

**EL CAMINO COMMUNITY COLLEGE DISTRICT
LOS ANGELES COUNTY**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2022



CPAs | CONSULTANTS | WEALTH ADVISORS

CLAcconnect.com

**EL CAMINO COMMUNITY COLLEGE DISTRICT
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2022**

INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	5
BASIC FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	20
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION	22
STATEMENT OF CASH FLOWS	23
STATEMENT OF OTHER POSTEMPLOYMENT BENEFITS PLAN NET POSITION	25
STATEMENT OF CHANGES IN OTHER POSTEMPLOYMENT BENEFITS PLAN NET POSITION	26
NOTES TO FINANCIAL STATEMENTS	27
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	62
SCHEDULE OF THE DISTRICT PENSION CONTRIBUTIONS	63
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS	64
SCHEDULE OF POSTEMPLOYMENT HEALTHCARE BENEFIT CONTRIBUTIONS	65
SCHEDULE OF POSTEMPLOYMENT HEALTHCARE BENEFITS MONEY-WEIGHTED RATE OF RETURN ON PLAN ASSETS	66
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	67

**EL CAMINO COMMUNITY COLLEGE DISTRICT
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2022**

SUPPLEMENTARY INFORMATION	69
HISTORY AND ORGANIZATION	70
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	71
SCHEDULE OF STATE FINANCIAL ASSISTANCE – GRANTS	73
SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL AND APPORTIONMENT ANNUAL (ACTUAL) ATTENDANCE	74
RECONCILIATION OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION	75
RECONCILIATION OF 50 PERCENT LAW CALCULATION	77
EDUCATION PROTECTION ACCOUNT (EPA) EXPENDITURE REPORT	78
NOTES TO SUPPLEMENTARY INFORMATION	79
OTHER INDEPENDENT AUDITORS’ REPORTS	
INDEPENDENT AUDITORS’ REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	81
INDEPENDENT AUDITORS’ REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	83
INDEPENDENT AUDITORS’ REPORT ON STATE COMPLIANCE	87
FINDINGS AND QUESTIONED COSTS	
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – SUMMARY OF AUDITORS’ RESULTS	92
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – RELATED TO THE FINANCIAL STATEMENTS	93
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – RELATED TO FEDERAL AWARDS	94

**EL CAMINO COMMUNITY COLLEGE DISTRICT
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2022**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS – RELATED TO STATE AWARDS	97
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS	99



INDEPENDENT AUDITORS' REPORT

Board of Trustees
El Camino Community College District
Torrance, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities of the El Camino Community College District (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the El Camino Community College 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 business-type activities of the El Camino Community College District, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 El Camino Community College 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.

Emphasis of a Matter

As discussed in Note 8 to the financial statements, effective July 1, 2021, the District adopted the provisions of Governmental Accounting Standards Board Statement (GASB) No. 87, *Leases*. The guidance requires lessees to recognize a right-to-use lease asset and corresponding lease liability and lessors to recognize a lease receivable and corresponding deferred inflow of resources for all leases with lease terms greater than twelve months. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the El Camino Community College 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.

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of the District's proportionate share of the net pension liability (CalSTRS-STRP and CalPERS-Schools Pool Plan), schedule of the District's pension contributions (CalSTRS-STRP and CalPERS-Schools Pool Plan), schedule of changes in the net postemployment healthcare benefits liability and related ratio, and schedule of postemployment healthcare benefits contributions, schedule of postemployment healthcare benefits money-weighted rate of return on plan assets, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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 El Camino Community College District's basic financial statements. The schedule of state financial assistance - grants, schedule of workload measures for state general apportionment, reconciliation of governmental funds to the statement of net position, reconciliation of the 50 percent law calculation and schedule of education protection act expenditures report, including the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are 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 GAAS. In our opinion, schedule of state financial assistance - grants, schedule of workload measures for state general apportionment, reconciliation of governmental funds to the statement of net position, reconciliation of the 50 percent law calculation and schedule of education protection act expenditures report, including the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

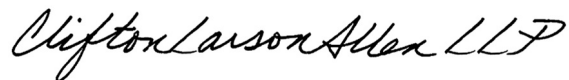
Other Information

Management is responsible for the other information included in the annual report. The other information comprises of the history and organization but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2023, on our consideration of the El Camino Community College 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 El Camino Community College 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 El Camino Community College District's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Glendora, California
January 26, 2023

**EL CAMINO COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

INTRODUCTION

The following discussion and analysis provides an overview of the financial position and activities of the El Camino Community College District (the District) for the year ended June 30, 2022. This discussion has been prepared by management and should be read in conjunction with the financial statements and notes thereto which follow this section. Responsibility for the completeness and accuracy of this information rests with the District management.

Officially established as of July 1, 1946, and located centrally in the South Bay, the District encompasses five unified and one high school districts, twelve elementary school districts, and nine cities, a population of almost one million. The District's primary service area includes the residents of Inglewood, Lennox, El Segundo, Hawthorne, Lawndale, Hermosa Beach, Manhattan Beach, Redondo Beach, and Torrance. We offer programs of the highest quality for El Camino students who continue on with their higher education studies; programs of remediation and re-entry; a leading community provider of programs for seniors; offer cultural and arts programs of national distinction; programs of exceptional depth in professional training, job training, and workforce development; and community service programs of personal interest.

FINANCIAL HIGHLIGHTS

This section provides an overview of the District's financial activities. The District was required to implement the reporting standards of Governmental Accounting Standards Board (GASB) Statements No. 34 and No. 35 during fiscal year 2002-2003 using the Business-Type Activity (BTA) model. The California Community Colleges Chancellor's Office, through its Fiscal and Accountability Standards Committee, recommended that all community college districts implement the new reporting standards under the BTA model. To comply with the recommendation of the Chancellor's Office and to report in a manner consistent with other California community college districts, the District has adopted the BTA reporting model for these financial statements. One years of prior data is presented in the Management's Discussion and Analysis.

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

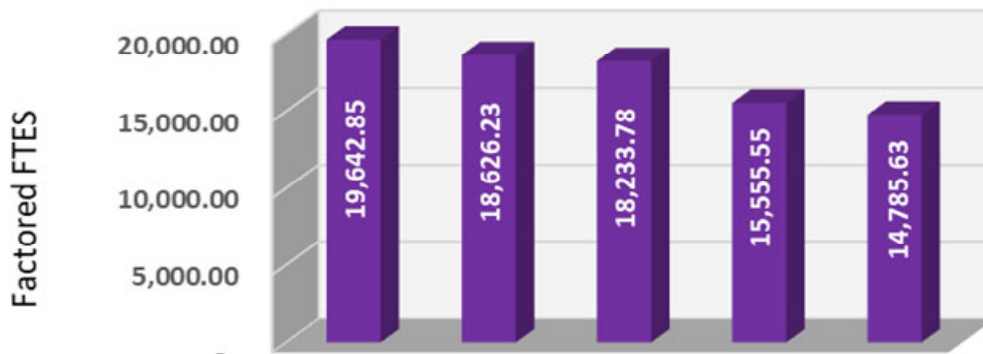
The California Community Colleges Chancellor's Office has recommended that all State community colleges follow the BTA model for financial statement reporting purposes.

**EL CAMINO COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

SELECTED HIGHLIGHTS

- During 2021-2022, total full-time equivalent students (FTES) decreased by 769.92 from prior year. The decrease in FTES that began in Spring 2020 continues through fiscal year 2022-2023, and has been in large part a result of the COVID-19 epidemic and the District's conversion to a substantially online instruction model. Credit and noncredit FTES, along with other measures indicated in the Student-Centered Funding Formula (SCFF), are the basis for the District's General Apportionment Revenues.

**Annual Enrollment
Full-Time Equivalent Students (FTES)**



Fiscal Year	2017-18	2018-19	2019-20	2020-21	2021-22
Credit	19,587.66	17,884.98	17,120.69	14,530.79	13,640.59
Special Admit					
Credit	-	703.60	1,080.88	1,013.95	1,107.12
CDCP	-	14.06	6.08	7.30	2.25
Noncredit	55.19	23.59	26.13	3.51	35.67
Total Actual FTES	19,642.85	18,626.23	18,233.78	15,555.55	14,785.63

- In November 2002, the residents of the District passed a General Obligation Bond for \$394.5 million to improve the existing facilities, construct new facilities, purchase equipment, and purchase property. The first series of bonds were issued for \$63.7 million and spending, in accordance with the master facilities plan, was fully implemented in 2003-2004. The second series of bonds was issued for \$150.0 million in September 2006. The third series of bonds was issued in August 2012 for \$180.8 million.
- In November 2012, the residents of the District passed a General Obligation Bond for \$350.0 million to improve the existing facilities, construct new facilities, and purchase equipment. The first series (2012-A) of bonds was issued in January 2016 for \$100.0 million. The second series (2012-B) was issued in August 2018 for \$50.0 million. The third series (2012-C) was issued in October 2020 for \$50.0 million. The fourth series (2012-D) for \$60.0 million was issued in August 2021.

**EL CAMINO COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

Financial Statement Presentation and Basis of Accounting Governmental Funds

The District's financial report includes three primary financial statements: The Statement of Net Position, the Statement of Revenues, Expenses and Change in Net Position, and the Statement of Cash Flows. Additional information regarding these financial statements is provided on the following pages.

The financial statements noted above are prepared in accordance with GASB Statements No. 34 and No. 35, which provides an entity wide perspective. Therefore, the financial data presented in these financial statements is a combined total of all District governmental funds including Student Financial Aid Programs, Proprietary Funds and a portion of the Retiree Benefits Fund deemed to be governmental in nature.

Also, in accordance with GASB Statements No. 34 and No. 35, the financial statements have been prepared under the full accrual basis of accounting, which requires that revenues are recognized when earned and expenses are recorded when an obligation has been incurred. A reconciliation between the fund balances reported on the June 30, 2022 Annual Financial and Budget Report (CCFS-311) based upon governmental accounting principles and the modified accrual basis of accounting and the total net position recorded on the full accrual basis of accounting is shown in the supplemental information of the audit report.

Statement of Net Position

The Statement of Net Position presents the assets, deferred outflows, liabilities, deferred inflows and net position of the District as of the end of the fiscal year. It is prepared using the full accrual basis of accounting, which is similar to the accounting basis used by most private-sector organizations. The Statement of Net Position is a "point-in-time" financial statement. The purpose of this statement is to present the readers with a fiscal snapshot of the District on June 30, 2022.

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

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

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

**EL CAMINO COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

Statement of Net Position (Continued)

The components of net position are investment in capital assets, restricted assets and unrestricted assets. The negative \$22.4 million in net investment in capital assets consists of \$19 million in capital assets, net of accumulated depreciation and including the Bond Construction Fund balance of \$84.5 million, less \$583.8 million in bond debt, including bond premiums and deferred outflows.

This investment in capital assets consists of land, infrastructure, buildings, and equipment less any related debt still outstanding used to acquire those assets. The District uses these capital assets to provide educational, meeting, and athletic facilities to students and the community; consequently, these assets are not available for future spending. The resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

A summarized comparison of statement of net position is presented herein:

	(in thousands) June 30, 2022	(in thousands) June 30, 2021	Percentage Change
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	\$ 97,932	\$ 77,137	27.0 %
Receivables	23,594	35,620	(33.8)
Other Current Asset	1,140	718	58.8
Total Current Assets	<u>122,666</u>	<u>113,475</u>	8.1
NONCURRENT ASSETS			
Restricted Cash and Cash Equivalents	143,647	112,584	27.6
Other Postemployment Benefits Plan (OPEB) Assets	3,441	270	1174.4
Capital Assets, Net of Depreciation	477,463	444,676	7.4
Total Noncurrent Assets	<u>624,551</u>	<u>557,530</u>	12.0
 Total Assets	 747,217	 671,005	 11.4
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charge on Refunding	2,933	3,187	(8.0)
Deferred Outflows - Pensions	25,602	33,345	(23.2)
Deferred Outflows - OPEB	3,747	2,538	47.6
Total Deferred Outflows of Resources	<u>32,282</u>	<u>39,070</u>	(17.4)
 Total Assets and Deferred Outflows of Resources	 <u>\$ 779,499</u>	 <u>\$ 710,075</u>	 9.8

**EL CAMINO COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

Statement of Net Position (Continued)

LIABILITIES	(in thousands) <u>June 30, 2022</u>	(in thousands) <u>June 30, 2021</u>	<u>Percentage Change</u>
CURRENT LIABILITIES			
Accounts Payable and Accrued Liabilities	\$ 38,470	\$ 25,176	52.8 %
Due to Fiduciary Fund			-
Unearned Revenue	14,353	10,110	42.0
Long-Term Liabilities - Current Portion	<u>20,995</u>	<u>20,725</u>	1.3
Total Current Liabilities	73,818	56,011	31.8
NONCURRENT LIABILITIES			
Long-Term Liabilities Less Current Portion	<u>657,259</u>	<u>684,973</u>	(4.0)
Total Noncurrent Liabilities	<u>657,259</u>	<u>684,973</u>	(4.0)
Total Liabilities	731,077	740,984	(1.3)
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows - Pensions	62,304	10,623	486.5
Deferred Inflows - OPEB	<u>8,604</u>	<u>6,191</u>	39.0
Total Deferred Outflows of Resources	70,908	16,814	321.7
NET POSITION			
Net Investment in Capital Assets	(18,981)	46,199	(141.1)
Restricted	43,591	52,487	(16.9)
Unrestricted	<u>(47,096)</u>	<u>(146,409)</u>	67.8
Total Net Position	<u>(22,486)</u>	<u>(47,723)</u>	52.9
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 779,499</u>	<u>\$ 710,075</u>	9.8

This schedule has been prepared from the Statement of Net Position presented on pages 20 and 21.

Approximately 89.4% of the cash balance is cash deposited in the Los Angeles County Treasury. The Statement of Cash Flows contained within these financial statements provides greater detail regarding the sources and uses of cash during fiscal year 2021-2022.

- The majority of the accounts receivable balance is from Federal and State sources for grant entitlement programs. Also included is an account receivable for the lottery payment of \$1.1 million. Student receivables are \$4.8 million (gross) or \$1.5 million net of allowance for doubtful accounts.
- Capital assets had a net increase of \$44.9 million. Depreciation expense of \$12.1 million was recognized during 2021-2022. The capital asset section of this discussion and analysis provides greater detail.
- Accounts payable are amounts due as of the fiscal year end for goods and services received as of June 30, 2022. Total accounts payable are \$33.7 million. Accrued liabilities of \$million are for amounts due to or on behalf of employees for wages and benefits.

**EL CAMINO COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

Statement of Net Position (Continued)

- Long-term liabilities include 2012 General Obligation Bonds, Series D, that have been issued in the amount of \$60 million; 2012 General Obligation Bonds, Series C, that have been issued in the amount of \$180.8 million; 2012 General Obligation Refunding Bonds that have been issued in the amount of \$41.8 million; 2016 General Obligation Bonds, Series A, that have been issued in the amount of \$100.0 million; 2016 General Obligation Refunding Bonds that have been issued in the amount of \$85.8 million; 2018 General Obligation Bonds, Series B that have been issued in the amount of \$50.0 million, 2020 General Obligation Bonds, Series C that have been issued in the amount of \$50.0 million; and 2020 General Obligation Refunding Bonds that have been issued in the amount of \$40.5 million. The long-term liabilities section of this discussion and analysis provides greater detail.

Statement of Revenues, Expenses, and Change in Net Position

Changes in total net position as presented on the Statement of Net Position are based on the activity presented in the Statement of Revenues, Expenses, and Changes in Net Position. The purpose of this statement is to present the operating and nonoperating revenues earned, whether received or not, by the District, the operating and nonoperating expenses incurred, whether paid or not, by the District, and any other revenues, expenses, gains and/or losses earned or incurred by the District. Thus, this Statement presents the District's results of operations.

Generally, operating revenues are earned for providing educational and programmatic services to students, customers and constituencies of the District. Operating expenses are those expenses incurred to provide services provided in return for the operating revenues used to fulfill the mission of the District. Nonoperating revenues are those received or pledged for which goods and services are not provided to the entity providing the revenues. For example, state apportionments are nonoperating revenues because they are provided by the legislature to the District without the legislature directly receiving services for those revenues.

**EL CAMINO COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

Statement of Revenues, Expenses, and Change in Net Position (Continued)

A summarized comparison of the Statement of Revenues, Expenses, and Change in Net Position is presented herein:

	(in thousands) June 30, 2022	(in thousands) June 30, 2021	Percentage Change
OPERATING REVENUES			
Net Tuition and Fees	\$ 12,034	\$ 13,396	(10.2)%
Grants and Contracts, Noncapital	53,246	46,003	15.7
Auxiliary Commissions and Stadium Concessions	463	(469)	198.7
Total Operating Revenues	<u>65,743</u>	<u>58,930</u>	11.6
OPERATING EXPENSES			
Salaries and Benefits	129,855	148,084	(12.3)
Supplies, Materials, and Other Operating Expenses and Services	35,317	25,608	37.9
Financial Aid	56,539	45,898	23.2
Depreciation	12,126	9,565	26.8
Total Operating Expenses	<u>233,837</u>	<u>229,155</u>	2.0
OPERATING LOSS	(168,094)	(170,225)	(1.3)
NONOPERATING REVENUES			
Grants and Contracts, Noncapital	57,442	48,724	17.9
State Apportionments, Noncapital	82,952	88,465	(6.2)
Local Property Taxes	42,530	39,341	8.1
State Taxes and Other Revenues	6,108	5,798	5.3
Other Expenses	(3,000)	-	100.0
Transfer out to OPEB Trust	(3,832)	-	100.0
Investment Income, Net	1,532	(679)	325.6
Total Nonoperating Revenues	<u>183,732</u>	<u>181,649</u>	1.1
OTHER REVENUES, (EXPENSES), GAINS OR (LOSSES)			
Local Property Taxes and Other Revenues, Capital	28,878	32,481	(11.1)
Investment Income, Capital	847	598	41.6
Interest Expense and Costs of Issuing Capital Asset - Related Debt	(20,126)	(19,688)	(2.2)
Net Gain (Loss) on Disposal of Capital Assets	-	(3,436)	100.0
Total Other Revenues, (Expenses), Gains or (Losses)	<u>9,599</u>	<u>9,955</u>	(3.6)
CHANGES IN NET POSITION	25,237	21,379	18.0
Net Position - Beginning of Year	<u>(47,723)</u>	<u>(69,102)</u>	(30.9)
NET POSITION - END OF YEAR	<u>\$ (22,486)</u>	<u>\$ (47,723)</u>	(52.9)

This schedule has been prepared from the Statement of Revenues, Expenses, and Changes in Net Position on page 22.

**EL CAMINO COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

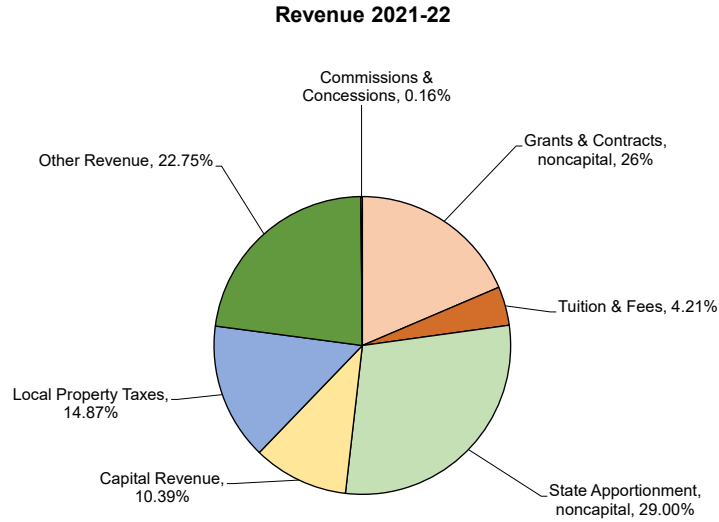
Statement of Revenues, Expenses, and Change in Net Position (Continued)

- The increase in net position (deficit) from fiscal year 2020 to 2021 includes reduced salary and benefits expenditures and reduced Supplies, Services and Equipment expenditures compared to the prior fiscal year primarily due to reduced enrollment and the change to mostly remote work from staff and a predominantly online instruction model. The single largest factor with respect to the District's change in net position from 2019-2020 to fiscal year 2020-2021 was in the category of "Nonoperating Revenues – State Apportionments".
- Tuition and fees are generated by the resident, non-resident, and foreign students attending El Camino Community College District, including fees such as health fees, parking fees, community services classes, and other related fees.
- Noncapital grants and contracts are primarily those received from Federal and State sources and used in the instructional program.
- Salaries and benefits make up 46.0% of total operating expenses as compared to other operating expenses (supplies, student financial aid, other services, capital outlay below the capitalization threshold, insurance, and utilities) which make up 54.0% of total expenses.
- Local property taxes for general purposes are received through the Auditor-Controller's Office for Los Angeles County. The amount received for property taxes is deducted from the total State general apportionment amount calculated by the State for the District.
- State apportionments, capital, are the amount of capital outlay, deferred maintenance, architectural barrier removal, and hazardous substance funding received from the State through the Department of Finance. Approved State capital outlay projects are typically funded 50% by the State.

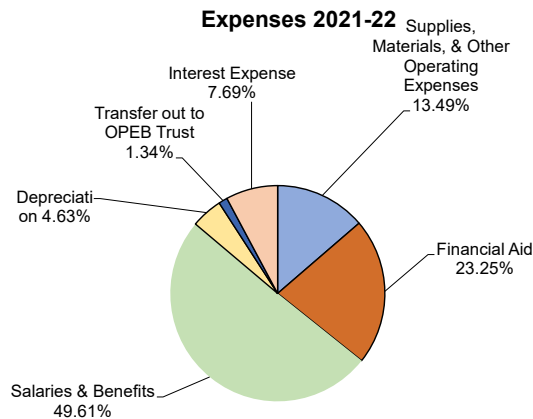
**EL CAMINO COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

Statement of Revenues, Expenses, and Change in Net Position (Continued)

The following chart shows the sources of revenue to the District. The largest sources are State apportionment; noncapital (44.4%) which is derived from the State's funding formula for Community Colleges; and Grants & Contracts, noncapital (30.8%).



The following chart shows where the District's money is spent. The largest category of expenses (49.6%) is for salaries and benefits. This reflects the college's reliance on faculty members and support staff to carry out its educational mission.



**EL CAMINO COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

Statement of Cash Flows

The Statement of Cash Flows provides information about cash receipts and cash payments during the fiscal year. This Statement helps users assess the District's ability to generate positive cash flows, meet obligations as they come due, and the need for external financing.

The Statement of Cash Flows is divided into four parts: Cash Flows from Operating Activities, Cash Flows from Non-Capital Financing Activities, Cash Flows from Capital and Related Financing Activities, and Cash Flows from Investing Activities. The first part reflects operating cash flows and shows the net cash used for the operating activities of the District. The second part details cash received for nonoperating, non-investing and noncapital financial purposes. The third part shows net cash flows for capital projects and related financing activities. This part deals with the cash used for the construction and improvement of capital facilities and related items. The fourth part provides information from investing activities and the amount of interest received.

Operating activities – Cash receipts from operating activities are derived from a variety of sources, including from student fees, enterprise activities, and from Federal, State, local, and private grants. Uses of cash are salaries and benefits for employees, payments to vendors, and financial aid to students. Cash receipts and payments vary based on timing of the District receiving and disbursing cash; however, throughout the year, the District always maintained a positive cash position.

Noncapital financing activities – These cash sources include State apportionment, and local property taxes.

Capital and related financing – The cash used in this section includes purchases of capital assets and debt repayments related to the general obligation bond program.

Investing activities – The primary cash source is interest income from deposits with the County Treasury.

The net change in cash, considering all sources and uses, was an increase of \$ 51.8 million. This results in an end of year cash balance of \$ 241.6 million. As a matter of prudent financial management, the District maintains a positive cash position at all times.

A summarized comparison of the Statement of Cash Flows follows is presented herein:

	(in thousands) June 30, 2022	(in thousands) June 30, 2021	Percentage Change
CASH PROVIDED (USED) BY			
Operating Activities	\$ (158,552)	\$ (167,524)	5.4 %
Noncapital Financing Activities	191,874	166,835	15.0
Capital and Related Financing Activities	15,767	34,743	(54.6)
Investing Activities	1,508	65	2220.0
Net Increase (Decrease) in Cash and Cash Equivalents	50,597	34,119	48.3
Cash Balance - Beginning of Year	190,982	155,602	22.7
CASH BALANCE - END OF YEAR	\$ 241,579	\$ 189,721	27.3

**EL CAMINO COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

Statement of Cash Flows (Continued)

This schedule has been prepared from the Statement of Cash Flow presented on pages 23 and 24.

- Cash receipts from operating activities are from student tuition and auxiliary sales. Use of cash is payments to employees, vendors, and students related to the instructional program.
- State apportionment received based on the workload measures generated by the District accounts for 42% of noncapital financing. Cash received from property taxes accounts for 24% of the cash generated in this section.
- The primary use included in capital and related financing activities is the purchase of capital assets (building improvements and equipment).
- Cash from investing activities is interest earned on cash in bank and cash invested through the Los Angeles County pool and on investments with fiduciaries. Approximately \$1.0 million was received from the Los Angeles County pool.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2022, the District had \$477.5 million net investment in capital assets. Total capital assets of \$654.1 million consist of land, site and building improvements, construction in progress, and equipment; these assets have accumulated depreciation of \$176.6 million. Capital asset additions of \$44.9 million occurred during 2021-2022, and depreciation expense of \$12.1 million was recorded for the fiscal year.

Capital additions primarily comprise replacement and renovation of facilities, as well as investments in equipment, including information technology. Current year additions were funded by general obligation bond funds and State scheduled maintenance grant funding which were designated for capital purposes.

Construction in progress of \$55.1 million at June 30, 2022, includes the construction of the Public Safety Training Center, Baseball Field, Construction Tech, Bookstore, Student Activity Center, the Music Building, the Arts Complex, and Behavioral and Social Sciences building.

**EL CAMINO COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

Capital Assets and Debt Administration (Continued)

Capital Assets (Continued)

Note 5 to the financial statements provides additional information on capital assets. A comparison of capital assets net of depreciation is summarized below:

	(in thousands) Balance June 30, 2022	(in thousands) Balance June 30, 2021	Percentage Change
Land	\$ 1,050	\$ 1,050	-
Construction in Progress	55,080	23,188	137.5
Site and Site Improvements	58,725	55,327	6.1
Buildings and Improvements	532,203	522,938	1.8
Equipment	7,021	6,663	5.4
Totals at Historical Cost	654,079	609,166	7.4
Less Accumulated Depreciation for:			
Site and Site Improvements	54,060	53,882	0.3
Buildings and Improvements	117,213	105,823	10.8
Equipment	5,343	4,785	11.7
Total Accumulated Depreciation	176,616	164,490	7.4
Capital Assets, Net	\$ 477,463	\$ 444,676	7.4

Long-Term Debt

As of June 30, 2022, the District had \$ 657.6 million in long-term debt. During the 2021-22 fiscal year, long-term debt decreased by \$ 27.4 million. This is due to the scheduled bond repayments offset by pension liability increases. The District's bond rating is AA (S&P) and Aa2 (Moody's).

**EL CAMINO COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

Capital Assets and Debt Administration (Continued)

Long-Term Debt (Continued)

Notes 6 through 10 to the financial statements provide additional information on long-term liabilities. The reporting of pension liabilities for STRS and PERS is explained in Note 12 and in statements in the Required Supplementary Information (RSI) section of this report. The net OPEB liability is explained further in the footnotes and RSI. A comparison of long-term debt is summarized herein:

	(in thousands) Balance June 30, 2022	(in thousands) Balance June 30, 2021	Percentage Change
General Obligation Bonds, Net	\$ 583,827	\$ 536,451	8.8 %
Compensated Absences	4,795	4,772	0.5
Net Other Postemployment Benefits Other Than Pensions and MPP Program	607	667	(9.0)
Net Pension Liability	89,025	162,803	(45.3)
Supplemental Employee Retirement Plan	-	1,005	(100.0)
Total Long-Term Debt	678,254	705,698	(3.9)
Total Short-Term Portion	(20,995)	(20,725)	(1.3)
 Total Long-Term Portion	 \$ 657,259	 \$ 684,973	(4.0)

District's Fiduciary Responsibility

The El Camino Community College District Futuris Trust (the Retiree Benefit Trust) was established on February 7, 2012. The Retiree Benefit Trust is an irrevocable government trust for the purpose of funding postemployment health benefits. The District acts as the fiduciary of the Retiree Benefit Trust and the financial activity of the Retiree Benefit Trust has been presented in separate statements in the financial statements.

Economic Factors Affecting the Future of El Camino Community College District

Enrollment for fiscal year 2021-2022 was recorded at 14,785.63 FTES.

During the 2021-2022 fiscal year, the District settled contract and salary negotiations with the Faculty, Classified and the Police Officers' Association bargaining units. The Collective Bargaining Agreements in place for both the Faculty and Classified staff are scheduled to expire December 31, 2022.

The District's continuing policy of fiscal prudence has positioned the District to withstand economic uncertainty. The District has withstood the past recession without incurring layoffs of any full-time permanent staff or any salary reductions. In September 2014, the District celebrated the achievement of fully funding its Other Postemployment Benefits (OPEB) actuarially established accrued liability. More recent fluctuations in the market have resulted in changes to our Trust balance, but have seen the Trust maintaining status at close to fully funded (**93.1%**). Our most recent statements for our Trust indicate that the present balance is less than the last actuarial recommended balance of **\$26.5 million** by **\$1.8 million**.

**EL CAMINO COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

Economic Factors Affecting the Future of El Camino Community College District

The 2021-2022 California Public Employees' Retirement System (CalPERS) employer contribution rate was **22.910%** of classified payroll for a total unrestricted General Fund cost of **\$ 8,146,600**. The District is budgeting **\$ 10,492,215** for the 2022-2023 estimated contribution at a rate of **25.370%**. CalPERS is estimating that the employer contribution rate will steadily and significantly increase in the upcoming years.

The 2021-2022 California State Teachers' Retirement System (CalSTRS) employer contribution rate was **16.920%** of the certificated payroll for a total unrestricted General Fund cost of **\$ 8,816,009**. The District is budgeting **\$ 8,899,471** for the 2022-2023 fiscal year. The CalSTRS employer contribution rate increased from **16.920%** in the 2021-2022 fiscal year to **19.100%** for the 2022-2023 fiscal year, and is anticipated to remain at this rate for the foreseeable future.

The State enrollment fee for credit classes remains at **\$46** per unit for the 2021-2022 fiscal year. It is unknown at this time if the enrollment fee will be raised by the State legislature in future years.

The District has experienced fewer reductions and delays in General Apportionment payments from the State of California since the 2017-2018 fiscal year. The District plans to operate without the need to participate in any cash borrowing programs in the 2021-2022 fiscal year.

The District will maintain a close watch over resources and expenditures to maintain our ability to react to internal and external issues if and when these arise.

Contacting the District

This financial report is designed to provide our citizens, taxpayers, students, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the District at: El Camino Community College District, 16007 Crenshaw Boulevard, Torrance, California 90506.

BASIC FINANCIAL STATEMENTS

**EL CAMINO COMMUNITY COLLEGE DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2022**

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 97,931,026
Accounts Receivable, Net	23,594,396
Inventories	1,139,911
Prepaid Expenses	150
Total Current Assets	<u>122,665,483</u>

NONCURRENT ASSETS

Restricted Cash and Cash Equivalents	143,646,904
Other Postemployment Benefits Plan (OPEB) Assets	3,441,484
Capital Assets, Net	477,462,864
Total Noncurrent Assets	<u>624,551,252</u>

Total Assets	<u><u>747,216,735</u></u>
--------------	---------------------------

DEFERRED OUTFLOWS OF RESOURCES

Deferred Charge on Refunding	2,933,479
Deferred Outflows - Pension	25,602,487
Deferred Outflows - Other Postemployment Benefits Plan	3,746,707
Total Deferred Outflows of Resources	<u>32,282,673</u>

Total Assets and Deferred Outflows of Resources	<u><u>\$ 779,499,408</u></u>
---	------------------------------

**EL CAMINO COMMUNITY COLLEGE DISTRICT
STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2022**

LIABILITIES

CURRENT LIABILITIES

Accounts Payable	\$ 23,750,187
Accrued Interest Payable	5,805,899
Accrued Liabilities	8,913,905
Unearned Revenue	14,353,445
Current Portion of Long-Term Debt	20,994,831
Total Current Liabilities	73,818,267

NONCURRENT LIABILITIES

Long-Term Debt	657,259,408
Total Noncurrent Liabilities	657,259,408

Total Liabilities	731,077,675
-------------------	-------------

DEFERRED INFLOWS OF RESOURCES

Deferred Inflows - Pensions	62,303,631
Deferred Inflows - Other Postemployment Benefits Plan	8,603,541
Total Deferred Outflows of Resources	70,907,172

NET POSITION

Net Investment in Capital Assets	(18,980,866)
Restricted for:	
Capital Projects	13,620,569
Debt Service	23,851,836
Scholarship and Loans	(503,430)
Other Special Purposes	6,621,977
Unrestricted	(47,095,525)
Total Net Position	(22,485,439)

Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 779,499,408
--	----------------

**EL CAMINO COMMUNITY COLLEGE DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2022**

OPERATING REVENUES

Tuition and Fees (Gross)	\$ 21,477,717
Less: Scholarship Discounts and Allowances	<u>(9,443,489)</u>
Net Tuition and Fees	12,034,228
Grants and Contracts, Noncapital:	
Federal	4,429,559
State	42,695,643
Local	6,122,035
Auxiliary Enterprise Sales and Charges	<u>462,881</u>
Total Operating Revenues	65,744,346

OPERATING EXPENSES

Salaries	104,697,598
Employee Benefits	25,158,462
Supplies, Materials, and Other Operating Expenses and Services	32,001,627
Financial Aid	56,538,746
Utilities	3,315,254
Depreciation	<u>12,126,312</u>
Total Operating Expenses	<u>233,837,999</u>

OPERATING LOSS

(168,093,653)

NONOPERATING REVENUES (EXPENSES)

Federal Grants and Contracts	57,442,464
State Apportionments, Noncapital	82,951,969
Local Property Taxes	42,530,226
States Taxes and Other Revenue	6,107,797
Other Expenses	(3,000,000)
Transfer out to OPEB Trust	(3,832,000)
Interest and Investment Income	<u>1,532,235</u>
Total Nonoperating Revenues	<u>183,732,691</u>

LOSS BEFORE OTHER REVENUES, EXPENSES, GAINS AND LOSSES

15,639,038

OTHER REVENUES, EXPENSES, GAINS AND LOSSES

Local Property Taxes and Revenues, Capital	28,878,407
Interest and Investment Income, Capital	846,887
Interest Expense and Costs of Issuing Capital Asset-Related Debt	<u>(20,126,300)</u>
Total Other Revenues, Expenses, Gains and Losses	<u>9,598,994</u>

CHANGES IN NET POSITION

25,238,032

Net Position - Beginning of Year

(47,723,471)

NET POSITION - END OF YEAR

\$ (22,485,439)

See accompanying Notes to Financial Statements.

**EL CAMINO COMMUNITY COLLEGE DISTRICT
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2022**

	<u>Primary Government</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and Fees (Net)	\$ 13,403,234
Federal Grants and Contracts	1,226,170
State Grants and Contracts	44,690,232
Local Grants and Contracts	11,897,854
Auxiliary Enterprise Sales and Charges	462,881
Payments to Suppliers	(27,431,053)
Payments to/on-Behalf of Employees	(146,209,835)
Payments to/on-Behalf of Students	(56,591,612)
Net Cash Used by Operating Activities	<u>(158,552,129)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
State Apportionments and Receipts	92,476,997
Federal Grants and Contracts	57,442,464
Local Property Taxes	42,530,226
Other Expenses	(3,000,000)
State Taxes and Other Revenue	2,422,847
Net Cash Provided by Noncapital Financing Activities	<u>191,872,534</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Local Revenue for Capital Purposes	24,393,229
Proceeds of Debt Issuance	61,092,650
Interest on Investments, Capital Funds	1,251,249
Net Purchase and Sale of Capital Assets	(38,377,019)
Principal Paid on Capital Related Debt	(20,725,000)
Interest Paid on Capital Related Debt	(11,867,721)
Net Cash Provided by Capital and Related Financing Activities	<u>15,767,388</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on Investments	<u>1,507,895</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	
	50,595,688
Cash Balance - Beginning of Year	<u>190,982,242</u>
CASH BALANCE - END OF YEAR	<u><u>\$ 241,577,930</u></u>

See accompanying Notes to Financial Statements.

**EL CAMINO COMMUNITY COLLEGE DISTRICT
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED JUNE 30, 2022**

	<u>Primary Government</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Loss	\$ (168,093,653)
Adjustments to Reconcile Net Loss to Net Cash	
Used by Operating Activities:	12,126,312
Depreciation Expense	
Changes in Assets and Liabilities:	
Receivables, Net	1,692,442
Inventories	(422,470)
Deferred Outflows of Resources - Pensions	7,742,250
Other Postemployment Benefits Plan (OPEB) Assets	(3,171,390)
Deferred Outflows of Resources - OPEB	(1,208,850)
Accounts Payable	8,255,432
Accrued Liabilities	1,012,741
Unearned Revenue	4,243,583
Compensated Absences	22,537
Net Pension Liabilities	(73,777,899)
Medical Premium Payment	(60,817)
Supplemental Employee Retirement Plan (SERP)	(1,004,945)
Deferred Inflows of Resources - Pensions	51,680,441
Deferred Inflows of Resources - OPEB	2,412,157
Net Cash Used by Operating Activities	<u>\$ (158,552,129)</u>
 RECONCILIATION OF CASH AND CASH EQUIVALENTS, END OF YEAR TO AMOUNTS IN THE STATEMENT OF NET POSITION	
Cash and Cash Equivalents	\$ 97,931,026
Restricted Cash and Cash Equivalents	<u>143,646,904</u>
Total	<u>\$ 241,577,930</u>

See accompanying Notes to Financial Statements.

**EL CAMINO COMMUNITY COLLEGE DISTRICT
STATEMENT OF OTHER POSTEMPLOYMENT BENEFITS PLAN NET POSITION
JUNE 30, 2022**

	<u>Retiree (OPEB) Trust</u>
ASSETS	
Cash and Cash Equivalents	\$ 4,839,457
Investments	24,385,999
Due from Governmental Funds	<u>3,050</u>
Total Assets	<u>29,228,506</u>
 Net Position - Restricted for Other Postemployment Benefits	 <u>\$ 29,228,506</u>

See accompanying Notes to Financial Statements.

**EL CAMINO COMMUNITY COLLEGE DISTRICT
STATEMENT OF CHANGES IN OTHER POSTEMPLOYMENT BENEFITS PLAN NET POSITION
YEAR ENDED JUNE 30, 2022**

	<u>Retiree (OPEB) Trust</u>
ADDITIONS	
Employer Contributions	\$ 6,656,702
Investment Income:	
Interest and Investment Income	7,331
Realized Gain on Investments	(418,122)
Unrealized Gain on Investments	(6,744,724)
Investment Expense	<u>(157,387)</u>
Net Investment Income	<u>(7,312,902)</u>
Total Additions	(656,200)
 DEDUCTIONS	
Benefit Payments	<u>105,821</u>
Total Deductions	<u>105,821</u>
 NET DECREASE IN NET POSITION	 (762,021)
 Net Position - Restricted for Other Postemployment Benefits - Beginning of Year	 <u>29,990,527</u>
 NET POSITION - RESTRICTED FOR OTHER POSTEMPLOYMENT - END OF YEAR	 <u><u>\$ 29,228,506</u></u>

See accompanying Notes to Financial Statements.

**EL CAMINO COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The El Camino Community College District (the District) was established in 1946 as a political subdivision of the state of California and is a comprehensive, public, two-year institution offering educational services to residents of the surrounding area. The District operates under a locally elected five-member Board of Trustees form of government, which establishes the policies and procedures by which the District operates. The Board must approve the annual budgets for the General Fund, special revenue funds, and capital project funds, but these budgets are managed at the department level. Currently, the District operates one college located within Torrance, California. While the District is a political subdivision of the State of California, it is legally separate and is independent of other State and local governments, and it is not a component unit of the State in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 61. The District is classified as a Public Educational Institution under Internal Revenue Code Section 115 and is, therefore, exempt from Federal taxes.

Reporting Entity

The District is the level of government primarily accountable for activities related to public education. The governing authority consists of elected officials who, together, constitute the Board of Trustees.

The District considered its financial and operational relationships with potential component units under the reporting entity definition of Governmental Accounting Standards Board (GASB). The basic, but not the only, criterion for including another organization in the District's reporting entity for financial reports is the ability of the District's elected officials to exercise oversight responsibility over such agencies. Oversight responsibility implies that one entity is dependent on another and a financial benefit or burden relationship is present and that the dependent unit should be reported as part of the other.

Oversight responsibility is derived from the District's power and includes, but is not limited to: financial interdependency; selection of governing authority; designation of management; ability to significantly influence operations; and accountability for fiscal matters.

Due to the nature and significance of their relationship with the District, including ongoing financial support of the District or its other component units, certain organizations warrant inclusion as part of the financial reporting entity. A legally separate, tax-exempt organization should be reported as a component unit of the District if all of the following criteria are met:

- The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the District, its component units, or its constituents.
- The District, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.
- The economic resources received or held by an individual organization that the District, or its component units, is entitled to, or has the ability to otherwise access, are significant to the District.

**EL CAMINO COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity (Continued)

Based upon the application of the criteria listed above, the following two potential component units have been included in the District's reporting entity through blended presentation:

El Camino Community College District Futuris Trust (the Retiree Benefit Trust) – The Retiree Benefit Trust is an irrevocable governmental trust pursuant to Section 115 of the Internal Revenue Code for the purpose of funding certain postemployment benefits. The El Camino Community College District Retirement Board of Authority (the Board of Authority) comprised of the Vice President of Business Services, the Director of Business Support and the Director of Fiscal Services provide oversight over the Retiree Benefit Trust investment and plan administration. As such, the District acts as the fiduciary of the Trust. Individually prepared financial statements are not prepared for the Retiree Benefit Trust.

Based upon the application of the criteria listed above, the following potential component unit has been excluded from the District's reporting entity:

El Camino College Foundation – The Foundation is a separate not-for-profit corporation created for the benefit of the District and its students and organized to provide support for the activities and programs of the District. The Foundation is not included as a component unit because the second criterion was not met; the District is not entitled to, nor has the ability to otherwise access, a majority of the economic resources received or held by the separate organization. Separate financial statements for the Foundation can be obtained through the District.

Financial Statement Presentation

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles as prescribed by the GASB. The financial statement presentation required by the GASB provides a comprehensive, entity-wide perspective of the District's financial activities. The entity-wide perspective replaces the fund-group perspective previously required. Proprietary activities reported in the enterprise and internal service funds are included in the entity-wide perspective. Fiduciary activities, including Retiree Benefit Trust activities, are excluded from the basic financial statements. Student Financial Aid programs and retiree benefit activities not included in the Retiree Benefit Trust are included in the basic financial statements.

The District operates a warrant pass-through fund as a holding account for amounts collected from employees for federal taxes, state taxes and other contributions. The District had Cash in the County Treasury amounting to \$1,331,659 on June 30, 2022, which represents withholdings payable and amounts due to the General Fund for payments made on the warrant pass-through fund's behalf.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

**EL CAMINO COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (Continued)

For financial reporting purposes, the District is considered a special-purpose government engaged in business-type activities. Accordingly, the District's basic financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-agency transactions have been eliminated with the exception of those between the District and its fiduciary funds.

The statements of plan net position and changes in plan net position of the Retiree Benefit Trust are prepared using the accrual basis of accounting. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

For internal accounting purposes, the budgetary and financial accounts of the District have been recorded and maintained in accordance with the Chancellor's Office of the California Community College's *Budget and Accounting Manual*.

To ensure compliance with the California Education Code, the financial resources of the District are divided into separate funds for which separate accounts are maintained for recording cash, other resources and all related liabilities, obligations and equities.

By state law, the District's Governing Board must approve a budget no later than September 15. A public hearing must be conducted to receive comments prior to adoption. The District's Governing Board satisfied these requirements. Budgets for all governmental funds were adopted on a basis consistent with generally accepted accounting principles (GAAP).

These budgets are revised by the District's Governing Board during the year to give consideration to unanticipated income and expenditures. Formal budgetary integration was employed as a management control device during the year for all budgeted funds. Expenditures cannot legally exceed appropriations by major object account.

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Cash in the County Treasury is recorded at cost, which approximates fair value.

**EL CAMINO COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

Accounts Receivable consists primarily of amounts due from the Federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the District's grant and contracts. Material receivables are considered fully collectible. The District recognized for budgetary and financial reporting purposes any amount of state appropriations deferred from the current fiscal year and appropriated from the subsequent fiscal year for payment of current year costs as a receivable in the current year.

Accounts receivable from students for tuition and fees are recorded at gross amounts. Bad debts are accounted for by the direct write-off method for student receivables, which is not materially different from the allowance method.

Prepaid Expenses

Payments made to vendors for goods or services that will benefit periods beyond the current year are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which goods or services are consumed. Prepaid expenses consist primarily of prepaid insurance premiums, maintenance agreements, and professional services.

Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents are those amounts designated for acquisition or construction of non-current assets or that are segregated for the liquidation of long-term debt.

Investments

Investments in the Retiree Benefit Trust are reported at fair value, which is determined by the most recent bid and asking price as obtained from dealers that make markets in such securities.

Inventories

Inventories consist primarily of bookstore merchandise and supplies held for resale to the students and faculty of the college. Inventories are stated at cost, utilizing the average cost method. The cost is recorded as an expense as the inventory is consumed rather than when purchased.

Capital Assets

Capital assets are recorded at cost at the date of acquisition. Donated capital assets are recorded at their acquisition value at the date of donation. For equipment, the District's capitalization policy includes all items with a unit cost of \$5,000 or more and an estimated useful life of greater than one year. Buildings valued at \$5,000 or more as well as renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized.

EL CAMINO COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

Prior to July 1, 2017, interest costs were capitalized as part of the historical cost of acquiring certain assets. To qualify for interest capitalization, assets must require a period of time before they are ready for their intended purpose. In determining the amount to be capitalized, interest costs were offset by interest earned on proceeds of the District's tax exempt debt restricted to the acquisition of qualifying assets. During the fiscal year ending June 30, 2018, accounting standards determined this is no longer required and the interest cost incurred before the end of a construction period will no longer be included in the historical cost of a capital asset reported, prospectively.

The cost of normal maintenance and repairs that does not add to the value of the asset or materially extend the asset's life is recorded as an operating expense in the year in which the expense was incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 50 years for buildings, 10 to 20 years for building and land improvements, and 5 to 20 years for equipment and vehicles.

Deferred Outflows of Resources

Deferred outflows of resources represent a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an overflow of resources (expense/expenditure) until then. These amounts are reported in the government-wide statement of net position.

Deferred Charge on Refunding: A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Deferred Outflows Pensions: Deferred outflows of resources represent a consumption of net position by the District that is applicable to a future reporting period. The deferred outflows of resources related to pensions resulted from District contributions to employee pension plans subsequent to the measurement date of the actuarial valuations for the pension plans, the effect of changes in proportion, and the difference between expected and actual experience. The deferred outflows pensions will be deferred and amortized as detailed in Note 12 to the financial statements.

Deferred Outflows OPEB: The deferred outflows of resources related to OPEB benefits results from District contributions to OPEB plans subsequent to the measurement date of the actuarial valuations for the OPEB plans, and the difference between expected and actual experience. The deferred outflows OPEB will be deferred and amortized as detailed in Note 11 to the financial statements.

Accounts Payable and Accrued Liabilities

Accounts payable consists of amounts due to vendors for goods and services received prior to June 30. Accrued liabilities consist of salaries and benefits payable.

**EL CAMINO COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unearned Revenue

Unearned revenue is recorded to the extent cash received on specific projects and programs exceeds qualified expenditures. Unearned revenue also includes Summer and Fall enrollment fees received but not earned.

Compensated Absences

Accumulated unpaid employee vacation benefits are recognized as a liability in the Statement of Net Position when incurred.

Sick leave benefits are accumulated without limit for each employee. The employees do not gain a vested right to accumulated sick leave; therefore, accumulated employee sick leave benefits are not recognized as a liability of the District. The District's policy is to record sick leave as an operating expense in the period taken; however, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires.

Debt Premiums

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

Medicare Premium Liability

For purposes of measuring the District's liability related to the Medicare Premium Payment (MPP) Program, the fiduciary net position of the MPP Program and additions to/deductions from the MPP Program fiduciary net position have been determined on the same basis as they are reported by the MPP Program. There are no significant deferred outflows of resources or deferred inflows of resources related to the MPP Program or for MPP Program expenses. For this purpose, the MPP Program recognizes benefit payments when due and payable in accordance with the benefit terms. The MPP Program reports its investments at fair value, except for money market investments and participating interest earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost. The related liability for the District's proportionate share of the MPP Program is reported in the financial statements. The plan is not material and additional disclosures are not included.

Postemployment Benefits Other Than Pensions (OPEB)

The District's OPEB liability, deferred outflows and deferred inflows of resources related to OPEB, OPEB expense, and information about the fiduciary net position have been determined on the same basis as they are reported by the Futuris Public Entity Investment Trust (the Retiree Benefit Trust). For this purpose, the Retiree Benefit Trust recognizes benefit payments when due and payable in accordance with the benefit terms. The Retiree Benefit Trust reports its investments at fair value, except for money market investments and participating interest earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

EL CAMINO COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Pension Liability

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

Deferred Inflows of Resources

Deferred Inflows – Pensions: Deferred inflows of resources represent an acquisition of net position by the District that is applicable to a future reporting period. The deferred inflows of resources results from the effects of actuarially-determined changes to the pension plan. These amounts are deferred and amortized as detailed in Note 12 to the financial statements.

Deferred Inflows – OPEB: The deferred inflows of resources related to OPEB benefits results from the difference between the estimated and actual return on OPEB plan investments, changes in assumptions, and the difference between expected and actual experience. These amounts are deferred and amortized as detailed in Note 11 to the financial statements.

Net Position

Net Investment in Capital Assets: This represents the District's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

Restricted Net Position – Expendable: Restricted expendable net position includes resources in which the District is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties or by enabling legislation adopted by the District. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Restricted Net Position – Nonexpendable: Nonexpendable restricted net position consists of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal. The District had no restricted net position – nonexpendable.

**EL CAMINO COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position (Continued)

Unrestricted Net Position: Unrestricted net position represents resources available to be used for transactions relating to the general operations of the District, and may be used at the discretion of the governing board to meet current expenses for any purpose.

State Apportionments

Certain current year apportionments from the state under the Student Centered Funding Formula are based upon various financial and statistical information of the previous year. Any prior year corrections due to the recalculation in February will be recorded in the year computed by the State.

Property Taxes

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. Unsecured property taxes are payable in one installment on or before August 31.

Real and personal property tax revenues are reported in the same manner in which the County auditor records and reports actual property tax receipts to the Department of Education. This is generally on a cash basis. A receivable has not been recognized in the General Fund for property taxes due to the fact that any receivable is offset by a payable to the State for apportionment purposes. Property taxes for debt service purposes have been accrued in the basic financial statements.

The voters of the District passed a General Obligation Bond in November 2002 and in November 2012 for the acquisition, construction, and remodeling of certain District property. As a result of the passage of the Bond, property taxes are assessed on the property within the District specifically for the repayment of the debt incurred. The taxes are assessed, billed, and collected as noted above and remitted to the District when collected.

Classification of Revenues

The District has classified its revenues as either operating or nonoperating revenues according to the following criteria:

Operating Revenues: Operating revenues include activities that have the characteristics of exchange transactions, such as student fees, net of scholarship discounts and allowances, and Federal and most state and local grants and contracts.

Nonoperating Revenues: Nonoperating revenues include activities that have the characteristics of non-exchange transactions, such as State apportionments, taxes, and other revenue sources that are defined as nonoperating revenues by GASB.

**EL CAMINO COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Scholarship Discounts and Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the Statement of Revenues, Expenses, and Changes in Net Position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the District, and the amount that is paid by students and/or third parties making payments on the students' behalf. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the District has recorded a scholarship discount and allowance. Certain governmental grants, such as Pell grants, and other Federal, state or nongovernmental programs, are recorded as operating revenues in the District's financial statements.

Federal Financial Assistance Programs

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

Estimates

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

Minimum Reserve Policy

The District has adopted a minimum reserve balance policy in order to protect against revenue short falls and unexpected one-time expenditures. The policy requires a reserve for contingencies consisting of unassigned amounts of no less than 5.5% of unrestricted general fund expenditures. This policy exceeds the minimum reserve balance recommended by the California Community College Chancellor's Office that districts provide for a minimum prudent reserve balance of 5% of unrestricted expenditures.

In accordance with the Chancellor's Office's Institutional Effectiveness Partnership Initiative (IEPI), the District has established minimum reserve goals in addition to the reserve policy. The short-term reserve goal is 12.5% and the long-term reserve goal is 15.0%.

**EL CAMINO COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of New Accounting Standards – GASB Statement No. 87, Leases

In June 2017, the GASB issued GASB Statement No. 87, *Leases*. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The District adopted the requirements of the guidance effective July 1, 2021 and changed accounting policies related to the recording of leases by adopting Statement of Governmental Accounting Standards Board (GASB Statement) No. 87, *Leases*, in fiscal year ended June 30, 2022. Analysis of various provisions of this standard resulted in no significant changes in the way the District recognizes its lease activities; therefore no changes to the audited financial statements were required.

NOTE 2 DEPOSITS AND INVESTMENTS

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District has established a policy for custodial risk that follows requirements as set forth in Government Code Section 53600 et seq. The California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits. As of June 30, 2022, \$2,195,304 of the District's bank balance of \$2,445,304 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

Cash in County Treasury

In accordance with Title 5 and the *Budget and Accounting Manual*, the District maintains substantially all of its cash in the Los Angeles County Treasury (the County) as part of the common investment pool. The District is considered an involuntary participant in the investment pool. These pooled funds are recorded at amortized cost which approximates fair value. Fair value of the pooled investments at June 30, 2022 is measured at 95.9% of carrying value and is based upon the District's pro-rata share of the fair value for the entire portfolios (in relation to the amortized cost of the portfolio). The District's investment in the pool is considered to be highly liquid and is therefore reflected as cash and cash equivalents in the Statement of Net Position.

EL CAMINO COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

Cash in County Treasury (Continued)

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

The county investment pool is not registered as an investment company with the Securities and Exchange Commission (SEC) nor is it an SEC Rule 2a7-like pool. California Government Code statutes and the County Board of Supervisors set forth the various investment policies that the County Treasurer follows. The method used to determine the value of the participant's equity withdrawn is based on the book value, which is amortized cost, of the participant's percentage participation on the date of such withdrawals.

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

Investments

Policies

Investments held by the Futuris Public Entity Investment Trust (the Retiree Benefit Trust) are limited to those within the terms of the trust agreement, any applicable plan documents and in accordance with California Government Code Section 53620 through 53622. The Retiree Benefit Trust did not violate any provisions of the investment policy during the fiscal year ended June 30, 2022. See Note 9.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments 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 Retiree Benefit Trust investment policy follows California Government Code Section 53601 and limits investment maturities to 5 years.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligations. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure. The Retiree Benefit Trust's investments are in mutual funds which are not rated.

**EL CAMINO COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (Continued)

Credit Risk (Continued)

The Retiree Benefit Trust authorizes the use of a broad range of investment choices that have distinctly different risk and return characteristics, with the provision that all investments must continue to adhere to the underlying requirements of California Government Code Section 53600.5 and, in particular, its emphasis on preservation of capital.

Concentration of Credit Risk

Concentration of credit risk is the risk of a loss attributed to the magnitude of a government's investment in a single issuer. In accordance with GASB, the Retiree Benefit Trust is exposed to concentration of credit risk whenever investments in any one issuer exceed 5%. Investments guaranteed by the U.S. government and investments in mutual funds and external investment pools are excluded from this requirement.

The Retiree Benefit Trust's investment policy limits investments in any single equity security to be not more than 5%. In addition, the Retiree Benefit Trust's investment policy prohibits investments in any mutual fund that holds more than 5% of its portfolio in any single issue or issuer. This limitation is not intended to apply to the percentage of the Retiree Benefit Trust assets invested in a single diversified mutual fund. Nor does the limitation apply to obligations of the U.S. Government and its agencies, U.S. agency mortgage-backed pass-through securities or to a mutual fund that invests in such obligations or securities. At June 30, 2022, the Retiree Benefit Trust had not invested more than 5% of its portfolio in one issuer.

Custodial Credit Risk

Custodial Credit Risk is the risk that, in the event of the failure of the counterparty, the Retiree Benefit Trust will not be able to recover the value of its investments that are in possession of an outside party. The Retiree Benefit Trust does not have a policy limiting the amount of securities that can be held by counterparties.

NOTE 3 ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2022 consists of the following:

<u>Accounts Receivable</u>	
Federal and State	\$ 19,045,012
Appointment	130,556
Lottery	1,168,807
Interest	533,840
Tuition and Fees, net	(351,014)
Debt Related Property Taxes	2,758,708
Miscellaneous	308,487
Total	<u>\$ 23,594,396</u>

**EL CAMINO COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 4 INTERFUND TRANSACTIONS

Interfund transfers consist of operating transfers from funds receiving resources to funds through which the resources are to be expended. Interfund receivables and payables result when the interfund transfer is transacted after the close of the fiscal year. Interfund activity within the government funds has been eliminated in the basic financial statements.

NOTE 5 CAPITAL ASSETS AND DEPRECIATION – SCHEDULE OF CHANGES

The following provides a summary of changes in capital assets for the fiscal year ended June 30, 2022:

	Balance June 30, 2021	Additions	Retirements	Balance June 30, 2022
Capital Assets Not Being Depreciated:				
Land	\$ 1,050,000	\$ -	\$ -	\$ 1,050,000
Construction in Progress	23,189,394	39,760,605	7,869,505	55,080,494
Total Capital Assets Not Being Depreciated	<u>24,239,394</u>	<u>39,760,605</u>	<u>7,869,505</u>	<u>56,130,494</u>
Capital Assets Being Depreciated:				
Site Improvements	55,326,524	3,398,452	-	58,724,976
Buildings and Improvements	522,938,290	9,264,381	-	532,202,671
Vehicles and Equipment	6,662,952	357,683	-	7,020,635
Total Capital Assets Being Depreciated	<u>584,927,766</u>	<u>13,020,516</u>	<u>-</u>	<u>597,948,282</u>
Less Accumulated Depreciation for:				
Site Improvements	53,881,602	178,831	-	54,060,433
Buildings and improvements	105,823,412	11,389,382	-	117,212,794
Vehicles and Equipment	4,784,586	558,099	-	5,342,685
Total Accumulated Depreciation	<u>164,489,600</u>	<u>12,126,312</u>	<u>-</u>	<u>176,615,912</u>
Depreciable Assets, Net	<u>420,438,166</u>	<u>894,204</u>	<u>-</u>	<u>421,332,370</u>
Governmental Activities Capital Assets, Net	<u>\$ 444,677,560</u>	<u>\$ 40,654,809</u>	<u>\$ 7,869,505</u>	<u>\$ 477,462,864</u>

NOTE 6 LONG-TERM DEBT – SCHEDULE OF CHANGES

A schedule of changes in long-term debt for the fiscal year ended June 30, 2022 is as follows:

	Balance July 1, 2021	Additions	Reductions	Balance June 30, 2022	Amount Due in One Year
General Obligation Bonds					
(2002 Election):					
General Obligation Bonds	\$ 258,000,306	\$ -	\$ 14,502,378	\$ 243,497,928	\$ 15,200,871
Accreted Interest	67,306,507	9,859,117	1,192,622	75,973,002	1,669,129
Bond Premium	10,240,593	-	2,140,829	8,099,764	-
(2016 Election):					
General Obligation Bonds	184,085,000	60,000,000	5,030,000	239,055,000	3,815,000
Bond Premium	16,818,577	1,092,650	709,042	17,202,185	-
Compensated Absences	4,772,289	22,537	-	4,794,826	309,831
Medicare Premium Payment (MPP) Program	667,387	-	60,817	606,570	-
Net Pension Liability	162,802,863	-	73,777,899	89,024,964	-
Supplemental Employee Retirement Plan (SERP)	1,004,945	-	1,004,945	-	-
Total	<u>\$ 705,698,467</u>	<u>\$ 70,974,304</u>	<u>\$ 98,418,532</u>	<u>\$ 678,254,239</u>	<u>\$ 20,994,831</u>

**EL CAMINO COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 6 LONG-TERM DEBT – SCHEDULE OF CHANGES (CONTINUED)

Liabilities for compensated absences, SERP obligations, pension liabilities, and OPEB obligations are liquidated by the governmental fund in which associated salaries are reported. General obligation bond liabilities are liquidated through property tax collections as administered by the County Controller's office through the Bond Interest and Redemption Fund.

The District participates in the Medicare Premium Payment (MPP) Program of the California State Teachers' Retirement Plan (the STRP). The District's proportionate share of the liability is 0.1521%. As the plan activity and the District's proportionate share of the total OPEB liability is not significant, additional disclosures regarding the plan are not included in these financial statements.

NOTE 7 GENERAL OBLIGATION BONDS – MEASURE E (2002 AND 2012)

Measure E (2002)

On November 5, 2002, the District voters authorized through Measure E (2002) the issuance and sale of general obligation bonds totaling \$394,516,464 which provides that proceeds of the bonds will be used to finance the acquisition and improvement of real property.

Between 2003 and 2012, the District issued bonds, Series A through C, totaling \$394,512,882. In 2005, the District issued refunding bonds to refund a portion of Series A bonds. In 2012, the District issued refunding bonds to refund a portion of Series B bonds. In 2016, the District issued refunding bonds to refund a portion of Series B bonds and the remaining portion of the 2005 refunding bonds. In 2020, the District issued refunding bonds to refund a portion of Series C bonds.

Measure E (2012)

On November 6, 2012, the District voters authorized through Measure E (2012) the issuance and sale of general obligation bonds totaling \$350,000,000 which provides that proceeds of the bonds will be used to finance the acquisition and improvement of real property.

Between 2016 and 2021, the District issued bonds, Series A through D, totaling \$260,000,000.

**EL CAMINO COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 7 GENERAL OBLIGATION BONDS – MEASURE E (2002 AND 2012) (CONTINUED)

Outstanding Bonded Debt Measure E (2002 and 2012)

The outstanding bonded debt of Measure E (2002 and 2012) at June 30, 2022 is as follows:

General Obligation Bonds	Date of Issue	Date of Maturity	Interest Rate %	Amount of Original Issue	Outstanding June 30, 2021
Measure A (2002)					
Series C	8/23/2012	8/1/2038	4.0-5.0	\$ 180,812,882	\$ 138,337,928
2012 Refunding	8/23/2012	8/1/2023	2.0-5.0	41,755,000	6,480,000
2016 Refunding	1/28/2016	8/1/2031	2.0-5.0	85,825,000	58,925,000
2020 Refunding	10/20/2020	8/1/2037	0.29-2.42	40,465,000	39,755,000
Accreted Interest					75,973,002
Total Measure E (2002)					<u>319,470,930</u>
Measure E (2012)					
Series A	1/28/2016	8/1/2045	2.0-5.0	100,000,000	88,395,000
Series B	8/29/2018	8/1/2048	3.0-5.0	50,000,000	44,410,000
Series C	10/20/2020	8/1/2045	3.0-4.0	50,000,000	46,250,000
Series D	8/12/2021	8/1/2046	2.0-4.0	60,000,000	60,000,000
Total Measure E (2012)					<u>239,055,000</u>
Total General Obligation Bonds					<u>\$ 558,525,930</u>

The annual requirements to amortize all Measure E (2002 and 2012) bonds payable, outstanding as of June 30, 2022, are as follows:

Fiscal Year Ending June 30,	Principal	Accreted Interest	Interest
2023	\$ 19,015,871	\$ 1,669,129	\$ 13,616,585
2024	16,432,701	3,632,299	13,078,455
2025	17,058,990	4,281,010	12,647,933
2026	15,195,637	5,299,363	12,255,744
2027	15,966,817	6,253,183	11,876,785
2028-2032	91,098,078	47,366,922	53,165,198
2033-2037	82,271,268	105,972,902	44,844,398
2038-2042	103,563,566	33,659,881	27,599,144
2043-2047	108,040,000	-	12,078,797
2048-2049	13,910,000	-	711,000
Total	<u>482,552,928</u>	<u>\$ 208,134,689</u>	<u>\$ 201,874,039</u>
Accretions to Date	75,973,002		
Total	<u>\$ 558,525,930</u>		

Capital appreciation bonds were issued as part of the 2005 Series C issuances. Prior to their applicable maturity dates, each capital appreciation bond will accrete interest on the principal component, with all interest accreting through the applicable maturity date and payable only upon maturity or prior payment of the principal component. Accreted interest accrued has been reflected in the long-term debt balance on the District's basic financial statements.

**EL CAMINO COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 7 GENERAL OBLIGATION BONDS – MEASURE E (2002 AND 2012) (CONTINUED)

Outstanding Bonded Debt Measure E (2002 and 2012) (Continued)

Proceeds received in excess of debt are added to the maturity amount and amortized to interest expense over the life of the library. The bonds included total premiums of \$46,252,688, which are amortized using the straight-line method. Amortization of \$2,849,875 was recognized during the fiscal year ended June 30, 2022.

Proceeds associated with the 2020 refunding were deposited into an irrevocable escrow account for future repayments. The outstanding balance of the defeased debt, to be paid by the escrow agent, of \$30 million has an expected redemption date of 8/1/2022. The refunded bonds are considered in-substance defeased and are not recorded on the financial statements.

The difference between the reacquisition price and the net carrying amount on refunded debt is deferred and amortized as a component of interest expense over the life of the new debt. Payments to the refunding escrow agent exceeded the existing carrying value of the refunded debt by \$4,576,059. Amortization of \$253,615 was recognized during the fiscal year ended June 30, 2022.

NOTE 8 POSTEMPLOYMENT HEALTHCARE BENEFITS

Plan Description

The District established an Other Post Employment Benefit Plan (the Plan) which is a single-employer defined benefit healthcare plan administered by the El Camino Community College District Futuris Trust (the Retiree Health Benefit Trust). The Retiree Health Benefit Trust serves as an irrevocable trust, ensuring that funds contributed into its Investment Trust are dedicated to serving the needs of member districts, and their employees and retirees.

The Plan provides medical insurance benefits to eligible retirees. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the Plan. The District's governing board has the authority to establish and amend the benefit terms as contained within the negotiated labor agreements. The Retiree Health Plan does not issue a separate financial report.

Membership of the plan consisted of the following at June 30, 2022:

<u>Participant Type:</u>	<u>Number of Participants</u>
Inactive Participants Currently Receiving Benefits	370
Inactive Participants Entitled to But Not Yet Receiving Benefit Payments	-
Participating Active Employees	797
Total	<u><u>1,167</u></u>

**EL CAMINO COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 8 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

Funding Policy

The contribution requirements of Plan members and the District are established and may be amended by the District, the El Camino College Federation of Teachers (ECCFT), the local California Service Employees Association (CSEA), and unrepresented groups. Voluntary contributions are based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by Management and the District's governing board. For the measurement period of June 30, 2021, the District contributed \$891,154 to the Plan, all of which was used for current premiums.

Net OPEB Liability

The following table shows the components of the net OPEB liability of the District:

	Balance June 30, 2022
Total OPEB Liability	\$ 26,549,043
Plan Fiduciary Net Position	29,990,527
District's Net OPEB Liability (Asset)	\$ (3,441,484)

Plan fiduciary net position as a percentage of the total OPEB liability (asset)	112.96%
---	---------

The deferred outflow of resources results from a change of assumptions and is amortized over the expected average remaining service life (EARSL) of the plan participants. The EARSL for the OPEB plan for June 30, 20221 is 7.9 years. The year of amortization is recognized in OPEB expense for the year the gain or loss occurs. The remaining amount is deferred and will be amortized over the remaining periods.

The deferred inflow of resources resulting from the net differences between investment gains and losses and changes in assumptions are amortized over a period of 5 years and 7.9 years, respectively, on a straight-line basis. One year of amortiation is recognized in OPEB expense during the measurement period and the remaining amount is deferred and will be amortized over the remaining periods.

At June 30, 2022, the District reported deferred inflows and outflows as follows:

Year Ending June 30, 2022	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB Contributions Subsequent to Measurement Date	\$ 1,715,703	\$ -
Experience Gains and Losses	15,450	1,445,538
Changes of Assumptions	1,905,134	3,749,914
Investment Gains and Losses	110,420	3,408,089
Total	\$ 3,746,707	\$ 8,603,541

**EL CAMINO COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 8 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

At June 30, 2022, the deferred inflows and outflows will be amortized as shown herein:

<u>Year Ending June 30,</u>	<u>Amortization</u>
2023	\$ (1,346,542)
2024	(1,413,986)
2025	(1,435,472)
2026	(1,433,302)
2027	(755,297)
Thereafter	(187,938)
Total	<u><u>\$ (6,572,537)</u></u>

Investments

The Plan's policy for allocation of invested assets is established and may be amended by the Retirement Board of Authority (the RBA). It is the policy of the RBA to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of specific asset classes. Assets held in the Plan may be invested in accordance with California Government Code Sections 53600 through 53622, as applicable. The investment policy has a long-term focus, and, in particular, its emphasis is on preservation of capital. It discourages major shifts of asset class allocations over a short time span. The Retirement Board of Authority has established a target net return of 7%. The following was the governing board's adopted asset allocation policy as of June 30, 2020:

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic	22%
Fixed Income	55%
International	19%
Real Estate	4%

At June 30, 2022, all Plan investments were in mutual funds. The Plan held no investments in any one organization that represented 5% or more of fiduciary net position. For the fiscal year ended June 30, 2022, the annual money-weighted rate of return on investments, net of investment expense, was -18.69%.

Investment Valuation

Investments are measured at fair value on a recurring basis. Recurring fair value measurements are those that GASB require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value. Fair value for mutual funds has been determined using Net Asset Value per share (NAV). NAV is based on the underlying securities held in the fund.

**EL CAMINO COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 8 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

Investment Valuation (Continued)

The Plan's investment fair value measurements at June 30, 2022 are presented below:

<u>Investment</u>	<u>Cost</u>	<u>Fair Value Measurements Net Asset Value (NAV)</u>
Mutual Fund - Fixed Income	\$ 15,139,468	\$ 12,945,887
Mutual Fund - Domestic Equity	7,958,890	7,460,474
Mutual Fund - International Equity	2,198,354	2,225,848
Mutual Fund - Real Estate	1,815,812	1,753,790
Total	<u>\$ 27,112,524</u>	<u>\$ 24,385,999</u>

Actuarial Methods and Assumptions

The District's net OPEB liability (asset) was measured as of June 30, 2021, and the total OPEB liability (asset) used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020. The actuarial assumptions noted below were applied to all periods included in the measurement, unless otherwise specified:

<u>Actuarial Methods and Assumptions</u>	
Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Inflation	2.50%
Salary Increases	2.75%
Investment Rate of Return	5.60%
Health Care Trend Rate	4.00%

Mortality assumptions are based on the 2020 CalSTRS and 2017 CalPERS mortality for miscellaneous employees tables. CalSTRS and CalPERS periodically studies mortality for participating agencies and establishes mortality tables that are modified versions of commonly used tables. These tables incorporate mortality projections as deemed appropriate based on CalSTRS and CalPERS analysis.

The long-term expected rate of return on 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 OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

**EL CAMINO COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 8 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

Actuarial Methods and Assumptions (Continued)

Best estimates of geometric real rates of return for each major asset class included in the target asset allocation as of June 30, 2022 (see the discussion of the Plan's investment policy) are as summarized in the following table:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
All Fixed Income	55.00%	4.25%
Real Estate Investment Trusts	4.00%	7.25%
All Domestic Equities	22.00%	7.25%
All International Equities	19.00%	7.25%

Since the most recent valuation, the discount rate used to measure the total OPEB liability and expected rate of return on assets was changed from 5.5% to 5.6%. This was based on assumed long-term return on plan assets using historic 21 year real rates of return for each asset class along with an assumed long-term inflation assumption of 2.5%. Expected investment return was offset by investment expenses of 25 basis points. Contributions were assumed to be sufficient to fully fund the obligation over a period not to exceed 21 years. The long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in the Net OPEB Liability

	<u>Increase (Decrease)</u>		
	<u>Total OPEB Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net OPEB Liability (Asset)</u>
	<u>(a)</u>	<u>(b)</u>	<u>(a) - (b)</u>
Balances at June 30, 2021	\$ 24,297,669	\$ 24,567,763	\$ (270,094)
Changes for the Year:			
Service Cost	952,432	-	952,432
Interest	1,423,727	-	1,423,727
Expected Investment Income	-	1,432,803	(1,432,803)
Employer Contributions to Trust	-	(150,806)	150,806
Employer Contributions as Benefit Payments	-	891,154	(891,154)
Employer Contributions Minus Expected Benefit Payments	(891,154) 17,828	(891,154)	-
Experience (Gains)/Losses	-	-	-
Assumption Changes	748,541	-	748,541
Investment Gains/Losses	-	4,140,767	(4,140,767)
Benefit Payments	-	-	-
Administrative Expenses	-	-	-
Net Changes	<u>2,251,374</u>	<u>5,422,764</u>	<u>(3,171,390)</u>
Balances at June 30, 2022	<u>\$ 26,549,043</u>	<u>\$ 29,990,527</u>	<u>\$ (3,441,484)</u>

**EL CAMINO COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 8 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

Changes in the Net OPEB Liability (Continued)

The following presents the District's net OPEB liability calculated using the discount rate of 5.85%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.85%) or 1-percentage-point higher (6.85%) than the current rate:

Discount Rate	Net OPEB Liability (Asset)
1% Decrease (2.31%)	\$ (198,722)
Current Discount Rate (3.31%)	(3,441,484)
1% Increase (4.31%)	(6,191,803)

The following presents the District's net OPEB liability calculated using the current healthcare cost trend rate of 4.0%, as well as what the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (3.0%) or 1-percentage-point higher (5.0%) than the current rate:

Healthcare Trend Rate	Net OPEB Liability (Asset)
1% Decrease (3.0%)	\$ (6,943,048)
Current Healthcare Trend Rate (4.0%)	(3,441,484)
1% Increase (5.0%)	984,626

OPEB Expense

For the fiscal year ended June 30, 2022, the District recognized OPEB expense of \$(252,379).

NOTE 9 EMPLOYEE RETIREMENT PLANS

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

**EL CAMINO COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 9 EMPLOYEE RETIREMENT PLANS (CONTINUED)

As of June 30, 2022, the District's net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the retirement plans are as follows:

Pension Plan	Proportionate Share of Net Pension Liability	Deferred Outflows of Resources	Proportionate Share of Deferred Inflows of Resources	Proportionate Share of Pension Expense
CalSTRS - STRP	\$ 39,591,960	\$ 15,788,386	\$ 39,921,858	\$ 871,081
CalPERS - Schools Pool Plan	49,433,004	9,814,101	22,381,773	3,717,935
Total	<u>\$ 89,024,964</u>	<u>\$ 25,602,487</u>	<u>\$ 62,303,631</u>	<u>\$ 4,589,016</u>

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

The District contributes to the State Teachers' Retirement Plan (STRP) administered by the California State Teachers' Retirement System (CalSTRS). STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. Benefit provisions are established by state statutes, as legislatively amended, within the state Teachers' Retirement Law.

Benefits Provided

The STRP provides retirement, disability and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age, and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0% of final compensation for each year of credited service. The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program, and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the state is the sponsor of the STRP and obligor of the trust. In addition, the state is both an employer and nonemployer contributing entity to the STRP.

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

**EL CAMINO COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 9 EMPLOYEE RETIREMENT PLANS (CONTINUED)

California State Teachers' Retirement System (CalSTRS) (Continued)

Benefits Provided (Continued)

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

<u>Provisions and Benefits</u>	<u>STRP Defined Benefit Program and Supplement Program</u>	
	<u>On or Before December 31, 2012</u>	<u>On or After January 1, 2013</u>
Hire Date	2% at 60	2% at 62
Benefit Formula	5 Years of Service	5 Years of Service
Benefit Vesting Schedule	Monthly for Life	Monthly for Life
Benefit Payments	60	62
Retirement Age	2.0% - 2.4%	2.0% - 2.4%
Monthly Benefits as a Percentage of Eligible Compensation	10.250%	10.205%
Required Employee Contribution Rate	16.920%	16.920%
Required Employer Contribution Rate	10.828%	10.828%
Required State Contribution Rate		

Contributions

Required member, District, and State of California contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. The contribution rates for each plan for the year ended June 30, 2022 are presented above and the total District contributions were \$8,818,653.

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:

	<u>Balance June 30, 2022</u>
<u>Proportionate Share of Net Pension Liability</u>	<u>\$ 39,591,960</u>
District Proportionate Share of Net Pension Liability	
State's Proportionate Share of the Net Pension Liability Associated with the District	19,921,554
Total	<u><u>\$ 59,513,514</u></u>

The net pension liability was measured as of June 30, 2021. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the state, actuarially determined. At June 30, 2021, the District's proportion was 0.0870% which is a increase of 0.0034% from its proportion measured as of June 30, 2020.

**EL CAMINO COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 9 EMPLOYEE RETIREMENT PLANS (CONTINUED)

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 \$871,081. In addition, the District recognized revenue and corresponding expense of \$681,591 for contributions 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:

<u>Pension Deferred Outflows and Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension Contributions Subsequent to Measurement Date	\$ 8,818,653	\$ -
Differences Between Expected and Actual Experience	99,180	4,213,410
Changes of Assumptions	5,609,760	-
Changes in Proportion	1,260,793	4,390,188
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	-	31,318,260
Total	<u>\$ 15,788,386</u>	<u>\$ 39,921,858</u>

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. The net difference between projected and actual earnings on plan investments is amortized over a five year period on a straight-line basis. All other deferred outflows of resources and deferred inflows of resources are amortized over the expected average remaining service life (EARSL) of the plan participants. The EARSL for the STRP for the June 30, 2021 measurement date is seven years.

The remaining amount will be recognized to pension expense as follows:

<u>Year Ending June 30,</u>	<u>Amortization</u>
2023	\$ (7,384,137)
2024	(5,976,987)
2025	(8,584,632)
2026	(9,582,364)
2027	(581,746)
2028	(842,259)
Total	<u>\$ (32,952,125)</u>

**EL CAMINO COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 9 EMPLOYEE RETIREMENT PLANS (CONTINUED)

California State Teachers' Retirement System (CalSTRS) (Continued)

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2020, and rolling forward the total pension liability to June 30, 2021. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The financial reporting actuarial valuation as of June 30, 2020 used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Experience Study	July 1, 2015 through June 30, 2018
Actuarial Cost Method	Entry Age Normal
Discount Rate	7.10%
Investment Rate of Return	7.10%
Consumer Price Inflation	2.75%
Wage Growth	3.50%

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS investment staff and investment consultants and adopted by the CalSTRS Board in January 2020. Best estimates of 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized in the following table:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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)

**EL CAMINO COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 9 EMPLOYEE RETIREMENT PLANS (CONTINUED)

California State Teachers' Retirement System (CalSTRS) (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.10%, which was unchanged from prior fiscal year. 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. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return of 7.10% and assume that contributions, benefit payments, and administrative expense occur midyear. Based on these assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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

<u>Discount Rate</u>	<u>Net Pension Liability</u>
1% Decrease (6.10%)	\$ 80,595,060
Current Discount Rate (7.10%)	32,952,125
1% Increase (8.10%)	5,560,170

Plan Fiduciary Net Position

Detailed information about the STRP's plan fiduciary net position is available in a separate annual comprehensive financial report on the CalSTRS website. Copies of the CalSTRS annual comprehensive financial report may be obtained from CalSTRS.

California Public Employees Retirement System (CalPERS)

Plan Description

Qualified employees are eligible to participate in the Schools Pool Plan 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 Law.

**EL CAMINO COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 9 EMPLOYEE RETIREMENT PLANS (CONTINUED)

California Public Employees Retirement System (CalPERS) (Continued)

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor, and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 5 years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least 5 years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

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

<u>Provisions and Benefits</u>	<u>Schools Pool Plan (CalPERS)</u>	
	<u>On or Before December 31, 2012</u>	<u>On or After January 1, 2013</u>
Hire Date		
Benefit Formula	2% at 55	2% at 62
Benefit Vesting Schedule	5 Years of Service	5 Years of Service
Benefit Payments	Monthly for Life	Monthly for Life
Retirement Age	55	62
Monthly Benefits as a Percentage of Eligible Compensation	1.1% - 2.5%	1.0% - 2.5%
Required Employee Contribution Rate	7.00%	7.00%
Required Employer Contribution Rate	22.91%	22.91%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are determined through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2022 are as presented above and the total District contributions were \$8,338,399.

**EL CAMINO COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 9 EMPLOYEE RETIREMENT PLANS (CONTINUED)

California Public Employees Retirement System (CalPERS) (Continued)

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

As of June 30, 2022, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$49,433,004. The net pension liability was measured as of June 30, 2021. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2021, the District's proportion was 0.2431% which is a decrease of 0.0020% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the District recognized pension expense of \$3,717,935. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Pension Deferred Outflows and Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension Contributions Subsequent to Measurement Date	\$ 8,338,399	\$ -
Differences Between Expected and Actual Experience	1,475,702	116,534
Changes of Assumptions	-	-
Changes in Proportion	-	3,294,323
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	-	18,970,916
Total	<u>\$ 9,814,101</u>	<u>\$ 22,381,773</u>

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. The net difference between projected and actual earnings on plan investments is amortized over a five year period on a straight-line basis. All other deferred outflows of resources and deferred inflows of resources are amortized over the expected average remaining service life (EARSL) of the plan participants. The EARSL for the CalPERS Schools Pool Plan for the June 30, 2021 measurement date is four years.

The remaining amount will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Amortization</u>
2023	\$ (5,331,112)
2024	(5,457,863)
2025	(4,840,915)
2026	(5,276,181)
Total	<u>\$ (20,906,071)</u>

**EL CAMINO COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 9 EMPLOYEE RETIREMENT PLANS (CONTINUED)

California Public Employees Retirement System (CalPERS) (Continued)

Actuarial Methods and Assumptions

Total pension liability for the Schools Pool Plan was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2020, and rolling forward the total pension liability to June 30, 2021. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The financial reporting actuarial valuation as of June 30, 2020 used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Experience Study	July 1, 1997 through June 30, 2015
Actuarial Cost Method	Entry Age Normal
Discount Rate	7.15%
Investment Rate of Return	7.15%
Consumer Price Inflation	2.50%
Wage Growth	Varies by Entry Age and Service

Mortality assumptions are based on mortality rates resulting from the most recent CalPERS experience study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those rates include 15 years of projected ongoing mortality improvements using 90% of scale MP 2016 published by the Society of Actuaries.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical and forecasted information of all the funds' asset classes, expected compound 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 equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global Equity	50 %	5.98 %
Fixed Income	28	2.62
Real Assets	13	4.93
Private Equity	8	7.23
Liquidity	1	(0.92)

**EL CAMINO COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 9 EMPLOYEE RETIREMENT PLANS (CONTINUED)

California Public Employees Retirement System (CalPERS) (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.15% and reflects the long-term expected rate of return for the Schools Pool Plan net of investment expenses and without reduction for administrative expenses. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the Schools Pool Plan fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine total pension liability.

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

Discount Rate	Net Pension Liability
1% Decrease (6.15%)	\$ 83,350,986
Current Discount Rate (7.15%)	49,433,004
1% Increase (8.15%)	21,273,801

Plan Fiduciary Net Position

Detailed information about CalPERS Schools Pool Plan fiduciary net position is available in a separate annual comprehensive financial report available on the CalPERS website. Copies of the CalPERS annual comprehensive financial report may be obtained from CalPERS.

NOTE 10 SUPPLEMENTAL EMPLOYEE RETIREMENT PLAN

The District adopted a one-time SERP for full-time faculty who were employed by the District as of May 22, 2017. To be eligible for early retirement benefits, the employee must have been at least 55 years of age, be eligible to retire from CalSTRS or CalPERS, and be resigned from District employment between June 30, 2017 and December 31, 2017. In exchange for early retirement, the District will contribute 70% of the 2016-2017 base salary, or the highest salary over 12 months. The District had 77 employees that enrolled in the SERP. There is no remaining obligation as of June 30, 2022 as the final payment was made in 2022.

**EL CAMINO COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 11 JOINT POWERS AGREEMENTS

The District participates in three Joint Powers Agreements (JPA) entities: School's Association for Excess Risk (SAFER), Southern California Community College District (SCCCD - JPA), and the Statewide Association of Community Colleges (SWACC).

SAFER provides excess insurance coverage for liability losses from \$1,000,000 to \$50,000,000 and \$5,000,000 to \$250,000,000 for excess property coverage.

SCCCD-JPA provides workers' compensation coverage for its seven member districts for workers' compensation self-insured run-off claims dated prior to 1995. Payments transferred to funds maintained under the JPA are expensed when made. SCCCDD has self-funded their workers' compensation coverage since inception as a joint banking pool, and accordingly, does not transfer risk between members. District administrators are of the opinion that the procedures for accumulating and maintaining reserves are sufficient to cover future contingencies under potential workers' compensation claims.

SWACC provides liability and property insurance for forty-eight community colleges. SWACC is governed by a Board comprised of a member of each of the participating districts. The board controls the operations of SWACC, including selection of management and approval of members beyond their representation on the Board. Each member shares surpluses and deficits proportionately to its participation in SWACC.

Each JPA is governed by a board consisting of a representative from each member district. Each governing board controls the operations of its JPA independent of any influence by the District beyond the District's representation on the governing boards.

Each JPA is independently accountable for its fiscal matters. All JPAs maintains their own accounting records. Budgets are not subject to any approval other than that of the respective governing boards. Member districts share surpluses and deficits proportionately to their participation in the JPA. The relationships between the District and the JPAs are such that neither JPA is a component unit of the District for financial reporting purposes.

The most current condensed financial information for the fiscal year ended June 30 is as follows:

	SAFER 6/30/2021 (Audited)	SCCCD-JPA 6/30/2022 (Audited)	SWACC 6/30/2022 (Audited)
Total Assets	\$ 43,779,353	\$ 22,995,446	\$ 50,281,881
Total Liabilities	41,873,705	519,243	34,250,259
Net Position	<u>\$ 1,905,648</u>	<u>\$ 22,476,203</u>	<u>\$ 16,031,622</u>
Total Revenues	\$ 102,474,182	\$ 10,891,518	\$ 34,178,714
Total Expenses	<u>102,224,133</u>	<u>10,384,788</u>	<u>32,934,373</u>
Changes in Net Position	<u>\$ 250,049</u>	<u>\$ 506,730</u>	<u>\$ 1,244,341</u>

Separate financial statements for the JPAs can be obtained through the District.

**EL CAMINO COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 12 COMMITMENTS AND CONTINGENCIES

Litigation

The District is involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the District's financial statements.

IRS Penalty

The District is involved in the process of disputing a IRS civil penalties for the tax years 2017, 2018 and 2019. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the District's financial statements. As a precaution, the District accrued a \$3 million liability in the fiscal year 2021-22 in the event they are unable to appeal.

State and Federal Allowances, Awards, and Grants

The District has received state and Federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursement will not be material.

Purchase Commitments

As of June 30, 2022, the District was committed under various capital expenditure purchase agreements for construction and modernization projects totaling approximately \$36.7 million. Projects will be funded through bond proceeds, state funds and general funds.

NOTE 13 FUNCTIONAL EXPENSE

Operating expenses are reported by natural classification in the Statement of Revenues, Expenses, and Changes in Net Position. A schedule of expenses by function is shown below:

Functional Expense	Salaries	Employee Benefits	Supplies, Materials, and Other Operating Expenses and Services	Financial Aid	Depreciation	Total
Instructional	\$ 50,197,689	\$ 11,381,630	\$ 1,912,240	\$ -	\$ -	\$ 63,491,559
Academic Support	10,439,639	2,640,070	873,836	-	-	13,953,545
Student Services	21,149,504	4,491,077	2,424,821	-	-	28,065,402
Operation and Maintenance of Plant	6,194,852	1,926,861	4,934,687	-	-	13,056,400
Institutional Support	11,686,363	3,962,556	14,556,178	-	-	30,205,097
Community Services and Economic Development	2,340,036	525,606	1,784,536	-	-	4,650,178
Ancillary Services						
Auxiliary Operations	2,689,515	230,662	7,939,198	-	-	10,859,375
Student Aid	-	-	891,385	56,538,746	-	57,430,131
Depreciation Expense	-	-	-	-	12,126,312	12,126,312
Total	\$ 104,697,598	\$ 25,158,462	\$ 35,316,881	\$ 56,538,746	\$ 12,126,312	\$ 233,837,999

**EL CAMINO COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 14 GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENTS ISSUED, NOT YET EFFECTIVE

The Governmental Accounting Standards Board (GASB) has issued pronouncements prior to June 30, 2022, that have effective dates that impact future financial presentations; however, the impact of the implementation of each of the statements below to the District's financial statements has not been assessed at this time.

Statement No. 91 – Conduit Debt Obligations

The objective of the statement is to eliminate diversity in practice associated with commitments extended by issuers, arrangements associated with conduit obligations and related note disclosures. The statement clarifies the existing definition of a conduit debt obligation, establishing that a conduit debt obligation is not a liability of the user, and establishing standards for accounting and financial reporting. The statement effective date has been postponed to fiscal year 2022-23.

Statement No. 92 – Omnibus 2020

This Statement establishes accounting and financial reporting requirements for specific issues related to leases, intra-entity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activities of public entity risk pools, fair value measurements, and derivative instruments. The requirements of this Statement apply to the financial statements of all state and local governments. The statement effective date has been postponed to fiscal year 2022-23.

Statement No. 93 – Replacement of Interbank Offered Rates (IBOR)

This statement establishes accounting and financial reporting requirements related to the replacement of IBORs in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The requirements of this Statement apply to the financial statements of all state and local governments. The statement effective date has been postponed to fiscal year 2022-23.

Statement No. 94 – Public-Private & Public-Public Partnerships and Availability Payment Arrangements

This statement improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The statement is effective for the fiscal year 2022-23.

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 government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) 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 the fiscal year 2022-23.

**EL CAMINO COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 14 GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENTS ISSUED, NOT YET EFFECTIVE (CONTINUED)

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 requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement No. 34, as amended, and terminology updates related to Statement No. 53 and Statement No. 63 are effective for the fiscal year 2021-22. The requirements related to leases, PPPs, and SBITAs are effective for the fiscal year 2022-23. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement No. 53 are effective for the fiscal year 2023-24.

Statement No. 100 – Accounting Changes and Errors 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. The statement is effective for the fiscal year 2023-24.

Statement No. 101 – Compensated Absences

The objectives 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. The statement is effective for the fiscal year 2024-25.

NOTE 15 DEFICIT FUND BALANCE

Student Financial Aid

The Student Financial Aid Fund beginning fund balance was \$2,039,304; due to the timing of disbursements and the recognition of revenue, the fund ended the year with a \$(503,430) deficit fund balance.

REQUIRED SUPPLEMENTARY INFORMATION

**EL CAMINO COMMUNITY COLLEGE DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
MEASUREMENT PERIODS ENDED JUNE 30, 2022**

California State Teachers' Retirement System - State Teachers' Retirement Plan	2015	2016	2017	2018	2019	2020	2021	2022
District's proportion of the net pension liability (assets)	0.1560%	0.0964%	0.0909%	0.0899%	0.0884%	0.0879%	0.0904%	0.0870%
District's proportionate share of the net pension liability (asset)	\$ 61,735,680	\$ 64,887,512	\$ 73,514,277	\$ 83,145,064	\$ 81,236,698	\$ 79,354,233	\$ 87,585,901	\$ 39,591,960
State's proportionate share of the net pension liability (asset) associated with the District	37,278,669	34,318,341	41,850,366	49,187,917	46,511,809	43,293,032	45,150,543	19,921,554
Total	<u>\$ 99,014,349</u>	<u>\$ 99,205,853</u>	<u>\$ 115,364,643</u>	<u>\$ 132,332,981</u>	<u>\$ 127,748,507</u>	<u>\$ 122,647,265</u>	<u>\$ 132,736,444</u>	<u>\$ 59,513,514</u>
District's covered payroll	\$39.8 million	\$41.5 million	\$43.7 million	\$41.0 million	\$44.6 million	\$44.1 million	\$49.6 million	\$50.1 million
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	137.64%	164.17%	156.88%	169.97%	159.91%	154.03%	170.01%	71.82%
Plan fiduciary net position as a percentage of the total pension liability	76.50%	74.02%	70.04%	69.00%	71.00%	73.00%	73.00%	87.00%
California Public Employees' Retirement System - Schools Pool Plan	2015	2016	2017	2018	2019	2020	2020	2021
District's proportion of the net pension liability (assets)	0.2937%	0.2834%	0.2650%	0.2575%	0.2606%	0.2559%	0.2451%	0.2431%
District's proportionate share of the net pension liability (asset)	<u>\$ 33,340,795</u>	<u>\$ 41,777,449</u>	<u>\$ 52,345,935</u>	<u>\$ 61,477,017</u>	<u>\$ 69,475,373</u>	<u>\$ 74,593,130</u>	<u>\$ 7,516,992</u>	<u>\$ 49,433,004</u>
District's covered payroll	\$30.4 million	\$31.7 million	\$31.5 million	\$32.4 million	\$34.6 million	\$35.1 million	\$35.3 million	\$35.0 million
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	109.81%	131.67%	166.42%	189.84%	200.84%	212.46%	213.06%	134.61%
Plan fiduciary net position as a percentage of the total pension liability	83.37%	79.43%	73.90%	72.00%	71.00%	70.00%	70.00%	81.00%

Note: Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

The amounts for covered payroll are reported as of the previous fiscal year to align with the measurement date of the net pension liability.

See accompanying Notes to Required Supplementary Information.

**EL CAMINO COMMUNITY COLLEGE DISTRICT
SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS
YEAR ENDED JUNE 30, 2022**

California State Teachers' Retirement System - State Teachers' Retirement Plan	2015	2016	2017	2018	2019	2020	2021	2022
Contractually required contribution	\$ 3,681,561	\$ 4,688,258	\$ 5,163,237	\$ 6,438,464	\$ 7,176,305	\$ 8,481,266	\$ 8,095,248	\$ 8,818,653
Contributions in relation to the contractually required contribution	3,681,561	4,688,258	5,163,237	6,438,464	7,176,305	8,481,266	8,095,248	8,818,653
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$41.5 million	\$43.7 million	\$41.0 million	\$44.6 million	\$44.1 million	\$49.6 million	\$50.1 million	\$52.1 million
Contributions as a percentage of covered payroll	8.88%	10.73%	12.58%	14.43%	16.28%	17.10%	16.15%	16.92%
California Public Employees' Retirement System - Schools Pool Plan	2015	2016	2017	2018	2019	2020	2021	2022
Contractually required contribution	\$ 3,734,856	\$ 3,726,406	\$ 4,497,542	\$ 5,373,273	\$ 6,341,508	\$ 6,962,278	\$ 7,243,870	\$ 8,338,399
Contributions in relation to the contractually required contribution	3,734,856	3,726,406	4,497,542	5,373,273	6,341,508	6,962,278	7,243,870	8,338,399
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$31.7 million	\$31.5 million	\$32.4 million	\$34.6 million	\$35.1 million	\$35.3 million	\$35.0 million	\$36.4 million
Contributions as a percentage of covered payroll	11.77%	11.85%	13.89%	15.53%	18.06%	19.72%	20.70%	22.91%

Note: Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

See accompanying Notes to Required Supplementary Information.

EL CAMINO COMMUNITY COLLEGE DISTRICT
SCHEDULE CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
YEAR ENDED JUNE 30, 2022

Total OPEB Liability	2018	2019	2020	2021	2022
Service Cost	\$ 1,242,133	\$ 1,174,679	\$ 1,311,390	\$ 1,559,394	\$ 952,432
Interest	1,162,707	1,036,220	1,193,368	1,157,377	1,423,727
Differences between projected and actual earnings on OPEB plan investments	-	-	(2,382,661)	(4,644)	-
Assumption Changes	-	2,342,431	165,241	(5,113,520)	748,541
Benefit Payments	(763,687)	(800,455)	(957,261)	(868,673)	(873,326)
Net Change in Total OPEB Liability	1,641,153	3,752,875	(669,923)	(3,270,066)	2,251,374
Total OPEB Liability - beginning	22,843,630	24,484,783	28,237,658	27,567,735	24,297,669
Total OPEB Liability - ending (a)	\$ 24,484,783	\$ 28,237,658	\$ 27,567,735	\$ 24,297,669	\$ 26,549,043
Plan Fiduciary Net Position	2018	2019	2020	2021	2022
Contributions - Employer	\$ 763,687	\$ 800,455	\$ 957,261	\$ 868,673	\$ 891,154
Expected investment income	1,380,019	937,126	956,653	986,620	1,432,803
Differences between projected and actual earnings on OPEB plan investments	-	(337,208)	(107,452)	159,128	4,140,767
Benefit Payments	(763,687)	(800,455)	(957,261)	(868,673)	(891,154)
Administrative Expense	(137,668)	(136,501)	(133,523)	(137,880)	(150,806)
Reimbursement of benefits previously paid	(2,089,577)	-	-	-	-
Net Change in Plan Fiduciary Net Position	(847,226)	463,417	715,678	1,007,868	5,422,764
Plan Fiduciary Net Position - beginning	23,228,026	22,380,800	22,844,217	23,559,895	24,567,763
Plan Fiduciary Net Position - ending (b)	\$ 22,380,800	\$ 22,844,217	\$ 23,559,895	\$ 24,567,763	\$ 29,990,527
Net OPEB Liability- ending (a) - (b)	\$ 2,103,983	\$ 5,393,441	\$ 4,007,840	\$ (270,094)	\$ (3,441,484)
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	91.41%	80.90%	85.46%	101.11%	112.96%
Covered employee payroll	\$ 73,427,594	\$ 79,215,683	\$ 79,190,165	\$ 84,901,926	\$ 105,426,144
Net OPEB liability as a percentage of covered-employee payroll	2.87%	6.81%	5.06%	-0.32%	-3.26%

Note: Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

See accompanying Notes to Required Supplementary Information.

**EL CAMINO COMMUNITY COLLEGE DISTRICT
SCHEDULE OF POSTEMPLOYMENT HEALTHCARE BENEFIT CONTRIBUTIONS
YEAR ENDED JUNE 30, 2022**

OPEB Contributions	2018	2019	2020	2021	2022
Actuarially Determined Contribution (ADC)	\$ 763,687	\$ 800,455	\$ 957,261	\$ 868,673	\$ 891,154
Contributions in relation to the ADC	763,687	800,455	957,261	868,673	891,154
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 73,427,594	\$ 79,215,683	\$ 79,190,165	\$ 84,901,926	\$ 105,426,144
Contributions as a percentage of covered-employee payroll	1.04%	1.01%	1.21%	1.02%	0.85%

Note: Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

**EL CAMINO COMMUNITY COLLEGE DISTRICT
 SCHEDULE OF POSTEMPLOYMENT HEALTHCARE BENEFITS
 MONEY-WEIGHTED RATE OF RETURN ON PLAN ASSETS
 YEAR ENDED JUNE 30, 2022**

	<u>Balance</u> <u>June 30, 2018</u>	<u>Balance</u> <u>June 30, 2019</u>	<u>Balance</u> <u>June 30, 2020</u>	<u>Balance</u> <u>June 30, 2021</u>	<u>Balance</u> <u>June 30, 2022</u>
Annual money-weighted rate of return, net of investment expense	5.72%	26.64%	3.73%	4.64%	-18.69%

Note: Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

**EL CAMINO COMMUNITY COLLEGE DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2022**

NOTE 1 PURPOSE OF SCHEDULES

Schedule of Postemployment Healthcare Benefits Employer Contributions

The schedule is intended to show trends about the amounts contributed in relation to the actuarially determined contribution.

Actuarially determined contribution rates are calculated as of July 1, 2021, 12 months prior to the end of the fiscal year in which contributions are reported.

Methods of assumptions used to determine contribution rates are:

Actuarial Cost Method	Entry age normal
Inflation	2.5%
Salary Increases	2.75%
Investment Rate of Return	3.31%
Health Care Trend Rate	4%

Mortality rates were based on the 2020 rates used by CalSTRS and the 2017 rates used by CalPERS for pension valuations.

Schedule of Postemployment Healthcare Benefits Money-Weighted Rate of Return on Plan Assets

The schedule is intended to show trends about the rate of return on plan assets.

Schedules of District's Proportionate Share of the Net Pension Liability – CalSTRS (STRP) and CalPERS (Schools Pool Plan)

The schedule presents information on the District's proportionate share of the net pension liability, the plans' fiduciary net position and, when applicable, the state's proportionate share of the net pension liability associated with the District. In the future, as data becomes available, 10 years of information will be presented.

Benefit changes – None

Changes of Assumptions:

2019-20

CalSTRS Board adopted a new experience study which updated assumptions for termination rates and service rates.

2018-19

CalPERS Board adopted new mortality assumptions for the plan. Assumption for inflation rate was reduced from 2.75% to 2.50%. Assumption for individual salary increases and overall payroll growth was reduced from 3.00% to 2.75%.

**EL CAMINO COMMUNITY COLLEGE DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2022**

NOTE 1 PURPOSE OF SCHEDULES (CONTINUED)

Schedules of District's Proportionate Share of the Net Pension Liability – CalSTRS (STRP) and CalPERS (Schools Pool Plan) (Continued)

2017-18

CalSTRS Board adopted new mortality assumptions and new mortality tables for the plan. Assumption for inflation rate was reduced from 3.00% to 2.75%. Assumption for payroll growth was reduced from 3.75% to 3.50%.

CalPERS applied a new discount rate decreasing the rate from 7.65% to 7.15%.

2015-16

CalPERS applied a new discount rate increasing the rate from 7.50% to 7.65%.

Schedules of District Contributions – CalSTRS (STRP) and CalPERS (Schools Pool Plan)

The schedule presents information on the District's required contribution, the amounts actually contributed and any excess or deficiency related to the required contribution. In the future, as data becomes available, 10 years of information will be presented.

Schedule of Changes in the Net OPEB Liability and Related Ratios

The schedule is intended to show trends about the changes in the District's actuarially determined liability for postemployment benefits other than pensions.

Benefit changes – None.

2020-21

Changes of Assumptions – The discount rate and expected rate of return on assets was changed from 3.7% to 3.31%.

2019-20

Changes of Assumptions – The discount rate and expected rate of return on assets was changed from 5.8% to 3.7%.

2018-19

Changes of Assumptions – The discount rate and expected rate of return on assets was changed from 4.5% to 5.8%.

SUPPLEMENTARY INFORMATION

**EL CAMINO COMMUNITY COLLEGE DISTRICT
HISTORY AND ORGANIZATION
YEAR ENDED JUNE 30, 2022**

The El Camino Community College District was established in July 1946 and is comprised of an area of approximately 50 square miles located in Los Angeles County. There were no changes in the boundaries of the District during the current year. The District is accredited by the Accrediting Commission for Community and Junior Colleges, Western Association of Schools and Colleges, which is one of six regional associations that accredit public and private schools, colleges, and universities in the United States.

The Board of Trustees and the District Administrators for the fiscal year ended June 30, 2022 were as follows:

BOARD OF TRUSTEES

<u>Member</u>	<u>Office</u>	<u>Term Expires</u>
Nilo Michelin	President	2022
Kenneth A. Brown	Vice President	2024
Clifford Numark	Member	2022
Katherine Steinbroner Maschler	Secretary	2024
Trisha Murakawa	Member	2024
Sidney Lee	Student Trustee	2023

DISTRICT ADMINISTRATORS

Brenda Thames, PH.D.	Superintendent and President
Carlos Lopez, M.S.	Vice President of Academic Affairs
Robert Suppelsa, MBA	Vice President of Administrative Services
Ross Miyashiro	Vice President of Student Services
Jane Miyashiro	Vice President of Human Resources

<u>Auxiliary Name</u>	<u>Auxiliary Director's Name</u>	<u>Establishment and Master Agreement Date</u>
El Camino College Foundation	Andrea Sala, Executive Director	Organized as an independent organization in April 1983 and has a signed master agreement dated April 2021.

See accompanying Notes to Supplementary Information.

**EL CAMINO COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2022**

Program Name	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Program Expenditures
Federal Categorical Aid Programs:			
Department of Education			
Direct:			
Student Financial Assistance Cluster:			
Supplemental Educational Opportunities Grant (SEOG)	84.007	n/a	\$ 1,112,652
Federal Work Study (FWS)	84.033	n/a	548,762
Administrative Allowance - Pell	84.063	n/a	122,470
Pell Grant	84.063	n/a	23,453,175
Federal Direct Student Loans	84.268	n/a	1,316,928
Total Student Financial Assistance Cluster			<u>26,553,987</u>
COVID-19 Higher Education Emergency Relief Funds (HEERF):			
COVID-19 HEERF - Student Aid	84.425E	n/a	19,231,672
COVID-19 HEERF- Institutional	84.425F	n/a	14,757,617
Total COVID-19 Higher Education Emergency Relief Funds (HEERF)			<u>33,989,289</u>
Pass-Through Program from the California Community College Chancellor's Office:			
Career Technical Education:			
Perkins Title I-C (Basic Grants to States)	84.048A	20-C01-014	803,421
Pass-Through Center for Collaborative Education:			
Community Partnerships for Teacher Pipeline	84.423A	S423A200117	247,310
Total Department of Education			<u>61,594,007</u>
National Science Foundation			
Research and Development Cluster:			
Pass-through from University of California, Los Angeles			
Frontier Opportunities in Computing for Underrepresented Students	47.070	CNS-0634520	470
Pass-through from The Howard University			
LSAMP- Washington Baltimore Hampton Roads Alliance	47.076	HRD-10001503192	10,000
Pass-Through University Corporation at Monterey Bay			
Replication of Cohort-Based Computer Science Bachelor's Degree Model	47.079	5052101A-10192018-A	229,827
Total National Science Foundation			<u>240,297</u>
U.S. Department of Energy			
Pass-Through The Regents of the University of California			
Clean Energy Smart Manufacturing Innovation Institute	81.087	4550 G WA323	145,556
Total Research and Development			<u>385,853</u>
U.S. Department of Agriculture Food and Nutrition Services			
Pass-through the California Department of Social Services via CSU Chico			
CalFresh SNAP Outreach Program (CFO)	10.580	SUB18-032	20,931
U.S. Department of Commerce			
Pass-Through California Manufacturing Technology			
Consulting (CMTC)			
Manufacturing Extension Partnership	11.611	70NANB1-6H208	148,855
U.S. Department of Defense			
Pass-Through Governor's Office of Planning and Research			
California Advanced Defense Ecosystems & National Consortia Effort (CADENCE)	12.600	OPR20120	48,397

See accompanying Notes to Supplementary Information.

**EL CAMINO COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2022**

Program Name	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Program Expenditures
U.S. Department of Labor			
Pass-Through American Association of Community Colleges Expanding Community College Apprenticeships Initiative (AACC ECCA)	17.285	(1)	120,517
U.S. Small Business Administration			
Pass-Through Long Beach Community College District Small Business Development Center (SBDC)	59.037	CN 99780.2	387,502
COVID-19: Small Business Development Center (SBDC)	59.037	CN 99699.8	79,208
Total U.S. Small Business Administration			<u>466,710</u>
U.S. Department of Veterans Affairs			
Direct: Veterans Education	64.117	n/a	11,384
U.S. Department of Health and Human Services			
Pass-Through Los Angeles County Department of Public Social Services Temporary Assistance for Needy Families (TANF)	93.558	(1)	93,316
Pass-Through Program from the California Community College Chancellor's Office: Temporary Assistance for Needy Families (TANF)	93.558	(1)	165,108
Foster and Kinship Care Education Program	93.658	(1)	122,289
Total Department of Health and Human Services			<u>380,713</u>
Corporation for National and Community Service (CNCS)			
Direct: AmeriCorps National Service Awards	94.006	n/a	3,337
Total Expenditures of Federal Awards			<u>\$ 63,180,704</u>
Reconciliation to Federal Revenue			
Total Expenditures of Federal Awards			\$ 63,180,704
Supplemental Educational Opportunities Grant (SEOG)	84.007	n/a	35,052
Pell Grant	84.063	n/a	(27,418)
Federal Direct Student Loans	84.268	n/a	(1,316,928)
Temporary Assistance for Needy Families (TANF)	93.558	(1)	1,000
AmeriCorps National Service Awards	94.006	n/a	(387)
Total Revenue of Federal Awards			<u>\$ 61,872,023</u>
Operating Federal Revenue			\$ 4,429,559
Non-operating Federal Revenue			57,442,464
Total Revenue of Federal Awards			<u>\$ 61,872,023</u>

(1) Pass-Through entity identifying number not readily available

n/a Pass-Through entity identifying number not applicable

See accompanying Notes to Supplementary Information.

**EL CAMINO COMMUNITY COLLEGE DISTRICT
SCHEDULE OF STATE FINANCIAL ASSISTANCE – GRANTS
YEAR ENDED JUNE 30, 2022**

Program Name	Program Revenues				Total Program Expenditures
	Cash Received	Accounts Receivable/ (Payable)	Unearned Revenue	Total	
State Categorical Aid Programs:					
Access to Print and Electronic Info and Def and Hearing	\$ 648,389	\$ -	\$ 418,174	\$ 230,215	\$ 230,215
Adult Education Block Grant Data and Accountability	877,304	-	360,066	517,238	517,238
Instructional Equipment Block Grant	-	-	-	-	-
Board Financial Assistance Program (BFAP) - Student Financial Aid Administration (SFAA)	1,024,018	-	110,630	913,388	913,388
Cal Grant	4,569,681	-	-	4,569,681	4,569,681
CA College Promise Implementation	1,684,333	-	-	1,684,333	1,684,333
College Rapid Rehousing Funds	-	-	-	-	-
CalWORKs	500,463	-	123,854	376,609	376,609
Childcare Taxbailout	-	-	-	-	-
Classified Professional Development	67,304	-	46,404	20,900	20,900
Cooperative Agencies Resources for Education (CARE)	624,317	-	123,854	500,463	500,463
Deaf and Hard of Hearing	-	-	-	-	-
Disabled Student Program and Services (DSPS)	1,928,002	-	407,386	1,520,616	1,520,616
Disaster Relief Emergency	-	-	-	-	-
Early Action Emergency Financial Aid	-	-	-	-	-
Equal Employment Opportunity	-	-	-	-	-
Extended Opportunities Program and Services (EOPS)	3,159,495	-	15,349	3,144,146	3,144,146
Financial Aid Tech Grant	-	-	-	-	-
Foster Care Education Program	101,247	21,042	-	122,289	122,289
Guided Pathways	598,266	8,040	-	606,306	606,306
Hunger Free Campus	45,108	-	18,954	26,154	26,154
COVID-19 Response Block Grant	-	-	-	-	-
Mental Health Program	329,123	-	63,272	265,851	265,851
Nextup	-	-	-	-	-
Nursing Education Program Support	-	-	-	-	-
Certified Nursing Assistant Program	-	-	-	-	-
General Child Care and Development Program	-	-	-	-	-
Part-Time Faculty Compensation	-	-	-	-	-
Retention & Enrollment Outreach	-	-	-	-	-
State Preschool Program	-	-	-	-	-
Strong Workforce Program	4,589,566	-	2,864,135	1,725,431	1,725,431
Student Success Completion Grant	-	-	-	-	-
Student Equity and Achievement	9,815,081	-	2,769,270	7,045,811	7,045,811
Veterans Resource Center	-	-	-	-	-
Veterans Resource Center Grant	-	-	-	-	-
Total State Categorical Aid Programs	\$ 30,561,697	\$ 29,082	\$ 7,321,348	\$ 23,269,431	\$ 23,269,431

See accompanying Notes to Supplementary Information.

**EL CAMINO COMMUNITY COLLEGE DISTRICT
SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL
APPORTIONMENT ANNUAL (ACTUAL) ATTENDANCE
YEAR ENDED JUNE 30, 2022**

Categories	Annual - Factored FTES			
	Annual Reported Data	Revised Annual Adjustments	Audit Adjustments	Revised Reported Data
A. Summer Intersession (Summer 2021 only)				
1. Noncredit ¹	7.33	1.12	-	8.45
2. Credit ¹	1,560.34	116.37	-	1,676.71
B. Summer Intersession (Summer 2022 - Prior to July 1, 2022)				
1. Noncredit ¹	-	-	-	-
2. Credit ¹	-	-	-	-
C. Primary Terms (Exclusive of Summer Intersession)				
1. Census Procedure Courses				
(a) Weekly Census Contact Hours	4,193.84	10.08	-	4,203.92
(b) Daily Census Contact Hours	298.96	3.35	5.15	307.46
2. Actual Hours of Attendance Procedure Courses				
(a) Noncredit ¹	14.51	0.88	-	15.39
(b) Credit ¹	212.35	122.58	-	334.93
3. Independent Study/Work Experience				
(a) Weekly Census Contact Hours	6,088.04	253.89	-	6,341.93
(b) Daily Census Contact Hours	1,442.32	447.84	-	1,890.16
(c) Noncredit Independent Study/Distance Education Courses	11.83	-	-	11.83
D. Total FTES	<u>13,829.52</u>	<u>956.11</u>	<u>5.15</u>	<u>14,790.78</u>
Supplemental Information (subset of above information)				
E. In-service Training Courses (FTES)	-	-	-	-
H. Basic Skills courses and Immigrant Education				
(a) Noncredit ¹	20.25	9.10	-	29.35
(b) Credit ¹	327.20	27.48	-	354.68
CCFS 320 Addendum				
CDCP Noncredit FTES	-	-	-	-
Centers FTES				
(a) Credit ¹	13,795.85	954.11	-	14,749.96
(a) Noncredit ¹	33.67	2.00	-	35.67

¹ Including Career Development and College Preparation (CDCP) FTES

**EL CAMINO COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF NET POSITION
YEAR ENDED JUNE 30, 2022**

The audit resulted in no adjustments to the fund balances reported on the June 30, 2022 Annual Financial and Budget Report (CCFS-311) based upon governmental accounting principles.

	Governmental Funds
Unrestricted General Fund Balance	\$ 65,367,892
Restricted General Fund Balance	4,160,496
Bond Interest and Redemption Fund Balance	26,899,027
Capital Projects Fund Balance	23,112,665
Bond Construction Fund Balance (2012 Election)	84,450,671
Bookstore	7,562,598
Self Insurance Fund Balance	1,007,722
Other Internal Services Fund	30,126,787
Associated Student Government	1,234,287
Student Representation Fee	214,228
Student Financial Aid and Trust Fund Balance	(503,430)
Other Trust Funds	1,545,111
Total Fund Balances as Reported on the Annual Financial and Budget Report (CCFS-311)	245,178,054
Plus Payroll Clearance Fund - Not included on CCFS-311	586,594
Total Ending Fund Balance	\$ 245,764,648

In accordance with Governmental Accounting Standards Board Statements No. 34 and No. 35, the financial statements have been prepared under the full accrual basis of accounting which requires that revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. Additional entries were made to comply with the governmental reporting requirements. These entries are not considered audit adjustments for purposes of this reconciliation.

A reconciliation between the fund balances reported on the June 30, 2022 Annual Financial and Budget Report (CCFS-311), based upon the modified accrual basis of accounting, and total net position recorded on the full accrual basis of accounting is shown below and on the following page:

Total fund balances as reported on the Annual Financial and Budget Report (CCFS-311)	\$ 245,764,648
Amounts reported for governmental activities in the statement of net position are different because:	
Amounts for 2021-22 property taxes levied for debt service not received as of June 30, 2022 are accrued on the statement of net position which increases the total net assets reported.	3,441,484
Capital assets used for governmental activities are not financial resources and therefore are not reported as assets in governmental funds. Capital assets, net of accumulated depreciation are added to total net assets. Net capital assets of \$1,318 are already reported in the Bookstore Fund.	477,462,864
Amounts for 2021-22 property taxes levied for debt service not received as of June 30, 2022 are accrued on the statement of net position which increases the total net assets reported.	2,758,708
Deferred outflows associated with advanced refunding of debt increases total net position reported.	2,933,479

See accompanying Notes to Supplementary Information.

**EL CAMINO COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF NET POSITION (CONTINUED)
YEAR ENDED JUNE 30, 2022**

Deferred outflows associated with pension costs result from pension contributions made during the fiscal year and from actuarially determined adjustments. These amounts will be recognized as a reduction of the net pension liability or amortized to pension expense, as applicable, in subsequent periods.	\$ 25,602,487
Deferred outflows associated with other postemployment retirement benefits costs result from contributions made during the fiscal year and from actuarially determined adjustments. These amounts will be recognized as a reduction of the net other postemployment retirement benefits liability or amortized to benefits expense, as applicable, in subsequent periods.	3,746,707
Compensated absences and load banking are not due and payable in the current period and therefore are not reported in the governmental funds. However, the District has recorded compensated absences of \$182,922 in the Unrestricted General Fund.	(4,794,826)
Interest expense related to bonds incurred through June 30, 2021 is accrued as a current liability on the statement of net position which reduces the total net assets reported.	(5,805,899)
Liabilities related to bonds are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds. Bond related liabilities are added to the statement of net position which reduces the total net assets reported.	(583,827,879)
The liability of employers and nonemployers contributing to employees for benefits provided through a defined benefit pension plan is recorded as net pension liabilities.	(89,024,964)
The liability associated with Medicare Premium Payment (MPP) Program of the California State Teachers' Retirement Plan (the STRP), is recognized as a liability, which reduces the total net position reported.	(606,570)
Deferred inflows of resources associated with pensions result from actuarially determined adjustments. These amounts will be amortized to pension expense in subsequent periods.	(62,303,631)
Deferred inflows of resources associated with other postemployment retirement benefits result from actuarially determined adjustments. These amounts will be amortized to other postemployment retirement benefits expense in subsequent periods.	(8,603,541)
Amounts held in an irrevocable trust for other postemployment retirement benefits are reported in the trust statement of net position.	<u>(29,228,506)</u>
Total Net Position	<u><u>\$ (22,485,439)</u></u>

See accompanying Notes to Supplementary Information.

**EL CAMINO COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF 50 PERCENT LAW CALCULATION
YEAR ENDED JUNE 30, 2022**

Object/TOP Codes	Activity (ECSA) ECS 84362 A Instructional Salary Cost AC 0100-5900 & AC 6110			Activity (ECSB) ECS 84362 B Total CEE AC 0100-6799			
	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data	
Academic Salaries							
Instructional Salaries - Contract or Regular	1100	\$ 27,113,494	\$ -	\$ 27,113,494	\$ 27,113,494	\$ -	\$ 27,113,494
Instructional Salaries - Other	1300	19,537,115	-	19,537,115	19,537,115	-	19,537,115
Total Instructional Salaries		46,650,609	-	46,650,609	46,650,609	-	46,650,609
Non-Instructional Salaries - Contract or Regular	1200	-	-	-	8,664,410	-	8,664,410
Non-Instructional Salaries - Other	1400	-	-	-	3,073,169	-	3,073,169
Total Non-Instructional Salaries		-	-	-	11,737,579	-	11,737,579
Total Academic Salaries		46,650,609	-	46,650,609	58,388,188	-	58,388,188
Classified Salaries							
Non-Instructional Salaries - Regular Status	2100	-	-	-	25,269,192	-	25,269,192
Non-Instructional Salaries - Other	2300	-	-	-	2,321,544	-	2,321,544
Total Non-Instructional Salaries		-	-	-	27,590,736	-	27,590,736
Instructional Aides - Regular Status	2200	1,411,168	-	1,411,168	1,411,168	-	1,411,168
Instructional Aides - Other	2400	-	-	-	-	-	-
Total Instructional Aides		1,411,168	-	1,411,168	1,411,168	-	1,411,168
Total Classified Salaries		1,411,168	-	1,411,168	29,001,904	-	29,001,904
Employee Benefits	3000	21,254,209	-	21,254,209	36,817,976	-	36,817,976
Supplies and Materials	4000	-	-	-	2,154,768	-	2,154,768
Other Operating Expenses	5000	654,029	-	654,029	10,817,550	-	10,817,550
Equipment Replacement	6420	-	-	-	303,368	-	303,368
Total Expenditures Prior to Exclusions		69,970,015	-	69,970,015	137,483,754	-	137,483,754
Exclusions							
Activities to Exclude							
Instructional Staff--Retirees' Benefits & Retirement Incentives	5900	437,052	-	437,052	-	-	-
Student Health Services Above Amount Collected	6441	-	-	-	-	-	-
Student Transportation	6491	-	-	-	-	-	-
Non-instructional Staff-Retirees' Benefits & Retirement Incentives	6740	-	-	-	605,856	-	605,856
Objects to Exclude							
Rents and Leases	5060	-	-	-	430,674	-	430,674
Lottery Expenditures		-	-	-	-	-	-
Academic Salaries	1000	-	-	-	-	-	-
Classified Salaries	2000	-	-	-	3,542,351	-	3,542,351
Employee Benefits	3000	-	-	-	-	-	-
Software	4100	-	-	-	-	-	-
Books, Magazines, & Periodicals	4200	-	-	-	-	-	-
Instructional Supplies & Materials	4300	-	-	-	-	-	-
Noninstructional, Supplies & Materials	4400	-	-	-	-	-	-
Other Operating Expenses and Services	5000	-	-	-	-	-	-
Capital Outlay	6000	-	-	-	-	-	-
Library Books	6300	-	-	-	-	-	-
Equipment - Additional	6410	-	-	-	-	-	-
Equipment - Replacement	6420	-	-	-	-	-	-
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		437,052	-	437,052	4,578,881	-	4,578,881
Total for ECS 84362, 50% Law		69,532,963	-	69,532,963	132,904,873	-	132,904,873
Percent of CEE (Instructional Salary Cost/Total CEE)		52.32%	0.00%	52.32%	100.00%	0.00%	100.00%
50% of Current Expense of Education					\$ 66,452,437	\$ -	\$ 66,452,437

See accompanying Notes to Supplementary Information.

**EL CAMINO COMMUNITY COLLEGE DISTRICT
EDUCATION PROJECTION ACCOUNT (EPA) EXPENDITURE REPORT
YEAR ENDED JUNE 30, 2022**

Activity Classification	Object Code				Unrestricted
EPA Proceeds:	8630				\$ 37,805,638
Activity Classification	Object Code	Salaries and Benefits (1000-3000)	Operating Expenses (4000-5000)	Capital Outlay (6000)	Total
Instructional Activities	0100-5900	\$ 37,805,638	\$ -	\$ -	\$ 37,805,638
					-
					-
					-
					-
					-
					-
					-
					-
					-
					-
					-
					-
					-
					-
					-
					-
					-
					-
					-
					-
Total Expenditures for EPA*		\$ 37,805,638	\$ -	\$ -	\$ 37,805,638
Revenue less Expenditures					-
*Total Expenditures for EPA may not include Administrator Salaries and Benefits or other administrative costs.					

See accompanying Notes to Supplementary Information.

**EL CAMINO COMMUNITY COLLEGE DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2022**

NOTE 1 PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards

Basis of Presentation

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

Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the full accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District uses an indirect cost rate, approved by the U.S. Department of Health and Human Services, as allowed under the Uniform Guidance. The District did not use the 10-percent de minimus indirect cost rate as allowed under the Uniform Guidance.

Schedule of State Financial Assistance – Grants

The Schedule of State Financial Assistance was prepared on the full accrual basis of accounting.

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

Attendance

The Schedule of Workload Measures for State General Apportionment represents the basis of apportionment of the District's annual source of funding.

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

This schedule reports any audit adjustments made to the fund balances reported on the June 30, 2022 Annual Financial and Budget Report (CCFS-311). This schedule is prepared to show a reconciliation between the governmental fund balances reported on the June 30, 2022 Annual Financial and Budget Report (CCFS-311), based upon the modified accrual basis of accounting, and the total net position reported on the audited financial statements based on the full accrual basis of accounting.

Reconciliation of 50 Percent Law Calculation

This schedule reports any audit adjustments made to the 50% law calculation (Education Code Section 84362).

Education Protection Account Expenditure Report

This schedule reports how funds received from the passage of Propositions 55 Education Protection Act were expended.

OTHER INDEPENDENT AUDITORS' REPORTS



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

Board of Trustees
El Camino Community College District
Torrance, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of El Camino Community College District (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 26, 2023.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the 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.

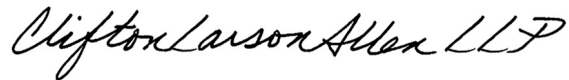
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as items 2022-001, 2022-002 and 2022-003.

Purpose of this Report

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



CliftonLarsonAllen LLP

Glendora, California
January 26, 2023



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

Board of Trustees
El Camino Community College District
Torrance, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, El Camino Community College 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 other major federal programs identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2022.

Report on Compliance for Each Major Federal Program

Unmodified Opinions

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

Basis for Unmodified Opinions

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

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

Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements applicable to that program.

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2022-001, 2022-002 and 2022-003. Our opinion on each major federal program is not modified with respect to these matters.

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

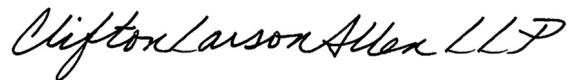
Report on Internal Control Over Compliance

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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' 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.

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

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



CliftonLarsonAllen LLP

Glendora, California
January 26, 2023



INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Trustees
El Camino Community College District
Torrance, California

We have audited the El Camino Community College District's (the District) compliance with the types of compliance requirements described in the *2021-22 Contracted District Audit Manual*, published by the California Community Colleges Chancellor's Office for the fiscal year ended June 30, 2022. The District's state compliance requirements are identified in the table provided.

In our opinion, the District complied with the laws and regulations of the state programs referred to above in all material respects 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 (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; and the *2021-22 Contracted District Audit Manual*, published by the California Community Colleges Chancellor's Office. Our responsibilities under those standards and the Audit Manual are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of El Camino Community College District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on state compliance. Our audit does not provide a legal determination of El Camino Community College 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 with the types of compliance requirements described in the *2021-22 Contracted District Audit Manual*.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on El Camino Community College District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *2021-22 Contracted District Audit Manual* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about El Camino Community College District's compliance with the types of compliance requirements described in the *2021-22 Contracted District Audit Manual* as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *2021-22 Contracted District Audit Manual*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding El Camino Community College District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of El Camino Community College 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 with the types of compliance requirements described in the *2021-22 Contracted District Audit Manual*, but not for the purpose of expressing an opinion on the effectiveness of El Camino Community College 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.

Compliance Requirements Tested

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

<u>Section</u>	<u>Description</u>	<u>Procedures Performed</u>
411	SCFF Data Management Control Environment	Yes
412	SCFF Supplemental Allocation Metrics	Yes
413	SCFF Success Allocation Metrics	Yes
421	Salaries of Classroom Instructors (50 Percent Law)	Yes
423	Apportionment for Activities Funded from Other Sources	(Not applicable)
424	Student Center Funding Formula Base Allocation: FTES	Yes
425	Residency Determination for Credit Courses	Yes
426	Students Actively Enrolled	Yes
427	Dual Enrollment – College and Career Access Pathways (CCAP)	Yes
430	Scheduled Maintenance Program	Yes
431	Gann Limit Calculation	Yes
444	Apprenticeship Related and Supplemental Instruction (RSI) Funds	(Not applicable)
475	Disabled Student Programs and Services (DSPS)	Yes
490	Proposition 1D and 51 State Bond Funded Projects	(Not applicable)
491	Education Protection Account (EPA) Funds	Yes
492	Student Representation Fee	Yes
499	COVID-19 Response Block Grant Expenditures	No

Other Matters

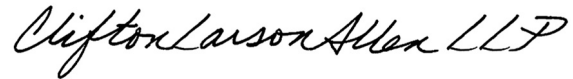
The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the *2021-22 Contracted District Audit Manual*, published by the California Community Colleges Chancellor's Office, and which is described in the accompanying schedule of findings and questioned costs as items 2022-004 and 2022-005. Our opinion on each state program is not modified with respect to these matters.

The District's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Board of Trustees
El Camino Community College District

Purpose of this Report

The purpose of this report on state compliance is solely to describe the results of testing based on the requirements of the *2021-22 Contracted District Audit Manual*, published by the California Community College Chancellor's Office. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Glendora, California
January 26, 2023

FINDINGS AND QUESTIONED COSTS

**EL CAMINO COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SUMMARY OF AUDITORS' RESULTS
JUNE 30, 2022**

Section I – Summary of Auditors' Results

Financial Statements

1. Type of auditors' report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? _____ yes x none reported
3. Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? x yes _____ none reported
2. Type of auditors' report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? x yes _____ no

Identification of Major Federal Programs

Assistance Listing Number(s)	Name of Federal Program or Cluster
84.007, 84.000, 84.033, 84.063, 84.268	Student Financial Assistance Cluster
84.425F and 84.425E	COVID-19 Higher Education Emergency Relief Funds (HEERF)/Coronavirus Aid, Relief, and Economic Security Act

Dollar threshold used to distinguish between Type A and Type B programs:

Type A \$ 1,895,421 Type B \$473,855

Auditee qualified as low-risk auditee? _____ yes x no

State Awards

1. Internal control over state programs:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? x yes _____ none reported
2. Type of auditors' report issued on compliance for state programs: Unmodified

**EL CAMINO COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
RELATED TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

Section II – Financial Statement Findings

There are no findings and questions costs related to the basis financial statements for the year ended June 30, 2022.

**EL CAMINO COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
RELATED TO FEDERAL AWARDS
JUNE 30, 2022**

Section III – Findings and Questioned Costs – Major Federal Programs

2022 – 001: Student Eligibility and Awarding: Exit Counseling

Federal Agency: Department of Education
Federal Program: Student Federal Assistance Cluster- Direct Loans
Assistance Listing Number: 84.268
Award Period: July 1, 2021 to June 30, 2022
Type of Finding: Significant Deficiency in Internal Control over Compliance and Noncompliance

Criteria: The Code of Federal Regulations, 34 CFR 685.304 require entrance counseling be performed before disbursing loan funds to the student for Direct Subsidized Loan, Direct Unsubsidized Loan and Direct PLUS Loan to a graduate or professional student . The regulations also require exit counseling for all students who ceases at least half-time study at the school.

Condition: Two out of 40 students selected for testing, in our statistically valid sample, did not receive exit counseling within the required timeframe prescribed by the Department of Education.

Questioned Costs: None.

Context: The College disbursed \$1,316,928 in Federal Direct Student Loan Program during the fiscal year.

Cause: The College's' internal controls did not ensure compliance with the applicable Title IV regulations.

Effect: Students are not receiving the proper loan counseling which may contribute to a higher default rate.

Repeat Finding: This was not a finding in the prior year.

Recommendation: We recommend the college review its policies and procedures around disbursing exit counseling information to students to ensure students are receiving proper counseling and ensure entrance counseling is documented before loans disbursements are made.

Views of Responsible Officials and Planned Corrective Actions: Please refer to the attached Corrective Action Plan.

**EL CAMINO COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
RELATED TO FEDERAL AWARDS
JUNE 30, 2022**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

2022 – 002: Return to Title V

Federal Agency: Department of Education
Federal Program: Student Federal Assistance Cluster
Assistance Listing Number: Various
Award Period: July 1, 2021 to June 30, 2022
Type of Finding: Significant Deficiency in Internal Control over Compliance and Noncompliance

Criteria: According to 34 CFR Section 668.173 (b), the institutional portion of unearned aid must be returned to the appropriate Title IV, HEA program or Federal Family Education Loan (“FFEL”) lender no later than 45 days after the date of the institution’s determination that the student withdrew. Furthermore, the institution must determine the amount of Title IV grant or loan assistance that the student earned as of the student’s withdrawal date. The Compliance Supplement issued by the Office of Management and Budget requires auditors to review the return of Title IV funds determinations/calculations for conformity with Title IV requirements. Furthermore, according to 34 CFR 668.22, all grant funds relating to post-withdrawal disbursements that are not disbursed to the student’s account, must be disbursed to the student no later than 180 days after the date of the institution’s determination that the student withdrew.

Condition: The audit identified the following conditions:

- 1) The institutional portion of unearned aid was not returned to the Department of Education within 45 days. This was noted for 3 out of 40 samples tested, which is a statistically valid sample.
- 2) The return of funds was not properly calculated by the College. This was noted for 2 out of 40 samples, which is a statistically valid sample.

Questioned Costs: None

Context: The District disbursed \$26,553,987 in Title IV awards during fiscal year 2021-22.

Cause: The Colleges’ internal controls did not ensure compliance with the applicable Title IV regulations.

Effect: The cause identified resulted in noncompliance with Title IV regulations.

Repeat Finding: This was not a finding in the prior year.

Recommendation: We recommend that the Colleges improve the existing procedures and controls to ensure compliance with the aforementioned criteria. We also recommend an additional level of review is added in the process to ensure completed Return to Title IV calculations are properly completed.

Views of Responsible Officials and Planned Corrective Actions: Please refer to the attached Corrective Action Plan.

**EL CAMINO COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
RELATED TO FEDERAL AWARDS
JUNE 30, 2022**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

2022 – 003: Student Financial Aid Cluster: Enrollment Reporting – Various

Federal Agency: Department of Education
Federal Program: Student Financial Aid Cluster
Assistance Listing Number: Various
Award Period: July 1, 2021 through June 30, 2022
Type of Finding: Significant Deficiency in Internal Control Over Compliance; Noncompliance

Criteria: The Code of Federal Regulations, 34 CFR 685.309(b), states schools must have some arrangement to report student enrollment data to National Student Loan Database Student (NSLDS) through an enrollment roster file. The school is required to report changes in the student's enrollment status, the effective date of the status, and an anticipated completion date. Also, the Code of Federal Regulations, 34 CFR 682.610, states that institutions must report accurately the enrollment status of all students regardless if they receive aid from the institution or not. Changes to said status are required to be reported within 30 days of becoming aware of the status change, or with the next scheduled transmission of statuses if the scheduled transmission is within 60 days. Regulations require the status include an accurate effective date. There are two categories of enrollment information "Campus Level" and "Program Level" both of which need to be reported accurately. Regulations require the status include an accurate effective date. In addition, regulations require that an institution return the enrollment rosters within 15 days from receipt of the rosters and make necessary corrections and resubmit to NSLDS within 10 days.

Condition: The support for one student from a statistically valid sample 40 students could not be located to perform required audit steps.

Questioned Costs: None

Context: The District disbursed \$26,553,987 in Title IV awards during fiscal year 2021-22.

Cause: The College's processes and controls did not ensure that student status changes were properly and timely reported to NSLDS for all students.

Effect: The case identified resulted in noncompliance with the Title IV regulation.

Repeat Finding: This was not a finding in the prior year.

Recommendation: We recommend that each College review their existing procedures and controls and identify necessary changes needed to ensure timely reporting of student status changes to NSLDS as required by regulations.

Views of Responsible Officials and Planned Corrective Actions: Please refer to the attached Corrective Action Plan.

**EL CAMINO COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
RELATED TO STATE AWARDS
JUNE 30, 2022**

Section IV – Findings and Questioned Costs – State Awards

2022-004 State Compliance: Section 424 – Student Center Funding Formula Base Allocation: FTES

Criteria: State apportionment funding is based on student hours of attendance and must be reported based upon the actual day and time scheduled for each course section. The California Code of Regulations (CCR) 58023 and the Student Attendance Accounting Manual (SAAM) provides guidance on the calculation of contact hours.

Condition: Our audit identified two Daily Student Contact Hours (DSCH) courses (ATEC-34-7269 and COSM-4-7407) where a manual adjustment to the contact hours did not match the hours inputted into the Student Information System (SIS) and actual meeting times.

Questioned Costs: Increase of 5.15 FTES for Daily Student Contact Hours (DSCH).

Estimated effect on apportionment is \$21,676.18, per marginal funding of \$4,212.26 per FTES.

Context: The understatement was attributed to an audit inquiry on how the course sections were calculated in the SIS. This inquiry was interpreted as an error and a manual adjustment was made in the preparation of the Revised Annual reporting. The understatement was determined to be an isolated as these two courses were the only manual adjustment and the recalculation of actual meeting times agreed with the SIS.

Effect: FTES were under reported due to the manual adjustment on the annual revise.

Recommendation: Verify audit adjustments on the revised annual prior to submission.

Corrective Action Plan: Please refer to the attached Corrective Action Plan.

**EL CAMINO COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
RELATED TO STATE AWARDS (CONTINUED)
JUNE 30, 2022**

Section IV – Findings and Questioned Costs – State Awards (Continued)

2022-005 State Compliance: Section 424 – Student Center Funding Formula Base Allocation: FTES

Criteria: Controls should be in place to ensure support used to prepare the CCFS-320 Reports are correct and errors are caught in a timely manner. Controls include having personnel identified as a backup to monitor the accuracy of data in the event of a prolonged absence.

Condition: Support used to prepare the Annual CCFS-311 was incorrect. The Revised Annual CCFS-311 submission corrected approximately 6.9% of total FTES report reported on Annual CCFS-311.

Questioned Costs: With revision, no questioned costs.

Context: Based on our inquiry, it was determined that the position responsible for monitoring the correctness of the contact hours was vacant for nine months with no personnel trained or identified as a back up to monitor the reporting and analyze the trends in FTES reporting. In June 2022, a system upgrade was made which effected the data on the queries used to prepare the Annual CCFS-311 reporting. The position responsible for monitoring the correctness of the contact hours resumed their role in September 2022. The effects of this upgrade was not identified until October 2022.

Effect: Understatement of 956.11 FTES on Annual CCFS-311 Report, corrected on the Revised Annual CCFS-311 Report.

Recommendation: Evaluate the current processes and possible backup controls to ensure errors are caught in a timely manner.

Corrective Action Plan: Please refer to the attached Corrective Action Plan.

**EL CAMINO COMMUNITY COLLEGE DISTRICT
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

FINDINGS—FINANCIAL STATEMENT AUDIT

2021-001: Account Reconciliations and Reporting

Recommendation: We recommend that all account balances are reconciled and reviewed by appropriate personnel prior to closing the fiscal year ledgers to ensure proper financial reporting. All journal entries posted to the ledger should be reviewed and approved by appropriate personnel. Policies and procedures should be implemented to ensure that these accounts are reconciled and reviewed throughout the year on a regular basis in order to facilitate timely and accurate reporting at yearend. The District should designate an individual with primary responsibility over financial reporting to oversee the year-end closing and reporting process.

Current Status: Please refer to the attached corrective action plan.

2021-002: Operating Policies and Procedures

Recommendation: We recommend that the District perform a comprehensive review of their policies, procedures, and organizational structure related to their business and fiscal functions. The District should ensure that policies and procedures are updated to reflect the current needs of the District's operations and systems. Significant policies and procedures should be documented in writing and made available to appropriate staff. Position duties and responsibilities should be reviewed to ensure efficiency in the organizational structure, as well as sufficient to perform duties in a timely and accurate manner. Procedures should include necessary review and approval processes. Documentation that supports the financial statements or is associated with compliance with laws, regulations, or contracts should be stored in a centralized location made accessible to necessary staff, and should be retained in accordance with necessary timeframes for compliance with state and federal regulations. Policies, procedures, and organizational structures should be monitored and updated on a periodic basis.

Current Status: Please refer to the attached corrective action plan.

FINDINGS—FEDERAL AWARD PROGRAMS AUDITS

2021-003: Reporting

Federal Agency: U.S. Department of Education
Program Name: COVID-19: Higher Education Emergency Relief Funds, Student Portion
COVID-19: Higher Education Emergency Relief Funds, Institutional Portion
Assistance Listing Number: 84.425E and 84.425F

Recommendation: The District should ensure that reporting requirements and deadlines are clearly communicated to all staff, and procedures in place to ensure requirements and deadlines are met. The District should also ensure all documentation to support amounts reported is maintained in accordance with document retention guidelines.

Current Status: Please refer to the attached corrective action plan.

FINDINGS—STATE AWARDS

There were no findings and questioned costs related to state awards for the year ended June 30, 2021.



EL CAMINO COMMUNITY COLLEGE DISTRICT

16007 Crenshaw Boulevard, Torrance, California 90506

Telephone (310) 532-3670 or 1-866-ELCAMINO

Department of Education:

El Camino Community College District respectfully submits the following corrective action plan for the year ended June 30, 2022.

Audit period: July 01, 2021 – June 30, 2022

The findings from the schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS—FINANCIAL STATEMENT AUDIT

There were no financial statement findings in the current year that require corrective action plan.

FINDINGS—FEDERAL AWARD PROGRAMS AUDITS

Department of Education:

2022 – 001: Student Financial Aid Cluster - Student Eligibility and Awarding: Exit Counseling – Program Number 84.268

Recommendation: We recommend the college review its policies and procedures around disbursing exit counseling information to students to ensure students are receiving proper counseling and ensure entrance counseling is documented before loans disbursements are made.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: The Financial Aid Office recognized that the exit loan counseling rule was not being met prior to the commencement of the 2021-2022 audit. The following action plan was already taking shape during the annual audit of 2021-2022 to ensure compliance rule would be met for the 2022-2023 aid year.

Process: Use SIS Colleague system to run query to identify current loan borrowers at beginning and end of term to identify those who have ceased half-time enrollment. Send communication via email and physical letter notification to ensure student receive important information about loan repayment responsibilities, including Department of Education links and contact information.

Procedure: Created documentation with step by step procedures for assigned staff to run query to identify students, request exit loan counseling communication, and run batch posting of communication.

Communication: Loan borrowers will receive an email on Day 1 run, a second email on Day 14 run, and a paper letter on Day 30 run.

Staff Training: Staff assigned to the Loan program have been trained to run process by our Systems/Programmer. Financial Aid Staff have been provided information about policy and procedures to assist students who may contact our office for assistance after receiving exit loan counseling communication.

Quality Assurance: Two additional staff members have been assigned to help with the Loan program.

Name(s) of the contact person(s) responsible for corrective action: Chau Dao - Director of Financial Aid

Planned completion date for corrective action plan: November 2022.

* * *

2022 – 002: Student Financial Aid Cluster - Return to Title V Exit Counseling – Program Number Various

Recommendation: We recommend that the Colleges improve the existing procedures and controls to ensure compliance with the aforementioned criteria. We also recommend an additional level of review is added in the process to ensure completed Return to Title IV calculations are properly completed.

Action taken in response to finding: The Financial Aid office is implementing the following steps to ensure all R2T4 rules are met.

Process: Create new report to monitor return of unearned aid to ED within 45 days of determination.
Training: Staff involved with R2T4 processing will be provided time to undergo annual training by ED or NASFAA to ensure understanding of rules and regulations. Trainings by ED and NASFAA include practice case studies to ensure correct application of R2T4 regulations.

Quality Assurance: Two additional staff members have been assigned to help with R2T4 processing. One member to assist with the review of R2T4 calculations with the second staff member to help with the return of aid on the accounting side. Also added to our R2T4 procedures, is management review of R2T4 calculations per term.

Name(s) of the contact person(s) responsible for corrective action: Chau Dao - Director of Financial Aid

Planned completion date for corrective action plan: December 2023.

* * *

2022 – 003: Student Financial Aid Cluster: Enrollment Reporting – Various

Recommendation: Evaluate the current processes and possible backup controls to ensure errors are caught in a timely manner.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: El Camino College will review the Enrollment Verification Process to ensure it is capturing all student enrollments and reporting them properly to National Student Clearinghouse. The Departments involved Information Technology, Admissions & Records and Financial Aid will review how the data is collected from the college's student information system (Ellucian Colleague) and the submissions to the National Student Clearinghouse and The National Student Loan Data System to ensure the records are correct and submitted in a timely fashion.

Name(s) of the contact person(s) responsible for corrective action: Lillian Justice, Registrar

Planned completion date for corrective action plan: Immediate review of the data collection process with the Information Technology Department and Financial Aid to ensure it is capturing all currently enrolled students. This will be an ongoing review beginning February 2023 to ensure we are capturing the correct data.

FINDINGS—STATE AWARDS

2022-004 State Compliance: Section 424 – Student Center Funding Formula Base Allocation: FTES

Recommendation: Verify audit adjustments on the revised annual prior to submission.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: Conduct a process during the Schedule Development process to validate contact hours are correct for classes. There is a report in our SIS that allows schedulers to isolate contact hour errors. In 2023 and going forward, there will be monthly meetings held by the Enrollment Data Analyst to train and inform all the schedulers how to use the error report and various other reports to ensure we are building the sections correctly.

Name(s) of the contact person(s) responsible for corrective action: David Mussaw

Planned completion date for corrective action plan: Implemented immediately commencing with the start of Summer 2023 and Fall 2023 Schedule Development process which started in January 2023 and will be concluding in May 2023. One-on-One training for the schedulers has already transpired in January and February 2023. This is an ongoing corrective action with no completion date.

* * *

2022-005 State Compliance: Section 424 – Student Center Funding Formula Base Allocation: FTES

Recommendation: Evaluate the current processes and possible backup controls to ensure errors are caught in a timely manner.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: Re-implementing a CCFS-320 Annual Testing Timeline (please see attachment). The Data Enrollment Analyst with the help of Information Technology Services will execute 320 summary reporting tests in our SIS between CCFS-320 filing periods. The tests will aid us in preventing any potential inaccurate apportionment reporting in a timely manner.

Name(s) of the contact person(s) responsible for corrective action: David Mussaw

Planned completion date for corrective action plan: A test of the current fiscal year CCSF-320 summaries will be conducted in February and March of 2023 to verify the data is accurate prior to the April 20, 2023, P2 CCFS-320 submission. This is an ongoing corrective action with no completion date.

* * *

If the Department of Education has questions regarding this schedule, please call Bob Suppelsa, Vice President of Administrative Services at (310) 660-3107.



EL CAMINO COMMUNITY COLLEGE DISTRICT

16007 Crenshaw Boulevard, Torrance, California 90506

Telephone (310) 532-3670 or 1-866-ELCAMINO

Department of Education:

El Camino Community College District respectfully submits the following summary schedule of prior audit findings for the year ended June 30, 2021.

Audit period: July 1, 2020 – June 30, 2021

The findings from the prior audit's schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the prior year.

FINDINGS—FINANCIAL STATEMENT AUDIT

2021-001 Account Reconciliation and Reporting

Condition: Material Weakness - Several year-end adjustments were identified during the audit that resulted in audit adjustments to the original District trial balance. There were material audit adjustments proposed and posted to cash, accounts receivable, student receivables (net), prepaid expenses, accounts payable, and unearned revenue accounts.

Status: The Corrective Action Plan was implemented by the College during the 2021-22 fiscal year.

* * *

2021-002 Operating Policies and Procedures

Condition: Significant Deficiency - The presence of significant audit adjustments and material instances of noncompliance noted indicate the need to review existing policies, procedures, and organizational charts to ensure they are designed and implemented in order to ensure accurate financial reporting and compliance with laws and regulations.

Status: The Corrective Action Plan was implemented by the College during the 2021-22 fiscal year.

FINDINGS—FEDERAL AWARD PROGRAMS AUDITS

DEPARTMENT OF EDUCATION

2021-003: Reporting

Federal Agency: U.S. Department of Education

Program Name: COVID-19: Higher Education Emergency Relief Funds, Student Portion
COVID-19: Higher Education Emergency Relief Funds, Institutional Portion

Assistance Listing Number: 84.425E and 84.425F

Condition: During our testing over reporting for the student and institutional aid portion awards, we noted the following:

1. The Student Portion report for the quarter ending June 30, 2021 was not prepared or posted to the District's website.

2. The Institutional Portion reports for the quarters ending March 31, 2021 and June 30, 2021 were not prepared or posted to the District's website.
3. The District did not maintain supporting documentation to verify the amounts reported for the Institutional Reports posted for the quarters ending September 30, 2020 or December 31, 2020.

Status: The Corrective Action Plan was implemented by the College during the 2021-22 fiscal year.

FINDINGS—STATE AWARDS

There were no state awards findings in the prior fiscal year that require corrective action plan.

* * *

If the Department of Education has questions regarding this schedule, please call Bob Suppelsa, Vice President of Administrative Services at (310) 660-3107.



CLA (CliftonLarsonAllen LLP) is a network member of CLA Global. See CLAGlobal.com/disclaimer. Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.