In accordance with Section 1(b)(3)(D) of Article XIII A of the California Constitution, the Compton Community College District (the District) conducted an annual, independent financial audit of our General Obligation Bond Construction Funds. This section provides an overview and analysis of the financial activities of the General Obligation Bond Construction Funds of the District for the fiscal year ended June 30, 2017, with comparative information for fiscal year ended June 30, 2016. The fund was established after the November 2002 election (Measure CC). We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our financial statements.

INTRODUCTION AND BACKGROUND

The District operates three separate General Obligation Bond Funds to report the activity of bond measures passed by residents within the District. The election was conducted under Proposition 39, being chaptered as the Strict Accountability in Local School Construction Bonds Act of 2000, at Section 15264 et seq. of the California Education Code (“Prop 39”).

The General Obligation Bond Funds are overseen by a Citizens’ Bond Oversight Committee comprised of the following nine member types:

- Senior Citizens’ Organization Member Representative
- Community-at-large Representative
- Community-at-large Representative
- Local Business Community Representative
- Community-at-large Representative
- Support Organization for the College Representative
- Associated Student Body Representative
- Bona Fide Taxpayer Organization Member Representative
- Community-at-large Representative

The Citizen’s Bond Oversight Committee is charged with informing the public, reviewing expenditures, and preparing an annual report. They meet every two months to receive expenditure reports and construction updates.

FINANCIAL HIGHLIGHTS

The Combined restricted fund balance of Compton Community College District Bond Funds at the close of fiscal year 2017 is \$11,080,107. All of the fund balance is available to meet the District’s ongoing obligations for its bond projects.

Funding for the Bond Funds is derived from general obligation bond proceeds and related premiums and interest income. Funds are restricted to be used for District bond projects

**COMPTON COMMUNITY COLLEGE DISTRICT
GENERAL OBLIGATION BOND FUND MEASURE CC**

**Management's Discussion and Analysis
June 30, 2017**

including building construction, renovation and related furniture and equipment purchases. Bonds are issued as needed to fund District bond projects. Generally, the District issues bonds needed to fund three years of projects. Fund balances decline as projects continue, then they increase when the next bonds are issued.

OVERVIEW OF THE FINANCIAL STATEMENTS

The following discussion and analysis are intended to serve as an introduction to the District's bond fund financial statements, which comprises these components:

1. Balance Sheet
2. Statement of Revenues, Expenditures, and Changes in Fund Balance

The Balance Sheet is a snapshot of account balances at year-end. It indicates the assets available for future payments for bond projects and any current liabilities that are owed at this time.

The Statement of Revenues, Expenditures, and Changes in Fund Balance provides a view of current year revenue and expenditures. Both statements are in compliance with Governmental Accounting Standards. These Standards require certain disclosures and require the state and local governments to report using the modified accrual method of accounting. The District complies with all material requirements of these pronouncements.

The Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balance report information about the District's bond fund activities. These statements include all assets and liabilities, using the modified accrual basis of accounting. All of the current year's revenue and expenses are taken into account regardless of when cash is received or paid.

Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

Comparisons of the balance sheets for Measure CC is presented herein.

**COMPTON COMMUNITY COLLEGE DISTRICT
GENERAL OBLIGATION BOND FUND MEASURE CC**

**Management's Discussion and Analysis
June 30, 2017**

<u>Balance Sheet</u>	<u>2017</u>	<u>2016</u>	<u>% Change</u>
Assets			
Cash in county treasury	\$ 11,467,735	\$ 19,204,330	-40%
Accounts receivable	62,741	49,843	26%
Due from other funds	209,940	209,940	0%
Total Assets	<u>\$ 11,740,416</u>	<u>\$ 19,464,113</u>	-40%
Liabilities and Fund Balance			
Liabilities			
Accounts payable	\$ 660,309	\$ 2,327,233	-72%
Total Liabilities	<u>660,309</u>	<u>2,327,233</u>	-72%
Fund Balance			
Restricted	<u>11,080,107</u>	<u>17,136,880</u>	-35%
Total Fund Balance	<u>11,080,107</u>	<u>17,136,880</u>	-35%
Total Liabilities and Fund Balance	<u>\$ 11,740,416</u>	<u>\$ 19,464,113</u>	-40%

- Cash and total assets decreased over \$7.7 million due to expenditures for bond projects during the 2016-17 fiscal year net of interest income.
- Accounts payable represents expenses that were incurred as of the end of the fiscal year, but not paid until the following year. At the end of 2017 there was less construction occurring therefore there was less Accounts Payable compared to 2016.
- Fund balance decreased \$6.1 million due to spending down the bond proceeds for bond construction and renovation projects as planned.

Comparisons of the statements of revenues, expenditures, and changes in fund balance for Measure CC is presented herein.

**COMPTON COMMUNITY COLLEGE DISTRICT
GENERAL OBLIGATION BOND FUND MEASURE CC**

**Management's Discussion and Analysis
June 30, 2017**

Statement of Revenues, Expenditures, and Changes in Fund Balance	2017	2016	% Change
Revenues			
Interest and investment income	\$ 209,945	\$ 145,072	45%
Total revenues	<u>209,945</u>	<u>145,072</u>	45%
Expenditures			
Other services	395,973	170,663	132%
Capital outlay	5,870,745	10,787,912	-46%
Total Expenditures	<u>6,266,718</u>	<u>10,958,575</u>	-43%
Net change in fund balance	(6,056,773)	(10,813,503)	44%
Fund Balance at Beginning of Year	17,136,880	27,950,383	-39%
Fund Balance at End of Year	<u>\$ 11,080,107</u>	<u>\$ 17,136,880</u>	-35%

- Total expenditures decreased \$4.7 million due to a slowdown in bond project activity. Expenditures change due to many factors including construction plans, approvals, performance of contractors and the need to minimize disruption on the campuses due to construction work.

OTHER INFORMATION

Selected Highlights

The District continues to make significant progress with the construction of new facilities and the renovation of existing facilities including:

Location/Project	% Complete
Little Theater Renovation	98%
Swing Space/ Tartar Village	95%

Projects in the planning, design, and preconstruction stages are:

- Instructional Building #1 and #2
- Student Services/ Administration Buildings
- Public Safety Building
- MIS Building Renovation

**COMPTON COMMUNITY COLLEGE DISTRICT
GENERAL OBLIGATION BOND FUND MEASURE CC**

**Management's Discussion and Analysis
June 30, 2017**

These projects are funded through the District's \$100 million (Measure CC, November 2002) general obligation bond programs.

Credit Ratings

The District's bond ratings are A2 from Moody's Investors Service and A+ from Standard and Poors.

Contacting the District

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. Questions concerning this report or requests for additional financial information should be addressed to the Compton Community College District, Office of the Vice President of Business Services, 1111 E. Artesia Blvd, Compton, CA 90221.

**COMPTON COMMUNITY COLLEGE DISTRICT
GENERAL OBLIGATION BOND FUND MEASURE CC**

**BALANCE SHEET
June 30, 2017**

Assets

Cash in county treasury	\$ 11,467,735
Accounts receivable	62,741
Due from other funds	209,940
Total Assets	<u>\$ 11,740,416</u>

Liabilities and Fund Balance

Liabilities

Accounts payable	\$ 660,309
Total Liabilities	<u>660,309</u>

Fund Balance

Restricted	<u>11,080,107</u>
Total Fund Balance	<u>11,080,107</u>
Total Liabilities and Fund Balance	<u>\$ 11,740,416</u>

See the accompanying notes to the financial statements.

**COMPTON COMMUNITY COLLEGE DISTRICT
GENERAL OBLIGATION BOND FUND MEASURE CC**

**STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGE IN FUND BALANCE
For the Fiscal Year Ended June 30, 2017**

Revenues	
Interest and investment income	\$ 209,945
Total Revenues	<u>209,945</u>
Expenditures	
Other services	395,973
Capital outlay	<u>5,870,745</u>
Total Expenditures	<u>6,266,718</u>
Net change in fund balance	(6,056,773)
Fund Balance at Beginning of Year	<u>17,136,880</u>
Fund Balance at End of Year	<u><u>\$ 11,080,107</u></u>

See the accompanying notes to the financial statements.

**COMPTON COMMUNITY COLLEGE DISTRICT
GENERAL OBLIGATION BOND FUND MEASURE CC**

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2017**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Policies

The accounting policies of the Compton Community College District Building Fund (Measure CC funds) conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and *Audits of State and Local Governmental Units* issued by the American Institute of Certified Public Accountants. The Compton Community College District Building Fund Measure CC funds accounts for financial transactions in accordance with the policies and procedures of the California Community College Budget and Accounting Manual.

Financial Reporting Entity

The financial statements include only the Building Fund Measure CC funds of the Compton Community College District used to account for Measure CC projects. These funds were established to account for the expenditures of general obligation bonds issued under the General Obligation Bonds Election of 2002. These financial statements are not intended to present fairly the financial position and results of operations of the Compton Community College District in compliance with accounting principles generally accepted in the United States of America.

Fund Accounting

The operations of the Building Fund Measure CC funds are accounted for in a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. Resources are allocated to and accounted for in the fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled; these statements do not purport to present the result of operations or the net income or loss for the period as would a statement of income for a profit-type organization.

Basis of Accounting

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

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

**COMPTON COMMUNITY COLLEGE DISTRICT
GENERAL OBLIGATION BOND FUND MEASURE CC**

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2017**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Budgets and Budgetary Accounting

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

Encumbrances

The Building Fund Measure CC funds utilize an encumbrance accounting system under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation. Encumbrances are liquidated when the commitments are paid.

Fund Balance Classification

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

The fund balance of the General Obligation Bond Fund Measure CC is therefore classified as restricted.

Capital Assets and Long-Term Debt

The accounting and reporting treatment applied to the capital assets and long-term liabilities associated with the General Obligation Bond Fund Measure CC are determined by its measurement focus. The General Obligation Bond Fund Measure CC is accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on the balance sheet. The reported fund balance is considered a measure of "available spendable resources". Thus, the capital assets and long-term liabilities associated with the General Obligation Bond Fund Measure CC are accounted for in the basic

**COMPTON COMMUNITY COLLEGE DISTRICT
GENERAL OBLIGATION BOND FUND MEASURE CC**

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2017**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

financial statements of the District.

Estimates

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

Measure C

On November 4, 2014, a general obligation bond proposition (Measure C) of the district was approved by the voters of the District. Measure C authorized the District to issue up to \$100,000,000 of general obligation bonds to finance various capital projects and related costs, as specified in the bond measure provisions. No Measure C bonds have been issued as of the date of this report. The bylaws of the Independent Citizen's Bond Oversight Committee have been revised to expand their duties to include oversight of the expenditures of bond proceeds for both Measure CC and Measure C projects.

NOTE 2: DEPOSITS AND INVESTMENTS

Cash in County

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the Los Angeles County Treasury as part of the common investment pool. The District is considered an involuntary participant in the investment pool. These pooled funds are recorded at amortized cost which approximates fair value and at June 30, 2017 is measured at 99.4047% of amortized costs. The District's deposits in the fund are considered to be highly liquid.

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

The county investment pool is not registered as an investment company with the Securities and Exchange Commissions (SEC) nor is it an SEC Rule 2a7-like pool. California Government Code statutes and the County Board of Supervisors set forth the various investment policies that the

**COMPTON COMMUNITY COLLEGE DISTRICT
GENERAL OBLIGATION BOND FUND MEASURE CC**

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2017**

NOTE 2: DEPOSITS AND INVESTMENTS

County Treasurer follow. The method used to determine the value of the participant's equity withdrawn is based on the book value, which is amortized costs, of the participant's percentage participation on the date of such withdrawals.

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

General Authorizations

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

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

Credit Risk

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

**COMPTON COMMUNITY COLLEGE DISTRICT
GENERAL OBLIGATION BOND FUND MEASURE CC**

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2017**

NOTE 3: BONDED DEBT

On November 5, 2002, the District voters approved Measure CC authorizing the issuance and sale of general obligation bonds totaling \$100,000,000. In January 2004, August 2009, March 2012, and November 2013, \$41,000,000 of Series A, \$15,000,000 of Series B, \$15,001,122 of Series C and \$16,554,972 of Series D, respectively, were sold under Proposition 39 which provides that proceeds of the bonds will generally be used to finance the acquisition, construction and modernization of certain District property and facilities approved by the voters and that bond proceeds will not be used for salaries of school administrators or other operation expenses of the District. On October 4, 2012, \$14,470,000 of general obligation refunding bonds were sold in order to refund a portion of Series A bonds. On March 18, 2014, \$17,010,000 of general obligation refunding bonds were sold in order to refund the remaining Series A bonds. On October 27, 2015, \$13,100,000 of general obligation refunding bonds were sold in order to refund a portion of Series B bonds.

On November 4, 2014, the voters within the District approved Measure C which will provide \$100 million in General Obligation Bonds. The funds are designed to be used to update aging classrooms and buildings, repair deteriorating gas and sewer lines, electrical wiring, leaky roofs, improve classroom technology and handicapped accessibility, upgrade campus safety and repair, construction, and acquire facilities and equipment. As of June 30, 2017, bonds have not yet been issued for Measure C.

The outstanding general obligation bonded debt of the District at June 30, 2017 is:

General Obligation Bonds	Date of Issue	Date of Maturity	Interest Rate %	Amount of Original Issue	Outstanding June 30, 2016	Accreted Interest Charge	Redeemed Current Year	Outstanding June 30, 2017
Series B	8/27/2009	8/1/2034	3.0-6.75	\$ 15,000,000	\$ 1,075,000	\$ -	\$ 220,000	\$ 855,000
Series C	3/22/2012	8/1/2037	2.59-6.65	15,001,122	16,536,995	558,485	160,000	16,935,480
2012 Refunding	10/4/2012	7/1/2023	2.00-5.00	14,470,000	13,235,000	-	1,095,000	12,140,000
Series D	11/13/2013	8/1/2039	2.52-6.62	16,554,972	18,789,272	1,171,309	40,000	19,920,581
2014 Refunding	3/18/2014	7/1/2028	1.00-5.00	17,010,000	16,660,000	-	90,000	16,570,000
2015 Refunding	10/27/2015	8/1/2034	2.00-5.00	13,100,000	13,100,000	-	320,000	12,780,000
Total				<u>\$ 91,136,094</u>	<u>\$ 79,396,267</u>	<u>\$ 1,729,794</u>	<u>\$ 1,925,000</u>	<u>\$ 79,201,061</u>

The annual debt service requirements are as shown herein.

**COMPTON COMMUNITY COLLEGE DISTRICT
GENERAL OBLIGATION BOND FUND MEASURE CC**

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2017**

NOTE 3: BONDED DEBT

Year Ending June 30,	Principal	Interest	Accreted Interest	Total
2018	\$ 1,882,115	\$ 2,485,819	\$ 2,885	\$ 4,370,819
2019	2,115,679	2,402,387	14,321	4,532,387
2020	2,368,684	2,307,087	31,316	4,707,087
2021	2,614,960	2,202,912	55,040	4,872,912
2022	2,961,238	2,079,813	23,762	5,064,813
2023-2027	19,289,367	8,040,038	1,355,633	28,685,038
2028-2032	20,752,795	3,875,863	11,927,205	36,555,863
2033-2037	17,657,015	2,318,938	25,082,985	45,058,938
2038-2040	9,559,208	280,157	12,940,792	22,780,157
Total	<u>\$ 79,201,061</u>	<u>\$ 25,993,014</u>	<u>\$ 51,433,939</u>	<u>\$ 156,628,014</u>

The repayment of the debt related to the general obligation bonds is accounted for in the District's Bond Interest and Redemption Fund which is part of the District's basic financial statements. The recognition of premiums on bonds is recorded as long-term liabilities in the basic financial statements of the District.

NOTE 4: PURCHASE COMMITMENTS AND CONTINGENCIES

Purchase Commitments

As of June 30, 2017, the District was committed under various capital expenditure purchase agreements for bond projects totaling approximately \$3,052,000.

Litigation

The District is involved in various claims and legal actions related to various construction projects. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Districts' General Obligation Bond Fund Measure CC.

NOTE 5: INTERFUND TRANSACTIONS

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. The amount due from other funds of \$209,940 is from the Capital Outlay Fund for capital project construction subsequently reimbursed by proceeds received from Proposition 1D State Bond Funds.

**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**

The Board of Trustees
The Citizens’ Bond Oversight Committee
Compton Community College District

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the General Obligation Bond Fund Measure CC financial statements of the Compton Community College District (the District), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District’s General Obligation Bond Fund Measure CC financial statements, and have issued our report thereon dated December 29, 2017.

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

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

**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***

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

Compliance and Other Matters

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

Purpose of this Report

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



CliftonLarsonAllen LLP
Glendora, California
December 29, 2017

**COMPTON COMMUNITY COLLEGE DISTRICT
GENERAL OBLIGATION BOND FUND MEASURE CC**

**SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2017**

There were no findings related to the financial audit of the General Obligation Bond Fund Measure CC for the year ended June 30, 2017. In addition, there were no findings related to the financial audit of the General Obligation Bond Fund Measure CC for the year ended June 30, 2016.

**PERFORMANCE AUDIT OF GENERAL OBLIGATION BOND FUND
MEASURE CC**



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INDEPENDENT AUDITOR'S REPORT

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

We have conducted a performance audit of the Compton Community College District (the District) General Obligation Bond Fund Measure CC for the year ended June 30, 2017.

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

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

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

The results of our tests indicated that, in all significant respects, the District expended Measure CC General Obligation Bond funds for the fiscal year ended June 30, 2017, only for the specific projects developed by the District's Board of Trustees, and approved by the voters, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution.

A handwritten signature in black ink that reads 'CliftonLarsonAllen LLP'.

CliftonLarsonAllen LLP
Glendora, California
December 29, 2017

**COMPTON COMMUNITY COLLEGE DISTRICT
GENERAL OBLIGATION BOND FUND MEASURE CC**

BACKGROUND INFORMATION

June 30, 2017

BACKGROUND INFORMATION

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

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

On November 4, 2014, a general obligation bond proposition (Measure C) of the District was approved by the voters of the District. Measure C authorized the District to issue up to \$100,000,000 of general obligation bonds to finance various capital projects and related costs, as specified in the bond measure provisions. No Measure C bonds have been issued as of the date of this report. The bylaws of the Independent Citizen's Bond Oversight Committee have been revised to expand their duties to include oversight of the expenditures of bond proceeds for both Measure CC and Measure C projects.

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

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

**COMPTON COMMUNITY COLLEGE DISTRICT
GENERAL OBLIGATION BOND FUND MEASURE CC**

**OBJECTIVES
June 30, 2017**

OBJECTIVES

The objectives of our performance audit were to:

- Determine the expenditures charged to the District General Obligation Bond Fund Measure CC.
- Determine whether expenditures charged to the General Obligation Bond Fund Measure CC have been made in accordance with the bond project list approved by the voters through the approval of Measure CC in November 2002.

SCOPE OF THE AUDIT

The scope of our performance audit covered the fiscal period from July 1, 2016 to June 30, 2017. The sample of expenditures tested included object and project codes associated with the bond projects. The propriety of expenditures for capital projects and maintenance projects funded through other state or local funding sources, other than the proceeds of the bonds, were not included within the scope of our audit. Expenditures incurred subsequent to June 30, 2017, were not reviewed or included within the scope of our audit or in this report.

**COMPTON COMMUNITY COLLEGE DISTRICT
GENERAL OBLIGATION BOND FUND MEASURE CC**

**PROCEDURES PERFORMED
June 30, 2017**

PROCEDURES PERFORMED

- We identified the expenditures and projects charged to the general obligation bond proceeds by obtaining the general ledger and project listing.
- We selected a judgmental sample of expenditures for supplies, services and capital outlay considering all projects for the year ended June 30, 2017. Our sample included 56 transactions totaling \$5,151,566. This represents 82% of total expenditures of \$6,266,718.
 - We reviewed the actual invoices and supporting documentation to determine that expenditures charged to projects were:
 - Supported by invoices with evidence of proper approval and documentation of receipt of goods or services;
 - Supported by proper bid documentation, as applicable;
 - Properly expended on the authorized bond projects as listed on the voter-approved bond project list.

CONCLUSION

The results of our tests indicated that, in all significant respects, the District has properly accounted for the expenditures of the funds held in the General Obligation Bond Fund Measure CC and that such expenditures were made on authorized bond projects and not expended for salaries of school administrators or other operating expenditures.

**COMPTON COMMUNITY COLLEGE DISTRICT
GENERAL OBLIGATION BOND FUND MEASURE CC**

**SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2017**

There were no findings related to the performance audit of the General Obligation Bond Fund Measure CC for the year ended June 30, 2017. In addition, there were no findings related to the performance audit of the General Obligation Bond Fund Measure CC for the year ended June 30, 2016.