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IMPERIAL COMMUNITY COLLEGE DISTRICT

AUDIT REPORT

Fiscal Year Ended June 30, 2022

IMPERIAL COMMUNITY COLLEGE DISTRICT
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JUNE 30, 2022

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INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Imperial Community College District
Imperial, California

Report on Audit of Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and the aggregate remaining fund information of the Imperial Community College District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Imperial Community College District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate remaining fund information of the District as of June 30, 2022, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management 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.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Required Supplementary Information section, as listed in the Table of Contents, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The 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), is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 accompanying supplementary information, is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

CWDL, Certified Public Accountants

San Diego, California
December 23, 2022

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

The Imperial Community College District (District) consists of one main campus. The District serves approximately 7,500 students per semester. Full-Time Equivalent Student (FTES) for 2021-22 was 5,547.

The following discussion and analysis provides an overview of the financial position and activities of the Imperial Community College District for the fiscal year ended June 30, 2022. Please read it 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.

FINANCIAL HIGHLIGHTS

Net position increased by \$21.0 million or 24.1% from the prior year. This was due primarily to the overall decrease in the net pension liability and net OPEB liability.

STATEMENT OF NET POSITION

The Statement of Net Position presents the Assets, Liabilities, and Net Position of the district as of the end of the fiscal year using the accrual basis of accounting, which is comparable to that used by most private-sector institutions. Net Position—the difference between assets and liabilities—are one way to measure the financial health of the district. The net asset data allows readers to determine the resources available to continue the operations of the district.

The Net Position of the district consists of three major categories:

1. Invested in capital assets, net of related debt – The district's equity in property, plant, and equipment.
2. Restricted Net Position (distinguished between major categories of restriction.) – The constraints placed on the use of the assets are externally imposed by creditors such as through debt covenants, grantors, contributors, or laws or regulations of other governments or imposed through constitutional provisions or enabling legislation.
3. Unrestricted Net Position – The district can use them for any lawful purpose. Although unrestricted, the district's governing board may place internal restrictions on this Net Position, but it retains the power to change, remove, or modify those restrictions.

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

STATEMENT OF NET POSITION, continued

	2022	2021	Change
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Current assets	\$ 113,215,295	\$ 110,951,628	\$ 2,263,667
Noncurrent assets	91,442,342	82,464,706	8,977,636
Deferred outflows of resources	22,244,015	25,347,589	(3,103,574)
Total Assets and Deferred Outflows of Resources	226,901,652	218,763,923	8,137,729
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
Current liabilities	20,276,817	17,215,093	3,061,724
Noncurrent liabilities	238,173,195	277,744,689	(39,571,494)
Deferred inflows of resources	34,557,946	10,936,448	23,621,498
Total Liabilities and Deferred Inflows of Resources	293,007,958	305,896,230	(12,888,272)
NET POSITION			
Invested in capital assets, net of related debt	(12,611,744)	(19,885,591)	7,273,847
Restricted	63,139,998	66,774,438	(3,634,440)
Unrestricted	(116,634,560)	(134,021,154)	17,386,594
Total Net Position	\$ (66,106,306)	\$ (87,132,307)	\$ 21,026,001

The District's Net Position increased \$21.0 million or 24.1% from the previous year. Overall cash and investments increased by \$3.1 million primarily due to increases in federal and state aid. Additionally, bonded debt decreased by approximately \$2.0 million, net pension liability by \$28.8 million, and the net OPEB liability decreased by \$10.6 million. Finally, much of the District's unrestricted Net Position have been designated or reserved for capital outlay and debt service.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

The Statement of Revenues, Expenses and Changes in Net Position presents the operating results of the District. The purpose of the statement is to present the revenues received by the district, both operation and non-operating, and the expenses paid by the district, operating and non-operating, and any other revenues, expenses, gains and losses received or spent by the district. State general apportionment funds, while budgeted for operations, are considered non-operating revenues according to generally accepted accounting principles.

Changes in total Net Position on the Statement of Net Position are based on the activity presented in the Statement of Revenues, Expenses, and Changes in Net Position. Operating revenues are received for providing goods and services to the various customers and constituencies of the district. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues, and to carry out the mission of the district.

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

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION, continued

	2022	2021	Change
OPERATING REVENUES			
Tuition and fees	\$ 3,162,950	\$ 2,318,060	\$ 844,890
Grants and contracts	78,592,175	49,583,651	29,008,524
Total Operating Revenues	81,755,125	51,901,711	29,853,414
OPERATING EXPENSES			
Salaries and benefits	54,020,776	76,285,959	(22,265,183)
Supplies, materials, and other operating expenses	26,871,288	15,238,852	11,632,436
Student financial aid	41,069,529	29,938,641	11,130,888
Depreciation	3,679,643	3,610,210	69,433
Total Operating Expenses	125,641,236	125,073,662	567,574
Operating Loss	(43,886,111)	(73,171,951)	29,285,840
NON-OPERATING REVENUES (EXPENSES)			
State apportionments	46,360,382	44,087,743	2,272,639
Property taxes	15,797,023	16,190,622	(393,599)
State taxes and other revenues	7,880,962	9,466,818	(1,585,856)
Investment income	(3,193,311)	426,967	(3,620,278)
Interest expense, net	(5,388,503)	(9,565,332)	4,176,829
Other financing sources (uses)	-	957,729	(957,729)
Total Non-Operating Revenues (Expenses)	61,456,553	61,564,547	(107,994)
Change in Net Position	21,026,001	(11,236,848)	32,262,849
NET POSITION, BEGINNING OF YEAR	(87,132,307)	(96,666,994)	9,534,687
PRIOR PERIOD ADJUSTMENT (SEE NOTE 11)	-	20,771,535	(20,771,535)
NET POSITION, END OF YEAR	\$ (66,106,306)	\$ (87,132,307)	\$ 21,026,001

The Statement of Revenues, Expenses, and Changes in Net Position reflect an increase in the Net Position at the end of the year. The cost of operations increased by \$567.6 thousand, primarily relating operating expenses, offset by decrease in salaries and benefits due to changes in the net pension and net OPEB liability. Although the statement shows an operating loss of \$43.9 million, that balance does not reflect the \$61.5 million in non-operating revenues. Because of adjustments to the prior period, the District reported an increase in its Net Position of \$21.0 million dollars for this fiscal year.

STATEMENT OF CASH FLOWS

The Statement of Cash Flows provides additional information about the district's financial results by reporting its major sources and uses of cash. This information assists readers in assessing the district's ability to generate revenue, meet its obligations as they come due, and evaluate its need for external financing. The statement is divided into several parts. The first part deals with operating cash flows and shows the net cash used by the operating activities of the institution. The second section reflects cash flows from non-capital financing activities and shows the sources and uses of those funds. The third sections deals with cash flows from capital and related financing activities. This section deals with cash flows from investing activities. This section reflects the cash received and spent for short- term investments and any interest paid or received on those investments.

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

STATEMENT OF CASH FLOWS, continued

	2022	2021	Change
Cash Provided by (Used in)			
Operating activities	\$ (48,575,030)	\$ (59,911,231)	\$ 11,336,201
Noncapital financing activities	70,038,367	66,616,279	3,422,088
Capital financing activities	(15,422,325)	26,006,987	(41,429,312)
Investing activities	(2,878,493)	261,180	(3,139,673)
Net Increase in Cash	<u>\$ 3,162,519</u>	<u>\$ 32,973,215</u>	<u>\$ (29,810,696)</u>

CAPITAL ASSETS

Note 5 to the financial statements provides additional information on Capital Assets. A summary of capital assets, net of accumulated depreciation, for 2022 and 2021.

	2022	2021	Change
Capital Assets not being depreciated	\$ 10,848,741	\$ 2,641,558	\$ 8,207,183
Capital Assets being depreciated	123,258,300	119,056,679	4,201,621
Accumulated depreciation	(42,664,699)	(39,233,531)	(3,431,168)
Total Capital Assets	<u>\$ 91,442,342</u>	<u>\$ 82,464,706</u>	<u>\$ 8,977,636</u>

LONG-TERM DEBT

Note 6 to the financial statements provides additional information on long-term debt. A summary of long-term debt, for 2022 and 2021.

	2022	2021	Change
General obligation bonds	\$ 149,230,145	\$ 151,234,180	\$ (2,004,035)
Compensated absences	1,209,571	1,218,894	(9,323)
Net OPEB liability (asset)	56,896,889	67,508,641	(10,611,752)
Net pension liability	33,965,625	62,804,732	(28,839,107)
Total Long-term Liabilities	<u>\$ 241,302,230</u>	<u>\$ 282,766,447</u>	<u>\$ (41,464,217)</u>

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 we 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.

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 show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the District's Business Office, Imperial Community College District, 380 E. Aten Road, Imperial, California 92251.

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

ASSETS

Current Assets:

Cash and equivalents	\$ 96,510,283
Restricted investments	3,754,342
Accounts receivable, net	12,938,261
Total Current Assets	113,215,295

Noncurrent Assets:

Capital assets, net	91,442,342
Total Noncurrent Assets	91,442,342

TOTAL ASSETS

204,657,637

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows related to bond refundings	307,430
Deferred outflows related to OPEB	8,282,059
Deferred outflows related to pensions	13,654,526

TOTAL DEFERRED OUTFLOWS OF RESOURCES

22,244,015

TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

\$ 226,901,652

LIABILITIES

Current Liabilities:

Accounts payable	\$ 4,876,271
Unearned revenue	12,271,511
Long-term debt, current portion	3,129,035
Total Current Liabilities	20,276,817

Noncurrent Liabilities:

Compensated absences	1,209,571
Net OPEB liability	56,896,889
Net pension liability	33,965,625
Long-term debt, non-current portion	146,101,110
Total Noncurrent Liabilities	238,173,195

TOTAL LIABILITIES

258,450,012

DEFERRED INFLOWS OF RESOURCES

Deferred inflows related to OPEB	10,676,822
Deferred inflows related to pensions	23,881,124

TOTAL DEFERRED INFLOWS OF RESOURCES

34,557,946

NET POSITION

Net investment in capital assets (12,611,744)

Restricted for:

Debt service	7,001,999
Capital projects	54,229,828
Other special purposes	1,908,171

Unrestricted (116,634,560)

TOTAL NET POSITION

(66,106,306)

TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

\$ 226,901,652

**IMPERIAL COMMUNITY COLLEGE DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2022**

OPERATING REVENUES	
Tuition and fees	\$ 9,457,958
Less: Scholarship discounts and allowances	(6,295,008)
Net tuition and fees	<u>3,162,950</u>
Grants and Contracts, noncapital:	
Federal	57,752,106
State	17,852,620
Local	2,987,449
TOTAL OPERATING REVENUES	<u>81,755,125</u>
OPERATING EXPENSES	
Salaries	44,359,696
Employee benefits	9,661,080
Supplies, materials, and other operating expenses and services	26,871,288
Student aid	41,069,529
Depreciation	3,679,643
TOTAL OPERATING EXPENSES	<u>125,641,236</u>
OPERATING INCOME (LOSS)	<u>(43,886,111)</u>
NON-OPERATING REVENUES (EXPENSES)	
State apportionments, noncapital	46,360,382
Local property taxes	15,797,023
State taxes and other revenues	7,880,962
Investment income	(3,193,311)
Interest expense on capital asset-related debt	(5,388,503)
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>61,456,553</u>
INCOME BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES	<u>17,570,442</u>
State revenues, capital	3,201,680
Gain (loss) on disposal of fixed assets	(10,146)
Local revenues, capital	264,025
TOTAL OTHER REVENUES	<u>3,455,559</u>
CHANGE IN NET POSITION	21,026,001
NET POSITION, BEGINNING OF YEAR	<u>(87,132,307)</u>
NET POSITION, END OF YEAR	<u>\$ (66,106,306)</u>

**IMPERIAL COMMUNITY COLLEGE DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022**

CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and fees	\$ 3,162,950
Grants and contracts	84,039,462
Payments to students and vendors for financial aid, supplies and services	(69,006,916)
Payments to or on behalf of employees	(66,770,526)
Net Cash Used by Operating Activities	<u>(48,575,030)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
State apportionments	46,360,382
Property taxes - non debt related	15,797,023
State taxes and other apportionments	7,880,962
Net Cash Provided by Non-capital Financing Activities	<u>70,038,367</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	
Purchase of capital assets	(12,657,279)
Loss on disposal of capital assets	(10,146)
State revenue, capital projects	3,201,680
Principal paid on capital debt	(4,591,395)
Interest paid on capital debt	(1,365,185)
Net Cash Used by Capital Financing Activities	<u>(15,422,325)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received from investments	<u>(2,878,493)</u>
Net Cash Provided by Investing Activities	<u>(2,878,493)</u>
NET INCREASE IN CASH & CASH EQUIVALENTS	<u>3,162,519</u>
CASH & CASH EQUIVALENTS, BEGINNING OF YEAR	<u>93,347,764</u>
CASH & CASH EQUIVALENTS, END OF YEAR	<u>\$ 96,510,283</u>

See accompanying notes to the basic financial statements.

**IMPERIAL COMMUNITY COLLEGE DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022**

**RECONCILIATION OF OPERATING LOSS TO NET CASH
USED BY OPERATING ACTIVITIES**

Operating loss	\$ (43,886,111)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation expense	3,679,643
Changes in Assets and Liabilities:	
Accounts receivables, net	860,468
Prepaid expenses	(12,409)
Deferred outflows of resources	3,088,934
Accounts payable and accrued liabilities	(1,053,690)
Unearned revenue	4,586,819
Compensated absences	(9,323)
Net pension liability	(28,839,107)
Net OPEB liability	(10,611,752)
Deferred inflows of resources	23,621,498
Total Adjustments	<u>(4,688,919)</u>
Net Cash Flows From Operating Activities	<u>\$ (48,575,030)</u>

**IMPERIAL COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

Reporting Entity

The Imperial Community College District (District) is a political subdivision of the State of California and provides educational services to the local residents of the surrounding area. While the District is a political subdivision of the State, it is not a component unit of the state. The District is classified as a state instrumentality under Internal Revenue Code Section 115, and is therefore exempt from federal taxes. The accounting policies of the District conform to generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Government-Wide Statements. The statement of net position and the statement of activities display information about the primary government (the District). These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenue, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenue for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reserved for the statement of activities. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting of operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the District.

Basis of Accounting

For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities (BTA). Accordingly, the District's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. All material intra-agency transactions have been eliminated.

The District records revenues when earned and expenses when a liability is incurred regardless of the timing of the related cash flow. The budgetary and financial accounts of the District are recorded and maintained in accordance with the Chancellor's Office's *Budget and Accounting Manual*.

**IMPERIAL COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the District considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Funds invested in the county treasurer's investment pool are considered cash equivalents.

Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents are those amounts externally restricted as to use pursuant to the requirements of the District's grants and contracts and amounts.

Accounts Receivable

Accounts receivable consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty and staff, many residing in the State of California. Accounts receivable also include amounts due from the federal government, state, and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the District's grants and contracts. The District does not record an allowance for uncollectible accounts. When receivables are determined to be uncollectible, a direct write-off is recorded.

Capital Assets

Capital assets are recorded at cost at the date of acquisition, or fair market value at the date of donation in the case of gifts. Capitalized equipment includes all items with a unit cost of \$5,000 or more, and an estimated useful life of greater than one year. Renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the asset are capitalized. Routine repairs and maintenance are charged as operating expense in the year in which the expense was incurred.

Depreciated of capitalized assets is computed using the straight-line method over the estimated useful lives of the assets, generally 50 years for buildings, 15 years for portable buildings, 10 years for land improvements, 8 years for most equipment and vehicles, and 3 years for technology equipment such as computers.

**IMPERIAL COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Net Position

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance classification reflects amounts that are not in spendable form. Examples include inventory, prepaid items, the long-term portion of loans receivable, and nonfinancial assets held for resale. This classification also reflects amounts that are in spendable form but that are legally or contractually required to remain intact, such as the principal of a permanent endowment.

Restricted - The restricted fund balance classification reflects amounts subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations of other governments, or may be imposed by law through constitutional provisions or enabling legislation.

Committed - The committed fund balance classification reflects amounts subject to internal constraints self-imposed by formal action of the Governing Board. The constraints giving rise to committed fund balance must be imposed no later than the end of the reporting period. The actual amounts may be determined subsequent to that date but prior to the issuance of the financial statements. In contrast to restricted fund balance, committed fund balance may be redirected by the government to other purposes as long as the original constraints are removed or modified in the same manner in which they were imposed, that is, by the same formal action of the Governing Board.

Assigned - The assigned fund balance classification reflects amounts that the government *intends* to be used for specific purposes. Assignments may be established either by the Governing Board or by a designee of the governing body and are subject to neither the restricted nor committed levels of constraint. In contrast to the constraints giving rise to committed fund balance, constraints giving rise to assigned fund balance are not required to be imposed, modified, or removed by formal action of the Governing Board. The action does not require the same level of formality and may be delegated to another body or official. Additionally, the assignment need not be made before the end of the reporting period, but rather may be made any time prior to the issuance of the financial statements.

Unassigned - In the General Fund only, the unassigned fund balance classification reflects the residual balance that has not been assigned to other funds and that is not restricted, committed, or assigned to specific purposes. However, deficits in any fund, including the General Fund that cannot be eliminated by reducing or eliminating amounts assigned to other purposes are reported as negative unassigned fund balance.

**IMPERIAL COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

When an expense is incurred that can be paid using either restricted or unrestricted funds, the District's policy is to utilize available restricted resources, followed by unrestricted resources.

State Apportionments

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

On-Behalf Payments

GASB Statement 24 requires that direct on-behalf payments for fringe benefits and salaries made by one entity to a third-party recipient for the employees of another, legally separate entity be recognized as revenue and expenditures by the employer government. The State of California makes direct on-behalf payments for retirement benefits to the State Teachers' and Public Employees' Retirement System on behalf of all Community Colleges in California. However, a fiscal advisory issued by the California Department of Education instructs districts not to record revenue and expenditures for these on-behalf payments.

Deferred Revenues

Deferred revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period. Deferred revenues also include amounts received from grant and contract sponsors that have not yet been earned.

Operating Revenues

Operating revenues include all revenues from programmatic sources. Non-operating revenues include state apportionments, state and local tax revenues, investment income and gifts.

**IMPERIAL COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Classification of Revenues

The District has classified its revenues as either operating or non-operating. Certain significant revenue streams relied upon for operations are recorded as non-operating revenues, as defined by GASB Statement No. 61, including state appropriations, local property taxes and investment income. Revenues are classified per the following criteria:

- Operating Revenues – Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances, (3) most federal, state and local contracts and federal appropriations, and (4) interest on institutional student loans.
- Non-operating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, most federal, state and local grants, and other revenue sources described in GASB Statement No. 61, such as state appropriations and investment income.

Investments

In accordance with GASB Statement 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, investments are reported at fair value. However, cash in the county treasury and some investments are recorded at cost, which approximates fair value.

Restricted Cash and Cash Equivalents

Cash that is externally restricted for contractual obligations such as debt service payments, sinking or reserve funds, or to purchase or construct capital or other non-current assets is classified as a non-current asset in the statement of Net Position.

Compensated Absences

Compensated absence costs are accrued when earned by employees. Accumulated unpaid employee vacation benefits are recognized at year-end as liabilities of the District.

Accumulated sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expense in the period taken since such benefits do not vest nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits for eligible employees when they retire.

**IMPERIAL COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Scholarship Discounts and Allowances

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

Federal Financial Assistance Programs

The District participates in Federally funded Pell Grants, SEOG Grants, and Federal Work-Study, as well as other programs funded by the Federal government. Financial aid to students is either reported as operating expenses or scholarship allowances, which reduce revenues. The amount reported as operating expense represents the portion of aid that was provided to the student in the form of cash. These programs are audited in accordance with the Uniform Guidance. These amounts have not been included as revenues or expenses within the accompanying financial statements as the amounts were passed directly to qualifying students.; however, the amounts are included on the Schedule of Expenditures of Federal Awards.

New Accounting Pronouncements

GASB Statement No. 87 – Leases. In June 2017, GASB issued Statement No. 87, Leases. This standard's primary objective is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The statement is effective for periods beginning after June 15, 2022. The District has implemented GASB Statement No. 87 for the year ending June 30, 2022.

GASB Statement No. 88 – Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements. In April 2018, GASB issued Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements. This standard's primary objective is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The statement is effective for periods beginning after June 15, 2020. The District has implemented GASB Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements for the year ended June 30, 2022.

GASB 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). Under this Statement, a government generally should recognize a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability. A government should recognize the subscription liability at the commencement of the subscription term, which is when the subscription asset is placed into service. The statement is effective for fiscal year 2022-23.

**IMPERIAL COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 3 – CASH AND INVESTMENTS

Summary of Cash and Investments

Cash and investments as of June 30, 2022, consisted of the following:

Primary government	\$ 100,264,625
Total Deposits and Investments	<u>\$ 100,264,625</u>
Cash in county treasury	\$ 93,096,599
Cash on hand and in banks	3,413,684
Investments	<u>3,754,342</u>
Total Deposits and Investments	<u>\$ 100,264,625</u>

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; collateralized mortgage obligations; and the County Investment Pool.

Interest Rate Risk

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

**IMPERIAL COMMUNITY COLLEGE DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2022**

NOTE 3 – CASH AND INVESTMENTS, continued

Specific Identification

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

Investment or Deposit Type	Fair Market Value	Maturity
Imperial County Investment Pool	\$ 93,096,599	655 Days

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 investments in the County Treasury are not required to be rated.

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. The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits.

NOTE 4 – ACCOUNTS RECEIVABLE

Accounts receivable consist of the following at June 30, 2022:

	Primary Government
Federal categorical aid	\$ 5,002,657
State categorical aid	3,838,959
Local Sources	4,096,645
Total	<u>\$ 12,938,261</u>

**IMPERIAL COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022, is summarized below:

	Balance July 1, 2021	Additions	Deductions	Balance June 30, 2022
Capital Assets not being Depreciated				
Land	\$ 160,000	\$ -	\$ -	\$ 160,000
Construction in progress	2,481,558	11,544,737	3,337,554	10,688,741
Total Capital Assets Not Being Depreciated	2,641,558	11,544,737	3,337,554	10,848,741
Capital Assets Being Depreciated				
Land improvements	16,270,552	-	-	16,270,552
Buildings and improvements	93,010,035	3,337,554	-	96,347,589
Furniture and equipment	9,776,092	1,122,688	258,621	10,640,159
Total Capital Assets Being Depreciated	119,056,679	4,460,242	258,621	123,258,300
Total Capital Assets	121,698,237	16,004,979	3,596,175	134,107,041
Less Accumulated Depreciation				
Land improvements	6,967,737	739,248	-	7,706,985
Buildings and improvements	26,886,254	2,170,931	-	29,057,185
Furniture and equipment	5,379,540	769,464	248,475	5,900,529
Total Accumulated Depreciation	39,233,531	3,679,643	248,475	42,664,699
Net Capital Assets	\$ 82,464,706	\$ 12,325,336	\$ 3,347,700	\$ 91,442,342

NOTE 6 – LONG-TERM OBLIGATIONS

Long-term liabilities for the year ended June 30, 2022, are summarized as follows:

	Balance July 1, 2021	Adjustment for Restatement	Additions	Deductions	Balance June 30, 2022	Due Within One Year
General Obligation Bonds	\$ 122,502,770	\$ -	\$ -	\$ 4,367,553	\$ 118,135,217	\$ 2,905,193
Accreted interest	26,586,383	-	4,360,337	1,342,613	29,604,107	-
Bond premium	2,145,027	-	-	244,335	1,900,692	244,335
Bond discount	(430,364)	-	-	(20,493)	(409,871)	(20,493)
Compensated absences	1,218,894	-	-	9,323	1,209,571	-
Net OPEB liability	67,508,641	-	-	10,611,752	56,896,889	-
Net pension liability	62,804,732	-	-	28,839,107	33,965,625	-
Totals	\$ 282,336,083	\$ -	\$ 4,360,337	\$ 45,394,190	\$ 241,302,230	\$ 3,129,035

**IMPERIAL COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 6 – LONG-TERM OBLIGATIONS, continued

Description on Debt

Payments on the general obligation bonds are made by the bond interest and redemption fund with local property tax collections. The General Fund makes payments for the lease revenue bonds, capital leases, and the supplemental employee retirement plan. An accrued vacation will be paid by the fund for which the employee worked.

Original issuance premiums and issuance costs are amortized over the life of the bonds as a component of interest expense on the bonds.

Bonded Debt

In November 2006, the District issued \$13,285,473 of the 2004 Election, Series 2006B General Obligation Bonds. The issue consisted of \$4,475,000 of Current Interest Bonds with interest rates ranging from 4.00% to 4.25% and maturing August 1, 2037, and \$8,810,473 of Capital Appreciation Bonds with interest rates ranging from 4.55% to 11.00% maturing August 1, 2031. The current interest bonds have been paid in full.

In November 2007, the District issued \$11,915,816 of the 2004 Election, Series 2007C General Obligation Bonds. Proceeds from the sale of the bonds will be used to finance the addition and modernization of college facilities for the District. Interest is payable February and August 1, commencing August 1, 2009 and through the maturity date August 1, 2032.

In May 2009 the District issued \$3,031,779 of the 2004 Election, Series 2009D General Obligation Bonds. Proceeds from the sale of the bonds will be used to provide funding for college facilities projects as stated in the ballot measure for the District. Interest is payable semi-annually on February 1 and August 1 of each year at an interest rates ranging from 3.6%-6.9% commencing August 1, 2009. Principal is payable on August 1 of each year commencing August 1, 2009 and the maturity date August 1, 2033.

In May 2009, the District issued \$5,866,919 of the 2004 Election, Series 2009E General Obligation Bonds. Proceeds from the sale of the bonds will be used to provide funding for college facilities projects as stated in the ballot measure for the District. Interest is payable semi-annually on February 1 and August 1 of each year at an interest rate of 6.9% commencing August 1, 2009. Principal is payable on August 1 of each year commencing August 1, 2033 and through the maturity date August 1, 2037.

In January 2011, the District issued \$9,405,512 of the 2010 Election, Series 2010A General Obligations Bonds. Proceeds from the sale of the bonds will be used to provide funding for college facilities projects as stated in the ballot measure for the District. Interest is payable semi-annually on February 1 and August 1 of each year at an interest rate of 6.8% commencing August 1, 2015. Principal is payable on August 1 of each year commencing August 1, 2015 and through the maturity date August 1, 2027.

In December 2012, the District issued \$19,420,000 of the 2010 Election, Series 2012 Refunding Bonds. The bonds are issued to refund all or a portion of the Districts 2004 Election, Series 2005 bonds. Interest rates range from 2.00% to 5.00% maturing August 1, 2022.

**IMPERIAL COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 6 – LONG-TERM OBLIGATIONS, continued

Bonded Debt, continued

In March 2014, the District issued \$16,642,939 of the 2010 Election, Series 2014A, General Obligation Bonds. Proceeds from the sale of the bonds will be used to finance certain college facilities. The issue consisted of (a)\$3,610,000 Current Interest Bonds with an interest rate of 5.00% due August 1, 2041, \$7,980,000 of Current Interest Bonds with an interest rate of 4.625% due August 1, 2041, \$1,965,733 of Capital Appreciation Bonds with interest rates ranging from 3.95% to 7.99% due August 1, 2016 through August 2034, and \$3,087,206 of Convertible Capital Appreciation Bonds with interest rates ranging from 4.5% to 5.1% due August 2029 through August 2037.

In November 2017, the district issued \$16,200,000 of the 2010 Election, Series 2017 Refunding Bonds to refund the General Obligation Bonds of Election 2004, Series 2007C and the 2010 General Obligation Bonds, Series 2010A. Interest rates range from 3.00% to 5.00% maturing August 1, 2040.

In August 2018, the District issued \$32,208,655 of the 2010 Election, Series 2018C General Obligation Bonds. The issue consisted of \$9,775,000 of Current Interest Bonds with interest rates ranging from 3.00% to 5.00% and maturing August 1, 2037, and \$22,433,655 of Capital Appreciation Bonds with interest rates ranging from 2.19% to 4.31% maturing August 1, 2043.

In October 2019, the District issued \$36,385,000 of the 2019 General Obligation Refunding Bonds. The bonds are issued to refund all or a portion of the District’s Series 2010A, Series 2012 Refunding, and Series 2014A bonds. Interest rates range from 1.85% to 2.56% maturing August 1, 2041.

In August 2020, the District issued \$18,926,001 of the 2010 Election, Series 2020D General Obligation Bonds. The issue consisted of \$7,440,000 of Current Interest Bonds with interest rates ranging from 2.50% to 4.00% and maturing August 1, 2046, and \$11,486,001 of Capital Appreciation Bonds with interest rates ranging from 2.15% to 2.94% maturing August 1, 2045.

The outstanding general obligation bonded debt as of June 30, 2022 is as follows:

	Original Issue	Balance July 1, 2021	Additions	Redeemed	Balance June 30, 2022	Due Within One Year
Series 2006B	\$ 13,285,473	\$ 7,161,597	\$ -	\$ 543,182	\$ 6,618,415	\$ 539,984
Series 2007C	11,915,816	5,790,816	-	-	5,790,816	279,834
Series 2009D	3,031,779	2,461,879	-	154,958	2,306,921	168,660
Series 2009E	5,866,919	5,866,919	-	-	5,866,919	-
Series 2010A	9,405,512	113,527	-	-	113,527	-
Series 2012 Refunding	19,420,000	2,180,000	-	1,010,000	1,170,000	-
Series 2014A	16,642,939	488,376	-	154,413	333,963	163,542
Series 2017 Refunding	16,200,000	13,735,000	-	965,000	12,770,000	100,000
Series 2018C	32,208,655	29,893,655	-	1,210,000	28,683,655	853,173
Series 2019 Refunding	36,385,000	35,885,000	-	330,000	35,555,000	335,000
Series 2020D	18,926,001	18,926,001	-	-	18,926,001	465,000
	\$ 183,288,094	\$ 122,502,770	\$ -	\$ 4,367,553	\$ 118,135,217	\$ 2,905,193

**IMPERIAL COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 6 – LONG-TERM OBLIGATIONS, continued

Bonded Debt, continued

The annual requirements to amortize bonds payable outstanding at June 30, 2022 are summarized below:

2006B General Obligation Bonds					
Fiscal Year	Principal	Interest	Accreted Interest	Total	
2023	\$ 539,984	\$ -	\$ 510,017	\$ 1,050,001	
2024	537,746	-	562,254	1,100,000	
2025	536,197	-	618,803	1,155,000	
2026	537,091	-	677,909	1,215,000	
2027	539,482	-	740,518	1,280,000	
2028-2032	3,927,915	-	7,127,084	11,054,999	
Total	\$ 6,618,415	\$ -	\$ 10,236,585	\$ 16,855,000	

2007C General Obligation Bonds					
Fiscal Year	Principal	Interest	Accreted Interest	Total	
2023	\$ 279,834	\$ -	\$ 610,166	\$ 890,000	
2024	427,944	-	452,056	880,000	
2025	404,486	-	470,514	875,000	
2026	377,686	-	482,314	860,000	
2027	354,425	-	495,576	850,001	
2028-2032	2,216,965	-	4,173,033	6,389,998	
2033	1,729,476	-	3,960,525	5,690,001	
Total	\$ 5,790,816	\$ -	\$ 10,644,184	\$ 16,435,000	

2009D General Obligation Bonds					
Fiscal Year	Principal	Interest	Accreted Interest	Total	
2023	\$ 168,660	\$ -	\$ 191,340	\$ 360,000	
2024	184,165	-	240,835	425,000	
2025	198,119	-	296,881	495,000	
2026	210,657	-	364,343	575,000	
2027	220,362	-	434,638	655,000	
2028-2032	1,139,755	-	3,405,245	4,545,000	
2033-2034	185,203	-	2,634,797	2,820,000	
Total	\$ 2,306,921	\$ -	\$ 7,568,079	\$ 9,875,000	

**IMPERIAL COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 6 – LONG-TERM OBLIGATIONS, continued

Bonded Debt, continued

The annual requirements to amortize bonds payable outstanding at June 30, 2022, continued:

2009E General Obligation Bonds

Fiscal Year	Principal	Interest	Accreted Interest	Total
2023	\$ -	\$ -	\$ -	-
2024	-	-	-	-
2025	-	-	-	-
2026	-	-	-	-
2027	-	-	-	-
2028-2032	-	-	-	-
2033-2037	5,463,796	-	19,076,625	24,540,421
2038	403,123	-	12,716,457	13,119,580
Total	\$ 5,866,919	\$ -	\$ 31,793,082	\$ 37,660,001

2010A General Obligation Bonds

Fiscal Year	Principal	Interest	Accreted Interest	Total
2023	\$ 7,844	\$ -	\$ 22,156	\$ 30,000
2024	12,798	-	42,202	55,000
2025	17,603	-	67,397	85,000
2026	22,117	-	97,883	120,000
2027	25,426	-	129,574	155,000
2028	27,739	-	162,262	190,000
Total	\$ 113,527	\$ -	\$ 521,474	\$ 635,000

2012 Refunding Bonds

Fiscal Year	Principal	Interest	Total
2023	\$ 1,170,000	\$ 58,500	\$ 1,228,500
Total	\$ 1,170,000	\$ 58,500	\$ 1,228,500

2014A General Obligation Bonds

Fiscal Year	Principal	Interest	Accreted Interest	Total
2023	\$ 163,542	\$ -	\$ 151,458	\$ 315,000
2024	170,421	-	184,579	355,000
Total	\$ 333,963	\$ -	\$ 336,037	\$ 670,000

**IMPERIAL COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 6 – LONG-TERM OBLIGATIONS, continued

Bonded Debt, continued

The annual requirements to amortize bonds payable outstanding at June 30, 2022, continued:

2017 Refunding Bonds			
June 30,	Principal	Interest	Total
2023	\$ 100,000	\$ 500,081	\$ 600,081
2024	100,000	497,081	597,081
2025	105,000	494,006	599,006
2026	110,000	490,781	600,781
2027	110,000	487,481	597,481
2028-2032	630,000	2,354,805	2,984,805
2033-2037	760,000	2,227,801	2,987,801
2038-2041	10,855,000	1,006,584	11,861,584
Total	\$ 12,770,000	\$ 8,058,620	\$ 20,828,620

2018C General Obligation Bonds				
Fiscal Year	Principal	Interest	Accreted Interest	Total
2023	\$ 853,173	\$ 259,200	\$ 76,827	\$ 1,189,200
2024	877,251	259,200	107,749	1,244,200
2025	1,176,625	259,200	193,376	1,629,201
2026	1,182,555	259,200	252,445	1,694,200
2027	1,186,527	259,200	318,473	1,764,200
2028-2032	6,720,463	1,296,000	3,114,537	11,131,000
2033-2037	8,616,688	1,221,750	4,733,311	14,571,749
2038-2042	3,280,000	55,350	-	3,335,350
2043-2044	4,790,373	-	8,789,627	13,580,000
Total	\$ 28,683,655	\$ 3,869,100	\$ 17,586,345	\$ 50,139,100

2019 Refunding Bonds			
Fiscal Year	Principal	Interest	Total
2023	\$ 335,000	\$ 995,708	\$ 1,330,708
2024	1,690,000	989,253	2,679,253
2025	1,905,000	955,047	2,860,047
2026	2,090,000	915,537	3,005,537
2027	2,290,000	869,265	3,159,265
2028-2032	9,140,000	3,466,015	12,606,015
2033-2037	3,340,000	2,735,917	6,075,917
2038-2042	14,765,000	1,919,125	16,684,125
Total	\$ 35,555,000	\$ 12,845,867	\$ 48,400,867

**IMPERIAL COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 6 – LONG-TERM OBLIGATIONS, continued

Bonded Debt, continued

The annual requirements to amortize bonds payable outstanding at June 30, 2022, continued:

2020D General Obligation Bonds				
Fiscal Year	Principal	Interest	Accreted Interest	Total
2023	\$ 465,000	\$ 244,438	\$ -	\$ 709,438
2024	320,000	225,838	-	545,838
2025	285,000	213,038	-	498,038
2026	320,000	201,638	-	521,638
2027	345,000	188,838	-	533,838
2028-2032	2,395,000	707,188	-	3,102,188
2033-2037	2,478,045	396,188	971,955	3,846,188
2038-2042	1,075,000	317,081	-	1,392,081
2043-2047	11,242,956	279,375	9,187,044	20,709,375
Total	\$ 18,926,001	\$ 2,773,622	\$ 10,158,999	\$ 31,858,622

NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS

The District provides postemployment health care benefits for retired employees in accordance with negotiated contracts with the various bargaining units of the District.

For the fiscal year ended June 30, 2022, the District reported net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense for the following plans:

OPEB Plan	Net OPEB Liability (Asset)	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense (Benefit)
District Plan	\$ 56,896,889	\$ 8,282,059	\$ 10,676,822	\$ (5,839,893)

Plan Description

The District provides postemployment health care benefits in accordance with District employment contracts to all employees and their eligible dependents who retire from the District until attaining age 65 with at least ten years in service. When the retiree attains age 65, all postemployment benefits cease. The District contributes 100 percent of the amount of the benefit premium costs incurred by retirees and their dependents.

**IMPERIAL COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS, continued

Benefits Provided

The eligibility requirements and benefits provided by the Plan are described below. (Some grandfathered certificated retirees receive additional benefits under a recent retirement incentive.)

	Faculty	Classified**
Benefit types provided	Medical, Dental and Vision	Medical, Dental and Vision
Duration of Benefits	Lifetime*	Lifetime
Required Service	<u>Hired before July 1, 2012:</u> Age 55 to 60: 14 years Age 61 to 64: Age+Service at least 74 Age 65+: 9 years <u>Hired after June 30, 2012:</u> 18 years	12 years and Age+Service at least 70
Minimum Age	55	50
Dependent Coverage	Yes	Yes
District Contribution %	100%	100%
District Cap	None	None

*Faculty hired after June 30, 2016 are only eligible for benefits until Medicare Age

**Classified employees hired after June 30, 2010 are not eligible for retiree health benefits

Plan Membership

Membership of the Plan consisted of the following:

	Number of Participants
Inactive Employees Receiving Benefits	184
Participating Active Employees	239
	<u>423</u>

Total OPEB Liability

The Imperial Community College District's total OPEB liability of \$56,896,889 was measured as of June 30, 2021 and was determined by an actuarial valuation as of that date.

**IMPERIAL COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS, continued

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Valuation date	June 30, 2021
Measurement date	June 30, 2021
Fiscal year	July 1st to June 30th
Actuarial cost methods	Entry age normal cost method
Inflation rate	2.50%
Investment rate of return	4.75%
Salary Increase	2.75%
Healthcare cost trend rate	4.00%
Mortality Rates	For certificated employees the 2020 CalSTRS mortality tables were used. For classified employees the 2017 CalPERS active mortality for miscellaneous and school employees were used.

Changes in Total OPEB Liability

	Increase/(Decrease)		
	Total OPEB Liability	Total Fiduciary Net Position	Net OPEB Liability (Asset)
	(a)	(b)	(a) - (b)
Balance July 1, 2020	\$ 69,718,732	\$ 2,210,091	\$ 67,508,641
Changes for the year:			
Service cost	1,003,295	-	1,003,295
Interest	3,438,277	352,626	3,085,651
Employer contributions	-	3,552,182	(3,552,182)
Experience gains/losses	(12,622,441)	-	(12,622,441)
Changes of assumptions	1,466,892	-	1,466,892
Administrative expense	-	(7,033)	7,033
Expected benefit payments	(2,909,698)	(2,909,698)	-
Net change	(9,623,675)	988,077	(10,611,752)
Balance June 30, 2021	\$ 60,095,057	\$ 3,198,168	\$ 56,896,889

**Amount restated by \$16,216,406 due to error in actuarial study from 2020 to 2021.*

The Imperial Community College District has invoked Paragraph 244 of GASB Statement 75 for the transition due to cost constraints. Consequently, in order to determine the beginning total OPEB liability, a “roll-back” technique has been used.

**IMPERIAL COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS, continued

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

The following presents the total OPEB liability of Imperial Community College District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.50 percent) or one percentage point higher (4.50 percent) than the current discount rate:

	Discount Rate 1% Lower (3.75%)	Current Discount Rate (4.75%)	Discount Rate 1% Higher (5.75%)
Net OPEB liability	\$ 65,017,234	\$ 56,896,889	\$ 50,182,363

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the total OPEB liability of the Imperial Community College District, as well as what the District's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower (3.00 percent) or one percentage point higher (5.00 percent) than the current healthcare cost trend rate:

	Trend Rate 1% Lower (3.00%)	Current Trend Rate (4.00%)	Trend Rate 1% Higher (5.00%)
Net OPEB liability	\$ 49,261,801	\$ 56,896,889	\$ 66,312,124

OPEB Expense and Deferred Outflows and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2022, the Imperial Community College District recognized OPEB expense of (\$5,839,893). At June 30, 2022, the Imperial Community College District reported deferred outflows of resources related to OPEB and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual earnings on plan investments	\$ -	\$ 193,778
Differences between expected and actual experience	6,282,059	10,483,044
Change in assumptions	-	-
District contributions subsequent to the measurement date	2,000,000	-
	<u>\$ 8,282,059</u>	<u>\$ 10,676,822</u>

**IMPERIAL COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS, continued

OPEB Expense and Deferred Outflows and Deferred Inflows of Resources Related to OPEB, continued

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	\$ 424,926
2024	424,930
2025	(1,134,519)
2026	(2,184,644)
2027	(1,925,456)
Thereafter	-
	<u>\$ (4,394,763)</u>

Fiduciary Net Position

In November 2018, the District established an OPEB Trust with Public Agency Retirement Services (PARS). The trust is an irrevocable trust that is used to off-set the District’s total OPEB liability. Contributions to the Trust will be recognized in subsequent years as a reduction to the total OPEB liability. As of June 30, 2022, the District’s ending balance in the OPEB Trust was \$4,510,632.

NOTE 8 – PENSION PLANS

Qualified employees are covered under multiple-employer contributory retirement plans maintained by agencies of the State of California. Certificated employees are members of the California State Teachers' Retirement System (CalSTRS), and classified employees are members of the California Public Employees' Retirement System (CalPERS). The District reported its proportionate share of the net pension liabilities, pension expense, deferred outflow of resources, and deferred inflow of resources for each of the above plans as follows:

Pension Plan	Collective Net Pension Liability	Collective Deferred Outflows of Resources	Collective Deferred Inflows of Resources	Collective Pension Expense
CalSTRS	\$ 17,509,570	\$ 7,722,514	\$ 17,526,987	\$ 520,937
CalPERS	16,456,055	5,932,012	6,354,137	1,091,930
Total	<u>\$ 33,965,625</u>	<u>\$ 13,654,526</u>	<u>\$ 23,881,124</u>	<u>\$ 1,612,867</u>

**IMPERIAL COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 8 – PENSION PLANS, continued

California State Teachers’ Retirement System (CalSTRS)

Plan Description

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

Benefits Provided

The School Teachers’ Retirement Plan (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 provision and benefits in effect as June 30, 2022 are summarized as follows:

	STRP Defined Benefit Plan	
	On or before December 31, 2012	On or after January 1, 2013
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	10.205%
Required employer contribution rate	16.92%	16.92%
Required state contribution rate	10.828%	10.828%

*The rate imposed on CalSTRS 2% at 62 members assuming no change in the normal cost of benefits.

**IMPERIAL COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 8 – PENSION PLANS, continued

Contributions

Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. The contribution rates for each plan for the year ended June 30, 2022 are presented above and the total District contributions were \$3,591,606.

On-Behalf Payments

The District was the recipient of on-behalf payments made by the State of California to CalSTRS for community college education. These payments consist of state general fund contributions of approximately \$2,657,252 to CalSTRS, including Senate Bill 90, passed during 2020-21.

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

At June 30, 2022, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$	17,509,570
State's proportionate share of the net pension liability associated with the District		<u>8,810,320</u>
Total	\$	<u>26,319,890</u>

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2020 and rolling forward the total pension liability to June 30, 2021. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2021, the District's proportion was 0.038% percent, which was a decrease of 0.002% percent from its proportion measured as of June 30, 2020.

**IMPERIAL COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 8 – PENSION PLANS, continued

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

For the year ended June 30, 2022, the District recognized pension expense of \$520,937. In addition, the District recognized pension expense and revenue of (\$1,535,630) for support provided by the State. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual earnings on plan investments	\$ -	\$ 13,851,520
Differences between expected and actual experience	43,862	1,863,767
Changes in assumptions	2,480,095	-
Net changes in proportionate share of net pension liability	1,606,951	1,811,700
District contributions subsequent to the measurement date	3,591,606	-
Total	<u>\$ 7,722,514</u>	<u>\$ 17,526,987</u>

The \$3,591,606 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	\$ (2,485,852)
2024	(2,253,681)
2025	(3,734,480)
2026	(4,555,336)
2027	(181,551)
Thereafter	(185,179)
	<u>\$ (13,396,079)</u>

**IMPERIAL COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 8 – PENSION PLANS, continued

Actuarial assumptions

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2020, and rolling forward the total pension liability to June 30, 2021 using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date	June 30, 2020
Measurement date	June 30, 2021
Experience study	July 1, 2015, through June 30, 2018
Actuarial cost method	Entry Age Normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

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

The long-term investment rate of return assumption was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best-estimate ranges were developed using capital market assumptions from CalSTRS investment staff and investment consultants as inputs to the process.

The actuarial investment rate of return assumption was adopted by the board in January 2020 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS' independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of expected 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class as of June 30, 2022, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-term Expected Real Rate of Return*
Global Equity	42%	4.8%
Fixed Income	15%	3.6%
Real Estate	13%	6.3%
Private Equity	12%	1.3%
Cash/Liquidity	10%	1.8%
Risk Mitigating Strategies	6%	3.3%
Inflation Sensitive	2%	-0.4%
	<u>100%</u>	

*20-year geometric average

**IMPERIAL COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 8 – PENSION PLANS, continued

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 that contributions from plan members and employers will be made at statutory contribution rates in accordance with the rate increases per AB 1469. 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 occur midyear. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate

The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.10 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Plan’s net pension liability	\$ 59,244,957	\$ 39,212,720	\$ 22,673,287

Pension plan fiduciary net position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued CalSTRS financial report.

California Public Employees’ Retirement System (CalPERS)

Plan Description

Qualified employees are eligible to participate in the School Employer Pool (SEP) and the Safety Risk Pool 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 plans regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2020, annual actuarial valuation reports, Schools Pool Actuarial Valuation, and the Risk Pool Actuarial Valuation Report, Safety. These report(s) and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: <https://www.calpers.ca.gov/page/forms-publications>.

**IMPERIAL COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 8 – PENSION PLANS, continued

Benefits provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor, and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 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, 2022, are summarized as follows.

	School Employer Pool (CalPERS)	
	On or before December 31, 2012	On or after January 1, 2013
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	7.000%	7.000%
Required employer contribution rate	22.910%	22.910%

Contributions

Active plan members who entered into the plan prior to January 1, 2013, are required to contribute 7.0% of their salary. The California Public Employees' Pension Reform Act (PEPRA) specifies that new members entering into the plan on or after January 1, 2013, shall pay the higher of fifty percent of normal costs or 6.5% of their salary. Additionally, for new members entering the plan on or after January 1, 2013, the employer is prohibited from paying any of the employee contribution to CalPERS unless the employer payment of the member's contribution is specified in an employment agreement or collective bargaining agreement that expires after January 1, 2013.

The District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2022 was 22.91% of annual payroll. Contributions to the plan from the District were \$2,921,795 for the year ended June 30, 2022.

**IMPERIAL COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 8 – PENSION PLANS, continued

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

At June 30, 2022, the District reported a liability of \$16,456,055 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2020, and rolling forward the total pension liability to June 30, 2021. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2021, the District’s proportion was 0.081% percent, which was an increase of 0.004 percent from its proportion measured as of June 30, 2020.

For the year ended June 30, 2021, the District recognized pension expense of \$1,091,930. At June 30, 2022, 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
Difference between projected and actual earnings on plan investments	\$ -	\$ 6,315,344
Differences between expected and actual experience	491,256	38,793
Changes in assumptions	-	-
Net changes in proportionate share of net pension liability	2,518,961	-
District contributions subsequent to the measurement date	2,921,795	-
Total	\$ 5,932,012	\$ 6,354,137

The \$2,921,795 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	\$ (284,454)
2024	(540,284)
2025	(990,765)
2026	(1,528,417)
	\$ (3,343,920)

**IMPERIAL COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 8 – PENSION PLANS, continued

Actuarial assumptions

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2020, and rolling forward the total pension liability to June 30, 2021 using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date	June 30, 2020
Measurement date	June 30, 2021
Experience study	July 1, 1997, through June 30, 2015
Actuarial cost method	Entry Age Normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.50%
Wage growth	Varies by entry age and service

CalPERS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are derived using CalPERS' membership data for all funds. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.

The actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the period from 1997 to 2011.

**IMPERIAL COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 8 – PENSION PLANS, continued

Actuarial assumptions, continued

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical and forecasted information for all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the 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 expected real rates of return by asset class are as follows:

Asset Class*	Assumed Asset Allocation	Real Return Years 1 - 10**	Real Return Years 11+***
Global Equity	50%	4.80%	5.98%
Fixed Income	28%	1.00%	2.62%
Inflation Assets	0%	0.77%	1.81%
Private Equity	8%	6.30%	7.23%
Real Assets	13%	3.75%	4.93%
Liquidity	1%	0.00%	-0.92%
	100%		

*In the System's CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

**An expected inflation of 2.0% used for this period

***An expected inflation of 2.92% used for this period

**IMPERIAL COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 8 – PENSION PLANS, continued

Discount rate

The discount rate used to measure the total pension liability was 7.15 percent. A projection of the expected benefit payments and contributions was performed to determine if assets would run out. The test revealed the assets would not run out. Therefore the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Schools Pool. The results of the crossover testing for the Schools Pool are presented in a detailed report that can be obtained at CalPERS' website.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.15 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.15 percent) or 1-percentage-point higher (8.15 percent) than the current rate:

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
Plan's net pension liability	\$ 33,917,820	\$ 23,592,012	\$ 15,022,110

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial report.

Pension Rate Stabilization Trust

In November 2018, the District established a pension rate stabilization trust with Public Agency Retirement Services (PARS). As of June 30, 2022, the balance of the trust was \$3,754,342.

NOTE 9 – JOINT POWERS AGREEMENTS

Description

The District is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has one self-insurance fund (Internal Service Fund) which represents the required reserves for the District's self-funded Dental and Vision programs.

Significant losses are covered by commercial insurance for all major programs. For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

**IMPERIAL COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 9 – JOINT POWERS AGREEMENTS, continued

Participation in Public Entity Risk Pools and JPAs

The Imperial Community College District participates in one joint power agreement (JPA) with the Statewide Associate of Community Colleges (SWACC). The relationship between the Imperial Community College District and the JPA is such that the JPA is not component unit of the Imperial Community College District for financial reporting purposes. The JPA arranges for and provides workers compensation, health, property and liability insurance for its members. A board consisting of a representative from each member district governs each JPA. The board controls the operations of the JPA including selection of management and approval of operating budgets, independent of any influence by the member districts beyond their representation on the board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to their participation in the JPA. Financial information for the JPA at June 30, 2022 was not included in this report. The information can be obtained by contacting the JPA directly.

NOTE 10 – COMMITMENTS AND CONTINGENCIES

State of Federal Allowances, Awards and Grants

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

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 as of June 30, 2022.

NOTE 11 – SUBSEQUENT EVENT

The District has evaluated subsequent events for the period from June 30, 2022 through the date of this report. Management did not identify any transactions that require disclosure or that would have an impact on the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

**IMPERIAL COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2022**

	2022	2021	2020	2019	2018
Total OPEB liability					
Service cost	\$ 1,003,295	\$ 976,443	\$ 2,654,949	\$ 2,771,759	\$ 2,697,576
Interest	3,438,277	3,364,320	2,435,498	2,425,349	2,131,765
Experience gains/losses	(12,622,441)	-	13,912,903	-	-
Changes of assumptions	1,466,892	-	3,719,372	(2,806,601)	-
Benefit payments	(2,909,698)	(2,840,435)	(2,105,000)	(2,025,052)	(1,947,165)
Net change in total OPEB liability	(9,623,675)	1,500,328	20,617,722	365,455	2,882,176
Total OPEB liability, beginning of year*	69,718,732	68,218,404	63,817,088	63,451,633	60,569,457
Total OPEB liability, end of year (a)	\$ 60,095,057	\$ 69,718,732	\$ 84,434,810	\$ 63,817,088	\$ 63,451,633
Plan fiduciary net position					
Employer contributions	\$ 3,552,182	\$ 4,322,912	\$ 2,946,734	\$ 2,025,052	\$ 1,947,165
Expected investment income	-	70,735	-	-	-
Investment gains/losses	352,626	(15,602)	-	-	-
Administrative expense	(7,033)	(1,965)	-	-	-
Expected benefit payments	(2,909,698)	(2,840,435)	(2,946,734)	(2,025,052)	(1,947,165)
Change in plan fiduciary net position	988,077	1,535,645	-	-	-
Fiduciary trust net position, beginning of year	2,210,091	674,446	-	-	-
Fiduciary trust net position, end of year (b)	\$ 3,198,168	\$ 2,210,091	\$ -	\$ -	\$ -
Net OPEB liability (asset), ending (a) - (b)	\$ 56,896,889	\$ 67,508,641	\$ 84,434,810	\$ 63,817,088	\$ 63,451,633
Covered payroll	\$ 30,146,087	\$ 28,937,200	\$ 28,306,907	\$ 25,923,788	\$ 27,503,091
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	5%	3%	0%	0%	0%
Net OPEB liability (asset) as a percentage of covered payroll	189%	233%	298%	246%	231%

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

*Amount restated by \$16,216,406 due to error in actuarial study from 2020 to 2021.

**IMPERIAL COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CONTRIBUTIONS – OPEB
FOR THE YEAR ENDED JUNE 30, 2022**

	2022	2021	2020	2019	2018
Actuarially determined contribution	\$ 2,403,221	\$ 2,909,698	\$ 2,840,435	\$ 2,105,000	\$ 2,025,052
Contributions in relations to the actuarially determined contribution	4,018,531	3,552,182	4,322,912	2,025,052	1,947,165
Contribution deficiency (excess)	\$ (1,615,310)	\$ 2,267,214	\$ (1,482,477)	\$ 79,948	\$ 77,887
Covered-employee payroll	\$ 30,146,087	\$ 28,937,200	\$ 28,306,907	\$ 25,923,788	\$27,503,091
Contribution as a percentage of covered-employee payroll	8%	2%	15%	8%	7%

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

**IMPERIAL COMMUNITY COLLEGE DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2022**

	Reporting Fiscal Year (Measurement Date)			
	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)
CalSTRS				
District's proportion of the net pension liability	0.0385%	0.0400%	0.0390%	0.0370%
District's proportionate share of the net pension liability	\$ 17,509,570	\$ 39,212,720	\$ 34,917,318	\$ 34,128,132
State's proportionate share of the net pension liability associated with the District	8,810,320	20,213,998	19,049,882	19,540,892
Total	\$ 26,319,890	\$ 59,426,718	\$ 53,967,200	\$ 53,669,024
District's covered - employee payroll	\$ 21,214,985	\$ 22,250,731	\$ 21,676,167	\$ 18,814,015
District's proportionate Share of the net pension liability as percentage of covered-employee payroll	83%	176%	161%	181%
Plan fiduciary net position as a percentage of the total pension liability	87%	72%	73%	71%
	Reporting Fiscal Year (Measurement Date)			
	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)
CalPERS				
District's proportion of the net pension liability	0.0809%	0.0770%	0.0740%	0.0730%
District's proportionate share of the net pension liability	\$ 16,456,055	\$ 23,592,012	\$ 21,644,029	\$ 19,565,832
District's covered - employee payroll	\$ 11,576,169	\$ 10,996,177	\$ 10,301,495	\$ 8,689,076
District's proportionate Share of the net pension liability as percentage of covered-employee payroll	142%	215%	210%	225%
Plan fiduciary net position as a percentage of the total pension liability	81%	70%	70%	71%

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

**IMPERIAL COMMUNITY COLLEGE DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2022**

	Reporting Fiscal Year (Measurement Date)			
	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
CalSTRS				
District's proportion of the net pension liability	0.0360%	0.0400%	0.0370%	0.0350%
District's proportionate share of the net pension liability	\$ 32,985,542	\$ 32,081,078	\$ 25,216,202	\$ 20,452,944
State's proportionate share of the net pension liability associated with the District	19,514,127	18,265,874	13,336,556	11,147,297
Total	\$ 52,499,669	\$ 50,346,952	\$ 38,552,758	\$ 31,600,241
District's covered - employee payroll	\$ 19,946,670	\$ 19,698,761	\$ 18,330,412	\$ 15,433,830
District's proportionate Share of the net pension liability as percentage of covered-employee payroll	165%	163%	138%	133%
Plan fiduciary net position as a percentage of the total pension liability	70%	70%	74%	77%
	Reporting Fiscal Year (Measurement Date)			
	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
CalPERS				
District's proportion of the net pension liability	0.0720%	0.0700%	0.0710%	0.0720%
District's proportionate share of the net pension liability	\$ 17,217,179	\$ 13,847,485	\$ 10,447,985	\$ 8,151,048
District's covered - employee payroll	\$ 10,089,137	\$ 9,289,375	\$ 8,489,613	\$ 7,998,284
District's proportionate Share of the net pension liability as percentage of covered-employee payroll	171%	149%	123%	102%
Plan fiduciary net position as a percentage of the total pension liability	72%	74%	79%	83%

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

**IMPERIAL COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CONTRIBUTIONS – PENSIONS
FOR THE YEAR ENDED JUNE 30, 2022**

CalSTRS	Reporting Fiscal Year			
	2022	2021	2020	2019
Statutorily required contribution	\$ 3,591,606	\$ 3,426,220	\$ 3,804,875	\$ 3,528,880
District's contributions in relation to the statutorily required contribution	3,591,606	3,426,220	3,804,875	3,528,880
District's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 21,226,986	\$ 21,214,985	\$ 22,250,731	\$ 21,676,167
District's contributions as a percentage of covered-employee payroll	16.92%	16.15%	17.10%	16.28%

CalPERS	Reporting Fiscal Year			
	2022	2021	2020	2019
Statutorily required contribution	\$ 2,921,795	\$ 2,396,267	\$ 2,168,556	\$ 1,860,656
District's contributions in relation to the statutorily required contribution	2,921,795	2,396,267	2,168,556	1,860,656
District's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 12,753,361	\$ 11,576,169	\$ 10,996,177	\$ 10,301,495
District's contributions as a percentage of covered-employee payroll	22.91%	20.70%	19.72%	18.06%

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

**IMPERIAL COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CONTRIBUTIONS – PENSIONS
FOR THE YEAR ENDED JUNE 30, 2022**

CalSTRS	Reporting Fiscal Year			
	2018	2017	2016	2015
Statutorily required contribution	\$ 2,366,836	\$ 2,428,790	\$ 2,086,304	\$ 1,587,523
District's contributions in relation to the statutorily required contribution	2,366,836	2,428,790	2,086,304	1,587,523
District's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 18,814,015	\$ 19,946,670	\$ 19,698,761	\$ 18,330,412
District's contributions as a percentage of covered-employee payroll	12.58%	12.18%	10.59%	8.66%

CalPERS	Reporting Fiscal Year			
	2018	2017	2016	2015
Statutorily required contribution	\$ 1,204,306	\$ 1,287,525	\$ 1,005,716	\$ 1,398,158
District's contributions in relation to the statutorily required contribution	1,204,306	1,287,525	1,005,716	1,398,158
District's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 8,689,076	\$ 9,289,375	\$ 8,489,613	\$ 7,998,284
District's contributions as a percentage of covered-employee payroll	13.86%	13.86%	11.85%	17.48%

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

**IMPERIAL COMMUNITY COLLEGE DISTRICT
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2022**

NOTE 1 – PURPOSE OF THE SCHEDULE

Schedule of Changes in Net OPEB Liability and Related Ratios

This 10-year schedule is required by GASB Statement No. 75 for all sole and agent employers that provide other postemployment benefits (OPEB). Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 75 was applicable. The schedule presents the sources of change in the total OPEB liability, and the components of the total OPEB liability and related ratios, including the total OPEB liability as a percentage of covered-employee payroll.

Schedule of Contributions – OPEB

This schedule presents information on the District's actuarially determined contribution, contributions in relation to the actuarially determined contribution, and any excess or deficiency related to the actuarially determined contribution. In the future, as data becomes available, ten years of information will be presented.

Schedule of Proportionate Share of Net Pension Liability

This 10-year schedule is required by GASB Statement No. 68 for each cost-sharing pension plan. Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 68 was applicable. The schedule presents the District's proportion (percentage) of the collective net pension liability, the District's proportionate share (amount) of the collective net pension liability, the District's covered-employee payroll, the District's proportionate share (amount) of the collective net pension liability as a percentage of the employer's covered-employee payroll, and the pension plan's fiduciary net position as a percentage of the total pension liability.

Schedule of Contributions – Pensions

This 10-year schedule is required by GASB Statement No. 68 for each cost-sharing pension plan. Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 68 was applicable. The schedule presents the District's statutorily or contractually required employer contribution, the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution, the difference between the statutorily or contractually required employer contribution and the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution, the District's covered-employee payroll, and the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution as a percentage of the District's covered-employee payroll.

Changes in Benefit Terms

There were no changes in benefit terms since the previous valuations for CalSTRS and CalPERS.

Changes in Assumptions

There were no changes in assumptions since the previous valuations for CalSTRS and CalPERS.

SUPPLEMENTARY INFORMATION

**IMPERIAL COMMUNITY COLLEGE DISTRICT
DISTRICT ORGANIZATION
JUNE 30, 2022**

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Ms. Karla Sigmond	President	November 2022
Mr. Romualdo J. Medina	Clerk of the Board	November 2024
Ms. Hortencia Armendariz	Member	November 2022
Mr. Steven M. Taylor	Member	November 2022
Ms. Isabel Solis	Member	November 2024
Mr. Jerry Hart	Member	November 2024
Mr. Mark Edney	Member	November 2022

DISTRICT ADMINISTRATION

Dr. Lennor M. Johnson
Superintendent/President

Dr. Cuauhtemoc Carboni
Interim Vice President of Academic Services

Lorena Lopez
Vice President of Student Services & Equity

Cesar L. Vega
Vice President for Administrative Services

Johanna Fisher
Associate Vice President, Human Resources

Jeff Enz
Associate Vice President, Information Technology

Elizabeth Espinoza
Communications and Governmental Relations Officer

AUXILIARY ORGANIZATIONS IN GOOD STANDING

AUXILIARY NAME	DIRECTOR'S NAME	ESTABLISHMENT AND MASTER AGREEMENT DATE
Imperial Valley College Foundation	Rod Smart, Executive Director	Organized as an Auxiliary and Master Agreement dated 2010.

**IMPERIAL COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022**

Grantor/Pass Through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	YTD Expenditures
U.S. Department of Education			
<i>Direct Programs</i>			
Student Financial Aid Cluster			
Pell Grant	84.063	*	\$ 19,224,893
Pell Administration	84.063	*	24,940
Supplemental Educational Opportunity Grant	84.007	*	316,172
Federal College Work Study	84.033	*	379,740
Total Student Financial Aid Cluster			<u>19,945,745</u>
TRIO Cluster			
Upward Bound	84.047	*	972,731
Student Support Services	84.042	*	535,754
Talent Search	84.044	*	424,389
Total TRIO Cluster			<u>1,932,874</u>
Title V – TALCAS Grant	84.031S	*	18,607
Higher Education Emergency Relief Funds			
COVID-19 HEERF Student Portion	84.425E	*	14,617,216
COVID-19 HEERF Institutional Portion	84.425F	*	20,367,344
COVID-19 HEERF Minority Serving Institutions	84.425L	*	344,572
Total Higher Education Emergency Relief Funds			<u>35,329,132</u>
<i>Passed Through California Department of Education</i>			
CTE-Title IC	84.048	14-C01-022	391,872
Total U.S. Department of Education			<u>57,618,230</u>
U.S. Department of Veterans Affairs			
<i>Direct Program</i>			
Veterans Education	64.116	*	768
Total U.S. Department of Veterans Affairs			<u>768</u>
U.S. Department of Health and Human Services			
<i>Direct Program</i>			
Temporary Assistance For Needy Families	93.558	*	85,434
Foster and Kinship Care Education	93.658	*	5,057
Total U.S. Department of Health and Human Services			<u>90,491</u>
U.S. Department of Agriculture			
<i>Direct Program</i>			
Nutrition Program	10.555	*	42,618
Total U.S. Department of Agriculture			<u>42,618</u>
Total Expenditures of Federal Awards			<u>\$ 57,752,107</u>

*Pass-Through number is either not available or not applicable

**IMPERIAL COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2022**

Program Name	Program Revenues				Total Program Expenditures
	Cash Received	Accounts Receivable	Deferred Revenue	Total	
Cal Grants	\$ 3,390,284	\$ 4,783	\$ -	\$ 3,395,067	\$ 3,395,067
Student Success Completion Grant	3,531,236	-	592,861	2,938,375	2,938,375
CCTR - General Childcare	407,249	165,135	-	572,384	572,384
CSPP - CA Sate Preschool	497,330	87,428	-	584,758	584,758
Professional Development - Classified	(11,280)	-	(17,361)	6,081	6,081
Foster Care	-	34,954	-	34,954	34,954
CRRSA Stipend	35,280	-	-	35,280	35,280
Child Care Stabilization Stipend	10,500	-	-	10,500	10,500
ARPA Stipend	34,800	-	-	34,800	34,800
Child Development Nutrition	426	245	-	671	671
Board Financial Aid Program (BFAP)	379,663	-	(63,624)	443,287	443,287
CalWorks	331,059	-	(136,998)	468,057	468,057
Financial Aid Technology	(1,639)	-	(38,461)	36,822	36,822
DSPS	529,665	-	(39,568)	569,233	569,233
Strong Workforce Program	1,265,541	205,500	(564,770)	2,035,811	2,035,811
Nursing Grant	146,440	-	(226)	146,666	146,666
EOPS	1,879,799	-	-	1,879,799	1,879,799
CARE	423,257	-	-	423,257	423,257
BOG Fee Waiver Administration	135,326	-	-	135,326	135,326
Veteran Resource Center	29,942	-	(2,074)	32,016	32,016
Guided Pathways	12,532	-	(217,147)	229,679	229,679
Physical Plant & Instructional Support	(3,027,662)	-	(3,073,411)	45,749	45,749
Lottery Instructional Materials	(183,573)	-	(835,033)	651,460	651,460
Innovation Award	766,221	-	(14,288)	780,509	780,509
Correctional Academy & Medical Assistant Program	(644,408)	-	(651,789)	7,381	7,381
Equal Employment Opportunity	40,535	-	(25,146)	65,681	65,681
Student Success & Support Program	1,108,232	-	(1,754,779)	2,863,011	2,863,011
Incarcerated Students Re-entry	42,626	-	-	42,626	42,626
Homeless & Housing Program	(1,520,791)	-	(1,060,395)	(460,396)	(460,396)
COVID State Block Grant	44,757	-	-	44,757	44,757
SB 85 - CalFresh Outreach	19,700	-	(8,279)	27,979	27,979
EEO Best Practices	(166,916)	-	(187,624)	20,708	20,708
Mental Health Support	4,010	-	(76,712)	80,722	80,722
DREAM Resource Center	(82,680)	-	(108,484)	25,804	25,804
LGBTQ+ Support	(49,849)	-	(50,431)	582	582
Basic Needs Centers	(23,583)	-	(140,072)	116,489	116,489
SB 85 - Retention & Enroll Outreach	(415,077)	-	(639,284)	224,207	224,207
Academic Building State Match	2,352,330	849,350	-	3,201,680	3,201,680
Total Expenditures of State Awards	\$ 11,291,282	\$ 1,347,395	\$ (9,113,095)	\$ 21,751,772	\$ 21,751,772

**IMPERIAL COMMUNITY COLLEGE DISTRICT
SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL APPORTIONMENT
FOR THE YEAR ENDED JUNE 30, 2022**

CATEGORIES	Reported Data	Audit Adjustments	Audited Data
A. Summer Intersession (Summer 2021 only)			
1. Noncredit	1.55	-	1.55
2. Credit	8.18	-	8.18
B. Summer Intersession (Summer 2022 - Prior to July 1, 2022)			
1. Noncredit	-	-	-
2. Credit	-	-	-
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	1,626.36	-	1,626.36
(b) Daily Census Contact Hours	214.37	-	214.37
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit	99.39	-	99.39
(b) Credit	193.04	-	193.04
3. Independent Study/Work Experience			
(a) Weekly Census Contact Hours	2,816.37	-	2,816.37
(b) Daily Census Contact Hours	588.10	-	588.10
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
D. Total FTES	5,547.36	-	5,547.36
Supplemental Information (subset of above information)			
E. In-service Training Courses	3.77	-	3.77
F. Basic Skills Courses and Immigrant Education			
1. Credit	345.54	-	345.54
2. Noncredit	88.59	-	88.59
Total Basic Skills FTES	434.13	-	434.13

**IMPERIAL COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF EDUCATION CODE SECTION 84362 (50 PERCENT LAW) CALCULATION
FOR THE YEAR ENDED JUNE 30, 2022**

	Object/ TOP Codes	Activity (ESCA) ECS 84362 A Instructional Salary Cost AC 0100-5900 & AC 6100			Activity (ECSB) ECS 84362 B Total CEE AC 0100-6799		
		Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
<u>Academic Salaries</u>							
Instructional Salaries							
Contract or Regular	1100	10,600,300	-	10,600,300	10,600,300	-	10,600,300
Other	1300	6,292,477	-	6,292,477	6,318,915	-	6,318,915
Total Instructional Salaries		16,892,777	-	16,892,777	16,919,215	-	16,919,215
Non-Instructional Salaries							
Contract or Regular	1200	-	-	-	4,944,988	-	4,944,988
Other	1400	-	-	-	299,074	-	299,074
Total Non-Instructional Salaries		-	-	-	5,244,062	-	5,244,062
Total Academic Salaries		16,892,777	-	16,892,777	22,163,277	-	22,163,277
<u>Classified Salaries</u>							
Non-Instructional Salaries							
Regular Status	2100	-	-	-	8,831,907	-	8,831,907
Other	2300	-	-	-	212,170	-	212,170
Total Non-Instructional Salaries		-	-	-	9,044,077	-	9,044,077
Instructional Aides							
Regular Status	2200	61,808	-	61,808	344,716	-	344,716
Other	2400	54,511	-	54,511	54,511	-	54,511
Total Instructional Aides		116,319	-	116,319	399,227	-	399,227
Total Classified Salaries		116,319	-	116,319	9,443,304	-	9,443,304
Employee Benefits	3000	6,949,895	-	6,949,895	13,330,387	-	13,330,387
Supplies and Materials	4000	-	-	-	430,296	-	430,296
Other Operating Expenses	5000	-	-	-	3,810,685	-	3,810,685
Equipment Replacement	6420	-	-	-	200,860	-	200,860
Total Expenditures Prior to Exclusions		23,958,991	-	23,958,991	49,378,809	-	49,378,809
<u>Exclusions</u>							
Activities to Exclude							
Inst. Staff-Retirees' Benefits and Incentives	5900	654,214	-	654,214	654,214	-	654,214
Std. Health Svcs. Above Amount Collected	6441	-	-	-	-	-	-
Student Transportation	6491	-	-	-	-	-	-
Non-inst.Staff-Retirees' Benefits and Incentives	6740	-	-	-	1,373,223	-	1,373,223
Object to Exclude							
Rents and Leases	5060	-	-	-	83,986	-	83,986
Lottery Expenditures		-	-	-	-	-	-
Academic Salaries	1000	-	-	-	567,408	-	567,408
Classified Salaries	2000	-	-	-	-	-	-
Employee Benefits	3000	-	-	-	-	-	-
Supplies and Materials	4000	-	-	-	-	-	-
Software	4100	-	-	-	-	-	-
Books, Magazines & Periodicals	4200	-	-	-	-	-	-
Instructional Supplies & Materials	4300	-	-	-	-	-	-
Non-inst. Supplies & Materials	4400	-	-	-	-	-	-
Total Supplies and Materials		-	-	-	-	-	-
Other Operating Expenses and Services	5000	-	-	-	743,062	-	743,062
Capital Outlay	6000	-	-	-	-	-	-
Library Books	6300	-	-	-	-	-	-
Equipment	6400	-	-	-	-	-	-
Equipment - Additional	6410	-	-	-	-	-	-
Equipment - Replacement	6420	-	-	-	19,703	-	19,703
Total Equipment		-	-	-	19,703	-	19,703
Total Capital Outlay		-	-	-	19,703	-	19,703
Other Outgo	7000	-	-	-	3,620,000	-	3,620,000
Total Exclusions		\$ 654,214	\$ -	\$ 654,214	\$ 7,061,596	\$ -	\$ 7,061,596
Total for ECS 84362, 50% Law		\$ 23,304,777	\$ -	\$ 23,304,777	\$ 42,317,213	\$ -	\$ 42,317,213
Percent of CEE (Instructional Salary Cost/Total CEE)		55.07%	0.00%	55.07%	100.00%	0.00%	100.00%
50% of Current Expense of Education		\$ -	\$ -	\$ -	\$ 21,158,607	\$ -	\$ 21,158,607

See accompanying note to supplementary information.

**IMPERIAL COMMUNITY COLLEGE DISTRICT
 PROPOSITION 30 EDUCATION PROTECTION ACCOUNT (EPA) EXPENDITURE REPORT
 FOR THE YEAR ENDED JUNE 30, 2022**

EPA Revenue	\$ 14,827,395
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Activity Classification	Activity Code	Salaries and Benefits	Operating Expenses	Capital Outlay	Total
		(Obj 1000-3000)	(Obj 4000-5000)	(Obj 6000)	
Instructional Activities	0100-5900	\$ 14,827,395	\$ -	\$ -	\$ 14,827,395
Total		\$ 14,827,395	\$ -	\$ -	\$ 14,827,395

**IMPERIAL COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF FUND EQUITY TO NET POSITION
FOR THE YEAR ENDED JUNE 30, 2022**

Total Fund Equity - District Funds Included in the Reporting Entity

General Fund	\$	24,046,464	
Debt Service Fund		7,001,999	
Child Development Fund		697,780	
Capital Project Funds		8,607,846	
Bond Funds		45,621,982	
Internal Service Funds		10,144,446	
Student Financial Aid Fund		(10,193)	
Other Funds		273,393	\$ 96,383,717
<hr/>			
Assets recorded within the statements of net position not included in the fund financial statements:			
Capital assets	\$	134,107,041	
Accumulated depreciation		(42,664,699)	91,442,342
<hr/>			
Pension stabilization trust fund			3,754,342
Unmatured Interest			(990,954)
Cash in County FMV adjustment			(3,079,592)
Deferred outflows recorded within the statement of net position not included in the District fund financial statements:			
Deferred outflows related to bond refundings			307,430
Deferred outflows related to OPEB			8,282,059
Deferred outflows related to pensions			13,654,526
Liabilities recorded within the statements of net position not recorded in the District fund financial statements:			
General obligation bonds	\$	147,739,324	
Premiums		1,900,692	
Discounts		(409,871)	
Net OPEB liability		56,896,889	
Net pension liability		33,965,625	
Compensated absences		1,209,571	(241,302,230)
<hr/>			
Deferred inflows recorded within the statement of net position not included in the District fund financial statements:			
Deferred outflows related to OPEB			(10,676,822)
Deferred inflows related to pensions			(23,881,124)
<hr/>			
Net Position Reported Within the Statement of Net Position	\$		(66,106,306)

**IMPERIAL COMMUNITY COLLEGE DISTRICT
NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2022**

NOTE 1 – PURPOSE OF THE SCHEDULE

District Organization

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

Schedule of Expenditures of Federal Awards

The Schedule of Expenditure of Federal Awards includes the federal award activity of Hartnell Community College District and is presented on the accrual basis of accounting. The information in this schedule 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). Expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-21, Cost Principles for Educational Institutions or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

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 financial statements.

Schedule of Workload Measures for State General Apportionment

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

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.

Proposition 30 Education Protection Account (EPA) Expenditure Report

This schedule provides the District's summary of receipts and uses of the monies received through the EPA.

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

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

Reconciliation of Fund Equity to Net Position

The 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 entity-wide full accrual basis financial statements required under GASB Statements No. 34 and No. 35. business-type activities reporting model.

OTHER INDEPENDENT AUDITORS' REPORTS



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

Board of Trustees
Imperial Community College District
Imperial, 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 Imperial Community College District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Imperial Community College District's basic financial statements, and have issued our report thereon dated December 23, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of financial statements, we considered Imperial Community College District's internal control over financial reporting (internal control) to determine the 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 Imperial Community College District's internal control. Accordingly, we do not express an opinion on the effectiveness of Imperial Community College District's internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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



San Diego, California
December 23, 2022



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

Board of Trustees
Imperial Community College District
Imperial, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Imperial Community College District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Imperial Community College District's major federal programs for the year ended June 30, 2022. Imperial Community College District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Imperial Community College District's compliance based on our audit.

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

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

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

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

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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.

CWDL, Certified Public Accountants

San Diego, California
December 23, 2022



INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Trustees
Imperial Community College District
Imperial, California

Report on State Compliance

Opinion on State Compliance

We have audited Imperial Community College District's compliance with the types of compliance requirements described in the *California Community Colleges Contracted District Audit Manual (CDAM) 2021-22*, issued by the California Community Colleges Chancellor's Office for the year ended June 30, 2022 that could have a direct and material effect on each of Imperial Community College District's state programs for the fiscal year ended June 30, 2022, as identified below.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the programs noted below that were audited for the year ended June 30, 2022.

Basis for Opinion

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 compliance requirements described in the *California Community Colleges Contracted District Audit Manual (CDAM) 2021-22*, issued by the California Community Colleges Chancellor's Office. Our responsibilities under those standards and the compliance requirements are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements of State laws and regulations, and the terms and conditions identified in the California Community Colleges Chancellor's Office *District Audit Manual 2021-22*.

Auditors' Responsibilities for the Audit of Compliance

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 to above. 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 *California Community Colleges Chancellor's Office Contracted District Audit Manual 2021-22*. These standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above could have a material effect on the applicable programs noted below. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

Procedures Performed

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

Section 411 – SCFF Data Management Control Environment
Section 412 – SCFF Supplemental Allocation Metrics
Section 413 – SCFF Success Allocation Metrics
Section 421 – Salaries of Classroom Instructors (50 Percent Law)
Section 423 – Apportionment for Activities Funded From Other Sources
Section 424 – Student Centered Funding Formula Base Allocation: FTES
Section 425 – Residency Determination for Credit Courses
Section 426 – Students Actively Enrolled
Section 427 – Dual Enrollment (CCAP)
Section 430 – Scheduled Maintenance Program
Section 431 – Gann Limit Calculation
Section 444 – Apprenticeship Related and Supplemental Instruction (RSI) Funds
Section 475 – Disabled Student Programs and Services (DSPS)
Section 490 – Propositions 1D and 51 State Bond Funded Projects
Section 491 – Education Protection Account Funds
Section 492 – Student Representation Fee
Section 499 – COVID-19 Response Block Grant Expenditures

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing over state laws and regulations based on the requirements described in the *California Community Colleges Contracted District Audit Manual (CDAM) 2021-22*. Accordingly, this report is not suitable for any other purpose.

CWDL, Certified Public Accountants

San Diego, California
December 23, 2022

FINDINGS AND QUESTIONED COSTS

**IMPERIAL COMMUNITY COLLEGE DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

Section I – Schedule of Audit Findings and Questioned Costs

FINANCIAL STATEMENTS

Type of auditors' report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>None Noted</u>
Non-compliance material to financial statements noted?	<u>No</u>

FEDERAL AWARDS

Internal control over major programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>None Noted</u>
Type of auditors' report issued on compliance for major programs:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards	<u>No</u>
Identification of major programs:	

<u>CFDA Numbers</u>	<u>Name of Federal Program of Cluster</u>
<u>84.007, 84.033, 84.063</u>	<u>Student Financial Aid Cluster</u>
<u>84.042, 84.044, 84.047</u>	<u>TRIO Cluster</u>
<u>84.425E, 84.425F, 84.425L</u>	<u>CARES Act</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 1,732,563</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

STATE AWARDS

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

**IMPERIAL COMMUNITY COLLEGE DISTRICT
FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2022**

Section II — Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

There were no financial statement audit findings or questioned costs identified during 2021-22.

**IMPERIAL COMMUNITY COLLEGE DISTRICT
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

Section III – Federal Award Findings and Questioned Costs

This section identifies the audit findings required to be reported by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (e.g., deficiencies, significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs).

There were no federal award findings or questioned costs identified during 2021-22.

**IMPERIAL COMMUNITY COLLEGE DISTRICT
STATE AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

Section IV – State Award Findings and Questioned Costs

This section identifies the audit findings pertaining to noncompliance with state program rules and regulations.

There were no state award findings or questioned costs identified during 2021-22.

**IMPERIAL COMMUNITY COLLEGE DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2022**

There were no findings or questioned costs identified during 2020-21.