COMPTON UNIFIED SCHOOL DISTRICT

AUDIT REPORT
JUNE 30, 2022

COMPTON UNIFIED SCHOOL DISTRICT
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FINANCIAL SECTION

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Independent Auditors' Report

Governing Board
Compton Unified School District
Compton, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Compton Unified School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Compton Unified School District's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

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Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards,* we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as management's discussion and analysis, budgetary comparison information, schedule of changes in net OPEB liability and related ratios, schedule of District contributions for OPEB, schedules of proportionate share of net pension liability, and schedules of district contributions for pensions be presented to supplement the basic financial statements. Such information, although not 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 appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Compton Unified School District's basic financial statements. The supplementary information listed in the table of contents, including the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations (CFR)* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2023 on our consideration of the Compton Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Compton Unified School 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 Compton Unified School District's internal control over financial reporting and compliance.

Christy White, Inc

San Diego, California
June 28, 2023

COMPTON UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

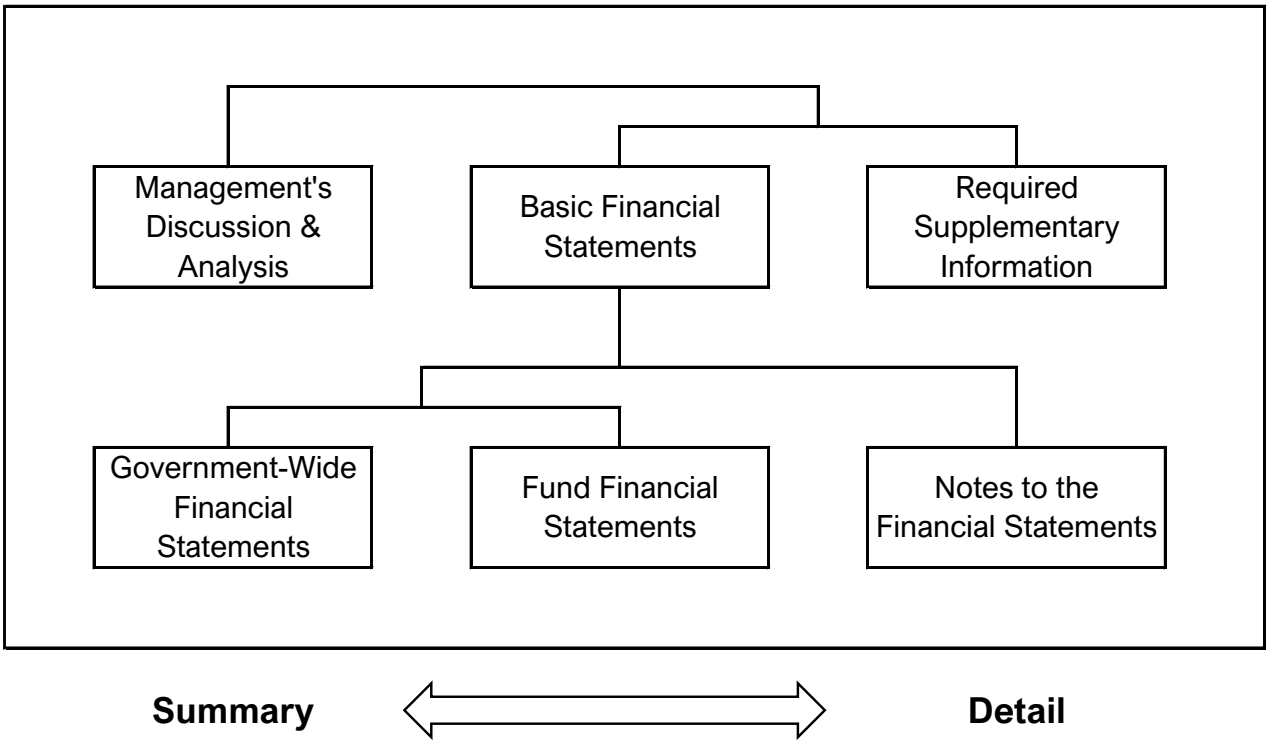
Our discussion and analysis of Compton Unified School District's (District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2022. It should be read in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's net position was $214,851,768 at June 30, 2022. This was an increase of $98,633,794 from the prior year.
- Overall revenues were $371,493,672 which exceeded expenses of $272,859,878.

OVERVIEW OF FINANCIAL STATEMENTS

Components of the Financial Section



OVERVIEW OF FINANCIAL STATEMENTS (continued)

Components of the Financial Section (continued)

This annual report consists of three parts – Management's Discussion and Analysis (this section), the basic financial statements, and required supplementary information. The three sections together provide a comprehensive overview of the District. The basic financial statements are comprised of two kinds of statements that present financial information from different perspectives:

- **Government-wide financial statements**, which comprise the first two statements, provide both short-term and long-term information about the entity's overall financial position.

- **Fund financial statements** focus on reporting the individual parts of District operations in more detail. The fund financial statements comprise the remaining statements.

  - **Governmental Funds** provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

  - **Proprietary Funds** report services for which the District charges customers a fee. Like the government-wide statements, they provide both long- and short-term financial information.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The basic financial statements are followed by a section of required and other supplementary information that further explain and support the financial statements.

Government-Wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how it has changed. Net position is one way to measure the District's financial health or position. Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.

The government-wide financial statements of the District include governmental activities. All of the District's basic services are included here, such as regular education, food service, maintenance and general administration. Local control formula funding and federal and state grants finance most of these activities.

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE

Net Position

The District's net position was $214,851,768 at June 30, 2022, as reflected in the table below. Of this amount, $(144,206,159) was unrestricted. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the Governing Board's ability to use that net position for day-to-day operations.

	Governmental Activities		
	2022	2021	Net Change
ASSETS			
Current and other assets	$ 520,073,545	$ 472,733,775	$ 47,339,770
Capital assets	362,260,995	347,405,183	14,855,812
Total Assets	882,334,540	820,138,958	62,195,582
DEFERRED OUTFLOWS OF RESOURCES	49,355,462	70,542,567	(21,187,105)
LIABILITIES			
Current liabilities	122,409,472	120,792,381	1,617,091
Long-term liabilities	446,314,879	607,814,192	(161,499,313)
Total Liabilities	568,724,351	728,606,573	(159,882,222)
DEFERRED INFLOWS OF RESOURCES	148,113,883	45,856,978	102,256,905
NET POSITION			
Net investment in capital assets	298,867,221	288,542,706	10,324,515
Restricted	60,190,706	52,511,268	7,679,438
Unrestricted	(144,206,159)	(224,836,000)	80,629,841
Total Net Position	$ 214,851,768	$ 116,217,974	$ 98,633,794

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)

Changes in Net Position

The results of this year's operations for the District as a whole are reported in the Statement of Activities. The following table takes the information from the Statement and rearranges slightly, so you can see our total revenues and expenses for the year.

	Governmental Activities		
	2022	2021	Net Change
REVENUES			
Program revenues			
Charges for services	$ 1,337,164	$ 885,489	$ 451,675
Operating grants and contributions	99,207,365	111,907,357	(12,699,992)
General revenues			
Property taxes	61,376,273	60,657,713	718,560
Unrestricted federal and state aid	221,941,704	200,625,245	21,316,459
Other	(12,368,834)	4,734,354	(17,103,188)
Total Revenues	371,493,672	378,810,158	(7,316,486)
EXPENSES			
Instruction	135,496,908	170,939,707	(35,442,799)
Instruction-related services	28,005,834	34,254,895	(6,249,061)
Pupil services	30,239,926	29,020,833	1,219,093
General administration	22,178,569	20,146,358	2,032,211
Plant services	31,513,289	43,490,595	(11,977,306)
Ancillary and community services	1,770,703	1,475,630	295,073
Debt service	9,885,256	10,229,217	(343,961)
Other outgo	424,099	132,427	291,672
Depreciation	13,337,065	14,008,265	(671,200)
Enterprise activities	8,229	2,548	5,681
Total Expenses	272,859,878	323,700,475	(50,840,597)
Change in net position	98,633,794	55,109,683	43,524,111
Net Position - Beginning	116,217,974	61,108,291	55,109,683
Net Position - Ending	$ 214,851,768	$ 116,217,974	$ 98,633,794

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)

Changes in Net Position (continued)

The cost of all our governmental activities this year was $272,859,878 but the net cost of services was only $172,315,349. The amount that our taxpayers ultimately financed for these activities through taxes was only $61,376,273 because the cost was paid by other governments and organizations who subsidized certain programs with grants and contributions.

	Net Cost of Services	
	2022	2021
Instruction	$ 78,023,695	$ 143,158,526
Instruction-related services	21,672,348	13,088,397
Pupil services	6,994,649	(5,638,073)
General administration	20,266,497	15,546,395
Plant services	20,162,699	19,908,126
Ancillary and community services	1,540,812	751,661
Debt service	9,885,256	10,229,217
Transfers to other agencies	424,099	132,427
Depreciation	13,337,065	14,008,265
Enterprise activities	8,229	(277,312)
Total	$ 172,315,349	$ 210,907,629

FINANCIAL ANALYSIS OF THE DISTRICT'S MAJOR FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed this year, its governmental funds reported a combined fund balance of $409,264,502, which is more than last year's ending balance of $369,556,173. The District's General Fund had $58,411,274 more in operating revenues than expenditures for the year ended June 30, 2022. The District's Building Fund had $19,844,990 less in operating revenues than expenditures for the year ended June 30, 2022.

CURRENT YEAR BUDGET 2021-2022

During the fiscal year, budget revisions and appropriation transfers are presented to the Board for their approval on a periodic basis to reflect changes to both revenues and expenditures that become known during the year. In addition, the Board of Education approves financial projections included with the Adopted Budget, First Interim, and Second Interim financial reports. The Unaudited Actuals reflect the District's financial projections and current budget based on State and local financial information.

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

By the end of 2021-2022 the District had invested $362,260,995 in capital assets, net of accumulated depreciation.

	Governmental Activities		
	2022	2021	Net Change
CAPITAL ASSETS			
Land	$ 16,411,826	$ 14,484,468	$ 1,927,358
Construction in progress	24,092,931	15,015,902	9,077,029
Land improvements	44,737,187	43,462,977	1,274,210
Buildings & improvements	468,750,333	455,685,249	13,065,084
Furniture & equipment	31,241,161	28,391,965	2,849,196
Less: Accumulated depreciation	(222,972,443)	(209,635,378)	(13,337,065)
Total Capital Assets	$ 362,260,995	$ 347,405,183	$ 14,855,812

Long-Term Liabilities

At year-end, the District had $446,314,879 in long-term liabilities, a decrease of 26.57% from last year's balance – as shown in the table below. More detailed information about the District's long-term liabilities is presented in footnotes to the financial statements.

	Governmental Activities		
	2022	2021	Net Change
LONG-TERM LIABILITIES			
Total general obligation bonds	$ 262,963,075	$ 276,595,221	$ (13,632,146)
Total certificates of participation	30,183,711	32,774,990	(2,591,279)
Compensated absences	1,629,396	1,727,823	(98,427)
Net OPEB liability	21,542,367	36,848,362	(15,305,995)
Net pension liability	138,890,770	279,791,679	(140,900,909)
Less: current portion of long-term liabilities	(8,894,440)	(19,923,883)	11,029,443
Total Long-term Liabilities	$ 446,314,879	$ 607,814,192	$ (161,499,313)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

At the time these financial statements were prepared and audited, the District was aware of several circumstances that could affect its future financial health.

In its September 2022 quarterly report, the UCLA Anderson Forecast stated the U.S. economy was likely to muddle along with below-trend growth and continued high inflation over the next twelve months. No recession is forecast at this time; however, the possibility still exists that persistent inflation and aggressive interest rate policy will lead to a hard landing of the economy, potentially triggering a recession. In California, defense spending and technology demands will likely keep the economy growing.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET (continued)

Fiscal policy for the funding of public education changes annually based on fluctuations in State revenues. The May 2022 Budget Revision includes total funding of $128.3 billion ($78.4 billion General Fund and $49.9 billion other funds) for all K-12 education programs, additionally, the revised spending plan further accelerates the implementation of the "California for All Kids" plan, which is a whole-child support framework designed to target inequities in educational outcomes among students from different demographic backgrounds and empower parents and families with more options and services. The Proposition 98 Guarantee continues to be in Test 1 for 2021-22 and 2022-23. To accommodate enrollment increases related to the expansion of transitional kindergarten, the Governor's Budget proposed re-benching the Test 1 percentage to increase the percentage of General Fund revenues due to the Guarantee, from 38.03 percent to approximately 38.4 percent. The May Revision updates the increased Test 1 percentage from approximately 38.4 percent to approximately 38.3 percent. At May Revision, the 2022-23 cost-of-living adjustment (COLA) is updated to 6.56 percent, the largest COLA in the history of LCFF.

The District participates in state employee pensions plans, California State Teachers' Retirement System (CalSTRS) and California Public Employees' Retirement System (CalPERS) and both are underfunded. The District's proportionate share of the liability is reported in the Statement of Net Position as of June 30, 2022. The amount of the liability is material to the financial position of the District. The CalSTRS projected employer contribution rate for 2022-23 is 19.10 percent. The CalPERS projected employer contribution rate for 2022-23 is 25.37 percent. The projected increased pension costs to school employers remain a significant fiscal factor.

Enrollment can fluctuate due to factors such as population growth, competition from private, parochial, inter-district transfers in or out, economic conditions and housing values. Losses in enrollment will cause a school district to lose operating revenues without necessarily permitting the district to make adjustments in fixed operating costs.

All of these factors were considered in preparing the District's budget for the 2022-23 fiscal year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Business Office, Compton Unified School District, 501 South Santa Fe Avenue, Compton, CA 90221.

COMPTON UNIFIED SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2022

	Governmental Activities
ASSETS	
Cash and investments	$ 473,483,953
Accounts receivable	45,485,831
Inventory	169,770
Prepaid expenses	933,991
Capital assets, not depreciated	40,504,757
Capital assets, net of accumulated depreciation	321,756,238
Total Assets	882,334,540
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	40,919,962
Deferred outflows related to OPEB	7,720,492
Deferred amount on refunding	715,008
Total Deferred Outflows of Resources	49,355,462
LIABILITIES	
Deficit cash	5,313,454
Accrued liabilities	91,992,800
Unearned revenue	12,357,502
Claims liabilities	3,851,276
Long-term liabilities, current portion	8,894,440
Long-term liabilities, non-current portion	446,314,879
Total Liabilities	568,724,351
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	128,932,866
Deferred inflows related to OPEB	19,181,017
Total Deferred Inflows of Resources	148,113,883
NET POSITION	
Net investment in capital assets	298,867,221
Restricted:	
Capital projects	5,309,961
Debt service	3,675,949
Educational programs	43,118,095
Food service	7,869,781
Associated student body	216,920
Unrestricted	(144,206,159)
Total Net Position	$ 214,851,768

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

COMPTON UNIFIED SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

Function/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities
GOVERNMENTAL ACTIVITIES				
Instruction	$ 135,496,908	$ 135,920	$ 57,337,293	$ (78,023,695)
Instruction-related services				
Instructional supervision and administration	12,019,223	35,490	5,579,693	(6,404,040)
Instructional library, media, and technology	1,361,604	-	56,658	(1,304,946)
School site administration	14,625,007	-	661,645	(13,963,362)
Pupil services				
Home-to-school transportation	6,343,050	-	3,380,294	(2,962,756)
Food services	8,814,941	41,419	16,607,645	7,834,123
All other pupil services	15,081,935	67,594	3,148,325	(11,866,016)
General administration				
Centralized data processing	3,085,846	-	-	(3,085,846)
All other general administration	19,092,723	16,401	1,895,671	(17,180,651)
Plant services	31,513,289	1,040,340	10,310,250	(20,162,699)
Ancillary services	1,770,703	-	229,891	(1,540,812)
Enterprise activities	8,229	-	-	(8,229)
Interest on long-term debt	9,885,256	-	-	(9,885,256)
Other outgo	424,099	-	-	(424,099)
Depreciation (unallocated)	13,337,065	-	-	(13,337,065)
Total Governmental Activities	$ 272,859,878	$ 1,337,164	$ 99,207,365	(172,315,349)
General revenues				
Taxes and subventions				
Property taxes, levied for general purposes				41,311,159
Property taxes, levied for debt service				18,139,359
Property taxes, levied for other specific purposes				1,925,755
Federal and state aid not restricted for specific purposes				221,941,704
Interest and investment earnings				(17,391,640)
Miscellaneous				5,022,806
Subtotal, General Revenue				270,949,143
CHANGE IN NET POSITION				98,633,794
Net Position - Beginning				116,217,974
Net Position - Ending				$ 214,851,768

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

COMPTON UNIFIED SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2022

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	$ 228,746,562	$ 215,916,842	$ 27,970,549	$ 472,633,953
Accounts receivable	40,695,660	632,415	4,156,237	45,484,312
Stores inventory	125,102	-	44,668	169,770
Prepaid expenditures	933,991	-	-	933,991
Total Assets	$ 270,501,315	$ 216,549,257	$ 32,171,454	$ 519,222,026
LIABILITIES				
Deficit cash	$ -	$ -	$ 1,000,620	$ 1,000,620
Accrued liabilities	87,039,723	1,797,362	3,449,483	92,286,568
Due to other funds	4,312,834	-	-	4,312,834
Unearned revenue	11,171,547	-	1,185,955	12,357,502
Total Liabilities	102,524,104	1,797,362	5,636,058	109,957,524
FUND BALANCES				
Nonspendable	1,209,093	-	44,668	1,253,761
Restricted	37,683,361	214,751,895	23,123,757	275,559,013
Committed	-	-	3,366,971	3,366,971
Unassigned	129,084,757	-	-	129,084,757
Total Fund Balances	167,977,211	214,751,895	26,535,396	409,264,502
Total Liabilities and Fund Balances	$ 270,501,315	$ 216,549,257	$ 32,171,454	$ 519,222,026

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

COMPTON UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2022

Total Fund Balance - Governmental Funds		$ 409,264,502
Amounts reported for assets and liabilities for governmental activities in the statement of net position are different from amounts reported in governmental funds because:		
Capital assets:		
In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation:		
Capital assets	$ 585,233,438	
Accumulated depreciation	(222,972,443)	362,260,995
Deferred amount on refunding:		
In governmental funds, the net effect of refunding bonds is recognized when debt is issued, whereas this amount is deferred and amortized in the government-wide financial statements:		715,008
Unmatured interest on long-term debt:		
In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmatured interest owing at the end of the period was:		(616,412)
Long-term liabilities:		
In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:		
Total general obligation bonds	$ 262,963,075	
Total certificates of participation	30,183,711	
Compensated absences	1,629,396	
Net OPEB liability	21,542,367	
Net pension liability	138,890,770	(455,209,319)
Deferred outflows and inflows of resources relating to pensions:		
In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported.		
Deferred outflows of resources related to pensions	$ 40,919,962	
Deferred inflows of resources related to pensions	(128,932,866)	(88,012,904)

(continued on the next page)

COMPTON UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2022

Deferred outflows and inflows of resources relating to OPEB:		
In governmental funds, deferred outflows and inflows of resources relating to OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to OPEB are reported.		
Deferred outflows of resources related to OPEB	$ 7,720,492	
Deferred inflows of resources related to OPEB	(19,181,017)	(11,460,525)
Internal service funds:		
Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Because internal service funds are presumed to operate for the benefit of governmental activities, assets, deferred outflows of resources, liabilities, and deferred inflows of resources of internal service funds are reported with governmental activities in the statement of net position. Net position for internal service funds is:		(2,089,577)
Total Net Position - Governmental Activities		$ 214,851,768

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

COMPTON UNIFIED SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2022

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES				
LCFF sources	$ 258,290,336	$ -	$ -	$ 258,290,336
Federal sources	24,663,877	-	16,493,825	41,157,702
Other state sources	76,396,112	-	6,618,791	83,014,903
Other local sources	(3,597,293)	(7,888,863)	20,842,255	9,356,099
Total Revenues	355,753,032	(7,888,863)	43,954,871	391,819,040
EXPENDITURES				
Current				
Instruction	165,000,567	-	2,480,431	167,480,998
Instruction-related services				
Instructional supervision and administration	13,967,086	-	457,230	14,424,316
Instructional library, media, and technology	1,509,238	-	-	1,509,238
School site administration	17,296,379	-	295,595	17,591,974
Pupil services				
Home-to-school transportation	6,351,362	-	-	6,351,362
Food services	(23,144)	-	9,564,715	9,541,571
All other pupil services	17,999,344	-	-	17,999,344
General administration				
Centralized data processing	3,429,242	-	-	3,429,242
All other general administration	20,123,972	-	16,770	20,140,742
Plant services	33,148,199	-	350,279	33,498,478
Facilities acquisition and construction	12,945,544	11,956,127	2,700,241	27,601,912
Ancillary services	1,607,078	-	258,193	1,865,271
Transfers to other agencies	77,361	-	-	77,361
Debt service				
Principal	2,225,000	-	11,597,725	13,822,725
Interest and other	1,684,530	-	10,778,813	12,463,343
Total Expenditures	297,341,758	11,956,127	38,499,992	347,797,877
Excess (Deficiency) of Revenues Over Expenditures	58,411,274	(19,844,990)	5,454,879	44,021,163
Other Financing Sources (Uses)				
Transfers out	(4,312,834)	-	-	(4,312,834)
Net Financing Sources (Uses)	(4,312,834)	-	-	(4,312,834)
NET CHANGE IN FUND BALANCE	54,098,440	(19,844,990)	5,454,879	39,708,329
Fund Balance - Beginning	113,878,771	234,596,885	21,080,517	369,556,173
Fund Balance - Ending	$ 167,977,211	$ 214,751,895	$ 26,535,396	$ 409,264,502

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

COMPTON UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

Net Change in Fund Balances - Governmental Funds		$ 39,708,329
Amounts reported for governmental activities in the statement of activities are different from amounts reported in governmental funds because:		
Capital outlay:		
In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:		
Expenditures for capital outlay:	$ 28,192,877	
Depreciation expense:	(13,337,065)	14,855,812
Debt service:		
In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were:		18,115,000
Deferred amounts on refunding:		
In governmental funds, deferred amounts on refunding are recognized in the period they are incurred. In the government-wide statements, the deferred amounts on refunding are amortized over the life of the debt. The net effect of the deferred amounts on refunding during the period was:		(109,123)
Unmatured interest on long-term debt:		
In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period, was:		(60,228)
Accreted interest on long-term debt:		
In governmental funds, accreted interest on capital appreciation bonds is not recorded as an expenditure from current sources. In the government-wide statement of activities, however, this is recorded as interest expense for the period.		(3,491,666)
Compensated absences:		
In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amount earned. The difference between compensated absences paid and compensated absences earned, was:		98,427

(continued on the next page)

Postemployment benefits other than pensions (OPEB):		
In governmental funds, OPEB expenses are recognized when employer OPEB contributions are made. In the statement of activities, OPEB expenses are recognized on the accrual basis. This year, the difference between OPEB expenses and actual employer OPEB contributions was:		10,419,718
Pensions:		
In governmental funds, pension costs are recognized when employer contributions are made. In the government-wide statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and employer contributions was:		22,452,299
Amortization of debt issuance premium or discount:		
In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an Other Financing Source or an Other Financing Use in the period it is incurred. In the government-wide statements, the premium or discount is amortized over the life of the debt. Amortization of premium or discount for the period is:		1,600,091
Internal Service Funds:		
Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Because internal service funds are presumed to benefit governmental activities, internal service activities are reported as governmental in the statement of activities. The net increase or decrease in internal service funds was:		(4,954,865)
Change in Net Position of Governmental Activities	$	98,633,794

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

COMPTON UNIFIED SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2022

	Governmental Activities
	Internal Service Fund
ASSETS	
Current assets	
Cash and investments	$ 850,000
Accounts receivable	1,519
Due from other funds	4,312,834
Total Assets	5,164,353
LIABILITIES	
Current liabilities	
Deficit cash	4,312,834
Accrued liabilities	(910,180)
Total current liabilities	3,402,654
Non-current liabilities	
Claims liabilities	3,851,276
Total non-current liabilities	3,851,276
Total Liabilities	7,253,930
NET POSITION	
Restricted	(2,089,577)
Total Net Position	$ (2,089,577)

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

COMPTON UNIFIED SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2022

	Governmental Activities
	Internal Service Fund
OPERATING REVENUES	
Other local revenues	$ 4,154
Total operating revenues	4,154
OPERATING EXPENSES	
Salaries and benefits	164,657
Supplies and materials	16,112
Professional services	9,099,854
Total operating expenses	9,280,623
Operating income/(loss)	(9,276,469)
NON-OPERATING REVENUES/(EXPENSES)	
Interest income	8,770
Transfers in	4,312,834
Total non-operating revenues/(expenses)	4,321,604
CHANGE IN NET POSITION	(4,954,865)
Net Position - Beginning	2,865,288
Net Position - Ending	$ (2,089,577)

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

COMPTON UNIFIED SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

	Governmental Activities
	Internal Service Fund
Cash flows from operating activities	
Cash payments for payroll, insurance, and operating costs	$ (15,731,691)
Net cash provided by (used for) operating activities	(15,731,691)
Cash flows from non-capital financing activities	
Interfund transfers in (out)	4,312,834
Net cash provided by (used for) non-capital financing activities	4,312,834
Cash flows from investing activities	
Interest received	8,770
Net cash provided by (used for) investing activities	8,770
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(11,410,087)
CASH AND CASH EQUIVALENTS	
Beginning of year	7,947,253
End of year	$ (3,462,834)
Reconciliation of operating income (loss) to cash provided by (used for) operating activities	
Operating income/(loss)	$ (9,276,469)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Changes in assets and liabilities:	
(Increase) decrease in accounts receivables	87,222
(Increase) decrease in due from other funds	(4,312,834)
Increase (decrease) in accrued liabilities	(1,095,727)
Increase (decrease) in claims liabilities	(1,133,883)
Net cash provided by (used for) operating activities	$ (15,731,691)

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The Compton Unified School District (the "District") accounts for its financial transactions in accordance with the policies and procedures of the Department of Education's *California School Accounting Manual.* The accounting policies of the District conform to generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

The District operates under a locally elected Board form of government and provides educational services to grades K-12 as mandated by the state. A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student-related activities.

B. Component Units

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete. The District has no such component units.

C. Basis of Presentation

Government-Wide Statements. The statement of net position and the statement of activities display information about the primary government (the District). These statements include the financial activities of the overall government. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenue, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenue for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reserved for the statement of activities. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting of operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the District.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

Fund Financial Statements. The fund financial statements provide information about the District's funds, including its proprietary funds. Separate statements for each fund category – governmental and proprietary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

Governmental funds are used to account for activities that are governmental in nature. Governmental activities are typically tax-supported and include education of pupils, operation of food service and child development programs, construction and maintenance of school facilities, and repayment of long-term debt.

Proprietary funds are used to account for activities that are more business-like than government-like in nature. Business-type activities include those for which a fee is charged to external users or to other organizational units of the District, normally on a full cost-recovery basis. Proprietary funds are generally intended to be self-supporting.

Major Governmental Funds

General Fund: The General Fund is the main operating fund of the District. It is used to account for all activities except those that are required to be accounted for in another fund. In keeping with the minimum number of funds principle, all of the District's activities are reported in the General Fund unless there is a compelling reason to account for an activity in another fund. A District may have only one General Fund.

Building Fund: This fund exists primarily to account separately for proceeds from the sale of bonds (*Education Code Section* 15146) and may not be used for any purposes other than those for which the bonds were issued. Other authorized revenues to the Building Fund are proceeds from the sale or lease-with-option-to-purchase of real property (*Education Code Section* 17462) and revenue from rentals and leases of real property specifically authorized for deposit into the fund by the governing board (*Education Code Section* 41003).

Non-Major Governmental Funds

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The District maintains the following special revenue funds:

Student Activity Fund: This fund may be used to account for student body activities that do not meet the fiduciary criteria established in GASB Statement No. 84.

Adult Education Fund: This fund is used to account separately for federal, state, and local revenues for adult education programs. Money in this fund shall be expended for adult education purposes only. Moneys received for programs other than adult education shall not be expended for adult education (*Education Code Sections* 52616[b] and 52501.5[a]).

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

Non-Major Governmental Funds (continued)

Special Revenue Funds (continued)

Child Development Fund: This fund is used to account separately for federal, state, and local revenues to operate child development programs. All moneys received by the District for, or from the operation of, child development services covered under the Child Care and Development Services Act (*Education Code Section* 8200 *et seq.)* shall be deposited into this fund. The moneys may be used only for expenditures for the operation of child development programs. The costs incurred in the maintenance and operation of child development services shall be paid from this fund, with accounting to reflect specific funding sources (*Education Code Section* 8328).

Cafeteria Fund: This fund is used to account separately for federal, state, and local resources to operate the food service program (*Education Code Sections* 38090–38093). The Cafeteria Fund shall be used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code Sections* 38091 and 38100).

Deferred Maintenance Fund: This fund is used to account separately for state apportionments and the District's contributions for deferred maintenance purposes (*Education Code Sections* 17582–17587). In addition, whenever the state funds provided pursuant to *Education Code Sections* 17584 and 17585 (apportionments from the State Allocation Board) are insufficient to fully match the local funds deposited in this fund, the governing board of a school district may transfer the excess local funds deposited in this fund to any other expenditure classifications in other funds of the District (*Education Code Sections* 17582 and 17583).

Capital Project Funds: Capital project funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

Capital Facilities Fund: This fund is used primarily to account separately for moneys received from fees levied on developers or other agencies as a condition of approving a development (*Education Code Sections* 17620–17626). The authority for these levies may be county/city ordinances (*Government Code Sections* 65970–65981) or private agreements between the District and the developer. Interest earned in the Capital Facilities Fund is restricted to that fund (*Government Code Section* 66006).

State School Building Lease-Purchase Fund: This fund is used primarily to account separately for state apportionments for the reconstruction, remodeling, or replacing of existing school buildings or the acquisition of new school sites and buildings, as provided in the Leroy F. Greene State School Building Lease-Purchase Law of 1976 (*Education Code* Section 17000 et seq.).

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

Non-Major Governmental Funds (continued)

Capital Project Funds (continued):

County School Facilities Fund: This fund is established pursuant to *Education Code Section* 17070.43 to receive apportionments from the 1998 State School Facilities Fund (Proposition 1A), the 2002 State School Facilities Fund (Proposition 47), or the 2004 State School Facilities Fund (Proposition 55) authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*Education Code Section* 17070 et seq.).

Special Reserve Fund for Capital Outlay Projects: This fund exists primarily to provide for the accumulation of General Fund moneys for capital outlay purposes (*Education Code Section* 42840).

Debt Service Funds: Debt service funds are established to account for the accumulation of resources for and the payment of principal and interest on general long-term debt.

Bond Interest and Redemption Fund: This fund is used for the repayment of bonds issued for the District (*Education Code Sections* 15125–15262). The board of supervisors of the county issues the bonds. The proceeds from the sale of the bonds are deposited in the county treasury to the Building Fund of the District. Any premiums or accrued interest received from the sale of the bonds must be deposited in the Bond Interest and Redemption Fund of the District. The county auditor maintains control over the District's Bond Interest and Redemption Fund. The principal and interest on the bonds must be paid by the county treasurer from taxes levied by the county auditor-controller.

Tax Override Fund: This fund is used for the repayment of voted indebtedness (other than Bond Interest and Redemption Fund repayments) to be financed from ad valorem tax levies. An example is a public school building loan repayment.

Proprietary Funds

Internal Service Funds: Internal service funds are created principally to render services to other organizational units of the District on a cost-reimbursement basis. These funds are designed to be self-supporting with the intent of full recovery of costs, including some measure of the cost of capital assets, through user fees and charges.

Self-Insurance Fund: Self-insurance funds are used to separate moneys received for self-insurance activities from other operating funds of the District. Separate funds may be established for each type of self-insurance activity, such as workers' compensation, health and welfare, and deductible property loss (*Education Code Section* 17566).

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting – Measurement Focus

Government-Wide and Proprietary Fund Financial Statements
The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Net Position equals assets and deferred outflows of resources minus liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. The net position should be reported as restricted when constraints placed on its use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net position restricted for other activities results from special revenue funds and the restrictions on their use.

Proprietary funds distinguish operating revenues and expenses from non operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the internal service fund are charges to other funds for self insurance costs. Operating expenses for internal service funds include the costs of insurance premiums and claims related to self-insurance.

Governmental Funds
Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Governmental funds use the modified accrual basis of accounting.

Revenues – Exchange and Non-Exchange Transactions
Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Available" means 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. Generally, "available" means collectible within the current period or within 60 days after year-end. However, to achieve comparability of reporting among California school districts and so as not to distort normal revenue patterns, with specific respect to reimbursements grants and corrections to State-aid apportionments, the California Department of Education has defined available for school districts as collectible within one year.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, and entitlements. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from the grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting – Measurement Focus (continued)

Unearned Revenue

Unearned revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period or 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 balance sheet and revenue is recognized.

Certain grants received that have not met eligibility requirements are recorded as unearned revenue. On the governmental fund financial statements, receivables that will not be collected within the available period are also recorded as unearned revenue.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position

Cash and Cash Equivalents

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

Investments

Investments with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost. Fair values of investments in county and State investment pools are determined by the program sponsor.

Inventories

Inventories are recorded using the purchases method in that the cost is recorded as an expenditure at the time the individual inventory items are requisitioned. Inventories are valued at historical cost and consist of expendable supplies held for consumption.

The accounting and reporting treatment applied to the capital assets associated with a fund is determined by its measurement focus. Capital assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position (continued)

Capital Assets

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their acquisition value as of the date received. The District maintains a capitalization threshold of $15,000. The District does not own any infrastructure as defined in GASB Statement No. 34. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. All reported capital assets, except for land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets.

Depreciation is computed using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Life
Buildings and Improvements	20-50 years
Furniture and Equipment	5-20 years
Vehicles	8 years

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "Due from other funds/Due to other funds." These amounts are eliminated in the governmental activities columns of the statement of net position.

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. For governmental funds, the current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignations and retirements that occur prior to year-end that have not yet been paid with expendable available financial resource. These amounts are recorded in the fund from which the employees who have accumulated leave are paid.

Accumulated sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expense in the period taken because such benefits do not vest, nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position (continued)

Accrued Liabilities and Long-Term Obligations
All payables, accrued liabilities, and long-term obligations are reported in the government-wide and proprietary fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds.

Postemployment Benefits Other Than Pensions (OPEB)
For purposes of measuring the net OPEB liability, deferred outflows of resources related to OPEB and deferred inflows of resources related to OPEB, and OPEB expense have been determined by an independent actuary. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms.

Generally accepted accounting principles require the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2021
Measurement Period	July 1, 2020 to June 30, 2021

Gains and losses related to changes in net OPEB liability are recognized in OPEB expense systematically over time. The first amortized amounts are recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The amortization period differs depending on the source of gain or loss. The difference between projected and actual earnings is amortized on a straight-line basis over five years. All other amounts are amortized on a straight-line basis over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) at the beginning of the measurement period.

Premiums and Discounts
In the government-wide and proprietary fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

Deferred Outflows/Deferred Inflows of Resources
In addition to assets, the District will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the District will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position (continued)

Pensions

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

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance classification reflects amounts that are not in spendable form. Examples include inventory, prepaid items, the long-term portion of loans receivable, and nonfinancial assets held for resale. This classification also reflects amounts that are in spendable form but that are legally or contractually required to remain intact, such as the principal of a permanent endowment.

Restricted - The restricted fund balance classification reflects amounts subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations of other governments, or may be imposed by law through constitutional provisions or enabling legislation.

Committed - The committed fund balance classification reflects amounts subject to internal constraints self-imposed by formal action of the Governing Board. The constraints giving rise to committed fund balance must be imposed no later than the end of the reporting period. The actual amounts may be determined subsequent to that date but prior to the issuance of the financial statements. In contrast to restricted fund balance, committed fund balance may be redirected by the government to other purposes as long as the original constraints are removed or modified in the same manner in which they were imposed, that is, by the same formal action of the Governing Board.

Assigned - The assigned fund balance classification reflects amounts that the government *intends* to be used for specific purposes. Assignments may be established either by the Governing Board or by a designee of the governing body, and are subject to neither the restricted nor committed levels of constraint. In contrast to the constraints giving rise to committed fund balance, constraints giving rise to assigned fund balance are not required to be imposed, modified, or removed by formal action of the Governing Board. The action does not require the same level of formality and may be delegated to another body or official. Additionally, the assignment need not be made before the end of the reporting period, but rather may be made any time prior to the issuance of the financial statements.

Unassigned - In the General Fund only, the unassigned fund balance classification reflects the residual balance that has not been assigned to other funds and that is not restricted, committed, or assigned to specific purposes. However, deficits in any fund, including the General Fund that cannot be eliminated by reducing or eliminating amounts assigned to other purposes are reported as negative unassigned fund balance.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position (continued)

Fund Balance (continued)

Unassigned (continued)

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

F. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented in the financial statements. Interfund transfers are eliminated in the governmental activities columns of the statement of activities.

G. 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.

H. Budgetary Data

The budgetary process is prescribed by provisions of the California Education Code and requires the governing board to hold a public hearing and adopt an operating budget no later than July 1 of each year. The District governing board satisfied these requirements. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption with the legal restriction that expenditures cannot exceed appropriations by major object account.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for.

I. Property Tax

Secured property taxes attach as an enforceable lien on property as of January 1. 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 Auditor-Controller bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. New Accounting Pronouncements

GASB Statement No. 87 – In June 2017, GASB issued Statement No. 87, *Leases*. This standard's primary objective is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The statement was postponed by GASB Statement No. 95 and is effective for periods beginning after June 15, 2021. The District has implemented this Statement as of June 30, 2022.

GASB Statement No. 91 – In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. This standard's primary objectives are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The statement was postponed by GASB Statement No. 95 and is effective for periods beginning after December 15, 2021. The District has not yet determined the impact on the financial statements.

GASB Statement No. 92 – In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. This standard's primary objectives are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. A portion of this statement was effective upon issuance, while the majority of this statement was postponed by GASB Statement No. 95 and is effective for periods beginning after June 15, 2021. The District has implemented this Statement as of June 30, 2022.

GASB Statement No. 96 – In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for governments. This statement defines a SBITA; establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The statement is effective for periods beginning after June 15, 2022. The District has not yet determined the impact on the financial statements.

GASB Statement No. 97 – In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans* – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32. This standard's primary objectives are to increase consistency and comparability related to reporting fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; to mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and to enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The statement is effective for periods beginning after June 15, 2021. The District has implemented this Statement as of June 30, 2022.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. New Accounting Pronouncements (continued)

GASB Statement No. 99 – In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The statement addresses various practice issues, including: (a) clarification of provisions in Statement No. 87, *Leases*, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives, (b) disclosures related to nonmonetary transactions; clarification of provisions in Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, as amended, related to the focus of the government-wide financial statements, (c) terminology updates related to certain provisions of Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and (d) terminology used in Statement 53 to refer to resource flows statements. A portion of this statement was effective upon issuance, while the remaining portions of this statement were effective for periods beginning after June 15, 2022 and for periods beginning after June 15, 2023. The District has implemented the requirements that were effective upon issuance but has not yet determined the impact on the financial statements for the requirements of this statement that are not yet effective.

GASB Statement No. 100 – In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections* – an amendment of GASB Statement No. 62. The primary objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This statement is effective for periods beginning after June 15, 2023. The District has not yet determined the impact on the financial statements.

GASB Statement No. 101 – In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This statement is effective for periods beginning after December 15, 2023. The District has not yet determined the impact on the financial statements.

NOTE 2 – CASH AND INVESTMENTS

A. Summary of Cash and Investments

	Governmental Funds	Internal Service Fund	Governmental Activities
Investment in county treasury*	$ 484,555,050	$ (4,312,834)	$ 480,242,216
Fair value adjustment	(20,098,256)	-	(20,098,256)
Cash on hand and in banks	216,920	-	216,920
Cash with fiscal agent	6,809,619	850,000	7,659,619
Cash in revolving fund	150,000	-	150,000
Total	$ 471,633,333	$ (3,462,834)	$ 468,170,499

*net of deficit cash

NOTE 2 – CASH AND INVESTMENTS (continued)

B. 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; collateralized mortgage obligations; and the County Investment Pool.

Investment in County Treasury – The District maintains substantially all of its cash in the County Treasury in accordance with *Education Code Section* 41001. The Los Angeles County Treasurer's pooled investments are managed by the County Treasurer who reports on a monthly basis to the board of supervisors. In addition, the function of the County Treasury Oversight Committee is to review and monitor the County's investment policy. The committee membership includes the Treasurer and Tax Collector, the Auditor-Controller, Chief Administrative Officer, Superintendent of Schools Representative, and a public member. The fair value of the District's investment in the pool is 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.

Cash with Fiscal Agent – Cash with fiscal agent consists of monies held with Union Bank for workers' compensation and cash balances maintained with BNY Mellon related to its Certificates of Participation.

C. General Authorizations

Except for investments by trustees of debt proceeds, the authority to invest District funds deposited with the county treasury is delegated to the County Treasurer and Tax Collector. Additional information about the investment policy of the County Treasurer and Tax Collector may be obtained from its website. The table below identifies the investment types permitted by California Government Code.

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

NOTE 2 – CASH AND INVESTMENTS (continued)

D. 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 manages its exposure to interest rate risk by investing in the County Treasury. The District maintains a pooled investment with the County Treasury with a fair value of approximately $465,457,414. The average weighted maturity for this pool is 933 days.

E. 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 investments in the County Treasury are not required to be rated.

F. Custodial Credit Risk – Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. 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 agencies. 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, 2022, the District's bank balance was not exposed to custodial credit risk.

G. Fair Value

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy 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 (unadjusted) in active markets for identical assets.

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, either directly or indirectly.

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 reasonable available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

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

NOTE 2 – CASH AND INVESTMENTS (continued)

G. Fair Value (continued)

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

	Uncategorized
Investment in county treasury	$ 465,457,414
Total	$ 465,457,414

NOTE 3 – ACCOUNTS RECEIVABLE

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

	General Fund	Building Fund	Non-Major Governmental Funds	Internal Service Fund	Governmental Activities
Federal Government					
Categorical aid	$ 35,755,864	$ -	$ 2,199,763	$ -	$ 37,955,627
State Government					
Categorical aid	3,085,100	-	1,874,932	-	4,960,032
Lottery	1,268,727	-	-	-	1,268,727
Local Government					
Other local sources	585,969	632,415	81,542	1,519	1,301,445
Total	$ 40,695,660	$ 632,415	$ 4,156,237	$ 1,519	$ 45,485,831

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022 was as follows:

	Balance July 01, 2021	Additions	Deletions	Balance June 30, 2022
Governmental Activities				
Capital assets not being depreciated				
Land	$ 14,484,468	$ 1,927,358	$ -	$ 16,411,826
Construction in progress	15,015,902	9,077,029	-	24,092,931
Total capital assets not being depreciated	29,500,370	11,004,387	-	40,504,757
Capital assets being depreciated				
Land improvements	43,462,977	1,274,210	-	44,737,187
Buildings & improvements	455,685,249	13,065,084	-	468,750,333
Furniture & equipment	28,391,965	2,849,196	-	31,241,161
Total capital assets being depreciated	527,540,191	17,188,490	-	544,728,681
Less: Accumulated depreciation				
Land improvements	14,126,116	2,005,718	-	16,131,834
Buildings & improvements	173,037,533	9,687,515	-	182,725,048
Furniture & equipment	22,471,729	1,643,832	-	24,115,561
Total accumulated depreciation	209,635,378	13,337,065	-	222,972,443
Total capital assets being depreciated, net	317,904,813	3,851,425	-	321,756,238
Governmental Activities				
Capital Assets, net	$ 347,405,183	$ 14,855,812	$ -	$ 362,260,995

NOTE 5 – INTERFUND TRANSACTIONS

A. Interfund Receivables/Payables (Due From/Due To)

Individual interfund receivable and payable balances at June 30, 2022 consisted of the General Fund owing the Internal Service Fund $4,312,834 for program support.

B. Operating Transfers

Interfund transfers for the year ended June 30, 2022 consisted of the General Fund transferring to the Internal Service Fund $4,312,834 for program support.

NOTE 6 – ACCRUED LIABILITIES

Accrued liabilities at June 30, 2022 consisted of the following:

	General Fund	Building Fund	Non-Major Governmental Funds	Internal Service Fund	District-Wide	Governmental Activities
Payroll	$ 11,807,142	$ -	$ 472,304	$ 14,998	$ -	$ 12,294,444
Construction	-	1,797,362	2,538,708	-	-	4,336,070
Vendors payable	41,095,687	-	438,471	(925,178)	-	40,608,980
Unmatured interest	-	-	-	-	616,412	616,412
Due to grantor government	34,136,894	-	-	-	-	34,136,894
Total	$ 87,039,723	$ 1,797,362	$ 3,449,483	$ (910,180)	$ 616,412	$ 91,992,800

NOTE 7 – TAX AND REVENUE ANTICIPATION NOTES (TRANS)

On March 31, 2021, the District issued $24,380,000 of Tax and Revenue Anticipation Notes bearing interest at 0.3 percent. The notes were issued to supplement cash flows. Interest and principal were due and payable on December 30, 2021. At June 30, 2022 the District had paid the notes in full.

NOTE 8 – UNEARNED REVENUE

Unearned revenue at June 30, 2022 consisted of the following:

	General Fund	Non-Major Governmental Funds	Governmental Activities
Federal sources	$ 8,371,835	$ 89,012	$ 8,460,847
State categorical sources	2,799,712	18,957	2,818,669
Local sources	-	1,077,986	1,077,986
Total	$ 11,171,547	$ 1,185,955	$ 12,357,502

NOTE 9 – LONG-TERM LIABILITIES

A schedule of changes in long-term liabilities for the year ended June 30, 2022 consisted of the following:

	Balance July 01, 2021	Additions	Deductions	Balance June 30, 2022	Balance Due In One Year
Governmental Activities					
General obligation bonds	$ 241,803,772	$ -	$ 11,597,725	$ 230,206,047	$ 3,095,000
Unamortized premium	19,811,578	-	1,243,526	18,568,052	1,223,777
Unamortized discount	(106,847)	-	(9,714)	(97,133)	(9,714)
Accreted interest	15,086,718	3,491,666	4,292,275	14,286,109	1,849,098
Total general obligation bonds	276,595,221	3,491,666	17,123,812	262,963,075	6,158,161
Certificates of participation	29,095,000	-	2,225,000	26,870,000	2,370,000
Unamortized premium	3,679,990	-	366,279	3,313,711	366,279
Total certificates of participation	32,774,990	-	2,591,279	30,183,711	2,736,279
Compensated absences	1,727,823	-	98,427	1,629,396	-
Net OPEB liability	36,848,362	-	15,305,995	21,542,367	-
Net pension liability	279,791,679	-	140,900,909	138,890,770	-
Total	$ 627,738,075	$ 3,491,666	$ 176,020,422	$ 455,209,319	$ 8,894,440

- Payments for general obligation bonds are made in the Bond Interest and Redemption Fund.
- Payments on certificates of participation are made in the General Fund.
- Payments for compensated absences are typically liquidated in the General Fund and the Non-Major Governmental Funds.

A. Compensated Absences

Total unpaid employee compensated absences as of June 30, 2022, amounted to $1,629,396. This amount is included as part of long-term liabilities in the government-wide financial statements.

B. Certificates of Participation

On June 1, 2007, the District issued Series B Certificates of Participation to $25,000,000 payable in annual installments from June 1, 2008 through June 1, 2027. Interest rates range from 3.6 to 5.0 percent, payable beginning December 1, 2007. The agreement is between the District and the County Schools Regionalized Business Services Corporation with the Bank of New York as trustee. Amounts on deposit in the Project Fund shall be applied to finance the modernization and rehabilitation of approximately 28 different schools on sites within the boundaries of Compton Unified School District.

In April 2015, the District issued $20,135,000 in Certificates of Participation to refund on a current basis all outstanding 2004 Certificates of Participation amounting to $6,535,000, and partially refund on an advance basis $15,305,000 of outstanding 2007 Certificates of Participation. Deferred charges on refunding of $369,994 remain to be amortized. This refunding reduced total debt service payments by $1,505,796 and resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of $1,222,771.

On October 31, 2019, the District issued 2019 Series A Certificates of Participation to $17,960,000 payable in annual installments from June 1, 2020 through June 1, 2039. Interest rates range from 3.0 to 5.0 percent, payable semiannually on June 1 and December 1 of each year. The agreement is between the District and the Los Angeles County Schools Regionalized Business Services Corporation with the Bank of New York as trustee. Amounts on deposit in the Project Fund shall be used to finance the construction or installation of capital improvement projects and/or equipment.

NOTE 9 – LONG-TERM LIABILITIES (continued)

B. Certificates of Participation (continued)

The annual requirements to amortize all certificates of participation outstanding at June 30, 2022 were as follows:

Year Ended June 30,	Principal	Interest	Total
2023	$ 2,370,000	$ 1,228,900	$ 3,598,900
2024	2,535,000	1,113,300	3,648,300
2025	2,700,000	990,000	3,690,000
2026	2,075,000	855,000	2,930,000
2027	2,235,000	751,250	2,986,250
2028 - 2032	4,130,000	2,833,750	6,963,750
2033 - 2037	7,015,000	1,655,800	8,670,800
2038 - 2039	3,810,000	231,800	4,041,800
Total	$ 26,870,000	$ 9,659,800	$ 36,529,800

C. General Obligation Bonds

In June 2006, the District issued $19,999,970 in General Obligation Series C Bonds and $50,789,740 in General Obligation Series D Bonds to finance the acquisition and improvement of various capital facilities of the District, advance refund on a current basis all outstanding Certificates of Participation Series B amounting to $19,380,000, and partially refund $34,445,000 of outstanding 2002 Series A general obligation bonds and $14,955,000 of outstanding 2002 Series B general obligation bonds.

In March 2015, the District issued $5,505,000 of Series E refunding bonds to advance refund a portion of the Series C bonds. Deferred charges on refunding of $347,281 remain to be amortized. This refunding reduced total debt service payments by $999,276 and resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of $811,455. Deferred charges on refunding of $197,610 remain to be amortized. As of June 30, 2022, the principal balance on the defeased debt was fully paid.

On October 26, 2016, the District issued 2002 Election, 2016 Series F General Obligation Refunding Bonds in the amount of $7,785,000. The bonds were issued to current refund and defease all of the District's outstanding General Obligation Bonds, 2002 Election, 2006 Series C and to pay costs of issuance. The bonds accrue interest between 2% and 5.5% per annum from the date of the issuance and are payable semi-annually on June 1 and December 1 of each year through June 2031. Deferred charges on refunding of $147,404 remain to be amortized. As of June 30, 2022, the principal balance on the defeased debt was fully paid.

On August 29, 2019, the District issued 2015 Election, Series B General Obligation Bonds in the amount of $229,996,080. The issuance consisted of $69,405,000 in current interest serial bonds, $87,155,000 in current interest term bonds, and $73,436,080 in capital appreciation serial bonds. The bonds accrue interest between 0.92% and 4.00% per annum from the date of the issuance and are payable semi-annually on June 1 and December 1 of each year through June 2049.

NOTE 9 – LONG-TERM LIABILITIES (continued)

C. General Obligation Bonds (continued)

Debt service payments are made from property tax levy authorized by the voters. The annual requirements to amortize outstanding general obligation bonds are as follows:

Year Ended June 30,	Principal	Interest	Total
2023	$ 4,490,902	$ 8,017,136	$ 12,508,038
2024	4,520,642	7,969,571	12,490,213
2025	4,936,483	7,880,605	12,817,088
2026	5,368,643	7,761,195	13,129,838
2027	5,548,300	7,913,850	13,462,150
2028 - 2032	44,750,000	22,211,613	66,961,613
2033 - 2037	29,726,982	17,494,725	47,221,707
2038 - 2042	31,032,415	16,431,003	47,463,418
2043 - 2047	60,946,680	14,720,400	75,667,080
2048 - 2049	38,885,000	2,242,000	41,127,000
Total	$ 230,206,047	$ 112,642,098	$ 342,848,145

D. Other Postemployment Benefits

The District's beginning net OPEB liability was $36,848,362 and decreased by $15,305,995 during the year ended June 30, 2022. The ending net OPEB liability at June 30, 2022 was $21,542,367. See Note 11 for additional information regarding the net OPEB liability.

E. Net Pension Liability

The District's beginning net pension liability was $279,791,679 and decreased by $140,900,909 during the year ended June 30, 2022. The ending net pension liability at June 30, 2022 was $138,890,770. See Note 12 for additional information regarding the net pension liability.

NOTE 10 – FUND BALANCES

Fund balances were composed of the following elements at June 30, 2022:

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
Non-spendable				
Revolving cash	$ 150,000	$ -	$ -	$ 150,000
Stores inventory	125,102	-	44,668	169,770
Prepaid expenditures	933,991	-	-	933,991
Total non-spendable	1,209,093	-	44,668	1,253,761
Restricted				
Educational programs	37,683,361	-	5,434,734	43,118,095
Food service	-	-	7,869,781	7,869,781
Associated student body	-	-	216,920	216,920
Capital projects	-	214,751,895	5,309,961	220,061,856
Debt service	-	-	4,292,361	4,292,361
Total restricted	37,683,361	214,751,895	23,123,757	275,559,013
Committed				
Deferred maintenance	-	-	3,366,971	3,366,971
Total committed	-	-	3,366,971	3,366,971
Unassigned	129,084,757	-	-	129,084,757
Total Fund Balance	$ 167,977,211	$ 214,751,895	$ 26,535,396	$ 409,264,502

The District is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures. The District's Minimum Fund Balance Policy requires a Reserve for Economic Uncertainties, consisting of unassigned amounts, equal to no less than 3 percent of General Fund expenditures and other financing uses.

NOTE 11 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

A. Plan Description

The Compton Unified School District's defined benefit OPEB plan, Compton Unified School District Retiree Benefit Plan (the Plan) is described below. The Plan is a single-employer defined benefit plan administered by the District. The District is a participant in a GASB eligible trust, an agent multiple-employer defined benefit post-employment healthcare plan administered by PARS.

B. Benefits Provided

The eligibility requirements and benefits provided by the Plan as follows.

	Certificated	Classified	Teamsters
Benefit types provided	Medical, dental and vision	Medical, dental and vision	Medical, dental and vision
Duration of Benefits	Lifetime	Lifetime	Lifetime
Required Service	11 years	20 years	20 years
Minimum Age	55	60*	60*
Dependent Coverage	Yes	No	No
District Contribution %	50% of retiree-only premium until age 65.	50% of retiree-only premium until age 65.	50% of retiree-only premium until age 65.
District Cap	Lifetime PEMHCA minimum employer contribution	Lifetime PEMHCA minimum employer contribution	Lifetime PEMHCA minimum employer contribution

*55 with 30 years of service.

C. Contributions

For the measurement period, the District contributed $9,168,867 to the Plan, $2,083,042 of which was used for current premiums.

D. Plan Membership

Membership of the Plan consisted of the following:

	Number of participants
Inactive employees receiving benefits	375
Inactive employees entitled to but not receiving benefits*	-
Participating active employees	1,447
Total number of participants**	1,822

*Information not provided
**As of the June 30, 2021 valuation date

NOTE 11 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

E. Net OPEB Liability

The components of the net OPEB liability of the District at June 30, 2022, were as follows:

Total OPEB liability	$41,290,897
Plan fiduciary net position	(19,748,530)
District's net OPEB liability	$21,542,367
Plan fiduciary net position as a percentage of total OPEB liability	47.83%

F. Actuarial Assumptions and Other Inputs

The net OPEB liability as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2021 using the following actuarial assumptions and other inputs, applied to all periods included in the measurement:

Economic assumptions:

Inflation	2.50%	Discount rate	6.00%
Salary increases	2.75%	Health care trend rate	4.00%

Non-economic assumptions:

Mortality:

Certificated	2020 CalSTRS Mortality
Classified	2017 CalPERS Mortality for Miscellaneous and Schools Employees

Retirement rates:

Certificated	Hired 2012 and earlier: 2020 CalSTRS 2.0%@60 Rates Hired 2013 and later: 2020 CalSTRS 2.0%@62 Rates
Classified	Hired 2012 and earlier: 2017 CalPERS 2.0%@55 Rates for Schools Employees Hired 2013 and later: 2017 CalPERS 2.0%@62 Rates for Schools Employees
CSEA	Hired 2012 and earlier: 2017 CalPERS 2.0%@55 Rates for Schools Employees Hired 2013 and later: 2017 CalPERS 2.0%@62 Rates for Schools Employees
Management	Hired 2012 and earlier: 2017 CalPERS 2.0%@55 Rates for Schools Employees Hired 2013 and later: 2017 CalPERS 2.0%@62 Rates for Schools Employees
Teamsters	Hired 2012 and earlier: 2017 CalPERS 2.0%@55 Rates for Schools Employees Hired 2013 and later: 2017 CalPERS 2.0%@62 Rates for Schools Employees

The actuarial assumptions used in the June 30, 2021 valuation were based on a review of plan experience.

The discount rate was based on the Bond Buyer 20 Bond Index. The actuary assumed contributions would be sufficient to fully fund the obligation over a period not to exceed twenty-five years.

NOTE 11 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

G. Changes in Net OPEB Liability

	June 30, 2022
Total OPEB Liability	
Service cost	$ 1,563,552
Interest on total OPEB liability	3,031,448
Difference between expected and actual experience	(2,760,376)
Changes of assumptions	(5,358,088)
Benefits payments	(2,083,042)
Net change in total OPEB liability	(5,606,506)
Total OPEB liability - beginning	46,897,403
Total OPEB liability - ending (a)	$ 41,290,897
Plan fiduciary net position	
Contributions - employer	$ 9,168,867
Net investment income	2,673,330
Benefit payments	(2,083,042)
Administrative expenses	(59,666)
Net change in plan fiduciary net position	9,699,489
Plan fiduciary net position - beginning	10,049,041
Plan fiduciary net position - ending (b)	$ 19,748,530
District's net OPEB liability - ending (a) - (b)	$ 21,542,367
Plan fiduciary net position as a percentage of the total OPEB liability	47.83%
Covered-employee payroll	$ 151,994,493
District's net OPEB liability as a percentage of covered-employee payroll	14.17%

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

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

	1% Decrease (5.00%)	Valuation Discount Rate (6.00%)	1% Increase (7.00%)
Net OPEB liability	$ 26,133,461	$ 21,542,367	$ 17,579,150

NOTE 11 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

I. Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the net OPEB liability of the Compton Unified School District, as well as what the District's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current healthcare cost trend rate:

	1% Decrease (3.00%)	Valuation Trend Rate (4.00%)	1% Increase (5.00%)
Net OPEB liability	$ 16,495,586	$ 21,542,367	$ 27,628,352

J. OPEB Expense and Deferred Outflows and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2022, the Compton Unified School District recognized OPEB expense of $(971,686). At June 30, 2022, the Compton Unified School District reported deferred outflows of resources related to OPEB and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual earnings on plan investments	$ 34,041	$ 1,598,274
Differences between expected and actual experience	-	3,271,657
Changes in assumptions	570,069	14,311,086
District contributions subsequent to the measurement date	7,116,382	-
Total	$ 7,720,492	$ 19,181,017

The $7,116,382 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2023	$ 159,906	$ 4,904,721
2024	159,171	4,904,721
2025	142,518	4,257,713
2026	142,515	1,451,320
2027	-	956,396
Thereafter	-	2,706,146
Total	$ 604,110	$ 19,181,017

NOTE 12 – PENSION PLANS

Qualified employees are covered under multiple-employer contributory retirement plans maintained by agencies of the State of California. Certificated employees are members of the California State Teachers' Retirement System (CalSTRS), and classified employees are members of the California Public Employees' Retirement System (CalPERS). The District reported its proportionate share of the net pension liabilities, pension expense, deferred outflow of resources, and deferred inflow of resources for each of the above plans as follows:

	Net pension liability	Deferred outflows related to pensions	Deferred inflows related to pensions	Pension expense
STRS Pension	$ 88,786,209	$ 30,985,402	$ 103,808,581	$ 511,162
PERS Pension	50,104,561	9,934,560	25,124,285	2,955,852
Total	$ 138,890,770	$ 40,919,962	$ 128,932,866	$ 3,467,014

A. California State Teachers' Retirement System (CalSTRS)

Plan Description

The District contributes to the California State Teachers' Retirement System (CalSTRS); a cost-sharing multiple employer public employee retirement system defined benefit pension plan administered by CalSTRS. The plan provides retirement and disability benefits and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, 7919 Folsom Blvd., Sacramento, CA 95826.

Benefits Provided

The CalSTRS defined benefit plan has two benefit formulas:

1. CalSTRS 2% at 60: Members first hired on or before December 31, 2012, to perform service that could be creditable to CalSTRS. CalSTRS 2% at 60 members are eligible for normal retirement at age 60, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. Early retirement options are available at age 55 with five years of credited service or as early as age 50 with 30 years of credited service. The age factor for retirements after age 60 increases with each quarter year of age to 2.4 percent at age 63 or older. Members who have 30 years or more of credited service receive an additional increase of up to 0.2 percent to the age factor, known as the career factor. The maximum benefit with the career factor is 2.4 percent of final compensation.

2. CalSTRS 2% at 62: Members first hired on or after January 1, 2013, to perform service that could be creditable to CalSTRS. CalSTRS 2% at 62 members are eligible for normal retirement at age 62, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. An early retirement option is available at age 55. The age factor for retirement after age 62 increases with each quarter year of age to 2.4 percent at age 65 or older.

NOTE 12 – PENSION PLANS (continued)

A. California State Teachers' Retirement System (CalSTRS) (continued)

Contributions

Active plan CalSTRS 2% at 60 and 2% at 62 members are required to contribute 10.25% and 10.205% of their salary for fiscal year 2022, respectively, and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2022 was 16.92% of annual payroll. The contribution requirements of the plan members are established by state statute. Contributions to the plan from the District were $17,480,503 for the year ended June 30, 2022.

On-Behalf Payments

The District was the recipient of on-behalf payments made by the State of California to CalSTRS for K-12 education. These payments consist of state general fund contributions of approximately $12,547,380 to CalSTRS.

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

At June 30, 2022, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	$	88,786,209
State's proportionate share of the net pension liability associated with the District		44,674,707
Total	$	133,460,916

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2020 and rolling forward the total pension liability to June 30, 2021. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2021, the District's proportion was 0.195 percent, which was a decrease of 0.009 percent from its proportion measured as of June 30, 2020.

NOTE 12 – PENSION PLANS (continued)

A. California State Teachers' Retirement System (CalSTRS) (continued)

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

For the year ended June 30, 2022, the District recognized pension expense of $511,162. In addition, the District recognized pension expense and revenue of $(7,786,758) for support provided by the State. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual earnings on plan investments	$ -	$ 70,232,178
Differences between expected and actual experience	222,414	9,448,704
Changes in assumptions	12,580,062	-
Changes in proportion and differences between District contributions and proportionate share of contributions	702,423	24,127,699
District contributions subsequent to the measurement date	17,480,503	-
Total	$ 30,985,402	$ 103,808,581

The $17,480,503 reported as 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 year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2023	$ 6,589,431	$ 29,154,652
2024	6,055,077	27,297,299
2025	286,797	20,162,764
2026	286,797	22,406,226
2027	286,797	2,523,562
2028	-	2,264,078
Total	$ 13,504,899	$ 103,808,581

NOTE 12 – PENSION PLANS (continued)

A. California State Teachers' Retirement System (CalSTRS) (continued)

Actuarial Assumptions

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2020, and rolling forward the total pension liability to June 30, 2021 using the following actuarial assumptions, applied to all periods included in the measurement:

Consumer Price Inflation	2.75%
Investment Rate of Return*	7.10%
Wage Inflation	3.50%

* Net of investment expenses, but gross of administrative expenses.

CalSTRS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are based on MP-2016 series tables adjusted to fit CalSTRS experience.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

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

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return*
Public Equity	42%	4.80%
Real Estate	15%	3.60%
Private Equity	13%	6.30%
Fixed Income	12%	1.30%
Risk Mitigating Strategies	10%	1.80%
Inflation Sensitive	6%	3.30%
Cash/Liquidity	2%	-0.40%
	100%	

*20-year geometric average

NOTE 12 – PENSION PLANS (continued)

A. California State Teachers' Retirement System (CalSTRS) (continued)

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 that contributions from plan members and employers will be made at statutory contribution rates in accordance with the rate increases per AB 1469. 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 occur midyear. Based on those assumptions, the Plan'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 the total pension liability.

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.10 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
District's proportionate share of the net pension liability	$ 180,736,944	$ 88,786,209	$ 12,468,855

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalSTRS financial report.

NOTE 12 – PENSION PLANS (continued)

B. California Public Employees' Retirement System (CalPERS)

Plan Description

The District contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS); a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Laws. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95811.

Benefits Provided

The benefits for the defined benefit plan are based on members' years of service, age, final compensation, and benefit formula. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. Members become fully vested in their retirement benefits earned to date after five years of credited service.

Contributions

Active plan members who entered into the plan prior to January 1, 2013, are required to contribute 7.0% of their salary. The California Public Employees' Pension Reform Act (PEPRA) specifies that new members entering into the plan on or after January 1, 2013, shall pay the higher of fifty percent of normal costs or 7.0% of their salary. Additionally, for new members entering the plan on or after January 1, 2013, the employer is prohibited from paying any of the employee contribution to CalPERS unless the employer payment of the member's contribution is specified in an employment agreement or collective bargaining agreement that expires after January 1, 2013.

The District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2022 was 22.91% of annual payroll. Contributions to the plan from the District were $8,438,810 for the year ended June 30, 2022.

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

At June 30, 2022, the District reported a liability of $50,104,561 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2020 and rolling forward the total pension liability to June 30, 2021. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2021, the District's proportion was 0.246 percent, which was a decrease of 0.022 percent from its proportion measured as of June 30, 2020.

NOTE 12 – PENSION PLANS (continued)

B. California Public Employees' Retirement System (CalPERS) (continued)

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

For the year ended June 30, 2022, the District recognized pension expense of $2,955,852. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual earnings on plan investments	$ -	$ 19,228,639
Differences between expected and actual experience	1,495,750	118,117
Changes in proportion and differences between District contributions and proportionate share of contributions	-	5,777,529
District contributions subsequent to the measurement date	8,438,810	-
Total	$ 9,934,560	$ 25,124,285

The $8,438,810 reported as 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 year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2023	$ 1,112,572	$ 7,087,979
2024	355,986	6,632,387
2025	27,192	6,056,061
2026	-	5,347,858
Total	$ 1,495,750	$ 25,124,285

NOTE 12 – PENSION PLANS (continued)

B. California Public Employees' Retirement System (CalPERS) (continued)

Actuarial Assumptions

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2020, and rolling forward the total pension liability to June 30, 2021 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Discount Rate	7.15%
Salary Increases	Varies by Entry Age and Service

CalPERS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are derived using CalPERS' membership data for all funds. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016.

The actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the period from 1997 to 2015.

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. In determining the long-term expected rate of return, both short-term and long-term market return expectations as well as the expected pension fund cash flows were taken into account. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 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 single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

Asset Class	Assumed Asset Allocation	Real Return Years 1 – 10*	Real Return Years 11+**
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Assets	13.0%	3.75%	4.93%
Liquidity	1.0%	0.0%	-0.92%
	100.0%		

*An expected inflation of 2.00% used for this period.
**An expected inflation of 2.92% used for this period.

NOTE 12 – PENSION PLANS (continued)

B. California Public Employees' Retirement System (CalPERS) (continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. A projection of the expected benefit payments and contributions was performed to determine if assets would run out. The test revealed the assets would not run out. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Schools Pool. The results of the crossover testing for the Schools Pool are presented in a detailed report that can be obtained at CalPERS' website.

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.15 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.15 percent) or 1-percentage-point higher (8.15 percent) than the current rate:

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
District's proportionate share of the net pension liability	$ 84,483,326	$ 50,104,561	$ 21,562,811

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial report.

NOTE 13 – COMMITMENTS AND CONTINGENCIES

A. 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, 2022.

B. Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2022.

C. Construction Commitments

As of June 30, 2022, the District had commitments with respect to unfinished capital projects of $219,130,276.

NOTE 14 – PARTICIPATION IN JOINT POWERS AUTHORITIES

The District participates in two joint ventures under joint powers agreements (JPAs); the Southern California Regional Liability Excess Fund (SCR), and the Schools' Excess Liability Fund (SELF). The relationships between the District and the JPAs are such that the JPAs 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, fund transactions between the JPAs and the District are included in these statements. The audited financial statements are generally available from the respective entities.

NOTE 15 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

A. Refunded Debt

Pursuant to GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities,* the District recognized deferred outflows or inflows of resources in the District-wide financial statements. The deferred outflow of resources pertains to the difference in the carrying value of the refunded debt and its reacquisition price (deferred amount on refunding). Previous financial reporting standards require this to be presented as part of the District's long-term debt. This deferred outflow of resources is recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the new debt, whichever is shorter. At June 30, 2022, the deferred amount on refunding was $715,008.

B. Pension Plans

Pursuant to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions,* the District recognized deferred outflows of resources related to pensions and deferred inflows of resources related to pensions in the District-wide financial statements. Further information regarding the deferred outflows of resources and deferred inflows of resources can be found at Note 12. At June 30, 2022, total deferred outflows related to pensions was $40,919,962 and total deferred inflows related to pensions was $128,932,866.

C. Other Postemployment Benefits

Pursuant to GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,* the District recognized deferred outflows of resources related to other postemployment benefits and deferred inflows of resources related to other postemployment benefits in the District-wide financial statements. Further information regarding the deferred outflows of resources and deferred inflows of resources can be found at Note 11. At June 30, 2022, total deferred outflows related to other postemployment benefits was $7,720,492 and total deferred inflows related to other postemployment benefits was $19,181,017.

REQUIRED SUPPLEMENTARY INFORMATION

COMPTON UNIFIED SCHOOL DISTRICT
GENERAL FUND – BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual*	Variances -
	Original	Final	(Budgetary Basis)	Final to Actual
REVENUES				
LCFF sources	$ 250,160,336	$ 250,160,336	$ 289,926,738	$ 39,766,402
Federal sources	21,498,661	70,807,218	47,042,864	(23,764,354)
Other state sources	32,942,487	45,205,264	65,655,931	20,450,667
Other local sources	4,887,402	4,887,402	6,242,811	1,355,409
Total Revenues	309,488,886	371,060,220	408,868,344	37,808,124
EXPENDITURES				
Certificated salaries	126,888,056	116,053,020	104,543,699	11,509,321
Classified salaries	44,869,776	37,538,114	34,137,742	3,400,372
Employee benefits	76,131,603	74,228,257	56,513,104	17,715,153
Books and supplies	14,248,067	34,974,873	21,657,971	13,316,902
Services and other operating expenditures	62,441,991	80,706,064	51,953,915	28,752,149
Capital outlay	6,485,964	28,572,454	12,347,794	16,224,660
Other outgo				
Excluding transfers of indirect costs	3,678,652	3,678,652	3,640,153	38,499
Transfers of indirect costs	(542,158)	(681,669)	-	(681,669)
Total Expenditures	334,201,951	375,069,765	284,794,378	90,275,387
Excess (Deficiency) of Revenues Over Expenditures	(24,713,065)	(4,009,545)	124,073,966	128,083,511
Other Financing Sources (Uses)				
Transfers in	600,000	600,000	-	(600,000)
Transfers out	(3,814,954)	(3,814,954)	-	3,814,954
Net Financing Sources (Uses)	(3,214,954)	(3,214,954)	-	3,214,954
NET CHANGE IN FUND BALANCE	(27,928,019)	(7,224,499)	124,073,966	131,298,465
Fund Balance - Beginning	115,092,291	263,504,691	118,022,863	(145,481,828)
Fund Balance - Ending	$ 87,164,272	$ 256,280,192	$ 242,096,829	$ (14,183,363)

* The actual amounts reported on this schedule do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance for the following reasons:

- On-behalf payments of $12,547,380 are not included in the actual revenues and expenditures reported in this schedule.
- The amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances include the financial activity of the Private-Purpose Trust Fund, in accordance with the implementation of GASB Statement No. 84.
- Revenues for Medi-Cal Billing Option are presented as federal revenues in this schedule, while these amounts have been reclassified as local revenues in the Statement of Revenues, Expenditures, and Changes in Fund Balance.
- Audit adjustments impacting LCFF, federal, and state sources are not included in this schedule.
- Audit adjustments impacting interfund transfers out are not included in this schedule.

See accompanying note to required supplementary information.

COMPTON UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2022

	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Total OPEB Liability					
Service cost	$ 1,563,552	$ 1,518,012	$ 1,707,514	$ 3,113,634	$ 3,414,597
Interest on total OPEB liability	3,031,448	2,921,525	2,721,352	1,988,611	1,683,118
Difference between expected and actual experience	(2,760,376)	(380,419)	(955,961)	-	-
Changes of assumptions	(5,358,088)	-	997,623	(19,260,112)	(4,529,038)
Benefits payments	(2,083,042)	(1,162,191)	(1,258,985)	(856,223)	(815,657)
Net change in total OPEB liability	(5,606,506)	2,896,927	3,211,543	(15,014,090)	(246,980)
Total OPEB liability - beginning	46,897,403	44,000,476	40,788,933	55,803,023	56,050,003
Total OPEB liability - ending (a)	$ 41,290,897	$ 46,897,403	$ 44,000,476	$ 40,788,933	$ 55,803,023
Plan fiduciary net position					
Contributions - employer	$ 9,168,867	$ 7,085,825	$ 3,661,610	$ 1,856,223	$ -
Net investment income	2,673,330	688,329	59,636	(972)	-
Benefit payments	(2,083,042)	(1,162,191)	(1,258,985)	(856,223)	-
Administrative expenses	(59,666)	(21,114)	(2,473)	(624)	-
Net change in plan fiduciary net position	9,699,489	6,590,849	2,459,788	998,404	-
Plan fiduciary net position - beginning	10,049,041	3,458,192	998,404	-	-
Plan fiduciary net position - ending (b)	$ 19,748,530	$ 10,049,041	$ 3,458,192	$ 998,404	$ -
District's net OPEB liability - ending (a) - (b)	$ 21,542,367	$ 36,848,362	$ 40,542,284	$ 39,790,529	$ 55,803,023
Plan fiduciary net position as a percentage of the total OPEB liability	47.83%	21.43%	7.86%	2.45%	0.00%
Covered-employee payroll	$ 151,994,493	$ 148,404,786	$ 108,830,673	$ 132,662,000	$ 132,662,000
District's net OPEB liability as a percentage of covered-employee payroll	14.17%	24.83%	37.25%	29.99%	42.06%

See accompanying note to required supplementary information.

COMPTON UNIFIED SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS FOR OPEB
FOR THE YEAR ENDED JUNE 30, 2022

	June 30, 2021	June 30, 2020
Actuarially determined contribution*	$ 4,721,307	$ 5,280,135
Contributions in relation to the actuarially determined contribution	7,085,825	3,661,610
Contribution deficiency (excess)	$ (2,364,518)	$ 1,618,525
Covered-employee payroll	$ 148,404,786	$ 108,830,673
Contributions as a percentage of covered payroll	4.8%	3.4%

*For 2018, 2019, and 2022, there were no actuarially determined contributions.

See accompanying note to required supplementary information.

COMPTON UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALSTRS
FOR THE YEAR ENDED JUNE 30, 2022

	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
District's proportion of the net pension liability	0.195%	0.204%	0.199%	0.194%	0.199%	0.215%	0.276%	0.220%
District's proportionate share of the net pension liability	$ 88,786,209	$ 197,427,655	$ 179,342,674	$ 178,226,404	$ 183,615,185	$ 173,838,458	$ 186,073,187	$ 128,276,966
State's proportionate share of the net pension liability associated with the District	44,674,707	101,773,156	97,844,192	102,043,452	108,626,078	98,977,703	98,411,941	77,459,171
Total	$ 133,460,916	$ 299,200,811	$ 277,186,866	$ 280,269,856	$ 292,241,263	$ 272,816,161	$ 284,485,128	$ 205,736,137
District's covered payroll	$ 112,524,941	$ 115,963,582	$ 112,903,709	$ 114,084,710	$ 106,263,179	$ 111,062,465	$ 113,774,202	$ 97,771,818
District's proportionate share of the net pension liability as a percentage of its covered payroll	78.9%	170.2%	158.8%	156.2%	172.8%	156.5%	163.5%	131.2%
Plan fiduciary net position as a percentage of the total pension liability	87.2%	71.8%	72.6%	71.0%	69.5%	70.0%	74.0%	76.5%

The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

See accompanying note to required supplementary information.

COMPTON UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALPERS
FOR THE YEAR ENDED JUNE 30, 2022

	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
District's proportion of the net pension liability	0.246%	0.268%	0.281%	0.294%	0.297%	0.315%	0.340%	0.405%
District's proportionate share of the net pension liability	$ 50,104,561	$ 82,364,024	$ 81,785,910	$ 78,290,659	$ 70,997,380	$ 62,131,945	$ 50,161,465	$ 45,984,025
District's covered payroll	$ 39,469,552	$ 42,570,167	$ 43,265,225	$ 44,717,548	$ 42,733,687	$ 42,944,375	$ 43,326,807	$ 42,521,063
District's proportionate share of the net pension liability as a percentage of its covered payroll	126.9%	193.5%	189.0%	175.1%	166.1%	144.7%	115.8%	108.1%
Plan fiduciary net position as a percentage of the total pension liability	81.0%	70.0%	70.0%	70.8%	71.9%	73.9%	79.4%	83.4%

The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

See accompanying note to required supplementary information.

COMPTON UNIFIED SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS - CALSTRS
FOR THE YEAR ENDED JUNE 30, 2022

	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually required contribution	$ 17,480,503	$ 16,826,459	$ 19,854,626	$ 17,901,646	$ 15,922,435	$ 11,699,892	$ 11,666,292	$ 12,531,812
Contributions in relation to the contractually required contribution*	(17,480,503)	(16,826,459)	(19,854,626)	(17,901,646)	(15,922,435)	(11,699,892)	(11,666,292)	(12,531,812)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 106,057,921	$ 112,524,941	$ 115,963,582	$ 112,903,709	$ 114,084,710	$ 106,263,179	$ 111,062,465	$ 113,774,202
Contributions as a percentage of covered payroll	16.48%	14.95%	17.12%	15.86%	13.96%	11.01%	10.50%	11.01%

*Amounts do not include on-behalf contributions

See accompanying note to required supplementary information.

COMPTON UNIFIED SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS - CALPERS
FOR THE YEAR ENDED JUNE 30, 2022

	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually required contribution	$ 8,438,810	$ 7,539,906	$ 8,139,278	$ 7,325,023	$ 6,348,967	$ 5,543,200	$ 4,966,156	$ 5,292,672
Contributions in relation to the contractually required contribution*	(8,438,810)	(7,539,906)	(8,139,278)	(7,325,023)	(6,348,967)	(5,543,200)	(4,966,156)	(5,292,672)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 39,069,645	$ 39,469,552	$ 42,570,167	$ 43,265,225	$ 44,717,548	$ 42,733,687	$ 42,944,375	$ 43,326,807
Contributions as a percentage of covered payroll	21.60%	19.10%	19.12%	16.93%	14.20%	12.97%	11.56%	12.22%

*Amounts do not include on-behalf contributions

See accompanying note to required supplementary information.

NOTE 1 – PURPOSE OF SCHEDULES

Budgetary Comparison Schedule
This schedule is required by GASB Statement No. 34 as required supplementary information (RSI) for the General Fund and for each major special revenue fund that has a legally adopted annual budget. The budgetary comparison schedule presents both (a) the original and (b) the final appropriated budgets for the reporting period as well as (c) actual inflows, outflows, and balances, stated on the District's budgetary basis. A separate column to report the variance between the final budget and actual amounts is also presented, although not required.

Schedule of Changes in Net OPEB Liability and Related Ratios
This 10-year schedule is required by GASB Statement No. 75 for all sole and agent employers that provide other postemployment benefits (OPEB). Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 75 was applicable. The schedule presents the sources of change in the net OPEB liability, and the components of the net OPEB liability and related ratios, including the net OPEB liability as a percentage of covered-employee payroll.

Schedule of the District Contributions for OPEB
This 10-year schedule presents information on the District's actuarially determined contribution, contributions in relation to the actuarially determined contribution, and any excess or deficiency related to the actuarially determined contribution.

Changes in Benefit Terms
There were no changes in benefit terms since the previous valuations for OPEB.

Changes in Assumptions
The interest assumption changed from 6.50% to 6.00%. Assumed rates of retirement, termination, and mortality have been updated to align with those currently being used by the statewide pension systems. Medical trend in future years has been updated to 4% for all years from 6.5% tiered down by 0.25% per year to 4.5% in all future years.

Schedule of the District's Proportionate Share of the Net Pension Liability
This 10-year schedule is required by GASB Statement No. 68 for each cost-sharing pension plan. Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 68 was applicable. The schedule presents the District's proportion (percentage) of the collective net pension liability, the District's proportionate share (amount) of the collective net pension liability, the District's covered payroll, the District's proportionate share (amount) of the collective net pension liability as a percentage of the employer's covered payroll, and the pension plan's fiduciary net position as a percentage of the total pension liability.

Changes in Benefit Terms
There were no changes in benefit terms since the previous valuations for CalSTRS and CalPERS.

Changes in Assumptions
There were no changes in economic assumptions since the previous valuations for CalSTRS and CalPERS.

NOTE 1 – PURPOSE OF SCHEDULES (continued)

Schedule of District Contributions

This 10-year schedule is required by GASB Statement No. 68 for each cost-sharing pension plan. Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 68 was applicable. The schedule presents the District's statutorily or contractually required employer contribution, the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution, the difference between the statutorily or contractually required employer contribution and the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution, the District's covered payroll, and the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution as a percentage of the District's covered payroll.

NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2022, the District incurred no excesses of expenditures over appropriations in individual major funds presented in the Budgetary Comparison Schedule by major object code.

SUPPLEMENTARY INFORMATION

COMPTON UNIFIED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster	AL Number	Pass-Through Entity Identifying Number	Federal Expenditures
U. S. DEPARTMENT OF EDUCATION:			
Passed through California Department of Education:			
Title I, Part A			
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	$ 12,445,425
Comprehensive Support and Improvement for LEAs	84.010	15438	152,298
Subtotal Title I, Part A			12,597,723
Adult Education: Adult Secondary Education	84.002	13978	887
Title II, Part A, Supporting Effective Instruction Local Grants	84.367	14341	951,635
Title III			
Title III, English Learner Student Program	84.365	14346	296,752
Title III, Immigrant Education Program	84.365	15146	6,241
Subtotal Title III			302,993
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	926,654
Title IV, Part B, 21st Century Community Learning Centers Program	84.287	14349	967,100
Department of Rehabilitation: Workability II, Transitions Partnership Program	84.126	10006	88,751
Special Education Cluster			
IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	2,595,118
IDEA Local Assistance, Part B, Sec 611, Early Intervening Services	84.027	10119	75,431
IDEA Mental Health Average Daily Attendance (ADA) Allocation, Part B, Sec 611	84.027A	15197	90,802
IDEA Preschool Grants, Part B, Section 619 (Age 3-4-5)	84.173	13430	17,815
Alternate Dispute Resolution, Part B, Sec 611	84.027A	13007	13,635
Subtotal Special Education Cluster			2,792,801
IDEA Early Intervention Grants, Part C	84.181	23761	91,745
Strengthening Career and Technical Education for the 21st Century (Perkins V)			
State Leadership, Sec. 124	84.048	14891	30,000
Secondary, Sec. 131	84.048	14894	137,128
Adult, Section 132	84.048	14893	2,596
Subtotal Strengthening Career and Technical Education for the 21st Century (Perkins V)			169,724
COVID-19 Emergency Acts Funding/Education Stabilization Fund Discretionary Grants:			
Governor's Emergency Education Relief (GEER) Fund	84.425C	15517	10,834
Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425	15536	1,673,621
Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425	15547	8,879,019
Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425	15559	12,200,572
Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	84.425U	10155	1,465,726
Subtotal Education Stabilization Fund Discretionary Grants			24,229,772
Total U. S. Department of Education			43,119,785
U. S. DEPARTMENT OF AGRICULTURE:			
Passed through California Department of Education:			
COVID-19 Emergency Acts Funding/Extending Summer Food Service Program and SSO:			
Child Nutrition Cluster			
School Breakfast Program - Basic	10.553	13525	10,440,164
School Breakfast Program - Needy	10.553	13526	3,710,831
USDA Commodities	10.555	*	802,347
Subtotal Child Nutrition Cluster			14,953,342
Passed through California Department of Social Services:			
CACFP Claims - Centers and Family Day Care	10.558	13393	1,296,759
Total U. S. Department of Agriculture			16,250,101
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
Passed through California Department of Education:			
Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act	93.575	15555	19,681
Passed through Los Angeles County Department of Public Health:			
CDC Epidemiology and Laboratory Capacity for Infectious Diseases Grant	93.323	*	80,366
Total U. S. Department of Health & Human Services			100,047
Total Federal Expenditures			$ 59,469,933

* - Pass-Through Entity Identifying Number not available or not applicable

See accompanying note to supplementary information.

COMPTON UNIFIED SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)
FOR THE YEAR ENDED JUNE 30, 2022

	Second Period Report	Revised* Second Period Report	Annual Report	Revised* Annual Report
SCHOOL DISTRICT				
TK/K through Third				
Regular ADA	4,897.46	4,897.18	4,990.56	4,990.35
Total TK/K through Third	4,897.46	4,897.18	4,990.56	4,990.35
Fourth through Sixth				
Regular ADA	4,195.14	4,194.83	4,109.14	4,108.92
Special Education - Nonpublic Schools	5.96	5.96	6.64	6.64
Total Fourth through Sixth	4,201.10	4,200.79	4,115.78	4,115.56
Seventh through Eighth				
Regular ADA	2,746.79	2,746.69	2,733.73	2,733.66
Special Education - Nonpublic Schools	5.60	5.60	5.42	5.42
Total Seventh through Eighth	2,752.39	2,752.29	2,739.15	2,739.08
Ninth through Twelfth				
Regular ADA	4,457.99	4,457.99	4,429.69	4,429.69
Special Education - Nonpublic Schools	34.13	34.13	32.74	32.74
Total Ninth through Twelfth	4,492.12	4,492.12	4,462.43	4,462.43
TOTAL SCHOOL DISTRICT	16,343.07	16,342.38	16,307.92	16,307.42

*The District has not yet revised their second period or annual reports.

See accompanying note to supplementary information.

COMPTON UNIFIED SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2022

Grade Level	Minutes Requirement	2021-22 Actual Minutes	Number of Days	Status
Kindergarten	36,000	63,180	180	Complied
Grade 1	50,400	63,180	180	Complied
Grade 2	50,400	63,180	180	Complied
Grade 3	50,400	63,180	180	Complied
Grade 4	54,000	63,180	180	Complied
Grade 5	54,000	63,180	180	Complied
Grade 6	54,000	63,180	180	Complied
Grade 7	54,000	63,180	180	Complied
Grade 8	54,000	63,180	180	Complied
Grade 9	64,800	66,195	180	Complied
Grade 10	64,800	66,195	180	Complied
Grade 11	64,800	66,195	180	Complied
Grade 12	64,800	66,195	180	Complied

See accompanying note to supplementary information.

COMPTON UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022

	2023 (Budget)	2022	2021	2020
General Fund - Budgetary Basis**				
Revenues And Other Financing Sources	$ 330,380,721	$ 408,868,344	$ 510,666,990	$ 304,395,153
Expenditures And Other Financing Uses	398,782,605	284,794,378	306,939,307	310,640,195
Net change in Fund Balance	$ (68,401,884)	$ 124,073,966	$ 203,727,683	$ (6,245,042)
Ending Fund Balance	$ 173,694,945	$ 242,096,829	$ 263,504,691	$ 59,777,008
Available Reserves*	$ 70,321,493	$ 129,084,757	$ 8,999,883	$ 9,324,197
Available Reserves As A Percentage Of Outgo	17.63%	45.33%	2.93%	3.00%
Long-term Liabilities	$ 446,314,879	$ 455,209,319	$ 627,738,075	$ 628,501,369
Average Daily Attendance At P-2***	16,297	16,343	19,392	19,392

The General Fund balance has increased by $182,319,821 over the past two years. The fiscal year 2022-23 budget projects a decrease of $68,401,884. For a District this size, the State recommends available reserves of at least 3% of General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in two of the past three years but anticipates incurring an operating deficit during the 2022-23 fiscal year. Total long-term obligations have decreased by $173,292,050 over the past two years.

Average daily attendance has decreased by 3,049 ADA over the past two years. An anticipated decrease of 46 ADA is expected during the 2022-23 fiscal year.

*Available reserves consist of all unassigned fund balance within the General Fund.

** On-behalf payments of $12,547,380 are included in the actual revenues and expenditures reported in this schedule but have been reclassified in the Statement of Revenues, Expenditures, and Changes in Fund Balance. Actual amounts reported in this schedule are for the General Fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because the amounts on that schedule include the financial activity of the Private-Purpose Trust Fund, in accordance with the implementation of GASB Statement No. 84. Audit adjustments impacting LCFF, federal, state, and local sources are not included in this schedule.

***Due to the COVID-19 pandemic, Average Daily Attendance at P-2 was not reported in 2021. Funding was based on Average Daily Attendance at P-2 as reported in 2020.

See accompanying note to supplementary information.

COMPTON UNIFIED SCHOOL DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

	General Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Building Fund
June 30, 2022, annual financial and budget report fund balance	$ 242,096,829	$ 3,119,914	$ 2,500,800	$ 8,168,232	$ 3,512,436	$ 224,075,094
Adjustments and reclassifications:						
Increase (decrease) in total fund balances:						
Fair value adjustment - cash in county treasury	(9,866,386)	(133,544)	(52,436)	(253,783)	(145,465)	(9,323,199)
Accounts receivable	(20,131,102)	-	-	-	-	-
Accounts payable	(31,636,402)	-	-	-	-	-
Due to other funds	(4,312,834)	-	-	-	-	-
Unearned revenue	(8,264,293)	-	-	-	-	-
Fund balance transfer (GASB 84)	91,399	-	-	-	-	-
Net adjustments and reclassifications	(74,119,618)	(133,544)	(52,436)	(253,783)	(145,465)	(9,323,199)
June 30, 2022, audited financial statement fund balance	$ 167,977,211	$ 2,986,370	$ 2,448,364	$ 7,914,449	$ 3,366,971	$ 214,751,895

	Capital Facilities Fund	State School Building Lease-Purchase Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund
June 30, 2022, annual financial and budget report fund balance	$ 3,134,087	$ 34,862	$ 187,688	$ 1,975,474	$ 3,683,160
Adjustments and reclassifications:					
Increase (decrease) in total fund balances:					
Fair value adjustment - cash in county treasury	(128,949)	(1,441)	(7,792)	-	(152,454)
Cash with fiscal agent	-	-	-	116,032	-
Net adjustments and reclassifications	(128,949)	(1,441)	(7,792)	116,032	(152,454)
June 30, 2022, audited financial statement fund balance	$ 3,005,138	$ 33,421	$ 179,896	$ 2,091,506	$ 3,530,706

	Self-Insurance Internal Service Fund	Private-Purpose Trust Fund
June 30, 2022, annual financial and budget report net position	$ (7,536,294)	$ 91,399
Adjustments and reclassifications:		
Increase (decrease) in total net position:		
Fund balance transfer (GASB 84)	-	(91,399)
Due from other funds	4,312,834	-
Claims liabilities	1,133,883	-
Net adjustments and reclassifications	5,446,717	(91,399)
June 30, 2022, audited financial statement net position	$ (2,089,577)	$ -

See accompanying note to supplementary information.

COMPTON UNIFIED SCHOOL DISTRICT
LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
JUNE 30, 2022

The Compton Unified School District was established on July 1, 1970 and is comprised of an area of approximately 30 square miles located in Los Angeles County. There were no changes in the boundaries of the District during the current year. The District is operating 21 elementary schools, 7 middle schools, 3 high schools, one early college high school, one adult school, and three alternative schools.

GOVERNING BOARD

Member	Office	Term Expires
Micah Ali	President	2024
Satra Zurita	Vice President	2022
Charles Davis	Clerk	2024
LoWanda Green	Member	2022
Mae P. Thomas	Member	2022
Alma Pleasant	Member	2022
Sandra Moss	Legislative Representative	2024

DISTRICT ADMINISTRATORS

Darin Brawley, Ed.D., *Superintendent*
Shannon Soto, Ed.D., *Chief Admin Officer of Business Services*
William Wu, JD, *Chief of School Police*
Tony Burrus, *Chief Technology Officer*
Nathaniel Holt, *Chief Facilities Officer*
Mario Marcos, *Chief Academic Officer, Educational Services*
Kimberly Tresvant, Ed.D., *Executive Director of Human Resources*
Mayra Helguera, Ed.D., *Executive Director of Special Education*
Abimbola Ajala, Ed.D., *Executive Director of Pupil Services*
Jorge Torres, Ed.D., *Senior Director, College & Career Ready*
Michele Dawson, *Senior Director of Educational Technology*
Ja Maiia Bond, *Senior Director of Special Programs*
Jennifer Graziano, Ed.D., *Senior Director of English Language Learners*
Jennifer Moon, Ed.D., *Senior Director of Elementary Education*
Telma Bayona, *Director of Early Childhood Education*

See accompanying note to supplementary information.

COMPTON UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHARTER SCHOOLS
FOR THE YEAR ENDED JUNE 30, 2022

Charter #	Charter School	Status	Included in Audit Report
1062	Barack Obama Charter	Active	No
0963	Lifeline Education Charter	Active	No
1990	Animo Compton Charter	Active	No
1827	ISANA Achernar Academy	Active	No
1772	Today's Fresh Start - Compton	Active	No
1952	Igenium Clarion Charter Middle	Active	No
1996	KIPP Compton Community	Active	No

See accompanying note to supplementary information.

NOTE 1 – PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

The following schedule provides reconciliation between revenues reported on the Statement of Revenue, Expenditures, and Changes in Fund Balance, and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amounts represent Federal funds that have been recorded as revenues in a prior year that have been expended by June 30, 2022 or Federal funds that have been recorded as revenues in the current year and were not expended by June 30, 2022.

	AL Number	Amount
Total Federal Revenues reported in the Statement of Revenues, Expenditures, and Changes in Fund Balance		$41,157,702
ESSA School Improvement (CSI) Funding	84.010	(105,514)
Adult Basic Education & ELA (Section 231)	84.002A	(3,564)
Adult Secondary Education (Section 231)	84.002	(2,377)
Title II, Part A, Supporting Effective Instruction Local Grants	84.367	523,060
Title III, English Learner Student Program	84.365	783,081
IDEA Basic Local Assistance Entitlement, Part B, Section 611	84.027	11,312,843
Strengthening Career and Technical Education for the 21st Century (Perkins V): Adult, Section 132	84.048	(10,500)
Governor's Emergency Education Relief (GEER) Fund: Learning Loss Mitigation	84.425C	(139,845)
Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425	4,234,888
Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425	1,946,849
American Rescue Plan - Homeless Children and Youth II (ARP HYC II)	84.425	(65,657)
CDC Epidemiology and Laboratory Capacity for Infectious Diseases Grant	93.323	43,086
ARP California State Preschool Program One-time Stipend	93.575	(223,800)
Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act- One-time Stipend	93.575	19,681
Total Expenditures reported in the Schedule of Expenditures of Federal Awards		$59,469,933

The District has not elected to use the 10 percent de minimis indirect cost rate.

NOTE 1 – PURPOSE OF SCHEDULES (continued)

Schedule of Average Daily Attendance (ADA)
Average daily attendance (ADA) 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 are made to school districts. This schedule provides information regarding the attendance of students at various grade levels and in different programs.

Schedule of Instructional Time
This schedule presents information on the amount of instructional time offered by the District and whether the District complied with article 8 (commencing with section 46200) of chapter 2 of part 26 of the *Education Code*.

Schedule of Financial Trends and Analysis
This schedule discloses the District's financial trends by displaying past years' data along with current year budget information. These financial trend disclosures are used to evaluate the District's ability to continue as a going concern for a reasonable period of time.

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Annual Financial and Budget Report Unaudited Actuals to the audited financial statements.

Local Education Agency Organization Structure
This schedule provides information about the District's boundaries and schools operated, members of the governing board, and members of the administration.

Schedule of Charter Schools
This schedule lists all charter schools chartered by the District, and displays information for each charter school on whether or not the charter school is included in the District audit.

OTHER INDEPENDENT AUDITORS' REPORTS

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*

Independent Auditors' Report

Governing Board
Compton Unified School 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 governmental activities, each major fund, and the aggregate remaining fund information of Compton Unified School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Compton Unified School District's basic financial statements, and have issued our report thereon dated June 28, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Compton Unified School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Compton Unified School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Compton Unified School 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 entity'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as Finding #2022-001 that we consider to be material weaknesses.

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Report on Compliance and Other Matters

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

Compton Unified School District's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.



San Diego, California
June 28, 2023

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Independent Auditors' Report

Governing Board
Compton Unified School District
Compton, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit for Compliance

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards,* and the Uniform Guidance, we:

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

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

Report on Internal Control Over Compliance

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

Report on Internal Control Over Compliance (continued)

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

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

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



San Diego, California
June 28, 2023

REPORT ON STATE COMPLIANCE

Independent Auditors' Report

Governing Board
Compton Unified School District
Compton, California

Report on State Compliance

Opinion on State Compliance

We have audited Compton Unified School District's compliance with the types of compliance requirements described in the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed by Title 5, *California Code of Regulations*, section 19810, that could have a direct and material effect on each of Compton Unified School District's state programs for the fiscal year ended June 30, 2022, as identified below.

In our opinion, Compton Unified School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the applicable state programs for the year ended June 30, 2022.

Basis for Opinion on State Compliance

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed by Title 5, *California Code of Regulations*, section 19810 as regulations (the K-12 Audit Guide). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of State Compliance section of our report.

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

Responsibilities of Management for Compliance

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

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Auditor's Responsibilities for the Audit of State Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the state compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Compton Unified School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the K-12 Audit Guide will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user of the report on compliance about Compton Unified School District's compliance with the requirements of the applicable state programs as a whole.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards,* and the K-12 Audit Guide, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Compton Unified School District's compliance with compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Compton Unified School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the K-12 Audit Guide, but not for the purpose of expressing an opinion on the effectiveness of Compton Unified School District's internal control over compliance. Accordingly, no such opinion is expressed.
- Select and test transactions and records to determine Compton Unified School District's compliance with the state laws and regulations related to the following items:

PROGRAM NAME	PROCEDURES PERFORMED
Local Education Agencies Other Than Charter Schools	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	Yes
Continuation Education	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not Applicable
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	Not Applicable
Middle or Early College High Schools	Not Applicable
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Comprehensive School Safety Plan	Yes
District of Choice	Not Applicable

(continued on the next page)

Auditor's Responsibilities for the Audit of State Compliance (continued)

PROGRAM NAME	PROCEDURES PERFORMED
School Districts, County Offices of Education, and Charter Schools	
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Not Applicable
Immunizations	Yes
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	Yes
In-Person Instruction Grant	Yes
Charter Schools	
Attendance; for charter schools	Not Applicable
Mode of Instruction; for charter schools	Not Applicable
Nonclassroom-Based Instruction/Independent Study; for charter schools	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction; for charter schools	Not Applicable
Annual Instructional Minutes - Classroom Based	Not Applicable
Charter School Facility Grant Program	Not Applicable

The term "Not Applicable" is used above to mean either the District did not offer the program during the current fiscal year or the program applies to a different type of local education agency.

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are described in the accompanying schedule of findings and questioned costs as findings #2022-002, #2022-003, #2022-004, and #2022-005. Our opinion on state compliance is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on Compton Unified School District's response to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and corrective action plan. Compton Unified School District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of State Compliance section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the K-12 Audit Guide. Accordingly, this report is not suitable for any other purpose.

Christy White, Inc

San Diego, California
June 28, 2023

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

COMPTON UNIFIED SCHOOL DISTRICT
SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2022

FINANCIAL STATEMENTS

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified?	None Reported
Non-compliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major program:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None Reported
Type of auditors' report issued:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)?	No
Identification of major programs:	

AL Number(s)	Name of Federal Program or Cluster
84.425, 84.425U	Education Stabilization Fund Discretionary Grants

Dollar threshold used to distinguish between Type A and Type B programs:	$ 1,784,098
Auditee qualified as low-risk auditee?	Yes

STATE AWARDS

Internal control over state programs:	
Material weaknesses identified?	No
Significant deficiency(ies) identified?	None Reported
Any audit findings disclosed that are required to be reported in accordance with *2021-22 Guide for Annual Audits of California K-12 Local Education Agencies* ?	Yes
Type of auditors' report issued on compliance for state programs:	Unmodified

COMPTON UNIFIED SCHOOL DISTRICT
FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2022

FIVE DIGIT CODE	AB 3627 FINDING TYPE
20000	Inventory of Equipment
30000	Internal Control

FINDING #2022-001: YEAR-END CLOSING PROCEDURES (30000) (MATERIAL WEAKNESS)

Criteria: Management is responsible for the design, implementation, and maintenance of internal controls to ensure the financial statements are free from material misstatement, whether due to error or fraud. Additionally, the District should ensure that all applicable accounting principles are adhered to when preparing the financial statements.

Condition: During the course of our engagement, we identified material misstatements of balances presented within the District's General Fund, Building Fund, Non-Major Adult Education Fund, Non-Major Child Development Fund, Non-Major Cafeteria Fund, Non-Major Deferred Maintenance Fund, Non-Major Capital Facilities Fund, Non-Major State School Building Lease-Purchase Fund, Non-Major County School Facilities Fund, Non-Major Special Reserve Fund for Capital Outlay Projects, Non-Major Bond Interest and Redemption Fund, Non-Major Tax Override Fund, and Self-Insurance Internal Service Fund, as reported on the 2021-2022 unaudited financial statements. The description of the misstatements are as follows:

- Revenues and the related accounts payable balances associated with the local control funding formula and related property taxes were incorrectly reported. (material misstatement in the General Fund)
- Revenues and the related accounts receivable and unearned revenue balances associated with federal and state categorical programs were incorrectly reported. (material misstatement in the General Fund)
- Interfund transfers for self-insurance activities for the year were not recorded. (material misstatement in the General Fund and Self-Insurance Internal Service Fund)
- Claims liability balances were not updated according to the actuary's report. (material misstatement in the Self-Insurance Internal Service Fund)
- Cash with fiscal agent balances were not updated according to the actual transactions occurring. (material misstatement in the Non-Major Special Reserve Fund for Capital Outlay Projects)
- Net decrease in fair value of Cash in County Treasury was not recognized. (material misstatements in General Fund, Building Fund, Non-Major Adult Education Fund, Non-Major Child Development Fund, Non-Major Cafeteria Fund, Non-Major Deferred Maintenance Fund, Non-Major Capital Facilities Fund, Non-Major State School Building Lease-Purchase Fund, Non-Major County School Facilities Fund, Non-Major Bond Interest and Redemption Fund, and Non-Major Tax Override Fund)

Effect: The effect of the errors resulted in misstatements that were not detected or prevented by the District's internal controls. Audit adjusting entries were required to correct cash in county treasury, cash with fiscal agent, accounts receivable, due from other funds, accounts payable, unearned revenue, due to other funds, LCFF sources, federal sources, state sources, local sources, and other income and expense items.

Cause: The District did not have adequate review processes in place related to the preparation of the District's year-end financial statements, which includes the review of all relevant transactions to determine their proper reporting amounts and period.

Repeat Finding: No, this is not a repeat finding.

Recommendation: The District should exercise care during its year-end closing process. The District should implement a process to review all balances during its year-end closing process to determine the proper cut-off period for all revenues and expenditures and the associated assets and liabilities.

Corrective Action Plan: Compton USD will exercise care. A process has been implemented under the new Senior Director of Fiscal Services by assigning specific areas of responsibilities along with associated timelines in addition to being monitored and reviewed at indicated intervals to fiscal staff members to ensure accuracy and compliance.

COMPTON UNIFIED SCHOOL DISTRICT
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022

FIVE DIGIT CODE	AB 3627 FINDING TYPE
50000	Federal Compliance

There were no federal award findings or questioned costs for the year ended June 30, 2022.

FIVE DIGIT CODE	AB 3627 FINDING TYPE
10000	Attendance
40000	State Compliance
42000	Charter School Facilities Programs
43000	Apprenticeship: Related and Supplemental Instruction
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

FINDING #2022-002: INDEPENDENT STUDY (10000)

Criteria: For attendance generated through independence study, all independent study written agreements must contain the signature of the pupil, pupil's parents, and certificated employee affixed within 30 calendar days from the first day of independent study instruction or October 15 for the 2021-22 school year only (Education Code Section 51747(g)(9)(F)).

Condition: Seventeen of thirty-five pupils had issues with contracts regarding independent study, therefore the total average daily attendance (ADA) credited, 0.69 and 0.50, in P2 and the Annual, respectively, is unallowable. Auditor found discrepancies in independent study attendance at two of the eight schools tested.

Effect: Loss of apportionment funding for days of attendance related to incomplete and deficient independent study contracts.

Cause: Clerical oversight.

Questioned Costs: 0.69 and 0.50, for P2 and the Annual, respectively, were overstated as tested, representing a questioned cost of $5,894.

Grade Span	Second Period Report ADA (Over)/Under Statement	Annual Report ADA (Over)/Under Statement	Adjusted Base Grant per ADA	Questioned Cost
Kindergarten through third	0.28	0.21	$ 8,935	$ 2,502
Fourth through sixth	0.31	0.22	$ 8,215	$ 2,547
Seventh through eighth	0.10	0.07	$ 8,458	$ 846
Total	0.69	0.50		$ 5,894

Repeat Finding: No, this is not a repeat finding.

Recommendation: We recommend that the District implement adequate procedures to ensure that independent study contracts are being completed in a timely manner with all the required information as directed by Ed Code.

Corrective Action Plan: Compton USD will exercise care. A process has been implemented under the new Senior Director of Fiscal Services by assigning specific areas of responsibilities along with associated timelines in addition to being monitored and reviewed at indicated intervals to fiscal staff members to ensure accuracy and compliance.

FINDING #2022-003: CLASSROOM TEACHER SALARIES (61000)

Criteria: As set forth in California Education Code section 41372, a unified school district should expend a minimum of 55% of the District's current expenses of education towards salaries of classroom teachers.

Condition: In the 2021-22 fiscal year, the District included $60,895,256 of expense reduction overrides to their Form CEA to ensure compliance with the required 55%. The District was unable to provide support for the entire amount of the override. The District was able to provide support for $8,458,956.

Effect: The District's current expense of education for the year ended June 30, 2022 after the revised override was $256,096,519 and the total salaries and benefits for classroom teachers was $123,167,070. The District was below the minimum required percentage of 55% by 6.91% which calculates out to a deficiency of $17,696,269.

Cause: The deficiency amount was due to the one-time COVID relief funding received.

Questioned Costs: The questioned costs are the deficiency of $17,696,269.

Repeat Finding: No, this is not a repeat finding.

Recommendation: We recommend that in the future, the District monitor their expenses towards salaries of classroom teachers against their total expenses to be sure that they meet the 55% minimum requirement. Additionally, the District should work with their County Office of Education to request a waiver from the California Department of Education.

Corrective Action Plan: Compton USD will exercise care. A process has been implemented under the new Senior Director of Fiscal Services by assigning specific areas of responsibilities along with associated timelines in addition to being monitored and reviewed at indicated intervals to fiscal staff members to ensure accuracy and compliance.

FINDING #2022-004: CALIFORNIA CLEAN ENERGY JOBS ACT (40000)

Criteria: Public Resource Code (PRC) Section 26240(b) requires an entity to submit a report of its project expenditures to the Citizens Oversight Board, not sooner than one year but no later than 15 months after an entity completes its first eligible project with a grant, loan, or other assistance from the Job Creation Fund.

Condition: Based on review of final expenditure reporting requirements for the CA Clean Energy Jobs Program, it was noted that the final project completion report was not submitted within the required deadline of 12 - 15 months after the project completion date. The report has been delinquent for 16 months as of June 30, 2022.

Effect: The District is not in compliance with reporting requirements underlined under PRC Section 26240(b).

Cause: Lack of adequate oversight over reporting requirements due to turnover in facilities position.

Questioned Costs: No questioned costs.

Repeat Finding: No, this is not a repeat finding.

Recommendation: We recommend the District contact the California Energy Commission (CEC) to complete final reporting requirements.

Corrective Action Plan: Compton USD will exercise care. A process has been implemented under the new Senior Director of Fiscal Services by assigning specific areas of responsibilities along with associated timelines in addition to being monitored and reviewed at indicated intervals to fiscal staff members to ensure accuracy and compliance.

FINDING #2022-005 – UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (40000)

Criteria: Students classified as free or reduced-price meal eligible (FRPM) and who are not directly certified on the CALPADS 1.18 FRPM/English Learner/Foster Youth – Student List Report must have supporting documentation that indicates the student was eligible for the determination. Auditors are required to verify compliance with Education Code Section 42238.02(b)(3)(b) in Section W of the 2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting.

Condition: Eighteen (18) out of 60 students tested from the CALPADS 1.18 FRPM/English Learner/Foster Youth – Student List Report who was classified as FRPM did not have an alternative household income form on file to confirm their FRPM classification. The error rate of 18/60 or 30% was extrapolated to the entire population of students only classified as free or reduced. The total extrapolated error rate indicated that a total of 306 students were incorrectly classified.

Effect: The District is not in compliance with applicable State requirements.

Cause: The students' alternative household income form were misplace due to turnover.

Questioned Costs: $781,002, as calculated, as follows:

Item Number	Calculating the Cost of LCFF Unduplicated Pupil Count Audit Finding	Data Input and Calculated Fields
1	Total Adjusted Enrollment from the UPP exhibit as of P-2	57,817
2	Total Adjusted Unduplicated Pupil Count from the UPP exhibit as of P-2	54,683
3	Audit Adjustment - Number of Enrollment	-
4	Audit Adjustment - Number of Unduplicated Pupil Count	(306)
5	Revised Adjusted Enrollment	57,817
6	Revised Adjusted Unduplicated Pupil Count	54,377
7	UPP calculated as of P-2	0.9458
8	Revised UPP for audit finding	0.9405
9	**Charter Schools Only:** Determinative School District Concentration Cap	
10	Revised UPP adjusted for Concentration Cap	**0.9405**
11	Supplemental and Concentration Grant TK/K–3 ADA	6,481.49
12	Supplemental and Concentration Grant 4–6 ADA	4,950.77
13	Supplemental and Concentration Grant 7–8 ADA	3,126.37
14	Supplemental and Concentration Grant 9–12 ADA	4,806.37
15	Adjusted Base Grant per TK/K–3 ADA	$8,935
16	Adjusted Base Grant per 4–6 ADA	$8,215
17	Adjusted Base Grant per 7–8 ADA	$8,458
18	Adjusted Base Grant per 9–12 ADA	$10,057
19	Supplemental Grant Funding calculated as of P-2	$32,793,380
20	Revised Supplemental Grant Funding for audit finding	$32,609,615
21	Supplemental Grant Funding audit adjustment	**($183,765)**
22	Concentration Grant Funding calculated as of P-2	$44,601,148
23	Revised Concentration Grant Funding for audit finding	$44,003,911
24	Concentration Grant Funding audit adjustment	**($597,237)**
25	Total Supplemental and Concentration audit adjustment	**($781,002)**

Repeat Finding: No, this is not a repeat finding.

FINDING #2022-005 – UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (40000) (continued)

Recommendation: We recommend that the District maintain supporting documentation to support student classification as free or reduced on the CALPADS 1.18 FRPM/English Learner/Foster Youth – Student List Report. Additionally, the CALPADS reporting should be revised for any students lacking supporting documentation to support their classification as free or reduced before the close of the Fall I Amendment Window.

Corrective Action Plan: Compton USD will exercise care. A process has been implemented under the new Senior Director of Fiscal Services by assigning specific areas of responsibilities along with associated timelines in addition to being monitored and reviewed at indicated intervals to fiscal staff members to ensure accuracy and compliance.

COMPTON UNIFIED SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2022

There were no findings or questioned costs for the year ended June 30, 2021.