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**IMPERIAL COMMUNITY COLLEGE DISTRICT**

**FINANCIAL STATEMENTS**

JUNE 30, 2023

**IMPERIAL COMMUNITY COLLEGE DISTRICT**  
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**JUNE 30, 2023**

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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 (the "District"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate remaining fund information of the District as of June 30, 2023, 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.

#### ***Emphasis of Matter Regarding Adoption of New Accounting Standard***

As discussed in Note 1 to the financial statements, the District has adopted the provisions of Government Accounting Standards Board (GASB) Statements No., 96, Subscription-based Information Technology Arrangements, for the year ending June 30, 2023. Our opinions are not modified with respect to this matter.

#### ***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 31, 2023, 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 31, 2023

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# **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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**IMPERIAL COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2023**

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The Imperial Community College District (the "District") consists of one main campus. The District serves approximately 7,500 students per semester. Full-Time Equivalent Student (FTES) for 2022-23 was 6,995.

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, 2023. 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 \$14.4 million or 21.8% from the prior year. This was due primarily to the overall increase in current assets, particularly in cash and cash equivalents, and capital assets.

**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, 2023**

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**STATEMENT OF NET POSITION, continued**

	<b>2023</b>	<b>2022</b>	<b>Change</b>
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>			
Current assets	\$ 150,556,600	\$ 113,215,295	\$ 37,341,305
Noncurrent assets	101,820,702	91,442,342	10,378,360
Deferred outflows of resources	25,243,200	22,244,015	2,999,185
<b>Total Assets and Deferred Outflows of Resources</b>	<b>277,620,502</b>	<b>226,901,652</b>	<b>50,718,850</b>
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>			
Current liabilities	54,142,817	20,276,817	33,866,000
Noncurrent liabilities	257,643,108	238,173,195	19,469,913
Deferred inflows of resources	17,522,746	34,557,946	(17,035,200)
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>329,308,671</b>	<b>293,007,958</b>	<b>36,300,713</b>
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	(7,512,401)	(12,611,744)	5,099,343
Restricted	64,750,337	63,139,998	1,610,339
Unrestricted	(108,926,105)	(116,634,560)	7,708,455
<b>Total Net Position</b>	<b>\$ (51,688,169)</b>	<b>\$ (66,106,306)</b>	<b>\$ 14,418,137</b>

The District's Net Position increased \$14.4 million or 21.8% from the previous year. Overall cash and investments increased by \$28.5 million primarily due to increases in state aid and local property taxes in 2022-23. Additionally, accounts payable, accrued liabilities and unearned revenue increased by approximately \$31.9 million, bonded debt decreased by approximately \$2.1 million, and net pension and OPEB liabilities increased by approximately \$22.2 million. This was offset by a decrease in deferred inflows related to pensions by approximately \$18.2 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, 2023**

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

	<b>2023</b>	<b>2022</b>	<b>Change</b>
<b>OPERATING REVENUES</b>			
Tuition and fees	\$ 2,566,839	\$ 3,162,950	\$ (596,111)
Grants and contracts	64,015,183	78,592,175	(14,576,992)
<b>Total Operating Revenues</b>	<b>66,582,022</b>	<b>81,755,125</b>	<b>(15,173,103)</b>
<b>OPERATING EXPENSES</b>			
Salaries and benefits	69,757,168	54,020,776	15,736,392
Supplies, materials, and other operating expenses	23,834,109	26,871,288	(3,037,179)
Student financial aid	34,294,599	41,069,529	(6,774,930)
Depreciation and amortization	4,171,145	3,679,643	491,502
<b>Total Operating Expenses</b>	<b>132,057,021</b>	<b>125,641,236</b>	<b>6,415,785</b>
<b>Operating Loss</b>	<b>(65,474,999)</b>	<b>(43,886,111)</b>	<b>(21,588,888)</b>
<b>NON-OPERATING AND OTHER REVENUES (EXPENSES)</b>			
State apportionments	55,176,396	46,360,382	8,816,014
Property taxes	16,938,127	15,797,023	1,141,104
State taxes and other revenues	5,626,845	7,880,962	(2,254,117)
Investment income	1,416,613	(3,193,311)	4,609,924
Interest expense, net	(5,421,003)	(5,388,503)	(32,500)
Other financing sources	1,000,000	-	1,000,000
State and local capital income	5,156,158	3,455,559	1,700,599
<b>Total Non-Operating and Other Revenues</b>	<b>79,893,136</b>	<b>64,912,112</b>	<b>14,981,024</b>
<b>Change in Net Position</b>	<b>14,418,137</b>	<b>21,026,001</b>	<b>(6,607,864)</b>
<b>NET POSITION, BEGINNING OF YEAR</b>	<b>(66,106,306)</b>	<b>(87,132,307)</b>	<b>21,026,001</b>
<b>NET POSITION, END OF YEAR</b>	<b>\$ (51,688,169)</b>	<b>\$ (66,106,306)</b>	<b>\$ 14,418,137</b>

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 \$6.4 million, primarily relating salaries and benefits due to changes in the net pension and net OPEB liability, offset by decrease in operating expenses. Although the statement shows an operating loss of \$65.5 million, that balance does not reflect the \$80.7 million in non-operating and other revenues. Thus, the District reported an increase in its Net Position of \$14.4 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, 2023**

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**STATEMENT OF CASH FLOWS, continued**

	<b>2023</b>	<b>2022</b>	<b>Change</b>
Cash Provided by (Used in)			
Operating activities	\$ (28,764,738)	\$ (48,575,030)	\$ 19,810,292
Noncapital financing activities	70,738,621	70,038,367	700,254
Capital financing activities	(15,318,926)	(15,422,325)	103,399
Investing activities	642,665	(2,878,493)	3,521,158
Net Increase in Cash	<u>\$ 27,297,622</u>	<u>\$ 3,162,519</u>	<u>\$ 24,135,103</u>

**CAPITAL ASSETS**

Note 6 to the financial statements provides additional information on Capital Assets. A summary of capital assets, net of accumulated depreciation, for 2023 and 2022.

	<b>2023</b>	<b>2022</b>	<b>Change</b>
Capital Assets not being depreciated	\$ 19,780,065	\$ 10,848,741	\$ 8,931,324
Capital Assets being depreciated	126,978,035	123,258,300	3,719,735
Accumulated depreciation	(46,234,138)	(42,664,699)	(3,569,439)
<b>Total Capital Assets</b>	<u>\$ 100,523,962</u>	<u>\$ 91,442,342</u>	<u>\$ 9,081,620</u>

**LONG-TERM DEBT**

Note 7 to the financial statements provides additional information on long-term debt. A summary of long-term debt, for 2023 and 2022.

	<b>2023</b>	<b>2022</b>	<b>Change</b>
General obligation bonds	\$ 147,130,598	\$ 149,230,145	\$ (2,099,547)
Compensated absences	1,228,591	1,209,571	19,020
Software lease liability	1,309,823	-	1,309,823
Net OPEB liability (asset)	57,295,528	56,896,889	398,639
Net pension liability	55,745,102	33,965,625	21,779,477
<b>Total Long-term Liabilities</b>	<u>\$ 262,709,642</u>	<u>\$ 241,302,230</u>	<u>\$ 21,407,412</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.

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## **FINANCIAL SECTION**

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**IMPERIAL COMMUNITY COLLEGE DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2023**

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**ASSETS**

Current Assets:

Cash and cash equivalents	\$ 123,807,905
Restricted investments	4,985,713
Accounts receivable, net	21,750,573
Prepaid expenses	12,409
Total Current Assets	150,556,600

Noncurrent Assets:

Right-of-use assets	1,296,740
Capital assets, net	100,523,962
Total Noncurrent Assets	101,820,702

<b>TOTAL ASSETS</b>	<b>252,377,302</b>
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**DEFERRED OUTFLOWS OF RESOURCES**

Deferred outflows related to bond refundings	292,790
Deferred outflows related to OPEB	6,491,451
Deferred outflows related to pensions	18,458,959

<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>25,243,200</b>
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<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 277,620,502</b>
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**LIABILITIES**

Current Liabilities:

Accounts payable and accrued liabilities	\$ 14,067,267
Unearned revenue	35,009,016
Long-term debt, current portion	5,066,534
Total Current Liabilities	54,142,817

Noncurrent Liabilities:

Compensated absences	1,228,591
Net OPEB liability	57,295,528
Net pension liability	55,745,102
Long-term debt, non-current portion	143,373,887
Total Noncurrent Liabilities	257,643,108

<b>TOTAL LIABILITIES</b>	<b>311,785,925</b>
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**DEFERRED INFLOWS OF RESOURCES**

Deferred inflows related to OPEB	11,838,758
Deferred inflows related to pensions	5,683,988

<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>17,522,746</b>
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**NET POSITION**

Net investment in capital assets	(7,512,401)
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Restricted for:

Debt service	7,409,949
Capital projects	55,720,938
Other special purposes	1,619,450

Unrestricted	(108,926,105)
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<b>TOTAL NET POSITION</b>	<b>(51,688,169)</b>
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<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<b>\$ 277,620,502</b>
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**IMPERIAL COMMUNITY COLLEGE DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2023**

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<b>OPERATING REVENUES</b>	
Tuition and fees	\$ 9,436,732
Less: Scholarship discounts and allowances	(6,869,893)
Net tuition and fees	<u>2,566,839</u>
Grants and Contracts, noncapital:	
Federal	34,635,290
State	25,831,503
Local	<u>3,548,390</u>
<b>TOTAL OPERATING REVENUES</b>	<u>66,582,022</u>
<b>OPERATING EXPENSES</b>	
Salaries	46,584,209
Employee benefits	23,172,959
Supplies, materials, and other operating expenses and services	23,834,109
Student aid	34,294,599
Depreciation and amortization	<u>4,171,145</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>132,057,021</u>
<b>OPERATING LOSS</b>	<u>(65,474,999)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
State apportionments, noncapital	55,176,396
Local property taxes	16,938,127
State taxes and other revenues	5,626,845
Investment income	1,416,613
Interest expense on capital asset-related debt	(5,421,003)
Other financing sources	<u>1,000,000</u>
<b>TOTAL NON-OPERATING REVENUES</b>	<u>74,736,978</u>
<b>INCOME BEFORE OTHER REVENUES (EXPENSES), OR GAINS (LOSSES)</b>	<u>9,261,979</u>
<b>OTHER REVENUES (EXPENSES), OR GAINS (LOSSES)</b>	
State revenues, capital	4,715,336
Loss on disposal of fixed assets	(16,601)
Local revenues, capital	<u>457,423</u>
<b>TOTAL OTHER REVENUES</b>	<u>5,156,158</u>
<b>CHANGE IN NET POSITION</b>	14,418,137
<b>NET POSITION, BEGINNING OF YEAR</b>	<u>(66,106,306)</u>
<b>NET POSITION, END OF YEAR</b>	<u>\$ (51,688,169)</u>

See accompanying notes to the financial statements.

**IMPERIAL COMMUNITY COLLEGE DISTRICT  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2023**

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**CASH FLOWS FROM OPERATING ACTIVITIES**

Tuition and fees	\$ 2,566,839
Grants and contracts	85,943,123
Payments to students and vendors for financial aid, supplies and services	(49,665,643)
Payments to or on behalf of employees	(67,609,057)
Net Cash Used In Operating Activities	<u>(28,764,738)</u>

**CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES**

State apportionments	47,173,649
Property taxes - non debt related	16,938,127
State taxes and other apportionments	5,626,845
Other sources (uses)	1,000,000
Net Cash Provided by Non-capital Financing Activities	<u>70,738,621</u>

**CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES**

Purchase of capital assets	(14,549,505)
Loss on disposal of capital assets	(16,601)
State revenue, capital projects	4,715,336
Principal paid on capital debt	(2,871,044)
Interest paid on capital debt	(2,597,112)
Net Cash Used In Capital Financing Activities	<u>(15,318,926)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest received from investments	<u>642,665</u>
Net Cash Provided by Investing Activities	<u>642,665</u>

**NET INCREASE IN CASH & CASH EQUIVALENTS**

	<u>27,297,622</u>
<b>CASH &amp; CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>96,510,283</u>
<b>CASH &amp; CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 123,807,905</u>

**IMPERIAL COMMUNITY COLLEGE DISTRICT  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2023**

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

Operating loss	\$ (65,474,999)
Adjustments to Reconcile Operating Loss to Net Cash Used In Operating Activities:	
Depreciation and amortization expense	4,171,145
Changes in Assets and Liabilities:	
Accounts receivables, net	(809,565)
Deferred outflows of resources	(3,013,825)
Accounts payable and accrued liabilities	8,463,065
Unearned revenue	22,737,505
Compensated absences	19,020
Net pension liability	21,779,477
Net OPEB liability	398,639
Deferred inflows of resources	(17,035,200)
Total Adjustments	<u>36,710,261</u>
<b>Net Cash Flows From Operating Activities</b>	<u>\$ (28,764,738)</u>



**IMPERIAL COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023**

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**NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES**

**Reporting Entity**

The Imperial Community College District (the "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 of 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, 2023**

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**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 and are recorded at amortized cost, which approximates fair value.

**Restricted Investments**

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

In accordance with GASB Statement 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, investments are reported at fair value.

**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.

**Unearned Revenue**

Unearned 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. Unearned revenues also include amounts received from grant and contract sponsors that have not yet been earned.

**IMPERIAL COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023**

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**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.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s), and as such will not be recognized as an outflow of resources (expense/expenditures) until then. The District has reported deferred outflows related to bond refundings in its statement of net position. This is deferred outflows related to bond refundings are deferred losses resulting from the difference in the carrying value of refunded bond and its reacquisition price. This amount is deferred and amortized over the shortened life of the refunded or refunding bond. During the year ended June 30, 2023, the District recognized \$14,640 in amortization of the deferred loss on bond refunding. Additionally, the District has recognized deferred outflows of resources related to the payments made subsequent to the measurement date for the pensions and OPEB.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and as such, will not be recognized as an inflow of resources (revenue) until that time. The District has recognized deferred inflows of resources related to the recognition of the pension and OPEB liabilities, which reported in its statement of net position.

**Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the State Teachers' Retirement (STR) and Public Employers Retirement (PER) Plans and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Pension plans' investments are reported at fair value.

**IMPERIAL COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023**

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**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.

**Other Postemployment Benefits (OPEB)**

For purpose of measuring the net OPEB liability, information about the fiduciary net position of the Other Postemployment Benefit Plan (the "Plan") and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and interest-earning investment contracts that are reported at cost.

**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.

**IMPERIAL COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023**

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**Net Position, continued**

*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.

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.

**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, 2023**

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**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.

**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.

**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Accordingly, actual results may differ from those estimates.

**IMPERIAL COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023**

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**New Accounting Pronouncements**

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that may impact future financial presentations.

*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. The District has implemented GASB Statement No. 96 for the year ending June 30, 2023.

*GASB Statement No. 99* – In April 2022, GASB issued Statement No. 99, Omnibus 2022. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The statement addresses various practice issues, including: (a) clarification of provisions in Statement No. 87, Leases, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives, (b) disclosures related to nonmonetary transactions; clarification of provisions in Statement No. 34, Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments, as amended, related to the focus of the government-wide financial statements, (c) terminology updates related to certain provisions of Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, and (d) terminology used in Statement 53 to refer to resource flows statements. A portion of this statement was effective upon issuance, while the remaining portions of this statement were effective for periods beginning after June 15, 2022 and for periods beginning after June 15, 2023. The District has implemented the requirements that were effective upon issuance but has not yet determined the impact on the financial statements for the requirements of this statement that are not yet effective.

*GASB Statement No. 100* – In June 2022, GASB issued Statement No. 100, Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62. The primary objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This statement is effective for periods beginning after June 15, 2023. The District has not yet determined the impact on the financial statements.

*GASB Statement No. 101* – In June 2022, GASB issued Statement No. 101, Compensated Absences. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This statement is effective for periods beginning after December 15, 2023. The District has not yet determined the impact on the financial statements.

**IMPERIAL COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023**

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**NOTE 3 – CASH AND CASH EQUIVALENTS AND RESTRICTED INVESTMENTS**

**Summary of Cash and Cash Equivalents and Restricted Investments**

Cash and investments as of June 30, 2023, consisted of the following:

Primary government	\$ 128,793,618
Total Deposits and Investments	<u>\$ 128,793,618</u>
Cash in county treasury	\$ 120,292,393
Cash on hand and in banks	3,515,512
Investments	4,985,713
Total Deposits and Investments	<u>\$ 128,793,618</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.

**Cash in County Treasury**

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the County Treasurer's Investment Fund. The District is considered to be an involuntary participant in an external investment pool. The fair value of the District's investment in the pool is reported in the financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

**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, 2023**

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**NOTE 3 – CASH AND CASH EQUIVALENTS AND RESTRICTED 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	\$ 120,292,393	521 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 and collateral is considered to be held in the name of the District. All cash held by financial institutions is entirely insured or collateralized.

**NOTE 4- ACCOUNTS RECEIVABLE**

Accounts receivable consist of the following at June 30, 2023:

	Primary Government
Federal categorical aid	\$ 4,827,431
State categorical aid	5,303,534
General apportionment	8,002,747
Local Sources	3,616,861
Total	<u>\$ 21,750,573</u>

**IMPERIAL COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 5 – RIGHT-OF-USE ASSETS**

The amount of leased assets by major class of underlying assets as of June 30, 2023, was as follows:

	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023
Intangible Right of Use Assets:				
Leased software	\$ -	\$ 1,774,910	\$ -	\$ 1,774,910
Total Intangible Right of Use Assets	-	1,774,910	-	1,774,910
Less Accumulated Amortization				
Leased software	-	478,170	-	478,170
Total Accumulated Amortization	-	478,170	-	478,170
Intangible Right of Use Assets, net	\$ -	\$ 1,296,740	\$ -	\$ 1,296,740

**NOTE 6 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2023, is summarized below:

	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023
Capital Assets not being Depreciated				
Land	\$ 160,000	\$ -	\$ -	\$ 160,000
Construction in progress	10,688,741	9,821,550	890,226	19,620,065
Total Capital Assets Not Being Depreciated	10,848,741	9,821,550	890,226	19,780,065
Capital Assets Being Depreciated				
Land improvements	16,270,552	-	-	16,270,552
Buildings and improvements	96,347,589	2,342,096	-	98,689,685
Furniture and equipment	10,640,159	1,517,776	140,137	12,017,798
Total Capital Assets Being Depreciated	123,258,300	3,859,872	140,137	126,978,035
Total Capital Assets	134,107,041	13,681,422	1,030,363	146,758,100
Less Accumulated Depreciation				
Land improvements	7,706,985	739,248	-	8,446,233
Buildings and improvements	29,057,185	2,071,941	-	31,129,126
Furniture and equipment	5,900,529	881,786	123,536	6,658,779
Total Accumulated Depreciation	42,664,699	3,692,975	123,536	46,234,138
Net Capital Assets	\$ 91,442,342	\$ 9,988,447	\$ 906,827	\$ 100,523,962

**IMPERIAL COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023**

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**NOTE 7 – LONG-TERM OBLIGATIONS**

Long-term obligations for the year ended June 30, 2023, are summarized as follows:

	Balance			Balance		Due Within
	July 1, 2022	Additions	Deductions	June 30, 2023	One Year	
General Obligation Bonds	\$ 118,135,217	\$ -	\$ 4,083,038	\$ 114,052,179	\$ 4,320,325	
Accreted interest	29,604,107	3,848,163	1,766,843	31,685,427	-	
Bond premium	1,900,692	-	118,323	1,782,369	244,335	
Bond discount	(409,871)	-	(20,494)	(389,377)	(20,494)	
Software leases	-	1,774,910	465,087	1,309,823	522,368	
Compensated absences	1,209,571	19,020	-	1,228,591	-	
Net OPEB liability	56,896,889	398,639	-	57,295,528	-	
Net pension liability	33,965,625	21,779,477	-	55,745,102	-	
Totals	\$ 241,302,230	\$ 27,820,209	\$ 6,412,797	\$ 262,709,642	\$ 5,066,534	

**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.

**General Obligation Bonds**

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.

**IMPERIAL COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023**

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**NOTE 7 – LONG-TERM OBLIGATIONS, continued**

**General Obligation Bonds, continued**

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% which matured and fully redeemed on August 1, 2022.

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, (b) \$7,980,000 of Current Interest Bonds with an interest rate of 4.625% due August 1, 2041, (c) \$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 (d) \$3,087,206 of Convertible Capital Appreciation Bonds with interest rates ranging from 4.5% to 5.1% due August 2029 through August 2037. As of June 30, 2023, \$16,472,518 of the Series 2014A, General Obligation Bonds issued were redeemed and the remaining \$170,421 balance will be redeemed in the next fiscal year.

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.

**IMPERIAL COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 7 – LONG-TERM OBLIGATIONS, continued**

**General Obligation Bonds, continued**

The summary of outstanding general obligation bonds as of June 30, 2023 is shown below. There is no additional bond issuance made during the year.

	Original Issue	Balance July 1, 2022	Redeemed	Balance June 30, 2023	Due Within One Year
Series 2006B	\$ 13,285,473	\$ 6,618,415	\$ 539,984	\$ 6,078,431	\$ 537,746
Series 2007C	11,915,816	5,790,816	279,834	5,510,982	427,944
Series 2009D	3,031,779	2,306,921	168,660	2,138,261	184,165
Series 2009E	5,866,919	5,866,919	-	5,866,919	-
Series 2010A	9,405,512	113,527	7,845	105,682	12,798
Series 2012 Refunding	19,420,000	1,170,000	1,170,000	-	-
Series 2014A	16,642,939	333,963	163,542	170,421	170,421
Series 2017 Refunding	16,200,000	12,770,000	100,000	12,670,000	100,000
Series 2018C	32,208,655	28,683,655	853,173	27,830,482	877,251
Series 2019 Refunding	36,385,000	35,555,000	335,000	35,220,000	1,690,000
Series 2020D	18,926,001	18,926,001	465,000	18,461,001	320,000
	<b>\$ 183,288,094</b>	<b>\$ 118,135,217</b>	<b>\$ 4,083,038</b>	<b>\$ 114,052,179</b>	<b>\$ 4,320,325</b>

The annual requirements to amortize these general obligation bonds outstanding at June 30, 2023 are summarized below, in order:

**2006B General Obligation Bonds**

Fiscal Year	Principal	Interest	Accreted Interest	Total
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	544,304	-	810,696	1,355,000
2029-2032	3,383,611	-	6,316,389	9,700,000
Total	<b>\$ 6,078,431</b>	<b>\$ -</b>	<b>\$ 9,726,569</b>	<b>\$ 15,805,000</b>

**2007C General Obligation Bonds**

Fiscal Year	Principal	Interest	Accreted Interest	Total
2024	\$ 427,944	\$ -	\$ 452,056	\$ 880,000
2025	404,486	-	470,514	875,000
2026	377,686	-	482,314	860,000
2027	354,425	-	495,575	850,000
2028	328,406	-	501,594	830,000
2029-2033	3,618,035	-	7,631,965	11,250,000
Total	<b>\$ 5,510,982</b>	<b>\$ -</b>	<b>\$ 10,034,018</b>	<b>\$ 15,545,000</b>

**IMPERIAL COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023**

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**NOTE 7 – LONG-TERM OBLIGATIONS, continued**

**General Obligation Bonds, continued**

**2009D General Obligation Bonds**

Fiscal Year	Principal	Interest	Accreted Interest	Total
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	231,174	-	513,826	745,000
2029-2033	1,074,650	-	4,035,350	5,110,000
2034	19,134	-	80,866	100,000
<b>Total</b>	<b>\$ 2,138,261</b>	<b>\$ -</b>	<b>\$ 5,966,739</b>	<b>\$ 8,105,000</b>

**2009E General Obligation Bonds**

Fiscal Year	Principal	Interest	Accreted Interest	Total
2024	\$ -	\$ -	\$ -	\$ -
2025	-	-	-	-
2026	-	-	-	-
2027	-	-	-	-
2028	-	-	-	-
2029-2033	-	-	-	-
2034-2038	5,866,919	-	31,793,081	37,660,000
<b>Total</b>	<b>\$ 5,866,919</b>	<b>\$ -</b>	<b>\$ 31,793,081</b>	<b>\$ 37,660,000</b>

**2010A General Obligation Bonds**

Fiscal Year	Principal	Interest	Accreted Interest	Total
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	27,738	-	162,262	190,000
<b>Total</b>	<b>\$ 105,682</b>	<b>\$ -</b>	<b>\$ 499,318</b>	<b>\$ 605,000</b>

**2014A General Obligation Bonds**

Fiscal Year	Principal	Interest	Accreted Interest	Total
2024	\$ 170,421	\$ -	\$ 184,579	\$ 355,000
<b>Total</b>	<b>\$ 170,421</b>	<b>\$ -</b>	<b>\$ 184,579</b>	<b>\$ 355,000</b>

**IMPERIAL COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 7 – LONG-TERM OBLIGATIONS, continued**

**General Obligation Bonds, continued**

**2017 Refunding Bonds**

Fiscal Year	Principal	Interest	Accreted Interest	Total
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	115,000	482,956	-	597,956
2029-2033	660,000	2,326,805	-	2,986,805
2034-2038	780,000	2,203,229	-	2,983,229
2039-2041	10,690,000	576,200	-	11,266,200
Total	\$ 12,670,000	\$ 7,558,539	\$ -	\$ 20,228,539

**2018C General Obligation Bonds**

Fiscal Year	Principal	Interest	Accreted Interest	Total
2024	\$ 877,251	\$ 259,200	\$ 107,749	\$ 1,244,200
2025	1,176,625	259,200	193,375	1,629,200
2026	1,182,555	259,200	252,445	1,694,200
2027	1,186,527	259,200	318,473	1,764,200
2028	1,196,250	259,200	383,750	1,839,200
2029-2033	6,927,628	1,296,000	3,707,372	11,931,000
2034-2038	10,493,273	1,017,900	3,756,727	15,267,900
2039-2043	2,401,456	-	4,253,544	6,655,000
2044	2,388,917	-	4,536,083	6,925,000
Total	\$ 27,830,482	\$ 3,609,900	\$ 17,509,518	\$ 48,949,900

**2019 Refunding Bonds**

Fiscal Year	Principal	Interest	Accreted Interest	Total
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	2,505,000	815,587	-	3,320,587
2029-2033	7,175,000	3,233,768	-	10,408,768
2034-2038	3,680,000	2,632,439	-	6,312,439
2039-2042	13,885,000	1,439,263	-	15,324,263
Total	\$ 35,220,000	\$ 11,850,159	\$ -	\$ 47,070,159

**IMPERIAL COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023**

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**NOTE 7 – LONG-TERM OBLIGATIONS, continued**

**General Obligation Bonds, continued**

<b>2020D General Obligation Bonds</b>				
Fiscal Year	Principal	Interest	Accreted Interest	Total
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	375,000	175,038	-	550,038
2029-2033	2,520,165	611,388	144,835	3,276,388
2034-2038	2,742,880	396,188	827,120	3,966,188
2039-2043	753,058	293,719	381,942	1,428,719
2044-2047	10,799,898	223,500	8,805,102	19,828,500
Total	\$ 18,461,001	\$ 2,529,185	\$ 10,158,999	\$ 31,149,185

**Software Leases**

The District has entered into agreements to lease certain assets. The lease agreements qualify as other than short-term leases under GASB 96, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception. The general terms are as follows:

Lease Type	Number of Contracts	Average Rate	Lease Terms	Average Annual Lease Payment
Software	14	2.40%	7/1/2021 - 12/31/2027	\$ 496,579

Future minimum lease payments for software leases at June 30, 2023 are as follows:

Fiscal Year	Principal	Interest	Total
2024	\$ 522,368	\$ 24,621	\$ 546,989
2025	345,282	13,941	359,223
2026	205,764	7,859	213,623
2027	158,029	3,599	161,628
2028	78,380	392	78,772
	\$ 1,309,823	\$ 50,412	\$ 1,360,235



**IMPERIAL COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023**

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**NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

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, 2023 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	\$ 57,295,528	\$ 6,491,451	\$ 11,838,758	\$ 4,651,183

**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.

**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	12 years and Age+Service at least 70
	<u>Hired after June 30, 2012:</u> 18 years	
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

**IMPERIAL COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023**

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**NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued**

**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 \$57,295,528 was measured as of June 30, 2022 and was determined by an actuarial valuation as of June 30, 2021.

**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, 2022
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.

**IMPERIAL COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023**

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**NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued**

**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, 2022	\$ 60,095,057	\$ 3,198,168	\$ 56,896,889
Changes for the year:			
Service cost	1,286,335	-	1,286,335
Interest	2,827,989	-	2,827,989
Employer contributions	-	4,403,221	(4,403,221)
Expected investment income	-	199,074	(199,074)
Investment gains/losses	-	(872,317)	872,317
Administrative expense	-	(14,293)	14,293
Expected benefit payments	(2,403,221)	(2,403,221)	-
Net change	1,711,103	1,312,464	398,639
Balance June 30, 2023	\$ 61,806,160	\$ 4,510,632	\$ 57,295,528

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, 2023**

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**NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), 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 (3.75 percent) or one percentage point higher (5.75 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	\$ 65,484,452	\$ 57,295,528	\$ 50,514,195

**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	\$ 49,080,013	\$ 57,295,528	\$ 67,438,290

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

For the fiscal year ended June 30, 2023, the Imperial Community College District recognized OPEB expense of \$4,651,183. At June 30, 2023, the 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	\$ 557,278	\$ -
Differences between expected and actual experience	3,664,533	8,343,647
Change in assumptions	969,640	3,495,111
District contributions subsequent to the measurement date	1,300,000	-
	<u>\$ 6,491,451</u>	<u>\$ 11,838,758</u>

**IMPERIAL COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023**

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**NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), 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
2024	\$ (1,721,387)
2025	(1,637,133)
2026	(1,761,554)
2027	(1,527,233)
	\$ (6,647,307)

**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, 2023, the District’s ending balance in the OPEB Trust was \$4,510,632.

**NOTE 9 – 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	\$ 27,092,501	\$ 7,130,382	\$ 4,971,074	\$ 2,496,719
CalPERS	28,652,601	11,328,577	712,914	4,767,841
Total	\$ 55,745,102	\$ 18,458,959	\$ 5,683,988	\$ 7,264,560

**IMPERIAL COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023**

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**NOTE 9 – 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, 2023 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	19.10%	19.10%
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, 2023**

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**NOTE 9 – PENSION PLANS, continued**

**California State Teachers’ Retirement System (CalSTRS), 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, 2023 are presented above and the total District contributions were \$4,877,569.

**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 \$2,176,560 to CalSTRS, including Senate Bill 90, passed during 2022-23.

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

At June 30, 2023, 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	\$ 27,092,501
State's proportionate share of the net pension liability associated with the District	13,568,003
Total	<u>\$ 40,660,504</u>

The net pension liability was measured as of June 30, 2022, 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, 2021 and rolling forward the total pension liability to June 30, 2022. 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, 2022 measurement date, the District’s proportion was 0.039% percent, which was a increase of 0.0005% percent from its proportion measured as of June 30, 2021.

**IMPERIAL COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023**

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**NOTE 9 – PENSION PLANS, continued**

**California State Teachers’ Retirement System (CalSTRS), continued**

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

For the year ended June 30, 2023, the District recognized pension expense of \$2,496,719. In addition, the District recognized pension expense and revenue of (\$1,014,779) for support provided by the State. At June 30, 2023, 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	\$ -	\$ 1,325,733
Differences between expected and actual experience	22,224	2,031,038
Changes in assumptions	1,342,588	-
Net changes in proportionate share of net pension liability	888,001	1,614,303
District contributions subsequent to the measurement date	4,877,569	-
Total	<u>\$ 7,130,382</u>	<u>\$ 4,971,074</u>

The \$4,877,569 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, 2023. 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
2024	\$ (156,093)
2025	(1,652,929)
2026	(2,480,693)
2027	1,945,478
2028	(280,838)
Thereafter	(93,186)
	<u>\$ (2,718,261)</u>



**IMPERIAL COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023**

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**NOTE 9 – PENSION PLANS, continued**

**California State Teachers’ Retirement System (CalSTRS), continued**

**Actuarial assumptions**

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2021, and rolling forward the total pension liability to June 30, 2022 using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date	June 30, 2021
Measurement date	June 30, 2022
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, 2023, 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%
	100%	

\*20-year geometric average

**IMPERIAL COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023**

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**NOTE 9 – PENSION PLANS, continued**

**California State Teachers’ Retirement System (CalSTRS), 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	\$ 46,013,115	\$ 27,092,501	\$ 11,382,703

**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, 2021, 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, 2023**

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**NOTE 9 – PENSION PLANS, continued**

**California Public Employees’ Retirement System (CalPERS), 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, 2023, are summarized as follows.

	<u>School Employer Pool (CalPERS)</u>	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.000%	7.000%
Required employer contribution rate	25.370%	25.370%

**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 2023 was 25.37% of annual payroll. Contributions to the plan from the District were \$3,609,083 for the year ended June 30, 2023.

**IMPERIAL COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023**

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**NOTE 9 – PENSION PLANS, continued**

**California Public Employees’ Retirement System (CalPERS), continued**

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

At June 30, 2023, the District reported a liability of \$28,652,601 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, 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, 2021, and rolling forward the total pension liability to June 30, 2022. 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, 2022 measurement date, the District’s proportion was 0.083% percent, which was an increase of 0.002 percent from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the District recognized pension expense of \$4,767,841 at June 30, 2022 measurement date. At June 30, 2023, 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	\$ 3,383,092	\$ -
Differences between expected and actual experience	129,493	712,914
Changes in assumptions	2,119,557	-
Net changes in proportionate share of net pension liability	2,087,352	-
District contributions subsequent to the measurement date	3,609,083	-
Total	<u>\$ 11,328,577</u>	<u>\$ 712,914</u>

The \$3,609,083 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, 2023. 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
2024	\$ 2,106,503
2025	1,651,098
2026	1,057,252
2027	2,191,727
	<u>\$ 7,006,580</u>

**IMPERIAL COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023**

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**NOTE 9 – PENSION PLANS, continued**

**California Public Employees’ Retirement System (CalPERS), continued**

**Actuarial assumptions**

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2021, and rolling forward the total pension liability to June 30, 2022 using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date	June 30, 2021
Measurement date	June 30, 2022
Experience study	July 1, 1997, through June 30, 2015
Actuarial cost method	Entry Age Normal
Discount rate	6.90%
Investment rate of return	6.90%
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, 2021, valuation were based on the results of an actuarial experience study for the period from 1997 to 2015.

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.

**IMPERIAL COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023**

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**NOTE 9 – PENSION PLANS, continued**

**California Public Employees’ Retirement System (CalPERS), continued**

**Actuarial assumptions, continued**

The expected real rates of return by asset class are as follows:

Asset Class*	Assumed Asset Allocation	Real Return Years 1 - 10**
Global Equity - cap-weighted	30%	4.45%
Global Equity non-cap-weighted	12%	3.84%
Private Equity	13%	7.28%
Treasury	5%	0.27%
Mortgage-backed Securities	5%	0.50%
Investment Grade Corporates	10%	1.56%
High Yield	5%	2.27%
Emerging Market Debt	5%	2.48%
Private Debt	5%	3.57%
Real Assets	15%	3.21%
Leverage	-5%	-0.59%
	100%	

\*An expected inflation of 2.30% used for this period.

\*\*Figures are based on the 2021-22 Asset Liability Management study.

**Discount rate**

The discount rate used to measure the total pension liability was 6.90 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.

**IMPERIAL COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023**

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**NOTE 9 – PENSION PLANS, continued**

**California Public Employees’ Retirement System (CalPERS), continued**

**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 6.90 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 (5.90 percent) or 1-percentage-point higher (7.90 percent) than the current rate:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Plan’s net pension liability	\$ 41,390,134	\$ 28,652,601	\$ 18,125,499

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). The District contribution \$1,000,000 to the trust during 2022-23. As of June 30, 2023, the balance of the trust was \$4,985,713.

**NOTE 10 – 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, 2023**

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**NOTE 10 – 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, 2023 was not included in this report. The information can be obtained by contacting the JPA directly.

**NOTE 11 – 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, 2023.

**NOTE 12 – SUBSEQUENT EVENTS**

The District has evaluated subsequent events for the period from June 30, 2023 through December 31, 2023. Management did not identify any transactions that require disclosure or that would have an impact on the financial statements.



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**REQUIRED SUPPLEMENTARY INFORMATION**

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**IMPERIAL COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS  
FOR THE YEAR ENDED JUNE 30, 2023**

	2023	2022	2021	2020	2019	2018
Total OPEB liability						
Service cost	\$ 1,286,335	\$ 1,003,295	\$ 976,443	\$ 2,654,949	\$ 2,771,759	\$ 2,697,576
Interest	2,827,989	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	(2,403,221)	(2,909,698)	(2,840,435)	(2,105,000)	(2,025,052)	(1,947,165)
Net change in total OPEB liability	1,711,103	(9,623,675)	1,500,328	20,617,722	365,455	2,882,176
Total OPEB liability, beginning of year*	60,095,057	69,718,732	68,218,404	63,817,088	63,451,633	60,569,457
Total OPEB liability, end of year (a)	\$ 61,806,160	\$ 60,095,057	\$ 69,718,732	\$ 84,434,810	\$ 63,817,088	\$ 63,451,633
Plan fiduciary net position						
Employer contributions	\$ 4,403,221	\$ 3,552,182	\$ 4,322,912	\$ 2,946,734	\$ 2,025,052	\$ 1,947,165
Expected investment income	199,074	-	70,735	-	-	-
Investment gains/losses	(872,317)	352,626	(15,602)	-	-	-
Administrative expense	(14,293)	(7,033)	(1,965)	-	-	-
Expected benefit payments	(2,403,221)	(2,909,698)	(2,840,435)	(2,946,734)	(2,025,052)	(1,947,165)
Change in plan fiduciary net position	1,312,464	988,077	1,535,645	-	-	-
Fiduciary trust net position, beginning of year	3,198,168	2,210,091	674,446	-	-	-
Fiduciary trust net position, end of year (b)	\$ 4,510,632	\$ 3,198,168	\$ 2,210,091	\$ -	\$ -	\$ -
Net OPEB liability (asset), ending (a) - (b)	\$ 57,295,528	\$ 56,896,889	\$ 67,508,641	\$ 84,434,810	\$ 63,817,088	\$ 63,451,633
Covered payroll	\$ 39,370,429	\$ 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)	7%	5%	3%	0%	0%	0%
Net OPEB liability (asset) as a percentage of covered payroll	146%	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, 2023**

	2023	2022	2021	2020	2019	2018
Actuarially determined contribution	\$ 2,538,258	\$ 2,403,221	\$ 2,909,698	\$ 2,840,435	\$ 2,105,000	\$ 2,025,052
Contributions in relations to the actuarially determined contribution	3,145,585	4,018,531	3,552,182	4,322,912	2,025,052	1,947,165
Contribution deficiency (excess)	\$ (607,327)	\$ (1,615,310)	\$ 2,267,214	\$ (1,482,477)	\$ 79,948	\$ 77,887
Covered-employee payroll	\$ 39,370,429	\$ 30,146,087	\$ 28,937,200	\$ 28,306,907	\$ 25,923,788	\$27,503,091
Contribution as a percentage of covered-employee payroll	8%	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, 2023**

	Reporting Fiscal Year (Measurement Date)				
	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)
CalSTRS					
District's proportion of the net pension liability	0.0390%	0.0385%	0.0400%	0.0390%	0.0370%
District's proportionate share of the net pension liability	\$ 27,092,501	\$ 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	13,568,003	8,810,320	20,213,998	19,049,882	19,540,892
Total	\$ 40,660,504	\$ 26,319,890	\$ 59,426,718	\$ 53,967,200	\$ 53,669,024
District's covered - employee payroll	\$ 21,226,986	\$ 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	128%	83%	176%	161%	181%
Plan fiduciary net position as a percentage of the total pension liability	87%	87%	72%	73%	71%
	Reporting Fiscal Year (Measurement Date)				
	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)
CalPERS					
District's proportion of the net pension liability	0.0833%	0.0809%	0.0770%	0.0740%	0.0730%
District's proportionate share of the net pension liability	\$ 28,652,601	\$ 16,456,055	\$ 23,592,012	\$ 21,644,029	\$ 19,565,832
District's covered - employee payroll	\$ 12,753,361	\$ 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	225%	142%	215%	210%	225%
Plan fiduciary net position as a percentage of the total pension liability	81%	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, 2023**

	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, 2023**

CalSTRS	Reporting Fiscal Year				
	2023	2022	2021	2020	2019
Statutorily required contribution	\$ 4,877,569	\$ 3,591,606	\$ 3,426,220	\$ 3,804,875	\$ 3,528,880
District's contributions in relation to the statutorily required contribution	4,877,569	3,591,606	3,426,220	3,804,875	3,528,880
District's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 25,537,010	\$ 21,226,986	\$ 21,214,985	\$ 22,250,731	\$ 21,676,167
District's contributions as a percentage of covered-employee payroll	19.10%	16.92%	16.15%	17.10%	16.28%

  

CalPERS	Reporting Fiscal Year				
	2023	2022	2021	2020	2019
Statutorily required contribution	\$ 3,609,083	\$ 2,921,795	\$ 2,396,267	\$ 2,168,556	\$ 1,860,656
District's contributions in relation to the statutorily required contribution	3,609,083	2,921,795	2,396,267	2,168,556	1,860,656
District's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 14,225,790	\$ 12,753,361	\$ 11,576,169	\$ 10,996,177	\$ 10,301,495
District's contributions as a percentage of covered-employee payroll	25.37%	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, 2023**

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, 2023**

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**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**

The discount rate decreased from 7.15% to 6.90% since the previous valuation for CalPERS. There were no changes since the previous valuation for CalSTRS.



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## **SUPPLEMENTARY INFORMATION**

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**IMPERIAL COMMUNITY COLLEGE DISTRICT  
DISTRICT ORGANIZATION  
JUNE 30, 2023**

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**GOVERNING BOARD**

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<b>MEMBER</b>	<b>OFFICE</b>	<b>TERM EXPIRES</b>
Mr. Romualdo J. Medina	President	November 2024
Ms. Isabel Solis	Clerk of the Board	November 2024
Ms. Hortencia Armendariz	Member	November 2026
Dr. Betsy Lindbergh	Member	November 2026
Ms. Karla Sigmond	Member	November 2026
Mr. Jerry Hart	Member	November 2024
Mr. Erik Ortega	Member	November 2026

**DISTRICT ADMINISTRATION**

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Dr. Lennor M. Johnson  
*Superintendent/President*

Dr. Cuauhtemoc Carboni  
*Vice President of Academic Services*

Alexis Villa  
*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*

Celeste Alvarez  
*Executive Director of Communications, Marketing  
and Public Relations*

**AUXILIARY ORGANIZATIONS IN GOOD STANDING**

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<b>AUXILIARY NAME</b>	<b>DIRECTOR'S NAME</b>	<b>ESTABLISHMENT AND MASTER AGREEMENT DATE</b>
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, 2023**

Grantor/Pass Through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	YTD Expenditures
<b>U.S. Department of Education</b>			
<i>Direct Programs</i>			
Student Financial Aid Cluster			
Pell Grant	84.063	*	\$ 21,497,642
Pell Administration	84.063	*	24,390
Supplemental Educational Opportunity Grant	84.007	*	281,294
Federal College Work Study	84.033	*	436,703
Total Student Financial Aid Cluster			<u>22,240,029</u>
TRIO Cluster			
Upward Bound	84.047	*	1,214,579
Student Support Services	84.042	*	470,013
Talent Search	84.044	*	376,340
Total TRIO Cluster			<u>2,060,932</u>
Higher Education Emergency Relief Funds			
COVID-19 HEERF Student Portion	84.425E	*	2,394,420
COVID-19 HEERF Institutional Portion	84.425F	*	6,262,593
COVID-19 HEERF Minority Serving Institutions	84.425L	*	1,094,844
Total Higher Education Emergency Relief Funds			<u>9,751,857</u>
<i>Passed Through California Department of Education</i>			
CTE-Title IC	84.048	14-C01-022	407,404
Total U.S. Department of Education			<u>34,460,222</u>
<b>U.S. Department of Veterans Affairs</b>			
<i>Direct Program</i>			
Veterans Education	64.116	*	784
Total U.S. Department of Veterans Affairs			<u>784</u>
<b>U.S. Department of Health and Human Services</b>			
<i>Direct Program</i>			
Temporary Assistance For Needy Families	93.558	*	101,113
Foster and Kinship Care Education	93.658	*	17,942
Total U.S. Department of Health and Human Services			<u>119,055</u>
<b>U.S. Department of Agriculture</b>			
<i>Direct Program</i>			
Nutrition Program	10.555	*	55,232
Total U.S. Department of Agriculture			<u>55,232</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 34,635,293</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, 2023**

Program Name	Program Revenues				Total Program Expenditures
	Cash Received	Accounts Receivable	Deferred Revenue	Total	
Cal Grants	\$ 3,274,783	\$ 7,622	\$ -	\$ 3,282,405	\$ 3,282,405
Student Success Completion Grant	9,302,127	-	2,520,528	6,781,599	6,781,599
Emergency Financial Aid SFRF	1,331,027	-	1,263,527	67,500	67,500
Learning Aligned Employment	3,509,087	-	3,508,992	95	95
CCTR - General Childcare	736,435	-	159,005	577,430	577,430
CSPP - CA Sate Preschool	501,620	17,002	-	518,622	518,622
Professional Development - Classified	17,361	-	5,119	12,242	12,242
Foster Care	51,345	-	-	51,345	51,345
Child Development Nutrition	2,910	-	-	2,910	2,910
Board Financial Aid Program (BFAP)	486,632	-	32,097	454,535	454,535
CalWorks	678,400	-	53,609	624,791	624,791
Financial Aid Technology	45,338	-	(38,429)	83,767	83,767
DSPS	689,061	-	(2,139)	691,200	691,200
Strong Workforce Program	1,209,728	234,000	(303,312)	1,747,040	1,747,040
Nursing Grant	146,737	-	203	146,534	146,534
EOPS	2,449,805	-	-	2,449,805	2,449,805
CARE	720,473	-	-	720,473	720,473
BOG Fee Waiver Administration	130,117	-	-	130,117	130,117
Veteran Resource Center	33,475	-	(2,315)	35,790	35,790
Guided Pathways	448,933	-	388,768	60,165	60,165
Physical Plant & Instructional Support	7,732,019	-	5,563,354	2,168,665	2,168,665
Lottery Instructional Materials	608,883	(524,754)	(530,495)	614,624	614,624
Innovation Award	-	-	(14,288)	14,288	14,288
Correctional Academy & Medical Assistant Program	-	-	(224,329)	224,329	224,329
Equal Employment Opportunity	138,888	-	58,942	79,946	79,946
Student Success & Support Program	3,104,235	-	227,986	2,876,249	2,876,249
Incarcerated Students Re-entry	166,000	-	87,904	78,096	78,096
Homeless & Housing Program	1,860,395	-	1,113,778	746,617	746,617
SB 85 - CalFresh Outreach	-	-	(8,279)	8,279	8,279
EEO Best Practices	-	-	(59,371)	59,371	59,371
Mental Health Support	285,174	-	126,652	158,522	158,522
DREAM Resource Center	89,266	-	(21,084)	110,350	110,350
LGBTQ+ Support	-	-	(45,283)	45,283	45,283
Basic Needs Centers	337,337	-	16,138	321,199	321,199
System Wide Tech & Data Security	357,000	-	269,144	87,856	87,856
SB 85 - Retention & Enroll Outreach	962,701	-	190,100	772,601	772,601
Basic Needs Centers One Time Funding	255,523	-	(78,576)	334,099	334,099
Library Services Platform	-	-	(7,837)	7,837	7,837
CCAP Instr Materials(Dual Enroll)	-	-	(350)	350	350
Zero Textbook Costs Program	200,000	-	186,079	13,921	13,921
Culturally Competent Faculty PD	-	-	(1,504)	1,504	1,504
Prop 30 Education Protection Act	3,726,702	-	-	3,726,702	3,726,702
Academic Building	270,056	-	(4,445,280)	4,715,336	4,715,336
Upward Bound Summer Food Program	-	-	(411)	411	411
<b>Total Expenditures of State Awards</b>	<b>\$ 45,859,573</b>	<b>\$ (266,130)</b>	<b>\$ 9,988,643</b>	<b>\$ 35,604,800</b>	<b>\$ 35,604,800</b>

**IMPERIAL COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL APPORTIONMENT  
FOR THE YEAR ENDED JUNE 30, 2023**

<b>CATEGORIES</b>	Reported Data	Audit Adjustments	Audited Data
<b>A. Summer Intersession (Summer 2022 only)</b>			
1. Noncredit	9.97	-	9.97
2. Credit	467.66	-	467.66
<b>B. Summer Intersession (Summer 2023 - Prior to July 1, 2023)</b>			
1. Noncredit	-	-	-
2. Credit	128.09	-	128.09
<b>C. Primary Terms (Exclusive of Summer Intersession)</b>			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	2,525.88	-	2,525.88
(b) Daily Census Contact Hours	294.98	-	294.98
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit	243.93	-	243.93
(b) Credit	285.90	-	285.90
3. Independent Study/Work Experience			
(a) Weekly Census Contact Hours	2,342.73	-	2,342.73
(b) Daily Census Contact Hours	695.83	-	695.83
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
<b>D. Total FTES</b>	<b>6,994.97</b>	-	<b>6,994.97</b>
<b>Supplemental Information (subset of above information)</b>			
<b>E. In-service Training Courses</b>			
	4.53	-	4.53
<b>F. Basic Skills Courses and Immigrant Education</b>			
1. Credit	244.74	-	244.74
2. Noncredit	123.23	-	123.23
Total Basic Skills FTES	<b>367.97</b>	-	<b>367.97</b>

**IMPERIAL COMMUNITY COLLEGE DISTRICT  
RECONCILIATION OF EDUCATION CODE SECTION 84362 (50 PERCENT LAW) CALCULATION  
FOR THE YEAR ENDED JUNE 30, 2023**

	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	\$ 11,410,955	\$ -	\$ 11,410,955	\$ 11,410,955	\$ -	\$ 11,410,955
Other	1300	7,476,888	-	7,476,888	7,546,806	-	7,546,806
Total Instructional Salaries		18,887,843	-	18,887,843	18,957,761	-	18,957,761
Non-Instructional Salaries							
Contract or Regular	1200	-	-	-	5,006,498	-	5,006,498
Other	1400	-	-	-	544,665	-	544,665
Total Non-Instructional Salaries		-	-	-	5,551,163	-	5,551,163
Total Academic Salaries		18,887,843	-	18,887,843	24,508,924	-	24,508,924
<u>Classified Salaries</u>							
Non-Instructional Salaries							
Regular Status	2100	-	-	-	7,559,251	-	7,559,251
Other	2300	-	-	-	264,275	-	264,275
Total Non-Instructional Salaries		-	-	-	7,823,526	-	7,823,526
Instructional Aides							
Regular Status	2200	65,863	-	65,863	381,289	-	381,289
Other	2400	181,440	-	181,440	181,440	-	181,440
Total Instructional Aides		247,303	-	247,303	562,729	-	562,729
Total Classified Salaries		247,303	-	247,303	8,386,255	-	8,386,255
Employee Benefits	3000	7,693,510	-	7,693,510	14,733,861	-	14,733,861
Supplies and Materials	4000	-	-	-	726,776	-	726,776
Other Operating Expenses	5000	-	-	-	4,510,219	-	4,510,219
Equipment Replacement	6420	-	-	-	253,045	-	253,045
Total Expenditures Prior to Exclusions		26,828,656	-	26,828,656	53,119,080	-	53,119,080
<u>Exclusions</u>							
Activities to Exclude							
Inst. Staff-Retirees' Benefits and Incentives	5900	488,425	-	488,425	488,425	-	488,425
Std. Health Svcs. Above Amount Collected	6441	-	-	-	-	-	-
Student Transportation	6491	-	-	-	-	-	-
Non-inst.Staff-Retirees' Benefits and Incentives	6740	-	-	-	1,395,956	-	1,395,956
Object to Exclude							
Rents and Leases	5060	-	-	-	140,782	-	140,782
Lottery Expenditures		-	-	-	-	-	-
Academic Salaries	1000	-	-	-	815,911	-	815,911
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	-	-	-	862,282	-	862,282
Capital Outlay	6000	-	-	-	-	-	-
Library Books	6300	-	-	-	-	-	-
Equipment	6400	-	-	-	-	-	-
Equipment - Additional	6410	-	-	-	-	-	-
Equipment - Replacement	6420	-	-	-	253,045	-	253,045
Total Equipment		-	-	-	253,045	-	253,045
Total Capital Outlay		-	-	-	253,045	-	253,045
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		\$ 488,425	\$ -	\$ 488,425	\$ 3,956,401	\$ -	\$ 3,956,401
Total for ECS 84362, 50% Law		\$ 26,340,231	\$ -	\$ 26,340,231	\$ 49,162,679	\$ -	\$ 49,162,679
Percent of CEE (Instructional Salary Cost/Total CEE)		53.58%	0.00%	53.58%	100.00%	0.00%	100.00%
50% of Current Expense of Education		\$ -	\$ -	\$ -	\$ 24,581,340	\$ -	\$ 24,581,340

**IMPERIAL COMMUNITY COLLEGE DISTRICT  
 PROPOSITION 30 EDUCATION PROTECTION ACCOUNT (EPA) EXPENDITURE REPORT  
 FOR THE YEAR ENDED JUNE 30, 2023**

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EPA Revenue	\$ 3,726,702
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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	\$ 3,726,702	\$ -	\$ -	\$ 3,726,702
Total		\$ 3,726,702	\$ -	\$ -	\$ 3,726,702

**IMPERIAL COMMUNITY COLLEGE DISTRICT  
RECONCILIATION OF FUND EQUITY TO NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2023**

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**Total Fund Equity - District Funds Included in the Reporting Entity**

General Fund	\$	26,877,333	
Debt Service Fund		7,409,949	
Child Development Fund		665,922	
Capital Project Funds		17,737,140	
Bond Funds		37,983,798	
Internal Service Funds		10,144,516	
Student Financial Aid Fund		(10,257)	
Other Funds		262,814	\$ 101,071,215
<hr/>			
Assets recorded within the statements of net position not included in the fund financial statements:			
Capital assets	\$	146,758,100	
Accumulated depreciation		(46,234,138)	
Right-of-use assets		1,774,910	
Accumulated amortization		(478,170)	101,820,702
<hr/>			
FMV Cash in County Treasury			(3,848,680)
Unmatured Interest			(727,931)
Deferred outflows recorded within the statement of net position not included in the District fund financial statements:			
Deferred outflows related to bond refundings			292,790
Deferred outflows related to OPEB			6,491,451
Deferred outflows related to pensions			18,458,959
Liabilities recorded within the statements of net position not recorded in the District fund financial statements:			
General obligation bonds	\$	145,737,606	
Premiums		1,782,369	
Discounts		(389,377)	
Software liability		1,309,823	
Net OPEB liability		57,295,528	
Net pension liability		55,745,102	
Compensated absences		1,228,591	(262,709,642)
<hr/>			
Deferred inflows recorded within the statement of net position not included in the District fund financial statements:			
Deferred outflows related to OPEB			(11,838,758)
Deferred inflows related to pensions			(5,683,988)
<hr/>			
<b>Net Position Reported Within the Statement of Net Position</b>	<b>\$</b>		<b>(51,688,169)</b>



**IMPERIAL COMMUNITY COLLEGE DISTRICT  
NOTE TO SUPPLEMENTARY INFORMATION  
JUNE 30, 2023**

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**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 Imperial 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 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.

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**OTHER INDEPENDENT AUDITORS' REPORTS**

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**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, 2023, 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 31, 2023.

**Adoption of New Accounting Standard**

As discussed in Note 1 to the financial statements, the District has adopted the provisions of Government Accounting Standards Board (GASB) Statements No., 96, Subscription-based Information Technology Arrangements, for the year ending June 30, 2023. Our opinions are not modified with respect to this matter.

**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 31, 2023



**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 (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Imperial Community College District's major federal programs for the year ended June 30, 2023. 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, 2023.

***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 31, 2023



## 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 (the "District") compliance with the types of compliance requirements as identified in the 2022-23 California Community Colleges Chancellor's Office *Contracted District Audit Manual* for the year ended June 30, 2023. The applicable state compliance requirements are identified in the table 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, 2023.

#### ***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 2022-23 California Community Colleges Chancellor's Office *Contracted District Audit Manual*. 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 the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on state compliance with the compliance requirements subject to audit in the 2022-2023 California Community Colleges Chancellor's Office *Contracted District Audit Manual*. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

#### ***Responsibilities of Management for Compliance***

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



### ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements listed in the table below has occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, Government Auditing Standards, and the 2022-2023 California Community Colleges Chancellor's Office *Contracted District Audit Manual* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements listed in the table below.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the 2022-2023 California Community Colleges Chancellor's Office *Contracted District Audit Manual*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed. We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any material noncompliance with the requirements listed in the table below that we identified during the audit.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any material noncompliance with the requirements listed in the table below that we identified during the audit.

### **Compliance Requirements Tested**

In connection with the audit referred to above, we selected and tested transactions and records to determine the District's compliance with 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 494 – State Fiscal Recovery Fund  
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 2022-23 California Community Colleges Chancellor's Office *Contracted District Audit Manual*. Accordingly, this report is not suitable for any other purpose.

*CWDL, Certified Public Accountants*

San Diego, California  
December 31, 2023

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## **FINDINGS AND QUESTIONED COSTS**

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**IMPERIAL COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2023**

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**Section I – Schedule of Audit Findings and Questioned Costs**

**FINANCIAL STATEMENTS**

Type of auditors' report issued:	<u>Unmodified</u>
Is a going concern emphasis-of-matter paragraph included in the auditors' report?	<u>No</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	
Identification of major programs:	<u>No</u>

<u>Assistance Listing 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>\$ 1,039,059</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, 2023**

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**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 2022-23.***

**IMPERIAL COMMUNITY COLLEGE DISTRICT  
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2023**

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**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 2022-23.***

**IMPERIAL COMMUNITY COLLEGE DISTRICT  
STATE AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2023**

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**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 2022-23.***

**IMPERIAL COMMUNITY COLLEGE DISTRICT  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2023**

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