Financial Statements
June 30, 2021

El Camino Community College District

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Independent Auditor's Report

Board of Trustees
El Camino Community College District
Torrance, California

Report on the Financial Statements
We have audited the accompanying financial statements of the business-type activities and the remaining fund information of El Camino Community College District (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

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

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

Opinions
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the remaining fund information of the District as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter – Change in Accounting Principle
As discussed in Note 2 and Note 13 to the financial statements, the District adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, which resulted in a restatement of net position (deficit) as of July 1, 2020. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require the management's discussion and analysis on pages 4 through 14, and other required supplementary schedules on pages 61 through 65 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements. The accompanying supplementary information listed in the table of contents, including the Schedule of Expenditures of Federal Awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 20, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Eide Bailly LLP

Rancho Cucamonga, California
July 20, 2022

INTRODUCTION

The following discussion and analysis provides an overview of the financial position and activities of the El Camino Community College District (the District) for the year ended June 30, 2021. This discussion has been prepared by management and should be read in conjunction with the financial statements and notes thereto which follow this section. Responsibility for the completeness and accuracy of this information rests with the District management.

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

FINANCIAL HIGHLIGHTS

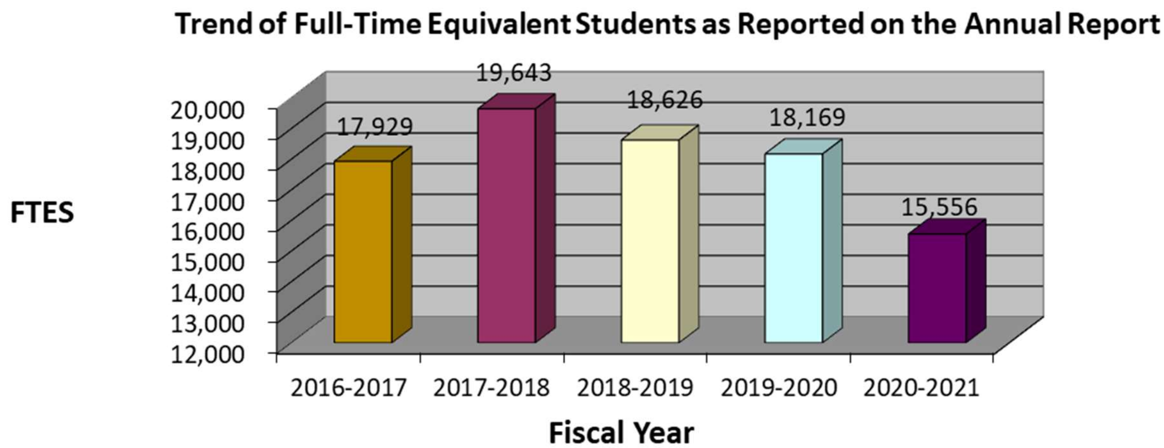
This section provides an overview of the District's financial activities. The District was required to implement the reporting standards of Governmental Accounting Standards Board (GASB) Statements No. 34 and No. 35 during fiscal year 2002-2003 using the Business-Type Activity (BTA) model. The California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

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

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

SELECTED HIGHLIGHTS

- During 2020-2021, total full-time equivalent students (FTES) decreased by 3,383 from prior year. The decrease in FTES that began in Spring 2020 continues through fiscal year 2020-2021, and has been in large part a result of the COVID-19 epidemic and the District's conversion to a substantially online instruction model. Credit and noncredit FTES, along with other measures indicated in the Student-Centered Funding Formula (SCFF), are the basis for the District's General Apportionment Revenues.



- In November 2002, the residents of the District passed a General Obligation Bond for $394.5 million to improve the existing facilities, construct new facilities, purchase equipment, and purchase property. The first series of bonds were issued for $63.7 million and spending, in accordance with the master facilities plan, was fully implemented in 2003-2004. The second series of bonds was issued for $150.0 million in September 2006. The third series of bonds was issued in August 2012 for $180.8 million.

- In November 2012, the residents of the District passed a General Obligation Bond for $350.0 million to improve the existing facilities, construct new facilities, and purchase equipment. The first series of bonds was issued in January 2016 for $100.0 million. The second series was issued in August 2018 for $50.0 million. The third series was issued in October 2020 for $50.0 million.

STATEMENT OF NET POSITION

The Statement of Net Position presents the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the District as of the end of the fiscal year and 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 Position 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 Position presents end-of-year data concerning assets, liabilities, and net position.

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

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

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

The Statement of Net Position is summarized below:

	2021	2020, as restated	Change
Assets			
Cash and investments	$ 190,982,242	$ 155,602,407	$ 35,379,835
Receivables, net	35,624,616	9,225,771	26,398,845
Other current assets	1,286,253	1,699,847	(413,594)
Net OPEB asset	270,094	-	270,094
Capital assets, net	444,677,560	431,256,945	13,420,615
Total assets	672,840,765	597,784,970	75,055,795
Deferred Outflows of Resources	39,069,688	38,743,471	326,217
Liabilities			
Accounts payable and accrued liabilities	37,120,883	34,456,378	2,664,505
Current portion of long-term liabilities	21,729,945	17,709,945	4,020,000
Noncurrent portion of long-term liabilities	683,968,522	637,712,477	46,256,045
Total liabilities	742,819,350	689,878,800	52,940,550
Deferred Inflows of Resources	16,814,574	14,941,180	1,873,394
Net Position (Deficit)			
Net investment in capital assets	46,198,979	41,304,085	4,894,894
Restricted	52,486,383	40,831,191	11,655,192
Unrestricted deficit	(146,408,833)	(150,426,815)	4,017,982
Total net position (deficit)	$ (47,723,471)	$ (68,291,539)	$ 20,568,068

Approximately 98% 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 2020-2021.

- The majority of the accounts receivable balance is from Federal and State sources for grant entitlement programs. Also included is an account receivable for the lottery payment of $1.3 million. Student receivables are $4.1 million (gross) or $1.3 million net of allowance for doubtful accounts.

- Capital assets had a net increase of $13.4 million. Depreciation expense of $9.6 million was recognized during 2020-2021. 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, 2021. Total accounts payable are $22.2 million. Accrued liabilities of $9.6 million are for amounts due to or on behalf of employees for wages and benefits.

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

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

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

Generally, operating revenues are earned for providing 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.

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

	2021	2020, as restated	Change
Operating Revenues			
Tuition and fees, net	$ 14,182,697	$ 15,185,300	$ (1,002,603)
Grants and contracts, noncapital	42,069,201	29,708,278	12,360,923
Auxiliary enterprise sales and charges	1,745,693	3,866,111	(2,120,418)
Total operating revenues	57,997,591	48,759,689	9,237,902
Operating Expenses			
Salaries and benefits	148,754,598	149,819,413	(1,064,815)
Supplies, services, equipment, and maintenance	26,529,055	30,893,666	(4,364,611)
Student financial aid	47,010,922	46,149,236	861,686
Depreciation	9,565,289	10,346,212	(780,923)
Total operating expenses	231,859,864	237,208,527	(5,348,663)
Operating Loss	(173,862,273)	(188,448,838)	14,586,565
Nonoperating Revenues (Expenses)			
State apportionments	87,183,054	72,737,424	14,445,630
Property taxes	69,366,403	63,311,851	6,054,552
Student financial aid grants	48,724,497	45,518,415	3,206,082
State revenues	5,167,150	3,603,151	1,563,999
Net interest expense	(16,522,839)	(16,369,528)	(153,311)
Other nonoperating revenues	3,953,358	2,910,766	1,042,592
Total nonoperating revenue (expense)	197,871,623	171,712,079	26,159,544
Other Losses			
Loss on disposal of capital assets	(3,441,282)	-	(3,441,282)
Change in net position	$ 20,568,068	$ (16,736,759)	$ 37,304,827

- The increase in net position (deficit) from fiscal year 2020 to 2021 includes reduced salary and benefits expenditures and reduced Supplies, Services and Equipment expenditures compared to the prior fiscal year primarily due to reduced enrollment and the change to mostly remote work from staff and a predominantly online instruction model. The single largest factor with respect the District's change in net position from 2019-2020 to fiscal year 2020-2021 was in the category of "Nonoperating Revenues – State Apportionments".

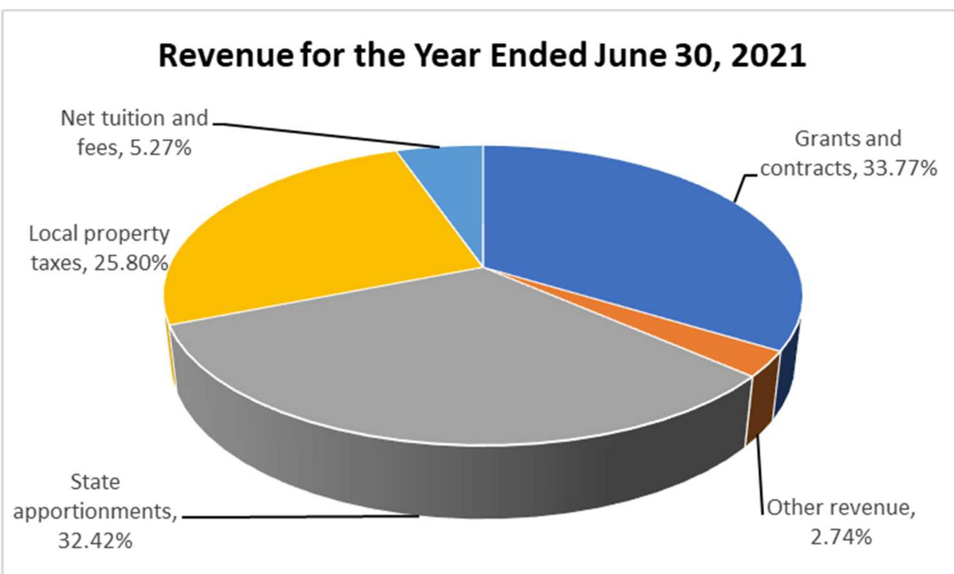
- Tuition and fees are generated by the resident, non-resident, and foreign students attending El Camino Community College District, including fees such as health fees, parking fees, community services classes, and other related fees.

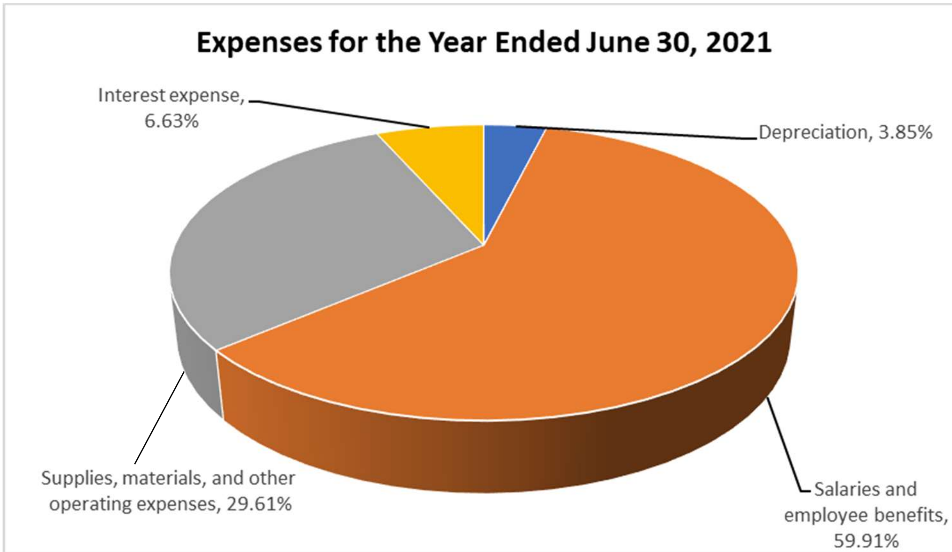
- Noncapital grants and contracts are primarily those received from Federal and State sources and used in the instructional program.

- Salaries and benefits make up 64% of total operating expenses as compared to other operating expenses (supplies, student financial aid, other services, capital outlay below the capitalization threshold, insurance, and utilities) which make up 32% of total expenses.

- Local property taxes for general purposes are received through the Auditor-Controller's Office for Los Angeles County. The amount received for property taxes is deducted from the total State general apportionment amount calculated by the State for the District.

- State apportionments, capital, are the amount of capital outlay, deferred maintenance, architectural barrier removal, and hazardous substance funding received from the State through the Department of Finance. Approved State capital outlay projects are typically funded 50% by the State.





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 Position.

The Statement of Cash Flows for the years ended June 30, 2021, and 2020, is summarized below:

	2021	2020, as restated	Change
Net Cash Flows from			
Operating activities	$ (167,524,426)	$ (165,669,443)	$ (1,854,983)
Noncapital financing activities	166,834,621	165,873,538	961,083
Capital financing activities	36,004,096	(52,275,451)	88,279,547
Investing activities	65,544	3,027,036	(2,961,492)
Net Increase (Decrease) in Cash	35,379,835	(49,044,320)	84,424,155
Cash, Beginning of Year	155,602,407	204,646,727	(49,044,320)
Cash, End of Year	$ 190,982,242	$ 155,602,407	$ 35,379,835

- Cash receipts from operating activities are from student tuition and auxiliary sales. Use of cash is payments to employees, vendors, and students related to the instructional program.

- State apportionment received based on the workload measures generated by the District accounts for 42% of noncapital financing. Cash received from property taxes accounts for 24% of the cash generated in this section.

- The primary use included in capital and related financing activities is the purchase of capital assets (building improvements and equipment).

- Cash from investing activities is interest earned on cash in bank and cash invested through the Los Angeles County pool and on investments with fiduciaries. Approximately $1.0 million was received from the Los Angeles County pool.

In accordance with requirements set forth by the California Community Colleges Chancellor's Office, the District reports operating expenses by object code. Operating expenses by functional classification are as follows:

	Salaries and Employee Benefits	Supplies, Material, and Other Expenses and Services	Student Financial Aid	Equipment, Maintenance, and Repairs	Depreciation	Total
Instructional activities	$ 70,790,657	$ 1,404,410	$ -	$ 779,138	$ -	$ 72,974,205
Academic support	9,243,754	203,541	-	26,983	-	9,474,278
Student services	33,844,670	1,301,064	-	62,878	-	35,208,612
Plant operations and maintenance	9,018,611	2,285,376	-	676	-	11,304,663
Instructional support services	17,822,286	5,509,316	-	843,566	-	24,175,168
Community services and economic development	3,074,079	1,319,945	-	390,411	-	4,784,435
Ancillary services and auxiliary operations	4,447,655	2,078,433	-	3,337	-	6,529,425
Student aid	-	-	47,010,922	-	-	47,010,922
Physical property and related acquisitions	512,886	4,583,633	-	5,736,348	-	10,832,867
Unallocated depreciation	-	-	-	-	9,565,289	9,565,289
Total	$148,754,598	$ 18,685,718	$ 47,010,922	$ 7,843,337	$9,565,289	$ 231,859,864

DISTRICT'S FIDUCIARY RESPONSIBILITY

The District is the trustee, or fiduciary, for certain amounts held in trust for retiree health benefits. The District's fiduciary activity are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position. This activity is 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 this fund are used for their intended purposes.

CAPITAL ASSET AND LONG-TERM LIABILITIES

Capital Assets

As of June 30, 2021, the District had $444.7 million invested in capital assets net of accumulated depreciation. Total capital assets of $609.2 million consist of land, site and building improvements, construction in progress, and equipment; these assets have accumulated depreciation of $164.5 million. Capital asset additions of $26.4 million occurred during 2020-2021, and depreciation expense of $9.6 million was recorded for the fiscal year.

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

Construction in progress of $24.2 million at June 30, 2021, includes the construction of the Public Safety Training Center, Baseball Field, Construction Tech, Bookstore, Student Activity Center, the Music Building, the Arts Complex, and Behavioral and Social Sciences building.

Note 6 in the financial statements provides additional information on capital assets. A summary of capital assets is presented below:

	Balance, Beginning of Year	Additions	Deletions	Balance, End of Year
Land and construction in progress	$ 141,660,488	$ 26,149,883	$(143,570,977)	$ 24,239,394
Buildings and improvements	437,680,592	143,570,977	(2,986,755)	578,264,814
Vehicles and equipment	28,758,365	277,303	(22,372,716)	6,662,952
Subtotal	608,099,445	169,998,163	(168,930,448)	609,167,160
Accumulated depreciation	(176,842,500)	(9,565,289)	21,918,189	(164,489,600)
Total	$ 431,256,945	$ 160,432,874	$(147,012,259)	$ 444,677,560

Long-term Liabilities

At June 30, 2021, the District had $509.4 million 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 “AA+/Stable” from Standard and Poor's and a rating of “Aa1” from Moody's. The District passed an additional $350 million bond measure in November 2012.

Notes 7, 8 and 10 in the financial statements provides additional information on long-term liabilities. A summary of long-term liabilities is presented below:

	2021	2020
General obligation bonds	$ 509,391,813	$ 462,899,552
Unamortized premium	27,059,170	29,429,285
Compensated absences	4,772,289	2,549,673
Supplemental early retirement plan	1,004,945	2,009,890
Aggregate net OPEB liability	667,387	4,586,659
Aggregate net pension liability	162,802,863	153,947,363
Total long-term liabilities	$ 705,698,467	$ 655,422,422

ECONOMIC FACTORS THAT MAY AFFECT THE FUTURE

Enrollment for fiscal year 2020-2021 was recorded at 15,555.55 FTES.

During the 2020-2021 fiscal year, the District settled contract and salary negotiations with the faculty bargaining unit. Additionally, the District settled with the Classified Bargaining Unit, unrepresented employee groups, and the Police Officers' Association in 2020-2021. The Collective Bargaining Agreements for both the faculty and classified staff are scheduled to expire December 31, 2022.

The District's continuing policy of fiscal prudence has positioned the District to withstand economic uncertainty. The District has withstood the past recession without incurring layoffs of any full-time permanent staff or any salary reductions. In September 2014, the District celebrated the achievement of fully funding its Other Postemployment Benefits (OPEB) actuarially established accrued liability. More recent fluctuations in the market have resulted in changes to our Trust balance, but have seen the Trust maintaining status at 100% funded. Our most recent statements for our Trust indicate that the present balance still exceeds the last actuarial recommended balance of $24.3 million by over $88,000.

The 2020-2021 California Public Employees' Retirement System (CalPERS) employer contribution rate was 20.700 percent of classified payroll for a total unrestricted General Fund cost of $ 7,142,583. The District is budgeting $ 9,004,983 for the 2021-2022 estimated contribution at a rate of 22.910 percent. CalPERS is estimating that the employer contribution rate will steadily and significantly increase in the upcoming years.

The 2020-2021 California State Teachers' Retirement System (CalSTRS) employer contribution rate was 16.150% of the certificated payroll for a total unrestricted General Fund cost of $8,131,231. The District is budgeting $7,839,640 for the 2021-2022 fiscal year. The CalSTRS employer contribution rate increased from 16.150% in the 2020-2021 fiscal year to 16.920% for the 2021-2022 fiscal year, and is expected to increase significantly in upcoming years reaching a rate of 19.100% in fiscal year 2022-2023.

The State enrollment fee for credit classes remains at $46 per unit for the 2020-2021 fiscal year. It is unknown at this time if the enrollment fee will be raised by the State legislature in future years.

The District has experienced fewer reductions and delays in General Apportionment payments from the State of California since the 2017-2018 fiscal year. The 2021-2022 State Advance Apportionment schedule has incorporated repayment of the 2020-2021 deferrals by August 2021. The District plans to operate without the need to participate in any cash borrowing programs in the 2021-2022 fiscal year.

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

CONTACTING THE DISTRICT'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.

Assets	
Cash and cash equivalents	$ 2,978,865
Investments	188,003,377
Accounts receivable	34,348,199
Student receivables, net	1,276,417
Prepaid expenses	570,130
Inventories	716,123
Net other postemployment benefits (OPEB) asset	270,094
Capital assets	
Nondepreciable capital assets	24,239,394
Depreciable capital assets, net of depreciation	420,438,166
Total capital assets	444,677,560
Total assets	672,840,765
Deferred Outflows of Resources	
Deferred outflows of resources related to debt refunding	3,187,094
Deferred outflows of resources related to OPEB	2,537,857
Deferred outflows of resources related to pensions	33,344,737
Total deferred outflows of resources	39,069,688
Liabilities	
Accounts payable	22,200,840
Accrued interest payable	4,810,181
Unearned revenue	10,109,862
Long-term liabilities	
Long-term liabilities other than OPEB and pensions, due within one year	21,729,945
Long-term liabilities other than OPEB and pensions, due in more than one year	520,498,272
Net other postemployment benefits (OPEB) liability	667,387
Aggregate net pension liability	162,802,863
Total liabilities	742,819,350
Deferred Inflows of Resources	
Deferred inflows of resources related to OPEB	6,191,384
Deferred inflows of resources related to pensions	10,623,190
Total deferred inflows of resources	16,814,574
Net Position (Deficit)	
Net investment in capital assets	46,198,979
Restricted for	
Debt service	24,078,326
Capital projects	18,607,748
Educational programs	5,577,954
Other activities	4,222,355
Unrestricted deficit	(146,408,833)
Total net position (deficit)	$ (47,723,471)

Operating Revenues	
Tuition and fees	$ 25,543,486
Less: Scholarship discounts and allowances	(11,360,789)
Net tuition and fees	14,182,697
Grants and contracts, noncapital	
Federal	14,404,910
State	27,343,228
Local	321,063
Total grants and contracts, noncapital	42,069,201
Auxiliary enterprise sales and charges	
Bookstore	1,745,693
Total operating revenues	57,997,591
Operating Expenses	
Salaries	101,101,374
Employee benefits	47,653,224
Supplies, materials, and other operating expenses and services	18,685,718
Student financial aid	47,010,922
Equipment, maintenance, and repairs	7,843,337
Depreciation	9,565,289
Total operating expenses	231,859,864
Operating Loss	(173,862,273)
Nonoperating Revenues (Expenses)	
State apportionments, noncapital	87,183,054
Local property taxes, levied for general purposes	39,340,776
Taxes levied for other specific purposes	30,025,627
Federal and State financial aid grants	48,724,497
State taxes and other revenues	5,167,150
Investment income	(12,147)
Interest expense on capital related debt	(16,462,708)
Investment income on capital asset-related debt, net	(47,984)
Other nonoperating revenue	3,953,358
Total nonoperating revenues (expenses)	197,871,623
Income Before Other Losses	24,009,350
Other Losses	
Loss on disposal of capital assets	(3,441,282)
Change In Net Position	20,568,068
Net Position (Deficit), Beginning of Year, as Restated	(68,291,539)
Net Position (Deficit), End of Year	$ (47,723,471)

Cash Flows from Operating Activities	
Tuition and fees	$ 14,568,642
Federal, state, and local grants and contracts, noncapital	25,878,435
Auxiliary sales	1,745,693
Payments to or on behalf of employees	(138,753,911)
Payments to vendors for supplies and services	(23,952,363)
Payments to students for scholarships and grants	(47,010,922)
Net cash flows from operating activities	(167,524,426)
Cash Flows from Noncapital Financing Activities	
State apportionments	70,860,304
Federal and state financial aid grants	48,724,497
Property taxes - nondebt related	39,340,776
State taxes and other apportionments	4,771,068
Other nonoperating	3,137,976
Net cash flows from noncapital financing activities	166,834,621
Cash Flows from Capital Financing Activities	
Purchase of capital assets	(19,236,703)
Property taxes - related to capital debt	30,025,627
Proceeds from sale of capital debt	93,116,903
Principal paid on capital debt	(53,510,000)
Interest paid on capital debt	(14,391,731)
Net cash flows from capital financing activities	36,004,096
Cash Flows from Investing Activities	
Interest received from investments	65,544
Change In Cash and Cash Equivalents	35,379,835
Cash and Cash Equivalents, Beginning of Year, as Restated	155,602,407
Cash and Cash Equivalents, End of Year	$ 190,982,242

Reconciliation of Net Operating Loss to Net Cash Flows from Operating Activities	
Operating Loss	$ (173,862,273)
Adjustments to reconcile operating loss to net cash flows from operating activities	
Depreciation expense	9,565,289
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources	
Accounts receivable	(13,893,838)
Student receivables, net	765,977
Inventories	941,211
Prepaid expenses	(527,617)
Net OPEB asset	(270,094)
Deferred outflows of resources related to OPEB	512,008
Deferred outflows of resources related to pensions	1,594,200
Accounts payable	2,300,378
Unearned revenue	(2,676,960)
Compensated absences	2,222,616
Supplemental early retirement plan	(1,004,945)
Net OPEB liability	(3,919,272)
Aggregate net pension liability	8,855,500
Deferred inflows of resources related to OPEB	4,122,232
Deferred inflows of resources related to pensions	(2,248,838)
Total adjustments	6,337,847
Net cash flows from operating activities	$ (167,524,426)
Cash and Cash Equivalents Consist of the Following:	
Cash in banks	$ 2,978,865
Cash in county treasury	188,003,377
Total cash and cash equivalents	$ 190,982,242
Noncash Transactions	
Recognition of deferred outflows of resources related to debt refunding	$ 3,324,609
Amortization of deferred outflows of resources related to debt refunding	$ 892,184
Amortization of debt premiums	$ 5,022,018
Accretion of interest on capital appreciation bonds	$ 9,537,261

	Retiree OPEB Trust
Assets	
Investments	$ 29,990,527
Net Position	
Restricted for postemployment benefits other than pensions	$ 29,990,527

	Retiree OPEB Trust
Additions	
District contributions	$ 891,154
Interest and investment income	983,203
Net realized and unrealized gain	4,590,367
Total additions	6,464,724
Deductions	
Benefit payments	891,154
Administrative expenses	150,806
Total deductions	1,041,960
Change in Net Position	5,422,764
Net Position - Beginning of Year, as Restated	24,567,763
Net Position - End of Year	$ 29,990,527

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

Note 2 - Summary of Significant Accounting Policies

Financial Reporting Entity

The District has considered all potential component units in determining how to define the reporting entity using criteria set forth in accounting principles generally accepted in the United States of America. The basic criteria for including a component unit are (1) the economic resources held or received by the other entity are entirely or almost entirely for the direct benefit of the District, (2) the District is entitled to, or has the ability to otherwise access, a majority of the economic resources held or received by the other entity, and (3) the other entity's resources to which the District is entitled or has the ability to otherwise access are significant to the District. If any of these criteria are not met, the final criterion for including a component unit is whether the other entity is closely related to, or financially integrated with, the District. The District identified no component units.

Basis of Accounting

For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities as defined by GASB. This presentation provides a comprehensive government-wide perspective of the District's assets, deferred outflows of resources, liabilities, deferred inflows of resources, activities, and cash flows and replaces the fund group perspective previously required. Fiduciary activities are excluded from the primary government financial statements. The District's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. The significant accounting policies followed by the District in preparing these financial statements are in accordance with accounting principles generally accepted in the United States of America as prescribed by GASB. Additionally, the District's policies comply with the California Community Colleges Chancellor's Office *Budget and Accounting Manual*. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All material intra-agency and intra-fund transactions have been eliminated.

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. Nonexchange transactions, in which the District receives value without directly giving equal value in return, such as State apportionments, property taxes, Federal and State grants, entitlements, and donations, are classified as nonoperating revenue. Eligibility requirements may include time and/or purpose requirements. Property tax revenues are recognized in the fiscal year in which they are received. State apportionment revenue is earned based upon criteria set forth from the California Community Colleges Chancellor's Office and includes reporting of full-time equivalent students (FTES). The corresponding apportionment revenue is recognized in the period the FTES are generated. Revenue from Federal and State grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements may include time and/or purpose requirements.

Expenses are recorded on an accrual basis as they are incurred, when goods are received, or services are rendered.

Cash and Cash Equivalents

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

Investments

Investments are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value, including money market investments and participating interest-earning investment contracts with original maturities greater than one year, are stated at cost or amortized cost.

The District's investment in the County treasury is measured at fair value on a recurring basis, which is determined by the fair value per share of the underlying portfolio determined by the program sponsor. Positions in this investment pool are not required to be categorized within the fair value hierarchy.

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. The District provides for an allowance for uncollectable accounts as an estimation of amounts that may not be received. This allowance is based upon management's estimates and analysis. The allowance was estimated at $2,798,511 for the year ended June 30, 2021.

Inventories

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

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements. The cost of prepaid items is recorded as an expense when consumed rather than when purchased.

Capital Assets and Depreciation

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

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

The District records impairments of capital assets when it becomes probable that the carrying value of the assets will not be fully recovered over their estimated useful life. Impairments are recorded to reduce the carrying value of the assets to their net realizable value based on facts and circumstances in existence at the time of the determination. No impairments were recorded during the year ended June 30, 2021.

Compensated Absences

Accumulated unpaid employee vacation benefits are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide financial statements. The current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignation and retirements that occur prior to year end that have not yet been paid within the fund from which the employees who have accumulated the leave are paid.

Sick leave is accumulated without limit for each employee based upon negotiated contracts. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. Therefore, the value of accumulated sick leave is not recognized as a liability in the District's financial statements. However, retirement credit for unused sick leave is applicable to all classified school members who retire after January 1, 1999. At retirement, each member will receive 0.004 year of service credit for each day of unused sick leave. Retirement credit for unused sick leave is applicable to all academic employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full time.

Debt Premiums

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

Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the Statement of Net Position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense until then. The District reports deferred outflows of resources related to debt refunding, for OPEB related items, and for pension related items. The deferred outflows of resources related to debt refunding resulted from the difference between the carrying value of the refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred amounts related to OPEB and pension related items are associated with differences between expected and actual earnings on plan investments, changes of assumptions, and other OPEB and pension related changes.

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

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's Plan and the CalSTRS Medicare Premium Payment (MPP) plan and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the District's Plan and MPP. For this purpose, the District's Plan and MPP recognize benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost. Payments for the net OPEB liability will be paid by the General Fund.

Pensions

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

Unearned Revenue

Unearned revenues arise when resources are received by the District before it has a legal claim to them, such as when certain grants are received prior to the occurrence of qualifying expenditures. In the subsequent periods, when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and the revenue is recognized. Unearned revenue includes (1) amounts received for tuition and fees prior to the end of the fiscal year that are related to the subsequent fiscal year and (2) amounts received from Federal, State, and local grants and contracts received before the eligibility requirements are met.

Noncurrent Liabilities

Noncurrent liabilities include general obligation bonds, compensated absences, supplemental early retirement plan, net OPEB liability, and the aggregate net pension liability with maturities greater than one year.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position related to net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report $52,486,383 of restricted net position and the fiduciary fund financial statement report $29,990,527 of restricted net position.

Operating and Nonoperating 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. Classifications are as follows:

> **Operating revenues** - Operating revenues include activities that have the characteristics of exchange transactions such as student tuition and fees, net of scholarship discounts and allowances, Federal, State, and local grants and contracts, and sales and services of auxiliary enterprises.
>
> **Nonoperating revenues** - Nonoperating revenues include activities that have the characteristics of nonexchange transactions such as State apportionments, property taxes, investment income, and other revenue sources defined by GASB.

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

> **Operating expenses** - Operating expenses are necessary costs to provide the services of the District and include employee salaries and benefits, supplies, operating expenses, and student financial aid.
>
> **Nonoperating expenses** - Nonoperating expenses include interest expense and other expenses not directly related to the services of the District.

State Apportionments

Certain current year apportionments from the State are based on financial and statistical information of the previous year. Any corrections due to the recalculation of the apportionment are made in February of the subsequent year. When known and measurable, these recalculations and corrections are accrued in the year in which the FTES are generated.

Property Taxes

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

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

Scholarship Discounts and Allowances

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

Federal Financial Assistance Programs

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

Estimates

The preparation of the financial statements in conformity with 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, and those differences could be material.

Interfund Activity

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund activity within the primary government and fiduciary funds has been eliminated respectively in the consolidation process of the basic financial statements. Balances owing between the primary government and the fiduciary funds are not eliminated in the consolidation process.

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

Change in Accounting Principles

As of July 1, 2020, the District adopted GASB Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement will enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. Greater consistency and comparability enhance the value provided by the information reported in financial statements for assessing government accountability and stewardship. The impact to the District resulted in a reclassification of the District's other trust and agency funds from fiduciary to governmental. The effect of the implementation of this standard on beginning net position is disclosed in Note 13.

New Accounting Pronouncements

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

The requirements for this Statement are effective for the District in the 2021-2022 fiscal year. Early implementation is encouraged. The effects of this change on the District's financial statements have not yet been determined.

Note 3 - Deposits and Investments

Policies and Practices

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

Investment in County Treasury

In accordance with the *Budget and Accounting Manual*, the District maintains substantially all of its cash in the County Treasury as part of the common investment pool. The District is considered to be an involuntary participant in the external investment pool. 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.

General Authorizations

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

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

Authorized Under Debt Agreements

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

Summary of Deposits and Investments

Deposits and investments as of June 30, 2021, consist of the following:

	Primary Government	Fiduciary Fund
Cash on hand and in banks	$ 1,909,920	$ -
Cash in revolving	153,471	-
Cash with fiscal agent	915,474	-
Investments	188,003,377	29,990,527
Total deposits and investments	$ 190,982,242	$ 29,990,527

Interest Rate Risk

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

Specific Identification

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

Investment Type	Fair Value	Weighted Average Maturity in Days	Credit Rating
Mutual funds	$ 29,990,527	No maturity	Not rated
Los Angeles County investment pool	188,003,377	1,045	Not rated
Total	$ 217,993,904		

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 Los Angeles County Investment Pool and the mutual funds are not required to be rated, nor have they been rated as of June 30, 2021.

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% of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits. As of June 30, 2021, the District's bank balance of approximately $1.8 million was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

Investments
This is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. As of June 30, 2021, the District's investment balance of approximately $29.4 million was exposed to custodial credit risk because it was uninsured, unregistered and held by the brokerage firm which is also the counterparty for these securities. The District does not have a policy limiting the amount of securities that can be held by counterparties.

Note 4 - Fair Value Measurements

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

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

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

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

The District's fair value measurements are as follows at June 30, 2021:

		Fair Value Measurements Using		
Investment Type	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Mutual funds	$ 29,990,527	$ 29,990,527	$ -	$ -

Note 5 - Accounts Receivable

Accounts receivable at June 30, 2021, consisted of the following:

	Primary Government
Federal Government	
Categorical aid	$ 12,766,124
State Government	
Apportionment	13,161,732
Categorical aid	4,444,889
Lottery	1,315,857
Local Sources	
Interest	447,266
Other local sources	2,212,331
Total	$ 34,348,199
Student receivables	$ 4,074,928
Less: allowance for bad debt	(2,798,511)
Student receivables, net	$ 1,276,417

Note 6 - Capital Assets

Capital asset activity for the District for the fiscal year ended June 30, 2021, 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	140,610,488	26,149,883	(143,570,977)	23,189,394
Total capital assets not being depreciated	141,660,488	26,149,883	(143,570,977)	24,239,394
Capital Assets Being Depreciated				
Site improvements	54,872,500	454,024	-	55,326,524
Buildings and improvements	382,808,092	143,116,953	(2,986,755)	522,938,290
Vehicles and equipment	28,758,365	277,303	(22,372,716)	6,662,952
Total capital assets being depreciated	466,438,957	143,848,280	(25,359,471)	584,927,766
Total capital assets	608,099,445	169,998,163	(168,930,448)	609,167,160
Less Accumulated Depreciation				
Site improvements	(53,700,824)	(180,778)	-	(53,881,602)
Buildings and improvements	(99,872,008)	(8,767,464)	2,816,060	(105,823,412)
Vehicles and equipment	(23,269,668)	(617,047)	19,102,129	(4,784,586)
Total accumulated depreciation	(176,842,500)	(9,565,289)	21,918,189	(164,489,600)
Net capital assets	$ 431,256,945	$ 160,432,874	$(147,012,259)	$ 444,677,560

Note 7 - Long-Term Liabilities Other Than OPEB and Pensions

Summary

The changes in the District's long-term liabilities other than OPEB and pensions during the 2021 fiscal year consisted of the following:

	Balance, Beginning of Year	Additions	Deductions	Balance, End of Year	Due in One Year
General obligation bonds	$ 462,899,552	$100,002,261	$(53,510,000)	$ 509,391,813	$ 20,725,000
Bond premium	29,429,285	2,651,903	(5,022,018)	27,059,170	-
Compensated absences	2,549,673	2,222,616	-	4,772,289	-
Supplemental early retirement plan	2,009,890	-	(1,004,945)	1,004,945	1,004,945
Total	$ 496,888,400	$104,876,780	$(59,536,963)	$ 542,228,217	$ 21,729,945

Description of Long-term Liabilities

Payments on the general obligation bonds are made by the bond interest and redemption fund with local property tax collections. The compensated absences will be paid by the fund for which the employee worked. The supplemental early retirement plan will be paid by the General Fund.

Bonded Debt

2012 General Obligation Bonds, Series C

In August 2012, the District issued the General Obligation Bonds, Election of 2002, Series 2012C in the amount of $180,812,882. The bonds issued included $30,000,000 of current interest serial bonds, $118,499,651 of Capital Appreciation Serial bonds, and $32,313,231 of Capital Appreciation Term bonds. Proceeds from the sale of the bonds were used to finance the acquisition, construction, modernization, and equipping of certain District property and facilities. The bonds mature beginning on August 1, 2014 through August 1, 2038, with interest rates from 4.00% to 5.00%. At June 30, 2021, the principal balance outstanding (including accreted interest to date) was $209,341,813.

2012 General Obligation Refunding Bonds

In August 2012, the District issued the 2012 General Obligation Refunding Bonds in the amount of $41,755,000. The bonds have a final maturity to occur on August 1, 2022, with interest rates from 2.00% to 5.00%. The net proceeds of $50,729,726 (representing the principal amount of $41,755,000 plus premium on issuance of $8,974,726) from the issuance were used to advance refund a portion of the District's outstanding 2006 General Obligation Bonds, Series B and to pay the cost of the issuance associated with the refunding bonds. Amounts paid to the refunded bond escrow agent in excess of outstanding debt at the time of payment are recorded as deferred charges on refunding on the statement of net position and are amortized to interest expense over the life of the liability. The refunding resulted in an economic gain of $1,635,689 based on the difference between the present value of the existing debt service requirements and the new debt service requirements. At June 30, 2021, the principal balance outstanding was $12,650,000. Unamortized premium received on issuance of the bonds amounted to $1,291,817 as of June 30, 2021.

2016 General Obligation Bonds, Series A

In January 2016, the District issued the General Obligation Bonds, Election of 2012, Series 2016A in the amount of $100,000,000. The bonds issued included $100,000,000 of current interest serial bonds. Proceeds from the sale of the bonds were used to finance the acquisition, construction, modernization, and equipping of certain District property and facilities. The bonds mature beginning on August 1, 2017 through August 1, 2045, with interest rates from 2.00% to 5.00%. At June 30, 2021, the principal balance outstanding was $88,475,000. Unamortized premium received on issuance of the bonds amounted to $10,045,592 as of June 30, 2021.

2016 General Obligation Refunding Bonds

In January 2016, the District issued the 2016 General Obligation Refunding Bonds in the amount of $85,825,000. The bonds have a final maturity to occur on August 1, 2031, with interest rates from 2.00% to 5.00%. The net proceeds of $99,409,180 (representing the principal amount of $85,825,000 plus premium on issuance of $13,584,180) from the issuance were used to advance refund all of the District's outstanding 2005 General Obligation Refunding Bonds and a portion of the District's outstanding 2006 General Obligation Bonds, Series B, and to pay the cost of the issuance associated with the refunding bonds. Amounts paid to the refunded bond escrow agent in excess of outstanding debt at the time of payment are recorded as deferred charges on refunding on the statement of net position and are amortized to interest expense over the life of the liability. The refunding resulted in an economic gain of $18,790,615 based on the difference between the present value of the existing debt service requirements and the new debt service requirements. At June 30, 2021, the principal balance outstanding was $62,850,000. Unamortized premium received on issuance of the bonds amounted to $8,948,775 as of June 30, 2021.

2018 General Obligation Bonds, Series B

In August 2018, the District issued the General Obligation Bonds, Election of 2012, Series 2018B in the amount of $50,000,000. The bonds issued included $5,590,000 of current interest serial bonds and $44,410,000 of current interest term bonds. Proceeds from the sale of the bonds were used to finance the acquisition, construction, modernization, and equipping of certain District property and facilities. The bonds mature beginning on August 1, 2019 through August 1, 2048, with interest rates from 3.00% to 5.00%. At June 30, 2021, the principal balance outstanding was $45,610,000. Unamortized premium received on issuance of the bonds amounted to $4,227,159 as of June 30, 2021.

2020 General Obligation Bonds, Series C

In October 2020, the District issued the General Obligation Bonds, Election of 2012, Series 2020C in the amount of $50,000,000. The bonds issued included $24,730,000 of current interest serial bonds and $25,270,000 of current interest term bonds. Proceeds from the sale of the bonds were used to finance the acquisition, construction, modernization, and equipping of certain District property and facilities. The bonds mature beginning on August 1, 2021 through August 1, 2045, with interest rates from 2.25% to 4.00%. At June 30, 2021, the principal balance outstanding was $50,000,000. Unamortized premium received on issuance of the bonds amounted to $2,545,827 as of June 30, 2021.

2020 General Obligation Refunding Bonds

In October 2020, the District issued the 2020 General Obligation Refunding Bonds in the amount of $40,465,000. The bonds have a final maturity to occur on August 1, 2037, with interest rates from 0.28% to 2.42%. The net proceeds of $40,129,609 from the issuance were used to advance refund portions of the District's outstanding 2012 General Obligation Bonds, Series C and 2012 General Obligation Refunding Bonds, and to pay the cost of the issuance associated with the refunding bonds. Amounts paid to the refunded bond escrow agent in excess of outstanding debt at the time of payment are recorded as deferred charges on refunding on the statement of net position and are amortized to interest expense over the life of the liability. The refunding resulted in an economic gain of $1,808,582 based on the difference between the present value of the existing debt service requirements and the new debt service requirements. At June 30, 2021, the principal balance outstanding was $40,465,000.

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding Beginning of Year	Issued	Accreted Interest	Redeemed	Bonds Outstanding End of Year
8/2012	8/2038	4.0-5.0%	$ 180,812,882	$ 233,779,552	$ -	$ 9,537,261	$ (33,975,000)	$ 209,341,813
8/2012	8/2022	2.0-5.0%	41,755,000	25,335,000	-	-	(12,685,000)	12,650,000
1/2016	8/2045	2.0-5.0%	100,000,000	88,550,000	-	-	(75,000)	88,475,000
1/2016	8/2031	2.0-5.0%	85,825,000	66,625,000	-	-	(3,775,000)	62,850,000
8/2018	8/2048	3.0-5.0%	50,000,000	48,610,000	-	-	(3,000,000)	45,610,000
10/2020	8/2045	2.3-4.0%	50,000,000	-	50,000,000	-	-	50,000,000
10/2020	8/2037	0.3-2.4%	40,465,000	-	40,465,000	-	-	40,465,000
				$ 462,899,552	$ 90,465,000	$ 9,537,261	$ (53,510,000)	$ 509,391,813

The bonds mature through 2049 as follows:

Fiscal Year	Principal (Including accreted interest to date)	Accreted Interest	Current Interest to Maturity	Total
2022	$ 20,648,667	$ 76,333	$ 11,208,817	$ 31,933,817
2023	19,664,200	290,800	10,545,135	30,500,135
2024	18,432,029	967,971	10,176,611	29,576,611
2025	16,793,761	1,471,239	9,972,314	28,237,314
2026	18,098,241	2,171,759	9,630,751	29,900,751
2027-2031	104,872,308	24,267,692	42,228,481	171,368,481
2032-2036	105,072,425	66,530,525	33,815,147	205,418,097
2037-2041	103,950,182	46,244,514	24,872,672	175,067,368
2042-2046	82,775,000	-	13,161,781	95,936,781
2047-2049	19,085,000	-	1,535,875	20,620,875
Total	$ 509,391,813	$ 142,020,833	$ 167,147,584	$ 818,560,230

Supplemental Early Retirement Plan

The District adopted a one-time SERP for full-time faculty who were employed by the District as of May 22, 2017. To be eligible for early retirement benefits, the employee must have been at least 55 years of age, be eligible to retire from CalSTRS or CalPERS, and be resigned from District employment between June 30, 2017 and December 31, 2017. In exchange for early retirement, the District will contribute 70% of the 2016-2017 base salary, or the highest salary over 12 months. The District had 77 employees that enrolled in the SERP. The remaining obligation as of June 30, 2021 is $1,004,945, which is scheduled payment in full in 2022.

Note 8 - Aggregate Net Other Postemployment Benefits (OPEB) Asset/(Liability)

For the fiscal year ended June 30, 2021, the District reported an aggregate net OPEB liability asset/(liability), deferred outflows of resources, deferred inflows of resources, and OPEB expense for the following plans:

OPEB Plan	Aggregate Net OPEB Asset (Liability)	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	$ 270,094	$ 2,537,857	$ 6,191,384	$ 356,306
Medicare Premium Payment (MPP) Program	(667,387)	-	-	88,568
Total	$ (397,293)	$ 2,537,857	$ 6,191,384	$ 444,874

The details of each plan are as follows:

District Plan

Plan Administration

The District's governing board administers the Postemployment Benefits Plan (the Plan). The Plan is a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for eligible retirees and their spouses.

Management of the plan is vested in the District management. Management of the trustee assets is vested with the El Camino College District Retirement Board of Authority, which consists of Plan members.

Plan Membership

At June 30, 2020, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	370
Active employees	797
Total	1,167

El Camino Community College District Futuris Trust

The El Camino Community College District Futuris Trust (the Trust) is an irrevocable governmental trust pursuant to Section 115 of the IRC for the purpose of funding certain postemployment benefits other than pensions. The Trust is administered by the El Camino Community College District Retirement Board of Authority as directed by the investment alternative choice selected by the District. The District retains the responsibility to oversee the management of the Trust, including the requirement that investments and assets held within the Trust continually adhere to the requirements of the California *Government Code* Section 53600.5 which specifies that the trustee's primary role is to preserve capital, to maintain investment liquidity, and to protect investment yield. As such, the District acts as the fiduciary of the Trust. The financial activity of the Trust has been discretely presented. Separate financial statements are not prepared for the Trust.

Benefits Provided

The Plan provides medical insurance benefits to eligible retirees. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the Plan. The District's governing board has the authority to establish and amend the benefit terms as contained within the negotiated labor agreements.

Contributions

The contribution requirements of Plan members and the District are established and may be amended by the District, the El Camino College Federation of Teachers (ECCFT), the local California Service Employees Association (CSEA), and unrepresented groups. Voluntary contributions are based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by Management and the District's governing board. For the measurement period of June 30, 2020, the District contributed $868,673 to the Plan, all of which was used for current premiums.

Investment

Investment Policy

The Plan's policy in regard to the allocation of invested assets is established and may be amended by the governing board by a majority vote of its members. It is the policy of the District to pursue an investment strategy that reduces risks through the prudent diversification for the portfolio across a broad selection of distinct asset classes. The Plan's investment policy discourages the use of cash equivalents, expect for liquidity purposes, and aims to refrain from dramatically shifting asset class allocation over short time spans. The following was the governing board's adopted asset allocation policy as of June 30, 2020:

Asset Class	Target Allocation
Domestic	22%
Fixed income	55%
International	19%
Real estate	4%

Rate of Return

For the year ended June 30, 2020, the annual money-weighed rate of return on investments, net of investment expense, was 4.64%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Asset of the District

The District's net OPEB asset of $270,094 was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of that date. The components of the net OPEB asset of the District at June 30, 2020, were as follows:

Total OPEB liability	$ 24,297,669
Plan fiduciary net position	(24,567,763)
Net OPEB asset	$ (270,094)
Plan fiduciary net position as a percentage of the total OPEB liability	101.11%

Actuarial Assumptions

The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75%
Salary increases	2.75%
Investment rate of return	5.85%
Healthcare cost trend rates	4.00%

The investment rate of return was based on the long-term return on plan assets.

Mortality rates were based on the 2020 CalSTRS Mortality Table for certificated employees and the 2017 CalPERS Active Mortality for Miscellaneous Employees Table for classified employees. Mortality rates vary by age and sex. (Unisex mortality rates are not often used as individual OPEB benefits do not depend on the mortality table used.) If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reduction. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actual experience study as of January 2021.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2020, (see the discussion of the Plan's investment policy) are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Domestic	7.50%
Fixed income	4.50%
International	7.50%
Real estate	7.50%

Discount Rate

The discount rate used to measure the total OPEB liability was 5.85%. The projection of cash flows used to determine the discount rate assumed that the District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in the Net OPEB Liability/(Asset)

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a) - (b)
Balance, June 30, 2019	$ 27,567,735	$ 23,559,895	$ 4,007,840
Service cost	1,559,394	-	1,559,394
Interest	1,157,377	-	1,157,377
Difference between expected and actual experience	(4,644)	-	(4,644)
Contributions - employer	-	868,673	(868,673)
Expected investment income	-	986,620	(986,620)
Differences between projected and actual earnings on OPEB plan investments	-	159,128	(159,128)
Changes of assumptions	(5,113,520)	-	(5,113,520)
Benefit payments	(868,673)	(868,673)	-
Administrative expense	-	(137,880)	137,880
Net change in total OPEB liability (asset)	(3,270,066)	1,007,868	(4,277,934)
Balance, June 30, 2020	$ 24,297,669	$ 24,567,763	$ (270,094)

There were no changes in benefit terms since the previous valuation. Changes of assumptions and other inputs reflect a change in the discount rate from 4.15% to 5.85% since the previous valuation.

Sensitivity of the Net OPEB Asset to Changes in the Discount Rate

The following presents the net OPEB asset of the District, as well as what the District’s net OPEB asset/(liability) would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate	Net OPEB Asset (Liability)
1% decrease (4.85%)	$ (2,718,426)
Current discount rate (5.85%)	270,094
1% increase (6.85%)	2,775,561

Sensitivity of the Net OPEB Asset to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB asset of the District, as well as what the District's net OPEB asset/(liability) would be if it were calculated using healthcare cost trend rates that are one percent lower or higher than the current healthcare costs trend rates:

Healthcare Cost Trend Rates	Net OPEB Asset (Liability)
1% decrease (3.00%)	$ 3,324,789
Current healthcare cost trend rate (4.00%)	270,094
1% increase (5.00%)	(3,488,133)

Deferred Outflows/Inflows of Resources Related to OPEB

At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB for the following:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	$ 891,154	$ -
Differences between expected and actual experience	-	1,759,667
Changes of assumptions	1,574,653	4,431,717
Net difference between projected and actual earnings on OPEB plan investments	72,050	-
Total	$ 2,537,857	$ 6,191,384

Amounts reported as deferred outflows of resources for OPEB contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year.

Amounts reported as deferred outflows of resources for the net difference between projected and actual earnings on OPEB plan investments will be amortized over a closed five-year period and will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2022	$ 57,107
2023	57,107
2024	(10,338)
2025	(31,826)
Total	$ 72,050

Amounts reported as deferred outflows of resources related to differences between expected and actual experience and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits as of the beginning of the measurement period. The EARSL for the measurement period is 7.5 years and will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2022	$ (677,678)
2023	(677,678)
2024	(677,678)
2025	(677,678)
2026	(707,335)
Thereafter	(1,198,684)
Total	$ (4,616,731)

Medicare Premium Payment (MPP) Program

Plan Description

The Medicare Premium Payment (MPP) Program is administered by the California State Teachers' Retirement System (CalSTRS). The MPP Program is a cost-sharing multiple-employer other postemployment benefit plan (OPEB) established pursuant to Chapter 1032, Statutes 2000 (SB 1435). CalSTRS administers the MPP Program through the Teachers' Health Benefits Fund (THBF).

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2019 annual actuarial valuation report, Medicare Premium Payment Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

Benefits Provided

The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the State Teachers Retirement Plan (STRP) Defined Benefit (DB) Program who were retired or began receiving a disability allowance prior to July 1, 2012 and were not eligible for premium free Medicare Part A. The payments are made directly to the Centers for Medicare and Medicaid Services (CMS) on a monthly basis.

The MPP Program is closed to new entrants as members who retire after July 1, 2012, are not eligible for coverage under the MPP Program.

The MPP Program is funded on a pay-as-you go basis from a portion of monthly District contributions. In accordance with California *Education Code* Section 25930, contributions that would otherwise be credited to the DB Program each month are instead credited to the MPP Program to fund monthly program and administrative costs. Total redirections to the MPP Program are monitored to ensure that total incurred costs do not exceed the amount initially identified as the cost of the program.

Net OPEB Liability and OPEB Expense

At June 30, 2021, the District reported a liability of $667,387 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating entities, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2020 and June 30, 2019, was 0.1575% and 0.1554%, respectively, resulting in a net increase in the proportionate share of 0.0021%.

For the year ended June 30, 2021, the District recognized OPEB expense of $88,568.

Actuarial Methods and Assumptions

The June 30, 2020 total OPEB liability was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2019, and rolling forward the total OPEB liability to June 30, 2020, using the assumptions listed in the following table:

Measurement Date	June 30, 2020
Valuation Date	June 30, 2019
Experience Study	June 30, 2014 through June 30, 2018
Actuarial Cost Method	Entry age normal
Investment Rate of Return	2.21%
Medicare Part A Premium Cost Trend Rate	4.50%
Medicare Part B Premium Cost Trend Rate	5.40%

For the valuation as of June 30, 2019, CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among our members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table, issued by the Society of Actuaries.

Assumptions were made about future participation (enrollment) into the MPP Program because CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' age increases. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility and are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 294 or an average of 0.18% of the potentially eligible population (159,339).

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2020, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the State Treasurer.

Discount Rate

The discount rate used to measure the total OPEB liability as of June 30, 2020, is 2.21%. The MPP Program is funded on a pay-as-you-go basis as previously noted, the OPEB Plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, a discount rate of 2.21%, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2020, was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate decreased 1.29% from 3.50% as of June 30, 2019.

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

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

Discount Rate	Net OPEB Liability
1% decrease (1.21%)	$ 737,982
Current discount rate (2.21%)	667,387
1% increase (3.21%)	607,315

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Medicare Costs Trend Rate

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

Medicare Costs Trend Rate	Net OPEB Liability
1% decrease (3.5% Part A and 4.4% Part B)	$ 605,142
Current Medicare costs trend rate (4.5% Part A and 5.4% Part B)	667,387
1% increase (5.5% Part A and 6.4% Part B)	739,042

Note 9 - Risk Management

Property and Liability Insurance Coverages

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 purchases commercial insurance for property with coverages of $250,000,000, subject to various policy limits. The District also purchases commercial insurance for general liability claims with coverage up to $25,000,000 per occurrence and $60,000,000 aggregate, all subject to various deductibles. The District is self-insured with respect to general and property liability for losses up to $50,000 for general liability and $25,000 for property liability.

Joint Powers Authority Risk Pools

During fiscal year ended June 30, 2021, the District contracted with Southern California Community College District Joint Powers Authority for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

For fiscal year 2020-2021, 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 10 - Employee Retirement Systems

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

For the fiscal year ended June 30, 2021, the District reported its proportionate share of the net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Aggregate Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	$ 87,585,901	$ 20,384,150	$ 6,276,828	$ 9,880,586
CalPERS	75,216,962	12,960,587	4,346,362	13,659,394
Total	$ 162,802,863	$ 33,344,737	$ 10,623,190	$ 23,539,980

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2019, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that may be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

Benefits Provided

The STRP provides retirement, disability, and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age, and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0% of final compensation for each year of credited service.

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

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

The STRP Defined Benefit Program provisions and benefits in effect at June 30, 2021, are summarized as follows:

Hire date	On or before December 31, 2012	On or after January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	10.205%
Required employer contribution rate	16.15%	16.15%
Required State contribution rate	10.328%	10.328%

Contributions

Required member, District, and State of California contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with California Assembly Bill 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2021, are presented above, and the District's total contributions were $8,095,248.

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

At June 30, 2021, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

Total net pension liability, including State share:	
District's proportionate share of net pension liability	$ 87,585,901
State's proportionate share of net pension liability associated with the District	45,150,543
Total	$ 132,736,444

The net pension liability was measured as of June 30, 2020. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts and the State, actuarially determined. The District’s proportionate share for the measurement periods of June 30, 2020 and June 30, 2019, was 0.0904% and 0.0879%, respectively, resulting in a net increase in the proportionate share of 0.0025%.

For the year ended June 30, 2021, the District recognized pension expense of $9,880,586. In addition, the District recognized pension expense and revenue of $6,325,148 for support provided by the State. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 8,095,248	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	1,512,951	3,806,755
Differences between projected and actual earnings on pension plan investments	2,080,537	-
Differences between expected and actual experience in the measurement of the total pension liability	154,549	2,470,073
Changes of assumptions	8,540,865	-
Total	$ 20,384,150	$ 6,276,828

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2022	$ (1,269,532)
2023	708,877
2024	1,414,289
2025	1,226,903
Total	$ 2,080,537

The deferred outflows/(inflows) of resources related to the change in proportion and differences between contributions made and District's proportionate share of contributions, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is seven years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2022	$ 357,916
2023	1,493,438
2024	2,228,673
2025	(296,460)
2026	(112,777)
Thereafter	260,747
Total	$ 3,931,537

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2019, and rolling forward the total pension liability to June 30, 2020. The financial reporting actuarial valuation as of June 30, 2019, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2019
Measurement date	June 30, 2020
Experience study	July 1, 2015 through June 30, 2018
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance-PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in January 2020 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2020, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Public equity	42.0%	4.8%
Private equity	13.0%	6.3%
Real estate	15.0%	3.6%
Inflation sensitive	6.0%	3.3%
Fixed income	12.0%	1.3%
Risk mitigating strategies	10.0%	1.8%
Cash/liquidity	2.0%	-0.4%

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	$ 132,330,097
Current discount rate (7.10%)	87,585,901
1% increase (8.10%)	50,643,267

California Public Employees' Retirement System (CalPERS)

Plan Description

Qualified employees are eligible to participate in the School Employer Pool (SEP) under CalPERS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2019 annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that may be found on the CalPERS website under Forms and Publications at: https://www.calpers.ca.gov/page/forms-publications.

Benefits Provided

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

The CalPERS School Employee Pool provisions and benefits in effect at June 30, 2021, are summarized as follows:

Hire date	On or before December 31, 2012	On or after January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.0%	7.0%
Required employer contribution rate	20.70%	20.70%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contribution rates are expressed as a percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2021, are presented above, and the total District contributions were $7,243,870.

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

As of June 30, 2021, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $75,216,962. The net pension liability was measured as of June 30, 2020. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2020 and June 30, 2019, was 0.2451% and 0.2559%, respectively, resulting in a net decrease in the proportionate share of 0.0108%.

For the year ended June 30, 2021, the District recognized pension expense of $13,659,394. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 7,243,870	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	144,585	4,346,362
Differences between projected and actual earnings on pension plan investments	1,565,777	-
Differences between expected and actual experience in the measurement of the total pension liability	3,730,531	-
Changes of assumptions	275,824	-
Total	$ 12,960,587	$ 4,346,362

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2022	$ (585,947)
2023	522,644
2024	908,441
2025	720,639
Total	$ 1,565,777

The deferred outflows/(inflows) of resources related to the change in proportion and differences between contributions made and District's proportionate share of contributions, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 4.1 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2022	$ 1,175,807
2023	(380,160)
2024	(895,764)
2025	(95,305)
Total	$ (195,422)

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2019, and rolling forward the total pension liability to June 30, 2020. The financial reporting actuarial valuation as of June 30, 2019, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2019
Measurement date	June 30, 2020
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.50%
Wage growth	Varies by entry age and service

The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries 90% of Scale MP-2016.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations, as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first ten years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	50%	5.98%
Fixed income	28%	2.62%
Inflation assets	0%	1.81%
Private equity	8%	7.23%
Real assets	13%	4.93%
Liquidity	1%	-0.92%

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.15%)	$ 108,138,099
Current discount rate (7.15%)	75,216,962
1% increase (8.15%)	47,894,070

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS for the fiscal year ended June 30, 2021, which amounted to $5,109,701 (10.328%) of salaries subject to CalSTRS. Contributions are no longer appropriated in the annual *Budget Act* for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. No contributions were made for CalPERS for the year ended June 30, 2021. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

Note 11 - 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 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.

During the year ended June 30, 2021, the District made payments of $2,056,806 and $822,666 to SCCCD - JPA and SWACC, respectively.

Note 12 - 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 effect on the overall financial position of the District at June 30, 2021.

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, 2021.

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, 2021, amounted to approximately $317.5 thousand.

Construction Commitments

As of June 30, 2021, the District had committed under various capital expenditure purchase agreements for various projects totaling approximately $64.2 million to be through a combination of general obligation bonds and capital project apportionments from the California State Chancellor's Office.

Note 13 - Restatement of Prior Year Net Position

The District adopted GASB Statement No. 84, *Fiduciary Activities*, in the current year. As a result, the effect on the current fiscal year is as follows:

Primary Government	
Net Position (Deficit) - Beginning	$ (70,009,128)
Inclusion of assets and liabilities of funds previously identified as fiduciary in nature from the adoption of GASB Statement No. 84	1,717,589
Net Position (Deficit) - Beginning, as Restated	$ (68,291,539)

Fiduciary Funds	
Net Position - Beginning	$ 26,285,352
Exclusion of assets and liabilities of funds previously identified as fiduciary in nature from the adoption of GASB Statement No. 84	(1,717,589)
Net Position - Beginning, as Restated	$ 24,567,763

Certain reclassifications of amounts previously reported have been made to the Management's Discussion and Analysis and the Statement of Cash Flows to maintain consistency between periods presented.

Note 14 - Subsequent Events

In August 2022, the District issued the General Obligation Bonds, Election of 2012, Series 2021D in the amount of $60,000,000. The bonds issued included $28,725,000 of current interest serial bonds and $31,275,000 current interest term bonds. Proceeds from the sale of the bonds were used to finance the acquisition, construction, modernization, and equipping of certain District property and facilities. The bonds mature beginning on August 1, 2022 through August 1, 2046, with interest rates from 2.00% to 4.00%.

Required Supplementary Information
June 30, 2021

El Camino Community College District

	2021	2020	2019	2018
Total OPEB Liability				
Service cost	$ 1,559,394	$ 1,311,390	$ 1,174,679	$ 1,242,133
Interest	1,157,377	1,193,368	1,036,220	1,162,707
Difference between expected and actual experience	(4,644)	(2,382,661)	-	-
Changes of assumptions	(5,113,520)	165,241	2,342,431	-
Benefit payments	(868,673)	(957,261)	(800,455)	(763,687)
Net change in total OPEB liability	(3,270,066)	(669,923)	3,752,875	1,641,153
Total OPEB Liability - Beginning	27,567,735	28,237,658	24,484,783	22,843,630
Total OPEB Liability - Ending (a)	$ 24,297,669	$ 27,567,735	$ 28,237,658	$ 24,484,783
Plan Fiduciary Net Position				
Contributions - employer	$ 868,673	$ 957,261	$ 800,455	$ 763,687
Expected investment income	986,620	956,653	937,126	1,380,019
Differences between projected and actual earnings on OPEB plan investments	159,128	(107,452)	(337,208)	-
Benefit payments	(868,673)	(957,261)	(800,455)	(763,687)
Administrative expense	(137,880)	(133,523)	(136,501)	(137,668)
Reimbursement of benefits previously paid	-	-	-	(2,089,577)
Net change in plan fiduciary net position	1,007,868	715,678	463,417	(847,226)
Plan Fiduciary Net Position - Beginning	23,559,895	22,844,217	22,380,800	23,228,026
Plan Fiduciary Net Position - Ending (b)	$ 24,567,763	$ 23,559,895	$ 22,844,217	$ 22,380,800
Net OPEB Liability/(Asset) - Ending (a) - (b)	$ (270,094)	$ 4,007,840	$ 5,393,441	$ 2,103,983
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	101.11%	85.46%	80.90%	91.41%
Covered Employee Payroll	$ 84,901,926	$ 79,190,165	$ 79,215,683	$ 73,427,594
Net OPEB Liability/(Asset) as a Percentage of Covered Employee Payroll	-0.32%	5.06%	6.81%	2.87%
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

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

	2021	2020	2019	2018
Annual money-weighted rate of return, net of investment expense	4.64%	3.73%	2.64%	5.72%

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

Year ended June 30,	2021	2020	2019	2018
Proportion of the net OPEB liability	0.1575%	0.1554%	0.1489%	0.1533%
Proportionate share of the net OPEB liability	$ 667,387	$ 578,819	$ 569,940	$ 645,074
Covered payroll	N/A[1]	N/A[1]	N/A[1]	N/A[1]
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A[1]	N/A[1]	N/A[1]	N/A[1]
Plan fiduciary net position as a percentage of the total OPEB liability	-0.71%	-0.81%	-0.40%	0.01%
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

[1] As of June 30, 2012, active members are no longer eligible for future enrollment in the MPP Program; therefore, the covered payroll disclosure is not applicable.

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

	2021	2020	2019	2018	2017	2016	2015
CalSTRS							
Proportion of the net pension liability	0.0904%	0.0879%	0.0884%	0.0899%	0.0909%	0.0964%	0.1056%
Proportionate share of the net pension liability	$ 87,585,901	$ 79,354,233	$ 81,236,698	$ 83,145,064	$ 73,514,277	$ 64,887,512	$ 61,735,680
State's proportionate share of the net pension liability associated with the District	45,150,543	43,293,032	46,511,809	49,187,917	41,850,366	34,318,341	37,278,669
Total	$ 132,736,444	$ 122,647,265	$ 127,748,507	$ 132,332,981	$ 115,364,643	$ 99,205,853	$ 99,014,349
Covered payroll	$ 49,598,047	$ 44,080,498	$ 44,618,600	$ 41,043,219	$ 43,692,992	$ 41,459,020	$ 39,884,567
Proportionate share of the net pension liability as a percentage of its covered payroll	176.59%	180.02%	182.07%	202.58%	168.25%	156.51%	154.79%
Plan fiduciary net position as a percentage of the total pension liability	72%	73%	71%	69%	70%	74%	77%
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
CalPERS							
Proportion of the net pension liability	0.2451%	0.2559%	0.2606%	0.2575%	0.2650%	0.2834%	0.2937%
Proportionate share of the net pension liability	$ 75,216,962	$ 74,593,130	$ 69,475,373	$ 61,477,017	$ 52,345,935	$ 41,777,449	$ 33,340,795
Covered payroll	$ 35,303,879	$ 35,109,667	$ 34,597,083	$ 32,384,375	$ 31,454,427	$ 31,729,301	$ 30,362,895
Proportionate share of the net pension liability as a percentage of its covered payroll	213.06%	212.46%	200.81%	189.84%	166.42%	131.67%	109.81%
Plan fiduciary net position as a percentage of the total pension liability	70%	70%	71%	72%	74%	79%	83%
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

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

	2021	2020	2019	2018	2017	2016	2015
CalSTRS							
Contractually required contribution	$ 8,095,248	$ 8,481,266	$ 7,176,305	$ 6,438,464	$ 5,163,237	$ 4,688,258	$ 3,681,561
Contributions in relation to the contractually required contribution	(8,095,248)	(8,481,266)	(7,176,305)	(6,438,464)	(5,163,237)	(4,688,258)	(3,681,561)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 50,125,375	$ 49,598,047	$ 44,080,498	$ 44,618,600	$ 41,043,219	$ 43,692,992	$ 41,459,020
Contributions as a percentage of covered payroll	16.15%	17.10%	16.28%	14.43%	12.58%	10.73%	8.88%
CalPERS							
Contractually required contribution	$ 7,243,870	$ 6,962,278	$ 6,341,508	$ 5,373,273	$ 4,497,542	$ 3,726,406	$ 3,734,856
Contributions in relation to the contractually required contribution	(7,243,870)	(6,962,278)	(6,341,508)	(5,373,273)	(4,497,542)	(3,726,406)	(3,734,856)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 34,994,541	$ 35,303,879	$ 35,109,667	$ 34,597,083	$ 32,384,375	$ 31,454,427	$ 31,729,301
Contributions as a percentage of covered payroll	20.700%	19.721%	18.062%	15.531%	13.888%	11.847%	11.771%

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

Note 1 - Purpose of Schedules

Schedule of Changes in the District's Net OPEB Liability/(Asset) and Related Ratios

This schedule presents information on the District's changes in the net OPEB liability/(asset), including beginning and ending balances, the Plan's fiduciary net position, and the net OPEB liability/(asset). In the future, as data becomes available, ten years of information will be presented.

- ***Changes in Benefit Terms*** - There were no changes in benefit terms since the previous valuation.
- ***Changes of Assumptions*** - The plan rate of investment return assumption was changed from 4.15% to 5.85% since the previous valuation.

Schedule of OPEB Investment Returns

This schedule presents information on the annual money-weighted rate of return on OPEB plan investments. In future years, as data becomes available, ten years of information will be presented.

Schedule of the District's Proportionate Share of the Net OPEB Liability - MPP Program

This schedule presents information on the District's proportionate share of the net OPEB liability - MPP program and the Plans' fiduciary net position. In the future, as data becomes available, ten years of information will be presented.

- ***Changes in Benefit Terms*** - There were no changes in the benefit terms since the previous valuation.
- ***Changes of Assumptions*** - The plan rate of investment return assumption was changed from 3.50% to 2.21% since the previous valuation.

Schedule of the District's Proportionate Share of the Net Pension Liability

This schedule presents information on the District's proportionate share of the net pension liability (NPL), the Plans' fiduciary net positions and, when applicable, the State's proportionate share of the NPL associated with the District. In the future, as data becomes available, ten years of information will be presented.

- ***Changes in Benefit Terms*** - There were no changes in benefit terms since the previous valuations for both CalSTRS and CalPERS.
- ***Changes of Assumptions*** - There were no changes in economic assumptions since the previous valuations for both CalSTRS and CalPERS.

Schedule of District Contributions for Pensions

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

Supplementary Information
June 30, 2021

El Camino Community College District

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

Board of Trustees as of June 30, 2021

Member	Office	Term Expires
Nilo Michelin	President	2022
Trisha Murakawa	Vice President	2024
Clifford Numark	Secretary	2022
Katherine Steinbroner Maschler	Member	2024
Kenneth A. Brown	Member	2024
Karina Ramirez	Student Trustee	2022

Administration as of June 30, 2021

Dr. Dena P. Maloney	Superintendent and President
Dr. Jean Shankweiler	Vice President of Academic Affairs
Iris Ingram	Vice President of Administrative Services
Ross Miyashiro	Vice President of Student Services
Jane Miyashiro	Vice President of Human Resources

Auxiliary Organizations in Good Standing

El Camino College Foundation, established April 1983
Master Agreement revised April 2021
Andrea Salas, Executive Director

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
Student Financial Assistance Cluster			
Federal Supplemental Educational Opportunity Grants (FSEOG)	84.007		$ 1,476,824
Federal Direct Student Loans	84.268		1,103,327
Federal Work-Study Program (FWS)	84.033		276,546
Federal Pell Grant Program (PELL)	84.063		26,395,706
PELL Administrative Allowance	84.063		11,304
Subtotal Student Financial Assistance Cluster			29,263,707
COVID-19: Higher Education Emergency Relief Funds, Student Portion	84.425E		8,371,035
COVID-19: Higher Education Emergency Relief Funds, Institutional Portion	84.425F		11,020,454
Subtotal			19,391,489
Passed through Center for Collaborative Education			
Community Partnerships for Teacher Pipeline	84.423A	S423A200117	73,338
Passed through California Community Colleges Chancellor's Office			
Career and Technical Education Act, Perkins Title I, Part C	84.048A	20-C01-014	814,665
Total U.S. Department of Education			49,543,199
U.S. DEPARTMENT OF COMMERCE			
Passed through California Manufacturing Technology Consulting (CMTC)			
Manufacturing Extension Partnership	11.611	70NANB1-6H208	103,066
U.S. DEPARTMENT OF DEFENSE			
Passed through California Office of Planning and Research			
Project 12: Collaborative Cybersecurity Workforce Initiative	12.617	ST-G669-19-02	41,000
Defense Manufacturing Community Support	12.600	OPR20120	23,497
Total U.S. Department of Defense			64,497
U.S. DEPARTMENT OF LABOR			
Passed through American Association of Community Colleges			
Expanding Community College Apprenticeships Initiative	17.285	[1]	8,651
Passed through Los Angeles Community College District			
Growing Advanced Manufacturing Apprentices Across America	17.268	45002840463	11,172
Total U.S. Department of Defense			19,823
U.S. DEPARTMENT OF THE TREASURY			
Passed through California Community Colleges Chancellor's Office			
COVID-19: Coronavirus Relief Fund	21.019	[1]	910,376

[1] Pass-Through Identifying Number not available.

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Research and Development Cluster			
NATIONAL SCIENCE FOUNDATION			
Passed through University Corporation at Monterey Bay			
Replication of Cohort-Based Computer Science Bachelor's Degree Model	47.079	5052101A-10192018-A	$ 234,746
U.S. DEPARTMENT OF ENERGY			
Passed through The Regents of the University of California			
Clean Energy Smart Manufacturing Innovation Institute	81.087	4550 G WA323	94,437
Total Research and Development Cluster			329,183
SMALL BUSINESS ADMINISTRATION			
Passed through Long Beach Community College District			
Small Business Development Center	59.037	CN 99780.2	378,391
COVID-19: Small Business Development Center	59.037	CN 99699.8	88,020
Subtotal			466,411
U.S. DEPARTMENT OF VETERANS AFFAIRS			
Veterans Education	64.117		11,220
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through California Community Colleges Chancellor's Office			
Foster and Kinship Care Education Program	93.658	[1]	39,517
Temporary Assistance for Needy Families (TANF)	93.558	[1]	90,305
Passed through Los Angeles County Department of Public Social Services			
Temporary Assistance for Needy Families (TANF)	93.558	[1]	100,750
Subtotal			191,055
Total U.S. Department of Health and Human Services			230,572
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			
Americorps - National Service Awards	94.006		5,626
Total Federal Financial Assistance			$ 51,683,973

[1] Pass-Through Identifying Number not available.

Program	Program Revenues Cash Received	Accounts Receivable	Unearned Revenue	Total Revenue	Program Expenditures
Access Print and Electronic Info and Deaf and Hearing	$ 399,933	$ -	$ 221,063	$ 178,870	$ 178,870
Adult Education Block Grant Data and Accountability	739,802	-	456,152	283,650	283,650
ARRAN-RN	161,075	-	-	161,075	161,075
BFAP	1,016,548	-	200,432	816,116	816,116
Cal Grants	3,928,925	-	-	3,928,925	3,956,613
CalWORKs and Regional Effort	511,496	-	-	511,496	511,496
Capital Infusions Program G-Biz	15,315	77,000	-	92,315	92,315
Cooperative Agencies Resources for Education	358,390	-	-	358,390	358,390
Disabled Students Program and Services	1,676,808	-	213,886	1,462,922	1,462,922
Education Plan Initiative	56,750	-	28,969	27,781	27,781
Extended Opportunity Program and Services	2,108,628	-	17,731	2,090,897	2,090,897
Faculty and Staff Diversity	150,664	-	127,466	23,198	23,198
Foster Care Education	62,462	-	-	62,462	62,462
Full Time Student Success	4,296,539	-	356,708	3,939,831	3,848,268
Guided Pathways	996,630	-	388,546	608,084	608,084
Historically Black Colleges and Universities	181,995	318,173	-	500,168	500,168
Hunger Free Campus	109,692	-	45,108	64,584	64,584
Instructional Equipment	1,967,432	-	1,777,686	189,746	338,085
MESA Program	5,491	39,341	-	44,832	44,832
Open Online Library	26,560	-	16,506	10,054	10,054
Prop 39 Program Improvement Funds (LATTC)	4,636	-	-	4,636	-
Puente Reporting	13,887	-	13,887	-	-
Retail/Hospitality and Tourism	20,358	-	20,358	-	-
Resource Family Approval Training	11,700	-	1,810	9,890	9,890
Strong Workforce Program - Solano CCD	5,000	-	5,000	-	-
Strong Workforce Program - Local	4,465,274	-	2,667,954	1,797,320	1,797,320
Strong Workforce Program - Regional	169,950	493,880	-	663,830	663,830
Student Equity and Achievement Program	2,464,491	3,516,495	-	5,980,986	5,980,986
Total state programs	$ 25,926,431	$ 4,444,889	$ 6,559,262	$ 23,812,058	$ 23,891,886

See Note to Supplementary Information

CATEGORIES	Revised Data**	Audit Adjustments	Audited Data
A. Summer Intersession (Summer 2020 only)			
1. Noncredit*	2.28	-	2.28
2. Credit	1,908.45	-	1,908.45
B. Summer Intersession (Summer 2021 - Prior to July 1, 2021)			
1. Noncredit*	-	-	-
2. Credit	-	-	-
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	4,506.47	-	4,506.47
(b) Daily Census Contact Hours	287.19	-	287.19
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit*	2.35	-	2.35
(b) Credit	232.40	-	232.40
3. Alternative Attendance Accounting Procedure Courses			
(a) Weekly Census Procedure Courses	6,656.70	-	6,656.70
(b) Daily Census Procedure Courses	1,953.53	-	1,953.53
(c) Noncredit Independent Study/Distance Education Courses	6.18	-	6.18
D. Total FTES	15,555.55	-	15,555.55
SUPPLEMENTAL INFORMATION (Subset of Above Information)			
E. In-Service Training Courses (FTES)	98.65	-	98.65
F. Basic Skills Courses and Immigrant Education			
1. Noncredit*	7.30	-	7.30
2. Credit	408.50	-	408.50
CCFS-320 Addendum			
CDCP Noncredit FTES	7.30	-	7.30

*Including Career Development and College Preparation (CDCP) FTES.
**Annual Report revised as of November 1, 2021.

	Object/TOP Codes	ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110 Reported Data	Audit Adjustments	Revised Data	ECS 84362 B Total CEE AC 0100 - 6799 Reported Data	Audit Adjustments	Revised Data
Academic Salaries							
Instructional Salaries							
Contract or Regular	1100	$ 26,756,076	$ -	$ 26,756,076	$ 26,756,076	$ -	$ 26,756,076
Other	1300	18,441,890	-	18,441,890	18,441,890	-	18,441,890
Total Instructional Salaries		45,197,966	-	45,197,966	45,197,966	-	45,197,966
Noninstructional Salaries							
Contract or Regular	1200	-	-	-	8,345,570	-	8,345,570
Other	1400	-	-	-	2,109,120	-	2,109,120
Total Noninstructional Salaries		-	-	-	10,454,690	-	10,454,690
Total Academic Salaries		45,197,966	-	45,197,966	55,652,656	-	55,652,656
Classified Salaries							
Noninstructional Salaries							
Regular Status	2100	-	-	-	23,973,229	-	23,973,229
Other	2300	-	-	-	1,218,376	-	1,218,376
Total Noninstructional Salaries		-	-	-	25,191,605	-	25,191,605
Instructional Aides							
Regular Status	2200	837,070	-	837,070	837,070	-	837,070
Other	2400	-	-	-	-	-	-
Total Instructional Aides		837,070	-	837,070	837,070	-	837,070
Total Classified Salaries		837,070	-	837,070	26,028,675	-	26,028,675
Employee Benefits	3000	16,980,546	-	16,980,546	33,352,585	-	33,352,585
Supplies and Material	4000	-	-	-	864,708	-	864,708
Other Operating Expenses	5000	-	-	-	7,086,843	-	7,086,843
Equipment Replacement	6420	-	-	-	-	-	-
Total Expenditures Prior to Exclusions		63,015,582	-	63,015,582	122,985,467	-	122,985,467

		ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
	Object/TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Exclusions							
Activities to Exclude							
Instructional Staff - Retirees' Benefits and Retirement Incentives	5900	$ 73,540	$ -	$ 73,540	$ 73,540	$ -	$ 73,540
Student Health Services Above Amount Collected	6441	-	-	-	308	-	308
Student Transportation	6491	-	-	-	883	-	883
Noninstructional Staff - Retirees' Benefits and Retirement Incentives	6740	-	-	-	529,239	-	529,239
Objects to Exclude							
Rents and Leases	5060	-	-	-	295,912	-	295,912
Lottery Expenditures							-
Academic Salaries	1000	-	-	-	-	-	-
Classified Salaries	2000	-	-	-	3,343,335	-	3,343,335
Employee Benefits	3000	-	-	-	-	-	-
Supplies and Materials	4000	-	-	-	-	-	-
Software	4100	-	-	-	-	-	-
Books, Magazines, and Periodicals	4200	-	-	-	-	-	-
Instructional Supplies and Materials	4300	-	-	-	-	-	-
Noninstructional Supplies and Materials	4400	-	-	-	-	-	-
Total Supplies and Materials		-	-	-	-	-	-

		ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
	Object/TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Other Operating Expenses and Services	5000	$ -	$ -	$ -	$ -	$ -	$ -
Capital Outlay	6000						
Library Books	6300	-	-	-	-	-	-
Equipment	6400	-	-	-	-	-	-
Equipment - Additional	6410	-	-	-	-	-	-
Equipment - Replacement	6420	-	-	-	-	-	-
Total Equipment		-	-	-	-	-	-
Total Capital Outlay							
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		73,540	-	73,540	4,243,217	-	4,243,217
Total for ECS 84362, 50% Law		$62,942,042	$ -	$62,942,042	$118,742,250	$ -	$118,742,250
Percent of CEE (Instructional Salary Cost/Total CEE)		53.01%		53.01%	100.00%		100.00%
50% of Current Expense of Education					$ 59,371,125		$ 59,371,125

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

	Unrestricted General Fund*	Restricted General Fund	Bond Interest and Redemption Fund*	Capital Outlay Fund
Fund Balance				
Balance, June 30, 2021, (CCFS-311)*	$ 57,443,222	$ 5,514,605	$ 29,051,503	$ 18,713,969
Increase in				
Cash in county treasury	21,186,671	509,752	-	-
Accounts receivable, net	964,463	4,498,420	-	-
Due from other funds	1,341,972	5,329,662	-	324,060
Accounts payable	(15,145,819)	(509,752)	-	-
Due to other funds	(5,750,700)	(5,193,683)	-	-
Unearned revenue	(1,803,501)	(1,777,686)	-	-
Decrease in				
Cash in county treasury	(344,667)	(8,881,547)	(162,996)	(489,613)
Accounts payable		3,551,885	-	59,332
Unearned revenue	5,451,960	2,536,298	-	-
Balance, June 30, 2021, Audited	$ 63,343,601	$ 5,577,954	$ 28,888,507	$ 18,607,748

	General Obligation Bond Fund	Self Insurance Fund*	Associated Students Trust Fund*	Representation Fee Trust Fund
Fund Balance				
Balance, June 30, 2021, (CCFS-311)*	$ 70,187,819	$ 1,721,031	$ 1,162,694	$ 181,832
Increase in				
Cash in county treasury	-	17,128	-	-
Due from other funds	-	196	-	-
Accounts payable	(2,286,075)	(17,324)	(21,487)	(37,932)
Decrease in				
Cash in county treasury	(4,570,628)	(4,571)	(117,457)	(806)
Due from other funds	(37,509)	-	-	-
Accounts payable	4,185,194	-	-	-
Due to other funds	-	-	133,086	37,932
Balance, June 30, 2021, Audited	$ 67,478,801	$ 1,716,460	$ 1,156,836	$ 181,026

* This balance is the ending fund balance of each fund as reflected in the District's general ledger.
The amount reported on the District's CCFS-311 report did not agree to the District's general ledger.

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

	Student Financial Aid Fund	Other Trust Fund
Fund Balance		
Balance, June 30, 2021, (CCFS-311)*	$ 2,410,744	$ 1,035,824
Increase in		
Cash in county treasury	499,982	-
Due from other funds	-	150,171
Accounts payable	(335,485)	-
Due to other funds	(164,497)	-
Unearned revenue	(356,708)	-
Decrease in		
Cash in county treasury	(14,732)	(7,728)
Accounts payable	-	1,153
Balance, June 30, 2021, Audited	$ 2,039,304	$ 1,179,420

* This balance is the ending fund balance of each fund as reflected in the District's general ledger. The amount reported on the District's CCFS-311 report did not agree to the District's general ledger.

Activity Classification	Object Code			Unrestricted
EPA Revenue:	8630			$ 30,491,272
Activity Classification	Activity Code	Salaries and Benefits (Obj 1000-3000)	Operating Expenses (Obj 4000-5000)	Capital Outlay (Obj 6000)	Total
Instructional Activities	1000-5900	$ 30,491,272	$ -	$ -	$ 30,491,272
Total Expenditures for EPA		$ 30,491,272	$ -	$ -	$ 30,491,272
Revenues Less Expenditures					$ -

Amounts reported for governmental activities in the Statement of Net Position are different because		
Total fund balance		
General Funds	$ 68,921,555	
Special Revenue Funds	4,556,586	
Capital Project Funds	86,086,549	
Debt Service Funds	28,888,507	
Proprietary Funds	5,412,752	
Internal Service Funds	1,716,460	
Fiduciary Funds	29,990,527	
Total fund balance - all District funds		$ 225,572,936
Amounts held in trust on behalf of others (OPEB Trust)		(29,990,527)
The net other postemployment benefits (OPEB) asset results from the difference between annual OPEB cost on the accrual basis and OPEB contributions in the governmental funds.		270,094
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	609,167,160	
Accumulated depreciation is	(164,489,600)	
Total capital assets, net		444,677,560
Deferred outflows of resources represent a consumption of net position in a future period and is not reported in the District's funds. Deferred outflows of resources at year-end consist of:		
Deferred outflows of resources related to debt refunding	3,187,094	
Deferred outflows of resources related to OPEB	2,537,857	
Deferred outflows of resources related to pensions	33,344,737	
Total deferred outflows of resources		39,069,688
In governmental funds, unmatured interest on long-term liabilities is recognized in the period when it is due. On the government-wide statements, unmatured interest on long-term liabilities is recognized when it is incurred.		(4,810,181)

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
General obligation bonds	$(469,144,476)	
Compensated absences	(4,772,289)	
Early retirement incentive	(1,004,945)	
Aggregate net other postemployment benefits (OPEB) liability	(667,387)	
Aggregate net pension liability	(162,802,863)	
In addition, the District has issued 'capital appreciation' general obligation bonds. The accretion of interest unmatured on the general obligation bonds to date is	(67,306,507)	
Total long-term liabilities		$(705,698,467)
Deferred inflows of resources represent an acquisition of net position in a future period and is not reported in the District's funds. Deferred inflows of resources amount to and related to		
Deferred inflows of resources related to OPEB	(6,191,384)	
Deferred inflows of resources related to pensions	(10,623,190)	
Total deferred inflows of resources		(16,814,574)
Total net position		$ (47,723,471)

Note 1 - Purpose of Schedules

District Organization

This schedule provides information about the District's governing board members, administration members, and auxiliary organizations in good standing as of June 30, 2021.

Schedule of Expenditures of Federal Awards

Basis of Presentation
The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2021. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

Summary of Significant Accounting Policies
Expenditures reported in the Schedule are reported on the modified accrual basis of accounting. No federal financial assistance has been provided to a subrecipient. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Indirect Cost Rate
The District has not elected to use the ten percent de minimis cost rate.

Schedule of Expenditures of State Awards

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

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

FTES is a measurement of the number of pupils attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds are made to community college districts. This schedule provides information regarding the attendance of students based on various methods of accumulating attendance data.

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

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

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

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

Proposition 30 Education Protection Account (EPA) Expenditure Report

This schedule provides information about the District's EPA proceeds and summarizes the expenditures of EPA proceeds.

Reconciliation of Governmental Funds to the Statement of Net Position

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

Independent Auditor's Reports
June 30, 2021

El Camino Community College District

CPAs & BUSINESS ADVISORS

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Trustees
El Camino Community College District
Torrance, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the remaining fund information of El Camino Community College District (the District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated July 20, 2022.

Emphasis of Matter – Change in Accounting Principle
As discussed in Note 2 and Note 13 to the financial statements, the District adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, which resulted in a restatement of net position (deficit) as of July 1, 2020. Our opinions are not modified with respect to this matter.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2021-001 to be a material weakness.

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A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2021-002 to be a significant deficiency.

Compliance and Other Matters

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

El Camino Community College District's Response to Findings

The District's responses to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Eide Bailly LLP

Rancho Cucamonga, California
July 20, 2022

EideBailly

CPAs & BUSINESS ADVISORS

Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance

Board of Trustees
El Camino Community College District
Torrance, California

Report on Compliance for Each Major Federal Program

We have audited El Camino Community College District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2021. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 the 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 qualified and unmodified opinions on compliance for major federal programs. However, our audit does not provide a legal determination of the District's compliance.

Basis for Qualified Opinion on COVID-19: Higher Education Emergency Relief Funds, Student Portion and Institutional Portion (ALN 84.425E, 84.425F)

As described in the accompanying schedule of findings and questioned costs, the District did not comply with requirements regarding ALN 84.425E, 84.425F COVID-19: Higher Education Emergency Relief Funds, Student Portion and Institutional Portion as described in finding 2021-003 for Reporting. Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements applicable to that program.

Qualified Opinion on COVID-19: Higher Education Emergency Relief Funds, Student Portion and Institutional Portion (ALN 84.425E, 84.425F)

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on ALN 84.425E, 84.425F COVID-19: Higher Education Emergency Relief Funds, Student Portion and Institutional Portion for the year ended June 30, 2021.

Opinion on the Other Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its other major federal program identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2021.

Other Matters

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

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses and significant deficiencies and therefore, material weaknesses and significant deficiencies may exist that have not been identified. We identified a certain deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2021-003 that we consider to be a material weakness.

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

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

Eide Bailly LLP

Rancho Cucamonga, California
July 20, 2022

CPAs & BUSINESS ADVISORS

Independent Auditor's Report on State Compliance

Board of Trustees
El Camino Community College District
Torrance, California

Report on State Compliance
We have audited El Camino Community College District's (the District) compliance with the types of compliance requirements described in the 2020-2021 California Community Colleges Chancellor's Office *Contracted District Audit Manual* applicable to the state laws and regulations listed in the table below for the year ended June 30, 2021.

Management's Responsibility
Management is responsible for compliance with state laws and regulations as identified in the table below.

Auditor's Responsibility
Our responsibility is to express an opinion on compliance of each of the District's State programs based on our audit of the types of compliance requirements referred in the table below. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the standards and procedures identified in the 2020-2021 California Community Colleges Chancellor's Office *Contracted District Audit Manual*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements listed in the table below has occurred. An audit includes 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 audit provides a reasonable basis for our opinion on state compliance. However, our audit does not provide a legal determination of the District's compliance.

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Compliance Requirements Tested

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

Section 411	SCFF Data Management Control Environment
Section 412	SCFF Supplemental Allocation Metrics
Section 413	SCFF Success Allocation Metrics
Section 421	Salaries of Classroom Instructors (50 Percent Law)
Section 423	Apportionment for Activities Funded From Other Sources
Section 424	Student Centered Funding Formula Base Allocation: FTES
Section 425	Residency Determination for Credit Courses
Section 426	Students Actively Enrolled
Section 427	Dual Enrollment (CCAP and Non-CCAP)
Section 430	Scheduled Maintenance Program
Section 431	Gann Limit Calculation
Section 435	Open Enrollment
Section 444	Apprenticeship Related and Supplemental Instruction (RSI) Funds
Section 475	Disabled Student Programs and Services (DSPS)
Section 479	To Be Arranged Hours (TBA)
Section 490	Proposition 1D and 51 State Bond Funded Projects
Section 491	Education Protection Account Funds
Section 499	COVID-19 Response Block Grant Expenditures

The District reports no Apportionment for Activities Funded From Other Sources; therefore, the compliance tests within this section were not applicable.

The District reports no Apprenticeship Related and Supplemental Instruction (RSI) Funds programs for funding; therefore, the compliance requirements within this section were not applicable.

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

The District did not have any expenditures under Proposition 1D and 51 State Bond Funded Projects; therefore, the compliance tests within this section were not applicable.

Unmodified Opinion

In our opinion, the District complied, in all material respects, with the compliance requirements referred to in the table above for the year ended June 30, 2021.

The purpose of this report on state compliance is solely to describe the results of our testing based on the requirements of the *2020*-2021 California Community Colleges Chancellor's Office *Contracted District Audit Manual*. Accordingly, this report is not suitable for any other purpose.

Eide Bailly LLP

Rancho Cucamonga, California
July 20, 2022

FINANCIAL STATEMENTS

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	Yes
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major programs:	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major programs:	Qualified

Unmodified for all major federal programs except for the following programs which were qualified:

Name of Federal Program or Cluster	Federal Assistance Listing/ Federal CFDA Number
COVID-19: Higher Education Emergency Relief Funds, Student Portion	84.425E
COVID-19: Higher Education Emergency Relief Funds, Institutional Portion	84.425F

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a):	Yes

Identification of major programs:

Name of Federal Program or Cluster	Federal Assistance Listing/ Federal CFDA Number
Student Financial Assistance Cluster	84.007, 84.033, 84.063, 84.268
COVID-19: Higher Education Emergency Relief Funds, Student Portion	84.425E
COVID-19: Higher Education Emergency Relief Funds, Institutional Portion	84.425F

Dollar threshold used to distinguish between type A and type B programs:	$1,550,519
Auditee qualified as low-risk auditee?	No

STATE COMPLIANCE

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

The following findings represent significant deficiencies and material weaknesses related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

2021-001 Account Reconciliations and Reporting

Criteria or Specific Requirement
The accounting system used to record the financial affairs of any community college district shall be in accordance with the definitions, instructions, and procedures published in the California Community Colleges *Budget and Accounting Manual* (BAM). Colleges are also required to present their financial statements in accordance with generally accepted accounting principles (GAAP).

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

Questioned Costs
There are no questioned costs associated with this finding.

Context
Several adjustments and reclassification entries were posted to ensure accuracy and correct classification of account balances.

Effect
Material adjustments to the general ledger were proposed as a result of audit procedures. These adjustments were accepted by management to ensure the financial statements were presented fairly.

Cause
The internal controls in place during the year and during the closing process, including preparation and review of account reconciliations and posting of journal entries, were not performed, or were not performed in a timely manner to ensure accurate reporting of balances for reporting.

Repeat Finding (Yes or No)
This material weakness in internal control over financial reporting is a continuing issue from the 2019-20 fiscal year and was not implemented. See prior year finding 2020-001 in the Summary Schedule of Prior Audit Findings.

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

View of Responsible Officials and Corrective Action Plan
Administrative Services has begun a review of prior work processes and procedures and will establish prepared by client listings that will ensure reconciliations and review by responsible personnel is completed during the closing process and prior to submittal to the external auditor in accordance with GAAP, the California Community Colleges *Budget and Accounting Manual*, best practices and coordination with appropriate County Office of Education. In addition, the District has and will continue to fill vacant Fiscal Services positions to ensure sufficient staff is available to reconcile balance sheet accounts under the direction and direct supervision of the College's business manager. In addition, reconciliations and entries will be prepared regularly during the ensuing fiscal years to provide early identification of possible errors throughout the fiscal year.

2021-002 Operating Policies and Procedures

Criteria or Specific Requirement
Best practices indicate that entities should develop and maintain a system of internal control including policies and procedures to ensure accurate financial reporting and compliance with laws and regulations. These policies and procedures should cover organizational charts, segregation of duties, assignment of responsibility, review and approval of transactions and processes, and document retention. Policies and procedures should be reviewed by management on a periodic basis to ensure they are operating as intended and are up to date to address any changes in systems or operations.

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

Questioned Costs
There are no questioned costs associated with this finding.

Context
Several adjustments and reclassification entries were posted to ensure accuracy and correct classification of account balances. Additionally, material noncompliance was noted in relation to federal awards.

Effect
The District's current policies, procedures, and organizational structure appear ineffective to ensure accurate financial reporting and compliance with laws and regulations.

Cause
Ineffective controls over account reconciliations and the closing process were identified as a material weakness in internal control over financial reporting. Additionally, a material weakness in internal control over compliance with federal requirements was also identified that resulted in material noncompliance with a major federal program. These material weaknesses in internal control indicate that the underlying policies, procedures, and organizational structure are inefficient to ensure a strong system of internal control.

Repeat Finding (Yes or No)
No.

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

View of Responsible Officials and Corrective Action Plan
Recent hiring has brought new and additional experienced leadership and staff to Administrative Services as well as Fiscal Services specifically. Appropriate reviews of existing documentation for processes and procedures has and is continually taking place internally and in coordination with the County Office of Education to ensure financial data integration is timely and accurate on an ongoing basis. Steps are being taken to ensure that working papers and information is available to multiple responsible people for review and analysis with required source information and documentation as required to ensure that tasks and responsibilities can be correctly and accurately performed by multiple employees in an on-going basis.

The following finding represents a material weakness and instance of noncompliance that is required to be reported by the Uniform Guidance.

2021-003 Reporting

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

Criteria or Specific Requirement
Material Weakness in Internal Control and Noncompliance - Section 18004(a)(1) of The Coronavirus Aid, Relief, and Economic Security Act required that institutions that received the HEERF 18004(a)(1) Student and Institutional Aid Portion awards to publicly post the HEERF quarterly reports form on their website no later than 10 days after the end of each calendar quarter, or as directed by the U.S. Department of Education.

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

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

Questioned Costs
None reported.

Context
The District is required to report institutional grant metrics and other data within 10 days of the end of each calendar quarter, or as directed by the U.S. Department of Education. The auditor reviewed whether Student Portion and Institutional Portion reports were prepared for all quarters during the year ending June 30, 2021.

Effect
The District's quarterly reports were not uploaded to their website. Additionally, the information contained in the reports that were uploaded to their website could not be verified against relevant supporting documentation.

Cause
The District did not have a procedure in place to ensure reports were completed in the appropriate timeframe in spite of changes in staffing. Additionally, the District did not adhere to documentation retention policies for the reports completed.

Repeat Finding:
No.

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

View of Responsible Officials and Corrective Action Plan
The District had experienced turnover in key positions responsible for submission of HEERF reports at the conclusion of the 2020-2021 fiscal year. All HEERF reporting has been brought current during the 2021-2022 fiscal year. Staff has reporting deadlines set in their calendars and all reports are reviewed by the business manager and executive management prior to placement on the District website as well as submission to the U.S. Department of Education. Reporting will be overseen by the business manager to ensure timely and accurate adherence to reporting requirements.

None reported.

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

Financial Statement Finding

2020-001 Financial Close and Reporting

Criteria or Specific Requirement
The accounting system used to record the financial affairs of any community college district shall be in accordance with the definitions, instructions, and procedures published in the California Community Colleges *Budget and Accounting Manual* (BAM). Colleges are also required to present their financial statements in accordance with generally accepted accounting principles (GAAP).

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

Questioned Costs
There are no questioned costs associated with this finding.

Context
Several adjustments and reclassification entries were posted to ensure accuracy and correct classification of account balances.

Effect
Material adjustments to the general ledger were proposed as a result of audit procedures. These adjustments were accepted by management to ensure the financial statements were presented fairly.

Cause
The internal controls in place during the closing process, including preparation and review of account reconciliations and posting of journal entries, were not performed, or were not performed in a timely manner to ensure accurate reporting of balances for reporting.

Repeat Finding: No

Recommendation
We recommend that all account balances are reconciled and reviewed by appropriate personnel prior to closing the fiscal year ledgers to ensure proper financial reporting for al entities. All journal entries posted to the ledger should be reviewed and approved by appropriate personnel. Additionally, policies and procedures should be implemented to ensure that these accounts are reconciled and reviewed throughout the year on a regular basis in order to facilitate timely and accurate reporting at year-end.

Current Status
Not implemented. See current year finding 2021-001.

State Compliance Findings

2020-002 Section 423 – Apportionment for Activities Funded From Other Sources

Criteria or Specific Requirement
Education Code section 84752 states that no community college district shall receive FTES funding for activities that are fully funded through another source. A number of community colleges have instructional arrangements, commonly referred to as "instructional service agreements" (ISA), with public and private entities that provide a portion or total funding for certain course offerings.

Community colleges may claim FTES for classes conducted on campus or at a contractor's site and instructed by the contractor's employees. In order for these FTES to be eligible for state funding, the following regulatory requirements apply:

For agreements using employees of the contracting entity, the college or district has a written agreement or contract with each instructor conducting instruction for which it is claiming FTES. The contracts must state that the college or district has the primary right to control and direct the instructional activities of the instructor. The contract between the college or district and the instructor must be finalized and in effect prior to the commencement of instruction.

Condition
Twelve courses categorized as ISA Courses under state apportionment funding were taught by three different instructors for which the District had no written agreement with for the 2019-2020 school year. These courses are conducted at the contracted agency's sites and are being claimed for FTES by the District.

Questioned Costs
The total FTES claimed by the District for ISA courses noted above was 21.75 FTES.

Context
There was a total of twelve ISA courses the District claimed for FTES. Auditor selected three courses to test for compliance. For all of the courses selected, the District did not have written agreements with the instructors on file. The remaining nine courses were also reviewed, with the auditor noting no written agreements with the instructors on file.

Effect
The District over reported 21.75 Resident FTES related to the twelve ISA courses noted above.

Cause
The District's procedures were not followed to ensure compliance with the Chancellor's Office requirements over Instructional Service Agreement courses funded by state apportionment.

Repeat Finding: No

Recommendation
The District should implement control procedures for monitoring compliance issues related to the Instructional Service Agreements funded by state apportionment to ensure that Chancellor's Office and *Education Code* requirements are met. The District should ensure that written agreements with individual instructors are obtained for any courses held under an Instructional Service Agreements that utilizes a separate agency's employees as instructors.

Current Status
The District did not report any FTES related to Instructional Service Agreements for the year ending June 30, 2021.

2020-003 Section 427 – Dual Enrollment (CCAP and Non-CCAP)

Criteria or Specific Requirement
A community college district may have a CCAP partnership with a school district or charter school partner governed by a CCAP partnership agreement approved by the governing boards of both districts. As a condition of, and before adopting, the CCAP partnership agreement, the governing board of each district, at an open public meeting of that board, presented the dual enrollment partnership agreement as an informational item. The governing board of each district, at a subsequent open public meeting of that board, took comments from the public and approved the agreement.

Condition
One of six school districts noted as having a CCAP agreement with the District with courses that are claimed for apportionment did not have a signed CCAP agreement for the 2019-2020 year.

Questioned Costs
The total FTES claimed by the District for CCAP courses with Inglewood Unified School District was 26.77 FTES.

Context
There was a total of six school districts that the District had CCAP agreements with for the 2019-2020 fiscal year. All CCAP agreements were reviewed for compliance. Based on the procedures performed, one of six agreements was not signed by the school district for the 2019-2020 year.

Effect
The District over reported 26.77 Resident FTES for CCAP courses associated with the CCAP agreement in question.

Cause
The District's procedures were not followed to ensure compliance with the Chancellor's Office requirements over Dual Enrollment CCAP Courses.

Repeat Finding: No

Recommendation
The District should implement control practices for monitoring compliance issues related to the Dual Enrollment CCAP courses to ensure that the Chancellor's Office and *Education Code* compliance requirements are met. The District should ensure CCAP agreements and any subsequent amendments are properly approved by all parties involved prior to the commencement of classes.

Current Status
The District did not report any FTES related to CCAP courses for the year ending June 30, 2021.