Financial Statements
June 30, 2020

El Camino Community College District

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Independent Auditor's Report

Board of Trustees
El Camino Community College District
Torrance, California

Report on the Financial Statements
We have audited the accompanying financial statements of the business-type activities and the aggregate remaining fund information of El Camino Community College District (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

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

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

Opinions
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate remaining fund information of the District as of June 30, 2020, 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.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require the management's discussion and analysis on pages 4 through 14, and other required supplementary schedules on pages 66 through 71 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Eide Bailly LLP

Rancho Cucamonga, California
February 27, 2021

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, 2020. 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

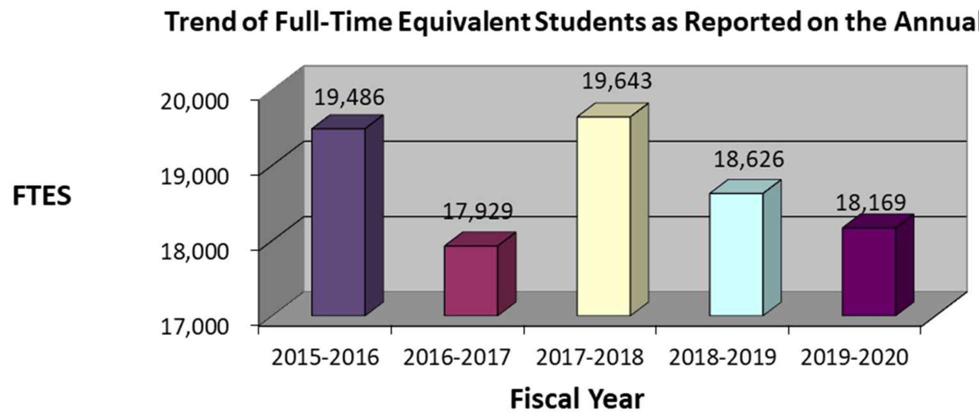
This section provides an overview of the District's financial activities. The District was required to implement the reporting standards of Governmental Accounting Standards Board (GASB) Statements No. 34 and No. 35 during fiscal year 2002-2003 using the Business-Type Activity (BTA) model. The California 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. Two years of prior data is presented in the Management's Discussion and Analysis.

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

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

SELECTED HIGHLIGHTS

- During 2019-2020, total full-time equivalent students (FTES) decreased by 457 from prior year. The decrease in FTES reported for fiscal year 2019-2020 was in large part, a result of the Spring 2020 COVID epidemic and the District's mid-semester conversion to online-only instruction. Credit and noncredit FTES, along with other measures indicated in the Student-Centered Funding Formula (SCFF), are the basis for the District's General Apportionment Revenues.



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

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

STATEMENT OF NET POSITION

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

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

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

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

The Statement of Net Position is summarized below:

	2020	2019
Assets		
Current Assets		
Cash and investments	$ 152,605,415	$ 201,386,226
Accounts receivable, net	9,209,560	15,591,842
Other current assets	1,689,997	2,116,781
Total current assets	163,504,972	219,094,849
Noncurrent Assets		
Capital assets, net of depreciation	431,256,945	399,587,830
Total assets	594,761,917	618,682,679
Deferred Outflows of Resources	38,743,471	43,609,269
Liabilities		
Current Liabilities		
Accounts payable and accrued interest payable	20,364,092	21,517,606
Unearned revenue	12,786,822	16,218,760
Current portion of long-term liabilities	17,709,945	17,844,945
Total current liabilities	50,860,859	55,581,311
Noncurrent Liabilities		
Long-term liabilites	637,712,477	647,294,616
Total liabilities	688,573,336	702,875,927
Deferred Inflows of Resources	14,941,180	12,346,339
Net Position		
Net Investment in Capital Assets	41,304,085	35,680,526
Restricted	39,870,714	48,656,022
Unrestricted Deficit	(151,183,927)	(137,266,866)
Total net position	$ (70,009,128)	$ (52,930,318)

Approximately 99 percent of the cash balance is cash deposited in the Los Angeles County Treasury. The Statement of Cash Flows contained within these financial statements provides greater detail regarding the sources and uses of cash during fiscal year 2019-2020.

- The majority of the accounts receivable balance is from Federal and State sources for grant entitlement programs. Also included is an account receivable for the lottery payment of $919.8 thousand. Student receivables are $4.4 million (gross) or $2.0 million net of allowance for doubtful accounts.

- Capital assets had a net increase of $31.7 million. Depreciation expense of $10.3 million was recognized during 2019-2020. 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, 2020. Total accounts payable are $15.5 million. Accrued liabilities of $9.5 million are for amounts due to or on behalf of employees for wages and benefits.

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

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

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

Generally, operating revenues are earned for providing goods and services to the various customers and constituencies of the District. Operating expenses are those expenses incurred to acquire or produce the goods and services provided in return for the operating revenues and to fulfill the mission of the District. Nonoperating revenues are those received or pledged for which goods and services are not provided; for example, State appropriations are nonoperating because they are provided by the legislature to the District without the legislature directly receiving commensurate goods and services for those revenues.

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

	2020	2019
Operating Revenues		
Net tuition and fees	$ 14,600,003	$ 16,785,852
Grants and Contracts, noncapital:		
Federal	3,040,825	2,787,290
State	25,779,338	28,228,997
Local	881,670	1,395,976
Total grants and contracts, noncapital	29,701,833	32,412,263
Auxiliary Enterprise Sales and Charges		
Bookstore	3,866,111	4,943,877
Total operating revenues	48,167,947	54,141,992
Operating Expenses		
Salaries	101,665,473	100,630,762
Employee benefits	48,137,450	45,812,034
Supplies, materials, and other operating expenses and services	76,374,556	75,976,846
Depreciation	10,346,212	15,376,916
Total operating expenses	236,523,691	237,796,558
Operating Loss	(188,355,744)	(183,654,566)
Nonoperating Revenues (Expenses)		
State apportionments, noncapital	72,737,424	75,096,905
Local property taxes	63,311,851	60,146,763
Federal financial aid grants, noncapital	36,640,877	37,129,757
State financial aid grants, noncapital	8,877,538	7,613,181
State taxes and other revenues	3,603,151	5,772,481
Investment income	2,575,616	3,689,935
Interest expense on capital related debt	(19,211,042)	(19,158,201)
Interest income on capital asset-related debt	265,898	315,053
Transfer to fiduciary funds	(82,327)	(25,000)
Other nonoperating revenue	2,557,948	4,211,012
Total nonoperating revenues (expenses)	171,276,934	174,791,886
Loss Before Other Revenues and (Losses)	(17,078,810)	(8,862,680)
Other Revenues and (Losses)		
State revenues, capital	-	10,248,455
Local revenues, capital	-	223,400
Total other revenues and (losses)	-	10,471,855
Change in Net Position	$ (17,078,810)	$ 1,609,175

- The decrease in net position from fiscal year 2019 to 2020 includes additional salary expense of $2.5 million for movement on the salary schedule and filling of vacant classified positions in the combined General Funds. Employee benefits costs increased as a result of increased salary expenses during the 2019-2020 fiscal year, increased percentage rates for required employer contributions to the STRS and PERS retirement systems, and increased OPEB expenses in the 2019-2020 year. The single largest factor with respect the District's change in net position from 2018-2019 to fiscal year 2019-2020 was in the category of "Other Revenues and Losses - State Revenues Capital". The district received one-time funding in 2018-2019 to construct a new Public Safety Training Center.

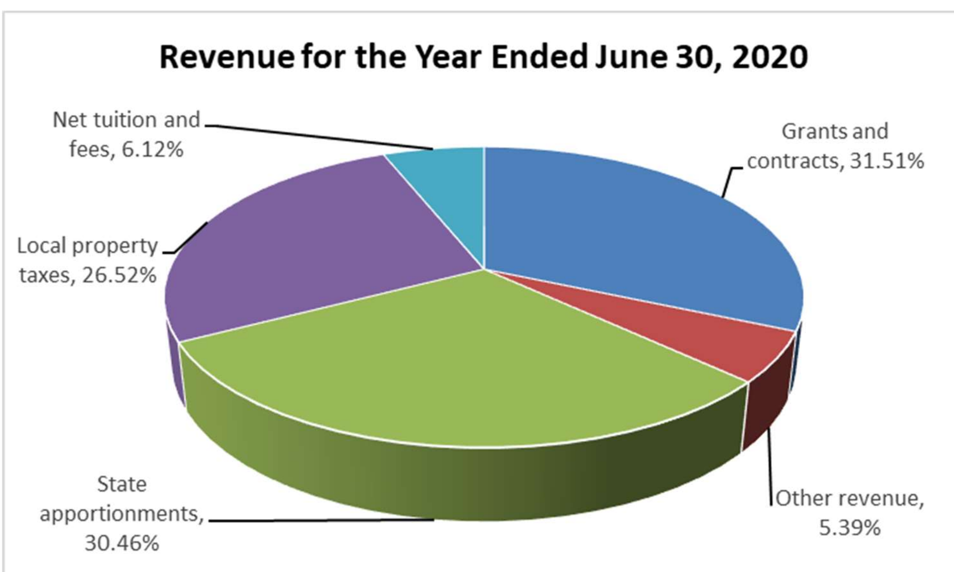
- Tuition and fees are generated by the resident, non-resident, and foreign students attending El Camino Community College District, including fees such as health fees, parking fees, community services classes, and other related fees.

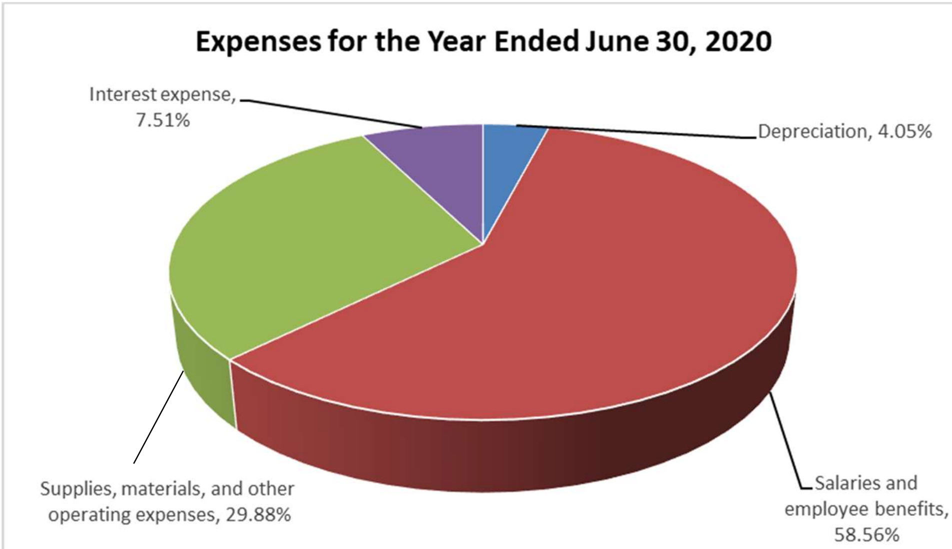
- Noncapital grants and contracts are primarily those received from Federal and State sources and used in the instructional program.

- Salaries and benefits make up 63 percent of total operating expenses as compared to other operating expenses (supplies, student financial aid, other services, capital outlay below the capitalization threshold, insurance, and utilities) which make up 32 percent 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 percent by the State.





STATEMENT OF CASH FLOWS

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

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

The Statement of Cash Flows for the years ended June 30, 2020, and 2019, is summarized below:

	2020	2019
Cash Flows From		
Operating activities	$ (164,956,043)	$ (166,724,419)
Noncapital financing activities	165,423,647	167,384,030
Capital financing activities	(52,275,451)	13,667,435
Investing activities	3,027,036	3,379,607
Net Change in Cash and Cash Equivalents	(48,780,811)	17,706,653
Cash and Cash Equivalents - Beginning of Year	201,386,226	183,679,573
Cash and Cash Equivalents - End of Year	$ 152,605,415	$ 201,386,226

- 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 46 percent of noncapital financing. Cash received from property taxes accounts for 24 percent of the cash generated in this section.

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

- Cash from investing activities is interest earned on cash in bank and cash invested through the Los Angeles County pool and on investments with fiduciaries. Approximately $3.0 million was received from the Los Angeles County pool.

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

	Salaries and Benefits	Supplies, Material, and Other Expenses and Services	Equipment, Maintenance, and Repairs	Depreciation	Total
Instructional activities	$ 73,191,419	$ 2,503,498	$ 28,128	$ -	$ 75,723,045
Academic support	9,170,504	403,365	4,913	-	9,578,782
Student services	32,996,756	2,875,488	2,011	-	35,874,255
Plant operations and maintenance	8,824,817	3,567,360	5,016	-	12,397,193
Instructional support services	17,818,871	8,754,285	26,241	-	26,599,397
Community services and economic development	3,439,690	1,438,090	35,527	-	4,913,307
Ancillary services and auxiliary operations	4,360,866	4,468,168	1,602	-	8,830,636
Student aid	-	46,142,791	1,914,652	-	48,057,443
Physical property and related acquisitions	-	4,066,691	136,730	-	4,203,421
Unallocated depreciation	-	-	-	10,346,212	10,346,212
Total	$ 149,802,923	$ 74,219,736	$ 2,154,820	$ 10,346,212	$ 236,523,691

DISTRICT'S FIDUCIARY RESPONSIBILITY

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

CAPITAL ASSET AND LONG-TERM LIABILITIES

Capital Assets

As of June 30, 2020, the District had $431.3 million invested in capital assets net of accumulated depreciation. Total capital assets of $608.1 million consist of land, site and building improvements, construction in progress, and equipment; these assets have accumulated depreciation of $176.8 million. Capital asset additions of $42.0 million occurred during 2019-2020, and depreciation expense of $10.3 million was recorded for the fiscal year.

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

Construction in progress of $140.6 million at June 30, 2020, includes the construction of the Public Safety Training Center, Construction Technology Building, Paving Replacement and Walkways and Driveways, Student Activity Center, Athletic Fitness Complex, the Music Building, the Arts and Dance Building, the Pool structure, the Art and Behavioral and Social Sciences building, the Student Services Center, and the Administration Building.

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

	2020	2019
Land	$ 1,050,000	$ 1,050,000
Construction in progress	140,610,488	99,977,740
Site improvements, net	1,171,676	1,275,480
Buildings and improvements, net	282,936,084	291,377,010
Vehicles and equipment, net	5,488,697	5,907,600
Net capital assets	$ 431,256,945	$ 399,587,830

Long-term Liabilities

At June 30, 2020, the District had $492.3 million in debt outstanding due to issuance of general obligation bonds. The general obligation bonds were issued to finance the acquisition, construction, and modernization of certain District property and facilities. Debt payments on the bonds will be funded through property tax receipts collected over the term of the bonds. The District received a bond rating of "AA+/Stable" from Standard and Poor's and a rating of "Aa1" from Moody's. The District passed an additional $350 million bond measure in November 2012.

Notes 10, 11 and 13 in the financial statements provides additional information on long-term liabilities. A summary of long-term liabilities is presented below:

	2020	2019
2012 General Obligation Bond, Series C	$ 233,779,552	$ 227,651,121
2012 General Obligation Refunding Bonds	25,335,000	30,935,000
2016 General Obligation Bond, Series A	88,550,000	90,750,000
2016 General Obligation Refunding Bonds	66,625,000	71,165,000
2018 General Obligation Bond, Series B	48,610,000	50,000,000
Unamortized premium	29,429,285	31,775,418
Compensated absences	2,549,673	3,172,735
Supplemental early retirement plan	2,009,890	3,014,835
Aggregate net OPEB liability	4,586,659	5,963,381
Aggregate net pension liability	153,947,363	150,712,071
Total	$ 655,422,422	$ 665,139,561

ECONOMIC FACTORS THAT MAY AFFECT THE FUTURE

Enrollment for fiscal year 2019-2020 was recorded at 18,169 FTES.

During the 2019-2020 fiscal year, the District settled contract and salary negotiations with the faculty bargaining unit. The District settled with the Classified Bargaining Unit, unrepresented employee groups, and the Police Officers' Association in 2019-2020. The Collective Bargaining Agreements for both the faculty and classified staff are scheduled to expire December 31, 2022.

The District's continuing policy of fiscal prudence has positioned the District to withstand economic uncertainty. The District has withstood the past recession without incurring layoffs of any full-time permanent staff or any salary reductions. In September 2014, the District celebrated the achievement of fully funding its Other Postemployment Benefits (OPEB) actuarially established accrued liability. Although more recent fluctuations in the market had placed the Trust at 81 percent funded, our most recent financial statements for our Trust indicate that the present balance has surpassed the last actuarial recommended balance of $27.5 million by an excess of over $600,000.

The 2019-2020 California Public Employees' Retirement System (CalPERS) employer contribution rate was 19.721 percent of classified payroll for a total unrestricted General Fund cost of $5,403,272. The District is budgeting $ 6,066,761 for the 2020-2021 estimated contribution at a rate of 20.700 percent. CalPERS is estimating that the employer contribution rate will steadily and significantly increase in the upcoming years.

The 2019-2020 California State Teachers' Retirement System (CalSTRS) employer contribution rate was 17.100 percent of the certificated payroll for a total unrestricted General Fund cost of $7,905,710. The District is budgeting $7,485,500 for the 2020-2021 fiscal year. The CalSTRS employer contribution rate decreased from 17.100 percent in the 2019-2020 fiscal year to 16.150 percent for the 2020-2021 fiscal year, and is expected to increase significantly in upcoming years reaching a rate of 18.000 percent in fiscal year 2022-2023.

The State enrollment fee for credit classes remains at $46 per unit for the 2019-2020 fiscal year. It is unknown at this time if the enrollment fee will be raised by the State legislature in future years.

The District has experienced fewer reductions and delays in General Apportionment payments from the State of California since the 2017-2018 fiscal year. The 2020-2021 State Advance Apportionment schedule has incorporated deferrals whereby State General Apportionment Revenues from February 2021 through June 2021 will be deferred and distributed to districts from July through December of 2021. The District plans to operate without the need to participate in any cash borrowing programs in the 2020-2021 fiscal year.

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

Assets	
Cash and cash equivalents	$ 2,044,704
Investments	150,560,711
Accounts receivable	7,167,166
Student receivables, net	2,042,394
Inventories	1,657,484
Prepaid expenses	32,513
Capital assets	
Nondepreciable capital assets	141,660,488
Depreciable capital assets, net of accumulated depreciation	289,596,457
Total capital assets	431,256,945
Total assets	594,761,917
Deferred Outflows of Resources	
Deferred charges on refunding	754,669
Deferred outflows of resources related to other postemployment benefits (OPEB)	3,049,865
Deferred outflows of resources related to pensions	34,938,937
Total deferred outflows of resources	38,743,471
Liabilities	
Accounts payable	15,542,070
Accrued interest payable	4,822,022
Unearned revenue	12,786,822
Long-term liabilities	
Long-term liabilities other than OPEB and pensions, due within one year	17,709,945
Long-term liabilities other than OPEB and pensions, due in more than one year	479,178,455
Aggregate net OPEB liability	4,586,659
Aggregate net pension liability	153,947,363
Total long-term liabilities	655,422,422
Total liabilities	688,573,336
Deferred Inflows of Resources	
Deferred inflows of resources related to OPEB	2,069,152
Deferred inflows of resources related to pensions	12,872,028
Total deferred inflows of resources	14,941,180
Net Position	
Net investment in capital assets	41,304,085
Restricted for:	
Debt service	19,267,080
Educational programs	1,550,180
Capital projects	19,053,454
Unrestricted deficit	(151,183,927)
Total net position	$ (70,009,128)

Operating Revenues	
Student tuition and fees	$ 25,912,806
Less: Scholarship discounts and allowances	(11,312,803)
Net tuition and fees	14,600,003
Grants and Contracts, noncapital:	
Federal	3,040,825
State	25,779,338
Local	881,670
Total grants and contracts, noncapital	29,701,833
Auxiliary enterprise sales and charges:	
Bookstore	3,866,111
Total operating revenues	48,167,947
Operating Expenses	
Salaries	101,665,473
Employee benefits	48,137,450
Supplies, materials, and other operating expenses and services	28,076,945
Student financial aid	46,142,791
Equipment, maintenance, and repairs	2,154,820
Depreciation	10,346,212
Total operating expenses	236,523,691
Operating Loss	(188,355,744)
Nonoperating Revenues (Expenses)	
State apportionments, noncapital	72,737,424
Local property taxes, levied for general purposes	39,022,676
Taxes levied for other specific purposes	24,289,175
Federal financial aid grants, noncapital	36,640,877
State financial aid grants, noncapital	8,877,538
State taxes and other revenues	3,603,151
Investment income	2,575,616
Interest expense on capital related debt	(19,211,042)
Interest income on capital asset-related debt	265,898
Transfer to fiduciary funds	(82,327)
Other nonoperating expenses	2,557,948
Total nonoperating revenues (expenses)	171,276,934
Change in Net Position	(17,078,810)
Net Position, Beginning of Year	(52,930,318)
Net Position, End of Year	$ (70,009,128)

Operating Activities	
Tuition and fees	$ 14,814,596
Federal, State, and local grants and contracts, noncapital	32,012,148
Payments to vendors for supplies and services	(29,553,036)
Payments to or on behalf of employees	(140,507,822)
Payments to students for scholarships and grants	(46,142,791)
Auxiliary enterprise sales and charges	4,420,862
Net Cash Flows from Operating Activities	(164,956,043)
Noncapital Financing Activities	
State apportionments	76,296,210
Property taxes - nondebt related	39,022,676
Federal and State financial aid grants	45,518,415
State taxes and other revenues	3,603,151
Other nonoperating revenues	983,195
Net Cash Flows from Noncapital Financing Activities	165,423,647
Capital Financing Activities	
Purchase of capital assets	(48,122,024)
Property taxes - related to capital debt	24,289,175
Principal paid on capital debt	(16,840,000)
Interest paid on capital debt	(11,868,500)
Interest received on capital asset-related debt	265,898
Net Cash Flows from Capital Financing Activities	(52,275,451)
Investing Activities	
Interest received from investments	3,027,036
Net Change in Cash and Cash Equivalents	(48,780,811)
Cash and Cash Equivalents, Beginning of Year	201,386,226
Cash and Cash Equivalents, End of Year	$ 152,605,415

Reconciliation of Net Operating Loss to Net Cash Flows from Operating Activities	
Operating Loss	$(188,355,744)
Adjustments to Reconcile Operating Loss to Net Cash Flows From Operating Activities:	
Depreciation expense	10,346,212
Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:	
Accounts receivable	4,170,732
Student receivable, net	(556,103)
Inventories	(638,164)
Prepaid expenses	1,064,948
Accounts payable	2,552,463
Unearned revenue	(534,970)
Deferred outflows of resources related to OPEB	223,082
Deferred outflows of resources related to pensions	3,946,097
Compensated absences	(623,062)
Supplemental early retirement plan	(1,004,945)
Aggregate net OPEB liability	(1,376,722)
Aggregate net pension liability	3,235,292
Deferred inflows of resources related to OPEB	2,069,152
Deferred inflows of resources related to pensions	525,689
Total Adjustments	23,399,701
Net Cash Flows From Operating Activities	$(164,956,043)
Cash and Cash Equivalents Consist of the Following:	
Cash in banks	$ 2,044,704
Cash in county treasury	150,560,711
Total cash and cash equivalents	$ 152,605,415
Noncash Transactions	
Amortization of deferred charges on refunding	$ 696,619
Amortization of debt premium	$ 2,346,133
Accretion of interest on capital appreciation bonds	$ 9,238,431

	Retiree OPEB Trust	Other Trust Funds
Assets		
Cash and cash equivalents	$ -	$ 462,153
Investments	24,567,763	1,480,425
Accounts receivable	-	16,211
Prepaid expenses	-	9,850
Total assets	24,567,763	1,968,639
Liabilities		
Accounts payable	-	73,018
Unearned revenue	-	102,163
Due to student groups	-	75,869
Total liabilities	-	251,050
Net Position		
Restricted for postemployment benefits other than pensions	24,567,763	-
Unrestricted	-	1,717,589
Total net position	$ 24,567,763	$ 1,717,589

	Retiree OPEB Trust	Other Trust Funds
Additions		
Federal revenues	$ -	$ 6,445
Local revenues	-	938,115
District contributions	868,673	-
Interest and investment income	942,350	-
Net realized and unrealized gain	203,398	-
Transfer from primary government	-	82,327
Total additions	2,014,421	1,026,887
Deductions		
Classified salaries	-	16,490
Employee benefits	868,673	-
Services and operating expenditures	-	661,901
Administrative expenses	137,880	-
Other uses - student financial aid	-	6,445
Total deductions	1,006,553	684,836
Change in Net Position	1,007,868	342,051
Net Position - Beginning of Year	23,559,895	1,375,538
Net Position - End of Year	$ 24,567,763	$ 1,717,589

Note 1 - Organization

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

Financial Reporting Entity

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

Note 2 - Summary of Significant Accounting Policies

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities as defined by GASB Statements No. 34 and No. 35 as amended by GASB Statements No. 37, No. 38, No. 39, and No. 61. This presentation provides a comprehensive government-wide perspective of the District's assets, deferred outflows of resources, liabilities, deferred inflows of resources, activities, and cash flows and replaces the fund group perspective previously required. Fiduciary activities, with the exception of the Student Financial Aid Fund, are excluded from the basic financial statements. Accordingly, the District's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. The significant accounting policies followed by the District in preparing these financial statements are in accordance with accounting principles generally accepted in the United States of America as prescribed by GASB. Additionally, the District's policies comply with the California Community Colleges Chancellor's Office *Budget and Accounting Manual*. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All material intra-agency and intra-fund transactions have been eliminated.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter, to be used to pay liabilities of the current fiscal year. The District considers revenues to be available if they are collected within one year after year-end, except for property taxes, which are considered available if collected within 60 days. For the District, operating revenues consist primarily of student fees and auxiliary activities through the bookstore.

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

Operating expenses are costs incurred to provide instructional services including support costs, auxiliary services, and depreciation of capital assets. All other expenses not meeting this definition are reported as nonoperating. Expenses are recorded on the accrual basis as they are incurred, when goods are received, or services are rendered.

The financial statements are presented in accordance with the reporting model as prescribed in GASB Statement No. 34, B*asic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, and GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*, as amended by GASB Statements No. 37, No. 38, No. 39, and No. 61. The business-type activity model followed by the District requires the following components of the District's financial statements:

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

Cash and Cash Equivalents

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

Investments

Investments with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost.

Accounts Receivable

Accounts receivable include amounts due from the Federal, State, and/or local governments or private sources, in connection with reimbursement of allowable expenditures made pursuant to the District's grants and contracts. Accounts receivable also consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff, the majority of each residing in the State of California. The District provides for an allowance for uncollectable accounts as an estimation of amounts that may not be received. This allowance is based upon management's estimates and analysis. The allowance was estimated at approximately $2.4 million for the year ended June 30, 2020.

Inventories

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

Prepaid Expenses

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

Capital Assets and Depreciation

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

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

Accrued Liabilities and Long-Term Liabilities

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

Compensated Absences

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

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

Debt Premiums

Debt premiums are amortized over the life of the bonds using the straight-line method, which approximates the effective interest method.

Deferred Outflows/Inflows of Resources

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

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

Pensions

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

Postemployment Benefits Other Than Pensions (OPEB)

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

Unearned Revenue

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

Noncurrent Liabilities

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

Net Position

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

The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report $39,870,714 of restricted net position and the fiduciary fund financial statement report $24,567,763 of restricted net position.

Operating Revenues and Expenses

Classification of Revenues - The District has classified its revenues as either operating or nonoperating. Certain significant revenue streams relied upon for operation are classified as nonoperating as defined by GASB Statements No. 34 and No. 35. Classifications are as follows:

> **Operating revenues** - Operating revenues include activities that have the characteristics of exchange transactions such as student tuition and fees, net of scholarship discounts and allowances, Federal, State, and local grants and contracts, and sales and services of auxiliary enterprises.
>
> **Nonoperating revenues** - Nonoperating revenues include activities that have the characteristics of nonexchange transactions such as State apportionments, property taxes, investment income, gifts and contributions, and other revenue sources defined in GASB Statements No. 34 and No. 35.

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

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

State Apportionments

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

Property Taxes

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

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

Scholarships, Discounts, and Allowances

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

Federal Financial Assistance Programs

The District participates in federally funded Pell Grants, Supplemental Educational Opportunity Grants (SEOG), and Federal Work-Study programs, as well as other programs funded by the Federal government. Financial aid to students is either reported as operating expenses or scholarship allowances, which reduce revenues. The amount reported as operating expense represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to students in the form of reduced tuition. These programs are audited in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

Estimates

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

Interfund Activity

Interfund transfers and interfund receivables and payables are eliminated during the consolidation process in the Primary Government and Fiduciary Funds' financial statements, respectively.

Change in Accounting Principles

In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

The effective dates of certain provisions contained in the following pronouncements are postponed by one year:

- Statement No. 83, *Certain Asset Retirement Obligations*
- Statement No. 84, *Fiduciary Activities*
- Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- Statement No. 90, *Majority Equity Interests*
- Statement No. 91, *Conduit Debt Obligations*

- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*
- Implementation Guide No. 2017-3*, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)*
- Implementation Guide No. 2018-1, *Implementation Guidance Update—2018*
- Implementation Guide No. 2019-1, *Implementation Guidance Update—2019*
- Implementation Guide No. 2019-2, *Fiduciary Activities*

The effective dates of the following pronouncements are postponed by 18 months:

- Statement No. 87, *Leases*
- Implementation Guide No. 2019-3, *Leases*

The provisions of this Statement have been implemented as of June 30, 2020, with the exception of Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements and Statement* No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The District has already implemented this standard as of June 30, 2020.

New Accounting Pronouncements

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

This Statement establishes criteria for identifying fiduciary activities of all State and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

As a result of the implementation of GASB Statement No. 95, the requirements of this Statement are effective for the reporting periods beginning after December 15, 2019 due to the implementation of GASB Statements No. 95 previously discussed. Early implementation is encouraged. The effects of this change on the District's financial statements have not yet been determined.

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

As a result of the implementation of GASB Statement No. 95, the requirements of this Statement are effective for the reporting periods beginning after June 15, 2021. Early implementation is encouraged. The effects of this change on the District's financial statements have not yet been determined.

In August 2018, the GASB issued Statement 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 60*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

As a result of the implementation of GASB Statement No. 95, the requirements of this Statement are effective for the reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements of this Statement should be applied prospectively. The effects of this change on the District's financial statements have not yet been determined.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

A conduit debt obligation is defined as a debt instrument having all of the following characteristics:

- There are at least three parties involved: (1) an issuer, (2) a third-party obligor, and (3) a debt holder or a debt trustee.
- The issuer and the third-party obligor are not within the same financial reporting entity.
- The debt obligation is not a parity bond of the issuer, nor is it cross-collateralized with other debt of the issuer.
- The third-party obligor or its agent, not the issuer, ultimately receives the proceeds from the debt issuance.
- The third-party obligor, not the issuer, is primarily obligated for the payment of all amounts associated with the debt obligation (debt service payments).

All conduit debt obligations involve the issuer making a limited commitment. Some issuers extend additional commitments or voluntary commitments to support debt service in the event the third party is, or will be, unable to do so.

An issuer should not recognize a conduit debt obligation as a liability. However, an issuer should recognize a liability associated with an additional commitment or a voluntary commitment to support debt service if certain recognition criteria are met. As long as a conduit debt obligation is outstanding, an issuer that has made an additional commitment should evaluate at least annually whether those criteria are met. An issuer that has made only a limited commitment should evaluate whether those criteria are met when an event occurs that causes the issuer to reevaluate its willingness or ability to support the obligor's debt service through a voluntary commitment.

This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third-party obligors in the course of their activities. Payments from third-party obligors are intended to cover and coincide with debt service payments. During those arrangements, issuers retain the titles to the capital assets. Those titles may or may not pass to the obligors at the end of the arrangements.

Issuers should not report those arrangements as leases, nor should they recognize a liability for the related conduit debt obligations or a receivable for the payments related to those arrangements. In addition, the following provisions apply:

- If the title passes to the third-party obligor at the end of the arrangement, an issuer should not recognize a capital asset.
- If the title does not pass to the third-party obligor and the third party has exclusive use of the entire capital asset during the arrangement, the issuer should not recognize a capital asset until the arrangement ends.
- If the title does not pass to the third-party obligor and the third party has exclusive use of only portions of the capital asset during the arrangement, the issuer, at the inception of the arrangement, should recognize the entire capital asset and a deferred inflow of resources. The deferred inflow of resources should be reduced, and an inflow recognized, in a systematic and rational manner over the term of the arrangement.

This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

As a result of the implementation of GASB Statement No. 95, the requirements of this Statement are effective for the reporting periods beginning after December 15, 2021. Early implementation is encouraged. The effects of this change on the District's financial statements have not yet been determined.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, Leases, for interim financial reporting
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan
- The applicability of Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits
- The applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature
- Terminology used to refer to derivative instruments

As a result of the implementation of GASB Statement No. 95, the requirements of this Statement are effective as follows:

- The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.
- The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2021.
- The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2021.

- The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021.

Early implementation is encouraged. The effects of this change on the District's financial statements have not yet been determined.

In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR (Interbank Offered Rate). This Statement achieves that objective by:

- Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment
- Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate
- Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable
- Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap
- Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap
- Clarifying the definition of reference rate, as it is used in Statement 53, as amended
- Providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend.

As a result of the implementation of GASB Statement No. 95, the removal of LIBOR as an appropriate benchmark interest rate (paragraph 11b) is effective for reporting periods ending after December 31, 2021. Paragraph 13 and 14 related to lease modifications is effective for reporting periods beginning after June 15, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2020. Early implementation is encouraged. The effects of this change on the District's financial statements have not yet been determined.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged. The effects of this change on the District's financial statements have not yet been determined.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.

A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged. The effects of this change on the District's financial statements have not yet been determined.

In June 2020, the GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

The requirements of this Statement that (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, are effective immediately.

The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted by requirement as specified within this Statement.

The Board considered the effective dates for the requirements of this Statement in light of the COVID-19 pandemic and in concert with Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The effects of this change on the District's financial statements have not yet been determined.

Note 3 - Deposits and Investments

Policies and Practices

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

Investment in County Treasury

In accordance with the *Budget and Accounting Manual*, the District maintains substantially all of its cash in the County Treasury as part of the common investment pool. The District is considered to be an involuntary participant in the external investment pool. The fair value of the District's investment in the pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

General Authorizations

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

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

Authorized Under Debt Agreements

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

Summary of Deposits and Investments

Deposits and investments as of June 30, 2020, consist of the following:

Primary government	$ 152,605,415
Fiduciary funds	26,510,341
Total deposits and investments	$ 179,115,756

Cash on hand and in banks	$ 2,296,113
Cash in revolving fund	138,750
Cash with fiscal agent	71,994
Investments	176,608,899
Total deposits and investments	$ 179,115,756

Interest Rate Risk

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

Specific Identification

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

Investment Type	Reported Amount	Weighted Average Days to Maturity
Certificate of Deposit	$ 19,503	180
Mutual Funds	24,567,763	No maturity
Los Angeles County Investment Pool	152,021,633	590
Total	$ 176,608,899	

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment in the Los Angeles County Investment Pool, Certificate of Deposit, and the Mutual Funds are not required to be rated, nor have they been rated as of June 30, 2020.

Custodial Credit Risk

Deposits
This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2020, the District's bank balance of approximately $910.1 thousand was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

Investments
This is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. As of June 30, 2020, the District's investment balance of approximately $24.1 million was exposed to custodial credit risk because it was uninsured, unregistered and held by the brokerage firm which is also the counterparty for these securities. The District does not have a policy limiting the amount of securities that can be held by counterparties.

Note 4 - Fair Value Measurements

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

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

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

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

The District's fair value measurements are as follows at June 30, 2020:

Investment Type	Fair Value	Level 1 Inputs
Certificate of Deposit	$ 19,503	$ 19,503
Mutual Funds	24,567,763	24,567,763
Total	$ 24,587,266	$ 24,587,266

Note 5 - Accounts Receivable

Accounts receivable at June 30, 2020, consisted of the following:

	Primary Government
Federal Government	
Categorical aid	$ 2,337,723
State Government	
Apportionment	976,537
Categorical aid	979,452
Lottery	919,775
Local Sources	
Interest	572,941
Other local sources	1,380,738
Total	$ 7,167,166
Student receivables	$ 4,408,086
Less allowance for bad debt	(2,365,692)
Student receivables, net	$ 2,042,394

	Fiduciary Funds
Other local sources	$ 16,211

Note 6 - Capital Assets

Capital asset activity for the District for the fiscal year ended June 30, 2020, was as follows:

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
Capital Assets Not Being Depreciated				
Land	$ 1,050,000	$ -	$ -	$ 1,050,000
Construction in progress	99,977,740	40,632,748	-	140,610,488
Total capital assets not being depreciated	101,027,740	40,632,748	-	141,660,488
Capital Assets Being Depreciated				
Site improvements	54,843,732	28,768	-	54,872,500
Buildings and improvements	382,497,105	310,987	-	382,808,092
Vehicles and equipment	27,715,541	1,042,824	-	28,758,365
Total capital assets being depreciated	465,056,378	1,382,579	-	466,438,957
Total capital assets	566,084,118	42,015,327	-	608,099,445
Less Accumulated Depreciation				
Site improvements	(53,568,252)	(132,572)	-	(53,700,824)
Buildings and improvements	(91,120,095)	(8,751,913)	-	(99,872,008)
Vehicles and equipment	(21,807,941)	(1,461,727)	-	(23,269,668)
Total accumulated depreciation	(166,496,288)	(10,346,212)	-	(176,842,500)
Net Capital Assets	$ 399,587,830	$ 31,669,115	$ -	$ 431,256,945

Depreciation expense for the year was $10,346,212.

Note 7 - Accounts Payable

Accounts payable at June 30, 2020, consisted of the following:

	Primary Government
Accrued payroll and benefits	$ 9,504,750
Apportionment	4,137,555
Student health insurance	303,054
Vendor payables	1,596,711
Total	$ 15,542,070

	Fiduciary Funds
Vendor payables	$ 73,018

Note 8 - Unearned Revenue

Unearned revenue at June 30, 2020, consisted of the following:

	Primary Government
Federal categorical	$ 24,835
State categorical aid	8,487,249
Enrollment fees	1,905,143
Other local	2,369,595
Total	$ 12,786,822

	Fiduciary Funds
Federal categorical	$ 102,163

Note 9 - Interfund Transactions

Interfund Receivables and Payables (Due To/Due From)

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund activity within the primary government and fiduciary funds has been eliminated respectively in the consolidation process of the basic financial statements. Balances owing between the primary government and the fiduciary funds are not eliminated in the consolidation process. As of June 30, 2020, there were no amounts owed between from the primary government and the fiduciary funds.

Interfund Operating Transfers

Operating transfers between funds of the District are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use restricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Operating transfers within the funds of the District have been eliminated in the consolidation process. Transfers between the primary government and the fiduciary funds are not eliminated in the consolidation process. During the 2020 fiscal year, the amount transferred to the fiduciary funds from the primary government amounted to $82,327.

Note 10 - Long-Term Liabilities Other Than OPEB and Pensions

Summary

The changes in the District's long-term liabilities other than OPEB and pensions during the 2020 fiscal year consisted of the following:

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020	Due in One Year
General Obligation Bonds					
2012 General Obligation Bonds, Series C	$ 227,651,121	$ 9,238,431	$ (3,110,000)	$ 233,779,552	$ 3,975,000
2012 General Obligation Refunding Bonds	30,935,000	-	(5,600,000)	25,335,000	5,880,000
2016 General Obligation Bonds, Series A	90,750,000	-	(2,200,000)	88,550,000	75,000
2016 General Obligation Refunding Bonds	71,165,000	-	(4,540,000)	66,625,000	3,775,000
2018 General Obligation Bonds, Series B	50,000,000	-	(1,390,000)	48,610,000	3,000,000
Unamortized premium	31,775,418	-	(2,346,133)	29,429,285	-
Total general obligation bonds	502,276,539	9,238,431	(19,186,133)	492,328,837	16,705,000
Other Liabilities					
Compensated absences	3,172,735	-	(623,062)	2,549,673	-
Supplemental early retirement plan	3,014,835	-	(1,004,945)	2,009,890	1,004,945
Total other liabilities	6,187,570	-	(1,628,007)	4,559,563	1,004,945
Total long-term obligations	$ 508,464,109	$ 9,238,431	$ (20,814,140)	$ 496,888,400	$ 17,709,945

Description of Long-term Liabilities

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

Bonded Debt

2012 General Obligation Bonds, Series C

In August 2012, the District issued the $180,812,882 General Obligation Bonds, Election of 2002, Series 2012C. The bonds issued included $30,000,000 of current interest serial bonds, $118,499,651 of Capital Appreciation Serial bonds, and $32,313,231 of Capital Appreciation Term bonds. Proceeds from the sale of the bonds were used to finance the acquisition, construction, modernization, and equipping of certain District property and facilities. The bonds mature beginning on August 1, 2014 through August 1, 2038, with interest rates from 4.00 to 5.00 percent. At June 30, 2020, the principal balance outstanding (including accreted interest to date) was $233,779,552. Unamortized premium received on issuance of the bonds amounted to $2,215,849 as of June 30, 2020.

2012 General Obligation Refunding Bonds

In August 2012, the District issued the $41,755,000 2013 General Obligation Refunding Bonds. The bonds have a final maturity to occur on August 1, 2023, with interest rates from 2.00 to 5.00 percent. The net proceeds of $50,729,726 (representing the principal amount of $41,755,000 plus premium on issuance of $8,974,726) from the issuance were used to advance refund a portion of the District's outstanding 2006 General Obligation Bonds, Series B and to pay the cost of the issuance associated with the refunding bonds, with prepayment occurring on August 1, 2016. Amounts paid to the refunded bond escrow agent in excess of outstanding debt at the time of payment are recorded as deferred charges on refunding on the statement of net position and are amortized to interest expense over the life of the liability. The refunding resulted in an economic gain of $1,635,689 based on the difference between the present value of the existing debt service requirements and the new debt service requirements discounted at 4.407 percent. At June 30, 2020, the principal balance outstanding was $25,335,000. Unamortized premium received on issuance of the bonds amounted to $2,583,635 as of June 30, 2020.

2016 General Obligation Bonds, Series A

In January 2016, the District issued the $100,000,000 General Obligation Bonds, Election of 2012, Series 2016A. The bonds issued included $100,000,000 of current interest serial bonds. Proceeds from the sale of the bonds were used to finance the acquisition, construction, modernization, and equipping of certain District property and facilities. The bonds mature beginning on August 1, 2017 through August 1, 2045, with interest rates from 2.00 to 5.00 percent. At June 30, 2020, the principal balance outstanding was $88,550,000. Unamortized premium received on issuance of the bonds amounted to $10,448,294 as of June 30, 2020.

2016 General Obligation Refunding Bonds

In January 2016, the District issued $85,825,000 of the 2016 General Obligation Refunding Bonds. The bonds have a final maturity to occur on August 1, 2031, with interest rates from 2.00 to 5.00 percent. The net proceeds of $99,409,180 (representing the principal amount of $85,825,000 plus premium on issuance of $13,584,180) from the issuance were used to advance refund all of the District's outstanding 2005 General Obligation Refunding Bonds and a portion of the District's outstanding 2006 General Obligation Bonds, Series B, and to pay the cost of the issuance associated with the refunding bonds. Prepayment of the 2005 General Obligation Refunding Bonds occurred on February 26, 2016, while the prepayment on the 2006 General Obligation Bonds, Series B occurred on August 1, 2016. Amounts paid to the refunded bond escrow agent in excess of outstanding debt at the time of payment are recorded as deferred charges on refunding on the statement of net position and are amortized to interest expense over the life of the liability. The refunding resulted in an economic gain of $18,790,615 based on the difference between the present value of the existing debt service requirements and the new debt service requirements discounted at 2.490 percent. At June 30, 2020, the principal balance outstanding was $66,625,000. Unamortized premium received on issuance of the bonds amounted to $9,797,786 as of June 30, 2020.

2018 General Obligation Bonds, Series B

In August 2018, the District issued the $50,000,000 General Obligation Bonds, Election of 2012, Series 2018A. The bonds issued included $5,590,000 of current interest serial bonds and $44,410,000 of current interest term bonds. Proceeds from the sale of the bonds were used to finance the acquisition, construction, modernization, and equipping of certain District property and facilities. The bonds mature beginning on August 1, 2019 through August 1, 2048, with interest rates from 3.00 to 5.00 percent. At June 30, 2020, the principal balance outstanding was $48,610,000. Unamortized premium received on issuance of the bonds amounted to $4,383,721 as of June 30, 2020.

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2019	Accreted Interest Additions	Redeemed	Bonds Outstanding June 30, 2020
8/2012	8/2038	4.0-5.0%	$180,812,882	$227,651,121	$9,238,431	$ (3,110,000)	$ 233,779,552
8/2012	8/2023	2.0-5.0%	41,755,000	30,935,000	-	(5,600,000)	25,335,000
1/2016	8/2045	2.0-5.0%	100,000,000	90,750,000	-	(2,200,000)	88,550,000
1/2016	8/2031	2.0-5.0%	85,825,000	71,165,000	-	(4,540,000)	66,625,000
8/2018	8/2048	3.0-5.0%	50,000,000	50,000,000	-	(1,390,000)	48,610,000
				$470,501,121	$9,238,431	$ (16,840,000)	$ 462,899,552

The bonds mature through 2049 as follows:

Fiscal Year	Principal (Including Accreted Interest to Date)	Unmatured Accreted Interest	Current Interest to Maturity	Total
2021	$ 16,648,754	$ 56,246	$ 11,288,850	$ 27,993,850
2022	16,039,620	225,380	10,726,475	26,991,475
2023	16,063,456	476,544	10,180,350	26,720,350
2024	16,679,258	1,330,742	9,735,850	27,745,850
2025	15,948,842	1,856,158	9,403,475	27,208,475
2026-2030	93,944,814	21,920,186	41,709,281	157,574,281
2031-2035	96,428,977	59,436,023	33,637,907	189,502,907
2036-2040	103,195,831	66,256,815	25,340,300	194,792,946
2041-2045	54,790,000	-	13,794,575	68,584,575
2046-2049	33,160,000	-	2,795,150	35,955,150
Total	$ 462,899,552	$ 151,558,094	$ 168,612,213	$ 783,069,859

Compensated Absences

At June 30, 2020, the liability for compensated absences was $2,549,673.

Supplemental Early Retirement Plan

The District adopted a one-time SERP for full-time faculty who were employed by the District as of May 22, 2017. To be eligible for early retirement benefits, the employee must have been at least 55 years of age, be eligible to retire from CalSTRS or CalPERS, and be resigned from District employment between June 30, 2017 and December 31, 2017. In exchange for early retirement, the District will contribute 70 percent of the 2016-2017 base salary, or the highest salary over 12 months. The District had 77 employees that enrolled in the SERP. The remaining obligation as of June 30, 2020 is $2,009,890.

Fiscal Year	Principal
2021	$ 1,004,945
2022	1,004,945
Total	$ 2,009,890

Note 11 - Net Other Postemployment Benefits (OPEB) Liability

For the fiscal year ended June 30, 2020, the District reported an aggregate net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense for the following plans:

OPEB Plan	Aggregate Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	$ 4,007,840	$ 3,049,865	$ 2,069,152	$ 906,633
Medicare Premium Payment (MPP) Program	578,819	-	-	8,879
Total	$ 4,586,659	$ 3,049,865	$ 2,069,152	$ 915,512

The details of each plan are as follows:

District Plan

Plan Administration

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

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

Plan Membership

At June 30, 2019, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	349
Active employees	806
	1,155

El Camino Community College District Futuris Trust

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

Benefits Provided

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

Contributions

The contribution requirements of Plan members and the District are established and may be amended by the District, the El Camino College Federation of Teachers (ECCFT), the local California Service Employees Association (CSEA), and unrepresented groups. The required contribution is 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 fiscal year 2018-2019, the District contributed $957,261 to the Plan, all of which was used for current premiums.

Investment

Investment Policy

The Plan's policy in regard to the allocation of invested assets is established and may be amended by the governing board by a majority vote of its members. It is the policy of the District to pursue an investment strategy that reduces risks through the prudent diversification for the portfolio across a broad selection of distinct asset classes. The Plan's investment policy discourages the use of cash equivalents, expect for liquidity purposes, and aims to refrain from dramatically shifting asset class allocation over short time spans. The following was the governing board's adopted asset allocation policy as of June 30, 2019:

Asset Class	Target Allocation
Domestic	23%
Fixed income	50%
International	20%
Real estate	7%

Rate of Return

For the year ended June 30, 2019, the annual money-weighed rate of return on investments, net of investment expense, was 3.73 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability of the District

The District's net OPEB liability of $4,007,840 was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The components of the net OPEB liability of the District at June 30, 2019, were as follows:

Total OPEB liability	$ 27,567,735
Plan fiduciary net position	(23,559,895)
District's net OPEB liability	$ 4,007,840
Plan fiduciary net position as a percentage of the total OPEB liability	85%

Actuarial Assumptions

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

Inflation	2.75 percent
Salary increases	2.75 percent
Investment rate of return	4.15 percent
Healthcare cost trend rates	4.00 percent

The discount rate was based on the long-term return on plan assets of 4.20 percent, blended with the Bond-Buyer 20 Municipal Bond Index of 3.50 percent.

Mortality rates were based on the 2009 CalSTRS Mortality Table for certificated employees and the 2014 CalPERS Active Mortality for Miscellaneous Employees Table for classified employees. Mortality rates vary by age and sex. (Unisex mortality rates are not often used as individual OPEB benefits do not depend on the mortality table used.) If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reduction. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actual experience study as of July 2019.

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

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2019, (see the discussion of the Plan's investment policy) are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Domestic	7.7%
Fixed income	3.7%
International	7.1%
Real estate	6.9%
Cash	1.0%

Discount Rate

The discount rate used to measure the total OPEB liability was 4.15 percent. The projection of cash flows used to determine the discount rate assumed that the District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at June 30, 2018	$ 28,237,658	$ 22,844,217	$ 5,393,441
Service cost	1,311,390	-	1,311,390
Interest	1,193,368	-	1,193,368
Differences between expected and actual experience	(2,382,661)	-	(2,382,661)
Contributions - employer	-	957,261	(957,261)
Expected investment income	-	956,653	(956,653)
Differences between projected and actual earnings on OPEB plan investments	-	(107,452)	107,452
Changes of assumptions	165,241	-	165,241
Benefit payments	(957,261)	(957,261)	-
Administrative expense	-	(133,523)	133,523
Net change in total OPEB liability	(669,923)	715,678	(1,385,601)
Balance at June 30, 2019	$ 27,567,735	$ 23,559,895	$ 4,007,840

There were no changes in benefit terms since the previous valuation. Changes of assumptions and other inputs reflect a change in the discount rate from 4.20 percent to 4.15 percent since the previous valuation.

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

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

Discount Rate	Net OPEB Liability
1% decrease (3.15%)	$ 7,739,719
Current discount rate (4.15%)	4,007,840
1% increase (5.15%)	935,786

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

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

Healthcare Cost Trend Rates	Net OPEB Liability
1% decrease (3.00%)	$ 1,072,947
Current healthcare cost trend rates (4.00%)	4,007,840
1% increase (5.00%)	7,378,803

Deferred Outflows of Resources Related to OPEB

At June 30, 2020, the District reported deferred outflows of resources related to OPEB for the following:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	$ 868,673	$ -
Differences between expected and actual experience	-	2,069,152
Changes of assumptions	1,892,907	-
Difference between projected and actual earnings on OPEB plan investments	288,285	-
Total	$ 3,049,865	$ 2,069,152

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

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

Year Ended June 30,	Deferred Outflows of Resources
2021	$ 88,933
2022	88,933
2023	88,933
	21,486
	$ 288,285

Amounts reported as deferred outflows of resources related to differences between expected and actual experience and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits as of the beginning of the measurement period. The EARSL for the measurement period is 7.6 years and will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	$ 4,745
2022	4,745
2023	4,745
2024	4,745
Thereafter	4,745
	(199,970)
	$ (176,245)

Medicare Premium Payment (MPP) Program

Plan Description

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

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2018 annual actuarial valuation report, Medicare Premium Payment Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

Benefits Provided

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

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

Contributions

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

Net OPEB Liability and OPEB Expense

At June 30, 2020, the District reported a liability of $578,819 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating entities, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2019 and June 30, 2018, was 0.1554 percent and 0.1489 percent, respectively, resulting in a net increase in the proportionate share of 0.0065 percent.

For the year ended June 30, 2020, the District recognized OPEB expense of $8,879.

Actuarial Methods and Assumptions

The June 30, 2019 total OPEB liability was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2018, and rolling forward the total OPEB liability to June 30, 2019, using the assumptions listed in the following table:

Measurment Date	June 30, 2019	June 30, 2018
Valuation Date	June 30, 2018	June 30, 2017
Experience Study	July 1, 2010 through June 30, 2015	July 1, 2010 through June 30, 2015
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return	3.50%	3.87%
Medicare Part A Premium Cost Trend Rate	3.70%	3.70%
Medicare Part B Premium Cost Trend Rate	4.10%	4.10%

For the valuation as of June 30, 2018, CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among our members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP 2016) table, issued by the Society of Actuaries.

Assumptions were made about future participation (enrollment) into the MPP Program because CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' age increases. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility and are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 380 or an average of 0.23 percent of the potentially eligible population (165,422).

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2019, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the State Treasurer.

Discount Rate

The discount rate used to measure the total OPEB liability as of June 30, 2019, is 3.50 percent. The MPP Program is funded on a pay-as-you-go basis as the OPEB Plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, a discount rate of 3.50 percent, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2019, was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate increased 0.37 percent from 3.87 percent as of June 2018.

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

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

Discount Rate	Net OPEB Liability
1% decrease (2.50%)	$ 631,624
Current discount rate (3.50%)	578,819
1% increase (4.50%)	530,267

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

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

Medicare Costs Trend Rates	Net OPEB Liability
1% decrease (2.7% Part A and 3.1% Part B)	$ 542,526
Current Medicare costs trend rates (3.7% Part A and 4.1% Part B)	578,819
1% increase (4.7% Part A and 5.1% Part B)	651,312

Note 12 - Risk Management

Property and Liability Insurance Coverages

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District purchases commercial insurance for property with coverages of $250,000,000, subject to various policy limits. The District also purchases commercial insurance for general liability claims with coverage up to $25,000,000 per occurrence and $60,000,000 aggregate, all subject to various deductibles. The District is self-insured with respect to general and property liability for losses up to $50,000 for general liability and $25,000 for property liability.

Joint Powers Authority Risk Pools

During fiscal year ended June 30, 2020, the District contracted with Southern California Community College District Joint Powers Authority for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

For fiscal year 2019-2020, the District participated in the Southern California Community Colleges Joint Powers Authority (JPA), an insurance purchasing pool. The intent of the JPA is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the JPA. The workers' compensation experience of the participating districts is calculated as one experience, and a common premium rate is applied to all districts in the JPA. Each participant pays its workers' compensation premium based on its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall saving. A participant will then either receive money from or be required to contribute to the "equity-pooling fund." This "equity pooling" arrangement ensures that each participant shares equally in the overall performance of the JPA. Participation in the JPA is limited to community college districts that can meet the JPA's selection criteria.

Note 13 - Employee Retirement Systems

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

For the fiscal year ended June 30, 2020, the District reported its proportionate share of the net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Aggregate Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	$ 79,354,233	$ 18,718,169	$ 11,057,177	$ 6,908,846
CalPERS	74,593,130	16,220,768	1,814,851	11,611,833
Total	$ 153,947,363	$ 34,938,937	$ 12,872,028	$ 18,520,679

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2018, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that may be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

Benefits Provided

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

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

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

The STRP provisions and benefits in effect at June 30, 2020, are summarized as follows:

	STRP Defined Benefit Program	
Hire date	On or before December 31, 2012	On or after January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	10.205%
Required employer contribution rate	17.10%	17.10%
Required State contribution rate	10.328%	10.328%

Contributions

Required member, District, and State of California contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings over a seven-year period. The contribution rates for each plan for the year ended June 30, 2020, are presented above, and the District's total contributions were $8,481,266.

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

At June 30, 2020, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

Total net pension liability, including State share:	
District's proportionate share of net pension liability	$ 79,354,233
State's proportionate share of net pension liability associated with the District	43,293,032
Total	$ 122,647,265

The net pension liability was measured as of June 30, 2019. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts and the State, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2019 and June 30, 2018, was 0.0879 percent and 0.0884 percent, respectively, resulting in a net decrease in the proportionate share of 0.0005 percent.

For the year ended June 30, 2020, the District recognized pension expense of $6,908,846. In addition, the District recognized pension expense and revenue of $6,447,266 for support provided by the State. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 8,481,266	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	-	5,764,317
Differences between projected and actual earnings on the pension plan investments	-	3,056,750
Differences between expected and actual experience in the measurement of the total pension liability	200,327	2,236,110
Changes of assumptions	10,036,576	-
Total	$ 18,718,169	$ 11,057,177

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	$ (308,325)
2022	(2,426,699)
2023	(503,821)
2024	182,095
Total	$ (3,056,750)

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	$ 40,866
2022	40,866
2023	1,170,292
2024	1,901,482
2025	(550,117)
Thereafter	(366,913)
Total	$ 2,236,476

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2018, and rolling forward the total pension liability to June 30, 2019. The financial reporting actuarial valuation as of June 30, 2018, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2018
Measurement date	June 30, 2019
Experience study	July 1, 2010 through June 30, 2015
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 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table, issued by the Society of Actuaries.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance-PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in February 2017 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2019, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	47%	4.80%
Fixed income	12%	1.30%
Real estate	13%	3.60%
Private equity	13%	6.30%
Risk mitigating strategies	9%	1.80%
Inflation sensitive	4%	3.30%
Cash/liquidity	2%	-0.40%

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	$ 118,165,022
Current discount rate (7.10%)	79,354,233
1% increase (8.10%)	47,172,698

California Public Employees' Retirement System (CalPERS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2018, annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that may be found on the CalPERS website under Forms and Publications at: https://www.calpers.ca.gov/page/forms-publications.

Benefits Provided

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

The CalPERS provisions and benefits in effect at June 30, 2020, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	7.00%
Required employer contribution rate	19.721%	19.721%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contribution rates are expressed as a percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2020, are presented above, and the total District contributions were $6,962,278.

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

As of June 30, 2020, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $74,593,130. The net pension liability was measured as of June 30, 2019. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2019 and June 30, 2018, was 0.2559 percent and 0.2606 percent, respectively, resulting in a net decrease in the proportionate share of 0.0047 percent.

For the year ended June 30, 2020, the District recognized pension expense of $11,611,833. At June 30, 2020, 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	$ 6,962,278	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	289,170	1,122,986
Differences between projected and actual earnings on the pension plan investments	-	691,865
Differences between expected and actual experience in the measurement of the total pension liability	5,418,456	-
Changes of assumptions	3,550,864	-
Total	$ 16,220,768	$ 1,814,851

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	$ 682,947
2022	(1,364,166)
2023	(206,723)
2024	196,077
Total	$ (691,865)

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	$ 5,236,864
2022	2,227,913
2023	609,750
2024	60,977
Total	$ 8,135,504

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2018, and rolling forward the total pension liability to June 30, 2019. The financial reporting actuarial valuation as of June 30, 2018 used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2018
Measurement date	June 30, 2019
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.50%
Wage growth	Varies by entry age and services

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

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

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

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.15%)	$ 107,521,093
Current discount rate (7.15%)	74,593,130
1% increase (8.15%)	47,277,111

On Behalf Payments

The State of California makes contributions to CalSTRS and CalPERS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS for the fiscal year ended June 30, 2020, which amounted to $4,522,095 (10.328 percent) of salaries subject to CalSTRS. Contributions are no longer appropriated in the annual *Budget Act* for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. No contributions were made for CalPERS for the year ended June 30, 2020. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements as a component of operating revenue and employee benefit expense.

Senate Bill 90 (Chapter 33, Statutes of 2019), which was signed by the Governor on June 27, 2019, appropriated an additional 2019–2020 contribution on-behalf of school employers of $1.1 billion for CalSTRS. A proportionate share of these contributions has been recorded in these financial statements.

Note 14 - Participation in Public Entity Risk Pools and Joint Powers Authorities

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

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

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

During the year ended June 30, 2020, the District made payments of $1,951,940 and $854,234 to SCCCD - JPA and SWACC, respectively.

Note 15 - Commitments and Contingencies

Grants

The District receives financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of District. However, in the opinion of management, any such disallowed claims will not have a material effect on the overall financial position of the District at June 30, 2020.

Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2020.

Operating Leases

The District has entered into various operating leases for equipment with lease terms in excess of one year. None of these agreements contain purchase options. All agreements contain a termination clause providing for cancellation after a specified number of days written notice to lessors, but it is unlikely that the District will cancel any of the agreements prior to the expiration date. Expenditures for rent under leases for the year ended June 30, 2020, amounted to approximately $436,832.

Construction Commitments

As of June 30, 2020, the District had committed under various capital expenditure purchase agreements for various projects totaling approximately $115.4 million to be through a combination of general obligation bonds and capital project apportionments from the California State Chancellor's Office.

Note 16 - Subsequent Events

Subsequent to year end, the District has been negatively impacted by the effects of the world-wide coronavirus pandemic. The District is closely monitoring its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the issuance date of these financial statements, the full impact to the District's financial position is not known beyond increased cash flow monitoring due to state apportionment deferrals.

On October 20, 2020, the District issued the $50,000,000 General Obligation Bonds, Election of 2012, Series 2020C. The bonds issued included $24,730,000 of current interest serial bonds and $25,270,000 current interest term bonds. Proceeds from the sale of the bonds were used to finance the acquisition, construction, modernization, and equipping of certain District property and facilities. The bonds mature beginning on August 1, 2021 through August 1, 2045, with interest rates from 2.25 to 4.00 percent.

On October 20, 2020, the District issued the $40,465,000 2020 General Obligation Refunding Bonds. The bonds issued included $8,385,000 of current interest serial bonds and $32,080,000 current interest term bonds. Proceeds from the sale of the bonds were used to refund certain of the District’s outstanding General Obligation Bonds, Election of 2002, Series 2012C and 2012 General Obligation Refunding Bonds, and to pay the costs of issuing the bonds. The bonds mature beginning on August 1, 2021 through August 1, 2037, with interest rates from 0.28 to 2.42 percent.

Required Supplementary Information
June 30, 2020

El Camino Community College District

	2020	2019	2018
Total OPEB Liability			
Service cost	$ 1,311,390	$ 1,174,679	$ 1,242,133
Interest	1,193,368	1,036,220	1,162,707
Differences between expected and actual experience	(2,382,661)	-	-
Changes of assumptions	165,241	2,342,431	-
Benefit payments	(957,261)	(800,455)	(763,687)
Net change in total OPEB liability	(669,923)	3,752,875	1,641,153
Total OPEB Liability - beginning	28,237,658	24,484,783	22,843,630
Total OPEB Liability - ending (a)	$ 27,567,735	$ 28,237,658	$ 24,484,783
Plan fiduciary net position			
Contributions - employer	$ 957,261	$ 800,455	$ 763,687
Expected investment income	956,653	937,126	1,380,019
Differences between projected and actual earnings on OPEB plan investments	(107,452)	(337,208)	-
Benefit payments	(957,261)	(800,455)	(763,687)
Administrative expense	(133,523)	(136,501)	(137,668)
Reimbursement of benefits previously paid	-	-	(2,089,577)
Net change in plan fiduciary net position	715,678	463,417	(847,226)
Plan fiduciary net position - beginning	22,844,217	22,380,800	23,228,026
Plan fiduciary net position - ending (b)	$ 23,559,895	$ 22,844,217	$ 22,380,800
District's net OPEB liability - ending (a) - (b)	$ 4,007,840	$ 5,393,441	$ 2,103,983
Plan fiduciary net position as a percentage of the total OPEB liability	85.46%	80.90%	91.41%
Covered-employee payroll	$ 79,190,165	$ 79,215,683	$ 73,427,594
District's net OPEB liability as a percentage of covered-employee payroll	5.06%	6.81%	2.87%
Measurement date	June 30, 2019	June 30, 2018	June 30, 2017

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

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

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

	2020	2019	2018
District's proportion of the net OPEB liability	0.1554%	0.1489%	0.1533%
District's proportionate share of the net OPEB liability	$ 578,819	$ 569,940	$ 645,074
District's covered payroll	N/A[1]	N/A[1]	N/A[1]
District's proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A[1]	N/A[1]	N/A[1]
Plan fiduciary net position as a percentage of the total OPEB liability	-0.81%	-0.40%	0.01%
Measurement date	June 30, 2019	June 30, 2018	June 30, 2017

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

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

	2020	2019	2018	2017	2016	2015
CalSTRS						
District's proportion of the net pension liability	0.0879%	0.0884%	0.0899%	0.0909%	0.0964%	0.1056%
District's proportionate share of the net pension liability	$ 79,354,233	$ 81,236,698	$ 83,145,064	$ 73,514,277	$ 64,887,512	$ 61,735,680
State's proportionate share of the net pension liability associated with the District	43,293,032	46,511,809	49,187,917	41,850,366	34,318,341	37,278,669
Total	$ 122,647,265	$ 127,748,507	$ 132,332,981	$ 115,364,643	$ 99,205,853	$ 99,014,349
District's covered payroll	$ 44,080,498	$ 44,618,600	$ 41,043,219	$ 43,692,992	$ 41,459,020	$ 39,884,567
District's proportionate share of the net pension liability as a percentage of its covered payroll	180%	182%	203%	168%	157%	155%
Plan fiduciary net position as a percentage of the total pension liability	73%	71%	69%	70%	74%	77%
Measurement date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
CalPERS						
District's proportion of the net pension liability	0.2559%	0.2606%	0.2575%	0.2650%	0.2834%	0.2937%
District's proportionate share of the net pension liability	$ 74,593,130	$ 69,475,373	$ 61,477,017	$ 52,345,935	$ 41,777,449	$ 33,340,795
District's covered payroll	$ 35,109,667	$ 34,597,083	$ 32,384,375	$ 31,454,427	$ 31,729,301	$ 30,362,895
District's proportionate share of the net pension liability as a percentage of its covered payroll	212%	201%	190%	166%	132%	110%
Plan fiduciary net position as a percentage of the total pension liability	70%	71%	72%	74%	79%	83%
Measurement date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

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

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

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

Note 1 - Purpose of Schedules

Schedule of Changes in the District's Net OPEB Liability and Related Ratios

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

Changes in Benefit Terms - There were no changes in benefit terms since the previous valuation.

Changes of Assumptions - The plan rate of investment return assumption was changed from 4.20 percent to 4.15 percent since the previous valuation.

Schedule of OPEB Investment Returns

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

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

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

Changes in Benefit Terms - There were no changes in the benefit terms since the previous valuation.

Changes of Assumptions - The plan rate of investment return assumption was changed from 3.87 percent to 3.50 percent since the previous valuation.

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

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

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

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

Schedule of District Contributions for Pensions

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

Supplementary Information
June 30, 2020

El Camino Community College District

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

BOARD OF TRUSTEES

MEMBER	OFFICE	TERM EXPIRES
Mr. William J. Beverly	President	November 2020
Mr. Kenneth A. Brown	Vice President	November 2020
Mrs. Mary E. Combs	Secretary	November 2020
Mr. Cliff Numark	Member	November 2022
Mr. Nilo Michelin	Member	November 2022
Faith Adams	Student	June 2021

ADMINISTRATION

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

AUXILIARY ORGANIZATIONS IN GOOD STANDING

El Camino College Foundation, established April 1983
Master Agreement revisions currently in progress
Andrea Sala, Executive Director

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-Through Identifying Number	Total Program Expenditures
U.S. DEPARTMENT OF EDUCATION			
Student Financial Assistance Cluster			
Federal Supplemental Educational Opportunity Grants (FSEOG)	84.007		$ 1,000,644
Federal Direct Student Loans	84.268		611,494
Federal Work-Study Program (FWS)	84.033		806,207
Federal Pell Grant Program (PELL)	84.063		31,466,766
PELL Administrative Allowance	84.063		62,675
Subtotal Student Financial Assistance Cluster			33,947,786
COVID-19: CARES Act Higher Education Emergency Relief Funds, Student Portion	84.425E		3,497,750
COVID-19: CARES Act Higher Education Emergency Relief Funds, Institutional Portion	84.425F		196,012
Subtotal			3,693,762
Passed through California Community Colleges Chancellor's Office			
Career and Technical Education Act, Perkins Title I, Part C	84.048A	19-C01-014	743,633
CTE Transitions	84.048A	19-C01-014	46,195
Subtotal			789,828
Total U.S. Department of Education			38,431,376
U.S. DEPARTMENT OF COMMERCE			
Passed through California Manufacturing Technology Consulting (CMTC)			
Manufacturing Extension Partnership	11.611	70NANB1-6H208	134,000
U.S. DEPARTMENT OF DEFENSE			
Passed through California Office of Planning and Research			
Project 12: Collaborative Cybersecurity Workforce Initiative	12.617	ST-G669-19-02	63,137
U.S. DEPARTMENT OF LABOR			
Passed through American Association of Community Colleges			
Expanding Community College Apprenticeships Initiative	17.285	[1]	10,762

[1] Pass-Through Identifying Number not available.

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-Through Identifying Number	Total Program Expenditures
Research and Development Cluster			
NATIONAL SCIENCE FOUNDATION			
Passed through Howard University			
LSAMP - Washington Baltimore Hampton Roads Alliance	47.076	HRD-10001503192	$ 10,000
Passed through University Corporation at Monterey Bay			
Replication of Cohort-Based Computer Science Bachelor's Degree Model	47.079	5052101A-10192018-A	273,656
U.S. DEPARTMENT OF ENERGY			
Passed through The Regents of the University of California			
Clean Energy Smart Manufacturing Innovation Institute	81.087	4550 G WA323	91,137
Total Research and Development Cluster			374,793
SMALL BUSINESS ADMINISTRATION			
Passed through Long Beach Community College District			
Small Business Development Center	59.037	CN 99753.4	394,163
COVID-19: Small Business Development Center	59.037	CN 99699.8	27,772
Subtotal			421,935
U.S. DEPARTMENT OF VETERANS AFFAIRS			
Veterans Education	64.117		6,050
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through California Community Colleges Chancellor's Office			
Foster and Kinship Care Education Program	93.658	[1]	37,644
Temporary Assistance for Needy Families (TANF)	93.558	[1]	89,174
Passed through Los Angeles County Department of Public Social Services			
Temporary Assistance for Needy Families (TANF)	93.558	[1]	100,750
Subtotal			189,924
Total U.S. Department of Health and Human Services			227,568
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			
Americorps - National Service Awards	94.006		6,445
Total Expenditures of Federal Awards			$ 39,676,066

[1] Pass-Through Identifying Number not available.

Program	Program Revenues Cash Received	Accounts Receivable	Unearned Revenue	Total Revenue	Program Expenditures
Access Print and Electronic Info and Deaf and Hearing	$ 375,458	$ -	$ -	$ 375,458	$ 375,458
Adult Education Block Grant Data and Accountability	744,997	-	335,043	409,954	409,954
ARRAN-RN	203,029	-	22,524	180,505	180,505
Basic Skill Transformation	50,693	-	23,952	26,741	26,741
BFAP	938,126	-	130,000	808,126	808,126
Cal Grants	4,250,523	-	-	4,250,523	4,227,363
CalWORKs and Regional Effort	538,909	-	11,849	527,060	527,060
Capital Infusion Program G-Biz	14,343	84,685	-	99,028	99,028
Cooperative Agencies Resources for Education	318,361	-	11,581	306,780	306,780
Disabled Students Program and Services	1,584,247	-	-	1,584,247	1,584,247
Education Plan Initiative	57,287	-	56,750	537	537
Extended Opportunity Program and Services	2,087,210	-	30,668	2,056,542	2,056,542
Faculty and Staff Diversity	122,554	-	100,664	21,890	21,890
Foster Care Education	57,541	-	-	57,541	57,541
Full Time Student Success	3,637,068	-	-	3,637,068	3,637,068
Guided Pathways	1,362,129	-	786,906	575,223	575,223
Historically Black Colleges and Universities	5,768	563,977	-	569,745	569,745
Hunger Free Campus	211,444	-	109,692	101,752	101,752
Instructional Equipment	2,129,975	-	1,967,432	162,543	162,543
MESA Program	74,515	-	5,491	69,024	69,024
Open Online Library	33,221	-	20,260	12,961	12,961
Prop 39 Program Improvement Funds (LATTC)	4,636	-	4,636	-	-
Puente Reporting	12,648	-	11,387	1,261	1,261
Retail/Hospitality and Tourism	20,358	-	20,358	-	-
Resource Family Approval Training	24,996	2,493	-	27,489	27,489

See Note to Supplementary Information

Program	Program Revenues: Cash Received	Accounts Receivable	Unearned Revenue	Total Revenue	Program Expenditures
Strong Workforce Program- Local	$ 4,332,757	$ -	$ 2,958,151	$ 1,374,606	$ 1,374,606
Strong Workforce Program- Regional	329,073	298,057	-	627,130	627,130
Student Equity and Achievement Program	8,295,507	-	1,871,570	6,423,937	6,423,437
Teacher Pipeline/Education Future Leadership	44,637	30,240	8,335	66,542	66,542
	$ 31,862,010	$ 979,452	$ 8,487,249	$ 24,354,213	$ 24,330,553

CATEGORIES	Reported Data	Audit Adjustments	Audited Data
A. Summer Intersession (Summer 2019 only)			
1. Noncredit*	1.86	-	1.86
2. Credit	1,751.85	-	1,751.85
B. Summer Intersession (Summer 2020 - Prior to July 1, 2020)			
1. Noncredit*	-	-	-
2. Credit	-	-	-
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	12,560.30	-	12,560.30
(b) Daily Census Contact Hours	1,309.21	-	1,309.21
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit*	22.04	-	22.04
(b) Credit	342.74	-	342.74
3. Alternative Attendance Accounting Procedure Courses			
(a) Weekly Census Procedure Courses	1,371.26	-	1,371.26
(b) Daily Census Procedure Courses	809.38	-	809.38
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
D. Total FTES	18,168.64	-	18,168.64
SUPPLEMENTAL INFORMATION (Subset of Above Information)			
E. In-Service Training Courses (FTES)	216.19	-	216.19
F. Basic Skills Courses and Immigrant Education			
1. Noncredit*	7.79	-	7.79
2. Credit	496.14	-	496.14
CCFS-320 Addendum			
CDCP Noncredit FTES	7.79	-	7.79

* Including Career Development and College Preparation (CDCP) FTES.

		ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
	Object/TOP Codes	Reported Data	Audit Adjustments	Audited Data	Reported Data	Audit Adjustments	Audited Data
Academic Salaries							
Instructional Salaries							
Contract or Regular	1100	$ 27,872,677	$ -	$ 27,872,677	$ 27,872,677	$ -	$ 27,872,677
Other	1300	18,676,662	-	18,676,662	18,676,662	-	18,676,662
Total Instructional Salaries		46,549,339	-	46,549,339	46,549,339	-	46,549,339
Noninstructional Salaries							
Contract or Regular	1200	-	-	-	8,321,248	-	8,321,248
Other	1400	-	-	-	2,333,927	-	2,333,927
Total Noninstructional Salaries		-	-	-	10,655,175	-	10,655,175
Total Academic Salaries		46,549,339	-	46,549,339	57,204,514	-	57,204,514
Classified Salaries							
Noninstructional Salaries							
Regular Status	2100	-	-	-	23,346,832	-	23,346,832
Other	2300	-	-	-	2,146,301	-	2,146,301
Total Noninstructional Salaries		-	-	-	25,493,133	-	25,493,133
Instructional Aides							
Regular Status	2200	1,400,635	-	1,400,635	1,420,116	-	1,420,116
Other	2400	-	-	-	2,000	-	2,000
Total Instructional Aides		1,400,635	-	1,400,635	1,422,116	-	1,422,116
Total Classified Salaries		1,400,635	-	1,400,635	26,915,249	-	26,915,249
Employee Benefits	3000	18,450,710	-	18,450,710	34,799,209	-	34,799,209
Supplies and Material	4000	-	-	-	1,590,942	-	1,590,942
Other Operating Expenses	5000	-	-	-	10,890,933	-	10,890,933
Equipment Replacement	6420	-	-	-	-	-	-
Total Expenditures Prior to Exclusions		66,400,684	-	66,400,684	131,400,847	-	131,400,847

		ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
	Object/TOP Codes	Reported Data	Audit Adjustments	Audited Data	Reported Data	Audit Adjustments	Audited Data
Exclusions							
Activities to Exclude							
Instructional Staff - Retirees' Benefits and Retirement Incentives	5900	$ 437,047	$ -	$ 437,047	$ -	$ -	$ -
Student Health Services Above Amount Collected	6441	-	-	-	1,214	-	1,214
Student Transportation	6491	-	-	-	861	-	861
Noninstructional Staff - Retirees' Benefits and Retirement Incentives	6740	-	-	-	721,454	-	721,454
Objects to Exclude							
Rents and Leases	5060	-	-	-	334,154	-	334,154
Lottery Expenditures							
Academic Salaries	1000	-	-	-	-	-	-
Classified Salaries	2000	-	-	-	1,974,528	-	1,974,528
Employee Benefits	3000	-	-	-	-	-	-
Supplies and Materials	4000	-	-	-	-	-	-
Software	4100	-	-	-	-	-	-
Books, Magazines, and Periodicals	4200	-	-	-	-	-	-
Instructional Supplies and Materials	4300	-	-	-	-	-	-
Noninstructional Supplies and Materials	4400	-	-	-	-	-	-
Total Supplies and Materials		-	-	-	-	-	-

	Object/TOP Codes	ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110 Reported Data	Audit Adjustments	Audited Data	ECS 84362 B Total CEE AC 0100 - 6799 Reported Data	Audit Adjustments	Audited Data
Other Operating Expenses and Services	5000	$ -	$ -	$ -	$ -	$ -	$ -
Capital Outlay	6000						
Library Books	6300	-	-	-	-	-	-
Equipment	6400	-	-	-	-	-	-
Equipment - Additional	6410	-	-	-	-	-	-
Equipment - Replacement	6420	-	-	-	-	-	-
Total Equipment		-	-	-	-	-	-
Total Capital Outlay		-	-	-	-	-	-
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		437,047	-	437,047	3,032,211	-	3,032,211
Total for ECS 84362, 50 Percent Law		$ 65,963,637	$ -	$ 65,963,637	$ 128,368,636	$ -	$ 128,368,636
Percent of CEE (Instructional Salary Cost/Total CEE)		51.39%		51.39%	100.00%		100.00%
50% of Current Expense of Education					$ 64,184,318		$ 64,184,318

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

	Unrestricted General Fund	Restricted General Fund
June 30, 2020, Annual Financial and Budget Report (CCFS-311) Reported Fund Balance *	$ 44,718,967	$ 3,097,227
Decrease in cash in banks	(576,432)	-
Increase in accounts receivable	-	196,012
Increase in student receivables, net	559,880	-
Decrease in prepaid expenditures	(422,315)	-
Decrease in accounts payable	329,777	-
Increase in unearned revenue	(575,542)	(1,777,686)
Net Adjustments	(684,632)	(1,581,674)
June 30, 2020, Audited Fund Balance	$ 44,034,335	$ 1,515,553

	Student Financial Aid Fund	Auxiliary Services Fund
June 30, 2020, Annual Financial and Budget Report (CCFS-311) Reported Fund Balance *	$ 336,282	$ 296,736
Increase in cash in banks	7,463,182	-
Decrease in investments	(293,296)	-
Decrease in accounts receivable	(3,497,750)	-
Increase in accounts payable	(3,973,791)	-
Decrease in unearned revenue	-	149,253
Net Adjustments	(301,655)	149,253
June 30, 2020, Audited Fund Balance	$ 34,627	$ 445,989

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

Activity Classification	Object Code			Unrestricted	
EPA Revenue:	8630				$ 9,783,987
Activity Classification	Activity Code	Salaries and Benefits (Obj 1000-3000)	Operating Expenses (Obj 4000-5000)	Capital Outlay (Obj 6000)	Total
Instructional Activities	1000-5900	$ 9,783,987	$ -	$ -	$ 9,783,987
Total Expenditures for EPA		$ 9,783,987	$ -	$ -	$ 9,783,987
Revenues Less Expenditures					$ -

Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:		
Total Fund Balances, Retained Earnings, and Due to Student Groups:		
General Fund - unrestricted	$ 44,034,335	
General Fund - restricted	1,515,553	
Debt Service Funds	24,089,102	
Capital Project Funds	62,105,229	
Enterprise Funds	2,313,644	
Internal Service Funds	1,083,590	
Fiduciary Funds	26,319,979	
Total Fund Balances, Retained Earnings and Due to Student Groups		$ 161,461,432
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is	608,099,445	
Accumulated depreciation is	(176,842,500)	
Total Capital Assets		431,256,945
Amounts held in trust on behalf of others (Trust and Agency Funds)		(26,285,352)
In governmental funds, unmatured interest on long-term liabilities is recognized in the period when it is due. On the government-wide financial statements, unmatured interest on long-term liabilities is recognized when it is incurred.		(4,822,022)
Deferred outflows of resources represent a consumption of net position in a future period and are not reported in the District's funds. Deferred outflows of resources at year-end consist of:		
Deferred charges on refunding	754,669	
Deferred outflows of resources related OPEB	3,049,865	
Deferred outflows of resources related to pensions	34,938,937	
Total Deferred Outflows of Resources		38,743,471
Deferred inflows of resources represent an acquisition of net position that applies to a future period and are not reported in the District's funds. Deferred inflows of resources at year-end consist of:		
Deferred inflows of resources related OPEB	(2,069,152)	
Deferred inflows of resources related to pensions	(12,872,028)	
Total Deferred Inflows of Resources		(14,941,180)

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:		
General obligation bonds	$ 404,330,019	
Unamortized premium	29,429,285	
Compensated absences	2,549,673	
Supplemental early retirement plan	2,009,890	
Aggregate net OPEB liability	4,586,659	
Aggregate net pension liability	153,947,363	
In addition, the District issued 'capital appreciation' general obligation bonds. The accretion of interest on those bonds to date is the following:	58,569,533	(655,422,422)
Total Net Position		$ (70,009,128)

Note 1 - Purpose of Schedules

District Organization

This schedule provides information about the District's governing board members, administration members, and auxiliary organizations in good standing as of June 30, 2020.

Schedule of Expenditures of Federal Awards

Basis of Presentation
The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2020. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

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

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

SEFA Reconciliation
The following schedule provides reconciliation between revenues reported on the Statement of Revenues, Expenses, and Changes in Net Position - Primary Government, the Statement of Changes in Fiduciary Net Position, and the related expenditures reported on the Schedule of Expenditures of Federal Awards.

	CFDA	Amount
Total Federal Revenues From the Statement of Revenues, Expenses, and Changes in Net Position - Primary Government and Statement of Changes in Fiduciary Net Position:		$ 39,688,147
Federal Supplemental Educational Opportunity Grants (FSEOG)	84.007	(4,256)
Federal Direct Student Loans	84.268	24,843
Federal Pell Grant Program (PELL)	84.063	(33,668)
COVID-19: CARES Act Higher Education Emergency Relief Funds, Student Portion	84.425E	1,000
Total Schedule of Expenditures of Federal Awards		$ 39,676,066

Schedule of Expenditures of State Awards

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

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

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

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

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

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

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

Proposition 30 Education Protection Account (EPA) Expenditure Report

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

Reconciliation of Governmental Funds to the Statement of Net Position

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

Independent Auditor's Reports
June 30, 2020

El Camino Community College District

eidebailly.com

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

Board of Trustees
El Camino Community College District
Torrance, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate remaining fund information of El Camino Community College District (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 27, 2021.

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 District'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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2020-001 that we consider to be a material weakness.

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

El Camino Community College District's Response to Finding
The District's response to the 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 the financial statements and, accordingly, we express no opinion on it.

We noted certain other matters that we reported to management of the District in a separate letter dated February 27, 2021.

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

Eide Bailly LLP

Rancho Cucamonga, California
February 27, 2021

CPAs & BUSINESS ADVISORS

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

Board of Trustees
El Camino Community College District
Torrance, California

Report on Compliance for Each Major Federal Program
We have audited El Camino Community College District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2020. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Auditor's Responsibility
Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program
In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Eide Bailly LLP

Rancho Cucamonga, California
February 27, 2021

CPAs & BUSINESS ADVISORS

Independent Auditor's Report on State Compliance

Board of Trustees
El Camino Community College District
Torrance, California

Report on State Compliance
We have audited El Camino Community College District's (the District) compliance with the types of compliance requirements described in the 2019-2020 California Community Colleges Chancellor's Office *Contracted District Audit Manual* applicable to the state laws and regulations listed in the table below for the year ended June 30, 2020.

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

Auditor's Responsibility
Our responsibility is to express an opinion on compliance of each of the District's State programs based on our audit of the types of compliance requirements referred in the table below. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the standards and procedures identified in the 2019-2020 California Community Colleges Chancellor's Office *Contracted District Audit Manual*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements listed in the table below has occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on state compliance. However, our audit does not provide a legal determination of the District's compliance.

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

Section 411	SCFF Data Management Control Environment
Section 421	Salaries of Classroom Instructors (50 Percent Law)
Section 423	Apportionment for Activities Funded From Other Sources
Section 424	Student Centered Funding Formula Base Allocation: FTES
Section 425	Residency Determination for Credit Courses
Section 426	Students Actively Enrolled
Section 427	Dual Enrollment (CCAP and Non-CCAP)
Section 430	Scheduled Maintenance Program
Section 431	Gann Limit Calculation
Section 435	Open Enrollment
Section 439	Proposition 39 Clean Energy Fund
Section 444	Apprenticeship Related and Supplemental Instruction (RSI) Funds
Section 475	Disabled Student Programs and Services (DSPS)
Section 479	To Be Arranged Hours (TBA)
Section 490	Proposition 1D and 51 State Bond Funded Projects
Section 491	Education Protection Account Funds

The District did not have any expenditures under Proposition 39 Clean Energy Fund; therefore, the compliance tests within this section were not applicable.

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

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

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

Basis for Qualified Opinion on Section 423 – Apportionment for Activities Funded From Other Sources and Section 427 – Dual Enrollment (CCAP and Non-CCAP)
As described in the accompanying schedule of findings and questioned costs, the District did not comply with requirements regarding Section 423 – Apportionment for Activities Funded From Other Sources, as identified in finding 2020-002 and Section 427 – Dual Enrollment (CCAP and Non-CCAP), as identified in finding 2020-003. Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements applicable to those programs.

Qualified Opinion on Section 423 – Apportionment for Activities Funded From Other Sources and Section 427 – Dual Enrollment (CCAP and Non-CCAP)
In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the District complied, in all material respects, with the types of compliance requirements referred to above for the year ended June 30, 2020.

Unmodified Opinion on Each of the Other Programs
In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the state programs noted above that were audited for the year ended June 30, 2020, except as described in the state awards findings and questioned costs section of the accompanying schedule of findings and questioned costs.

El Camino Community College District's Response to Finding
The District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the District's response and, accordingly, we express no opinion on the response.

The purpose of this report on state compliance is solely to describe the results of our testing based on the requirements of the *2019*-2020 California Community Colleges Chancellor's Office *Contracted District Audit Manual*. Accordingly, this report is not suitable for any other purpose.

Eide Bailly LLP

Rancho Cucamonga, California
February 27, 2021

FINANCIAL STATEMENTS

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	None reported
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major Federal programs:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None reported
Type of auditor's report issued on compliance for major Federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516:	No

Identification of major Federal programs:

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

Dollar threshold used to distinguish between Type A and Type B programs:	$1,190,282
Auditee qualified as low-risk auditee?	No

STATE AWARDS

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

Unmodified for all State programs except for the following State program which were qualified:

Name of State Program
Section 423 - Apportionment for Activities Funded From Other Sources
Section 427 - Dual Enrollment (CCAP and Non-CCAP)

The following finding represents a material weaknesses related to the financial statements that is required to be reported in accordance with *Government Auditing Standards*.

2020-001 Financial Close and Reporting

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

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

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

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

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

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

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

View of Responsible Officials and Corrective Action Plan

The District has been conducting an internal audit of Balance Sheet accounts and has engaged the services of Accounting Consultants to assist in identifying and making corrections to existing Balance Sheet Accounts. During the 2020-21 fiscal year, Fiscal Services Management has developed and implemented comprehensive calendars, tools, templates and processes for use by support staff during the course of and at the conclusion of the fiscal year. Once these tasks are completed, the resulting documents will be reviewed in detail by the Fiscal Services Management team prior to the posting of Final entries for Fiscal Year-End close. These efforts serve to establish best business practices that will ensure that Balance Sheet accounts are fully reconciled regularly and prior to the close of each fiscal year.

None reported.

The following findings represent instances of noncompliance and/or questioned costs relating to compliance with state laws and regulations.

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

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

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

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

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

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

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

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

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

Repeat Finding: No

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

View of Responsible Officials and Corrective Action Plan
The District is implementing the requirement for individual Instructional Service Agreements for each instructor in addition to our inter-agency agreements for the college's dual enrollment program. The Dual Enrollment Coordinator position will be responsible to submit individual agreements to the Board of Trustees for approval prior to the beginning of each academic year. Additionally, this position will review and ensure that all required agreements are in place prior the start of each instructional term. The position of Enrollment Data Analyst within the Academic Affairs Division will serve as an additional review step to verify these agreements are in place to ensure the District has appropriate documentation for the apportionment.

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

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

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

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

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

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

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

Repeat Finding: No

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

View of Responsible Officials and Corrective Action Plan
The District is implementing the practice of reviewing Board Agendas and minutes of Districts with which we have CCAP Agreements to ensure that these are Board approved prior to the beginning of each academic year. The Dual Enrollment Coordinator position will be responsible to conduct this review and report the results to College Administration prior to the beginning of each academic year. The position of Enrollment Data Analyst within the Academic Affairs Division will serve as an additional review step to verify these agreements are in place to ensure the District has appropriate documentation for the apportionment.

There were no audit findings reported in the prior year's Schedule of Findings and Questioned Costs.