

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

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2024



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INDEPENDENT AUDITORS' REPORT

Board of Trustees
El Camino Community College District
Torrance, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and fiduciary activities of the El Camino Community College District (the District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and fiduciary activities of the District, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of the District's proportionate share of the net pension liability, schedule of the District's pension contributions, schedule of changes in the net OPEB liability and related ratios, schedule of postemployment healthcare benefits contributions, schedule of postemployment healthcare benefits money-weighted rate of return on plan assets, and notes to the required supplementary information, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedule of state financial assistance - grants, schedule of workload measures for state general and apportionment annual (actual) attendance, reconciliation of governmental funds to the statement of net position, reconciliation of 50 percent law calculation, education protection account (EPA) expenditure report, and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, schedule of state financial assistance - grants, schedule of workload measures for state general apportionment, reconciliation of governmental funds to the statement of net position, reconciliation of the 50 percent law calculation, education protection account expenditures report, and the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

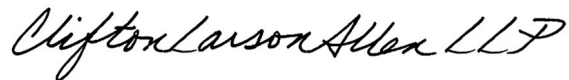
Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2025, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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.



CliftonLarsonAllen LLP

Glendora, California
January 29, 2025

**EL CAMINO COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

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, 2024. This discussion has been prepared by management and should be read in conjunction with the financial statements and notes thereto which follow this section. Responsibility for the completeness and accuracy of this information rests with the District management.

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

FINANCIAL HIGHLIGHTS

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

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

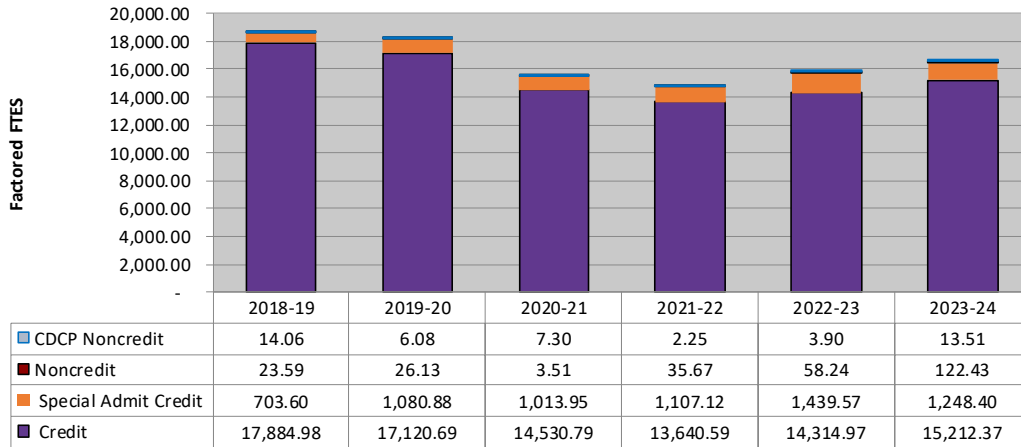
The California Community Colleges Chancellor's Office has recommended that all State community colleges follow the BTA model for financial statement reporting purposes.

**EL CAMINO COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

SELECTED HIGHLIGHTS

- During 2023-2024, total full-time equivalent students (FTES) increased by 780.03 FTES from prior year. The increase in the District's FTES that reversed the trend of cumulative FTES decline that began in Spring 2020 that was experienced by El Camino College and many California Community College Districts that was, in large part, a result of the COVID-19 pandemic and the District's temporary conversion to a substantially online instruction model. As of Fiscal Year 2022-23, the district is 2,029.52 FTES below its pre-pandemic 2018-19 FTES of 18,626.23. Credit and noncredit FTES, along with other measures indicated in the Student-Centered Funding Formula (SCFF), are the basis for the District's General Apportionment Revenues

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



- 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.

**EL CAMINO COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

- In November 2012, the residents of the District passed a General Obligation Bond for \$350.0 million to improve the existing facilities, construct new facilities, and purchase equipment. The first series (2012-A) of bonds was issued in January 2016 for \$100.0 million. The second series (2012-B) was issued in August 2018 for \$50.0 million. The third series (2012-C) was issued in October 2020 for \$50.0 million. The fourth series (2012-D) for \$60.0 million was issued in August 2021.

FINANCIAL STATEMENT PRESENTATION AND BASIS OF ACCOUNTING GOVERNMENTAL FUNDS

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

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

Also, in accordance with GASB Statements No. 34 and No. 35, the financial statements have been prepared under the full accrual basis of accounting, which requires that revenues are recognized when earned and expenses are recorded when an obligation has been incurred. A reconciliation between the fund balances reported on the June 30, 2024 Annual Financial and Budget Report (CCFS-311) based upon governmental accounting principles and the modified accrual basis of accounting and the total net position recorded on the full accrual basis of accounting is shown in the supplemental information of the audit report.

Statement of Net Position

The Statement of Net Position presents the assets, deferred outflows, liabilities, deferred inflows and net position of the District as of the end of the fiscal year. It is prepared using the full accrual basis of accounting, which is similar to the accounting basis used by most private-sector organizations. The Statement of Net Position is a "point-in-time" financial statement. The purpose of this statement is to present the readers with a fiscal snapshot of the District on June 30, 2024.

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

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

**EL CAMINO COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

Statement of Net Position (Continued)

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 components of net position are investment in capital assets, restricted assets and unrestricted assets. Net investment in capital assets consists of \$18.6 million, net of accumulated depreciation and including the Bond Construction Fund balance of \$31.5 million, less \$560.5 million in bond debt, including bond premiums and deferred outflows, plus any unspent bond proceeds.

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

A summarized comparison of Statement of Net Position is presented herein as June 30:

	2024 (in thousands)	2023 (in thousands)	Percentage Change
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	\$ 132,396	\$ 134,184	(1.3)%
Receivables	22,282	41,225	(46.0)
Other Current Asset	677	936	(27.7)
Total Current Assets	<u>155,355</u>	<u>176,345</u>	(11.9)
NONCURRENT ASSETS			
Restricted Cash and Cash Equivalents	97,224	125,927	(22.8)
Capital Assets, Net of Depreciation	479,250	495,620	(3.3)
Total Noncurrent Assets	<u>576,474</u>	<u>621,547</u>	(7.3)
Total Assets	731,829	797,892	(8.3)
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charge on Refunding	2,542	2,738	(7.2)
Deferred Outflows - Pensions	49,237	40,280	22.2
Deferred Outflows - OPEB	6,310	5,722	10.3
Total Deferred Outflows of Resources	<u>58,089</u>	<u>48,740</u>	19.2
Total Assets and Deferred Outflows of Resources	<u>\$ 789,918</u>	<u>\$ 846,632</u>	(6.7)

**EL CAMINO COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

Statement of Net Position (Continued)

	2024 (in thousands)	2023 (in thousands)	Percentage Change
LIABILITIES			
CURRENT LIABILITIES			
Accounts Payable and Accrued Liabilities	\$ 31,952	\$ 50,542	(36.8)%
Unearned Revenue	37,016	40,100	(7.7)
Long-Term Liabilities - Current Portion	21,706	20,392	6.4
Total Current Liabilities	90,674	111,034	(18.3)
NONCURRENT LIABILITIES			
Long-Term Liabilities Less Current Portion	691,529	699,026	(1.1)
Total Noncurrent Liabilities	691,529	699,026	(1.1)
Total Liabilities	782,203	810,060	(3.4)
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows - Pensions	11,534	16,120	(28.4)
Deferred Inflows - OPEB	3,910	5,037	(22.4)
Total Deferred Outflows of Resources	15,444	21,157	(27.0)
NET POSITION			
Net Investment in Capital Assets	18,557	(13,488)	(237.6)
Restricted	58,680	51,313	14.4
Unrestricted	(84,966)	(22,410)	(279.1)
Total Net Position (Deficit)	(7,729)	15,415	150.1
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 789,918	\$ 846,632	(6.7)

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

Approximately 98.1% 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 2023-2024.

- The accounts receivable balance consists of receivables from Federal and State sources for grant entitlement programs in the amount of \$6.0 million, apportionment receivable of \$4.7 million, debt related property taxes of \$3.0 million and miscellaneous receivables from local and other sources of \$4.4 million. Student receivables are \$2.9 million (gross) or \$1.5 million net of allowance for doubtful accounts.
- Capital assets had a net increase of approximately \$29,000. Depreciation expense of \$16.4 million was recognized during 2023-2024. 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, 2024. Total accounts payable are \$11.8 million. Accrued liabilities of \$21.2 million are for amounts due to or on behalf of employees for wages and benefits.

**EL CAMINO COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

Statement of Net Position (Continued)

- Long-term liabilities include 2012 General Obligation Bonds, Series D, that have been issued in the amount of \$60 million; 2012 General Obligation Bonds, Series C, that have been issued in the amount of \$180.8 million; 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 educational and programmatic services to students, customers and constituencies of the District. Operating expenses are those expenses incurred to provide services provided in return for the operating revenues used to fulfill the mission of the District. Nonoperating revenues are those received or pledged for which goods and services are not provided to the entity providing the revenues. For example, state apportionments are nonoperating revenues because they are provided by the legislature to the District without the legislature directly receiving services for those revenues.

**EL CAMINO COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

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

A summarized comparison of the Statement of Revenues, Expenses, and Changes in Net Position is presented herein as of June 30:

	2024 (in thousands)	2023 (in thousands)	Percentage Change
OPERATING REVENUES			
Net Tuition and Fees	\$ 13,950	\$ 11,782	18.4 %
Grants and Contracts, Noncapital	70,614	67,067	5.3
Auxiliary Commissions and Stadium Concessions	499	544	8.3
Total Operating Revenues	<u>85,063</u>	<u>79,393</u>	7.1
OPERATING EXPENSES			
Salaries and Benefits	188,326	151,123	24.6
Supplies, Materials, and Other Operating Expenses and Services	64,030	40,678	57.4
Financial Aid	48,736	45,747	6.5
Depreciation	16,400	12,231	34.1
Total Operating Expenses	<u>317,492</u>	<u>249,779</u>	27.1
OPERATING LOSS	(232,429)	(170,386)	36.4
NONOPERATING REVENUES			
Grants and Contracts, Noncapital	32,284	49,037	(34.2)
State Apportionments, Noncapital	101,607	92,376	10.0
Local Property Taxes	44,591	43,915	1.5
State Taxes and Other Revenues	8,757	7,654	14.4
Investment Income, Net	5,409	1,974	(174.0)
Total Nonoperating Revenues	<u>192,648</u>	<u>194,956</u>	(1.2)
OTHER REVENUES, (EXPENSES), GAINS OR (LOSSES)			
Local Property Taxes and Other Revenues, Capital	31,934	33,871	(5.7)
Investment Income, Capital	5,047	2,334	116.2
Interest Expense and Costs of Issuing Capital Asset - Related Debt	(20,344)	(20,467)	0.6
Net Loss on Disposal of Capital Assets	-	(2,408)	-
Total Other Revenues, (Expenses), Gains or (Losses)	<u>16,637</u>	<u>13,330</u>	24.8
CHANGES IN NET POSITION	(23,144)	37,900	(161.1)
Net Position (Deficit) - Beginning of Year	<u>15,415</u>	<u>(22,485)</u>	(168.6)
NET POSITION (DEFICIT) - END OF YEAR	<u>\$ (7,729)</u>	<u>\$ 15,415</u>	(150.1)

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

**EL CAMINO COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

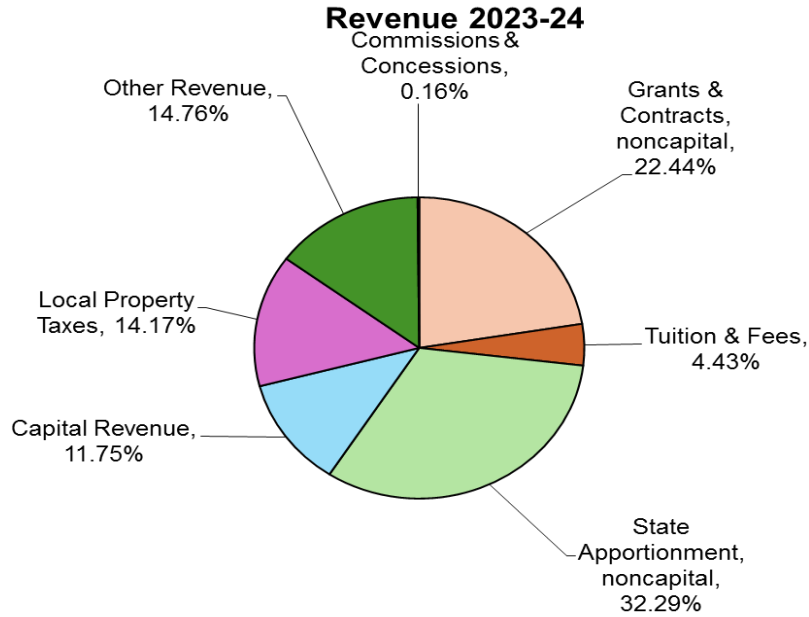
Statement of Revenues, Expenses, and Changes in Net Position (Continued)

- The decrease in net position from fiscal year 2023 to 2024 includes: decreased revenues from nonoperating Grants and Contracts, Noncapital and Local Property Taxes and Other Revenues, Capital. These decreases, along with changes to costs for Salaries and Benefits, and Supplies, Materials and Other Operating Expenses and Services, Financial Aid and Depreciation, which increased compared to the prior fiscal year as a result of increased enrollment, collective bargaining settlements and the return to staff returning to work on campus after the preceding years of a more prevalent remote work environment as well as a more predominantly in-person instruction model. The single largest factor with respect the District's change in net position from 2022-2023 to fiscal year 2023-2024 was in the categories of "Grants and Contracts, Noncapital" and "Salaries and Benefits."
- Tuition and fees are generated by the resident, nonresident, 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 59.3% 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 40.7% of total expenses.
- Local property taxes for general purposes are received through the Auditor-Controller's Office for Los Angeles County. The amount received for property taxes is deducted from the total State general apportionment amount calculated by the State for the District.
- State apportionments, capital, are the amount of capital outlay, deferred maintenance, architectural barrier removal, and hazardous substance funding received from the State through the Department of Finance. Approved State capital outlay projects are typically funded 50% by the State.

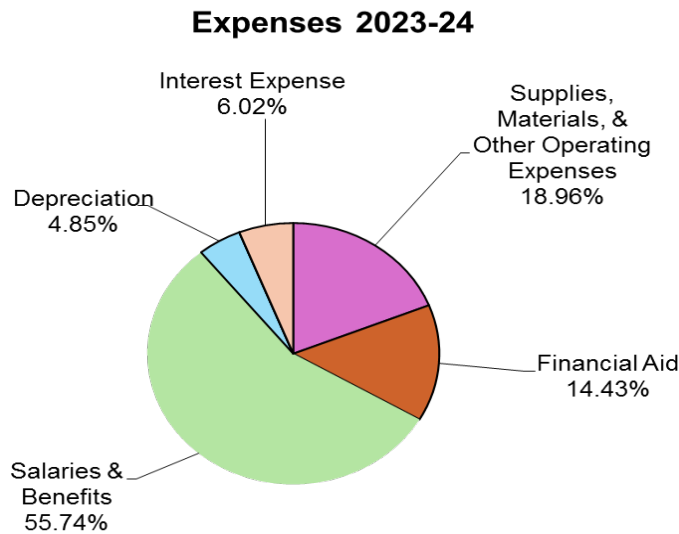
**EL CAMINO COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

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

The following chart shows the sources of revenue to the District. The largest sources are State apportionment; noncapital (32.3%) which is derived from the State's funding formula for Community Colleges; and Grants & Contracts, noncapital (22.4%).



The following chart shows where the District's money is spent. The largest category of expenses (55.7%) is for salaries and benefits. This reflects the college's reliance on faculty members and support staff to carry out its educational mission.



**EL CAMINO COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

Statement of Cash Flows

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

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

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

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

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

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

The net change in cash, considering all sources and uses, was a decrease of \$30.5 million. This results in an end of year cash balance of \$229.6 million. As a matter of prudent financial management, the District maintains a positive cash position at all times.

A summarized comparison of the Statement of Cash Flows follows is presented herein as of June 30:

	2024 (in thousands)	2023 (in thousands)	Percentage Change
CASH PROVIDED (USED) BY			
Operating Activities	\$ (239,971)	\$ (123,238)	(94.7)%
Noncapital Financing Activities	198,698	176,525	12.6
Capital and Related Financing Activities	5,110	(36,534)	(114.0)
Investing Activities	5,672	1,780	218.7
Net (Decrease) Increase in Cash and Cash Equivalents	(30,491)	18,533	(264.5)
Cash Balance - Beginning of Year	260,111	241,578	7.7
CASH BALANCE - END OF YEAR	\$ 229,620	\$ 260,111	(11.7)

**EL CAMINO COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

Statement of Cash Flows (Continued)

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

- Cash receipts from operating activities are from student tuition and auxiliary sales. Use of cash is payments to employees, vendors, and students related to the instructional program.
- State apportionment received based on the workload measures generated by the District accounts for 56.8% of noncapital financing. Cash received from property taxes accounts for 22.4% 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 \$4.8 million was received from the Los Angeles County pool.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2024, the District had \$479.3 million net investment in capital assets. Total capital assets of \$676.6 million consist of land, site and building improvements, construction in progress, and equipment; these assets have accumulated depreciation of \$197.3 million. Capital asset additions of \$29,000 occurred during 2023-2024, and depreciation expense of \$16.4 million was recorded for the fiscal year.

Construction in progress of \$14.0 million at June 30, 2024, includes the construction of the Public Safety Training Center and the Modular Village.

**EL CAMINO COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)

Capital Assets (Continued)

Note 5 to the financial statements provides additional information on capital assets. A comparison of capital assets net of depreciation is summarized below as of June 30:

	2024 (in thousands)	2023 (in thousands)	Percentage Change
Land	\$ 1,050	\$ 1,050	-
Construction in Progress	14,018	76,289	(81.6)
Site and Site Improvements	55,644	55,644	-
Buildings and Improvements	599,886	537,615	11.6
Equipment	5,983	5,954	0.5
Totals at Historical Cost	<u>676,581</u>	<u>676,552</u>	0.0
Less Accumulated Depreciation for:			
Site and Site Improvements	54,655	54,456	0.4
Buildings and Improvements	137,847	121,870	13.1
Equipment	4,829	4,606	4.8
Total Accumulated Depreciation	<u>197,331</u>	<u>180,932</u>	9.1
Capital Assets, Net	<u>\$ 479,250</u>	<u>\$ 495,620</u>	(3.3)

Long-Term Liabilities

As of June 30, 2024, the District had \$713.2 million in long-term debt. During the 2023-24 fiscal year, long-term debt decreased by \$6.2 million. This is due to scheduled bond repayments. The District's bond rating is AA (S&P) and Aa2 (Moody's).

**EL CAMINO COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)

Long-Term Liabilities (Continued)

Notes 6 through 10 to the financial statements provide additional information on long-term liabilities. The reporting of pension liabilities for STRS and PERS is explained in Note 12 and in statements in the Required Supplementary Information (RSI) section of this report. The net OPEB liability is explained further in the footnotes and RSI. A comparison of long-term debt is summarized herein as of June 30:

	2024 (in thousands)	2023 (in thousands)	Percentage Change
General Obligation Bonds, Net	\$ 560,459	\$ 571,741	(2.0)%
Compensated Absences	4,865	4,107	18.5
Net Other Postemployment Benefits (OPEB) - Medicare Premium Payment (MPP) Program	110	474	(76.8)
Net OPEB Liability - District Program	1,760	1,995	
Net Pension Liability	<u>146,041</u>	<u>141,101</u>	3.5
Total Long-Term Debt	713,235	719,418	(0.9)
Total Short-Term Portion	<u>(21,706)</u>	<u>(20,392)</u>	(6.4)
Total Long-Term Portion	<u>\$ 691,529</u>	<u>\$ 699,026</u>	(1.1)

DISTRICT'S FIDUCIARY RESPONSIBILITY

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

ECONOMIC FACTORS AFFECTING THE FUTURE OF EL CAMINO COMMUNITY COLLEGE DISTRICT

Enrollment for fiscal year 2023-2024 was recorded at 16,719.14 FTES.

During the 2022-2023 fiscal year, the District settled contract and salary negotiations with the Faculty and Classified bargaining units, which has had a significant impact on the district's cost structure and financials into future years. District Leadership is working to resolve a structural deficit with efforts that include organizational restructuring in order to achieve a balanced budget. The Collective Bargaining Agreements in place for both the Faculty and Classified staff are scheduled to expire December 31, 2025.

In September 2014, the District celebrated the achievement of fully funding its Other Postemployment Benefits (OPEB) actuarially established accrued liability. More recent fluctuations in the market have resulted in changes to our Trust balance, but have seen the Trust maintaining status at close to fully funded (92.4%). Our most recent statements for our Trust indicate that the present balance is less than the latest actuarial recommended balance of \$27.8 million by \$1.8 million.

**EL CAMINO COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

CONTACTING THE DISTRICT

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

BASIC FINANCIAL STATEMENTS

**EL CAMINO COMMUNITY COLLEGE DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2024**

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 132,395,962
Accounts Receivable, Net	22,281,644
Inventories	675,956
Prepaid Expenses	951
Total Current Assets	155,354,513

NONCURRENT ASSETS

Restricted Cash and Cash Equivalents	97,223,981
Capital Assets, Net	479,249,561
Total Noncurrent Assets	576,473,542

Total Assets	731,828,055
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DEFERRED OUTFLOWS OF RESOURCES

Deferred Charge on Refunding	2,542,349
Deferred Outflows - Pension	49,237,053
Deferred Outflows - Other Postemployment Benefits Plan	6,309,779
Total Deferred Outflows of Resources	58,089,181

Total Assets and Deferred Outflows of Resources	\$ 789,917,236
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**EL CAMINO COMMUNITY COLLEGE DISTRICT
STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2024**

LIABILITIES

CURRENT LIABILITIES

Accounts Payable	\$ 11,752,638
Accrued Interest Payable	5,357,457
Accrued Liabilities	14,841,791
Unearned Revenue	37,016,438
Current Portion of Long-Term Liabilities Other than OPEB and Pensions	<u>21,706,372</u>
Total Current Liabilities	<u>90,674,696</u>

NONCURRENT LIABILITIES

Long-Term Liabilities Other than OPEB and Pensions	543,618,356
Net OPEB Liability	1,869,411
Net Pension Liability	<u>146,040,985</u>
Total Noncurrent Liabilities	<u>691,528,752</u>

Total Liabilities	782,203,448
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DEFERRED INFLOWS OF RESOURCES

Deferred Inflows - Pensions	11,533,598
Deferred Inflows - Other Postemployment Benefits Plan	<u>3,910,355</u>
Total Deferred Inflows of Resources	<u>15,443,953</u>

NET POSITION

Net Investment in Capital Assets	18,556,101
Restricted for:	
Capital Projects	23,048,052
Debt Service	27,293,314
Scholarship and Loans	6,765,130
Other Special Purposes	1,573,914
Unrestricted Deficit	<u>(84,966,676)</u>
Total Net Position (Deficit)	<u>(7,730,165)</u>

Total Liabilities, Deferred Inflows of Resources, and Net Position	<u><u>\$ 789,917,236</u></u>
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**EL CAMINO COMMUNITY COLLEGE DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2024**

OPERATING REVENUES

Tuition and Fees (Gross)	\$ 25,223,697
Less: Scholarship Discounts and Allowances	<u>(11,274,155)</u>
Net Tuition and Fees	13,949,542
Grants and Contracts, Noncapital:	
Federal	3,730,658
State	57,086,816
Local	9,796,496
Auxiliary Enterprise Sales and Charges	<u>498,877</u>
Total Operating Revenues	<u>85,062,389</u>

OPERATING EXPENSES

Salaries	144,591,508
Employee Benefits	43,735,172
Supplies, Materials, and Other Operating Expenses and Services	60,209,404
Financial Aid	48,736,045
Utilities	3,820,680
Depreciation	<u>16,399,501</u>
Total Operating Expenses	<u>317,492,310</u>

OPERATING LOSS

(232,429,921)

NONOPERATING REVENUES

Federal Grants and Contracts	32,284,274
State Apportionments, Noncapital	101,607,095
Local Property Taxes	44,591,214
States Taxes and Other Revenue	8,755,740
Interest and Investment Income	<u>5,409,176</u>
Total Nonoperating Revenues	<u>192,647,499</u>

LOSS BEFORE OTHER REVENUES, EXPENSES, GAINS, AND LOSSES

(39,782,422)

OTHER REVENUES, EXPENSES, GAINS, AND LOSSES

Local Property Taxes and Revenues, Capital	31,934,274
Interest and Investment Income, Capital	5,046,638
Interest Expense and Costs of Issuing Capital Asset-Related Debt	<u>(20,344,005)</u>
Total Other Revenues, Expenses, Gains, and Losses	<u>16,636,907</u>

CHANGES IN NET POSITION

(23,145,515)

Net Position - Beginning of Year

15,415,350

NET POSITION (DEFICIT) - END OF YEAR

\$ (7,730,165)

See accompanying Notes to Basic Financial Statements.

**EL CAMINO COMMUNITY COLLEGE DISTRICT
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2024**

	<u>Primary Government</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and Fees (Net)	\$ 12,399,422
Federal Grants and Contracts	17,104,180
State Grants and Contracts	73,442,292
Local Grants and Contracts	(13,818,434)
Auxiliary Enterprise Sales and Charges	498,877
Payments to Suppliers	(78,414,870)
Payments to/on-Behalf of Employees	(202,452,957)
Payments to/on-Behalf of Students	(48,729,072)
Net Cash Used in Operating Activities	<u>(239,970,562)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
State Apportionments and Receipts	112,791,472
Federal Grants and Contracts	32,284,274
Local Property Taxes	44,591,214
State Taxes and Other Revenue	9,031,370
Net Cash Provided by Noncapital Financing Activities	<u>198,698,330</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Local Revenue for Capital Purposes	35,919,283
Interest and Investment Income, Capital	635,405
Net Purchase of Capital Assets	168,433
Principal Paid on Capital Related Debt	(16,432,701)
Interest Paid on Capital Related Debt	(15,180,629)
Net Cash Provided by Capital and Related Financing Activities	<u>5,109,791</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and Investment Income, Capital	<u>5,670,962</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(30,491,479)
Cash Balance - Beginning of Year	<u>260,111,422</u>
CASH BALANCE - END OF YEAR	<u><u>\$ 229,619,943</u></u>

See accompanying Notes to Basic Financial Statements.

**EL CAMINO COMMUNITY COLLEGE DISTRICT
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED JUNE 30, 2024**

	<u>Primary Government</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Loss	\$ (232,429,921)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation Expense	16,399,501
Changes in Assets and Liabilities:	
Receivables, Net	7,647,544
Inventories	259,595
Prepaid Expenses	(951)
Deferred Outflows of Resources - Pensions	(8,956,965)
Deferred Outflows of Resources - OPEB	(587,674)
Accounts Payable	(14,636,457)
Accrued Liabilities	(3,966,530)
Unearned Revenue	(3,083,596)
Compensated Absences	757,754
Net Pension Liabilities	(599,684)
Other Postemployment Benefits Plan (OPEB)	4,939,948
Deferred Inflows of Resources - Pensions	(4,586,309)
Deferred Inflows of Resources - OPEB	(1,126,817)
Net Cash Used in Operating Activities	<u>\$ (239,970,562)</u>
 RECONCILIATION OF CASH AND CASH EQUIVALENTS, END OF YEAR TO AMOUNTS IN THE STATEMENT OF NET POSITION	
Cash and Cash Equivalents	\$ 132,395,962
Restricted Cash and Cash Equivalents	97,223,981
Total	<u>\$ 229,619,943</u>

See accompanying Notes to Basic Financial Statements.

**EL CAMINO COMMUNITY COLLEGE DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2024**

	Retiree (OPEB) Trust
ASSETS	
Cash and Cash Equivalents	\$ 5,137,837
Investments	28,885,885
Due from Governmental Funds	50,841
Total Assets	34,074,563
NET POSITION	
Net Position - Restricted for Other Postemployment Benefits	\$ 34,074,563

See accompanying Notes to Basic Financial Statements.

**EL CAMINO COMMUNITY COLLEGE DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2024**

	Retiree (OPEB) Trust
ADDITIONS	
Employer Contributions	\$ 1,021,191
Investment Income:	
Interest and Investment Income	251,857
Realized Gain on Investments	605,490
Unrealized Gain on Investments	1,334,042
Investment Expense	(149,481)
Net Investment Income	2,041,908
Total Additions	3,063,099
NET INCREASE IN NET POSITION	3,063,099
Net Position - Restricted for Other Postemployment Benefits - Beginning of Year	31,011,464
NET POSITION - RESTRICTED FOR OTHER POSTEMPLOYMENT - END OF YEAR	\$ 34,074,563

See accompanying Notes to Basic Financial Statements.

**EL CAMINO COMMUNITY COLLEGE DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

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

Reporting Entity

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

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

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

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

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

**EL CAMINO COMMUNITY COLLEGE DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity (Continued)

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

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

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

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

Financial Statement Presentation

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

Basis of Accounting

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

**EL CAMINO COMMUNITY COLLEGE DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (Continued)

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

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

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

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

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

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

Cash and Cash Equivalents

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

**EL CAMINO COMMUNITY COLLEGE DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

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

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

Restricted Cash and Cash Equivalents

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

Investments

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

Inventories

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

Capital Assets

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

**EL CAMINO COMMUNITY COLLEGE DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

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

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

Deferred Outflows/Inflows of Resources

Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

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

Deferred Outflows/Inflows OPEB: The deferred outflows/inflows of resources related to OPEB benefits results from District contributions to OPEB plans subsequent to the measurement date of the actuarial valuations for the OPEB plans, and the effects of actuarially-determined changes to the OPEB plans. These amounts will be deferred and amortized as detailed in Note 8 to the financial statements.

Deferred Outflows/Inflows – Pensions: The deferred outflows/inflows of resources related to pensions resulted from District contributions to employee pension plans subsequent to the measurement date of the actuarial valuations for the pension plans and the effects of actuarially-determined changes to the pension plan. These amounts are deferred and amortized as detailed in Note 9 to the financial statements.

**EL CAMINO COMMUNITY COLLEGE DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Payable and Accrued Liabilities

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

Unearned Revenue

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

Compensated Absences

Accumulated unpaid employee vacation benefits are recognized as a liability in the statement of net position when incurred.

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

Debt Premiums

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

Medicare Premium Liability

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

**EL CAMINO COMMUNITY COLLEGE DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Postemployment Benefits Other Than Pensions (OPEB)

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

Net Pension Liability

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

Net Position

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

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

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

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

EL CAMINO COMMUNITY COLLEGE DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

State Apportionments

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

Property Taxes

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on November 1 and February 1. Unsecured property taxes are payable in one installment on or before August 31.

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

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

Classification of Revenues

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

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

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

Scholarship Discounts and Allowances

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

**EL CAMINO COMMUNITY COLLEGE DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Minimum Reserve Policy

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

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

Adoption of New Accounting Standards – GASB Statement No. 99, Omnibus 2022

The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. There was not a significant impact on the District's financial statements with the adoption of this standard.

Adoption of New Accounting Standards – GASB Statement No. 100, Accounting Changes and Errors Corrections – An Amendment of GASB Statement No. 62

The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. There was not a significant impact on the District's financial statements with the adoption of this standard.

**EL CAMINO COMMUNITY COLLEGE DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 2 DEPOSITS AND INVESTMENTS

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District has established a policy for custodial risk that follows requirements as set forth in Government Code Section 53600 et seq. The California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agency. As of June 30, 2024, \$3,867,718 of the District's bank balance of \$4,117,718 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

Cash in County Treasury

In accordance with Title 5 and the *Budget and Accounting Manual*, the District maintains substantially all of its cash in the Los Angeles County Treasury (the County) as part of the common investment pool. The District is considered an involuntary participant in the investment pool. These pooled funds are recorded at amortized cost which approximates fair value. Fair value of the pooled investments at June 30, 2024 is measured at 96.2% of carrying value and is based upon the District's pro-rata share of the fair value for the entire portfolios (in relation to the amortized cost of the portfolio). The District's investment in the pool is considered to be highly liquid and is therefore reflected as cash and cash equivalents in the statement of net position.

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

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

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

EL CAMINO COMMUNITY COLLEGE DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

Investments – Retiree (OPEB) Trust

Policies

Investments held by the Futuris Public Entity Investment Trust (the Retiree Benefit Trust) are limited to those within the terms of the trust agreement, any applicable plan documents and in accordance with California Government Code Section 53620 through 53622. The Retiree Benefit Trust did not violate any provisions of the investment policy during the fiscal year ended June 30, 2024. See Note 8.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The Retiree Benefit Trust investment policy follows California Government Code Section 53601 and limits investment maturities to five years.

Credit Risk

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

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

Concentration of Credit Risk

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

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

**EL CAMINO COMMUNITY COLLEGE DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (Continued)

Concentration of Credit Risk (Continued)

As of June 30, 2024, the following investments represented 5% or more of the District's investment portfolio: Builder R6 (\$1,962,718 or 6.8%), SSFA INSTL INVT TR GBL ALCP EQ K (\$2,057,433 or 7.1%), Community Capital Management Impact Bond Fund (\$2,159,225 or 7.4%), Columbia Contrarian Core Institutional (\$2,665,790 or 9.2%), Target Portfolio Trust TR PIGM CORE BD (\$2,867,931 or 9.9%), Wells Fargo TR CORE BOND (\$2,869,122 or 9.9%), Western Asset Core Plus Bond (\$2,870,422 or 9.9%), SSGA S&P Index Fund CL K (\$2,971,287 or 10.3%), and Northern Funds Bond Index (\$3,587,307 or 12.4%).

Custodial Credit Risk

Custodial Credit Risk is the risk that, in the event of the failure of the counterparty, the Retiree Benefit Trust will not be able to recover the value of its investments that are in possession of an outside party. As of June 30, 2024, the District's investment balance of \$28,885,885 was exposed to custodial credit risk because it was uninsured, unregistered, and held by the brokerage firm which is also the counterparty for those securities. The Retiree Benefit Trust does not have a policy limiting the amount of securities that can be held by counterparties.

NOTE 3 ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2024 consists of the following:

Federal, State, and Local	\$ 7,518,008
Apportionment	4,690,970
Debt Related Property Taxes	2,993,618
Miscellaneous	2,805,836
Interest	1,515,672
Tuition and Fees, Net	1,471,985
Lottery	1,285,555
Total	\$ 22,281,644

NOTE 4 INTERFUND TRANSACTIONS

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

**EL CAMINO COMMUNITY COLLEGE DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 5 CAPITAL ASSETS AND DEPRECIATION – SCHEDULE OF CHANGES

The following provides a summary of changes in capital assets for the fiscal year ended June 30, 2024:

	Balance June 30, 2023	Additions	Transfers	Balance June 30, 2024
Capital Assets Not Being Depreciated:				
Land	\$ 1,050,000	\$ -	\$ -	\$ 1,050,000
Construction in Progress	76,288,536	-	62,270,929	14,017,607
Total Capital Assets Not Being Depreciated	77,338,536	-	62,270,929	15,067,607
Capital Assets Being Depreciated:				
Site Improvements	55,644,459	-	-	55,644,459
Buildings and Improvements	537,614,600	62,270,929	-	599,885,529
Vehicles and Equipment	5,953,928	29,281	-	5,983,209
Total Capital Assets Being Depreciated	599,212,987	62,300,210	-	661,513,197
Less Accumulated Depreciation for:				
Site Improvements	54,455,856	198,794	-	54,654,650
Buildings and improvements	121,869,506	15,978,273	-	137,847,779
Vehicles and Equipment	4,606,380	222,434	-	4,828,814
Total Accumulated Depreciation	180,931,742	16,399,501	-	197,331,243
Depreciable Assets, Net	418,281,245	45,900,709	-	464,181,954
Governmental Activities Capital Assets, Net	<u>\$ 495,619,781</u>	<u>\$ 45,900,709</u>	<u>\$ 62,270,929</u>	<u>\$ 479,249,561</u>

NOTE 6 LONG-TERM LIABILITIES – SCHEDULE OF CHANGES

A schedule of changes in long-term liabilities for the fiscal year ended June 30, 2024 is as follows:

	Balance July 1, 2023	Additions	Reductions	Balance June 30, 2024	Amount Due in One Year
General Obligation Bonds					
(2002 Election):					
General Obligation Bonds	\$ 228,297,057	\$ -	\$ 14,547,701	\$ 213,749,356	\$ 13,203,990
Accreted Interest	84,459,935	6,709,668	-	91,169,603	4,281,010
Bond Premium	7,250,753	-	849,007	6,401,746	-
(2016 Election):					
General Obligation Bonds	235,240,000	-	1,885,000	233,355,000	3,855,000
Bond Premium	16,493,135	-	709,050	15,784,085	-
Compensated Absences	4,107,184	757,754	-	4,864,938	366,372
	<u>\$ 575,848,064</u>	<u>\$ 7,467,422</u>	<u>\$ 17,990,758</u>	<u>\$ 565,324,728</u>	<u>\$ 21,706,372</u>

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

**EL CAMINO COMMUNITY COLLEGE DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

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

Measure E (2002)

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

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

Measure E (2012)

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

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

General obligation bonds outstanding at June 30, 2024 are as follows:

General Obligation Bonds	Date of Issue	Date of Maturity	Interest Rate %	Amount of Original Issue	Outstanding June 30, 2024
Measure A (2002)					
Series C	8/23/2012	8/1/2038	4.0-5.0	\$ 180,812,882	\$ 126,869,356
2016 Refunding	1/28/2016	8/1/2031	2.0-5.0	85,825,000	54,800,000
2020 Refunding	10/20/2020	8/1/2037	0.29-2.42	40,465,000	32,080,000
Accreted Interest					91,169,603
Total Measure E (2002)					<u>304,918,959</u>
Measure E (2012)					
Series A	1/28/2016	8/1/2045	2.0-5.0	100,000,000	88,025,000
Series B	8/29/2018	8/1/2048	3.0-5.0	50,000,000	44,410,000
Series C	10/20/2020	8/1/2045	3.0-4.0	50,000,000	42,315,000
Series D	8/12/2021	8/1/2046	2.0-4.0	60,000,000	58,605,000
Total Measure E (2012)					<u>233,355,000</u>
Total General Obligation Bonds					<u>\$ 538,273,959</u>

**EL CAMINO COMMUNITY COLLEGE DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

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

Measure E (2012) (Continued)

The debt service requirements for the general obligation bonds are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Accreted Interest</u>	<u>Interest</u>
2025	\$ 17,058,990	\$ 4,281,010	\$ 12,647,933
2026	15,195,637	5,299,363	12,255,745
2027	15,966,817	6,253,183	11,876,785
2028	16,702,691	7,327,309	11,467,966
2029	17,442,119	8,492,881	11,027,660
2030-2034	88,684,273	68,765,727	49,353,172
2035-2039	108,483,829	102,413,788	39,006,254
2040-2044	87,095,000	-	21,872,316
2045-2049	80,475,000	-	5,671,169
Total	<u>447,104,356</u>	<u>\$ 202,833,261</u>	<u>\$ 175,179,000</u>
Accretions to Date	<u>91,169,603</u>		
Total	<u>\$ 538,273,959</u>		

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

The difference between the reacquisition price and the net carrying amount on refunded debt is deferred and amortized as a component of interest expense over the life of the new debt. Payments to the refunding escrow agent exceeded the existing carrying value of the refunded debt by \$4,576,059. Amortization of \$195,565 was recognized during the fiscal year ended June 30, 2024.

**EL CAMINO COMMUNITY COLLEGE DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 8 POSTEMPLOYMENT HEALTHCARE BENEFITS

Plan Description

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

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

Membership of the plan consisted of the following at June 30, 2024:

Participant Type	Number of Participants
Inactive Participants Currently Receiving Benefits	389
Inactive Participants Entitled to But Not Yet Receiving Benefit Payments	-
Participating Active Employees	798
Total	1,187

Funding Policy

The contribution requirements of Plan members and the District are established and may be amended by the District, the El Camino College Federation of Teachers (ECCFT), the local California Service Employees Association (CSEA), and unrepresented groups. Voluntary contributions are based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by Management and the District's governing board. For the measurement period of June 30, 2023, the District contributed \$1,050,816 to the Plan, all of which was used for current premiums.

**EL CAMINO COMMUNITY COLLEGE DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 8 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

Net OPEB Liability

The following table shows the components of the net OPEB liability of the District as of June 30:

Total OPEB Liability	\$ 27,834,382
Plan Fiduciary Net Position	26,074,643
Medicare Premium Payment Program Liability	109,672
District's Net OPEB Liability	<u>\$ 1,869,411</u>

Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	93.68%
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The deferred outflows of resources results from a change of assumptions and is amortized over the expected average remaining service life (EARSL) of the plan participants. The EARSL for the OPEB plan for June 30, 2024 is 7.4 years. The year of amortization is recognized in OPEB expense for the year the gain or loss occurs. The remaining amount is deferred and will be amortized over the remaining periods.

The deferred inflows of resources resulting from the net differences between investment gains and losses and changes in assumptions are amortized over a period of 5 years and 7.4 years, respectively, on a straight-line basis. One year of amortiation is recognized in OPEB expense during the measurement period and the remaining amount is deferred and will be amortized over the remaining periods.

At June 30, 2024, the District reported deferred inflows and outflows as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
OPEB Contributions Subsequent to Measurement Date	\$ 2,960,723	\$ -
Experience Gains and Losses	69,647	1,395,129
Changes in Assumptions	1,069,014	2,515,226
Investments Gains and Losses	2,210,395	-
Total	<u>\$ 6,309,779</u>	<u>\$ 3,910,355</u>

At June 30, 2024, the deferred inflows and outflows will be amortized as shown herein:

<u>Year Ending June 30,</u>	<u>Amortization</u>
2025	\$ (226,403)
2026	(224,233)
2027	453,768
2028	(454,390)
2029	(70,592)
Thereafter	(39,449)
Total	<u>\$ (561,299)</u>

**EL CAMINO COMMUNITY COLLEGE DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 8 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

Investments

The Plan’s policy for allocation of invested assets is established and may be amended by the Retirement Board of Authority (the RBA). It is the policy of the RBA to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of specific asset classes. Assets held in the Plan may be invested in accordance with California Government Code Sections 53600 through 53622, as applicable. The investment policy has a long-term focus, and, in particular, its emphasis is on preservation of capital. It discourages major shifts of asset class allocations over a short time span. The Retirement Board of Authority has established a target net return of 7%. The following was the governing board’s adopted asset allocation policy as of June 30, 2024:

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

At June 30, 2024, all Plan investments were in mutual funds. The Plan held no investments in any one organization that represented 5% or more of fiduciary net position. For the fiscal year ended June 30, 2024, the annual money-weighted rate of return on investments, net of investment expense, was 6.75%.

Investment Valuation

Investments are measured at fair value on a recurring basis. Recurring fair value measurements are those that GASB require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset’s fair value.

The Plan’s investment fair value measurements at June 30, 2024 are presented below:

	<u>Cost</u>	<u>Fair Value Measurements Level 1</u>
Mutual Fund - Fixed Income	\$ 15,075,185	\$ 14,354,027
Mutual Fund - Domestice Equity	9,423,897	10,793,244
Mutual Fund - Internal Equity	1,885,791	2,289,206
Mutual Fund - Real Estate	1,547,283	1,449,408
Total	<u>\$ 27,932,156</u>	<u>\$ 28,885,885</u>

**EL CAMINO COMMUNITY COLLEGE DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 8 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

Actuarial Methods and Assumptions

The District's net OPEB liability (asset) was measured as of June 30, 2023, and the total OPEB liability (asset) used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2022. The actuarial assumptions noted below were applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Inflation	2.50%
Salary Increases	2.75%
Investment Rate of Return	5.60%
Healthcare Care Trend Rate	4.00%

Mortality assumptions are based on the 2020 CalSTRS and 2021 CalPERS mortality for miscellaneous employees tables. CalSTRS and CalPERS periodically studies mortality for participating agencies and establishes mortality tables that are modified versions of commonly used tables. These tables incorporate mortality projections as deemed appropriate based on CalSTRS and CalPERS analysis.

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

Best estimates of geometric real rates of return for each major asset class included in the target asset allocation as of June 30, 2024 (see the discussion of the Plan's investment policy) are as summarized in the following table:

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

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

**EL CAMINO COMMUNITY COLLEGE DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 8 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB (Asset) Liability (a) - (b)
Balances - June 30, 2023	\$ 26,380,742	\$ 24,385,999	\$ 1,994,743
Changes for the Year:			
Service Cost	959,614	-	959,614
Interest	1,476,677	-	1,476,677
Expected Investment Income	-	1,361,654	(1,361,654)
Expected Contributions as Benefit Payments	-	1,050,816	(1,050,816)
Employer Contributions	(1,050,816)	(1,050,816)	-
Minus Expected Benefit Payments	-	-	-
Experience (Gains)/Losss	68,165	-	68,165
Assumption Changes	-	-	-
Investment Gains/(Losses)	-	468,498	(468,498)
Benefit Payments	-	-	-
Adminisitrative Expenses	-	(141,508)	141,508
Net Changes	<u>1,453,640</u>	<u>1,688,644</u>	<u>(235,004)</u>
Balances - June 30, 2024	<u>\$ 27,834,382</u>	<u>\$ 26,074,643</u>	<u>\$ 1,759,739</u>

The following presents the District's net OPEB liability calculated using the discount rate of 5.60%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.60%) or 1-percentage-point higher (6.60%) than the current rate:

	Discount Rate		
	1% Decrease (4.60%)	Curent Rate (5.60%)	1% Increase (6.60%)
Net OPEB (Aset) Liability	<u>\$ 5,314,098</u>	<u>\$ 1,759,739</u>	<u>\$ (1,198,578)</u>

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

	Healthcare Trend Rate		
	1% Decrease (3.00%)	Current Rate (4.00%)	1% Increase (5.00%)
Net OPEB (Aset) Liability	<u>\$ (2,033,982)</u>	<u>\$ 1,759,739</u>	<u>\$ 6,478,879</u>

OPEB Expense

For the fiscal year ended June 30, 2024, the District recognized OPEB expense of \$1,011,228.

**EL CAMINO COMMUNITY COLLEGE DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 9 EMPLOYEE RETIREMENT PLANS

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

As of June 30, 2024, the District's net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the retirement plans are as follows:

	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS (STRP)	\$ 65,498,460	\$ 20,883,266	\$ 6,209,858	\$ 12,479,215
CalPERS (Schools Pool Plan)	80,542,525	28,353,787	5,323,740	10,116,346
Total	<u>\$ 146,040,985</u>	<u>\$ 49,237,053</u>	<u>\$ 11,533,598</u>	<u>\$ 22,595,561</u>

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

Benefits Provided

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

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

**EL CAMINO COMMUNITY COLLEGE DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 9 EMPLOYEE RETIREMENT PLANS (CONTINUED)

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

Benefits Provided (Continued)

The STRP provisions and benefits in effect at June 30, 2024 are summarized as follows:

<u>Provisions and Benefits</u>	<u>STRP Defined Benefit Program and Supplement Program</u>	
	<u>On or Before December 31, 2012</u>	<u>On or After January 1, 2013</u>
Hire Date	2% at 60	2% at 62
Benefit Formula	5 Years of Service	5 Years of Service
Benefit Vesting Schedule	Monthly for Life	Monthly for Life
Benefit Payments	60	62
Retirement Age	2.0% - 2.4%	2.0% - 2.4%
Monthly Benefits as a Percentage of Eligible Compensation	10.25%	10.205%
Required Employee Contribution Rate	19.10%	19.10%
Required Employer Contribution Rate	10.828%	10.828%
Required State Contribution Rate		

Contributions

Required member, District, and State of California contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. The contribution rates for each plan for the year ended June 30, 2024 are presented above and the total District contributions were \$14,320,069.

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

At June 30, 2024, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for state pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the District were as follows:

	<u>Balance June 30, 2024</u>
District Proportionate Share of the Net Pension Liability	\$ 65,498,460
State's Proportionate Share of the Net Pension Liability Associated with the District	31,382,721
Total	<u>\$ 96,881,181</u>

The net pension liability was measured as of June 30, 2023. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the state, actuarially determined. At June 30, 2023, the District's proportion was 0.0860% which is the same proportion measured as of June 30, 2022.

**EL CAMINO COMMUNITY COLLEGE DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 9 EMPLOYEE RETIREMENT PLANS (CONTINUED)

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

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

For the year ended June 30, 2024, the District recognized pension expense of \$8,210,298 and revenue and corresponding expense of \$4,268,917 for contributions provided by the state representing total pension expense of \$12,479,215. At June 30, 2024, 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	\$ 14,320,069	\$ -
Differences Between Expected and Actual Experience	5,147,100	3,504,500
Changes of Assumptions	379,260	-
Changes in Proportion	756,477	2,705,358
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	280,360	-
Total	\$ 20,883,266	\$ 6,209,858

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. The net difference between projected and actual earnings on plan investments is amortized over a five year period on a straight-line basis. All other deferred outflows of resources and deferred inflows of resources are amortized over the expected average remaining service life (EARSL) of the plan participants. The EARSL for the STRP for the June 30, 2023 measurement date is seven years.

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

Year Ending June 30,	Amortization
2025	\$ (2,645,859)
2026	(3,629,583)
2027	5,268,490
2028	(35,885)
2029	538,326
2030	857,850
Total	\$ 353,339

**EL CAMINO COMMUNITY COLLEGE DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 9 EMPLOYEE RETIREMENT PLANS (CONTINUED)

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

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2022, and rolling forward the total pension liability to June 30, 2023. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The financial reporting actuarial valuation as of June 30, 2022 used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Experience Study	July 1, 2015 through June 30, 2018
Actuarial Cost Method	Entry Age Normal
Discount Rate	7.10%
Investment Rate of Return	7.10%
Consumer Price Inflation	2.75%
Wage Growth	3.50%

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

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

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Public Equity	38 %	5.25 %
Real Estate	15	4.05
Private Equity	14	6.75
Fixed Income	14	2.45
Risk Mitigating Strategies	10	2.25
Inflation Sensitive	7	3.65
Cash/Liquidity	2	0.05

**EL CAMINO COMMUNITY COLLEGE DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 9 EMPLOYEE RETIREMENT PLANS (CONTINUED)

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

Discount Rate

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

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is 1% lower or higher than the current rate:

Discount Rate	Net Pension Liability
1% Decrease	\$ 109,868,440
Current Discount Rate	65,498,460
1% Increase	28,644,020

Plan Fiduciary Net Position

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

Medicare Premium Payment Program

The District participates in the Medicare Premium Payment (MPP) Program of the California State Teachers' Retirement Plan (the STRP). The District's proportionate share of the liability is 0.1440%. As the plan activity and the District's proportionate share of the total OPEB liability is not significant, additional disclosures regarding the plan are not included in these financial statements.

**EL CAMINO COMMUNITY COLLEGE DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 9 EMPLOYEE RETIREMENT PLANS (CONTINUED)

California Public Employees Retirement System (CalPERS)

Plan Description

Qualified employees are eligible to participate in the Schools Pool Plan under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Law.

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 nonduty 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 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 provisions and benefits in effect at June 30, 2024 are summarized as follows:

<u>Provisions and Benefits</u>	<u>Schools Pool Plan (CalPERS)</u>	
	On or Before December 31, 2012	On or After January 1, 2013
Hire Date		
Benefit Formula	2% at 55	2% at 62
Benefit Vesting Schedule	5 Years of Service	5 Years of Service
Benefit Payments	Monthly for Life	Monthly for Life
Retirement Age	55	62
Monthly Benefits as a Percentage of Eligible Compensation	1.1% - 2.5%	1.0% - 2.5%
Required Employee Contribution Rate	7.00%	8.00%
Required Employer Contribution Rate	26.68%	26.68%

**EL CAMINO COMMUNITY COLLEGE DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 9 EMPLOYEE RETIREMENT PLANS (CONTINUED)

California Public Employees Retirement System (CalPERS) (Continued)

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are determined through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2024 are as presented above and the total District contributions were \$13,100,907.

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

As of June 30, 2024, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$80,524,525. The net pension liability was measured as of June 30, 2023. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2023, the District's proportion was 0.2225% which is a decrease of 0.0139% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the District recognized pension expense of \$10,116,346. At June 30, 2024, 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	\$ 13,100,907	\$ -
Differences Between Expected and Actual Experience	2,939,225	1,237,015
Changes of Assumptions	3,710,562	-
Changes in Proportion	-	4,086,725
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	8,603,093	-
Total	\$ 28,353,787	\$ 5,323,740

**EL CAMINO COMMUNITY COLLEGE DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 9 EMPLOYEE RETIREMENT PLANS (CONTINUED)

California Public Employees Retirement System (CalPERS) (Continued)

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

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. The net difference between projected and actual earnings on plan investments is amortized over a five year period on a straight-line basis. All other deferred outflows of resources and deferred inflows of resources are amortized over the expected average remaining service life (EARSL) of the plan participants. The EARSL for the CalPERS Schools Pool Plan for the June 30, 2023 measurement date is 3.8 years.

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

<u>Year Ending June 30,</u>	<u>Amortization</u>
2025	\$ 2,171,637
2026	1,711,235
2027	5,778,532
2028	267,736
Total	<u>\$ 9,929,140</u>

Actuarial Methods and Assumptions

Total pension liability for the Schools Pool Plan was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2022, and rolling forward the total pension liability to June 30, 2023. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The financial reporting actuarial valuation as of June 30, 2022 used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Experience Study	2000 through 2019
Actuarial Cost Method	Entry Age Normal
Discount Rate	6.90%
Investment Rate of Return	6.90%
Consumer Price Inflation	2.30%
Wage Growth	Varies by Entry Age and Service

Mortality assumptions are based on mortality rates resulting from the most recent CalPERS experience study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those rates include generational mortality improvements using 80% of scale MP 2020 published by the Society of Actuaries.

**EL CAMINO COMMUNITY COLLEGE DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 9 EMPLOYEE RETIREMENT PLANS (CONTINUED)

California Public Employees Retirement System (CalPERS) (Continued)

Actuarial Methods and Assumptions (Continued)

In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and, combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity - Cap-weighted	30 %	4.54 %
Global Equity - Non-cap-weighted	12	3.84
Private Equity	13	7.28
Treasury	5	0.27
Mortgage-backed Securities	5	0.50
Investment Grade Corporates	10	1.56
High Yield	5	2.27
Emerging Market Debt	5	2.48
Private Debt	5	3.57
Real Assets	15	3.21
Leverage	(5)	(0.59)

Discount Rate

The discount rate used to measure the total pension liability was 6.90%, which was unchanged from the prior fiscal year. This rate reflects the long-term expected rate of return for the Schools Pool Plan net of investment expenses and without reduction for administrative expenses. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the Schools Pool Plan fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine total pension liability.

**EL CAMINO COMMUNITY COLLEGE DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 9 EMPLOYEE RETIREMENT PLANS (CONTINUED)

California Public Employees Retirement System (CalPERS) (Continued)

Discount Rate (Continued)

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 1% lower or higher than the current rate:

Discount Rate	Net Pension Liability
1% Decrease	\$ 116,443,672
Current Discount Rate	80,542,525
1% Increase	50,871,044

Plan Fiduciary Net Position

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

NOTE 10 JOINT POWERS AGREEMENTS

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

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

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

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

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

**EL CAMINO COMMUNITY COLLEGE DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 10 JOINT POWERS AGREEMENTS (CONTINUED)

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

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

NOTE 11 COMMITMENTS AND CONTINGENCIES

Litigation

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

IRS Penalty

The District is involved in the process of disputing a IRS civil penalties for the tax years 2018, 2019 and 2020. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the District's financial statements. As a precaution, the District accrued a \$4 million liability as of June 30, 2024 in the event they are unable to appeal.

State and Federal Allowances, Awards, and Grants

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

Purchase Commitments

As of June 30, 2024, the District was committed under various capital expenditure purchase agreements for construction and modernization projects totaling approximately \$16.3 million. Projects will be funded through bond proceeds, state funds and general funds.

**EL CAMINO COMMUNITY COLLEGE DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 12 FUNCTIONAL EXPENSE

Operating expenses are reported by natural classification in the statement of revenues, expenses, and changes in net position. A schedule of expenses by function is shown below:

Functional Expense	Salaries	Employee Benefits	Supplies, Materials, and Other Operating Expenses and Services	Financial Aid	Depreciation	Total
Instructional	\$ 72,272,003	\$ 19,825,102	\$ 4,968,590	\$ -	\$ -	\$ 97,065,695
Academic Support	38,742,204	4,354,027	5,330,783	-	-	48,427,014
Student Services	23,882,080	8,486,525	3,830,490	-	-	36,199,095
Operation and						
Maintenance of Plant	632,986	3,202,319	6,690,034	-	-	10,525,339
Institutional Support	4,807,778	6,128,941	14,019,047	-	-	24,955,766
Community Services and						
Economic Development	2,503,367	801,575	527,578	-	-	3,832,520
Ancillary Services						
Auxiliary Operations	1,751,090	936,683	28,663,562	-	-	31,351,335
Student Aid	-	-	-	48,736,045	-	48,736,045
Depreciation Expense	-	-	-	-	16,399,501	16,399,501
Total	<u>\$ 144,591,508</u>	<u>\$ 43,735,172</u>	<u>\$ 64,030,084</u>	<u>\$ 48,736,045</u>	<u>\$ 16,399,501</u>	<u>\$ 317,492,310</u>

NOTE 13 DEFICIT FUND BALANCE

Student Financial Aid

The Student Financial Aid Fund beginning deficit fund balance was \$65,998; due to the timing of disbursements and the recognition of revenue, the fund ended the year with a \$24,989 deficit fund balance.

REQUIRED SUPPLEMENTARY INFORMATION

**EL CAMINO COMMUNITY COLLEGE DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
YEAR ENDED JUNE 30, 2024**

CalSTRS - STRP	2024	2023	2022	2021	2020
Measurement Date	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019
District's Proportion of the Net Pension Liability (NPL)	0.086%	0.086%	0.087%	0.090%	0.088%
District's Proportionate Share of the NPL	\$ 65,498,460	\$ 59,757,960	\$ 39,591,960	\$ 87,585,901	\$ 79,354,233
State's Proportionate Share of the NPL Associated with the District	31,382,721	29,926,961	19,921,554	45,150,543	43,293,032
Total	<u>\$ 96,881,181</u>	<u>\$ 89,684,921</u>	<u>\$ 59,513,514</u>	<u>\$ 132,736,444</u>	<u>\$ 122,647,265</u>
District's Covered Payroll (in millions)	\$ 54.7	\$ 52.1	\$ 50.1	\$ 49.6	\$ 44.1
District's Proportionate Share of the NPL as a Percentage of its Covered Payroll	120%	115%	79%	177%	180%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81%	81%	87%	72%	73%
	2019	2018	2017	2016	2015
Measurement Date	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
District's Proportion of the NPL	0.088%	0.090%	0.091%	0.096%	0.156%
District's Proportionate Share of the NPL	\$ 81,236,698	\$ 83,145,064	\$ 73,514,277	\$ 64,887,512	\$ 61,735,680
State's Proportionate Share of the NPL Associated with the District	46,511,809	49,187,917	41,850,366	34,318,341	37,278,669
Total	<u>\$ 127,748,507</u>	<u>\$ 132,332,981</u>	<u>\$ 115,364,643</u>	<u>\$ 99,205,853</u>	<u>\$ 99,014,349</u>
District's Covered Payroll (in millions)	\$ 44.6	\$ 41.0	\$ 43.7	\$ 41.5	\$ 39.8
District's Proportionate Share of the NPL as a Percentage of its Covered Payroll	182%	203%	168%	156%	155%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71%	69%	70%	74%	77%

See accompanying Note to Required Supplementary Information.

**EL CAMINO COMMUNITY COLLEGE DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY (CONTINUED)
YEAR ENDED JUNE 30, 2024**

CalPERS - Schools Pool Plan	2024	2023	2022	2021	2020
Measurement Period	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019
District's Proportion of the Net Pension Liability (NPL)	0.2225%	0.2364%	0.2431%	0.2451%	0.2559%
District's Proportionate Share of the NPL	\$ 80,542,525	\$ 81,343,077	\$ 49,433,004	\$ 75,216,962	\$ 74,593,130
District's Covered Payroll	\$ 38.7	\$ 36.4	\$ 35.0	\$ 35.3	\$ 35.1
District's Proportionate Share of the NPL as a Percentage of its Covered Payroll	208%	223%	141%	213%	213%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70%	70%	81%	70%	70%
	2019	2018	2017	2016	2015
Measurement Period	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
District's Proportion of the NPL	0.2606%	0.2575%	0.2650%	0.2834%	0.2937%
District's Proportionate Share of the NPL	\$ 69,475,373	\$ 61,477,017	\$ 52,345,935	\$ 41,777,449	\$ 33,340,795
District's Covered Payroll	\$ 34.6	\$ 32.4	\$ 31.5	\$ 31.7	\$ 30.4
District's Proportionate Share of the NPL as a Percentage of its Covered Payroll	201%	190%	166%	132%	110%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71%	72%	74%	79%	83%

See accompanying Note to Required Supplementary Information.

**EL CAMINO COMMUNITY COLLEGE DISTRICT
SCHEDULE OF THE DISTRICT PENSION CONTRIBUTIONS
YEAR ENDED JUNE 30, 2024**

CalSTRS - STRP	2024	2023	2022	2021	2020
Contractually Required Contribution	\$ 14,320,069	\$ 10,450,696	\$ 8,818,653	\$ 8,095,248	\$ 8,481,266
Contributions in Relation to the					
Contractually Required Contribution	14,320,069	10,450,696	8,818,653	8,095,248	8,481,266
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll (in millions)	\$ 75.0	\$ 54.7	\$ 52.1	\$ 50.1	\$ 49.6
Contributions as a Percentage of Covered Payroll	19.10%	19.10%	16.92%	16.15%	17.10%
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 7,176,305	\$ 6,438,464	\$ 5,163,237	\$ 4,688,258	\$ 3,681,561
Contributions in Relation to the					
Contractually Required Contribution	7,176,305	6,438,464	5,163,237	4,688,258	3,681,561
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll (in millions)	\$ 44.1	\$ 44.6	\$ 41.0	\$ 43.7	\$ 41.5
Contributions as a Percentage of Covered Payroll	16.28%	14.43%	12.58%	10.73%	8.88%

See accompanying Note to Required Supplementary Information.

**EL CAMINO COMMUNITY COLLEGE DISTRICT
SCHEDULE OF THE DISTRICT PENSION CONTRIBUTIONS (CONTINUED)
YEAR ENDED JUNE 30, 2024**

CalPERS - Schools Pool Plan	2024	2023	2022	2021	2020
Contractually Required Contribution	\$ 13,100,907	\$ 9,818,851	\$ 8,338,399	\$ 7,243,870	\$ 6,962,278
Contributions in Relation to the Contractually Required Contribution	13,100,907	9,818,851	8,338,399	7,243,870	6,962,278
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll (in millions)	\$ 49.1	\$ 38.7	\$ 36.4	\$ 35.0	\$ 35.3
Contributions as a Percentage of Covered Payroll	26.68%	25.37%	22.91%	20.70%	19.72%
	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 6,341,508	\$ 5,373,273	\$ 4,497,542	\$ 3,726,406	\$ 3,734,856
Contributions in Relation to the Contractually Required Contribution	6,341,508	5,373,273	4,497,542	3,726,406	3,734,856
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll (in millions)	\$ 35.1	\$ 34.6	\$ 32.4	\$ 31.5	\$ 31.7
Contributions as a Percentage of Covered Payroll	18.06%	15.53%	13.89%	11.85%	11.77%

See accompanying Note to Required Supplementary Information.

EL CAMINO COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
YEAR ENDED JUNE 30, 2024

	2024	2023	2022
Total OPEB Liability:			
Service Cost	\$ 959,614	\$ 1,030,954	\$ 952,432
Interest	1,476,677	1,484,985	1,423,727
Differences Between Projected and Actual			
Earnings on OPEB Plan Investments	-	-	-
Experience (Gains) Losses	68,165	(1,413,714)	-
Assumption Changes	-	(176,668)	748,541
Benefit Payments	(1,050,816)	(1,093,858)	(873,326)
Net Change in Total OPEB Liability	1,453,640	(168,301)	2,251,374
Total OPEB Liability - Beginning	26,380,742	26,549,043	24,297,669
Total OPEB Liability - Ending (a)	27,834,382	26,380,742	26,549,043
Plan Fiduciary Net Position:			
Contributions - Employer	-	1,715,703	891,154
Expected Investment Income	1,830,152	1,675,063	1,432,803
Differences Between Projected and Actual	-	(7,122,206)	4,140,767
Earnings on OPEB Plan Investments	-	(1,715,703)	(891,154)
Benefit Payments	-	(157,385)	(150,806)
Administrative Expense	(141,508)	-	-
Reimbursement of Benefits Previously Paid	1,688,644	(5,604,528)	5,422,764
Plan Fiduciary Net Position - Beginning	24,385,999	29,990,527	24,567,763
Plan Fiduciary Net Position - Ending (b)	26,074,643	24,385,999	29,990,527
Net OPEB Liability- Ending (a) - (b)	\$ 1,759,739	\$ 1,994,743	\$ (3,441,484)
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	93.68%	92.44%	112.96%
Covered Employee Payroll	\$ 143,781,998	\$ 111,210,320	\$ 105,426,144
Net OPEB Liability as a Percentage of Covered-Employee Payroll	1.22%	1.79%	-3.26%

See accompanying Note to Required Supplementary Information.

EL CAMINO COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS (CONTINUED)
YEAR ENDED JUNE 30, 2024

	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
Differences Between Projected and Actual				
Earnings on OPEB Plan Investments	(4,644)	-	-	-
Experience (Gains) Losses	-	(2,382,661)	-	-
Assumption Changes	(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	159,128	(107,452)	(337,208)	-
Earnings on OPEB Plan Investments	(868,673)	(957,261)	(800,455)	(763,687)
Benefit Payments	(137,880)	(133,523)	(136,501)	(137,668)
Administrative Expense	-	-	-	(2,089,577)
Reimbursement of Benefits Previously Paid	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- 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 as a Percentage of Covered-Employee Payroll	-0.32%	5.06%	6.81%	2.87%

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

See accompanying Note to Required Supplementary Information.

**EL CAMINO COMMUNITY COLLEGE DISTRICT
SCHEDULE OF POSTEMPLOYMENT HEALTHCARE BENEFIT CONTRIBUTIONS
YEAR ENDED JUNE 30, 2024**

<u>OPEB Contributions</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially Determined Contribution (ADC)	\$ -	\$ -	\$ 891,154	\$ 868,673	\$ 957,261	\$ 800,455	\$ 763,687
Contributions in Relation to the ADC	-	-	891,154	868,673	957,261	800,455	763,687
Contribution (Excess) Deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 143,781,998	\$ 111,210,320	\$ 105,426,144	\$ 84,901,926	\$ 79,190,165	\$ 79,215,683	\$ 73,427,594
Contributions as a Percentage of Covered-Employee Payroll	0.00%	0.00%	0.85%	1.02%	1.21%	1.01%	1.04%

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

See accompanying Note to Required Supplementary Information.

**EL CAMINO COMMUNITY COLLEGE DISTRICT
 SCHEDULE OF POSTEMPLOYMENT HEALTHCARE BENEFITS
 MONEY-WEIGHTED RATE OF RETURN ON PLAN ASSETS
 YEAR ENDED JUNE 30, 2024**

	2024	2023	2022	2021	2020	2019	2018
Annual Money-Weighted Rate of Return, Net of Investment Expense	11.39%	6.75%	-18.69%	4.64%	3.73%	26.64%	5.72%

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

See accompanying Note to Required Supplementary Information.

**EL CAMINO COMMUNITY COLLEGE DISTRICT
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2024**

NOTE 1 PURPOSE OF SCHEDULES

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

The schedule presents information on the District's proportionate share of the net pension liability, the plans' fiduciary net position and, when applicable, the state's proportionate share of the net pension liability associated with the District for the last 10 years.

Benefit changes – None

Changes of Assumptions:

June 30, 2023 Measurement Period:
There were no assumption changes.

June 30, 2022 Measurement Period
CalPERS Board adopted new mortality assumptions and new mortality tables for the plan. Assumption for inflation rate was reduced from 2.50% to 2.30%. A new discount rate was applied decreasing the rate from 7.15% to 6.90%.

June 30, 2020 Measurement Period
CalSTRS Board adopted a new experience study which updated assumptions for termination rates and service rates.

June 30, 2019 Measurement Period
CalPERS Board adopted new mortality assumptions for the plan. Assumption for inflation rate was reduced from 2.75% to 2.50%. Assumption for individual salary increases and overall payroll growth was reduced from 3.00% to 2.75%.

June 30, 2018 Measurement Period
CalSTRS Board adopted new mortality assumptions and new mortality tables for the plan. Assumption for inflation rate was reduced from 3.00% to 2.75%. Assumption for payroll growth was reduced from 3.75% to 3.50%. CalPERS applied a new discount rate decreasing the rate from 7.65% to 7.15%.

June 30, 2016 Measurement Period
CalPERS applied a new discount rate increasing the rate from 7.50% to 7.65%.

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

The schedule presents information on the District's required contribution, the amounts actually contributed and any excess or deficiency related to the required contribution for the last 10 years.

**EL CAMINO COMMUNITY COLLEGE DISTRICT
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2024**

NOTE 1 PURPOSE OF SCHEDULES (CONTINUED)

Schedule of Changes in the Net OPEB Liability and Related Ratios

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

Benefit changes – None.

Changes of Assumptions:

2022-23

There were no assumption changes.

2021-22

The discount rate and expected rate of return on assets was changed from 3.31% to 5.6%.

2020-21

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

2019-20

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

2018-19

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

Schedule of Postemployment Healthcare Benefits Employer Contributions

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

Actuarially determined contribution rates are calculated as of July 1, 2023, 12 months prior to the end of the fiscal year in which contributions are reported.

Methods of assumptions used to determine contribution rates are:

Actuarial Cost Method	Entry age normal
Inflation	2.50%
Salary Increases	2.75%
Investment Rate of Return	5.60%
Health Care Trend Rate	4.00%

Mortality rates were based on the 2020 rates used by CalSTRS and the 2021 rates used by CalPERS for pension valuations.

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

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

**EL CAMINO COMMUNITY COLLEGE DISTRICT
HISTORY AND ORGANIZATION (UNAUDITED)
YEAR ENDED JUNE 30, 2024**

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

The Board of Trustees and the District Administrators for the fiscal year ended June 30, 2024 were as follows:

BOARD OF TRUSTEES

Member	Office	Term Expires
Trisha Murakawa	President	2024
Katherine Steinbronner Maschler	Vice President	2024
Cliff Numark	Member	2026
Nilo Vega Michelin	Member	2026
Brett C.S. Roberts	Secretary	2024

DISTRICT ADMINISTRATORS

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

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

SUPPLEMENTARY INFORMATION

**EL CAMINO COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL (CONTINUED)
YEAR ENDED JUNE 30, 2024**

Program Name	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Program Expenditures
Federal Categorical Aid Programs:			
Department of Education			
Direct:			
Student Financial Assistance Cluster:			
Supplemental Educational Opportunities Grant (SEOG)	84.007	n/a	\$ 810,522
Federal Work Study (FWS)	84.033	n/a	465,543
Pell Grant	84.063	n/a	29,652,043
Federal Direct Student Loans	84.268	n/a	896,713
Total Student Financial Assistance Cluster			<u>31,824,821</u>
Warriors STEM Industry Program	84.116Z	n/a	187,981
ECC Warriors Resource Program	84.116N	n/a	217,918
			<u>405,899</u>
Workforce Innovation and Opportunity Act, Title II (WIOA)	84.002A	n/a	136,607
WINGS-Warrior Initiative	84.031S	n/a	77,408
Center for Collaborative Education	84.423A	n/a	154,610
COVID-19 Higher Education Emergency Relief Funds (HEERF):			
COVID-19 HEERF- Institutional	84.425F	n/a	<u>2,632,231</u>
Pass-Through Program from the California Community College Chancellor's Office:			
Career Technical Education:			
Perkins Title I-C (Basic Grants to States)	84.048A	20-C01-014	<u>781,078</u>
Total Department of Education			36,012,654
National Science Foundation			
Research and Development Cluster:			
Replication of Cohort-Based Computer Science Bachelor's Degree Model	47.076	5052101A-10192018-A	<u>56,623</u>
Total National Science Foundation and Research and Development Cluster			56,623
U.S. Department of Agriculture Food and Nutrition Services			
Pass-through the California Department of Social Services via CSU Chico			
CalFresh SNAP Outreach Program (CFO)	10.580	SUB18-032	37,717
U.S. Department of Commerce			
Pass-Through California Manufacturing Technology Consulting (CMTC)			
Manufacturing Extension Partnership	11.611	70NANB1-6H208	78,980
U.S. Department of Defense			
Pass-Through Governor's Office of Planning and Research			
California Advanced Defense Ecosystems & National Consortia Effort (CADENCE)	12.600	n/a	59,017
Californiat Advanced Supply Chain Analysis and Diversification Effort Phase II (CASCADE II) Project	12.617	n/a	<u>47,489</u>
Total Department of Defense			106,506

**EL CAMINO COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL (CONTINUED)
YEAR ENDED JUNE 30, 2024**

Program Name	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Program Expenditures
Small Business Administration			
Pass-Through Long Beach Community College District Small Business Development Center (SBDC)	59.037	CN 99753.4	\$ 343,190
U.S. Department of Veterans Affairs			
Direct:			
Veterans Education	64.117	n/a	48,573
U.S. Department of Health and Human Services			
Pass-Through Program from the California Community College Chancellor's Office:			
Temporary Assistance for Needy Families (TANF)	93.558	(1)	186,263
Foster and Kinship Care Education Program	93.658	(1)	35,539
Medi-Cal Administrative Activities	93.778	n/a	1,039
Total Department of Health and Human Services			<u>222,841</u>
Corporation for National and Community Service (CNCS)			
Direct:			
AmeriCorps National Service Awards	94.006	n/a	4,561
Total Expenditures of Federal Awards			<u>\$ 36,911,645</u>
Reconciliation to Federal Revenue			
Total Expenditures of Federal Awards			\$ 36,911,645
Federal Direct Student Loans	84.268	n/a	(896,713)
Total Revenue of Federal Awards			<u>\$ 36,014,932</u>
Operating Federal Revenue			\$ 3,730,658
Non-operating Federal Revenue			32,284,274
Total Revenue of Federal Awards			<u>\$ 36,014,932</u>

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

n/a Pass-Through entity identifying number not applicable

**EL CAMINO COMMUNITY COLLEGE DISTRICT
SCHEDULE OF STATE FINANCIAL ASSISTANCE – GRANTS
YEAR ENDED JUNE 30, 2024**

Program Name	Program Revenues			Total	Total Program Expenditures
	Cash Received	Accounts Receivable/ (Payable)	Unearned Revenue		
State Categorical Aid Programs:					
Access to Print and Electronic Info and Def and Hearing	\$ 553,185	\$ -	\$ 250,015	\$ 303,170	\$ 303,170
Adult Education Block Grant Data and Accountability	555,997	-	-	555,997	555,997
Asian American, Native Hawaiian and Pacific Island	280,297	-	244,211	36,086	36,086
Basic Needs Centers	1,511,401	-	1,031,533	479,868	479,868
CA College Promise Implementation	2,090,088	-	-	2,090,088	2,090,088
CalWORKs	868,479	-	282,228	586,251	586,251
Cooperative Agencies Resources for Education (CARE)	866,151	-	-	866,151	866,151
Disabled Students Program and Services (DSPS)	3,105,390	-	1,063,959	2,041,431	2,041,431
Extended Opportunity Program and Services (EOPS)	4,199,852	-	1,268,712	2,931,140	2,931,140
Foster Care Education Program	70,924	-	-	70,924	70,924
Guided Pathways	455,352	-	69,692	385,660	385,660
Mental Health Program	582,400	-	29,823	552,577	552,577
Nextup	1,090,000	-	499,033	590,967	590,967
Retention and Enrollment Outreach	3,021,402	-	520,150	2,501,252	2,501,252
Strong Workforce Program	4,427,980	816,254	2,267,008	2,977,226	2,977,226
Student Equity and Achievement	10,025,957	-	1,908,677	8,117,280	8,117,280
Student Food and Housing Support	858,849	-	652,929	205,920	205,920
Zero Textbook Cost Program - (One-Time Funds)	180,000	-	158,093	21,907	21,907
Zero Textbook Cost Program	20,000	-	19,000	1,000	1,000
Total State Categorical Aid Programs	\$ 34,763,704	\$ 816,254	\$ 10,265,063	\$ 25,314,895	\$ 25,314,895

**EL CAMINO COMMUNITY COLLEGE DISTRICT
SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL
APPORTIONMENT ANNUAL (ACTUAL) ATTENDANCE
YEAR ENDED JUNE 30, 2024**

Categories	Annual - Factored FTES			
	Annual Reported Data	Revised Annual Adjustments	Audit Adjustments	Revised Reported Data
A. Summer Intersession (Summer 2023 only)				
1. Noncredit ¹	18.37	-	-	18.37
2. Credit ¹	1,752.66	-	-	1,752.66
B. Summer Intersession (Summer 2024 - Prior to July 1, 2024)				
1. Noncredit ¹	-	-	-	-
2. Credit ¹	-	-	-	-
C. Primary Terms (Exclusive of Summer Intersession)				
1. Census Procedure Courses				
(a) Weekly Census Contact Hours	6,055.20	-	-	6,055.20
(b) Daily Census Contact Hours	470.15	-	-	470.15
2. Actual Hours of Attendance Procedure Courses				
(a) Noncredit ¹	61.47	-	-	61.47
(b) Credit ¹	431.15	-	-	431.15
3. Independent Study/Work Experience				
(a) Weekly Census Contact Hours	5,563.93	-	-	5,563.93
(b) Daily Census Contact Hours	2,323.62	-	-	2,323.62
(c) Noncredit Independent Study/Distance Education Courses	42.59	-	-	42.59
D. Total FTES	<u>16,719.14</u>	<u>-</u>	<u>-</u>	<u>16,719.14</u>
Supplemental Information (subset of above information)				
E. In-service Training Courses (FTES)	-	-	-	-
H. Basic Skills Courses and Immigrant Education				
(a) Noncredit ¹	80.38	-	-	80.38
(b) Credit ¹	359.18	-	-	359.18
CCFS 320 Addendum				
CDCP Noncredit FTES	-	-	-	-
Centers FTES				
(a) Credit ¹	16,596.71	-	-	16,596.71
(a) Noncredit ¹	122.43	-	-	122.43

Including Career Development and College Preparation (CDCP) FTES

**EL CAMINO COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF NET POSITION
YEAR ENDED JUNE 30, 2024**

The audit resulted in no adjustments to the fund balances reported on the June 30, 2024 Annual Financial and Budget Report (CCFS-311) based upon governmental accounting principles.

	Governmental Funds
Unrestricted General Fund Balance	\$ 50,387,002
Restricted General Fund Balance	16,913,464
Bond Interest and Redemption Fund Balance	29,657,153
Capital Projects Fund Balance	34,142,269
Bond Construction Fund Balance (2012 Election)	31,519,538
Bookstore	9,171,410
Self Insurance Fund Balance	2,617,962
Other Internal Services Fund	35,594,135
Associated Student Government	1,341,137
Student Representation Fee	232,779
Student Financial Aid and Trust Fund Balance	6,765,130
Other Trust Funds	1,948,306
Total Fund Balances as Reported on the Annual Financial and Budget Report (CCFS-311)	220,290,285
Plus Payroll Clearance Fund - Not included on CCFS-311	4,120
Total Ending Fund Balance	\$ 220,294,405

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

A reconciliation between the fund balances reported on the June 30, 2024 Annual Financial and Budget Report (CCFS-311), based upon the modified accrual basis of accounting, and total net position recorded on the full accrual basis of accounting is shown below and on the following page:

Total fund balances as reported on the Annual Financial and Budget Report (CCFS-311)	\$	220,294,405
Capital assets used for governmental activities are not financial resources and therefore are not reported as assets in governmental funds. Capital assets, net of accumulated depreciation are added to total net assets. Net capital assets of \$1,318 are already reported in the Bookstore Fund.		479,249,561
Amounts for 2023-24 property taxes levied for debt service not received as of June 30, 2024 are accrued on the statement of net position which increases the total net assets reported.		2,747,785
Deferred outflows associated with advanced refunding of debt increases total net position reported.		2,542,349

**EL CAMINO COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF NET POSITION (CONTINUED)
YEAR ENDED JUNE 30, 2024**

Deferred outflows associated with pension costs result from pension contributions made during the fiscal year and from actuarially determined adjustments. These amounts will be recognized as a reduction of the net pension liability or amortized to pension expense, as applicable, in subsequent periods.	\$ 49,237,053
Deferred outflows associated with other postemployment retirement benefits costs result from contributions made during the fiscal year and from actuarially determined adjustments. These amounts will be recognized as a reduction of the net other postemployment retirement benefits liability or amortized to benefits expense, as applicable, in subsequent periods.	6,309,779
Compensated absences and load banking are not due and payable in the current period and therefore are not reported in the governmental funds.	(4,864,938)
Interest expense related to bonds incurred through June 30, 2024 is accrued as a current liability on the statement of net position which reduces the total net assets reported.	(5,357,457)
Liabilities related to bonds are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds. Bond related liabilities are added to the statement of net position which reduces the total net assets reported.	(560,459,790)
The liability of employers and nonemployers contributing to employees for benefits provided through a defined benefit pension plan is recorded as net pension liabilities.	(146,040,985)
The liability associated with other postemployment benefits (OPEB), including the Medicare Premium Payment (MPP) Program of the California State Teachers' Retirement Plan (the STRP), is recognized as a liability, which reduces the total net position reported.	(1,869,411)
Deferred inflows of resources associated with pensions result from actuarially determined adjustments. These amounts will be amortized to pension expense in subsequent periods.	(11,533,598)
Deferred inflows of resources associated with other postemployment retirement benefits result from actuarially determined adjustments. These amounts will be amortized to other postemployment retirement benefits expense in subsequent periods.	(3,910,355)
Amounts held in an irrevocable trust for other postemployment retirement benefits are reported in the trust statement of net position.	<u>(34,074,563)</u>
Total Net Position	<u>\$ (7,730,165)</u>

**EL CAMINO COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF 50 PERCENT LAW CALCULATION
YEAR ENDED JUNE 30, 2024**

Object/TOP Codes	Activity (ECSA) ECS 84362 A Instructional Salary Cost AC 0100-5900 & AC 6110			Activity (ECSB) ECS 84362 B Total CEE AC 0100-6799			
	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data	
<u>Academic Salaries</u>							
Instructional Salaries - Contract or Regular	1100	\$ 38,032,239	\$ -	\$ 38,032,239	\$ 38,197,222	\$ -	\$ 38,197,222
Instructional Salaries - Other	1300	28,983,834	-	28,983,834	28,987,474	-	28,987,474
Total Instructional Salaries		67,016,073	-	67,016,073	67,184,696	-	67,184,696
Non-Instructional Salaries - Contract or Regular	1200	-	-	-	13,303,187	-	13,303,187
Non-Instructional Salaries - Other	1400	-	-	-	3,626,399	-	3,626,399
Total Non-Instructional Salaries		-	-	-	16,929,586	-	16,929,586
Total Academic Salaries		67,016,073	-	67,016,073	84,114,282	-	84,114,282
<u>Classified Salaries</u>							
Non-Instructional Salaries - Regular Status	2100	-	-	-	31,738,759	-	31,738,759
Non-Instructional Salaries - Other	2300	-	-	-	3,247,887	-	3,247,887
Total Non-Instructional Salaries		-	-	-	34,986,646	-	34,986,646
Instructional Aides - Regular Status	2200	1,156,210	-	1,156,210	1,884,322	-	1,884,322
Instructional Aides - Other	2400	-	-	-	2,836	-	2,836
Total Instructional Aides		1,156,210	-	1,156,210	1,887,158	-	1,887,158
Total Classified Salaries		1,156,210	-	1,156,210	36,873,804	-	36,873,804
Employee Benefits	3000	27,516,695	-	27,516,695	47,112,629	-	47,112,629
Supplies and Materials	4000	-	-	-	1,058,235	-	1,058,235
Other Operating Expenses	5000	268,450	-	268,450	10,588,497	-	10,588,497
Equipment Replacement	6420	-	-	-	360,851	-	360,851
Total Expenditures Prior to Exclusions		95,957,428	-	95,957,428	180,108,298	-	180,108,298
<u>Exclusions</u>							
<u>Activities to Exclude</u>							
Instructional Staff--Retirees' Benefits & Retirement Incentives	5900	-	-	-	-	-	-
Student Health Services Above Amount Collected	6441	-	-	-	-	-	-
Student Transportation	6491	-	-	-	-	-	-
Non-instructional Staff-Retirees' Benefits & Retirement Incentives	6740	-	-	-	-	-	-
<u>Objects to Exclude</u>							
Rents and Leases	5060	-	-	-	-	-	-
Lottery Expenditures		-	-	-	-	-	-
Academic Salaries	1000	-	-	-	-	-	-
Classified Salaries	2000	-	-	-	4,960,784	-	4,960,784
Employee Benefits	3000	-	-	-	-	-	-
Software	4100	-	-	-	-	-	-
Books, Magazines, & Periodicals	4200	-	-	-	-	-	-
Instructional Supplies & Materials	4300	-	-	-	-	-	-
Noninstructional, Supplies & Materials	4400	-	-	-	-	-	-
Other Operating Expenses and Services	5000	-	-	-	-	-	-
Capital Outlay	6000	-	-	-	-	-	-
Library Books	6300	-	-	-	-	-	-
Equipment - Additional	6410	-	-	-	-	-	-
Equipment - Replacement	6420	-	-	-	-	-	-
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		-	-	-	4,960,784	-	4,960,784
Total for ECS 84362, 50% Law		\$ 95,957,428	\$ -	\$ 95,957,428	175,147,514	-	175,147,514
Percent of CEE (Instructional Salary Cost/Total CEE)		54.79%	0.00%	54.79%	100.00%	0.00%	100.00%
50% of Current Expense of Education					\$ 87,573,757	\$ -	\$ 87,573,757

**EL CAMINO COMMUNITY COLLEGE DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2024**

NOTE 1 PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards

Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the District under programs of the federal government for the fiscal year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

Summary of Significant Accounting Policies

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

Schedule of State Financial Assistance – Grants

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

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

Attendance

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

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

This schedule reports any audit adjustments made to the fund balances reported on the June 30, 2024 Annual Financial and Budget Report (CCFS-311). This schedule is prepared to show a reconciliation between the governmental fund balances reported on the June 30, 2024 Annual Financial and Budget Report (CCFS-311), based upon the modified accrual basis of accounting, and the total net position reported on the audited financial statements based on the full accrual basis of accounting.

Reconciliation of 50 Percent Law Calculation

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

Education Protection Account Expenditure Report

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

OTHER INDEPENDENT AUDITORS' REPORTS



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

Board of Trustees
El Camino Community College District
Torrance, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of El Camino Community College District (the District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 29, 2025.

Report on Internal Control Over Financial Reporting

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

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

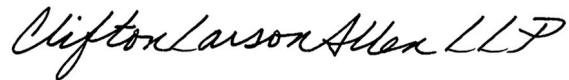
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

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

Purpose of this Report

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



CliftonLarsonAllen LLP

Glendora, California
January 29, 2025



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

Board of Trustees
El Camino Community College District
Torrance, California

Report on Compliance for the Major Federal Program

Opinion the Major Federal Program

We have audited El Camino Community College District (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2024. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion the Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as items 2024-001 and 2024-002. Our opinion on the major federal program is not modified with respect to this matter.

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

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2024-001 and 2024-002 to be material weaknesses.

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

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

Board of Trustees
El Camino Community College District

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Glendora, California
January 29, 2025



INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Trustees
El Camino Community College District
Torrance, California

We have audited El Camino Community College District's (the District) compliance with the types of compliance requirements described in the *2023-24 Contracted District Audit Manual*, published by the California Community Colleges Chancellor's Office for the fiscal year ended June 30, 2024. The District's state compliance requirements are identified in the table provided.

In our opinion, the District complied with the laws and regulations of the state programs referred to above in all material respects for the year ended June 30, 2024.

Basis for Opinion on State Compliance

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the *2023-24 Contracted District Audit Manual*, published by the California Community Colleges Chancellor's Office. Our responsibilities under those standards and the Audit Manual are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the with the types of compliance requirements described in the *2023-24 Contracted District Audit Manual*.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *2023-24 Contracted District Audit Manual* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the types of compliance requirements described in the *2023-24 Contracted District Audit Manual* as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *2023-24 Contracted District Audit Manual*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the with the types of compliance requirements described in the *2023-24 Contracted District Audit Manual*, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Compliance Requirements Tested

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

<u>Section</u>	<u>Description</u>	<u>Procedures Performed</u>
411	SCFF Data Management Control Environment	Yes
412	SCFF Supplemental Allocation Metrics	Yes
413	SCFF Success Allocation Metrics	Yes
421	Salaries of Classroom Instructors (50 Percent Law)	Yes
423	Apportionment for Activities Funded from Other Sources	Yes
424	Student Center Funding Formula Base Allocation: FTES	Yes
425	Residency Determination for Credit Courses	Yes
426	Students Actively Enrolled	Yes
427	Dual Enrollment – College and Career Access Pathways (CCAP)	Yes
430	Scheduled Maintenance Program	Yes
431	Gann Limit Calculation	Yes
444	Apprenticeship Related and Supplemental Instruction (RSI) Funds	Not applicable
475	Disabled Student Programs and Services (DSPS)	Yes
490	Proposition 1D and 51 State Bond Funded Projects	Not applicable
491	Education Protection Account (EPA) Funds	Yes
492	Student Representation Fee	Yes
494	State Fiscal Recovery Fund Emergency Grants	Yes
499	COVID-19 Response Block Grant Expenditures	Not applicable

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the *2023-24 Contracted District Audit Manual*, published by the California Community College Chancellor’s Office, and which is described in the accompanying schedule of findings and questioned costs as item 2024-003. Our opinion on each state program is not modified with respect to this matter.

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.

Board of Trustees
El Camino Community College District

Purpose of this Report

The purpose of this report on state compliance is solely to describe the results of testing based on the requirements of the *2023-24 Contracted District Audit Manual*, published by the California Community College Chancellor's Office. Accordingly, this report is not suitable for any other purpose.

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

CliftonLarsonAllen LLP

Glendora, California
January 29, 2025

FINDINGS AND QUESTIONED COSTS

**EL CAMINO COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SUMMARY OF AUDITORS' RESULTS
JUNE 30, 2024**

Section I – Summary of Auditors' Results

Financial Statements

- | | | |
|--|------------|---|
| 1. Type of auditors' report issued: | Unmodified | |
| 2. Internal control over financial reporting: | | |
| • Material weakness(es) identified? | _____ yes | _____ <input checked="" type="checkbox"/> no |
| • Significant deficiency(ies) identified? | _____ yes | _____ <input checked="" type="checkbox"/> none reported |
| 3. Noncompliance material to financial statements noted? | _____ yes | _____ <input checked="" type="checkbox"/> no |

Federal Awards

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

Identification of Major Federal Programs

Assistance Listing Number(s)	Name of Federal Program or Cluster
84.007, 84.033, 84.063, 84.268	Student Financial Assistance Cluster

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

\$ 750,000

Auditee qualified as low-risk auditee?	_____ yes	_____ <input checked="" type="checkbox"/> no
--	-----------	--

State Awards

- | | | |
|--|------------|---|
| 1. Internal control over state programs: | | |
| • Material weakness(es) identified? | _____ yes | _____ <input checked="" type="checkbox"/> no |
| • Significant deficiency(ies) identified? | _____ yes | _____ <input checked="" type="checkbox"/> none reported |
| 2. Type of auditors' report issued on compliance for state programs: | Unmodified | |

**EL CAMINO COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
RELATED TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

**EL CAMINO COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
RELATED TO FEDERAL AWARDS
JUNE 30, 2024**

Section III – Findings and Questioned Costs – Major Federal Programs

2024 – 001: Return of Title IV Funds Testing

Federal Agency: Department of Education

Federal Program: Student Federal Assistance Cluster

Assistance Listing Number: Various

Federal Award Identification Number and Year: Various - 2024

Award Period: July 1, 2023 to June 30, 2024

Type of Finding: Material Weakness in Internal Control over Compliance and Noncompliance

Criteria: In accordance with 34 CFR 668.22(a)(1), when a recipient of Title IV grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV grant or loan assistance that the student earned as of the student's withdrawal date.

In accordance with 34 CFR 668.22(b) and (d)(4), the institution must return those funds for which it is responsible under paragraph (a) of this section to the respective title IV, HEA program as soon as possible, but no later than 30 days after the date that the institution becomes aware that the student will not or has not begun attendance.

An institution does not satisfy this requirement if—

(i) The institution's records show that the check was issued more than 30 days after the date that the institution becomes aware that the student will not or has not begun attendance; or

(ii) The date on the cancelled check shows that the bank used by the Secretary or FFEL Program lender endorsed that check more than 45 days after the date that the institution becomes aware that the student will not or has not begun attendance.

Condition: It was noted during our testing of R2T4 calculations that 17 of 40 students selected for R2T4 testing had an instance of non-compliance. Specifically, 12 students had excess returns totaling \$2,404; one of those students also should have received a post-withdrawal disbursement of \$124; three students had under returns of \$22; and one student's return was not received within the 45-day time limit.

Questioned Costs: Excess returns exceeded under returns and missed post-withdrawal disbursement. Accordingly, there are not net questioned costs.

Context: During our audit procedures, we noted below instances for R2T4 testing:

- 1 of the 40 total students' Pell was not returned within the 45 days requirement due to human error.
- 16 of the 40 total students' R2T4 was incorrectly calculated.

Cause: The District does not have proper second review in place to ensure student awards are properly adjusted based on calculations performed.

Effect: The District is not returning the proper amounts to the Department based on the calculations performed.

Repeat Finding: Yes, 2023-001.

**EL CAMINO COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
RELATED TO FEDERAL AWARDS
JUNE 30, 2024**

Recommendation: We recommend the District review the R2T4 requirements and implement procedures to ensure award adjustments as determined by the R2T4 calculations are being properly adjusted to the student's account and the correct amounts are being returned to the Department.

Views of Responsible Officials: Management concurs with the finding.

**EL CAMINO COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
RELATED TO FEDERAL AWARDS
JUNE 30, 2024**

2024 – 002: NSLDS Enrollment Reporting

Federal Agency: Department of Education

Federal Program: Student Federal Assistance Cluster

Assistance Listing Number: Various

Federal Award Identification Number and Year: Various - 2024

Award Period: July 1, 2023 to June 30, 2024

Type of Finding: Material Weakness in Internal Control over Compliance and Noncompliance

Criteria: In accordance with 34 CFR 685.309(b) and the National Student Loan Data System (NSLDS) Enrollment Reporting Guide published by the Department of Education, schools must review, update, and verify student enrollment statuses, program information, and effective dates that appear on the Enrollment Reporting Roster file or on the Enrollment Maintenance page of the NSLDS Professional Access (NSLDSFAP) website. In addition, schools must report enrollment status changes within 30 days of becoming aware of the status change or in its next scheduled enrollment submission if the scheduled submission is within 60 days.

Condition: During our testing of 40 students, which is a statistically valid sample, we noted nine instances of late reporting of student status changes.

Questioned Costs: None.

Context: During our audit procedures, we noted nine instances of noncompliance.

Cause: The District's internal controls did not identify the errors for compliance with the criteria mentioned above.

Effect: Inaccurate information is reflected on the NSLDS database. A student's enrollment data protects the rights of borrowers by ensuring that loan interest subsidies are based on accurate enrollment data, ensures loan repayment dates are accurately based on the last data of attendance, allows in-school deferments to be automatically granted using NSLDS enrollment data, and provides vast amounts of critical data about the effectiveness of Title IV aid programs, including completion data.

Repeat Finding: No.

Recommendation: We recommend the District review its reporting procedures to ensure that enrollment and program information is accurately reported to NSLDS as required by regulations.

Views of Responsible Officials: Management concurs with the finding.

**EL CAMINO COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
RELATED TO STATE AWARDS
JUNE 30, 2024**

Section IV – Findings and Questioned Costs – State Awards

2024 – 003: Student Centered Funding Formula Base Allocation: FTES

Criteria: Education Code section 58003.1, Full-time Equivalent Student; Computation of Units, the District is responsible for accurately reporting contact hours for classes. Contact hours are to be computed in accordance with California Code of Regulations, title 5 Regulations and the Student Attendance Accounting Manual.

Condition: During our testing of 25 courses, which is a statistically valid sample, we noted once instance where the District incorrectly calculated the contact hours.

Questioned Costs: None.

Context: During our audit procedures, we noted one instance of noncompliance.

Cause: The District input the wrong amount of contact hours from the course detail on the apportionment detail report.

Effect: Contact hours were under reported.

Repeat Finding: No.

Recommendation: We recommend the District review its reporting procedures to ensure that contact hours are properly calculated and reported.

Views of Responsible Officials: Management concurs with the finding.

**EL CAMINO COMMUNITY COLLEGE DISTRICT
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2024**

FINDINGS—FINANCIAL STATEMENT AUDIT

There were no findings and questioned costs related to the financial statement audit for the year ended June 30, 2023.

FINDINGS—FEDERAL AWARD PROGRAMS AUDITS

2023 – 001: Return to Title IV

Federal Agency: Department of Education

Federal Program: Student Federal Assistance Cluster

Assistance Listing Number: Various

Award Period: July 1, 2022 to June 30, 2023

Type of Finding: Significant Deficiency in Internal Control over Compliance and Noncompliance

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

Current Status: Repeat finding, see 2024-001.

FINDINGS—STATE AWARDS

2023 – 002: State Compliance: Section 421 – Salaries of Classroom Instructors (50 Percent Law)

Recommendation: Prepare a plan for spending the unexempted deficiency or shortfall on Salaries of Classroom Instructors in the subsequent fiscal year. Since the District is in the process of establishing the college and does not receive apportionment, the District should collaborate with the California Community College Chancellor's Office to develop an action plan appropriate and specific to the District.

Current Status: The Corrective Action Plan was implemented by the District during the 2023-24 fiscal year.



EL CAMINO COMMUNITY COLLEGE DISTRICT

16007 Crenshaw Boulevard, Torrance, California 90506

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

Department of Education:

El Camino Community College District respectfully submits the following corrective action plan for the year ended June 30, 2024.

Audit period: July 01, 2023 – June 30, 2024

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

FINDINGS—FINANCIAL STATEMENT AUDIT

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

FINDINGS—FEDERAL AWARD PROGRAMS AUDITS

2024-001: Return of Title IV Funds Testing

Recommendation: We recommend the District review the R2T4 requirements and implement procedures to ensure award adjustments as determined by the R2T4 calculations are being properly adjusted to the student's account and the correct amounts are being returned to the Department.

Response to Recommendation: The District acknowledges the importance of adhering to R2T4 requirements and has taken the following actions to address this recommendation:

The District adjusted the student samples as notated by auditors. Samples with discrepancies have been recalculated based on R2T4 requirements and correct amounts have been returned to the Department of Education. Verification of corrected R2T4 calculations was provided to auditors.

Action taken in response to finding:

1. Consultant Engagement:
 - A NASFAA-certified consultant with extensive experience as a financial aid director has been hired to assist the R2T4 team during the 2024-2025 aid year.
 - The consultant will review all R2T4 calculations to ensure compliance and accuracy. Additionally, a secondary staff member is assisting in reviewing all 2024-2025 R2T4 calculations.
2. Training Initiatives
 - Provided department-wide training on R2T4 policies and procedures.
 - Delivered in-depth training sessions specifically tailored for the R2T4 team.
 - The R2T4 team has successfully completed NASFAA's R2T4 course series to enhance their expertise.
3. Staffing Adjustments
 - An Accounting Technician under the direction of the District Business Manager will be assigned to Financial Aid to support R2T4 processing and reconciliation to ensure accuracy and compliance.



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- Additionally, this Accounting Technician will need to have view-only access to all data and reports available in the Student Financial Aid module contained in Colleague in
 - order to be effective in providing meaningful analysis and reconciliation of student-level detail to summary ledgers and reports contained in the Fiscal Services module of Colleague and other financial reporting tools.
4. Process Improvements
- Instruct the R2T4 team to use the Department of Education's R2T4 worksheet in the COD system instead of the R2T4 module in Colleague.
 - This change addresses the lack of automation and checks in the Colleague system, which has been a contributing factor to discrepancies.
 - Financial Aid has reached out and established rapport and protocols with academic and registrar offices to enhance understanding of academic engagement, registration processes, and data fields.
 - The department has updated the policy and procedures manual, including cheat sheets to clarify points of regulatory interpretation along with El Camino's data fields to use.
5. System and Workflow Evaluation
- Identified that the R2T4 module in Colleague lacks automation or checks and balances to flag manual input discrepancies.
 - Future plans include exploring system enhancements or alternatives to improve functionality and reduce reliance on manual calculations.
 - The District has begun evaluating ways to improve the R2T4 reports to help automate this process as much as possible.

Name of the contact person responsible for corrective action: Chau Dao, Director of Financial Aid & Basic Needs

Planned completion date for corrective action plan:

Implementation Timeline:

- Consultant Review: Begin immediately, with ongoing review throughout the 2024-2025 aid year; retain consultant services for 2025-2026 aid year.
- Training: Complete with Spring 2025 R2T4 calculation, with periodic refresher sessions scheduled on an annual basis.
- Staffing Request: The Accounting Technician position will be assigned no later than July 1, 2025. This position shall be filled by existing accounting staff or, if needed, a new employee.
- Process Transition: Full transition to the COD system worksheet for R2T4 calculations with the Fall 2024 term R2T4 calculation.
- System Evaluation: Initiate and maintain ongoing discussions with IT and software providers, leveraging opportunities from conferences, networking events, and training sessions to explore and implement improvements.

Monitoring and Evaluation:

- Conduct monthly audits of R2T4 calculations to identify and address errors promptly.
- Maintain ongoing collaboration with the consultant to refine processes and implement best practices.
- Evaluate the effectiveness of new training and staffing adjustments after six months and report findings.



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By implementing these corrective actions, the financial aid department aims to eliminate discrepancies, improve accuracy, and ensure compliance in R2T4 processing.

2024-002: NSLDS Enrollment Reporting

Recommendation: We recommend the District review its reporting procedures to ensure that enrollment and program information is accurately reported to NSLDS as required by regulations.

Action taken in response to finding: The District has taken the following actions to address this recommendation:

Assess Current Reporting Delays

- Review the current submission schedule and identify specific time gaps between when Clearinghouse files are sent and when the data reaches NSLDS.
- Work with the Clearinghouse to confirm file submission dates and compare them with NSLDS report uploads.
- Document delays and establish a baseline for necessary improvements.

Action 1.2: Communicate with NSLDS and Clearinghouse

- Contact NSLDS and Clearinghouse support teams to communicate the delays and request any assistance or expedited processes.
- Set clear expectations with these parties on how to resolve the reporting issue and prevent future delayed submissions.

Establish Clear Reporting Timelines

- Work with Clearinghouse to establish a clear, consistent timeline for file submission and confirm the timing of data submission to NSLDS.
- Ensure reporting timelines align with NSLDS deadlines to ensure timely reporting.
- Update internal policies and procedures to reflect the new reporting timeline and expectations.

Staff Training and Awareness

- Conduct training sessions for staff involved in the Clearinghouse file preparation and submission process, emphasizing the importance of timely submissions.
- Provide regular updates and reminders about deadlines and processes.

Automate or Enhance File Submission Process

- Implement any necessary technology upgrades to streamline the data submission process.
- Explore the possibility of setting up automatic file uploads directly to NSLDS to minimize delays.

Implement Monitoring and Reporting System

- Set up a monitoring system to track Clearinghouse file submissions to NSLDS, including confirmation that files have been successfully submitted and processed.
- After implementing process changes, conduct monthly reviews to verify that student data is being submitted to NSLDS on time.
- Track and report submission times



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Continuous Communication with NSLDS and Clearinghouse

- Establish a point of contact at both NSLDS and the Clearinghouse to improve communication regarding file submission issues.

Conduct regular reviews to ensure that the institutions' reporting process aligns with NSLDS requirements.

Name of the contact person responsible for corrective action: Dr. Kristina Martinez, Acting Dean of Enrollment Services

Planned completion date for corrective action plan: June 30, 2025

FINDINGS—STATE AWARDS

2024-003: Student Centered Funding Formula Base Allocation: FTES

Recommendation: We recommend the District review its reporting procedures to ensure that contact hours are properly calculated and reported.

Action taken in response to finding: During the schedule development process, the Enrollment Data Analyst is already prescribed time to review and correct any scheduling issues that will result in FTES discrepancies. During this allotted time at schedule development, scheduling errors are corrected during the registration process for the term(s) as the enrollment data is tracked. Scheduling mistakes are also audited after every filing period (P1, P2, Annual, and Recalculation).

To assist in correcting these errors before and after every 320-filing period, the Enrollment Data Analyst will start attending the monthly meetings with the administrative assistants (schedulers). The monthly meetings between the schedulers began in November 2024. Attendance in these meetings presents an excellent opportunity for the Enrollment Data Analyst to provide routine training for proper scheduling in Colleague (SIS) and help troubleshoot any complex schedule issues that may result in under or over-scheduling a course and will provide more opportunity for review to identify and correct any potential mis-scheduling which could result in under or over-reporting of FTES.

Additionally, there is a custom report in Colleague (XCWR) which allows staff to verify the contact hours in a section match with the scheduled times in order to identify and avoid under or over-scheduling and reporting for weekly and daily census courses. The Enrollment Data Analyst will present this report at one of the Administrative Assistants meetings as a tool to verify that their scheduling is correct. In addition to this existing report, the analyst will work with Information Technology Services (ITS) to develop a report that will verify the attendance accounting methods which can be used by the analyst and schedulers.

Name of the contact person responsible for corrective action: Carlos Lopez, Vice President of Academic Affairs

Planned completion date for corrective action plan: June 30, 2025



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If the Department of Education has questions regarding this schedule, please call Jeffrey Hinshaw, Business Manager, at (310) 660-3160.



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Department of Education:

El Camino Community College District respectfully submits the following summary schedule of prior audit findings for the year ended June 30, 2023.

Audit period: July 1, 2022 – June 30, 2023

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

FINDINGS—FINANCIAL STATEMENT AUDIT

There were financial statement findings in the prior fiscal year that require corrective action plan.

FINDINGS—FEDERAL AWARD PROGRAMS AUDITS

DEPARTMENT OF EDUCATION

2023 – 001: Student Financial Ais Cluster – Return to Title V

Federal Agency: Department of Education
Federal Program: Student Federal Assistance Cluster
Assistance Listing Number: Various
Award Period: July 1, 2022 to June 30, 2023
Type of Finding: Significant Deficiency in Internal Control over Compliance and Noncompliance

Condition: The audit identified the following conditions:

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

Status: Not implemented – see 2024-001.

FINDINGS—STATE AWARDS

2023-002: State Compliance: Section 421 – Salaries of Classroom Instructors (50 Percent Law)

Condition: The District did not meet the requirements of the 50 percent law for fiscal year 2022-23. The District did apply for exemption as outlined in California Code of Regulations, Title 5, Section 59206.

Status: The Corrective Action Plan was implemented by the College during the 2023-24 fiscal year.

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



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