

**EL CAMINO
COMMUNITY COLLEGE DISTRICT**

ANNUAL FINANCIAL REPORT

JUNE 30, 2008

EL CAMINO COMMUNITY COLLEGE DISTRICT

TABLE OF CONTENTS

JUNE 30, 2008

FINANCIAL SECTION

Independent Auditors' Report	2
Management's Discussion and Analysis	4
Basic Financial Statements	
Statements of Net Assets	15
Statements of Revenues, Expenses, and Changes in Net Assets	16
Statements of Cash Flows	17
Discretely Presented Component Unit - El Camino Community College District Foundation	
Statements of Financial Position	19
Statements of Activities	20
Statements of Cash Flows	21
Notes to Financial Statements	22

SUPPLEMENTARY INFORMATION

District Organization	47
Schedule of Expenditures of Federal Awards	48
Schedule of Expenditures of State Awards	50
Schedule of Workload Measures for State General Apportionment - Annual/Actual Attendance	51
Reconciliation of Annual Financial and Budget Report (CCFS-311) with Fund	
Financial Statements	52
Reconciliation of the Governmental Fund Balance Sheets to the Statement of Net Assets	53
Note to Supplementary Information	54

INDEPENDENT AUDITORS' REPORTS

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	57
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133	59
Report on State Compliance	61

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Summary of Auditors' Results	64
Financial Statement Findings and Recommendations	65
Federal Awards Findings and Questioned Costs	71
State Awards Findings and Questioned Costs	76
Summary Schedule of Prior Audit Findings	77

EL CAMINO COMMUNITY COLLEGE DISTRICT

TABLE OF CONTENTS

JUNE 30, 2008

ADDITIONAL SUPPLEMENTARY INFORMATION

Governmental Funds	
Balance Sheets - (Unaudited)	81
Statements of Revenues, Expenditures, and Changes in Fund Balance - (Unaudited)	82
Proprietary Funds	
Balance Sheets - (Unaudited)	83
Statements of Revenues, Expenses, and Changes in Retained Earnings - (Unaudited)	84
Statements of Cash Flows - (Unaudited)	85
Fiduciary Funds	
Balance Sheets - (Unaudited)	86
Statements of Revenues, Expenditures, and Changes in Fund Balance - (Unaudited)	87
Note to Additional Supplementary Information	88

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Board of Trustees
El Camino Community College District
Torrance, California

We have audited the accompanying basic financial statements of the business-type activities of the El Camino Community College District (the District) as of and for the years ended June 30, 2008 and 2007. These basic financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of the El Camino Community College District Foundation (the Foundation), which represents 100 percent of the assets, net assets, and revenue of the District's aggregate discretely presented component unit as of June 30, 2008 and June 30, 2007, and for the years then ended. Those statements were audited by other auditors whose reports dated November 13, 2008 and November 9, 2007, were unqualified, and our opinion, insofar as it relates to the amount included for the Foundation, is based solely on the reports of the other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, based on our audit and the report of other auditors, the basic financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the El Camino Community College District and its discretely presented component unit as of June 30, 2008 and 2007, and the respective changes in financial position and cash flows, for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 24, 2008, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and is important for assessing the results of our audit.

The Management's Discussion and Analysis, as listed in the Table of Contents, is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. This supplementary information is the responsibility of the District's management. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information listed in the table of contents, including the Schedule of Expenditures of Federal Awards, which is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The Additional Supplementary Information on pages 81 through 88 has been presented at the request of District management for purposes of additional analysis. We have applied certain limited procedures consisting primarily of analysis and inquiry regarding presentation; however, we did not audit the information. Accordingly, we express no opinion.

Vaerine K. Trine, Day & Co., LLP.

Rancho Cucamonga, California
December 24, 2008



EL CAMINO COMMUNITY COLLEGE DISTRICT

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

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, 2008. 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 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 35 during fiscal year 2002-2003 using the Business-Type Activity (BTA) model. The California Community Colleges System'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 System'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. Three years of prior data is presented in the Management's Discussion and Analysis and in the accompanying audited financial statements. This affords a comparative analysis of data.

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 entity-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 Assets 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 obligations. The Statement of Revenues, Expenses, and Changes in Net Assets 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 System's Office has recommended that all State community colleges follow the BTA model for financial statement reporting purposes.

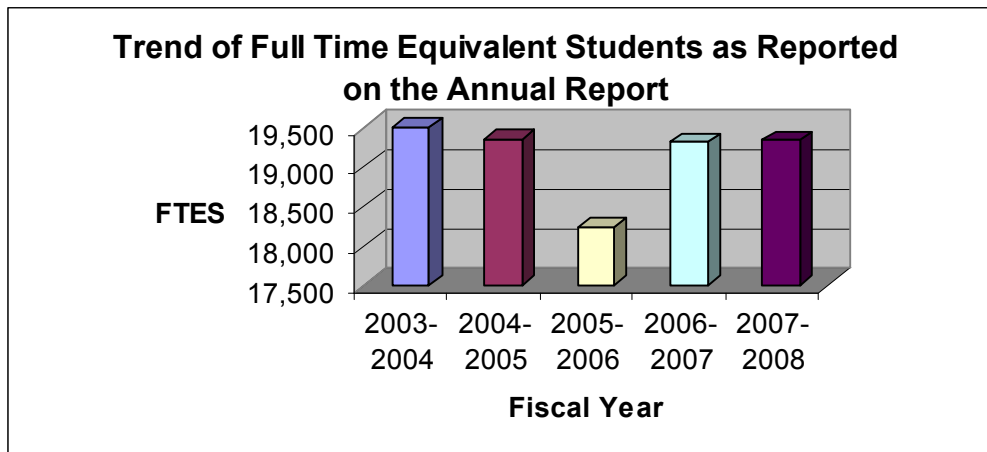
EL CAMINO COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2008

SELECTED HIGHLIGHTS

- During 2007-2008, total full-time equivalent students (FTES) remained consistent. Credit and non-credit FTES, along with other workload measures, are the basis for the District's State apportionment.



- In November 2002, the residents of the District passed a General Obligation Bond for \$394,516,464 to improve the existing facilities, construct new facilities, purchase equipment, and purchase property. The first series of bonds were issued for \$63,700,000 and spending, in accordance with the master facilities plan, was fully implemented in 2003-2004. The second series of bonds in the amount of \$150 million was issued in September 2006.

STATEMENT OF NET ASSETS

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

From the data presented, readers of the Statement of Net Assets 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 Assets provides a picture of the net assets and their availability for expenditure by the District.

The difference between total assets and total liabilities is one indicator of the current financial condition of the District; the change in net assets 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.

EL CAMINO COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2008

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

The Statement of Net Assets is summarized below:

(Amounts in thousands)

	<u>2008</u>	<u>2007</u>	<u>2006</u>
ASSETS			
CURRENT ASSETS			
Cash and investments	\$ 169,011	\$ 201,289	\$ 68,239
Accounts receivable	23,893	23,152	17,089
Other current assets	1,375	1,861	4,793
Total Current Assets	<u>194,279</u>	<u>226,302</u>	<u>90,121</u>
NONCURRENT ASSETS			
Other assets - non current	4,588	4,875	-
Capital assets, net of depreciation	131,100	88,517	49,711
Total Noncurrent Assets	<u>135,688</u>	<u>93,392</u>	<u>49,711</u>
TOTAL ASSETS	<u>329,967</u>	<u>319,694</u>	<u>139,832</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable and accrued interest payable	19,571	21,780	12,982
Deferred revenue	7,270	6,843	6,139
Amounts held in trust on behalf of others	1,520	1,400	1,300
Current portion of long-term obligations	5,932	7,237	9,966
Total Current Liabilities	<u>34,293</u>	<u>37,260</u>	<u>30,387</u>
NONCURRENT LIABILITIES			
Long-term obligations	197,773	203,496	54,880
Total Noncurrent Liabilities	<u>197,773</u>	<u>203,496</u>	<u>54,880</u>
TOTAL LIABILITIES	<u>232,066</u>	<u>240,756</u>	<u>85,267</u>
NET ASSETS			
Invested in capital assets, net of related debt	60,739	42,800	31,769
Restricted for:			
Debt service	10,843	13,763	11,101
Capital projects	2,620	4,020	2,199
Unrestricted	23,699	18,355	9,496
TOTAL NET ASSETS	<u>\$ 97,901</u>	<u>\$ 78,938</u>	<u>\$ 54,565</u>

EL CAMINO COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2008

- Approximately 98 percent 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 2007-2008.
- The majority of the accounts receivable balance is from Federal and State source for grant entitlement programs. Also included is an account receivable for the fourth quarter lottery payment of \$1,113,126 and a receivable for apportionment in the amount of \$5,767,020. Student receivables are \$3,140,132.
- Capital assets had a net increase of \$42,582,874. Depreciation expense of \$2,689,418 was recognized during 2007-2008. 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, 2008. Total accounts payable are \$16,046,204; \$1,970,424 of the balance was accrued in the General Fund related to payables for vendors; \$5,737,782 was accrued in the Revenue Bond Construction fund related to capital outlay. Accrued liabilities of \$4,658,773 are for amounts due to or on behalf of employees for wages and benefits.

Long-term obligations include 2003 General Obligation Bonds, Series A, that have been issued in the amount of \$63,700,000, 2005 General Obligation Refunding Bonds that have been issued in the amount of \$40,252,335, and 2006 General Obligation Bonds, Series B, that have been issued in the amount of \$150,000,000. Additional information regarding long-term obligations is included in the Capital Asset and Debt Administration section of this discussion and analysis.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

Changes in total net assets as presented on the Statement of Net Assets are based on the activity presented in the Statement of Revenues, Expenses, and Changes in Net Assets. 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 goods and services to the various customers and constituencies of the District. Operating expenses are those expenses incurred to acquire or produce the goods and services provided in return for the operating revenues and to fulfill the mission of the District. Nonoperating revenues are those received or pledged for which goods and services are not provided; for example, State appropriations are nonoperating because they are provided by the legislature to the District without the legislature directly receiving commensurate goods and services for those revenues.

EL CAMINO COMMUNITY COLLEGE DISTRICT

**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2008**

The Statement of Revenues, Expenses, and Changes in Net Assets is summarized below:

(Amounts in thousands)

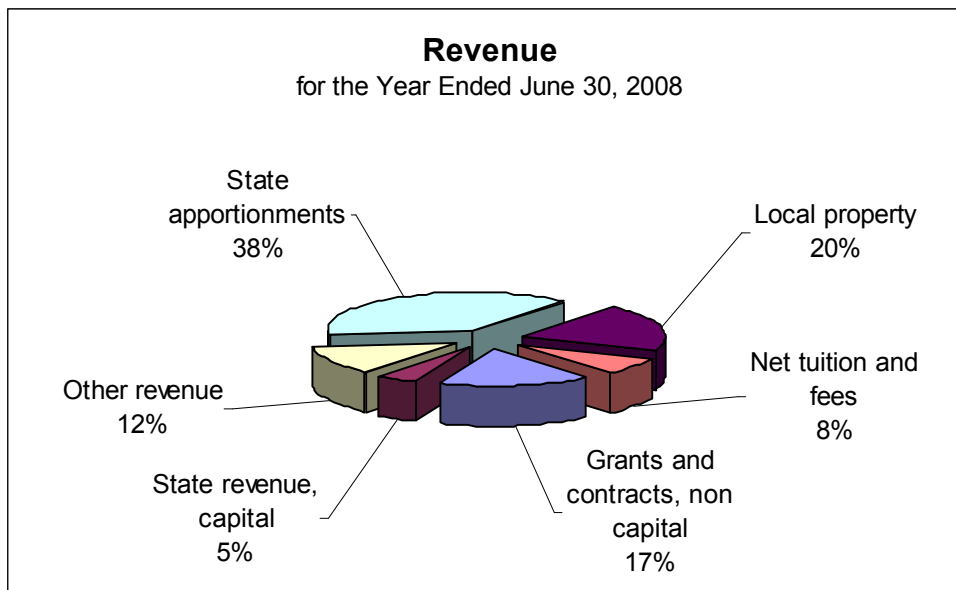
	<u>2008</u>	<u>2007</u>	<u>2006</u>
OPERATING REVENUES			
Tuition and Fees	\$ 16,655	\$ 16,010	\$ 16,280
Less: Scholarship discount and allowance	(3,145)	(3,076)	(3,082)
Net tuition and fees	<u>13,510</u>	<u>12,934</u>	<u>13,198</u>
Grants and Contracts, noncapital:			
Federal	17,222	13,509	11,610
State	12,847	12,444	9,250
Auxiliary Enterprise Sales and Charges			
Bookstore	8,178	7,455	6,913
TOTAL OPERATING REVENUES	<u>51,757</u>	<u>46,342</u>	<u>40,971</u>
OPERATING EXPENSES			
Salaries	84,922	78,766	73,469
Employee benefits	19,704	19,960	19,245
Supplies, materials, and other operating expenses and services	43,278	39,451	35,178
Depreciation	2,689	2,644	2,388
TOTAL OPERATING EXPENSES	<u>150,593</u>	<u>140,821</u>	<u>130,280</u>
OPERATING LOSS	<u>(98,836)</u>	<u>(94,479)</u>	<u>(89,309)</u>
NONOPERATING REVENUES (EXPENSES)			
State apportionments, noncapital	66,659	69,062	57,006
Local property taxes	35,091	36,417	30,203
State taxes and other revenues	3,099	3,798	3,517
Investment income	8,224	8,983	2,504
Interest expense on capital related debt	(8,550)	(7,632)	(1,926)
Interest income on capital asset-related debt, net	392	387	-
Transfer to agency fund	(301)	(346)	(342)
Other nonoperating revenue	4,715	6,210	5,465
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>109,329</u>	<u>116,879</u>	<u>96,427</u>
INCOME (LOSS) BEFORE OTHER REVENUES AND EXPENSES	<u>10,493</u>	<u>22,400</u>	<u>7,118</u>
State revenues, capital	8,470	1,973	920
TOTAL OTHER REVENUES AND EXPENSES	<u>8,470</u>	<u>1,973</u>	<u>920</u>
CHANGE IN NET ASSETS	18,963	24,373	8,038
NET ASSETS, BEGINNING OF YEAR	<u>78,938</u>	<u>54,565</u>	<u>46,527</u>
NET ASSETS, END OF YEAR	<u>\$ 97,901</u>	<u>\$ 78,938</u>	<u>\$ 54,565</u>

EL CAMINO COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2008

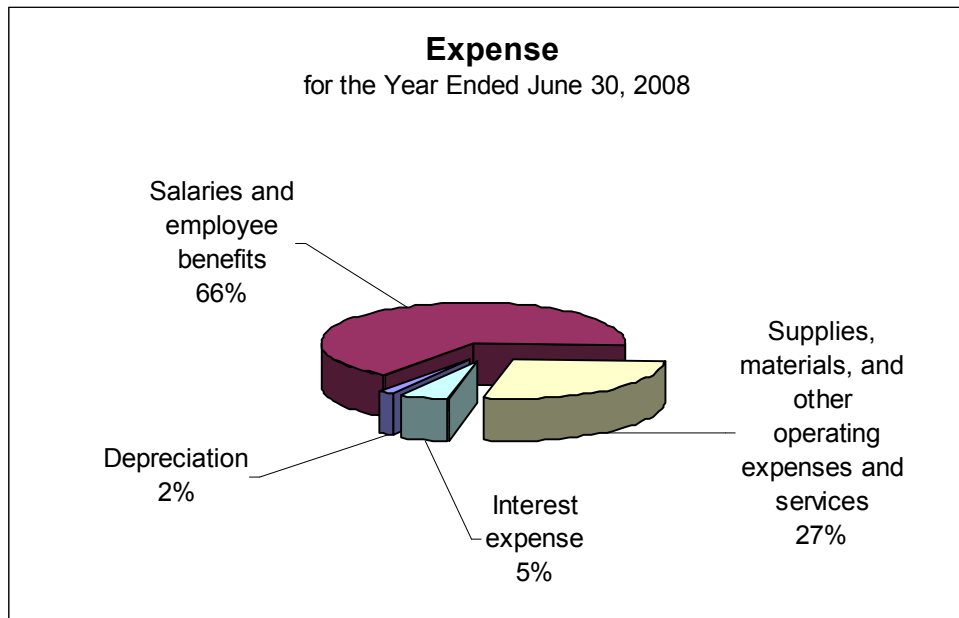
- Tuition and fees are generated by the resident, non-resident, and foreign students attending El Camino Community College District, including fees such as health fees, parking fees, community services classes, and other related fees.
- Noncapital grants and contracts are primarily those received from Federal and State sources and used in the instructional program.
- Salaries and benefits make up 66 percent of total expenses as compared to operating expenses (supplies, student financial aid, other services, capital outlay below the capitalization threshold, insurance, and utilities) which make up 27 percent of total expenses.
- State apportionment is generated based on the workload measures reported to the State by the District. The District has experienced increases in the various workload measures.
- Local property taxes 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 percent by the State.



EL CAMINO COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2008



STATEMENT OF CASH FLOWS

The Statement of Cash Flows provides information about cash receipts and cash payments during the fiscal year. This Statement also 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 five parts. The first part reflects operating cash flows and shows the net cash used by the operating activities of the District. The second part details cash received for nonoperating, noninvesting, and noncapital financing purposes. The third part shows cash flows from capital and related financing activities. This part deals with the cash used for the acquisition and construction of capital and related items. The fourth part provides information from investing activities and the amount of interest received. The last section reconciles the net cash used by operating activities to the operating loss reflected on the Statement of Revenues, Expenses, and Changes in Net Assets.

EL CAMINO COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2008

The Statement of Cash Flows for the years ended June 30, 2008, 2007, and 2006, is summarized below:

(Amounts in thousands)

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Cash Flows From			
Operating activities	\$ (104,195)	\$ (88,487)	\$ (86,078)
Noncapital financing activities	100,773	111,715	94,496
Capital and related financing activities	(39,170)	104,247	(9,179)
Investing activities	10,315	5,574	2,731
Net Change in Cash	<u>(32,277)</u>	<u>133,049</u>	<u>1,970</u>
Cash - Beginning of Year	<u>201,288</u>	<u>68,239</u>	<u>66,269</u>
Cash - End of Year	<u>\$ 169,011</u>	<u>\$ 201,288</u>	<u>\$ 68,239</u>

- Cash receipts from operating activities are from student tuition and from Federal, State, and local grants. Use of cash are 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 70.6 percent of noncapital financing. Cash received from property taxes accounts for 22.5 percent 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 \$8,616,000 was received from the Los Angeles County pool that paid an average rate of 4.75 percent.

DISTRICT'S FIDUCIARY RESPONSIBILITY

The District is the trustee, or fiduciary, for certain amounts held on behalf of students, clubs, and donors for student loans and scholarships. The District's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets. These activities are excluded from the District's other financial statements because the District cannot use these assets to finance operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2008, the District had \$131,100,412 invested in capital assets net of accumulated depreciation. Total capital assets of \$177,720,427 consist of land, site and building improvements, construction in progress, and equipment; these assets have accumulated depreciation of \$46,620,015. Capital asset additions of \$44,812,434 occurred during 2007-2008, and depreciation expense of \$2,689,418 was recorded for the fiscal year.

EL CAMINO COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2008

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

Construction in progress of \$49,697,368 at June 30, 2008, includes the renovation of the Humanities Complex. This project is being funded with bond proceeds and State capital outlay grant money.

Note 6 to the financial statements provides additional information on capital assets. A comparison of capital assets net of depreciation is summarized below:

(Amounts in thousands)

	2008	2007	2006
Land	\$ 1,050	\$ 1,050	\$ 1,050
Construction in progress	49,697	53,128	14,735
Site improvements, net	782	450	423
Buildings and improvements, net	76,899	31,619	30,937
Vehicles and equipment, net	2,672	2,270	2,566
Net Capital Assets	\$ 131,100	\$ 88,517	\$ 49,711

Obligations

At June 30, 2008, the District had \$200,872,687 in debt outstanding due to issuance of general obligation bonds. The general obligation bonds were issued to finance the acquisition, construction, and modernization of certain District property and facilities. Debt payments on the bonds will be funded through property tax receipts collected over the term of the bonds. The District received a bond rating of "AAA" for Standard and Poor's.

Note 10 to the financial statements provides additional information on long-term obligations. A summary of long-term obligations is presented below:

(Amounts in thousands)

	2008	2007	2006
2003 General Obligation Bond, Series A	\$ 9,625	\$ 11,030	\$ 12,395
Unamortized premium	1,643	1,917	2,190
2005 General Obligation Refunding Bonds	32,931	33,196	40,801
Unamortized premium	6,065	6,470	6,874
2006 General Obligation Bond, Series B	145,400	150,000	-
Unamortized premium	5,209	5,425	-
Compensated absences	2,832	2,695	2,586
Totals	\$ 203,705	\$ 210,733	\$ 64,846

EL CAMINO COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2008

ECONOMIC FACTORS THAT MAY AFFECT THE FUTURE

In August 2006, El Camino Community College District entered into a partnership agreement with Compton Community College District beginning with the 2006-2007 fiscal year, creating the El Camino College Compton Education Center. El Camino Community College District anticipates operating the Compton Education Center (the Center) for the length of time necessary for the Center to regain full accreditation as a separate community college.

Revenue generated from the partnership agreement (\$4.5 million) is considered annual one-time funds. The District is using the additional State appropriations to fund annual or one-time activities that will impact enrollment management and program enhancement related costs. There is an accounting "fire wall" between the two districts (i.e., Compton Community College District (the CCCD)). While El Camino Community College District will be responsible for managing all aspects of the Center, the CCCD is held financially responsible for all fiscal actions and, therefore, will not be merged into El Camino Community College District's future financial statements.

The State of California has indicated that budget funds may be reduced in fiscal years 2008-2009 and 2009-2010. A reduction in funding will impact the District's ability to fund student programs and support an enrollment growth initiative. Given the impending large scale reduction in the State funded portion of the District's budget, the District has been proactive in identifying more than \$5 million of budget reductions. These budget reductions will position the District for the expected negative impact in the State's budget allocation. The District's policy of fiscal prudence, combined with the identification of budget reductions, will position the District during this time of economic uncertainty.

The District's estimated construction costs as outlined in the Facilities Master Plan of 2002-2003 have steadily increased over the past years. The current increase in estimated costs is now at 150 percent above the original cost estimates. Increasing construction costs will require significant adjustments to the District's facilities construction plan.

The District granted a retro active three percent salary increase for calendar year 2008. No salary increase has been negotiated for calendar year 2009. Any salary increases and associated benefits will reduce the ending balance of the District.

The 2007-2008 CalPERS employer contribution rate was 9.306 percent of classified payroll for a total unrestricted General Fund cost of \$1,991,297. The District is budgeting \$2,164,836 for the 2008-2009 estimated contribution at a rate of 9.428 percent. The 2007-2008 CalSTRS employer contribution rate was 8.250 percent of certificated payroll for a total unrestricted General Fund cost of \$3,232,957. The District is budgeting \$3,922,011 for the 2008-2009 same estimated contribution at a rate of 8.250 percent.

The State enrollment fee for credit classes remains \$20 per unit for the 2008-2009 fiscal year.

Utility costs continue to increase on a local level. The District has increased its utility budget for 2008-2009 by five percent.

District paid medical benefits will increase by 7.5 percent in calendar year 2009 and are expected to increase in future years. This increase is paid from the District's unrestricted General Fund.

EL CAMINO COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2008

The continued decline in the local housing market may reduce the amount of property tax revenue received by the District. During the 2007-2008 fiscal year, the District experienced a mid year reduction in State funding due to a \$1.5 million dollar property tax shortfall.

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any 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.

EL CAMINO COMMUNITY COLLEGE DISTRICT

**STATEMENTS OF NET ASSETS
JUNE 30, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,710,372	\$ 1,742,465
Investments	166,300,833	199,546,177
Accounts receivable	20,752,734	20,415,944
Student receivable	3,140,132	2,736,217
Prepaid expenses	38,239	60,206
Stores inventories	1,112,798	1,640,912
Deferred cost on issuance-current portion	223,380	159,890
Other current assets - current portion	118	267
Total Current Assets	<u>194,278,606</u>	<u>226,302,078</u>
NONCURRENT ASSETS		
Deferred cost on issuance-non current portion	2,543,017	2,829,887
Other current assets - noncurrent portion	2,044,878	2,044,878
Nondepreciable capital assets	50,747,368	54,178,287
Depreciable capital assets, net of accumulated depreciation	80,353,044	34,339,251
Total Noncurrent Assets	<u>135,688,307</u>	<u>93,392,303</u>
TOTAL ASSETS	<u>329,966,913</u>	<u>319,694,381</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	16,046,204	18,160,528
Accrued interest payable	3,524,914	3,619,143
Deferred revenue	7,269,831	6,843,218
Amounts held in custody on behalf of others	1,519,954	1,399,878
Accrued compensated absences	100,000	100,000
Bonds payable	5,832,068	7,137,068
Total Current Liabilities	<u>34,292,971</u>	<u>37,259,835</u>
NONCURRENT LIABILITIES		
Accrued compensated absences payable	2,732,264	2,595,460
Bonds payable	195,040,619	200,900,328
Total Noncurrent Liabilities	<u>197,772,883</u>	<u>203,495,788</u>
TOTAL LIABILITIES	<u>232,065,854</u>	<u>240,755,623</u>
NET ASSETS		
Invested in capital assets, net of related debt	60,739,400	42,800,273
Restricted for:		
Debt service	10,842,526	13,763,389
Capital projects	2,619,911	4,020,108
Unrestricted	23,699,222	18,354,988
TOTAL NET ASSETS	<u>\$ 97,901,059</u>	<u>\$ 78,938,758</u>

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

EL CAMINO COMMUNITY COLLEGE DISTRICT

**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
OPERATING REVENUES		
Student Tuition and Fees	\$ 16,654,839	\$ 16,010,344
Less: Scholarship discount and allowance	(3,144,784)	(3,076,172)
Net tuition and fees	<u>13,510,055</u>	<u>12,934,172</u>
Grants and Contracts, noncapital:		
Federal	17,221,713	13,509,234
State	12,847,463	12,444,413
Auxiliary Enterprise Sales and Charges		
Bookstore	8,177,595	7,454,795
TOTAL OPERATING REVENUES	<u>51,756,826</u>	<u>46,342,614</u>
OPERATING EXPENSES		
Salaries	84,921,518	78,765,799
Employee benefits	19,704,331	19,960,130
Supplies, materials, and other operating expenses and services	43,278,220	39,450,853
Depreciation	2,689,418	2,644,354
TOTAL OPERATING EXPENSES	<u>150,593,487</u>	<u>140,821,136</u>
OPERATING LOSS	<u>(98,836,661)</u>	<u>(94,478,522)</u>
NONOPERATING REVENUES (EXPENSES)		
State apportionments, noncapital	66,659,580	69,062,149
Local property taxes - levied for general purposes	22,711,241	23,672,426
Taxes levied for other specific purposes	12,379,457	12,744,241
State taxes and other revenues	3,099,460	3,798,479
Investment income	8,224,050	8,982,760
Interest expense on capital related debt	(8,550,407)	(7,632,489)
Interest income on capital asset-related debt, net	391,597	387,125
Transfer to agency fund	(301,000)	(346,453)
Other nonoperating revenue	4,715,354	6,210,941
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>109,329,332</u>	<u>116,879,179</u>
INCOME BEFORE OTHER REVENUES	<u>10,492,671</u>	<u>22,400,657</u>
OTHER REVENUE		
State revenues, capital	8,469,630	1,972,918
CHANGE IN NET ASSETS	18,962,301	24,373,575
NET ASSETS, BEGINNING OF YEAR	<u>78,938,758</u>	<u>54,565,183</u>
NET ASSETS, END OF YEAR	<u>\$ 97,901,059</u>	<u>\$ 78,938,758</u>

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

EL CAMINO COMMUNITY COLLEGE DISTRICT

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007**

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$ 13,495,224	\$ 12,484,552
Grants and contracts	23,286,722	29,105,296
Payments to vendors for supplies and services	(26,931,280)	(27,331,556)
Payments to or on behalf of employees	(107,674,194)	(97,679,421)
Payments to students for scholarships and grants	(14,669,584)	(12,634,648)
Auxiliary enterprise sales and charges	8,177,595	7,468,882
Other operating receipts	120,076	99,465
Net Cash Flows From Operating Activities	(104,195,441)	(88,487,430)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State apportionments	71,152,181	66,568,690
Property taxes - nondebt related	22,711,241	36,416,667
State taxes and other revenues	3,099,460	4,108,880
Other nonoperating	3,810,333	4,621,065
Net Cash Flows From Noncapital Financing Activities	100,773,215	111,715,302
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Purchase of capital assets	(45,271,207)	(36,473,985)
Proceeds from capital debt	935,452	143,946,313
State revenue, capital projects	8,915,678	732,319
Deferred cost on issuance	223,380	(1,427,370)
Property taxes - related to capital debt	12,379,457	12,744,241
Principal paid on capital debt	(7,205,000)	(10,235,000)
Unamortized premium	(895,161)	(678,146)
Interest paid on capital debt	(8,644,636)	(4,748,565)
Interest received on capital asset-related debt	391,597	387,125
Net Cash Flows From Capital Financing Activities	(39,170,440)	104,246,932
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received from investments	10,315,229	5,574,475
Net Cash Flows From Investing Activities	10,315,229	5,574,475
NET CHANGE IN CASH AND CASH EQUIVALENTS	(32,277,437)	133,049,279
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	201,288,642	68,239,363
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 169,011,205	\$ 201,288,642

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

EL CAMINO COMMUNITY COLLEGE DISTRICT

**STATEMENTS OF CASH FLOWS, CONTINUED
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
RECONCILIATION OF NET OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTUALS		
Operating Loss	\$ (98,836,661)	\$ (94,478,522)
Adjustments to Reconcile Operating Loss to Net Cash Flows from Operating Activities:		
Depreciation expense and amortization expense	2,689,418	2,644,354
Changes in Assets and Liabilities:		
Receivables, net	(7,008,190)	771,369
Stores inventories	528,114	(503,535)
Prepaid expenses	21,967	(12,339)
Other assets	149	-
Accounts payable and accrued liabilities	(2,115,409)	1,307,321
Deferred revenue	268,291	1,575,218
Funds held for others	120,076	99,465
Compensated absences	136,804	109,239
Total Adjustments	<u>(5,358,780)</u>	<u>5,991,092</u>
Net Cash Flows From Operating Activities	<u>\$ (104,195,441)</u>	<u>\$ (88,487,430)</u>
 CASH AND CASH EQUIVALENTS CONSIST OF THE FOLLOWING:		
Cash in banks	\$ 2,710,372	\$ 1,742,465
Cash in county treasury	166,300,833	199,546,177
Total Cash and Cash Equivalents	<u>\$ 169,011,205</u>	<u>\$ 201,288,642</u>
 NONCASH TRANSACTIONS		
On behalf payments for benefits	<u>\$ 1,888,746</u>	<u>\$ 1,813,813</u>

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

EL CAMINO COMMUNITY COLLEGE DISTRICT

**DISCRETELY PRESENTED COMPONENT UNIT
EL CAMINO COMMUNITY COLLEGE DISTRICT FOUNDATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
ASSETS		
Cash and cash equivalents	\$ 1,256,075	\$ 1,205,062
Investments	5,216,577	5,213,633
Promises to give	5,000	201,000
Contributions receivable from split-interest agreements	183,110	212,592
Other assets	10,080	4,500
TOTAL ASSETS	<u><u>\$ 6,670,842</u></u>	<u><u>\$ 6,836,787</u></u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	<u>\$ 83,895</u>	<u>\$ 19,891</u>
NET ASSETS		
Unrestricted	629,635	1,028,740
Temporarily restricted	4,420,280	4,371,861
Permanently restricted	1,537,032	1,416,295
TOTAL NET ASSETS	<u><u>6,586,947</u></u>	<u><u>6,816,896</u></u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 6,670,842</u></u>	<u><u>\$ 6,836,787</u></u>

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

EL CAMINO COMMUNITY COLLEGE DISTRICT

**DISCRETELY PRESENTED COMPONENT UNIT
EL CAMINO COMMUNITY COLLEGE DISTRICT FOUNDATION
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007**

	2008			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
SUPPORT AND PROGRAM REVENUES				
Contributions	\$ 79,589	\$ 562,897	\$ 44,737	\$ 687,223
Gifts in kind	-	-	-	-
Contributed material and services	86,601	19,054	-	105,655
Investment income	22,480	180,384	-	202,864
Realized and unrealized gain (loss) on investments, net	(19,285)	(206,378)	-	(225,663)
Change in value of split-interest agreements	-	(55,049)	-	(55,049)
Other support	-	105,374	-	105,374
Total Support and Program Revenues	169,385	606,282	44,737	820,404
NET ASSETS RELEASED FROM PURPOSE AND TIME RESTRICTIONS	931,581	(931,581)	-	-
NET ASSETS RECLASSIFIED TO PERMANENTLY RESTRICTED	-	(76,000)	76,000	-
TOTAL SUPPORT AND REVENUE AND NET ASSETS RELEASED FROM PURPOSE AND TIME RESTRICTIONS	1,100,966	(401,299)	120,737	820,404
EXPENSES				
Program activities	732,558	-	-	732,558
General and administrative	230,038	-	-	230,038
Fundraising	87,757	-	-	87,757
Total Expenses	1,050,353	-	-	1,050,353
CHANGE IN NET ASSETS	50,613	(401,299)	120,737	(229,949)
NET ASSETS, BEGINNING OF YEAR	1,028,740	4,371,861	1,416,295	6,816,896
PRIOR PERIOD RESTATEMENT	(449,718)	449,718	-	-
NET ASSETS, BEGINNING OF YEAR (AS RESTATED)	579,022	4,821,579	1,416,295	6,816,896
NET ASSETS, END OF YEAR	\$ 629,635	\$ 4,420,280	\$ 1,537,032	\$ 6,586,947

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

2007

Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$ 160,116	\$ 920,836	\$ 100,000	\$ 1,180,952
-	66,749	-	66,749
96,118	-	-	96,118
98,794	97,705	-	196,499
103,344	405,444	-	508,788
-	14,658	-	14,658
-	-	-	-
<u>458,372</u>	<u>1,505,392</u>	<u>100,000</u>	<u>2,063,764</u>
850,474	(850,474)	-	-
-	(105,062)	105,062	-
<u>1,308,846</u>	<u>654,918</u>	<u>100,000</u>	<u>2,063,764</u>
798,640	-	-	798,640
187,964	-	-	187,964
126,085	-	-	126,085
<u>1,112,689</u>	<u>-</u>	<u>-</u>	<u>1,112,689</u>
196,157	549,856	205,062	951,075
832,583	3,822,005	1,211,233	5,865,821
-	-	-	-
<u>832,583</u>	<u>3,822,005</u>	<u>1,211,233</u>	<u>5,865,821</u>
<u>\$ 1,028,740</u>	<u>\$ 4,371,861</u>	<u>\$ 1,416,295</u>	<u>\$ 6,816,896</u>

EL CAMINO COMMUNITY COLLEGE DISTRICT

**DISCRETELY PRESENTED COMPONENT UNIT
EL CAMINO COMMUNITY COLLEGE DISTRICT FOUNDATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (229,949)	\$ 951,075
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Realized and unrealized gain (loss) on investments	225,663	(508,788)
Change in value of split-interest agreements	55,049	(14,658)
(Increase) decrease in:		
Promises to give	196,000	(199,500)
Contributions receivable from split-interest agreements	(25,567)	(26,131)
Other assets	(5,580)	-
Increase in:		
Accounts payable	64,004	4,351
Net Cash Flows From Operating Activities	<u>279,620</u>	<u>206,349</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(653,699)	(1,433,354)
Proceeds from sale of investment	425,092	1,332,557
Net Cash Flows From Investing Activities	<u>(228,607)</u>	<u>(100,797)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	51,013	105,552
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,205,062</u>	<u>1,099,510</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,256,075</u>	<u>\$ 1,205,062</u>

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

EL CAMINO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008 AND 2007

NOTE 1 - ORGANIZATION

The El Camino Community College District (the District) was established in 1946 as a political subdivision of the State of California and provides 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. In August 2006, the District entered into a partnership agreement with Compton Community College District creating the El Camino College Compton Education Center (the Center) for the length of time necessary for the Center to regain full accreditation as a two-year public college. The Center offers a full range of credit and non-credit offerings, as well as financial aid and related student support services. While the District is a political subdivision of the State of California, it is not a component unit of the State in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 39.

Financial Reporting Entity

The District has adopted GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*. This statement amends GASB Statement No. 14, *The Financial Reporting Entity*, to provide additional guidance to determine whether certain organizations, for which the District is not financially accountable, should be reported as component units based on the nature and significance of their relationship with the District. The three components used to determine the presentation are: providing a "direct benefit", the "environment and ability to access/influence reporting", and the "significance" criterion. As defined by accounting principles generally accepted in the United States of America and established by the Governmental Accounting Standards Board, the financial reporting entity consists of the primary government, the District, and the following component units:

- **El Camino Community College District Foundation**

The El Camino Community College District Foundation (the Foundation) is a legally separate, tax-exempt component unit of the District. The Foundation acts primarily as a fundraising organization to provide grants and scholarships to students and support to employees, programs, and departments of the District. The twenty-two member Board of the Foundation consists of community members, alumni, and other supporters of the Foundation. Although the District does not control the timing or amount of receipts from the Foundation, the majority of resources, or income thereon, that the Foundation holds and invests are restricted to the activities of the District by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the District, the Foundation is considered a component unit of the District. The Foundation is reported in separate financial statements because of the difference in its reporting model, as further described below.

The Foundation is a not-for-profit organization under Internal Revenue Code (IRS) Section 501(c)(3) that reports its financial results under Financial Accounting Standards Board (FASB) Statements. Most significant to the Foundation's operations and reporting model are FASB Statement No. 116, *Accounting for Contributions Received and Contributions Made*, and FASB Statement No. 117, *Financial Reporting for Not-For-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the District's financial reporting entity for these differences.

EL CAMINO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008 AND 2007

Financial statements for the Foundation can be obtained from the Foundation's Business Office at 16007 Crenshaw Blvd., Torrance, California 90506.

Public Entity Risk Pools and Joint Powers Authorities (JPAs)

The District is associated with four JPAs. These organizations do not meet the criteria for inclusion as component units of the District. Additional information is presented in Note 15 to the financial statements. These organizations are:

- **Joint Powers Agencies and Public Entity Risk Pools**

The District is associated with four joint powers agencies (JPAs). These organizations do not meet the criteria for inclusion as component units of the District. The JPAs are the Southern California Community College District Joint Powers Agency (SCCCD – JPA), the Schools Excess Liability Fund (SELF), the Statewide Association of Community Colleges (SWACC), the Schools Association for Excess Risk (SAFER), and the California Statewide Delinquent Tax Finance Authority (CSDTFA).

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities as defined by GASB Statements No. 34 and No. 35 as amended by GASB Statements No. 37 and No. 38. This presentation provides a comprehensive entity-wide perspective of the District's assets, liabilities, activities, and cash flows and replaces the fund group perspective previously required. Accordingly, the District's 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 material intra-agency and intra-fund transactions have been eliminated.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include State apportionments, property taxes, certain grants, entitlements, and donations. Revenue from State apportionments is generally recognized in the fiscal year in which it is apportioned from the State. Revenue from property taxes is recognized in the fiscal year in which the taxes are received. Revenue from certain grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose requirements.

EL CAMINO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008 AND 2007

The accounting policies of the District conform to accounting principles generally accepted in the United States of America (US GAAP) as applicable to colleges and universities, as well as those prescribed by the California Community Colleges System's Office. The District reports are based on all applicable GASB pronouncements, as well as applicable FASB pronouncements issued on or before November 30, 1989, unless those pronouncements conflict or contradict GASB pronouncements. The District has not elected to apply FASB pronouncements after that date. When applicable, certain prior year amounts have been reclassified to conform to current year presentation. The budgetary and financial accounts of the District are maintained in accordance with the State System's Office's *Budget and Accounting Manual*.

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

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

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand and demand deposits. Cash equivalents also include cash with county treasury balances for purposes of the statement of cash flows. Restricted cash and cash equivalents represented balances restricted by external sources such as grants and contracts or specifically restricted for the repayment of capital debt.

Investments

In accordance with GASB Statement No. 31, *Accounting and Reporting for Certain Investments and for External Investment Pools*, investments are stated at fair value. Fair value is estimated based on published market prices at year-end. Investments for which there are no quoted market prices are not material.

Accounts Receivable

Accounts receivable include amounts due from the Federal, State, and/or local governments or private sources, in connection with reimbursement of allowable expenditures made pursuant to the District's grants and contracts. Accounts receivable also consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff, the majority of each residing in the State of California. Management has analyzed these accounts and believes all amounts are fully collectable.

Prepaid Expenses

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

EL CAMINO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 AND 2007

Stores Inventories

Stores 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 sold.

Capital Assets and Depreciation

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

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

Accrued Liabilities and Long-Term Obligations

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

Deferred Issuance Costs, Premiums, and Discounts

Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight line method.

Compensated Absences

Accumulated unpaid vacation benefits are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide financial statements. For governmental funds, the current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignations and retirements that occur prior to year end that have not yet been paid with expendable available financial resources. These amounts are reported in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported.

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

EL CAMINO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 AND 2007

Deferred Revenue

Deferred revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period or when resources are received by the District prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Deferred revenues include (1) amounts received for tuition and fees prior to the end of the fiscal year that are related to the subsequent fiscal year and (2) amounts received from Federal and State grants received before the eligibility requirements are met are recorded as deferred revenue.

Net Assets

GASB Statements No. 34 and No. 35 report equity as "Net Assets." Net assets are classified according to external donor restrictions or availability of assets for satisfaction of District obligations according to the following net asset categories:

Invested in Capital Assets, Net of Related Debt - Capital Assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.

Restricted - Expendable - Net assets whose use by the District is subject to externally imposed constraints that can be fulfilled by actions of the District pursuant to those constraints or by the passage of time. Net assets may be restricted for capital projects, debt repayment, and/or educational programs.

None of the District's restricted net assets have resulted from enabling legislation adopted by the District.

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

The entity-wide financial statements report \$13,462,437 of restricted net assets.

Operating Revenues and Expenses

Classification of Revenues - The District has classified its revenues as either operating or nonoperating. Certain significant revenue streams relied upon for operation are classified as nonoperating as defined by GASB Statement No. 35. Classifications are as follows:

Operating revenues - Operating revenues include activities that have the characteristics of exchange transactions, such as, (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances, (3) most Federal, State, and local grants, and (4) interest on institutional student loans.

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

EL CAMINO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008 AND 2007

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

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

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

State Apportionments

Certain current year apportionments from the State are based on financial and statistical information of the previous year. Any corrections due to the recalculation of the apportionment are made in February of the subsequent year and are recorded in the District's financial records when received.

On-Behalf Payments

GASB Statement No. 24 requires direct on-behalf payments for fringe benefits and salaries made by one entity to a third party recipient for the employees for another legally separate entity be recognized as revenues and expenditures by the employer entity. The State of California makes direct on-behalf payments to the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement Systems (CalPERS) on behalf of all community colleges in California.

Estimates

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

Property Taxes

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

The voters of the District passed a General Obligation Bond in November 2002 for the acquisition, construction, and remodeling of District capital assets. 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 billed and collected as noted above and remitted to the District when collected. The property tax collected for debt repayment for the years ended June 30, 2008 and 2007, was \$12,379,457 and \$12,744,241, respectively.

EL CAMINO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008 AND 2007

Scholarship Discounts and Allowances

Student tuition and fee revenue is reported net of scholarship discounts and allowances in the Statement of Revenues, Expenses, and Changes in Net Assets. Scholarship discounts and allowances represent the difference between stated charges for enrollment fees and the amount that is paid by students or third parties making payments on the students' behalf. To the extent that fee waivers and discounts have been used to satisfy tuition and fee charges, the District has recorded a scholarship discount and allowance.

Federal Financial Assistance Programs

The District participates in Federally funded Pell Grants, SEOG Grants, Federal Work-Study, and Stafford Loan programs, as well as other programs funded by the Federal government. Financial aid to students is either reported as operating expenses or scholarship allowances, which reduce revenues. The amount reported as operating expense represents the portion of aid that was provided to the student in the form of cash. These programs are audited in accordance with the Single Audit Act Amendments of 1996, and the U.S. Office of Management and Budget's revised Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and the related *Compliance Supplement*. During the year ended June 30, 2008 and 2007, the District distributed \$1,525,733 and \$972,213 in direct lending through the U.S. Department of Education. These amounts have not been included as revenues or expenses within the accompanying financial statements as the amounts were passed directly to qualifying students; however, the amounts are included on the Schedule of Expenditures of Federal Awards.

Interfund Activity

Exchange transactions between funds of the District are reported as revenues and expenses within the Statement of Revenues, Expenses, and Changes in Net Assets. Flows of cash or goods from one fund to another without a requirement for repayment are recognized as interfund transfers within the District's fund financial statements. Amounts owing between funds for both exchange and non-exchange transactions are recorded as interfund receivables and payables within the District's fund financial statements. Interfund transfers and interfund receivables and payables are eliminated during the consolidation process in the entity-wide financial statements.

Component Unit

The El Camino Community College District Foundation maintains its accounts in accordance with the principles and practices of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified for accounting purposes in accordance with activities or objectives specified by donors. Accordingly, net assets and the changes in net assets are classified as follows:

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation. Generally the donors of these assets permit the Foundation to use all or part of the income earned on related investments for general or specific purposes.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that will be met by actions of the Foundation and/or the passage of time.

Unrestricted Net Assets - Net assets not subject to donor-imposed restrictions.

EL CAMINO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008 AND 2007

Revenues are reported as increases in the unrestricted net assets classification unless use of the related assets is limited by donor-imposed restrictions. Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized as revenue until the conditions on which they depend are substantially met. Contributions for in-kind gifts from outside sources are recorded at their fair market value on the date of the donation.

Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law.

Investments are reported at fair value based upon quoted market prices.

The Foundation is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and related California Franchise Tax Codes.

New Accounting Pronouncements

In July 2004, GASB issued GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. This Statement will require local governmental employers who provide other postemployment benefits (OPEB) as part of the total compensation offered to employees to recognize the expense and related liabilities (assets) in the government-wide financial statements of net assets and activities. This Statement establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information (RSI) in the financial reports of State and local governmental employers.

Current financial reporting practices for OPEB generally are based on pay-as-you-go financing approaches. They fail to measure or recognize the cost of OPEB during the periods when employees render the services or to provide relevant information about OPEB obligations and the extent to which progress is being made in funding those obligations.

This Statement generally provides for prospective implementation - that is, that employers set the beginning net OPEB obligation at zero as of the beginning of the initial year. The District will be required to implement the provisions of this Statement for the fiscal year ended June 30, 2009. The District is in the process of determining the impact the implementation of this Statement will have on the government-wide statement of net assets and activities.

In June 2005, GASB issued GASB Statement No. 47, *Accounting for Termination Benefits*. GASB Statement No. 47 addresses accounting for both voluntary and involuntary termination benefits. For termination benefits that affect an employer's obligations for defined benefit OPEB, the provisions of GASB Statement No. 47 should be applied simultaneously with the requirements of GASB Statement No. 45. GASB Statement No. 45 is effective in three phases, with implementation required for Phase 1 governments in periods beginning after December 15, 2006. For all other termination benefits, including those that affect an employer's obligations for defined benefit pension benefits, GASB Statement No. 47 is effective for financial statements for periods beginning after June 15, 2005. Earlier application of GASB Statement No. 47 is encouraged. The District will be required to implement the provisions of this Statement for fiscal year ended June 30, 2009.

EL CAMINO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 AND 2007

In May 2007, GASB issued Statement No. 50, *Pension Disclosures – an amendment of GASB Statements No. 25 and No. 27*. This Statement more closely aligns the financial reporting requirements for pensions with those for OPEB and, in doing so, enhances information disclosed in notes to financial statements or presented as RSI by pension plans and by employers that provide pension benefits. The reporting changes required by this Statement amend applicable note disclosure and RSI requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 27, *Accounting for Pensions by State and Local Governmental Employers*, to conform with requirements of Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, and No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. This Statement is effective for periods beginning after June 15, 2007, except for requirements related to the use of the entry age actuarial cost method for the purpose of reporting a surrogate funded status and funding progress of plans that use the aggregate actuarial cost method, which are effective for periods for which the financial statements and RSI contain information resulting from actuarial valuations as of June 15, 2007, or later. Early implementation is encouraged.

In June 2007, GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. This Statement requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets. Accordingly, existing authoritative guidance related to the accounting and financial reporting for capital assets should be applied to those intangible assets, as applicable. Such guidance should be applied in addition to the existing authoritative guidance for capital assets. The requirements of this Statement are effective for financial statements beginning after June 15, 2009. The provisions of this Statement generally are required to be applied retroactively. For governments that were classified as Phase 1 or Phase 2 governments for the purpose of implementing Statement No 34, retroactive reporting is required for intangible assets acquired in fiscal years ending after June 30, 1980, except for those considered to have indefinite useful lives as of the effective date of this Statement and those that would be considered internally generated.

In November 2007, GASB issued Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*. This Statement establishes consistent standards for the reporting of land and other real estate held as investments by essentially similar entities. It requires endowments to report their land and other real estate investments at fair value. Governments are required to report the changes in fair value as investment income and to disclose the methods and significant assumptions employed to determine fair value and other information that they currently present for other investments reported at fair value. The guidance in this Statement is effective for financial statements for reporting periods beginning after June 15, 2008, with earlier application encouraged.

In June 2008, GASB issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. This Statement is intended to improve how State and local governments report information about derivative instruments, financial arrangements used by governments to manage specific risks or make investments, in their financial statements. The Statement specifically requires governments to measure most derivative instruments at fair value in their financial statements that are prepared using the economic resources measurement focus and the accrual basis of accounting. The guidance in this Statement also addresses hedge accounting requirements and is effective for financial statements for reporting periods beginning after June 15, 2009, with earlier application encouraged.

Comparative Financial Information

Comparative financial information for the prior year has been presented for additional analysis; certain amounts presented in the prior year data may have been reclassified in order to be consistent with the current year's presentation.

EL CAMINO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 AND 2007

NOTE 3 - CASH AND INVESTMENTS

Policies and Practices

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

Investment in County Treasury

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

EL CAMINO COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007**

General Authorizations

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

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

Authorized Under Debt Agreements

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

EL CAMINO COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007**

Summary of Deposits and Investments

Deposits and investments as of June 30, 2008, consist of the following:

Cash on hand and in banks	\$ 2,582,372
Cash in revolving fund	128,000
Investments	<u>166,300,833</u>
Total Deposits and Investments	<u><u>\$ 169,011,205</u></u>

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County investment pool.

Specific Identification

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity Date</u>
County Pool - Los Angeles	<u>\$ 166,116,368</u>	556*

* Weighted average days to maturity.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment in the County pool is not required to be rated, nor has it been rated as of June 30, 2008. Presented below is the minimum rating required by the California Government Code, the District's investment policy, or debt agreements, and the actual rating as of the year-end for each investment type.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Minimum Legal Rating</u>	<u>Rating June 30, 2008</u>
County Pool - Los Angeles	<u>\$ 166,116,368</u>	Not required	Not rated

EL CAMINO COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007**

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2008, the District's bank balance of \$5,314,194 was exposed to custodial credit risk because it was uninsured, but collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

NOTE 4 - ACCOUNTS RECEIVABLE

Accounts receivables consisted of intergovernmental grants, entitlements, interest, and other local sources. All receivables are considered collectible in full.

	<u>2008</u>	<u>2007</u>
Federal Government		
Categorical aid	\$ 1,744,160	\$ 1,346,179
State Government		
Apportionment	5,767,020	10,101,299
Categorical aid	924,604	201,271
Lottery	1,113,126	1,559,174
Other State sources	5,866,313	383,352
Local Sources		
Interest	1,581,071	3,672,250
Contract receivables	198,021	370,843
Earned salary advance	622,547	573,266
Other local sources	2,935,872	2,208,310
Total	<u>\$ 20,752,734</u>	<u>\$ 20,415,944</u>
Student receivables	<u>\$ 3,140,132</u>	<u>\$ 2,736,217</u>

Discretely Presented Component Unit

The Foundation's accounts receivable consist primarily of short-term donations. In the opinion of management, all amounts have been deemed to be fully collectable.

EL CAMINO COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007**

NOTE 5 - OTHER ASSETS

The District has deposited \$2,044,878 with SCCCD - JPA to pay for the future costs of retiree medical premiums in anticipation of GASB Statement No. 45 requirements.

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the District for the fiscal year ended June 30, 2008, was as follows:

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Capital Assets Not Being Depreciated				
Land	\$ 1,050,000	\$ -	\$ -	\$ 1,050,000
Construction in progress	53,128,287	44,093,978	47,524,897	49,697,368
Total Capital Assets Not Being Depreciated	<u>54,178,287</u>	<u>44,093,978</u>	<u>47,524,897</u>	<u>50,747,368</u>
Capital Assets Being Depreciated				
Site improvements	2,908,522	387,183	-	3,295,705
Buildings and improvements	67,584,617	47,198,494	459,858	114,323,253
Vehicles and equipment	8,236,567	1,117,534	-	9,354,101
Total Capital Assets Being Depreciated	<u>78,729,706</u>	<u>48,703,211</u>	<u>459,858</u>	<u>126,973,059</u>
Total Capital Assets	<u>132,907,993</u>	<u>92,797,189</u>	<u>47,984,755</u>	<u>177,720,427</u>
Less Accumulated Depreciation	<u>44,390,455</u>	<u>2,689,418</u>	<u>459,858</u>	<u>46,620,015</u>
Net Capital Assets	<u>\$ 88,517,538</u>	<u>\$ 90,107,771</u>	<u>\$ 47,524,897</u>	<u>\$ 131,100,412</u>

Depreciation expense for the year was \$2,689,418.

EL CAMINO COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007**

Capital asset activity for the District for the fiscal year ended June 30, 2007, was as follows:

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Capital Assets Not Being Depreciated				
Land	\$ 1,050,000	\$ -	\$ -	\$ 1,050,000
Construction in progress	14,734,847	38,393,440	-	53,128,287
Total Capital Assets Not Being Depreciated	<u>15,784,847</u>	<u>38,393,440</u>	<u>-</u>	<u>54,178,287</u>
Capital Assets Being Depreciated				
Site improvements	2,836,715	71,807	-	2,908,522
Buildings and improvements	64,925,685	2,658,932	-	67,584,617
Vehicles and equipment	7,978,714	326,243	68,390	8,236,567
Total Capital Assets Being Depreciated	<u>75,741,114</u>	<u>3,056,982</u>	<u>68,390</u>	<u>78,729,706</u>
Total Capital Assets	<u>91,525,961</u>	<u>41,450,422</u>	<u>68,390</u>	<u>132,907,993</u>
Less Accumulated Depreciation	<u>41,814,491</u>	<u>2,644,354</u>	<u>68,390</u>	<u>44,390,455</u>
Net Capital Assets	<u>\$ 49,711,470</u>	<u>\$ 38,806,068</u>	<u>\$ -</u>	<u>\$ 88,517,538</u>

Depreciation expense for the year was \$2,644,354.

NOTE 7 - ACCOUNTS PAYABLE

Accounts payable for the District consisted of the following:

	2008	2007
Accrued payroll and benefits	\$ 4,658,773	\$ 7,843,922
Instructional service agreements	297,566	139,888
Construction	7,283,606	7,440,199
Other	3,806,259	2,736,519
Total	<u>\$ 16,046,204</u>	<u>\$ 18,160,528</u>

Discretely Presented Component Unit

The accounts payable of the Foundation consist primarily of amounts owed to vendors for supplies and services.

EL CAMINO COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007**

NOTE 8 - DEFERRED REVENUE

Deferred revenue for the District consisted of the following:

	<u>2008</u>	<u>2007</u>
Federal financial assistance	\$ 74,274	\$ 16,888
State categorical aid	2,150,380	1,992,058
Enrollment fees	4,590,430	4,201,346
Other local	454,747	632,926
Total	<u>\$ 7,269,831</u>	<u>\$ 6,843,218</u>

NOTE 9 - INTERFUND TRANSACTIONS

Interfund Receivables and Payables (Due To/Due From)

Interfund receivables and payables consist of amounts due for cost allocation. The balances result from the time lag between the date that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Interfund receivable and payable balances at June 30, 2008, have been eliminated in the consolidation process for financial statement presentation.

Interfund Operating Transfers

Operating transfers between funds of the District are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use restricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Operating transfers between funds of the District have been eliminated in the consolidation process.

EL CAMINO COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007**

NOTE 10 - LONG-TERM OBLIGATIONS

Summary

The changes in the District's long-term obligations during the 2008 fiscal year consisted of the following:

	Balance Beginning of Year	Additions	Deductions	Balance End of Year	Due in One Year
Bonds and Notes Payable					
2003 General Obligation Bonds, Series A	\$ 11,030,000	\$ -	\$ 1,405,000	\$ 9,625,000	\$1,450,000
Unamortized premium	1,916,572	-	273,796	1,642,776	-
2005 General Obligation Refunding Bonds	33,195,836	935,452	1,200,000	32,931,288	1,132,068
Unamortized premium	6,469,606	-	404,350	6,065,256	-
2006 General Obligation Bonds, Series B	150,000,000	-	4,600,000	145,400,000	3,250,000
Unamortized premium	5,425,382	-	217,015	5,208,367	-
Total Bonds and Notes Payable	208,037,396	935,452	8,100,161	200,872,687	5,832,068
Other Liabilities					
Compensated absences, net	2,695,460	136,804	-	2,832,264	100,000
Total Other Liabilities	2,695,460	136,804	-	2,832,264	100,000
Total Long-Term Obligations	\$210,732,856	\$ 1,072,256	\$8,100,161	\$203,704,951	\$5,932,068

The changes in the District's long-term obligations during the 2007 fiscal year consisted of the following:

	Balance Beginning of Year	Additions	Deductions	Balance End of Year	Due in One Year
Bonds and Notes Payable					
2003 General Obligation Bonds, Series A	\$12,395,000	\$ -	\$ 1,365,000	\$ 11,030,000	\$ 1,405,000
Unamortized premium	2,190,368	-	273,796	1,916,572	-
2005 General Obligation Refunding Bonds	40,800,664	1,265,172	8,870,000	33,195,836	1,132,068
Unamortized premium	6,873,956	-	404,350	6,469,606	-
2006 General Obligation Bonds, Series B	-	150,000,000	-	150,000,000	4,600,000
Unamortized premium	-	5,425,382	-	5,425,382	-
Total Bonds and Notes Payable	62,259,988	156,690,554	10,913,146	208,037,396	7,137,068
Other Liabilities					
Compensated absences, net	2,586,221	109,239	-	2,695,460	100,000
Total Other Liabilities	2,586,221	109,239	-	2,695,460	100,000
Total Long-Term Obligations	\$64,846,209	\$156,799,793	\$10,913,146	\$210,732,856	\$ 7,237,068

EL CAMINO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 AND 2007

Description of Debt

Payments on the general obligation bonds are made by the bond interest and redemption fund with local property tax collections. The accrued vacation will be paid by the fund for which the employee worked.

Bonded Debt

2003 General Obligation Bonds, Series A

General obligation bonds were approved by a local election in November 2002. The total amount approved by the voters was \$394,516,464. At June 30, 2008, \$67,132,335 had been issued and \$9,625,000 was outstanding. Interest rates range from 2.50 percent to 5.00 percent. At June 30, 2008, the unamortized premium and issuance costs were \$1,642,776 and \$770,486, respectively. Premium and issuance cost are amortized over the life of the bonds as a component of interest expense on the bonds.

2005 General Obligation Refunding Bonds

During August 2005, the District issued the 2005 General Obligation Refunding Bonds in the amount of \$40,252,335. The bonds issued included \$25,045,000 of current interest bonds and \$15,207,335 of Capital Appreciation bonds. The Capital Appreciation bonds have a maturing principal balance of \$23,395,000. The bonds mature beginning on August 1, 2006 through August 1, 2022, with interest yields ranging from 3.00 percent to 4.12 percent. At June 30, 2008, the principal balance outstanding (including accreted interest to date) was \$32,931,288 and unamortized premium and issuance costs were \$6,065,256 and \$472,141, respectively. Premium and issuance cost are amortized over the life of the bonds as a component of interest expense on the bonds.

The bonds are being used to advance refund a portion of the outstanding General Obligation Bonds, Election of 2002, Series 2003A. The amount of the advance refund for these bonds was \$36,820,000. Funds have been placed in an irrevocable escrow account for the future redemption of these bonds. At June 30, 2008, the balance of the funds in the escrow account was \$38,902,593. As the advance refunding has met the requirements of an in-substance defeasance, the debt obligations of \$36,820,000 for the bonds have been removed as long-term obligations of the District.

2006 General Obligation Bonds, Series B

During September 2006, the District issued the 2006 General Obligation Bonds, Series B in the amount of \$150,000,000. The bonds mature beginning August 1, 2007 through August 1, 2031, with interest rates ranging from 3.625 percent to 5.00 percent. At June 30, 2008, the principal balance outstanding was \$145,400,000 and unamortized premium and issuance costs were \$5,208,367 and \$1,523,770, respectively. Premium and issuance cost are amortized over the life of the bonds as a component of interest expense on the bonds.

EL CAMINO COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007**

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds		Accreted Interest		Bonds Outstanding June 30, 2008
				Outstanding July 1, 2007	Issued	Additions	Redeemed	
2003	2014	2.50 - 5.00%	\$ 63,700,000	\$ 11,030,000	\$ -	\$ -	\$ 1,405,000	\$ 9,625,000
2005	2023	5.00%	40,252,335	33,195,836	-	935,452	1,200,000	32,931,288
2006	2031	3.50%	150,000,000	150,000,000	-	-	4,600,000	145,400,000
				<u>\$ 194,225,836</u>	<u>\$ -</u>	<u>\$ 935,452</u>	<u>\$ 7,205,000</u>	<u>\$ 187,956,288</u>

The 2003 General Obligation Bonds, Series A, mature through 2014 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2009	\$ 1,450,000	\$ 407,425	\$ 1,857,425
2010	1,495,000	352,038	1,847,038
2011	1,560,000	287,200	1,847,200
2012	1,625,000	215,375	1,840,375
2013	1,705,000	132,125	1,837,125
2014	1,790,000	44,750	1,834,750
Total	<u>\$ 9,625,000</u>	<u>\$ 1,438,913</u>	<u>\$ 11,063,913</u>

The 2005 General Obligation Refunding Bonds mature through 2023 as follows:

Fiscal Year	Principal (Including Accreted Interest to Date)	Accreted Interest	Current Interest to Maturity	Total
2009	\$ 1,132,068	\$ 67,932	\$ 1,252,250	\$ 2,452,250
2010	1,003,334	191,666	1,252,250	2,447,250
2011	896,700	303,300	1,252,250	2,452,250
2012	794,734	400,266	1,252,250	2,447,250
2013	707,309	487,691	1,252,250	2,447,250
2014-2018	9,657,143	3,987,857	5,949,875	19,594,875
2019-2023	18,740,000	-	2,434,250	21,174,250
Total	<u>\$ 32,931,288</u>	<u>\$ 5,438,712</u>	<u>\$ 14,645,375</u>	<u>\$ 53,015,375</u>

EL CAMINO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 AND 2007

The 2006 General Obligation Bonds mature through 2032 as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
2009	\$ 3,250,000	\$ 6,713,368	\$ 9,963,368
2010	3,000,000	6,573,368	9,573,368
2011	1,800,000	6,453,369	8,253,369
2012	2,250,000	6,368,994	8,618,994
2013	3,300,000	6,259,494	9,559,494
2014-2018	24,200,000	28,601,872	52,801,872
2019-2023	30,560,000	22,265,500	52,825,500
2024-2028	38,815,000	13,858,720	52,673,720
2029-2032	38,225,000	3,736,944	41,961,944
Total	<u>\$ 145,400,000</u>	<u>\$ 100,831,629</u>	<u>\$ 246,231,629</u>

Compensated Absences

The long-term portion of compensated absences for the District at June 30, 2008, amounted to \$2,832,264.

NOTE 11 - POSTEMPLOYMENT BENEFITS

The District provides medical, dental, and vision insurance coverage, as prescribed in the various employee union contracts, to retirees meeting plan eligibility requirements. Eligible employees retiring from the District may become eligible for these benefits when the requirements are met. The eligibility requirement for full-time faculty and staff is a minimum age of 55 and a minimum ten years of continuous service with the District. Additional age and service criteria may be required. The District recognizes expenditures for these post employment health benefits on a pay-as-you-go-basis. During the fiscal year 2007-2008, the District provided insurance premium benefits to 46 retired employees with total expenditures of approximately \$256,638. The District will be implementing provisions of GASB Statement No. 45 during the 2008-2009 fiscal year.

NOTE 12 - RISK MANAGEMENT

Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District is self-insured with respect to general and property liability. Losses up to \$50,000 for general liability and \$25,000 for property liability are paid by the District. During the fiscal year ending June 30, 2008, the District contracted with the Statewide Association of Community Colleges Joint Powers Authority for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

EL CAMINO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008 AND 2007

Workers' Compensation

For fiscal year 2007-2008, the District participated in the Southern California Community Colleges Joint Powers Authority (JPA), an insurance purchasing pool. The intent of the JPA is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the JPA. The workers' compensation experience of the participating districts is calculated as one experience, and a common premium rate is applied to all districts in the JPA. Each participant pays its workers' compensation premium based on its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall saving. A participant will then either receive money from or be required to contribute to the "equity-pooling fund." This "equity pooling" arrangement ensures that each participant shares equally in the overall performance of the JPA. Participation in the JPA is limited to community college districts that can meet the JPA's selection criteria.

NOTE 13 - EMPLOYEE RETIREMENT SYSTEMS

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

CalSTRS

Plan Description

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

Funding Policy

Active members are required to contribute eight percent of their salary while the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2007-2008 was 8.25 percent of annual payroll. The contribution requirements of the plan members are established by State statute. The District's total contributions to CalSTRS for the fiscal years ended June 30, 2008, 2007, and 2006, were \$3,449,669, \$3,312,809, and \$3,122,917, respectively, and equal 100 percent of the required contributions for each year.

EL CAMINO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 AND 2007

CalPERS

Plan Description

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

Funding Policy

Active plan members are required to contribute seven percent of their salary (seven percent of monthly salary over \$133.33 if the member participates in Social Security), and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The District's contribution rate to CalPERS for fiscal year 2007-2008 was 9.306 percent of annual payroll. The District's contributions to CalPERS for fiscal years ending June 30, 2008, 2007, and 2006, were \$2,573,446, \$2,325,626, and \$2,176,510, respectively, and equaled 100 percent of the required contributions for each year.

On-Behalf Payments

The State of California makes contributions to CalSTRS and CalPERS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS which amounted to \$1,888,746, \$1,813,813, and \$1,709,844 (4.517 percent) of salaries subject to CalSTRS for the fiscal years ended June 30, 2008, 2007, and 2006, respectively. A contribution from the State to CalPERS was not required for the year ended June 30, 2008. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. These amounts have been reflected in the financial statements as a component of nonoperating revenue and employee benefit expense.

NOTE 14 - COMMITMENTS AND CONTINGENCIES

Grants

The District receives financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of District. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2008.

EL CAMINO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 AND 2007

Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2008.

Memorandum of Understanding Between the El Camino Community College District and the Compton Community College District

In both 2006 and 2008, the District entered into memorandums of understanding with Compton Community College District creating the El Camino College Compton Education Center (the Center) for the length of time necessary for the Center to regain full accreditation as a two-year public college. The Center offers a full range of credit and non-credit offerings, as well as financial aid and related student support services. Compton Community College District has separate fiduciary responsibilities for funding and for capital improvements. El Camino Community College District has a custodial relationship as it relates to the operations of Compton Community College District. Compton Community College District shall save, defend, hold harmless, and indemnify El Camino Community College District in connection with any and all claims, actions, or lawsuits that arise in any manner from acts or omissions of Compton, its officers, employees or agents in the performance of this agreement.

Operating Leases

The District has entered into various operating leases for equipment with lease terms in excess of one year. None of these agreements contain purchase options. All agreements contain a termination clause providing for cancellation after a specified number of days written notice to lessors, but it is unlikely that the District will cancel any of the agreements prior to the expiration date. Expenditures for rent under leases for the year ended June 30, 2008, amounted to approximately \$353,128.

Construction Commitments

As of June 30, 2008, the District had the following commitments with respect to the unfinished capital projects:

CAPITAL PROJECT	Remaining Construction Commitment	Expected Date of Completion
Bookstore/Cafeteria	\$ 153,890	November 2009
Math and Business Building	2,862,832	March 2011
Central Plant	1,366,285	July 2008
Humanities Complex Replacement	814,606	July 2008
Learning Resource Center Addition	1,336,200	July 2008
Lot H Parking Structure	13,773,711	May 2009
Infrastructure Phase 1	1,122,975	September 2009
Social Science	436,780	July 2010
	<u>\$ 21,867,279</u>	

The projects are funded through a combination of general obligation bonds and capital project apportionments from the State System's Office.

EL CAMINO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 AND 2007

NOTE 15 - PARTICIPATION IN PUBLIC ENTITY RISK POOLS AND JOINT POWERS AUTHORITIES

The District is a member of the Southern California Community College District (SCCCD - JPA), the Schools Excess Liability Fund (SELF), the Statewide Association of Community Colleges (SWACC), and the Schools Association for Excess Risk (SAFER) joint powers authorities. The District pays annual premiums for its property liability, health, and workers' compensation coverage. The relationship between the District and the JPAs is such that they are not component units of the District for financial reporting purposes.

The District is also a member of the California Statewide Delinquent Tax Finance Authority (CSDTFA). CSDTFA purchases delinquent ad valorem property taxes from school agencies in Los Angeles County to receive additional unrestricted revenues through the financing of property tax delinquencies. The relationship between the District and the JPA is such that it is not a component unit of the District for financial reporting purposes.

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

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

SUPPLEMENTARY INFORMATION

EL CAMINO COMMUNITY COLLEGE DISTRICT

DISTRICT ORGANIZATION JUNE 30, 2008

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 Western Association of Schools and Colleges (WASC), which is one of six regional associations that accredit public and private schools, colleges, and universities in the United States. The District is accredited by the Western Association of Schools and Junior Colleges.

BOARD OF TRUSTEES

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
Mrs. Mary E. Combs	President	November 2011
Dr. Nathaniel Jackson	Vice President	November 2011
Ms. Maureen O'Donell	Secretary	November 2009
Mr. William J. Beverly	Member	November 2011
Dr. Ray Gen	Member	November 2009
Ms. Elise Yerelian	Student Member	May 2009

ADMINISTRATION

Dr. Thomas M. Fallo	Superintendent and President of the College
Dr. Francisco Arce	Vice President of Academic Affairs
Ms. Jo Ann Higdon	Vice President of Administrative Services
Dr. Jeanie Nishime	Vice President of Student Services
Ms. Barbara Perez	Vice President of Human Resources

See accompanying note to supplementary information.

EL CAMINO COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2008**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Total Program Expenditures
U.S. DEPARTMENT OF EDUCATION		
Student Financial Aid Cluster		
Federal Supplemental Educational Opportunity Grant (FSEOG)	84.007	\$ 563,600
Federal Family Education Loans (FFEL)	84.032	1,525,733
Federal Work-Study (FWS)	84.033	653,229
Federal Pell Grant (PELL)	84.063	11,963,967
Federal Pell Administrative Allowance	84.063	25,000
Academic Competitiveness Grant (ACG)	84.375	138,887
Total Student Financial Aid Cluster		<u>14,870,416</u>
HIGHER EDUCATION ACT		
Global Experience Through Technology (GETT)	84.016A	89,456
Title V - Preparing Tomorrow's Teachers Today	84.031S	270,583
Title V - Preparing Tomorrow's Teachers Today	84.031S	138,012
Title V - Supporting Student Success in Pre-Transfer Mathematics	84.031S	260,288
Pass-through from Santa Monica College		
Title V - Supporting Student Success in Pre-Transfer Mathematics	84.031S	308,865
Title V - Strengthening Institutions - Hispanic Serving Institution	84.031S	395,013
Pass-through Los Angeles Unified School District		
Gaining Early Awareness and Readiness for Undergraduate Program	84.334	166,294
Child Care Access Means Parents in School	84.335A	71,847
OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES		
Pass-through the Western Oregon University		
Training of Interpreters for Individuals who are Deaf or Hard of Hearing and Individuals who are Deaf-Blind	84.160A	123,234
VOCATIONAL AND APPLIED TECHNOLOGY EDUCATION ACT		
Pass-through the California Community College System's Office		
VTEA Title I-C - Career Technical Education	84.048	1,099,070
Tech Prep	84.243	76,648
Total U.S. Department of Education		<u>17,869,726</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Pass-through the California Community College System's Office		
Temporary Assistance for Needy Families (TANF)	93.558	132,211
Total U.S. Department of Health and Human Services		<u>132,211</u>

See accompanying note to supplementary information.

EL CAMINO COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2008**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Total Program Expenditures
U.S. DEPARTMENT OF AGRICULTURE		
Pass-through the California Department of Education Child and Adult Food Program	10.558	\$ 10,363
Total U.S. Department of Agriculture		<u>10,363</u>
U.S. DEPARTMENT OF STATE		
The International Exchange Program - Trade Exchange	19.430	87,265
Total U.S. Department of State		<u>87,265</u>
NATIONAL SCIENCE FOUNDATION		
Advanced Aerospace Manufacturing Education	47.076	250,903
Total National Science Foundation		<u>250,903</u>
SMALL BUSINESS ADMINISTRATION		
Pass-through the California Community College System's Office Small Business Development Center - Cal Trans	59.037	43,945
Pass-through Long Beach Community College District Small Business Development Center	59.037	305,344
Total Small Business Administration		<u>349,289</u>
U.S. DEPARTMENT OF VETERANS AFFAIRS		
Veterans Education Representative Fee	64.000	732
Total U.S. Department of Veterans Affairs		<u>732</u>
Total Expenditures of Federal Awards		<u>\$ 18,700,489</u> ^[1]

[1] The difference between the schedule of expenditures of Federal awards and Federal revenues reported on the statement of revenues, expenses, and change in net assets is due to Federal family education loans in the amount of \$1,525,733 (see Note 2 in the financial statements) and differences of \$46,957 related to revenue recognition principles in various programs.

See accompanying note to supplementary information.

EL CAMINO COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2008**

Program	Program Entitlements		
	Current Year	Prior Year	Total Entitlement
GENERAL FUND			
CSA Wired-CACT - (Passed Through Ca Space Authority)	\$ 553,564	\$ 34,265	\$ 587,829
CTE Equipment for Nursing/Allied Health	90,229	-	90,229
ITAR Economic Development Grant	87,879	-	87,879
Aerospace Export IDRC	199,030	138,374	337,404
Basic Skill	376,149	537,342	913,491
BFAP	612,725		612,725
CACT/BEST	145,063	34,176	179,239
Cal Grants	1,365,957	-	1,365,957
Cal Trans and Logistics Inst.	50,000	-	50,000
CalWORKs	686,393	-	686,393
Capacity Building for Nursing Program	205,188	-	205,188
Career Technical Equipment	-	118,554	118,554
Careers in Child Care Training Program	159,000	-	159,000
Center for Applied Competitive Technology - CACT-COCCC	205,000	-	205,000
Child Development Center	679	-	679
Cooperative Agencies Resources for Education (CARE)	112,000	-	112,000
Disabled Students Program and Services (DSP&S)	1,702,005	-	1,702,005
Enrollment Growth for Associated Degree in Nursing Program	68,252	-	68,252
Extended Opportunity Program and Services (EOP&S)	598,482	-	598,482
Faculty and Staff Diversity	20,337	41,780	62,117
Foster Care Education	114,310	-	114,310
High School Globalization	-	184,822	184,822
Honeywell Training RTF	158,243	-	158,243
Instructional Equipment	325,689	538,337	864,026
JDIF - Marintime Basic Skills	218,215	45,367	263,582
JDIF	192,166	160,605	352,771
LA County Tech Prep Citrus College	25,000	-	25,000
Matriculation	1,235,268	-	1,235,268
MESA Program	101,435	-	101,435
Puente Reporting	2,550	-	2,550
Quick Start Partnership	345,864	-	345,864
Renovation for Capacity Building for Nursing	144,430	-	144,430
SBDC - Youth Entrepreneur Program	60,000	-	60,000
Small Business Department of Commerce - CITD	265,000	22,678	287,678
Small Business Department of Commerce - COCCC	50,000	-	50,000
Staff Development	81,382	-	81,382
Teacher Pipeline	119,652	-	119,652
Transfer and Articulation	5,000	-	5,000
TRIO	-	32,431	32,431
TTIP Library Automation	36,363	-	36,363
TTIP Total Cost of Operation	-	31,893	31,893
Workplace Learning Center - WPLRC State Leadership	328,660	1,340	330,000
Youth Empowerment Strategies for Success	166,998	-	166,998
	TOTAL		

See accompanying note to supplementary information.

Program Revenues

Cash Received	Accounts Receivable	Deferred Revenue	Total Revenue	Program Expenditures
\$ 456,670	\$ 13,342	\$ -	\$ 470,012	\$ 470,012
90,229	-	90,229	-	-
-	57,582	-	57,582	57,582
305,559	-	17,017	288,542	288,542
913,491	-	700,487	213,004	213,004
612,725	-	41,628	571,097	571,097
156,029	-	25,834	130,195	130,195
1,353,688	12,269	-	1,365,957	1,365,957
-	6,633	-	6,633	6,633
686,393	-	37,905	648,488	648,488
205,188	-	159,478	45,710	45,710
118,554	-	118,554	-	-
69,626	78,871	-	148,497	148,497
172,274	32,726	-	205,000	205,000
679	-	-	679	679
112,000	-	-	112,000	112,000
1,702,005	-	95,614	1,606,391	1,606,391
68,252	-	5,806	62,446	62,446
598,482	-	-	598,482	598,482
62,117	-	40,440	21,677	21,677
-	110,810	-	110,810	110,810
145,006	-	16,817	128,189	128,189
-	158,243	-	158,243	158,243
864,026	-	616,297	247,729	247,729
228,667	-	39,885	188,782	188,782
322,589	-	21,329	301,260	301,260
16,692	8,308	-	25,000	25,000
1,235,268	-	-	1,235,268	1,235,268
61,125	19,384	12,930	67,579	67,579
2,550	-	2,550	-	-
162,044	126,484	-	288,528	288,528
144,430	-	-	144,430	144,430
-	24,764	-	24,764	24,764
194,879	14,311	-	209,190	209,190
42,000	8,000	-	50,000	50,000
81,382	-	58,731	22,651	22,651
47,861	58,563	-	106,424	106,424
5,000	-	-	5,000	5,000
32,431	-	32,431	-	-
36,363	-	6,052	30,311	30,311
42,259	-	10,366	31,893	31,893
173,540	71,748	-	245,288	245,288
20,872	122,566	-	143,438	143,438
\$ 11,542,945	\$ 924,604	\$ 2,150,380	\$ 10,317,169	\$ 10,317,169

EL CAMINO COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL
 APPORTIONMENTS - ANNUAL/ACTUAL ATTENDANCE
 FOR THE YEAR ENDED JUNE 30, 2008**

CATEGORIES	Revised* Reported Data	Audit Adjustments	Revised Audited Data
A. Summer Intersession			
1. Noncredit	-	-	-
2. Credit	873	-	873
B. Summer Intersession			
1. Noncredit	-	-	-
2. Credit	887	-	887
C. Primary Terms			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	15,287	-	15,287
(b) Daily Census Contact Hours	1,317	-	1,317
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit	32	-	32
(b) Credit	935	-	935
3. Independent Study/Work Experience			
(a) Weekly Census Contact Hours	6	-	6
(b) Daily Census Contact Hours	-	-	-
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
D. Total FTES	<u>19,337</u>	<u>-</u>	<u>19,337</u>
H. Basic Skills courses and Immigrant Education (FTES)			
1. Noncredit	-	-	-
2. Credit	1,265	-	1,265
	<u>1,265</u>	<u>-</u>	<u>1,265</u>

* Revision as of October 31, 2008.

See accompanying note to supplementary information.

EL CAMINO COMMUNITY COLLEGE DISTRICT

**RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET
REPORT (CCFS-311) WITH FUND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008**

Summarized below are the fund balance reconciliations between the Annual Financial and Budget Report (CCFS-311) and the fund financial statements.

	General Fund Unrestricted	General Fund Restricted	Revenue Bond Construction Fund	Student Financial Aid
June 30, 2008, Annual Financial and Budget Report (CCFS-311)	\$ 13,386,803	\$ 958,673	\$ 130,488,667	\$ 143,284
Adjustments to Increase (Decrease) Fund Balance				
Cash in county treasury	228	(228)	-	-
Accounts receivable	1,598,077	-	-	73,309
Accounts payable	1,680,521	585,773	23,008	-
Deferred revenue	-	197,246	-	-
Net Adjustments	<u>3,278,826</u>	<u>782,791</u>	<u>23,008</u>	<u>73,309</u>
Audited Fund Balance	<u>\$ 16,665,629</u>	<u>\$ 1,741,464</u>	<u>\$ 130,511,675</u>	<u>\$ 216,593</u>

See accompanying note to supplementary information.

EL CAMINO COMMUNITY COLLEGE DISTRICT

**RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEETS TO
THE STATEMENT OF NET ASSETS
JUNE 30, 2008**

**Amounts Reported for Governmental Activities in the Statement
of Net Assets are Different Because:**

Total Fund Balance, Retained Earnings, and Due to Student Groups:

General Funds	\$ 18,407,093
Special Revenue Funds	4,448,397
Debt Service Funds	10,842,526
Capital Project Funds	133,131,586
Enterprise Funds	1,889,803
Internal Service Funds	2,610,816
Fiduciary Funds	<u>1,734,947</u>

Total Fund Balance, Retained Earnings and Due to Student Groups - All District Funds	\$ 173,065,168
-------------------------------------------------------------------------------------------------	-----------------------

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.

The cost of capital assets is	177,720,427	
Accumulated depreciation is	(46,620,015)	
Less fixed assets already recorded in the enterprise funds	<u>(282,699)</u>	130,817,713

Expenditures relating to the issuance of debt were recognized on modified accrual basis, but are amortized over the life of the debt on the accrual basis.	2,766,397
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Amounts held in trust on behalf of others (Trust and Agency Funds)	(1,518,354)
--------------------------------------------------------------------	-------------

In governmental funds, unmatured interest on long-term obligations is recognized in the period when it is due. On the government-wide statements, unmatured interest on long-term obligations is recognized when it is incurred.	(3,524,914)
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Long-term obligations at year end consist of:

Bonds payable	187,956,288	
Unamortized premium	12,916,399	
Compensated absences	<u>2,832,264</u>	<u>(203,704,951)</u>
Total Net Assets		<u><u>\$ 97,901,059</u></u>

See accompanying note to supplementary information.

EL CAMINO COMMUNITY COLLEGE DISTRICT

**NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2008**

NOTE 1 - PURPOSE OF SCHEDULES

District Organization

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

Schedule of Expenditures of Federal Awards

The accompanying schedule of expenditures of Federal awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the United States Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Subrecipients

Of the Federal expenditures presented in the schedule, the District provided Federal awards to subrecipients as follows:

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Amount Provided to Subrecipients
U.S. DEPARTMENT OF EDUCATION		
VTEA Title I-C - Career Technical Education		
Passed through to Drew University	84.048	\$ 157,999
Title V - Preparing Tomorrow Teachers Today		
Passed through to Santa Monica City College	84.031S	260,288
NATIONAL SCIENCE FOUNDATION		
Advanced Aerospace Manufacturing Education		
Passed through to Oregon Institute of Technology	47.076	103,580
Passed through to Purdue University	47.076	35,299
Passed through to Cowley College	47.076	3,562
Total Federal Awards Provided to Subrecipients		\$ 560,728

Schedule of Expenditures of State Awards

The accompanying schedule of expenditures of State awards includes the State grant activity of the District and is presented on the modified accrual basis of accounting. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Schedule of Workload Measures for State General Apportionment - Annual/Actual Attendance

Full-Time Equivalent Students (FTES) is a measurement of the number of pupils attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds are made to community college districts. This schedule provides information regarding the attendance of students throughout the District.

EL CAMINO COMMUNITY COLLEGE DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2008

Reconciliation of Annual Financial and Budget Report (CCFS-311) with Fund Financial Statements

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

Reconciliation of the Governmental Fund Balance Sheets to the Statement of Net Assets

This schedule provides a reconciliation of the adjustments necessary to bring the District's fund financial statements, prepared on a modified accrual basis, to the accrual basis required under GASB Statement No. 35.

INDEPENDENT AUDITORS' REPORTS



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

Board of Trustees
El Camino Community College District
Torrance, California

We have audited the financial statements of the business-type activities of the El Camino Community College District (the District) for the years ended June 30, 2008 and 2007, and have issued our report thereon dated December 24, 2008. We conducted our audits 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.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered El Camino Community College District's internal control over financial reporting as a basis for designing our auditing procedures 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 El Camino Community College District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the El Camino Community College District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting as items 2008-1 through 2008-3.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

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

We noted certain matters that we reported to management of El Camino Community College District in a separate letter dated December 24, 2008.

El Camino Community College District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit El Camino Community College District's responses and, accordingly, express no opinion on them.

This report is intended solely for the information and use of the Board of Trustees, District Management, the California Community Colleges System's Office, and the District's Federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Vaurinek, Trine, Day & Co., LLP

Rancho Cucamonga, California
December 24, 2008



**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Trustees
El Camino Community College District
Torrance, California

Compliance

We have audited the compliance of El Camino Community College District (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major Federal programs for the year ended June 30, 2008. El Camino Community College District's major Federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major Federal programs is the responsibility of El Camino Community College District's management. Our responsibility is to express an opinion on El Camino Community College District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about El Camino Community College District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of El Camino Community College District's compliance with those requirements.

In our opinion, El Camino Community College District complied, in all material respects, with the requirements referred to above that are applicable to each of its major Federal programs for the year ended June 30, 2008. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2008-4 through 2008-6.

Internal Control Over Compliance

The management of El Camino Community College District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to Federal programs. In planning and performing our audit, we considered El Camino Community College District's internal control over compliance with the requirements that could have a direct and material effect on a major Federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the El Camino Community College District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A *control deficiency* in a district's internal control over compliance 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 noncompliance with a type of compliance requirement of a Federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a Federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a Federal program that is more than inconsequential will not be prevented or detected by the District's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2008-4 through 2008-6 to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material noncompliance with a type of compliance requirement of a Federal program will not be prevented or detected by the District's internal control. We did not consider any of the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses.

El Camino Community College District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit El Camino Community College District's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Board of Trustees, District Management, the California Community Colleges System's Office, and the District's Federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Vaurinek, Trine, Day & Co., LLP.

Rancho Cucamonga, California
December 24, 2008



REPORT ON STATE COMPLIANCE

Board of Trustees
El Camino Community College District
Torrance, California

We have audited the financial statements of the El Camino Community College District (the District) for the years ended June 30, 2008 and 2007, and have issued our report thereon dated December 24, 2008.

Our audit was made in accordance with auditing standards generally accepted in the United States of America and the standards for financial and compliance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In connection with the audit referred to above, we selected and tested transactions and records to determine the District's compliance with the following State laws and regulations in accordance with Section 400 of the System's Office's *California Community Colleges Contracted District Audit Manual (CDAM)*.

General Directive

Section 424: MIS Implementation - State General Apportionment Funding System

Administration

Section 435: Open Enrollment

Section 437: Student Fees - Instructional Materials and Health Fees

Section 423: Apportionment of Instructional Service Agreements/Contracts

Section 425: Residency Determination for Credit Courses

Section 427: Concurrent Enrollment of K-12 Students in Community College Credit Courses

Section 432: Enrollment Fee

Section 421: Salaries of Classroom Instructors (50% Law)

Section 426: Students Actively Enrolled

Section 431: Gann Limit Calculation

Student Services

Section 428: Use of Matriculation Funds

Section 433: CalWORKs - Use of State and Federal TANF Funding

Facilities

Section 434: Scheduled Maintenance Program

Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the District's compliance with specified requirements.

In our opinion, the El Camino Community College District complied, in all material respects, with the aforementioned requirements for the year ended June 30, 2008.

This report is intended solely for the information of the Board of Trustees, District Management, the California Community Colleges System's Office, the California Department of Finance, and the California Department of Education, and is not intended to be and should not be used by anyone other than these specified parties.

Vaurine K. Tine, Day & Co., LLP.

Rancho Cucamonga, California
December 24, 2008

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

EL CAMINO COMMUNITY COLLEGE DISTRICT

**SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2008**

FINANCIAL STATEMENTS

Type of auditors' report issued:	<u>Unqualified</u>
Internal control over financial reporting:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>Yes</u>
Noncompliance material to financial statements noted?	<u>No</u>

FEDERAL AWARDS

Internal control over major programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>Yes</u>
Type of auditors' report issued on compliance for major programs:	<u>Unqualified</u>
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)	<u>Yes</u>
Identification of major programs:	

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
<u>84.007; 84.032; 84.033; 84.063; 84.375</u>	<u>Student Financial Aid Cluster</u>
<u>84.048</u>	<u>VTEA Title I-C Career Technical Education</u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 561,015</u>
Auditee qualified as low-risk auditee?	<u>No</u>

STATE AWARDS

Internal control over State programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>None reported</u>
Type of auditors' report issued on compliance for State programs:	<u>Unqualified</u>

EL CAMINO COMMUNITY COLLEGE DISTRICT

FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS FOR THE YEAR ENDED JUNE 30, 2008

The following findings represent significant deficiencies and/or instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

BOOKSTORE

2008-1 Finding

Criteria or Specific Requirements

The Bookstore is considered to be an enterprise fund. In governmental accounting, enterprise funds provide goods or services to the public for a fee that makes the entity self-supporting. All enterprise funds should follow generally accepted accounting principles.

Condition

Significant Deficiency – The auditor noted the Bookstore has adopted a new accounting system. It appears that proper training has not been provided for the staff. Manual journal entries to record satellite transactions and payroll have not occurred on a regular basis. Routine month-end closing has also not been completed timely. As a result, year-end financial reports were provided much after the request of the auditor and months after the Bookstore's close date. (The Bookstore's year end is April and the financials were provided in December.)

The auditor noted bank reconciliations are not being prepared in a timely manner. The bank reconciliations for the months of October 2007 through April 2008 were not prepared as of the end of field work date for the audit. This can result in incorrect balances and stale dated checks.

During testing of cash receipts, it was noted that one employee performs a majority of the key cash functions with no supervision. Cash collection, reconciliation of cash, and preparation of the deposit is performed by the same employee, and monitoring by management is not evident. Procedures indicate that a review of the deposit is performed by management; however, this was not evident during testing.

The Bookstore does not have adequate documentation to support the capitalized asset inventory amounts reported on their financials. The supporting documentation provided to the auditor only contained assets which were currently being depreciated. Upon discussion with Bookstore management, it was noted that once an asset is fully depreciated, the item is removed from the listing. The Bookstore does not have a method to track items removed from the depreciation report; therefore, we were unable to agree the reported amount to a complete listing of assets held by the Bookstore. Also, it was noted that the Bookstore does not have a formal capitalization policy. Bookstore management stated that they follow the District's policy of a capitalization threshold of \$5,000; however, a review of the depreciation report indicated that assets with cost below the \$5,000 threshold were being depreciated by the Bookstore.

A capital asset inventory adjustment of \$261,581 was done to reconcile the financial system to the physical inventory.

EL CAMINO COMMUNITY COLLEGE DISTRICT

FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS FOR THE YEAR ENDED JUNE 30, 2008

Cause

There has not been adequate oversight over the Bookstore financial operations. There has been no monthly review of the bank reconciliations. Adequate training was not provided to the staff.

Context

The Bookstore's operations are separate from the District's general ledger. Without proper oversight over the conditions identified, this could result in misappropriation of assets.

Effect

The ineffective controls at the Bookstore led to a significant delay in the closing process of the Bookstore which affected the timely reporting of the District's audit.

Recommendation

The new accounting system should be analyzed and proper training done for all staff to help eliminate errors. Manual journal entries should be completed in a timely manner to allow for timely completion of routine month-end closing. Such procedures will ensure the timely preparation of financial statements and accurate reporting of all financial activity.

Bank reconciliations should be prepared the month following the closing date of the bank statement. Such timely preparation of the bank statement will ensure that all deposits have been verified and that any stale dated checks are identified and written off. Timely preparation of the bank reconciliation also ensures that the site knows the cash balance available on a monthly basis and will thus aid in the prevention of overdrafts.

Proper internal control procedures indicate custody and recording of cash should be adequately segregated. The collection of cash should be performed by a separate individual other than the one reconciling cash. Adequate documentation of the review of the bank deposit should be maintained, such as a signature by the reviewer.

The Bookstore should complete an inventory of all capitalized assets and ensure that this listing agrees to the amounts reported on their financial statements. The Bookstore should also develop a capitalization policy and ensure that the capitalization requirements set forth by this policy are being adhered to.

Questioned Costs

No questioned costs associated with this finding.

EL CAMINO COMMUNITY COLLEGE DISTRICT

FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS FOR THE YEAR ENDED JUNE 30, 2008

District Response

The Bookstore staff will receive additional training on the new financial software system.

All journal entries, bank statement reconciliations, and cash reconciliations will be processed timely. Monthly financial statements will be issued by the end of the month following the current monthly accounting period. Journal entries, bank statement reconciliations, cash deposits, and check registers will be reviewed and approved by the Bookstore management.

Staffing limitations at the Bookstore limit complete segregation of duties in the office cashiering function. The Bookstore manager reviews the register balancing forms, the daily bank deposit, and the bank statement reconciliation. The review will be indicated by the manager's signature. The monthly financial reports will be forwarded to an accounting manager for review.

A complete inventory of equipment will be taken and a new inventory listing will be prepared. Staff will continue to depreciate equipment on a monthly basis and include that depreciation amount in the monthly financial statement. The equipment listing total will reconcile to the equipment account on the Bookstore balance sheet. The Internal Auditor will aid the Bookstore management in implementing these new procedures.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SEFA)

2008-2 Finding

Program Affected

U.S. Department of Education

VTEA I-C - Career Technical Education CFDA #84.048
Title V - Strengthening Institutions - Hispanic Serving Institutions
Student Financial Aid Cluster Program - (All Compton Center)

U. S. Department of State

The International Exchange Program - Trade Exchange - 19.430 (no CFDA #)

Small Business Administration

Small Business Development Center - Cal Trans 59.037 - Revenue recorded as Federal, but the District recorded it on the State page.

Compliance Requirement

Reporting

EL CAMINO COMMUNITY COLLEGE DISTRICT

FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS FOR THE YEAR ENDED JUNE 30, 2008

Condition

We noted the following errors and omission in the District's initial SEFA:

1. Identification numbers, catalog of Federal domestic assistance (CFDA), and/or other identifying number (when the CFDA information is not available assigned by each Federal agency) were missing on two programs: the International Exchange Program - Trade Exchange and the Small Business Development Center - Cal Trans grant.
2. One grant was reported on the SEFA as State; however, the program was a Federal program and the revenue was recorded as Federal in the client's system. This program was also passed through the California Community College System's Office, and this information was missing from the SEFA as well.
3. VTEA 1-C - Career Technical Education Grant's sub-recipients expenditures were omitted from the SEFA and, therefore, the total expenditures did not agree to the general ledger.
4. The Compton Center's Federal funding revenue and expenses for the Pell, FSEOG, ACG, and Federal work-study was missing off the SEFA. This omission accounted to approximately \$3.2 million.
5. Reconciliations of total Federal revenue were not done by client.

Criteria

OMB Circular A-133 requires the auditee to prepare a SEFA for the period covered by the auditee's financial statements. At a minimum, the schedule should contain the following:

1. List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs.
2. Include, for Federal awards received as a sub-recipient, the name of the pass-through entity and the identifying number assigned by the pass-through entity.
3. Provide the total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.
4. For Federal awards received as a pass-through entity, identify, to the extent practical, the total amount proved to subrecipients from each Federal program.
5. Include, in either the schedule or a note to the schedule, the value of Federal awards expended in the form of non-cash assistance.

Effect

The District could be out of compliance with reporting requirements that could result in unauthorized program costs which may be subject to reimbursement by the Federal program. Corrections have been made to the current year SEFA for the items noted above.

Questioned Costs

None noted.

EL CAMINO COMMUNITY COLLEGE DISTRICT

FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS FOR THE YEAR ENDED JUNE 30, 2008

Recommendation

We recommend that the District review its procedures over the collection of data to be included in the schedule of expenditures of Federal awards and also review its existing format of its schedule of Federal expenditures to ensure that it includes all of the above noted required elements.

District Response

The District staff understands the new requirements for the SEFA report. The District staff will include all the required elements in the SEFA report. The District's SEFA report will include any Federal funds that are received by the District on behalf of the Compton Educational Center. Corrections have been made to the current year SEFA report. It is important to note that no questioned costs were found.

ACCOUNT RECONCILIATION – ACCOUNTS PAYABLE

2008-3 Finding

Criteria or Specific Requirements

Management is responsible for maintaining a system of controls designed to prevent and detect material misstatements or fraud. In addition, management is responsible for designing a system to monitor whether or not the internal control systems designed by the District are being adhered to.

Condition

Significant Deficiency – The accounts payable beginning balance is not being reconciled, thus resulting in a possible overstatement of current liabilities.

Questioned Costs

Not applicable. See effect.

Context

The District is not reconciling their beginning accounts payable balances. Several sub-accounts within the accounts payable balance were noted to have significant opening balances that were carried forward from the prior year and did not subsequently clear in the current year. There is currently no procedure in place to reconcile these opening balances to verify the full amount represents a valid liability at year-end.

Effect

As a result of the audit, the opening accounts payable balance was reconciled and an adjustment of \$2.3 million was made to remove these opening accounts payable balances and properly state the year-end liabilities.

EL CAMINO COMMUNITY COLLEGE DISTRICT

FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS FOR THE YEAR ENDED JUNE 30, 2008

Cause

Internal accounting policies/procedures do not properly address the reconciliation of opening accounts payable balances.

Recommendation

The District should begin to reconcile the opening balances of each of their sub-accounts within the accounts payable balance. The balances should be monitored consistently to determine whether the liability has been paid or, if not, whether the amount still represents a valid obligation at year-end. If the liability has neither been paid nor represents a valid obligation at year-end, the amount should be written off. Sufficient documentation should also be maintained to ensure the balances have been completely reconciled.

District Response

The District will research any prior year balances in the accounts payable sub-accounts, including those that are exclusive to Los Angeles County Office of Education (LACOE) activity to ascertain the validity of the prior year balances. The District will determine the best accounting method for recording and reconciling the prior year payables. Standard procedure is to maintain all documentation supporting the account balances and any adjustments to the accounts. The District will work with LACOE to reconcile any balances that do not clear from LACOE maintained accounts payable accounts. The accounts payable items mentioned in this finding are in various funds of the District. The District had already reconciled and cleared many of these items in the subsequent fiscal year. The District will commence clearing these items on an annual basis.

EL CAMINO COMMUNITY COLLEGE DISTRICT

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2008

The following findings represent significant deficiencies and/or instances of noncompliance including questioned costs that are required to be reported by OMB Circular A-133.

EQUIPMENT PURCHASE AND SAFEKEEPING

2008-4 Finding

Federal Program Affected

U.S. Department of Education (DOE), Career and Technology Educational Act (VTEA) - Title I-C (CFDA #84.048)

Criteria

OMB Circular A-110, Subpart C, Section 34 (3) and (4):

(3) A physical inventory of equipment shall be taken and the results reconciled with the equipment records at least once every two years. Any differences between quantities determined by the physical inspection and those shown in the accounting records shall be investigated to determine the causes of the difference. The recipient shall, in connection with the inventory, verify the existence, current utilization, and continued need for the equipment.

(4) A control system shall be in effect to insure adequate safeguards to prevent loss, damage, or theft of the equipment. Any loss, damage, or theft of equipment shall be investigated and fully documented; if the equipment was owned by the Federal Government, the recipient shall promptly notify the Federal awarding agency.

Condition

Significant Deficiency - The District has not maintained an inventory control system that satisfies the compliance criteria noted above. Equipment purchased with VTEA funds have not been identified as being used within the program, and tracked as VTEA funded equipment. A physical inventory has not been taken within the past two years to determine if the equipment remains in use within the program.

Effect

Equipment purchased through the VTEA program may not be properly safeguarded and maintained for use within the program.

Cause

The District has not implemented policies and procedures to ensure the compliance with Federal requirements.

EL CAMINO COMMUNITY COLLEGE DISTRICT

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2008

Context

The District's non-compliance can lead to future reductions in funding from the Federal awarding agency.

Questioned Costs

For the condition noted, there is not an associated questioned cost.

Recommendation

A process to ensure the complete inventory listing of equipment purchased with Federal program funds should be implemented immediately. A process to ensure all equipment purchased through the program remains in use within the program should be implemented through a bi-annual physical inventory count.

District Response

The District has revised its inventory of equipment in accordance with the Federal guidelines. A complete listing of equipment purchased with VTEA funds has been completed and sent to the auditors. The District will conduct a physical inventory of federally funded equipment every two years. The inventory items will be coded to indicate that each was purchased with Federal VTEA funds. The inventory list will include the building and room number where the equipment is located. Any discrepancies in inventory will be reported immediately to the District.

TIME AND EFFORT REPORTING

2008-5 Finding

Federal Program Affected

U.S. Department of Education (DOE), Career and Technology Educational Act (VTEA) - Title I-C (CFDA #84.048)

Criteria

Office of Management and Budget Circular Number A 87, Attachment B Section 11(h). California School Accounting Manual; Procedure 905.

Condition

The program is not having individuals who are being charged to the Federal program certify that they are actually performing work on the program. Time studies are not being completed for individuals who work full time or part time on the program as required by the Office of Management and Budget.

EL CAMINO COMMUNITY COLLEGE DISTRICT

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2008

Effect

Without effective controls, unreasonable expenditures may be charged to the grant.

Cause

Procedures and controls over compliance do not clearly specify how the time certification process should be completed.

Context

The District is not having any employees working on Federal programs complete time certifications.

Questioned Costs

The questioned costs associated with these findings are \$674,320. This is the amount of total salaries and benefits charged to the Federal program which did not have correct time certifications.

Recommendation

The District should have all individuals working on any Federal program certify their time as required by the Office of Management and Budget.

District Response

In compliance with Federal guidelines, the District has developed and put into use in 2008-2009, two forms in order to certify individuals who are being charged to the Federal program are performing work on that program. There is a Time Certification form for employees funded solely from a single Federal categorical program which will be prepared semiannually and cover the entire period of certification. There is a Time Certification form for those employees whose time is spent on more than one Federal program, whose time is fairly predictable and does not significantly vary during each month. This report will be prepared monthly and coincide with the District's pay periods.

SUSPENSION AND DEBARMENT

2008-6 Finding

Federal Program Affected

U.S. Department of Education (DOE), Career and Technology Educational Act (VTEA) - Title I-C (CFDA #84.048)

Criteria

Title 34 – Education, Part 80 – Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments – Subpart C – Pre-Award Requirements, Section 80.35
Sub-awards to debarred and suspended parties:

EL CAMINO COMMUNITY COLLEGE DISTRICT

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2008

- Grantees and sub-grantees must not make any award or permit any award (sub-grant or contract) at any tier to any party, which is debarred or suspended or is otherwise excluded from or ineligible for participation in Federal assistance programs under Executive Order 12549, "Debarment and Suspension."

OMB Circular A-110, Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations, Sub-Part C, Pre-Award Requirements, Section .33 Debarment and suspension:

- Federal awarding agencies and recipients shall comply with the non-procurement debarment and suspension common rule implementing E.O.s 12549 and 12689, "Debarment and Suspension." This common rule restricts sub-awards and contracts with certain parties that are debarred, suspended, or otherwise excluded from or ineligible for participation in Federal assistance programs or activities.

Condition

During testing of the VTEA program, it was noted that the District does not have procedures to ensure that the District is not expensing monies to independent parties that have been determined to be suspended or debarred by the Federal government. The District does not have within their contracts, nor are they checking the Excluded Parties List System (EPLS) for all vendors over \$25,000 as required by the Office of Management and Budget.

Effect

Future expenditures to excluded parties can result in the District having to return Federal funds.

Cause

The District has not implemented policies and procedures to ensure the compliance with Federal requirements.

Context

The District did not expend any funds to excluded parties, but controls are not in place to ensure that future Federal funds are not expended to an entity included in the Excluded Parties List.

Questioned costs

No questioned costs. See context.

EL CAMINO COMMUNITY COLLEGE DISTRICT

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2008

Recommendation

We recommend the District modify its procedures to verify all vendors who are providing services to federally funded programs in excess of \$25,000 have verified that the entity is not suspended, debarred, or otherwise excluded. This verification may be accomplished by checking the EPLS maintained by the General Services Administration (GSA), collecting a certification from the entity, or adding a clause or condition to the covered transaction with that entity. The District should also update contract templates for all contract types that exceed \$25,000 to avoid any non-compliance and possible return of Federal monies.

District Response

The Director of Business Services will modify the District's purchasing procedures to include verification that any vendor, who is providing goods and services in excess of \$25,000 to a federally funded District program, has not been suspended or debarred from providing such services. The verification will be made using the EPLS listing maintained by the Federal Government, asking for a certification form from the vendor, or adding a condition to the purchasing transactions. The District will update its contract templates for all contract types that exceed \$25,000 to include this verification condition.

EL CAMINO COMMUNITY COLLEGE DISTRICT

**STATE AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2008**

None reported.

EL CAMINO COMMUNITY COLLEGE DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2008

Except as specified in previous sections of this report, summarized below is the current status of all audit findings reported in the prior year's schedule of audit findings and questioned costs.

STATE COMPLIANCE

MINIMUM CONDITIONS - STANDARDS OF SCHOLARSHIP

Remedial Coursework Published in College Catalogs

2007-1 Condition

As a minimum condition to receive State apportionment for FTES, the El Camino Community College District must adopt regulations consistent with the "Standards of Scholarship" contained in the California Code of Regulations (CCR Section 55761) and publish statements of those regulations under appropriate headings in their catalogs. The regulations require the establishment of the number of remedial coursework that can be taken for credit. Procedures must also be established and documented as to the process a student must undertake to receive a waiver of the established procedures. This ensures that students have meaningful access to information concerning such standards.

Recommendation

The District should implement and publish a policy that clearly identifies exceptions to the remedial coursework policy so that students are informed of requirements and potential exceptions to requirements.

Current Status

Follow up on prior year finding is not required for Standard of Scholarship as changes are currently being made to the Title 5 Program which may affect the prior year finding.

MINIMUM CONDITIONS - STANDARDS OF SCHOLARSHIP

Course Repetition

2007-2 Condition

In our sample of students tested for course repetitions, we noted students who had repeated the same course two times or more times due to substandard coursework are properly being recorded. However, it was noted that the District was claiming apportionment for the second and all additional repeats. California Code of Regulations, Title 5, Sections 55763 and 58161 (b) allows one repetition of a course where substandard work has previously been recorded.

Recommendation

We recommend that the District follow the provisions stated which prohibits districts from claiming apportionment for excessive course repetitions where substandard coursework has been recorded.

EL CAMINO COMMUNITY COLLEGE DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2008

Current Status

Follow up on prior year finding is not required for Standard of Scholarship as changes are currently being made to the Title 5 Program which may affect the prior year finding.

Self Assessment of Noncredit Classes

2007-3 Condition

The State System's Office provided direction to districts to complete a self-assessment of noncredit classes. The District completed the checklist for the computer/library lab courses and properly submitted them to the State System's Office. However, the District did not complete the self-assessment checklists for all other noncredit courses.

Recommendation

We recommend that the District review their noncredit offerings for compliance with the State System's Office and complete the self-assessment checklists for all noncredit courses.

Current Status

Implemented.

SALARIES OF CLASSROOM INSTRUCTORS (50 PERCENT LAW)

No Sub Fund for Lottery Expenditures

2007-4 Condition

The District has not established a separate account/sub fund to account for the receipt and expenditures of lottery funds in accordance with Government Code, Section 880.5(k). As outlined in the Contracted District Audit Manual, the lack of a separate lottery fund, account, or sub fund will result in a recordkeeping finding.

Recommendation

The District must establish a separate sub fund to account for the expenditures of the lottery as required by the Contracted District Audit Manual.

Current Status

Implemented.

EL CAMINO COMMUNITY COLLEGE DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2008

CONCURRENT ENROLLMENT OF K-12 STUDENTS IN COMMUNITY COLLEGE CREDIT COURSES

FTES Claimed for Courses Designed for K-12 Students

2007-5 Condition

It was noted that several concurrent enrollment students were enrolled in a course called Beginning Chorus (MUSIC 58abcd). Upon looking the course up in the regular schedule of classes, the following description was noted: "...designed for students grades 3 through 8 who have auditioned and have been accepted into the South Bay Children's Choir." The description of the course appears to limit enrollment of this course, which is counted for FTES, to those students who meet the above criteria. It was also noted that no student in the course was over the age of 17; therefore the description does appear to be limiting enrollment into the course.

Recommendation

The District should review the course descriptions to ensure that they are in compliance with *Education Code* Section 76002(a) that states all courses being claimed for State apportionment must not only be open to the general public, the course must also be advertised as such in the college catalog, the regular schedule of classes and in any addenda to the college catalog or regular schedule of classes. Should the District decide to continue to offer such courses, then the District should exempt the course from claiming State apportionment for the FTES generated from the course.

Current Status

Implemented.

ADDITIONAL SUPPLEMENTARY INFORMATION

EL CAMINO COMMUNITY COLLEGE DISTRICT

**GOVERNMENTAL FUNDS
BALANCE SHEETS - (UNAUDITED)
JUNE 30, 2008**

	<u>General Funds</u>		<u>Special Revenue Funds</u>	
	<u>General Unrestricted</u>	<u>General Restricted</u>	<u>Child Development</u>	<u>Retiree Benefits</u>
ASSETS				
Cash and cash equivalents	\$ 203,064	\$ 16,941	\$ -	\$ -
Investments	10,163,398	3,740,450	120,984	4,323,383
Accounts receivable	8,402,853	2,952,873	8,213	36,181
Student receivable	3,133,093	-	-	-
Due from other funds	3,650,000	-	-	-
Prepaid expenses	16,615	-	-	-
Stores inventories	20,341	-	-	-
Other current assets	-	118	-	-
Total Assets	<u>\$ 25,589,364</u>	<u>\$ 6,710,382</u>	<u>\$ 129,197</u>	<u>\$ 4,359,564</u>
LIABILITIES AND FUND EQUITY				
LIABILITIES				
Accounts payable	\$ 4,864,874	\$ 2,044,498	\$ 38,379	\$ -
Due to other funds	-	-	-	-
Amounts held for others	131,600	-	-	-
Deferred revenue	3,927,261	2,924,420	1,985	-
Total Liabilities	<u>8,923,735</u>	<u>4,968,918</u>	<u>40,364</u>	<u>-</u>
FUND EQUITY				
Fund Balances				
Reserved	136,956	-	-	-
Unreserved				
Designated	-	1,741,464	88,833	4,359,564
Undesignated	16,528,673	-	-	-
Total Fund Equity	<u>16,665,629</u>	<u>1,741,464</u>	<u>88,833</u>	<u>4,359,564</u>
Total Liabilities and Fund Equity	<u>\$ 25,589,364</u>	<u>\$ 6,710,382</u>	<u>\$ 129,197</u>	<u>\$ 4,359,564</u>

See accompanying note to additional supplementary information.

Debt Service Fund	Capital Project Funds		Total Governmental Fund (Memorandum Only)
Bond Interest and Redemption	Capital Outlay Projects	Revenue Bond Construction	
\$ -	\$ -	\$ -	\$ 220,005
10,842,526	1,540,268	134,789,958	165,520,967
-	5,954,167	1,459,499	18,813,786
-	-	-	3,133,093
-	-	-	3,650,000
-	-	-	16,615
-	-	-	20,341
-	-	-	118
<u>\$ 10,842,526</u>	<u>\$ 7,494,435</u>	<u>\$ 136,249,457</u>	<u>\$ 191,374,925</u>
\$ -	\$ 1,545,824	\$ 5,737,782	\$ 14,231,357
-	3,000,000	-	3,000,000
-	-	-	131,600
-	328,700	-	7,182,366
<u>-</u>	<u>4,874,524</u>	<u>5,737,782</u>	<u>24,545,323</u>
-	-	-	136,956
10,842,526	2,619,911	130,511,675	150,163,973
-	-	-	16,528,673
<u>10,842,526</u>	<u>2,619,911</u>	<u>130,511,675</u>	<u>166,829,602</u>
<u>\$ 10,842,526</u>	<u>\$ 7,494,435</u>	<u>\$ 136,249,457</u>	<u>\$ 191,374,925</u>

EL CAMINO COMMUNITY COLLEGE DISTRICT

**GOVERNMENTAL FUNDS
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>General Funds</u>		<u>Special Revenue Funds</u>	
	<u>General Unrestricted</u>	<u>General Restricted</u>	<u>Child Development</u>	<u>Retiree Benefits</u>
REVENUES				
Federal revenues	\$ 230,898	\$ 4,313,998	\$ 10,363	\$ -
State revenues	70,526,062	9,747,410	165,215	-
Local revenues	34,696,847	4,064,795	300,283	161,808
Total Revenues	<u>105,453,807</u>	<u>18,126,203</u>	<u>475,861</u>	<u>161,808</u>
EXPENDITURES				
Current Expenditures				
Academic salaries	47,835,497	3,005,286	264,681	-
Classified salaries	23,524,319	8,827,562	133,282	-
Employee benefits	14,969,419	2,402,916	109,798	-
Books and supplies	1,163,142	272,662	14,420	-
Services and operating expenditures	9,047,805	4,486,693	1,217	-
Capital outlay	686,483	1,073,177	-	-
Debt service - principal	-	-	-	-
Debt service - interest and other	-	-	-	-
Total Expenditures	<u>97,226,665</u>	<u>20,068,296</u>	<u>523,398</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>8,227,142</u>	<u>(1,942,093)</u>	<u>(47,537)</u>	<u>161,808</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	450,000	4,433,421	75,000	1,497,877
Operating transfers out	(5,644,335)	(1,557,877)	-	-
Other uses	(10,729)	(462,431)	-	-
Total Other Financing Sources (Uses)	<u>(5,205,064)</u>	<u>2,413,113</u>	<u>75,000</u>	<u>1,497,877</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>3,022,078</u>	<u>471,020</u>	<u>27,463</u>	<u>1,659,685</u>
FUND BALANCE, BEGINNING OF YEAR	<u>13,643,551</u>	<u>1,270,444</u>	<u>61,370</u>	<u>2,699,879</u>
FUND BALANCE, END OF YEAR	<u>\$ 16,665,629</u>	<u>\$ 1,741,464</u>	<u>\$ 88,833</u>	<u>\$ 4,359,564</u>

See accompanying note to additional supplementary information.

Debt Service Fund	Capital Project Funds		Total Governmental Fund (Memorandum Only)
Bond Interest and Redemption	Capital Outlay Projects	Revenue Bond Construction	
\$ -	\$ -	\$ -	\$ 4,555,259
85,952	8,469,630	-	88,994,269
12,771,054	674,610	7,243,758	59,913,155
<u>12,857,006</u>	<u>9,144,240</u>	<u>7,243,758</u>	<u>153,462,683</u>
-	-	-	51,105,464
-	-	-	32,485,163
-	-	-	17,482,133
-	138	1,884	1,452,246
-	454,134	2,031,361	16,021,210
-	9,911,079	37,018,969	48,689,708
7,205,000	-	-	7,205,000
8,572,869	-	-	8,572,869
<u>15,777,869</u>	<u>10,365,351</u>	<u>39,052,214</u>	<u>183,013,793</u>
<u>(2,920,863)</u>	<u>(1,221,111)</u>	<u>(31,808,456)</u>	<u>(29,551,110)</u>
-	270,914	-	6,727,212
-	(450,000)	-	(7,652,212)
-	-	-	(473,160)
<u>-</u>	<u>(179,086)</u>	<u>-</u>	<u>(1,398,160)</u>
(2,920,863)	(1,400,197)	(31,808,456)	(30,949,270)
13,763,389	4,020,108	162,320,131	197,778,872
<u>\$ 10,842,526</u>	<u>\$ 2,619,911</u>	<u>\$ 130,511,675</u>	<u>\$ 166,829,602</u>

EL CAMINO COMMUNITY COLLEGE DISTRICT

**PROPRIETARY FUNDS
BALANCE SHEETS - (UNAUDITED)
JUNE 30, 2008**

	Enterprise Fund	Internal Service Fund
	Bookstore	Service Fund
ASSETS		
Cash and cash equivalents	\$ 1,081,430	\$ 10,000
Investments	-	563,739
Accounts receivable	1,821,901	4,455
Prepaid expenses	8,325	-
Stores inventories	1,092,457	-
Other current assets	-	2,044,878
Furniture and equipment (net)	282,699	-
Total Assets	\$ 4,286,812	\$ 2,623,072
LIABILITIES AND FUND EQUITY		
LIABILITIES		
Accounts payable	\$ 1,747,009	\$ 12,256
Due to other funds	650,000	-
Total Liabilities	2,397,009	12,256
FUND EQUITY		
Retained earnings	1,889,803	2,610,816
Total Liabilities and Fund Equity	\$ 4,286,812	\$ 2,623,072

See accompanying note to additional supplementary information.

EL CAMINO COMMUNITY COLLEGE DISTRICT

**PROPRIETARY FUNDS
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN
RETAINED EARNINGS - (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Enterprise Fund</u>	<u>Internal Service Fund</u>
	<u>Bookstore</u>	<u>Service Fund</u>
OPERATING REVENUES		
Sales revenues	\$ 8,177,595	\$ 1,952,541
OPERATING EXPENSES		
Classified salaries	1,136,181	57,906
Employee benefits	316,595	16,857
Books and supplies	-	237
Services and other operating expenditures	6,265,085	2,734,020
Total Operating Expenses	<u>7,717,861</u>	<u>2,809,020</u>
Operating Gain (Loss)	<u>459,734</u>	<u>(856,479)</u>
NONOPERATING REVENUES (EXPENSES)		
Interest income	-	41,483
Miscellaneous revenues	65,476	22,894
Operating transfers in	-	900,000
Operating transfers out	(276,000)	-
Total Nonoperating Revenues (Expenses)	<u>(210,524)</u>	<u>964,377</u>
NET CHANGE	249,210	107,898
RETAINED EARNINGS, BEGINNING OF YEAR	1,640,593	2,502,918
RETAINED EARNINGS, END OF YEAR	<u>\$ 1,889,803</u>	<u>\$ 2,610,816</u>

See accompanying note to additional supplementary information.

EL CAMINO COMMUNITY COLLEGE DISTRICT

**PROPRIETARY FUNDS
STATEMENTS OF CASH FLOWS - (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2008**

	Enterprise Fund	Internal Service Fund
	Bookstore	
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from sales	\$ 8,177,595	\$ 1,952,541
Cash payments to employees for services	(1,452,776)	(74,763)
Cash payments to suppliers for goods and services	-	(237)
Cash payments for other operating expenses	(5,668,289)	(2,732,050)
Net Cash Flows from Operating Activities	<u>1,056,530</u>	<u>(854,509)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers, net	(276,000)	900,000
Nonoperating revenues	65,476	22,894
Net Cash Flows from Noncapital Financing Activities	<u>(210,524)</u>	<u>922,894</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	(32,296)	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	-	41,483
Net change in cash and cash equivalents	813,710	109,868
Cash and cash equivalents - Beginning	267,720	463,871
Cash and cash equivalents - Ending	<u>\$ 1,081,430</u>	<u>\$ 573,739</u>
RECONCILIATION OF OPERATING GAIN (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Operating gain (loss)	\$ 459,734	\$ (856,479)
Adjustments to reconcile operating loss to net cash flows from operating activities:		
Depreciation	26,397	-
Changes in assets and liabilities:		
Receivables	(1,054,205)	2,871
Inventories	529,195	-
Prepays and other current assets	21,548	-
Accounts payable	1,430,752	(901)
Due to other funds	(356,891)	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 1,056,530</u>	<u>\$ (854,509)</u>

See accompanying note to additional supplementary information.

EL CAMINO COMMUNITY COLLEGE DISTRICT

**FIDUCIARY FUNDS
BALANCE SHEETS - (UNAUDITED)
JUNE 30, 2008**

	Associated Students Trust	Student Representation Fee	Student Financial Aid
ASSETS			
Cash and cash equivalents	\$ 116,355	\$ 41,832	\$ -
Investments	-	-	216,127
Accounts receivable	-	-	86,592
Student receivable	-	-	7,039
Prepaid expenses	-	-	-
Total Assets	\$ 116,355	\$ 41,832	\$ 309,758
LIABILITIES AND FUND EQUITY			
LIABILITIES			
Accounts payable	\$ 1,375	\$ -	\$ 5,700
Deferred revenue	-	-	87,465
Due to student groups	-	-	-
Total Liabilities	1,375	-	93,165
FUND EQUITY			
Fund Balances			
Unreserved			
Undesignated	114,980	41,832	216,593
Total Fund Equity	114,980	41,832	216,593
Total Liabilities and Fund Equity	\$ 116,355	\$ 41,832	\$ 309,758

See accompanying note to additional supplementary information.

Scholarship and Loan	Auxiliary Services	Associated Student Organization	Other Trust	Total
\$ 439,161	\$ 429,667	\$ 89,203	\$ 282,719	\$ 1,398,937
-	130,000	-	-	346,127
27	1,432	-	24,541	112,592
-	-	-	-	7,039
-	13,299	-	-	13,299
<u>\$ 439,188</u>	<u>\$ 574,398</u>	<u>\$ 89,203</u>	<u>\$ 307,260</u>	<u>\$ 1,877,994</u>
\$ 12,164	\$ 30,994	\$ -	\$ 5,349	\$ 55,582
-	-	-	-	87,465
-	230,590	81,455	-	312,045
<u>12,164</u>	<u>261,584</u>	<u>81,455</u>	<u>5,349</u>	<u>455,092</u>
<u>427,024</u>	<u>312,814</u>	<u>7,748</u>	<u>301,911</u>	<u>1,422,902</u>
<u>427,024</u>	<u>312,814</u>	<u>7,748</u>	<u>301,911</u>	<u>1,422,902</u>
<u>\$ 439,188</u>	<u>\$ 574,398</u>	<u>\$ 89,203</u>	<u>\$ 307,260</u>	<u>\$ 1,877,994</u>

EL CAMINO COMMUNITY COLLEGE DISTRICT

**FIDUCIARY FUNDS
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2008**

	Associated Students Trust	Student Representation Fee	Student Financial Aid
REVENUES			
Federal revenues	\$ -	\$ -	\$ 12,666,454
State revenues	-	-	2,081,864
Local revenues	15,076	23,497	-
Total Revenues	<u>15,076</u>	<u>23,497</u>	<u>14,748,318</u>
EXPENDITURES			
Current Expenditures			
Services and operating expenditures	30,189	18,080	-
Total Expenditures	<u>30,189</u>	<u>18,080</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(15,113)</u>	<u>5,417</u>	<u>14,748,318</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers in	24,000	-	-
Operating transfers out	-	-	-
Other uses	-	-	(14,669,584)
Total Other Financing Sources (Uses)	<u>24,000</u>	<u>-</u>	<u>(14,669,584)</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	8,887	5,417	78,734
FUND BALANCE, BEGINNING OF YEAR	106,093	36,415	137,859
FUND BALANCE, END OF YEAR	<u>\$ 114,980</u>	<u>\$ 41,832</u>	<u>\$ 216,593</u>

See accompanying note to additional supplementary information.

Scholarship and Loan	Auxiliary Services	Associated Student Organization	Other Trust	Total
\$ -	\$ -	\$ -	\$ -	\$ 12,666,454
-	-	-	-	2,081,864
346,569	235,425	50,710	356,437	1,027,714
<u>346,569</u>	<u>235,425</u>	<u>50,710</u>	<u>356,437</u>	<u>15,776,032</u>
349,810	429,719	50,622	347,885	1,226,305
<u>349,810</u>	<u>429,719</u>	<u>50,622</u>	<u>347,885</u>	<u>1,226,305</u>
(3,241)	(194,294)	88	8,552	14,549,727
-	301,000	-	-	325,000
-	(24,000)	-	-	(24,000)
-	-	-	-	(14,669,584)
<u>-</u>	<u>277,000</u>	<u>-</u>	<u>-</u>	<u>(14,368,584)</u>
(3,241)	82,706	88	8,552	181,143
430,265	230,108	7,660	293,359	1,241,759
<u>\$ 427,024</u>	<u>\$ 312,814</u>	<u>\$ 7,748</u>	<u>\$ 301,911</u>	<u>\$ 1,422,902</u>

EL CAMINO COMMUNITY COLLEGE DISTRICT

NOTE TO ADDITIONAL SUPPLEMENTARY INFORMATION JUNE 30, 2008

NOTE 1 - PURPOSE OF SCHEDULES

Fund Financial Statements

The accompanying financial statements report the governmental, proprietary, and fiduciary fund activities of the El Camino Community College District and are presented on the modified accrual basis of accounting. Therefore, some amounts presented in these financial statements may differ from amounts presented in, or used in, the preparation of the financial statements. The information is unaudited and is presented at the request of the District management.