



Imperial Unified School District

County of Imperial
Imperial, California

Audit Report

June 30, 2023



WILKINSON HADLEY
KING & CO. LLP
CPAs AND ADVISORS



Imperial Unified School District

Table of Contents

June 30, 2023

INDEPENDENT AUDITOR’S REPORT	1
MANAGEMENT’S DISCUSSION AND ANALYSIS	4
BASIC FINANCIAL STATEMENTS	9
Statement of Net Position	10
Statement of Activities.....	11
Balance Sheet – Governmental Funds	12
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position.....	13
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	15
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	16
Notes to the Financial Statements.....	18
REQUIRED SUPPLEMENTARY INFORMATION	61
Budgetary Comparison Schedule – General Fund.....	61
Schedule of the District’s Proportionate Share of the Net Pension Liability - CalSTRS	62
Schedule of the District’s Contributions - CalSTRS	63
Schedule of the District’s Proportionate Share of the Net Pension Liability – CalPERS.....	64
Schedule of the District’s Contributions - CalPERS	65
Schedule of Changes in the District’s Total OPEB Liability and Related Ratios – IUSD Retiree Health Plan.....	66
Notes to Required Supplementary Information	67
COMBINING STATEMENTS AS SUPPLEMENTARY INFORMATION	71
Combining Balance Sheet – Nonmajor Governmental Funds.....	71
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds.....	72
OTHER SUPPLEMENTARY INFORMATION	73
Local Education Agency Organization Structure	73
Schedule of Average Daily Attendance.....	74
Schedule of Instructional Time.....	75
Schedule of Financial Trends and Analysis.....	76
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements.....	77
Schedule of Charter Schools.....	78
Schedule of Expenditures of Federal Awards.....	79
Notes to the Schedule of Expenditures of Federal Awards	80

OTHER INDEPENDENT AUDITORS’ REPORTS	82
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	82
Independent Auditor’s Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance.....	84
Independent Auditor’s Report on State Compliance and on Internal Control Over State Compliance.....	87
AUDITOR’S RESULTS, FINDINGS & RECOMMENDATIONS	91
Schedule of Auditor’s Results	91
Corrective Action Plan.....	95
Schedule of Prior Year Audit Findings.....	96

Independent Auditor's Report

To the Board of Education
Imperial Unified School District

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Imperial Unified School 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 governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As described in Note A to the financial statements, in the fiscal year ended June 30, 2023, the District adopted new accounting guidance, *GASB Statement No. 96, Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's 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 auditor's 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 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB) 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'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 combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying combining financial statements and additional supplementary information, identified in the table of contents, as required by the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations, Section 19810* are presented for purposes of additional analysis and are not a required part of the financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the accompanying combining and individual nonmajor fund financial statements, the schedule of expenditures of federal awards, and the additional supplementary information as identified in the table of contents, are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 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, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



El Cajon, California
December 13, 2023

**Imperial Unified School District
Management's Discussion and Analysis
June 30, 2023
(Unaudited)**

This section of Imperial Unified School District's (IUSD) annual financial report presents management's discussion and analysis of the IUSD's financial performance during the year ending June 30, 2023. The management's discussion and analysis are required as a new element of the reporting model established by the Governmental Accounting Standards Board (GASB) in Statement Number 34. The district's financial statements follow this section.

Financial Highlights

- The IUSD's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$55.9 million.
- Imperial High School Multipurpose Room and Culinary Arts building was completed in April 2023. Students were able to start eating lunch in the cafeteria and allow students in the Culinary Arts class to prepare home scratch meals for the remainder of the school year. This is an excellent hands-on learning opportunity that provides students with food handling experience.
- The district will start the CTE AG Facility Modernization & Addition building late fall of 2023.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the IUSD's basic financial statements. The basic financial statements comprise three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of the IUSD's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all the assets and liabilities of the district, with the difference between the two reported as net position. Over time, increase or decrease in net position may serve as a useful indicator of whether the financial position of the district is improving or deteriorating.

The statement of activities presents information showing how the net position of the IUSD changed during the most recent fiscal year.

All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing related cash flows.

Revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes, accrual for OPEB benefits, and earned but unused vacation leave

Fund financial statements

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The IUSD, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the district are governmental funds except for the Associated Student Body account, which is a fiduciary fund.

Governmental funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The IUSD maintains two individual major governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for these major funds. Data from the other governmental funds are combined into a single, aggregated presentation.

The District adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Notes to the financial statements

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found later in this report.

Table I: Comparative Statement of Net Position – Governmental Activities

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>Change</u>	<u>% Change</u>
Cash and other current assets	\$ 55,253,430	\$ 48,222,025	\$ 7,031,405	14.58%
Capital, lease, and subscription assets, net	<u>102,498,790</u>	<u>92,264,942</u>	<u>10,233,848</u>	<u>11.09%</u>
Total Assets	<u>157,752,220</u>	<u>140,486,967</u>	<u>17,265,253</u>	<u>12.29%</u>
Deferred Outflows of Resources	<u>19,171,726</u>	<u>15,843,154</u>	<u>3,328,572</u>	<u>21.01%</u>
Accounts payable and other current liabilities	7,294,311	5,954,439	1,339,872	22.50%
Long-term liabilities	<u>106,587,029</u>	<u>91,265,428</u>	<u>15,321,601</u>	<u>16.79%</u>
Total Liabilities	<u>113,881,340</u>	<u>97,219,867</u>	<u>16,661,473</u>	<u>17.14%</u>
Deferred Inflows of Resources	<u>7,071,440</u>	<u>21,969,537</u>	<u>(14,898,097)</u>	<u>-67.81%</u>
Net Position				
Invested in capital and lease assets, net	50,415,667	40,776,904	9,638,763	23.64%
Restricted	30,509,893	27,343,169	3,166,724	11.58%
Unrestricted	<u>(24,954,394)</u>	<u>(30,979,356)</u>	<u>6,024,962</u>	<u>-19.45%</u>
Total Net Position	<u>\$ 55,971,166</u>	<u>\$ 37,140,717</u>	<u>\$ 18,830,449</u>	<u>50.70%</u>

The IUSD's net position reflects its investment in capital assets (e.g., land, equipment, buildings, and improvements net of accumulated depreciation); less any related debt (bonds payable and obligations under capital leases less unspent bond proceeds) used to acquire those assets that are still outstanding. The IUSD uses these capital assets to provide services to students; consequently, the assets invested in capital assets are not available for future spending.

Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the IUSD's net position represents resources that are restricted for capital projects. The sources are bond funds, developer fees, state school building funds and the district's reserves for capital projects. The Bond Interest and Redemption Fund is used to pay off the bonds. The remaining balance of restricted and unrestricted net position may be used to meet the IUSD's obligations to students, employees, and creditors and to honor next year's budget.

Governmental activities: The key elements of the district's net position for the year ended June 30, 2023, are as follows:

Table II: Comparative Statement of Activities – Governmental Activities

	Year Ended June 30, 2023	Year Ended June 30, 2022	Change	% Change
Program revenues:				
Charges for services	\$ 1,409,120	\$ 1,871,028	\$ (461,908)	-24.69%
Operating grants and contributions	29,669,316	14,106,291	15,563,025	110.33%
Capital grants and contributions	3,184,116	2,221,325	962,791	43.34%
General revenues:				
Property taxes, levied for general purposes	7,917,055	7,459,833	457,222	6.13%
Property taxes, levied for debt service	2,745,070	2,734,963	10,107	0.37%
Federal and state aid, unrestricted	46,626,771	39,256,530	7,370,241	18.77%
Interest and investment earnings	476,002	(590,571)	1,066,573	-180.60%
Miscellaneous	973,703	1,067,152	(93,449)	-8.76%
Total Revenue	<u>93,001,153</u>	<u>68,126,551</u>	<u>24,874,602</u>	<u>36.51%</u>
Instruction and instruction-related services	49,283,694	37,674,179	11,609,515	30.82%
Pupil services	9,978,252	7,528,198	2,450,054	32.55%
General administration	4,305,785	3,676,231	629,554	17.12%
Plant services	6,516,252	5,212,291	1,303,961	25.02%
Ancillary services	1,244,600	927,826	316,774	34.14%
Interest on long-term debt	2,090,044	1,733,073	356,971	20.60%
Debt issuance costs	-	379,826	(379,826)	100.00%
Other outgo	752,077	544,894	207,183	38.02%
Total Expenses	<u>74,170,704</u>	<u>57,676,518</u>	<u>16,494,186</u>	<u>28.60%</u>
Change in Net Position	18,830,449	10,450,033	8,380,416	80.20%
Net Position, Beginning of Year	<u>37,140,717</u>	<u>26,690,684</u>	<u>10,450,033</u>	<u>39.15%</u>
Net Position, End of Year	<u>\$ 55,971,166</u>	<u>\$ 37,140,717</u>	<u>\$ 18,830,449</u>	<u>50.70%</u>

The largest dollar amount in revenue continues to be from federal and state aid as well as property taxes.

Federal and state aid is a reflection of funding for specific programs. LCFF revenue apportionment, which is a combination of state aid and property taxes, is the largest source of district revenue. LCFF revenue is based on average daily attendance (ADA). If a student is in attendance a full 180 days, the state awards the district one ADA. The state guarantees that if local taxes do not provide money equal to the base LCFF Revenue Limit guarantee, it will make up the difference with state funding. Government-wide expenditures are classified by function according to their purpose. The largest amount of funds from all sources is generally spent on instruction; an exception would be when large capital projects are constructed.

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget regularly. The significant budget adjustments fell into the following categories:

- Budget revisions to the adopted budget required after approval of the State budget.
- Budget revisions to update revenues to actual enrollment information and to update overall expenditures.
- Other budget revisions are routine in nature, including adjustments to categorical revenues and expenditures based on final awards, and adjustments between expenditure categories for school and department budgets.

The final budget for the general fund projected an increase in fund balance of \$6,856,593. The District ended the year with an increase in fund balance for the general fund of \$11,339,377.

Other Funds

- The Cafeteria Fund supports the operation of the Child Nutrition Program of the district. The program continues to be self-sustaining and successful due to the free Universal Meals Program.
- The Adult Education Fund continues to be successful in their Adult Education programs. Offering various classes such as English Learner Classes and GED courses, the program has been self-sustaining as well.
- The Developer Fee Fund continues to bring in revenue due to the City of Imperial growing with its housing development. The Developer Fee fund will purchase any new growth additions for our district such as the CTE Ag Facility building at Imperial High School.

Capital Asset, Lease Assets, Subscription Assets and Debt Administration

The State School Facility Fund is used to account for the costs incurred in acquiring and improving sites, constructing, and remodeling facilities, and procuring equipment necessary for providing educational programs for all students within the IUSD.

Table III: Comparative Schedule of Capital and Lease Assets, Net

	June 30, 2023	June 30, 2022	Change	% Change
Land	\$ 4,326,126	\$ 4,326,126	\$ -	0.00%
Work in Progress	8,952,879	8,952,879	-	0.00%
Land Improvements	4,060,089	3,995,886	64,203	1.61%
Buildings & Improvements	112,302,799	100,881,179	11,421,620	11.32%
Equipment & Furniture	10,479,502	9,761,997	717,505	7.35%
Less: Accumulated Depreciation	(37,847,568)	(35,750,027)	(2,097,541)	5.87%
Leased Equipment	145,231	310,481	(165,250)	-53.22%
Less: Accumulated Amortization	(95,072)	(213,579)	118,507	-55.49%
Subscription Assets	230,391	-	230,391	100.00%
Less: Accumulated Amortization	(55,587)	-	(55,587)	100.00%
Total capital and lease assets, net	<u>\$ 102,498,790</u>	<u>\$ 92,264,942</u>	<u>\$ 10,059,044</u>	<u>10.90%</u>

Long-Term Debt

The beginning balance of Long-Term Debt was \$53,851,340. The district issued bonds through the voter approved Measure O back in 2016. The district is now paying down principal.

Table IV: Comparative Schedule of Long Term Debt

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>Change</u>	<u>% Change</u>
General Obligation Bonds				
Principal balance	\$ 49,638,445	\$ 50,421,445	\$ (783,000)	-1.55%
Bond premiums	3,283,019	3,373,968	(90,949)	-2.70%
Accreted interest	792,144	513,293	278,851	54.33%
Total general obligation bonds	<u>53,713,608</u>	<u>54,308,706</u>	<u>(595,098)</u>	<u>-1.10%</u>
Leases Payable	115,718	97,955	17,763	18.13%
Subscriptions Payable	<u>22,014</u>	<u>-</u>	<u>22,014</u>	<u>100.00%</u>
Total Long-Term Debt	<u>\$ 53,851,340</u>	<u>\$ 54,406,661</u>	<u>\$ (577,335)</u>	<u>-1.06%</u>

Factors bearing on the District's Future

The governor's 2023-24 Budget Act addresses a significant decline in revenues following two years of unprecedented General Fund growth, which resulted in a state shortfall of more than \$30 billion. Despite the shortfall the governor provided a cost-of-living adjustment of 8.22% to the Local Control Funding Formula, funding for universal school meals, transitional kindergarten, community schools, and the expanded learning opportunities program for an overall increase in funding to schools for the 2023-24 fiscal year.

Despite increases in school funding, costs of salaries, pensions, and other employee benefits continue to rise. The District is monitoring the budget closely to ensure all financial obligations are met and the District remains fiscally strong.

Requests for Information

This financial report is designed to provide a general overview of the Imperial Unified School District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Gina Hendrix, Associate Superintendent of Administrative Services, Imperial Unified School District, 219 North "E" Street, Imperial, CA, 92251.

Basic Financial Statements

Imperial Unified School District

Statement of Net Position

June 30, 2023

	Governmental Activities
Assets	
Cash and Cash Equivalents	\$ 50,777,800
Accounts Receivable	4,387,360
Inventory	82,471
Prepaid Expenses	5,799
Capital Assets:	
Land	4,326,126
Land Improvements	4,060,089
Buildings & Improvements	112,302,799
Equipment	10,479,502
Work In Progress	8,952,879
Less Accumulated Depreciation	(37,847,568)
Lease Assets	145,231
Less Accumulated Amortization	(95,072)
Subscription Assets	230,391
Less Accumulated Amortization	(55,587)
Total Assets	<u>157,752,220</u>
Deferred Outflows of Resources	<u>19,171,726</u>
Liabilities	
Accounts Payable and Other Current Liabilities	5,317,425
Unearned Revenue	1,976,886
Long-Term Liabilities:	
Due Within One Year	1,272,905
Due In More Than One Year	105,314,124
Total Liabilities	<u>113,881,340</u>
Deferred Inflows of Resources	<u>7,071,440</u>
Net Position	
Net Investment in Capital Assets	50,415,667
Restricted For:	
Capital Projects	13,628,122
Debt Service	2,422,356
Educational Programs	11,943,754
Other Purposes (Expendable)	2,424,891
Other Purposes (Nonexpendable)	90,770
Unrestricted	(24,954,394)
Total Net Position	<u>\$ 55,971,166</u>

The accompanying notes to the financial statements are an integral part of this statement.

Imperial Unified School District

Statement of Activities

For the Year Ended June 30, 2023

Functions	Expenses	Program Revenues			Net (Expense)
		Charges for	Operating	Capital Grants	Revenue and
		Services	Grants and	and	Changes in Net
			Contributions	Contributions	Position
					Governmental
					Activities
Governmental Activities					
Instruction	\$ 43,247,867	\$ 340,410	\$ 14,848,061	\$ 3,184,116	\$ (24,875,280)
Instruction-Related Services:					
Instructional Supervision and Administration	762,089	-	295,392	-	(466,697)
Instructional Library, Media and Technology	431,500	-	1,721	-	(429,779)
School Site Administration	4,842,238	-	2,149,591	-	(2,692,647)
Pupil Services:					
Home-to-School Transportation	2,747,845	-	167,417	-	(2,580,428)
Food Services	2,859,556	7,359	3,962,642	-	1,110,445
All Other Pupil Services	4,370,851	145,815	2,029,753	-	(2,195,283)
General Administration:					
Centralized Data Processing	1,635,793	-	5,044,462	-	3,408,669
All Other General Administration	2,669,992	17,582	233,073	-	(2,419,337)
Plant Services	6,516,252	874,317	289,588	-	(5,352,347)
Ancillary Services	1,244,600	-	640,186	-	(604,414)
Interest on Long-Term Debt	2,090,044	-	-	-	(2,090,044)
Tuition to County Office of Education	752,077	23,637	7,430	-	(721,010)
Total Governmental Activities	<u>\$ 74,170,704</u>	<u>\$ 1,409,120</u>	<u>\$ 29,669,316</u>	<u>\$ 3,184,116</u>	<u>(39,908,152)</u>
General Revenues					
Taxes and Subventions:					
Property Taxes, Levied for General Purposes				\$ 7,917,055	
Property Taxes, Levied for Debt Service				2,745,070	
Federal and State Aid Not Restricted for Specific Purposes				46,626,771	
Interest and Investment Earnings				476,002	
Miscellaneous				973,703	
Total General Revenues				<u>58,738,601</u>	
Change in Net Position					18,830,449
Net Position - Beginning of Year					<u>37,140,717</u>
Net Position - Ending					<u>\$ 55,971,166</u>

The accompanying notes to the financial statements are an integral part of this statement.

Imperial Unified School District

Balance Sheet – Governmental Funds

June 30, 2023

	General Fund	Capital Facilities Fund	County School Facilities Fund	Nonmajor Governmental Funds	Total
Assets					
Cash and Cash Equivalents	\$ 31,774,235	\$ 8,828,757	\$ 3,126,478	\$ 7,048,330	\$ 50,777,800
Accounts Receivable	3,533,562	65,995	27,201	760,601	4,387,359
Due From Other Funds	526,008	-	184	-	526,192
Prepaid Expenditures	5,799	-	-	-	5,799
Stores Inventories	-	-	-	82,471	82,471
Total Assets	\$ 35,839,604	\$ 8,894,752	\$ 3,153,863	\$ 7,891,402	\$ 55,779,621
Liabilities and Fund Balance:					
Liabilities:					
Accounts Payable	\$ 4,268,005	\$ 98,887	\$ 89,823	\$ 96,708	\$ 4,553,423
Due To Other Funds	-	-	-	526,192	526,192
Unearned Revenue	1,976,886	-	-	-	1,976,886
Total Liabilities	6,244,891	98,887	89,823	622,900	7,056,501
Fund Balance:					
Nonspendable	8,299	-	-	82,471	90,770
Restricted	12,500,971	8,795,865	3,064,040	6,058,247	30,419,123
Committed	6,509,211	-	-	-	6,509,211
Assigned	-	-	-	1,127,784	1,127,784
Unassigned	10,576,232	-	-	-	10,576,232
Total Fund Balance	29,594,713	8,795,865	3,064,040	7,268,502	48,723,120
Total Liabilities and Fund Balances	\$ 35,839,604	\$ 8,894,752	\$ 3,153,863	\$ 7,891,402	\$ 55,779,621

The accompanying notes to the financial statements are an integral part of this statement.

Imperial Unified School District

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position June 30, 2023

Total fund balances governmental funds:	\$ 48,723,120
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Amounts reported for assets, deferred outflows of resources, liabilities, and deferred inflows of resources for governmental activities in the statement of net position are different from amounts reported in governmental funds because:

Capital assets: In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets, lease assets, subscription assets, accumulated depreciation, and accumulated amortization.

Capital assets relating to governmental activities, at historical cost	140,121,395	
Accumulated depreciation	<u>(37,847,568)</u>	
Net		102,273,827
Lease assets relating to governmental activities, at historical cost	145,231	
Accumulated amortization	<u>(95,072)</u>	
Net		50,159
Subscription assets relating to governmental activities, at historical cost	230,391	
Accumulated amortization	<u>(55,587)</u>	
Net		174,804

Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmatrued interest owing at the end of the period was: (764,002)

Long-term liabilities: In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:

General obligation bonds payable	53,713,608	
Leases payable	115,718	
Subscriptions payable	22,014	
Total OPEB liability	7,302,335	
Net pension liability	45,173,644	
Compensated absences	<u>259,710</u>	
Total		(106,587,029)

The accompanying notes to the financial statements are an integral part of this statement.

Imperial Unified School District

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position, Continued June 30, 2023

Deferred gain or loss on debt refunding: In the government wide financial statements deferred gain or loss on debt refunding is recognized as a deferred outflow of resources (for a loss) or a deferred inflow of resources (for a gain) and subsequently amortized over the life of the debt. Deferred gain or loss on debt refunding recognized as a deferred outflow of resources or deferred inflow of resources on the statement of net position was:

1,260,836

Deferred outflows and inflows of resources relating to pensions: In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported.

Deferred outflows of resources relating to pensions	15,633,976
Deferred inflows of resources relating to pensions	<u>(6,041,216)</u>

Net	9,592,760
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Deferred outflows and inflows of resources relating to other postemployment benefits (OPEB): In governmental funds, deferred outflows and inflows of resources relating to OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to OPEB are reported.

Deferred outflows of resources relating to OPEB	2,276,915
Deferred inflows of resources relating to OPEB	<u>(1,030,224)</u>

Net	<u>1,246,691</u>
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Total net position governmental activities:

\$ 55,971,166

The accompanying notes to the financial statements are an integral part of this statement.

Imperial Unified School District

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds For the Year Ended June 30, 2023

	General Fund	Capital Facilities Fund	County School Facilities Fund	Nonmajor Governmental Funds	Total
Revenues					
State Apportionment	\$ 40,741,571	\$ -	\$ -	\$ -	\$ 40,741,571
Education Protection Account Funds	3,661,096	-	-	-	3,661,096
Property Taxes	7,917,055	-	-	2,745,070	10,662,125
Federal Revenue	3,548,895	-	-	1,713,628	5,262,523
Other State Revenue	17,250,651	-	3,000,000	1,815,665	22,066,316
Interest and Investment Earnings/(Losses)	15,156	136,012	211,317	113,517	476,002
Other Local Revenue	3,253,895	1,054,737	-	644,550	4,953,182
Total Revenues	<u>\$ 76,388,319</u>	<u>\$ 1,190,749</u>	<u>\$ 3,211,317</u>	<u>\$ 7,032,430</u>	<u>\$ 87,822,815</u>
Expenditures					
Current Expenditures:					
Instruction	39,397,891	-	-	55,884	39,453,775
Instruction - Related Services	5,741,775	-	-	55,408	5,797,183
Pupil Services	6,845,193	-	-	2,754,940	9,600,133
Ancillary Services	654,804	-	-	578,988	1,233,792
General Administration	4,140,432	14,695	-	-	4,155,127
Plant Services	6,127,752	79,916	15,675	1,100	6,224,443
Tuition to County Office of Education	752,077	-	-	-	752,077
Capital Outlay	1,453,056	1,090,802	8,570,233	1,227,518	12,341,609
Debt Service:					
Principal	315,219	-	-	785,156	1,100,375
Interest	9,543	-	-	1,718,899	1,728,442
Total Expenditures	<u>65,437,742</u>	<u>1,185,413</u>	<u>8,585,908</u>	<u>7,177,893</u>	<u>82,386,956</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>10,950,577</u>	<u>5,336</u>	<u>(5,374,591)</u>	<u>(145,463)</u>	<u>5,435,859</u>
Other Financing Sources (Uses):					
Proceeds from Leases & SBITAs	357,152	-	-	-	357,152
Transfers In	31,642	-	-	-	31,642
Transfers Out	-	(31,642)	-	-	(31,642)
Total Other Financing Sources (Uses)	<u>388,794</u>	<u>(31,642)</u>	<u>-</u>	<u>-</u>	<u>357,152</u>
Net Change in Fund Balance	11,339,371	(26,306)	(5,374,591)	(145,463)	5,793,011
Fund Balance, Beginning of Year	18,255,342	8,822,171	8,438,631	7,413,965	42,930,109
Fund Balance, End of Year	<u>\$ 29,594,713</u>	<u>\$ 8,795,865</u>	<u>\$ 3,064,040</u>	<u>\$ 7,268,502</u>	<u>\$ 48,723,120</u>

The accompanying notes to the financial statements are an integral part of this statement.

Imperial Unified School District

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2023

Total change in fund balances, governmental funds: \$ 5,793,011

Amounts reported for governmental activities in the statement of activities are different from amounts reported in governmental funds because:

Capital outlay: In governmental funds, the costs of capital assets, leases assets, and subscription assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets, lease assets, and subscription assets are allocated over their estimated useful lives as depreciation expense or amortization expense. The difference between capital outlay expenditures and depreciation expense and amortization expense for the period is:

Expenditures for capital outlay	12,341,609	
Depreciation expense	(2,097,541)	
Amortization expense	<u>(102,330)</u>	
Net		10,141,738

Debt service: In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were: 1,100,375

Debt proceeds: In governmental funds, proceeds from debt are recognized as Other Financing Sources. In the government-wide statements, proceeds from debt are reported as increases to liabilities. Amounts recognized in governmental funds as proceeds from debt were: (357,152)

Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period that it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period was: (288,219)

Compensated absences: In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amounts earned. The difference between compensated absences paid and compensated absences earned was: 27,275

The accompanying notes to the financial statements are an integral part of this statement.

Imperial Unified School District

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of
Governmental Funds to the Statement of Activities, Continued
For the Year Ended June 30, 2023

Pensions: In governmental funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was: 2,525,015

Other postemployment benefits (OPEB): In governmental funds, OPEB expenses are recognized when employer OPEB contributions are made. In the statement of activities, OPEB expenses are recognized on the accrual basis. This year the difference between OPEB expenses and actual employer OPEB contributions was: (130,322)

Amortization of debt issue premium or discount or deferred gain or loss from debt refunding: In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an Other Financing Source or an Other Financing Use in the period it is incurred. In the government-wide statements, the premium or discount, plus any deferred gain or loss from debt refunding, is amortized as interest over the life of the debt. Amortization of debt issue premium or discount, or deferred gain or loss from debt refunding for the period is: 18,728

Change in net position of governmental activities: \$ 18,830,449

The accompanying notes to the financial statements are an integral part of this statement.

Imperial Unified School District

Notes to the Financial Statements

For the Year Ended June 30, 2023

A. Summary of Significant Accounting Policies

Imperial Unified School District (District) accounts for its financial transactions in accordance with the policies and procedures of the California Department of Education's *California School Accounting Manual*. The accounting policies of the District conform to accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

1. Reporting Entity

The District operates under a locally elected Board of Education form of government and provides educational services to grades K-12 as mandated by the state. A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments and agencies that are not legally separate from the District. For the District, this includes general operations, special revenue funds, capital facilities funds, and debt service funds.

2. Component Units

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete. The District has no component units. Additionally, the District is not a component unit of any other reporting entity as defined by GASB.

3. Basis of Presentation

Government-Wide Statements. The statement of net position and the statement of activities display information about the primary government (the District). These statements include the financial activities of the overall government. 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 general revenues of the District.

Imperial Unified School District

Notes to the Financial Statements, Continued

June 30, 2023

Fund Financial Statements. The fund financial statements provide information about the District's funds. Separate statements for each fund category are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

Governmental funds are used to account for activities that are governmental in nature. Governmental activities are typically tax-supported and include education of pupils, operation of food service programs, construction and maintenance of school facilities, and repayment of long-term debt.

Major Governmental Funds

The District reports the following major governmental funds:

General Fund: The general fund is the primary operating fund of the District. It is used to account for all activities except those that are required to be accounted for in another fund.

Capital Facilities Fund: The Capital Facilities Fund is used primarily to account separately for moneys received from fees levied on developers or other agencies as a condition of approving a development (*Education Code §17620 through §17626*). The authority for these levies may be county or city ordinances (*Government Code §65970 through §65981*) or private agreements between the District and the developer. All funds, including interest earned, are restricted to the purposes specified in *Government Code §65970 through §65981* or *Government Code §65995*, or items specified in agreements with the developer (*Government Code §66006*).

County School Facilities Fund: This fund is established pursuant to *Education Code §17070.43* to receive apportionments from the 1998 State School Facilities Fund (Proposition 1A), the 2002 State School Facilities Fund (Proposition 47), the 2004 State School Facilities Fund (Proposition 55), the 2006 State School Facilities Fund (Proposition 1D) or the 2016 State School Facilities Fund (Proposition 51). The fund is used primarily to account for new school facility construction, modernization projects, and facility hardship grants as provided in the Leroy F. Green School Facilities Act of 1998 (*Education Code §17070.10 et seq.*).

Non-Major Governmental Funds

The District reports the following non-major governmental funds categorized by the fund type:

Special Revenue Funds: Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The District maintains the following nonmajor special revenue funds:

Associated Student Body Fund: This fund is used to account separately for the activities of associated student body organizations operated by the District.

Imperial Unified School District

Notes to the Financial Statements, Continued

June 30, 2023

Adult Education Fund: This fund is used to account separately for federal, state, and local revenues that are restricted or committed for adult education programs.

Cafeteria Special Revenue Fund: This fund is used to account separately for federal, state, and local resources to operate the food service program (*Education Code §38091 through §38093*). The Cafeteria Special Revenue Fund shall be used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code §38091 and §38100*).

Capital Projects Funds: Capital projects funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds). The District maintains the following nonmajor capital projects funds:

Building Fund: This fund exists primarily to account separately for proceeds from the sale of bonds (*Education Code §15146*) and may not be used for any purposes other than those for which the bonds were issued. Other authorized revenues to the Building Fund are proceeds from the sale or lease-with-option-to-purchase of real property (*Education Code §17462*) and revenue from rentals and leases of real property specifically authorized for deposit into the fund by the governing board (*Education Code §41003*).

Special Reserve Fund for Capital Outlay Projects: This fund exists primarily to provide for the accumulation of general fund moneys for capital outlay purposes (*Education Code §42840*). This fund may also be used to account for any other revenues specifically for capital projects that are not restricted to other capital projects funds. Other authorized resources that may be deposited into this fund are proceeds from the sale or lease-with-option-to-purchase of real property (*Education Code §17462*) and rentals and leases of real property specifically authorized for deposit into the fund by the governing board (*Education Code §41003*).

Debt Service Fund: Debt service funds are established to account for the accumulation of resources for and the payment of principal and interest on general long-term debt. The District maintains the following nonmajor debt service fund:

Bond Interest and Redemption Fund: The Bond Interest and Redemption Fund is used for the repayment of bonds issued for the District (*Education Code §15125 through §15262*). The County of Imperial Auditor maintains control over the District's Bond Interest and Redemption Fund. The principal and interest on the bonds must be paid by the County Treasurer from taxes levied by the County Auditor-Controller.

4. Basis of Accounting – Measurement Focus

Government-Wide Financial Statements. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements. The governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from general long-term debt and acquisitions under capital leases are reported as other financing sources.

When the District incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the District's policy to use restricted resources first, then unrestricted resources.

5. Encumbrances

Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid or at year end, whichever is sooner.

Imperial Unified School District

Notes to the Financial Statements, Continued

June 30, 2023

6. Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. By state law, the District's governing board must adopt a final budget no later than July 1st. A public hearing must be conducted to receive comments prior to adoption. The District's governing board has satisfied these requirements.

These budgets are revised by the District's governing board and district superintendent during the year to give consideration to unanticipated income and expenditures.

Formal budgetary integration was used as a management control device during the year for all budgeted funds. The District employs budget control by minor object and by individual appropriation accounts.

7. Revenues and Expenses

a. Revenues – Exchange and Non-Exchange

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or expected to be collected soon enough thereafter, to be used to pay liabilities of the current fiscal year. Generally, available is defined as collectible within 60 days. However, to achieve comparability of reporting among California districts and so as to not distort normal revenue patterns, with specific respect to reimbursement grants and corrections to State-aid apportionments, the California Department of Education has defined available for districts as collectible within one year. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, property taxes, interest, certain grants, and other local sources.

Non-exchange transactions are transactions in which the District receives value without directly giving equal value in return, including property taxes, certain grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year in which the taxes are received. Revenue from certain grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose restrictions. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

b. Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable, and typically paid within 90 days. Principal and interest on long-term obligations, which has not matured, are recognized when paid in the governmental funds as expenditures. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds but are recognized in the government-wide financial statements.

Imperial Unified School District

Notes to the Financial Statements, Continued

June 30, 2023

8. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position

a. Deposits and Investments

Cash balances held in banks and in revolving funds are insured to \$250,000 by the Federal Depositary Insurance Corporation (FDIC). All cash held by the financial institutions is fully insured or collateralized. For purposes of the statement of cash flows, highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased.

In accordance with Education Code §41001, the District maintains substantially all its cash in the Imperial County Treasury. The county pools these funds with those of other districts in the county and invests the cash. These pooled funds are carried at cost, which approximates market value. Interest earned is deposited quarterly into participating funds, except for the Tax Override Funds, in which interest earned is credited to the general fund. Any investment losses are proportionately shared by all funds in the pool.

The county is authorized to deposit cash and invest excess funds by California Government Code §53648 et seq. The funds maintained by the county are either secured by federal depository insurance or are collateralized.

Information regarding the amount of dollars invested in derivatives with Imperial County Treasury was not available.

b. Stores Inventories and Prepaid Expenditures

Inventories are recorded using the purchases method in that the cost is recorded as an expenditure at the time individual inventory items are purchased. Inventories are valued using the first-in/first-out (FIFO) method and consist of expendable supplies held for consumption. Reported inventories are equally offset by a non-spendable fund balance designation, which indicates that these amounts are not “available for appropriation and expenditure” even though they are a component of net current assets.

The District has the option of reporting an expenditure in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to report the expenditures during the benefiting period.

c. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets’ lives are not capitalized. A capitalization threshold of \$5,000 is used.

Imperial Unified School District

Notes to the Financial Statements, Continued

June 30, 2023

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Life</u>
Buildings & Improvements	20 - 50 Years
Land Improvements	10 - 25 Years
Equipment	5 - 15 Years

d. Lease Assets & Lease Liabilities

A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles and equipment. In accordance with GASB Statement 87, the District records lease assets and lease liabilities with a capitalization threshold of \$5,000. Lease assets are amortized over the shorter of the useful life of the underlying asset (as defined in capital assets policy) or the lease term. Lease liabilities are reduced as principal payments on the lease are made.

e. Subscription Assets & Subscription Liabilities

A subscription based information technology arrangement (SBITA) is a contract that conveys control of the right to use another party's information technology software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction. SBITAs result in a subscription asset and subscription liability on the date of inception in accordance with GASB Statement 96 which are recorded at present value using an imputed interest rate based on the best available borrowing rate for the District in the year of inception. The District has established a capitalization threshold for subscription assets and liabilities of \$5,000. The subscription assets are amortized over the subscription term. The subscription liabilities are reduced as principal payments on the agreements are paid.

f. Compensated Absences

Accumulated unpaid employee vacation benefits are recognized as liabilities of the District. The balance of the liabilities is recognized in the government-wide financial statements at year end.

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 when the employee retires.

g. Unearned Revenue

Unearned revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period or when resources are received by the District prior to the occurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the combined balance sheet and revenue is recognized.

Imperial Unified School District

Notes to the Financial Statements, Continued

June 30, 2023

h. Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers in and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net position.

i. Fund Balances – Governmental Funds

Fund balances of the governmental funds are classified as follows:

Nonspendable Fund Balance represents amounts that cannot be spent because they are either not spendable form (such as inventory or prepaid items) or legally required to remain intact (such as revolving cash accounts or principal of a permanent fund).

Restricted Fund Balance represents amounts that are subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations, or may be imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance represents amounts that can only be used for a specific purpose because of a formal action by the District's governing board. Committed amounts cannot be used for any other purpose unless the governing board removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the governing board. Commitments are typically done through adoption and amendment of the budget or resolution. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance represents amounts which the District intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the governing board or by an official or body to which the governing board delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service, or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund convey that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the District itself.

Unassigned Fund Balance represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

j. Minimum Fund Balance Policy

The District has adopted a policy to maintain a minimum economic uncertainty reserve of at least 3% of the total general fund expenditures and other financing uses. The reserve may be increased from time to time in order to address specific anticipated revenue or cash flow shortfalls. The primary purpose of this reserve is to avoid the need for service level reductions in the event of economic downturn. The District is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures. Because amounts in the nonspendable, restricted, committed, and assigned categories are subject to varying constraints in use, the Reserve for Economic Uncertainties consists of balances that are otherwise unassigned.

k. GASB 54 Fund Presentation

GASB Statement No. 54 defines a special revenue fund as a fund that has a special revenue source that is either restricted or committed to the financing of particular activities, that compose a substantial portion of the inflows of the fund, and that are reasonably expected to continue. The Special Reserve Fund for Other Post-Employment Benefits (Fund 20) does not have continuing revenue sources that are either restricted or committed in nature. As such, this fund does not meet the definition of special revenue funds under the provisions of GASB Statement No. 54. This fund has been combined with the general fund for reporting purposes.

l. Deferred Inflows and Deferred Outflows of Resources

Deferred outflows of resources is a consumption of net position that is applicable to a future reporting period. Deferred inflows of resources is an acquisition of net position that is applicable to a future reporting period. Deferred outflows of resources and deferred inflows of resources are recorded in accordance with GASB Statement numbers 63 and 65.

Imperial Unified School District

Notes to the Financial Statements, Continued

June 30, 2023

9. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources relating to pension, deferred inflows of resources relating to pension, pension expense, information about the fiduciary net position of the CalPERS Schools Pool Cost-Sharing Multiple-Employer Plan (CalPERS Plan) and CalSTRS Schools Pool Cost-Sharing Multiple Employer Plan (CalSTRS Plan), and additions to/deductions from the CalPERS Plan and CalSTRS Plan fiduciary net positions have been determined on the same basis as they are reported by the CalPERS Financial Office and CalSTRS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain timeframes. For this report, the following time frames are used:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Measurement Period	June 30, 2021 to June 30, 2022

10. Postemployment Benefits Other than Pensions (OPEB)

For purposes of measuring the total OPEB liability, deferred outflows of resources related to OPEB and deferred inflows of resources related to OPEB, and OPEB expense have been determined by an independent actuary. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms.

Generally accepted accounting principles require the reported results must pertain to liability and asset information within certain defined timeframes. For this report the following timeframes are used:

Valuation Date	July 1, 2021
Measurement Date	June 30, 2022
Measurement Period	July 1, 2021 to June 30, 2022

11. Property Taxes

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on November 1 and February 1 and become delinquent on December 10 and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31. The County Auditor-Controller bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

12. Use of Estimates

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

13. Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles as defined by Governmental Accounting Standards Board (GASB) Statement No. 72. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The hierarchy is detailed as follows:

Level 1 Inputs:	Quoted prices (unadjusted) in active markets for identical assets or liabilities that a government can access at the measurement date.
Level 2 Inputs:	Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.
Level 3 Inputs:	Unobservable inputs to an asset or liability.

14. New Accounting Pronouncements

The District has adopted accounting policies compliant with new pronouncements issued by the Government Accounting Standards Board (GASB) that are effective for the fiscal year ended June 30, 2023. Those newly implemented pronouncements are as follows:

Description	Date Issued
GASB Statement 91, Conduit Debt Obligations	05/2019
GASB Statement 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements	03/2020
GASB Statement 96, Subscription Based Information Technology Arrangements	05/2020
GASB Statement 99, Omnibus 2022 (Portions related to leases, PPPs, and SBITAs)	04/2022
GASB Implementation Guide 2021-1, Implementation Guidance Update - 2021 (Except Question 5.1)	05/2021

The implementation of new accounting guidelines resulted in the following changes during the fiscal year ended June 30, 2023:

- Subscription based information technology arrangements (SBITAs) were previously accounted for as a current expense in the years the subscription payments were made. Under the provisions of GASB Statement No. 96 long-term subscriptions are recorded on the government wide statement of net position as subscription assets which are amortized over the life of the agreement, and subscription liabilities which are reduced over the life of the agreement by principal payments.

Implementation of these standards did not result in any additional changes to financial accounting or reporting for the District.

Imperial Unified School District
Notes to the Financial Statements, Continued
June 30, 2023

B. Compliance and Accountability

1. Finance Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures", violations of finance-related legal and contractual provisions, if any are reported below, along with actions taken to address such violations:

<u>Violation</u>	<u>Action Taken</u>
None Reported	Not Applicable

2. Deficit Fund Balance or Fund Net Position of Individual Funds

The following funds are funds having deficit fund balances or fund net position at year end, if any, along with remarks which address such deficits:

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
None	Not Applicable	Not Applicable

C. Fair Value Measurements

The District's investments at June 30, 2023, categorized within the fair value hierarchy established by generally accepted accounting principles, were as follows:

	<u>Amount</u>	<u>Fair Value Measurement Using</u>		
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
External investment pools measured at fair value				
Imperial County Treasury	\$ 50,479,548	\$ -	\$ 50,479,548	\$ -
Total investments by fair value level	<u>\$ 50,479,548</u>	<u>\$ -</u>	<u>\$ 50,479,548</u>	<u>\$ -</u>

The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (Education Code §41001). The fair value of the District's investments in the pool is reported in the accounting financial statements as 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 the 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.

The Imperial County Treasury is not registered with the Securities and Exchange Commission (SEC) as an investment company; however, the County Treasury acts in accordance with investment policies monitored by a Treasury Oversight Committee consisting of members appointed by participants in the investment pool and up to five members of the public having expertise, or an academic background in, public finance. In addition, the County Treasury is audited annually by an independent auditor.

Imperial Unified School District
Notes to the Financial Statements, Continued
June 30, 2023

D. Cash and Investments

As of June 30, 2023, the District held the following cash and cash equivalents:

	General Fund	Capital Facilities Fund	County School Facilities Fund	Nonmajor Governmental Funds	Total
Cash In County Treasury	\$ 32,707,375	\$ 9,088,754	\$ 3,218,549	\$ 6,880,608	\$ 51,895,286
Fair Market Value Adjustment	(935,640)	(259,997)	(92,071)	(128,030)	(1,415,738)
Cash In Banks and Revolving Fund	2,500	-	-	295,752	298,252
Total Cash and Cash Equivalents	<u>\$ 31,774,235</u>	<u>\$ 8,828,757</u>	<u>\$ 3,126,478</u>	<u>\$ 7,048,330</u>	<u>\$ 50,777,800</u>

1. Cash in County Treasury

In accordance with Education Code §41001, the District maintains substantially all of its cash in the Imperial County Treasury as part of the common investment pool (\$51,895,286 as of June 30, 2023). The fair value of the District's portion of this pool as of that date, as provided by the pool sponsor, was \$50,479,548. Assumptions made in determining the fair value of the pooled investment portfolios are available from the County Treasurer.

2. Cash on Hand, In Banks, and in Revolving Fund

Cash balances on hand and in banks (\$295,752 as of June 30, 2023) and in revolving fund (\$2,500 as of June 30, 2023) are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC).

3. Investments Authorized by the California Government Code and the District's Investment Policy

The table below identifies the investment types that are authorized for the District by the California Government Code (or the District's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's investment policy where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District's investment policy.

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

Imperial Unified School District

Notes to the Financial Statements, Continued

June 30, 2023

4. Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The county treasury is restricted by Government Code §53635 pursuant to §53601 to invest only in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements. The ratings of securities by nationally recognized rating agencies are designed to give an indication of risk.

At June 30, 2023, credit risk for the District's investments was as follows:

<u>Investment Type</u>	<u>Rating</u>	<u>Rating Agency</u>	<u>Amount</u>
County Treasurer's Investment Pool	Unrated	Not Applicable	\$ 50,479,548

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name.

At June 30, 2023, the District had balances in excess of FDIC limitations by \$48,252 which are insured but not in the name of the District.

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond the amount stipulated by the California Government Code. Investments in any one issuer that represent five percent or more of the total investments are either an external investment pool and are therefore exempt. As such, the District was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District maintains pooled investments with the Imperial County Treasury with a fair value of \$50,479,548. The average weighted maturity for this pool was 521 days at June 30, 2023.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the District was not exposed to foreign currency risk.

5. Investment Accounting Policy

The District is required by GASB Statement No. 31 to disclose its policy for determining which investments, if any, are reported at amortized cost. The District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

The District's investments in external investment pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is a 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

Imperial Unified School District
Notes to the Financial Statements, Continued
June 30, 2023

E. Accounts Receivable

There are no significant receivables which are not scheduled for collection within one year of year end. Accounts receivable balances as of June 30, 2023, consisted of:

	Major Governmental Funds				Total
	General Fund	Capital Facilities Fund	County School Facilities Fund	Nonmajor Governmental Funds	
Federal Government:					
Title I	\$ 7,554	\$ -	\$ -	\$ -	\$ 7,554
ESSER	379,019	-	-	-	379,019
Special Education	982,899	-	-	-	982,899
Child Nutrition	-	-	-	269,311	269,311
Lottery	362,221	-	-	-	362,221
Supply Chain Assistance	-	-	-	138,679	138,679
Other Federal Programs	48,967	-	-	18,550	67,517
State Government:					
Special Education	198,863	-	-	-	198,863
Arts, Music, & Instructional Materials	1,218,195	-	-	-	1,218,195
Lottery	127,769	-	-	-	127,769
Child Nutrition	-	-	-	273,325	273,325
Other State Programs	208,075	-	-	7,923	215,998
Local Sources					
Interest	-	65,995	27,201	52,813	146,009
Total Accounts Receivable	<u>\$ 3,533,562</u>	<u>\$ 65,995</u>	<u>\$ 27,201</u>	<u>\$ 760,601</u>	<u>\$ 4,387,359</u>

Imperial Unified School District
Notes to the Financial Statements, Continued
June 30, 2023

F. Capital Assets and Lease Assets

Capital asset activity for the year ended June 30, 2023, was as follows:

<u>Governmental activities:</u>	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Capital assets not being depreciated:				
Land	\$ 4,326,126	\$ -	\$ -	\$ 4,326,126
Work in progress	8,952,879	-	-	8,952,879
Total capital assets not being depreciated	13,279,005	-	-	13,279,005
Capital assets being depreciated or amortized:				
Land improvements	3,995,886	64,203	-	4,060,089
Buildings and improvements	101,170,141	11,132,658	-	112,302,799
Equipment	9,888,991	590,511	-	10,479,502
Total capital assets being depreciated (excluding lease assets)	115,055,018	11,787,372	-	126,842,390
Less accumulated depreciation for:				
Land improvements	(2,759,481)	(106,194)	-	(2,865,675)
Buildings and improvements	(26,143,986)	(1,544,539)	-	(27,688,525)
Equipment	(6,846,560)	(446,808)	-	(7,293,368)
Total accumulated depreciation	(35,750,027)	(2,097,541)	-	(37,847,568)
Governmental activities capital assets, net	92,583,996	9,689,831	-	102,273,827
Lease assets				
Equipment	310,481	-	165,250	145,231
Accumulated amortization for lease assets	(213,579)	(46,743)	(165,250)	(95,072)
Total lease assets	96,902	(46,743)	-	50,159
Subscription assets				
Information technology licenses	-	230,391	-	230,391
Less accumulated amortization	-	(55,587)	-	(55,587)
Total subscription assets	-	174,804	-	174,804
Total Capital & Lease Assets, Net	\$ 92,680,898	\$ 9,817,892	\$ -	\$ 102,498,790

Depreciation and amortization were charged to functions as follows:

	<u>Depreciation by Function</u>	<u>Amortization by Function</u>
Instruction	\$ 1,820,115	\$ 81,826
Pupil Services	104,026	1,708
General Administration	8,100	8,124
Plant Services	165,300	10,672
Total	\$ 2,097,541	\$ 102,330

G. Interfund Balances & Activities

1. Due To and From Other Funds

<u>Interfund Receivable (Due From Other Funds)</u>	<u>Interfund Payable (Due To Other Funds)</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Cafeteria Fund	\$ 526,008	Reimbursement of expenditures
County School Facilities Fund	Cafeteria Fund	184	Reimbursement of expenditures
		<u>\$ 526,192</u>	

Imperial Unified School District
Notes to the Financial Statements, Continued
June 30, 2023

2. Transfers To and From Other Funds

Transfers to and from other funds at June 30, 2023, consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Capital Facilities Fund	\$ 31,642	Administrative Fees
		<u>\$ 31,642</u>	

H. Accounts Payable

Accounts payable balances as of June 30, 2023, consisted of:

	<u>Major Governmental Funds</u>				
	<u>General Fund</u>	<u>Capital Facilities Fund</u>	<u>County School Facilities Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Vendors Payable	\$ 1,892,494	\$ 98,887	\$ 89,823	\$ 96,029	\$ 2,177,233
Payroll and Related Benefits	2,375,511	-	-	-	2,375,511
OPEB Related	-	-	-	679	679
Total Accounts Payable	<u>\$ 4,268,005</u>	<u>\$ 98,887</u>	<u>\$ 89,823</u>	<u>\$ 96,708</u>	<u>\$ 4,553,423</u>

I. Unearned Revenue

Unearned revenue balances as of June 30, 2023, consisted of:

	<u>General Fund</u>
Federal Programs	
Education Stabilization	\$ 605,515
Title IV	8,236
American Rescue Plan	11,968
Title III	27,701
State Programs	
In Person Instruction	678,811
K-12 Strong Workforce Grant	141,873
Child Development	332,262
Other	161,228
Agriculture Career Tech	9,292
Total Unearned Revenue	<u>\$ 1,976,886</u>

Imperial Unified School District
Notes to the Financial Statements, Continued
June 30, 2023

J. Short Term Debt Activity

The District accounts for short-term debts for maintenance purposes through the General Fund. The proceeds from loans are shown in the financial statements as other financing sources. During the year ended June 30, 2023, the District did not enter into any short-term debt agreements.

K. Fund Balance Classifications of the Governmental Funds

Ending fund balance classifications of the governmental funds for the year ended June 30, 2023, consisted of:

	Major Governmental Funds			Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Capital Facilities Fund	County School Facilities Fund		
Nonspendable Fund Balance					
Revolving Cash	\$ 2,500	\$ -	\$ -	\$ -	\$ 2,500
Stores Inventory	-	-	-	82,471	82,471
Prepaid Items	5,799	-	-	-	5,799
Total Nonspendable Fund Balance	8,299	-	-	82,471	90,770
Restricted Fund Balance					
Capital Projects	-	8,795,865	3,064,040	1,768,217	13,628,122
Debt Service	-	-	-	2,422,356	2,422,356
Educational Programs	11,885,666	-	-	58,088	11,943,754
Child Nutrition	-	-	-	1,514,240	1,514,240
Student Activities	-	-	-	295,346	295,346
Other Purposes	615,305	-	-	-	615,305
Total Restricted Fund Balance	12,500,971	8,795,865	3,064,040	6,058,247	30,419,123
Committed Fund Balance					
Continuity of Programs	6,509,211	-	-	-	6,509,211
Total Committed Fund Balance	6,509,211	-	-	-	6,509,211
Assigned Fund Balance					
Capital Projects	-	-	-	1,127,784	1,127,784
Total Assigned Fund Balance	-	-	-	1,127,784	1,127,784
Unassigned Fund Balance					
For Economic Uncertainties	1,952,763	-	-	-	1,952,763
Unassigned	8,623,469	-	-	-	8,623,469
Total Unassigned Fund Balance	10,576,232	-	-	-	10,576,232
Total Fund Balance	\$ 29,594,713	\$ 8,795,865	\$ 3,064,040	\$ 7,268,502	\$ 48,723,120

Imperial Unified School District
Notes to the Financial Statements, Continued
June 30, 2023

L. Long Term Obligations

1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended June 30, 2023, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
<u>Governmental Activities:</u>					
General Obligation Bonds	\$ 50,421,445	\$ -	\$ 783,000	\$ 49,638,445	\$ 799,974
Bond Premiums	3,373,968	-	90,949	3,283,019	100,158
Accreted Interest	513,293	278,851	-	792,144	10,026
Total GO Bonds	<u>54,308,706</u>	<u>278,851</u>	<u>873,949</u>	<u>53,713,608</u>	<u>910,158</u>
Leases Payable*	97,955	126,761	108,998	115,718	81,023
Subscriptions Payable*	-	230,391	208,377	22,014	22,014
Total OPEB Liability*	8,195,805	-	893,470	7,302,335	-
Net Pension Liability*	28,375,977	16,797,667	-	45,173,644	-
Compensated Absences*	286,985	-	27,275	259,710	259,710
Total Governmental Activities	<u>\$ 91,265,428</u>	<u>\$ 17,433,670</u>	<u>\$ 2,112,069</u>	<u>\$ 106,587,029</u>	<u>\$ 1,272,905</u>

*Other long-term liabilities

- Payments for general obligation bonds are made from the bond interest and redemption fund.
- Payments for compensated absences are made from the general fund and the cafeteria fund.
- Payments for leases payable and subscriptions payable are made from the general fund and the cafeteria fund.
- Payments for pension contributions are made from the general fund, the associated student body special revenue fund, the adult education fund, and the cafeteria fund.
- Payments for OPEB contributions are made from the general fund, the adult education fund, and the cafeteria fund.

2. General Obligation Bonds

The District's bonded debt consists of various issues of general obligation bonds that are generally callable with interest payable semiannually. Bond proceeds pay primarily for acquiring or constructing capital facilities. The District repays general obligation bonds from voter-approved property taxes.

On November 8, 2016 registered voters authorized the issuance of \$40,000,000 principal amount of general obligation bonds. Of the total amount originally authorized, no amounts remain unissued.

Imperial Unified School District
Notes to the Financial Statements, Continued
June 30, 2023

General obligation bonds at June 30, 2023 consisted of the following:

	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount of Original Issue</u>
2016 Refunding Bonds	02/24/16	2.00-5.00%	08/01/35	\$ 13,530,000
2016 Election Series A	02/02/17	3.75-5.25%	08/01/47	26,000,000
2016 Election Series B	02/08/18	2.00-5.25%	08/01/47	7,999,840
2016 Election Series C	01/24/19	2.30-4.38%	08/01/45	3,306,596
2016 Election Series D	03/31/22	3.21-4.53%	05/01/47	2,689,009
2022 Refunding Bonds	06/01/22	3.80%	08/01/43	10,836,000
Total GO Bonds				<u>\$ 64,361,445</u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
2016 Refunding Bonds					
Principal	\$ 9,405,000	\$ -	\$ 605,000	\$ 8,800,000	\$ 650,000
Premium	1,413,840	-	90,949	1,322,891	97,714
2016 Election Series A					
Principal	16,570,000	-	-	16,570,000	-
Premium	865,354	-	-	865,354	-
2016 Election Series B					
Principal	7,724,840	-	-	7,724,840	-
Premium	961,582	-	-	961,582	-
Accreted Interest	250,489	70,409	-	320,898	-
2016 Election Series C					
Principal	3,196,596	-	-	3,196,596	58,666
Premium	133,192	-	-	133,192	2,444
Accreted Interest	262,804	95,118	-	357,922	6,334
2016 Election Series D					
Principal	2,689,009	-	-	2,689,009	91,308
Accreted Interest	-	113,324	-	113,324	3,692
2022 Refunding Bonds					
Principal	10,836,000	-	178,000	10,658,000	-
Total	<u>\$ 54,308,706</u>	<u>\$ 278,851</u>	<u>\$ 873,949</u>	<u>\$ 53,713,608</u>	<u>\$ 910,158</u>

Imperial Unified School District
Notes to the Financial Statements, Continued
June 30, 2023

The annual requirements to amortize the bonds outstanding at June 30, 2023 are as follows:

Year Ended June 30,	Principal	Interest	Accreted Interest	Total
2024	\$ 799,974	\$ 1,820,604	\$ 10,026	\$ 2,630,604
2025	936,606	1,791,804	13,394	2,741,804
2026	1,033,796	1,754,004	21,204	2,809,004
2027	1,154,656	1,707,254	30,344	2,892,254
2028	1,284,470	1,654,254	35,530	2,974,254
2029-2033	8,488,122	7,221,165	350,878	16,060,165
2034-2038	7,915,164	5,716,103	1,223,446	14,854,713
2039-2043	9,590,276	4,428,584	2,895,562	16,914,422
2044-2048	18,435,381	1,935,726	3,079,022	23,450,129
Total	<u>\$ 49,638,445</u>	<u>\$ 28,029,498</u>	<u>\$ 7,659,406</u>	<u>\$ 85,327,349</u>

Accreted Interest

Amounts represented in the repayment schedule for accreted interest are reflective of 100% of amounts to be repaid. Amounts represented as accreted interest in the debt summary are reflective of amounts that have accrued as of June 30, 2023.

Accreted interest is the process of systematically increasing the carrying amount of capital appreciation bonds to their estimated value at the maturity date of the bond. The District imputes the effective interest rate, using the present value, the face value, and the period of the bond and multiplies the effective interest rate by the book value of the debt at the end of the period.

Premium

Bond premium arises when the market rate of interest is higher than the stated interest rate on the bond. Generally Accepted Accounting Principles (GAAP) require that the premium increase the face value of the bond and then amortize the premium over the life of the bond.

Effective interest on general obligation bonds issued at a premium are as follows:

	2016 Refunding	2016 Election Series A Bonds	2016 Election Series B Bonds	2016 Election Series C Bonds
Total Interest Payments	\$ 5,535,322	\$ 28,064,995	\$ 9,249,717	\$ 3,517,852
Less Bond Premium	(2,033,945)	(1,357,829)	(995,815)	(137,776)
Net Interest Payments	<u>3,501,377</u>	<u>26,707,166</u>	<u>8,253,902</u>	<u>3,380,076</u>
PAR Amount of Bonds	13,530,000	26,000,000	7,999,840	3,306,596
Periods	20	30	30	27
Effective Interest Rate	1.29%	3.42%	3.44%	3.79%

Imperial Unified School District

Notes to the Financial Statements, Continued

June 30, 2023

3. Leases Payable

The District has entered into lease agreements for right of use for copy machines and a postage machine. The leases vary in length from 36 months to 63 months with imputed interest ranging from 0.20% to 0.90%. There are no residual value guarantees included in the leases. Additionally, the District has not experienced any losses associated with impairment of an underlying leased asset.

Leases payable at June 30, 2023 consisted of the following:

Description of Lease	Lease Term	Imputed Interest Rate	2022-23 Beginning Lease Liability Balance	Current Year Additions	Current Year Principal Payments	2022-23 Ending Lease Liability Balance
Canon - DO	60 Months	0.90%	\$ 10,771	\$ -	\$ 5,361	\$ 5,410
Canon - IHS #1	60 Months	0.90%	10,884	-	3,151	7,733
Canon - IHS #2	60 Months	0.90%	14,205	-	4,112	10,093
Canon - IHS All Sites	60 Months	0.90%	15,727	-	15,727	-
Pitney Bowes	63 Months	0.90%	4,056	-	2,857	1,199
Quench	36 Months	0.20%	2,481	-	2,481	-
Xerox - Food Services	60 Months	0.90%	6,308	-	1,701	4,607
Xerox	60 Months	0.90%	33,523	-	11,734	21,789
DTFS Bus Lease			-	126,761	61,874	64,887
Total			<u>\$ 97,955</u>	<u>\$ 126,761</u>	<u>\$ 108,998</u>	<u>\$ 115,718</u>

Future commitments for payment on leases payable are as follows:

Year Ended June 30,	Principal	Interest	Total
2024	\$ 92,380	\$ 342	\$ 92,722
2025	19,075	124	19,199
2026	4,263	11	4,274
Total	<u>\$ 115,718</u>	<u>\$ 477</u>	<u>\$ 116,195</u>

4. Compensated Absences

Total unpaid employee compensated absences as of June 30, 2023, amounted to \$259,710. This amount is included as part of long-term liabilities in the government-wide financial statements.

5. Net Pension Liability

The District's beginning net pension liability was \$28,375,977 and increased by \$16,797,667 during the year ended June 30, 2023 for an ending net pension liability of \$45,173,644. See Note M for additional information regarding the net pension liability.

6. Total OPEB Liability

The District's beginning total OPEB liability was \$8,195,805 and decreased during the year ended June 30, 2023 by \$893,470. The ending total OPEB liability at June 30, 2023 was \$7,302,335. See Note N for additional information regarding the total OPEB liability.

M. Pension Plans

1. General Information about the Pension Plans

a. Plan Descriptions

Qualified employees are covered under multiple-employer defined benefit pension 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). Benefit provisions under the Plans are established by State statute and Local Government resolution. Support by the State for the CalSTRS plan is such that the plan has a special funding situation as defined by GASB Statement No. 68. CalSTRS and CalPERS issue publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on their respective websites.

b. Benefits Paid

CalSTRS and CalPERS provide service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at 62 for normal benefits or at age 55 with statutorily reduced benefits. Employees hired prior to January 1, 2013 are eligible to retire at age 60 for normal benefits or at age 55 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. All members are eligible for death benefits after one year of total service.

The Plan's provisions and benefits in effect at June 30, 2023 are summarized as follows:

	CalSTRS	
	Before Jan. 1, 2013	After Jan. 1, 2013
Hire Date		
Benefit Formula	2% at 60	2% at 62**
Benefit Vesting Schedule	5 Years	5 Years
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	55-60	55-62
Monthly Benefits as a % of Eligible Compensation	1.1 - 2.4%	1.0 - 2.4%*
Required Employee Contribution Rates (2022-23)	10.250%	10.205%
Required Employer Contribution Rates (2022-23)	19.100%	19.100%
Required State Contribution Rates (2022-23)	10.828%	10.828%

*Amounts are limited to 120% of Social Security Wage Base.

**The contribution rate for CalSTRS 2% at 62 members is based, in part, on the normal cost of benefits and may increase or decrease in future years.

Imperial Unified School District
Notes to the Financial Statements, Continued
June 30, 2023

	CalPERS	
	Before Jan. 1, 2013	After Jan. 1, 2013
Hire Date		
Benefit Formula	2% at 60	2% at 62**
Benefit Vesting Schedule	5 Years	5 Years
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	50-62	52-67
Monthly Benefits as a % of Eligible Compensation	1.1 - 2.5%	1.0 - 2.5%*
Required Employee Contribution Rates (2022-23)	7.000%	8.000%
Required Employer Contribution Rates (2022-23)	25.370%	25.370%

*Amounts are limited to 120% of Social Security Wage Base

**The rate imposed on CalPERS 2% at 62 members is based on the normal cost of benefits.

c. Contributions

CalSTRS

For the fiscal year ended June 30, 2023, California Education Code §22950 requires members to contribute monthly to the system 10.205% (if hired on or after January 1, 2013) or 10.25% (if hired before January 1, 2013) of the creditable compensation upon which members' contributions under this part are based. In addition, the employer required rates established by the CalSTRS board have been established at 19.10% of creditable compensation for the fiscal year ended June 30, 2023. The CalSTRS Board has the authority to increase or decrease percentages paid specific to reflect the contribution required to eliminate by June 30, 2046, the remaining unfunded actuarial obligation with respect to service credited to members before July 1, 2014, as determined by the Board based upon a recommendation from its actuary. Those adjustments are limited to 1% annually, not to exceed 20.25% of creditable compensation.

CalPERS

California Public Employees' Retirement Law §20814(c) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. The CalPERS Board retains the authority to amend contribution rates. The total plan contributions are determined through CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of the employees. For the fiscal year ended June 30, 2023, the employee contribution rate was 7.00% for employees hired prior to January 1, 2013 and 8.00% for employees hired on or after January 1, 2013, and the employer contribution rate was 25.37% of covered payroll.

Imperial Unified School District
Notes to the Financial Statements, Continued
June 30, 2023

On Behalf Payments

Consistent with California Education Code §22955.1, the State of California makes contributions to CalSTRS on behalf of employees working for the District. For the fiscal year ended June 30, 2023 the State contributed 10.828% of salaries creditable to CalSTRS. Consistent with the requirements of generally accepted accounting principles, the District has recorded these contributions as revenue and expense in the fund financial statements (current financial resources measurement focus). The government-wide financial statements have recorded revenue and expense for pension expense paid on behalf of the District (economic resources measurement focus). Contributions reported for on behalf payments are based on the District's proportionate share of the States contribution for the fiscal year. Contributions made by the state on behalf of the District and the State's pension expense associated with District employees for the past three fiscal years are as follows:

Year Ended June 30,	CalSTRS		
	On Behalf Contribution Rate	On Behalf Contribution Amount	On Behalf Pension Expense
2021	10.328%	\$ 2,368,060	\$ 1,587,152
2022	10.828%	2,499,378	399,319
2023	10.828%	2,267,937	7,573,036

The State contributed an additional \$297 Million to CalSTRS during the 2020-21 fiscal year as a continuing settlement associated with SB90.

d. Contributions Recognized

For the fiscal year ended June 30, 2023 (measurement period June 30, 2022), the contributions recognized for each plan were:

Governmental Fund Financial Statements (Current Financial Resources Measurement Focus)			
	CalSTRS	CalPERS	Total
Contributions - Employer	\$ 4,985,473	\$ 2,474,402	\$ 7,459,875
Contributions - State On Behalf Payments	2,267,937	-	2,267,937
Total Governmental Funds	<u>\$ 7,253,410</u>	<u>\$ 2,474,402</u>	<u>\$ 9,727,812</u>

Government-Wide Financial Statements (Economic Resources Measurement Focus)			
	CalSTRS	CalPERS	Total
Contributions - Employer	\$ 3,986,787	\$ 2,018,580	\$ 6,005,367
Contributions - State On Behalf Payments	2,499,378	-	2,499,378
Total Government-Wide	<u>\$ 6,486,165</u>	<u>\$ 2,018,580</u>	<u>\$ 8,504,745</u>

Imperial Unified School District

Notes to the Financial Statements, Continued

June 30, 2023

2. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2022 (measurement date) the District reported net pension liabilities for its proportionate share of the net pension liability of each plan as follows:

	Proportionate Share of the Net Pension Liability		
	CalSTRS	CalPERS	Total
Governmental Activities	\$ 25,647,176	\$ 19,526,468	\$ 45,173,644

The District's net pension liability for each Plan is measured as the proportionate share of the total net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2022. The total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021 rolled forward to measurement date June 30, 2022 using standard update procedures. 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 plans relative to the projected contributions of all participating employers, as actuarially determined.

The District's proportionate share of the net pension liability for each Plan as of June 30, 2022 and June 30, 2023 were as follows:

	CalSTRS			CalPERS
	District's Proportionate Share	State's Proportionate Share*	Total For District Employees	District's Proportionate Share
<u>Governmental Activities</u>				
Proportion June 30, 2022	0.038516%	0.024956%	0.063472%	0.053350%
Proportion June 30, 2023	0.036910%	0.022511%	0.059421%	0.056748%
Change in Proportion	-0.001606%	-0.002445%	-0.004051%	0.003398%

*Represents State's Proportionate Share on behalf of District employees.

a. Pension Expense

	Governmental Activities		
	CalSTRS	CalPERS	Total
State On Behalf Pension Expense	\$ 7,573,036	\$ -	\$ 7,573,036
Employer Contributions	4,985,473	2,474,402	7,459,875
Change In:			
Net Pension Liability	8,119,618	8,678,049	16,797,667
Deferred Outflows of Resources	958,143	(8,643,707)	(7,685,564)
Deferred Inflows of Resources	(12,061,209)	424,091	(11,637,118)
Total Pension Expense - Governmental	\$ 9,575,061	\$ 2,932,835	\$ 12,507,896

Imperial Unified School District
Notes to the Financial Statements, Continued
June 30, 2023

b. Deferred Outflows and Inflows of Resources

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		
	CalSTRS	CalPERS	Total
<u>Governmental Activities</u>			
Contributions Subsequent to Measurement	\$ 4,985,473	\$ 2,474,402	\$ 7,459,875
Experience Differences	17,187	80,612	97,799
Changes in Assumptions	923,455	1,444,457	2,367,912
Changes in Proportionate Share	2,149,336	1,068,869	3,218,205
Earnings Differences	-	2,490,185	2,490,185
Total Deferred Outflows of Resources	<u>\$ 8,075,451</u>	<u>\$ 7,558,525</u>	<u>\$ 15,633,976</u>
	Deferred Inflows of Resources		
	CalSTRS	CalPERS	Total
<u>Governmental Activities</u>			
Experience Differences	\$ 1,962,509	\$ 484,757	\$ 2,447,266
Changes in Proportionate Share	1,812,635	-	1,812,635
Earnings Differences	1,781,315	-	1,781,315
Total Deferred Inflows of Resources	<u>\$ 5,556,459</u>	<u>\$ 484,757</u>	<u>\$ 6,041,216</u>

Pension contributions made subsequent to the measurement date reported as deferred outflows of resources will be recognized as a portion of pension expense in the year ended June 30, 2023. The remaining amounts reported as deferred outflows or deferred inflows of resources will be recognized as an increase or decrease to pension expense over a five-year period. Pension expense resulting from deferred outflows and deferred inflows of resources will be recognized as follows:

Year Ended June 30,	Governmental Activities				
	Deferred Outflows of Resources		Deferred Inflows of Resources		Net Effect on Expenses
	CalSTRS	CalPERS	CalSTRS	CalPERS	
2024	\$ 6,567,754	\$ 3,859,434	\$ (2,291,774)	\$ (169,804)	\$ 7,965,610
2025	728,106	1,194,473	(2,371,388)	(169,803)	(618,612)
2026	728,106	960,586	(2,228,106)	(145,150)	(684,564)
2027	51,485	1,544,032	1,696,610	-	3,292,127
2028	-	-	(273,587)	-	(273,587)
Thereafter	-	-	(88,214)	-	(88,214)
Total	<u>\$ 8,075,451</u>	<u>\$ 7,558,525</u>	<u>\$ (5,556,459)</u>	<u>\$ (484,757)</u>	<u>\$ 9,592,760</u>

Imperial Unified School District
Notes to the Financial Statements, Continued
June 30, 2023

c. Actuarial Assumptions

Total pension liabilities for the fiscal year ended June 30, 2023, were based on actuarial valuations determined using the following actuarial assumptions:

	CalSTRS	CalPERS
Fiscal Year	June 30, 2023	June 30, 2023
Measurement Date	June 30, 2022	June 30, 2022
Valuation Date	June 30, 2021	June 30, 2021
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Experience Study Period	2015 - 2018	2000 - 2019
Actuarial Assumptions:		
Discount Rate	7.10%	6.90%
Inflation	2.75%	2.30%
Payroll Growth	3.50%	(3)
Investment Rate of Return	7.00%	6.90%
Post Retirement Benefit Increase	(1)	(4)
Mortality	(2)	(5)

- (1) CalSTRS post-retirement benefit increases assumed at 2% simple (annually) maintaining 85% purchasing power level.
- (2) CalSTRS base mortality tables are custom tables derived to best fit the patterns of mortality among CalSTRS members. The projection scale was set to equal 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table issued by the Society of Actuaries.
- (3) Varies by entry age and service.
- (4) CalPERS post retirement benefit increases assumes 2.00% until PPPA floor on purchasing power applies, 2.50% thereafter.
- (5) CalPERS mortality table was developed based on CalPERS specific data. The table includes 15 years of mortality improvement using the Society of Actuaries 90% of scale MP-2016. For more details on this table, please refer to the December 2021 experience study report (based on CalPERS demographic data from 2000 to 2019) that can be found on the CalPERS website.

Imperial Unified School District

Notes to the Financial Statements, Continued

June 30, 2023

d. Discount Rate

The discount rate used to measure the total pension liability was 7.10% for CalSTRS and 6.90% for CalPERS. The projection of cash flows used to determine the discount rates assumed the contributions from the plan members, employers, and state contributing agencies (where applicable) will be made at statutory contribution rates. To determine whether the District bond rate should be used in the calculation of a discount rate for each plan, CalSTRS and CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current discount rates are adequate, and the use of the discount bond rate calculations is not necessary for either plan. The stress test results are presented in detailed reports that can be obtained from CalPERS and CalSTRS respective websites.

The CalPERS discount rate was increased from 7.50% to 7.65% at measurement date June 30, 2015 (Fiscal year June 30, 2016) to correct for an adjustment to exclude administrative expenses. Subsequently CalPERS discount rate was decreased from 7.65% to 7.15% at measurement date June 30, 2017 (Fiscal year June 30, 2018) to adjust for changes resulting from actuarially determined amounts. Finally, the CalPERS discount rate was decreased from 7.15% to 6.90% at measurement date June 30, 2022 (fiscal year June 30, 2023) resulting from a new actuarial experience study completed.

The CalSTRS discount rate was adjusted from 7.60% to 7.10% for measurement date June 30, 2017 (Fiscal year June 30, 2018) to adjust for changes resulting from a new actuarial experience study.

According to Paragraph 30 of GASB Statement No. 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The investment return assumption used in the accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. CalSTRS and CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalSTRS and CalPERS are scheduled to review actuarial assumptions as part of their regular Asset Liability Management (ALM) review cycle. CalSTRS completed their ALM November 2019 with new policies in effect on July 1, 2021. CalPERS completed their ALM in 2021 with new policies in effect on July 1, 2022. Both CalSTRS and CalPERS conduct new ALM's every 4 years.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalSTRS and CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and long-term (11-60 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 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 equivalent to the single equivalent rate calculated above and rounded down to the nearest quarter of one percent.

Imperial Unified School District
Notes to the Financial Statements, Continued
June 30, 2023

The tables below reflect the long-term expected real rate of return by asset class. The rate of return was calculated using capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

CalSTRS		
<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return*</u>
Public Equity	42.00%	4.75%
Private Equity	13.00%	6.25%
Real Estate	15.00%	3.55%
Inflation Sensitivie	6.00%	3.25%
Fixed Income	12.00%	1.25%
Risk Mitigating Strategies	10.00%	1.75%
Cash/Liquidity	2.00%	-0.35%
*20 year average		

CalPERS		
<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return*</u>
Global Equity - cap weighted	30.00%	4.54%
Global Equity - non-cap weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	-0.59%
*20 year average		

e. Sensitivity to Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following represents the District's proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, 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 or 1 percentage point higher than the current rate:

	<u>CalSTRS</u>	<u>CalPERS</u>
1% Decrease	6.10%	5.90%
Net Pension Liability	\$ 43,558,598	\$ 28,206,971
Current Discount Rate	7.10%	6.90%
Net Pension Liability	\$ 25,647,176	\$ 19,526,468
1% Increase	8.10%	7.90%
Net Pension Liability	\$ 10,775,505	\$ 12,352,350

Imperial Unified School District
Notes to the Financial Statements, Continued
June 30, 2023

3. Total Pension Liability, Pension Plan Fiduciary Net Position and Net Pension Liability

CalSTRS Governmental Activities

	Increase (Decrease)				
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)	State's Share of Net Pension Liability (c)	District's Share of Net Pension Liability (a) - (b) - (c)
Balance at June 30, 2022					
(Previously Reported)	<u>\$ 225,833,798</u>	<u>\$ 196,949,460</u>	<u>\$ 28,884,338</u>	<u>\$ 11,356,780</u>	<u>\$ 17,527,558</u>
Changes for the year					
Change in proportionate share	(14,413,485)	(12,569,988)	(1,843,497)	(1,112,651)	(730,846)
Service cost	4,560,562	-	4,560,562	1,727,719	2,832,843
Interest	14,971,715	-	14,971,715	5,671,872	9,299,843
Experience differences	(994,113)	-	(994,113)	(376,609)	(617,504)
Change in assumptions	-	-	-	-	-
Change in benefits	41,595	-	41,595	15,758	25,837
Contributions:					
Employer	-	3,875,055	(3,875,055)	(1,468,022)	(2,407,033)
Employee	-	2,416,965	(2,416,965)	(915,641)	(1,501,324)
State on behalf	-	2,543,197	(2,543,197)	(963,463)	(1,579,734)
Net investment income	-	(4,391,384)	4,391,384	1,663,628	2,727,756
Other income	-	77,363	(77,363)	(29,308)	(48,055)
Benefit payments ⁽¹⁾	(10,414,522)	(10,414,522)	-	-	-
Administrative expenses	-	(113,563)	113,563	43,022	70,541
Borrowing costs	-	(72,965)	72,965	27,642	45,323
Other expenses	-	(3,173)	3,173	1,202	1,971
Net changes	<u>(6,248,248)</u>	<u>(18,653,015)</u>	<u>12,404,767</u>	<u>4,285,149</u>	<u>8,119,618</u>
Balance at June 30, 2023	<u><u>\$ 219,585,550</u></u>	<u><u>\$ 178,296,445</u></u>	<u><u>\$ 41,289,105</u></u>	<u><u>\$ 15,641,929</u></u>	<u><u>\$ 25,647,176</u></u>

(1) – Includes refunds of employee contributions

Imperial Unified School District
Notes to the Financial Statements, Continued
June 30, 2023

CalPERS Governmental Activities

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at June 30, 2022			
(Previously Reported)	\$ 57,008,470	\$ 46,160,050	\$ 10,848,420
Changes for the year			
Change in proportionate share	3,631,017	2,940,053	690,964
Service cost	1,410,370	-	1,410,370
Interest	4,219,679	-	4,219,679
Experience differences	(628,987)	-	(628,987)
Change in assumptions	1,942,546	-	1,942,546
Change in benefits	-	-	-
Contributions:			
Employer	-	2,018,587	(2,018,587)
Employee	-	626,634	(626,634)
Nonemployer	-	-	-
Net plan to plan resource movement	-	2	(2)
Net investment income	-	(3,658,226)	3,658,226
Benefit payments ⁽¹⁾	(3,006,939)	(3,006,939)	-
Administrative expenses	-	(30,473)	30,473
Other expenses	-	-	-
Net changes	7,567,686	(1,110,362)	8,678,048
Balance at June 30, 2023	\$ 64,576,156	\$ 45,049,688	\$ 19,526,468

(1) – Includes refunds of employee contributions

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalSTRS and CalPERS financial reports available on their respective websites.

Imperial Unified School District

Notes to the Financial Statements, Continued

June 30, 2023

N. Postemployment Benefits Other Than Pension Benefits

1. Plan Description

Plan administration. The District's defined benefit OPEB plan, Imperial Unified School District Retiree Health Care Plan (the Plan) provides OPEB for retirees that meet eligibility requirements until age 65. Retirees in the plan are eligible for the same medical plans as active employees. The Plan is a single employer defined benefit OPEB plan administered by the District. The Plan includes four medical/prescription drug PPO options with an additional HMO option offered through a Mexican HMO licensed within California. Delta Dental, Medical Eye Services Vision, and basic life insurance are also provided by the District, subject to a negotiated District cap. These are all purchased on a pooled basis through the Self-Insured Schools of California (SISC III). Authority to establish and amend the benefit terms and financing requirements lie with the Districts governing board.

Benefits provided. Classified, Certificated, Administrative, and Management employees who have attained age 55 and completed at least 15 years of service, and have retired under CalPERS or CalSTRS, are eligible to receive District-paid medical, prescription drug, dental, vision, and life insurance coverage up to a District cap in effect. Spouses and dependent children may be covered, but the current level of the cap results in de facto self-paid coverage for dependents. The Superintendent's contract does not require a minimum number of years of service with the District for benefits. Benefit-eligible part time Classified employees are entitled to a pro-rated share of the capped benefit based on the ratio of their hours per day times months per year divided by 96. District-paid benefits end at age 65. Board Members may participate in District health plans after retirement at their own expense.

2. Contributions

The District contributes 100% up to the cap in effect. Retirees are not required to make any contributions unless the cost of coverage exceeds the cap. Authority to establish and amend the benefit terms and financing requirements lie with the District's board of directors. The required contribution is based on projected pay-as-you-go financing requirements. No assets are accumulated in a trust that meets the criteria in Paragraph 4 of GASB Statement No. 75.

3. Plan Membership

Membership of the plan consisted of the following as of June 30, 2023:

Inactive plan members or beneficiaries currently receiving benefits	23
Inactive plan members entitled to but not yet receiving benefits	0
Active plan members	<u>367</u>
	<u>390</u>

4. Total OPEB Liability

The Imperial Unified School District's total OPEB liability of \$7,302,335 was measured as of June 30, 2022, and was determined by an actuarial valuation as of July 1, 2021.

5. Actuarial Assumptions and Other Inputs

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

Economic assumptions:

Inflation	2.75% per annum
Salary increases	3.00% per annum, in aggregate
Discount rate	3.69%
Healthcare cost trend rates	5.50% decreasing to 4.50%
Retiree's share of costs	0.00%

The discount rate is based on the Fidelity GO AA 20 Year Municipal Bond Index, which are tax-exempt municipal bonds with an average rating of AA/Aa or higher.

Mortality rates are based on the most recent rates used by CalPERS and CalSTRS for pension valuations. The CalPERS mortality table was developed based on CalPERS specific data. The table includes 20 years of mortality improvements using the Society of Actuaries Scale BB. The CalSTRS mortality table was developed based on CalSTRS specific data. The table includes mortality improvements set at 110% of the ultimate improvement factor from the Mortality improvement scale (MP-2016) table, issued by the Society of Actuaries.

The actuarial assumptions used in the July 1, 2021, valuation were based on the results of CalPERS actuarial experience study for the period July 1, 2000 through June 30, 2019 and the CalSTRS experience study for the period July 1, 2015 through June 30, 2018.

6. Changes in Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at June 30, 2022	<u>\$ 8,195,805</u>
Changes for the year:	
Service cost	414,116
Interest	161,523
Changes of assumptions	(1,072,681)
Benefit payments	<u>(396,428)</u>
Net change	<u>(893,470)</u>
Balance at June 30, 2023	<u><u>\$ 7,302,335</u></u>

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

The following presents the total OPEB liability of the Plan, 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 or one percentage point higher than the current discount rate:

	1% Decrease (2.69%)	Valuation Discount Rate (3.69%)	1% Increase (4.69%)
Total OPEB Liability	\$ 7,891,827	\$ 7,302,335	\$ 6,756,811

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

The following presents the total OPEB liability of the Plan, 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 or one percentage point higher than the current healthcare cost trend rate:

	1% Decrease 4.50%	Healthcare Cost Trends Rate 5.50%	1% Increase 6.50%
	Decreasing to 3.50%	Decreasing to 4.50%	Decreasing to 5.50%
Total OPEB Liability	\$ 6,535,103	\$ 7,302,335	\$ 8,189,442

9. OPEB Expense

For the fiscal year ended June 30, 2023, the District recognized OPEB expense of \$753,268.

Imperial Unified School District
Notes to the Financial Statements, Continued
June 30, 2023

10. Deferred Outflows and Deferred Inflows of Resources Related to OPEB

At June 30, 2023 the District reported deferred outflows and deferred inflows of resources related to OPEB for the following:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 742,382	\$ 1,030,224
Experience differences	1,065,967	-
Subsequent contributions	468,566	-
Total	<u>\$ 2,276,915</u>	<u>\$ 1,030,224</u>

Amounts reported as deferred outflows and deferred inflows of resources related to OPEB will impact OPEB expense under the following amortization schedule:

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Effect on OPEB Expense
2024	\$ 800,957	\$ (154,762)	\$ 646,195
2025	332,391	(154,762)	177,629
2026	332,391	(154,762)	177,629
2027	332,391	(139,452)	192,939
2028	266,679	(129,239)	137,440
Thereafter	212,106	(297,247)	(85,141)
Total	<u>\$ 2,276,915</u>	<u>\$ (1,030,224)</u>	<u>\$ 1,246,691</u>

O. Risk Management

The District is exposed to risk of losses due to:

- Torts,
- Theft of, damage to, or destruction of assets,
- Business interruption,
- Errors or omissions,
- Job related illness or injuries to employees,
- Natural disasters,
- Other risks associated with public entity risk pools

Risk management is the process of managing the District's activities to minimize the adverse effects of these risks. The main element of risk management are risk control (to minimize the losses that strike an organization) and risk financing (to obtain finances to provide for or restore the economic damages of those losses). Risk financing techniques include risk retention, risk transfer to and from an insurer, and risk transfer to a non-insurer.

The District has implemented the risk financing technique of risk transfer to an insurer. The District has purchased property & liability insurance as well as workers compensation insurance to cover any losses resulting from the risks identified above.

There have been no significant changes in property and liability or workers compensation coverage during the current fiscal year.

P. Participation in Joint Powers Authorities

The District is a member of the Self Insured Schools of California (SISC), for the operation of a common risk management and insurance program for property and liability coverage, workers compensation, health insurance, dental, and vision benefits. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage from coverage in the prior year.

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

Q. Commitments and Contingencies

1. State and Federal Allowances, Awards, and Grants

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

2. 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.

3. Construction Commitments

As of June 30, 2023, the District the following commitments with respect to unfinished capital projects:

	<u>Commitment</u>	<u>Expected Date of Completion*</u>
Construction in Process:		
High School Gym Modernization & Expansion	\$ 5,200,000	June 2028
District Office, Maintenance & Operations, Transportation	6,100,000	June 2028

*Expected date of completion subject to change

R. Deferred Outflows of Resources

On February 24, 2016 general obligation bonds issued were refunding the 1995 Series D Bonds, the 2004 Series A Bonds, the 2004 Series B Bonds, and the 2006 Refunding Bonds. The refunding resulted in a loss on refunding of \$603,713 which is recorded as a deferred outflow of resources and amortized over the life of the refunding bonds using the straight-line method.

On June 1, 2022 general obligation bonds issued were partially refunding the 2016 Election Series A Bonds. The refunding resulted in a loss on refunding of \$913,525 which is recorded as a deferred outflow of resources and amortized over the life of the refunding bonds using the straight-line method.

In accordance with GASB Statement No. 68 & 71, payments made subsequent to the pension plan measurement date and other items as outlined in the GASB pronouncement have been recorded as deferred outflows of resources.

In accordance with GASB Statement No. 75, the District has recorded deferred outflows of resources for OPEB related items as prescribed by the statement.

Imperial Unified School District
Notes to the Financial Statements, Continued
June 30, 2023

A summary of the deferred outflows of resources as of June 30, 2023, is as follows:

Description	Beginning Balance	Increases	Decreases	Ending Balance
Loss 2016 Refunding Bonds	\$ 419,531	\$ -	\$ 30,697	\$ 388,834
Loss 2022 Refunding Bonds	913,525	-	41,524	872,001
Pension Related				
CalSTRS	9,033,594	4,985,473	5,943,616	8,075,451
CalPERS	(1,085,182)	12,137,112	3,493,405	7,558,525
OPEB Related	2,382,788	468,566	574,439	2,276,915
Total Deferred Outflows of Resources	<u>\$ 11,664,256</u>	<u>\$ 17,591,151</u>	<u>\$ 10,083,681</u>	<u>\$ 19,171,726</u>

Future amortization of deferred outflows of resources is as follows:

Year Ending June 30,	Refunding Loss	Pension Related	OPEB Related	Total
2024	\$ 72,221	\$ 10,427,188	\$ 800,957	\$ 11,300,366
2025	72,221	1,922,579	332,391	2,327,191
2026	72,221	1,688,692	332,391	2,093,304
2027	72,221	1,595,517	332,391	2,000,129
2028	72,221	-	266,679	338,900
Thereafter	899,730	-	212,106	1,111,836
Total	<u>\$ 1,260,835</u>	<u>\$ 15,633,976</u>	<u>\$ 2,276,915</u>	<u>\$ 19,171,726</u>

S. Deferred Inflows of Resources

In accordance with GASB Statement No. 68 & 71, items as outlined in the GASB pronouncement have been recorded as deferred inflows of resources.

In accordance with GASB Statement No. 75, the District has recorded deferred inflows of resources for OPEB related items as prescribed by the statement.

A summary of the deferred inflows of resources as of June 30, 2023, is as follows:

Description	Beginning Balance	Increases	Decreases	Ending Balance
Pension Related				
CalSTRS	\$ 17,617,668	\$ (9,474,400)	\$ 2,586,809	\$ 5,556,459
CalPERS	60,666	628,987	204,896	484,757
OPEB Related	112,305	1,072,681	154,762	1,030,224
Total Deferred Inflows of Resources	<u>\$ 17,790,639</u>	<u>\$ (7,772,732)</u>	<u>\$ 2,946,467</u>	<u>\$ 7,071,440</u>

Imperial Unified School District
Notes to the Financial Statements, Continued
June 30, 2023

Future amortization of deferred inflows is as follows:

Year Ending June 30,	Pension Related	OPEB Related	Total
2024	\$ 2,461,578	\$ 154,762	\$ 2,616,340
2025	2,541,191	154,762	2,695,953
2026	2,373,256	154,762	2,528,018
2027	(1,696,610)	139,452	(1,557,158)
2028	273,587	129,239	402,826
Thereafter	88,214	297,247	385,461
Total	<u>\$ 6,041,216</u>	<u>\$ 1,030,224</u>	<u>\$ 7,071,440</u>

T. Upcoming Accounting Guidance

The Governmental Accounting Standards Board (GASB) issues pronouncements and additional guidance for governmental agencies to establish consistent accounting across all governments in the United States. The following table represents items that have been issued by GASB that will become effective in future periods:

Description	Date Issued	Fiscal Year Effective
GASB Statement 99, Omnibus 2022 (Portions related to financial guarantees and derivative instruments)	04/2022	2024-25
GASB Statement 100, Accounting Changes for Error Corrections	06/2022	2024-25
GASB Statement 101, Compensated Absences	06/2022	2024-25
GASB Implementation Guide 2021-1, Implementation Guidance Update - 2021 (Question 5.1)	05/2021	2024-25
GASB Implementation Guide 2023-1, Implementation Guidance Update - 2023	06/2023	2024-25

The effects of the upcoming guidance and pronouncements on the District's financial statements has not yet been determined.

Required Supplementary Information

Imperial Unified School District

Budgetary Comparison Schedule – General Fund

For the Year Ended June 30, 2023

	Budgeted Amounts			Variance to Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
LCFF Sources				
State Apportionment	\$ 31,317,734	\$ 31,590,732	\$ 40,741,571	\$ 9,150,839
Education Protection Account	11,115,831	12,988,854	3,661,096	(9,327,758)
Property Taxes	6,481,262	7,810,251	7,917,055	106,804
Federal Revenue	3,166,981	4,131,491	3,548,895	(582,596)
Other State Revenue	12,428,894	16,270,850	17,250,651	979,801
Interest and Investment Income	126,000	297,590	15,156	(282,434)
Other Local Revenue	1,674,961	3,204,597	3,253,895	49,298
Total Revenues	<u>66,311,663</u>	<u>76,294,365</u>	<u>76,388,319</u>	<u>93,954</u>
Expenditures				
Current Expenditures:				
Certificated Salaries	24,268,403	27,672,960	27,407,904	265,056
Classified Salaries	9,226,039	10,519,027	9,531,903	987,124
Employee Benefits	15,604,997	17,491,899	16,454,182	1,037,717
Books and Supplies	2,630,707	4,868,988	3,792,171	1,076,817
Services and Other Operating	6,132,670	7,210,564	5,721,681	1,488,883
Tuition to County Offices	574,595	741,768	752,077	(10,309)
Capital Outlay	1,347,300	965,566	1,453,056	(487,490)
Debt Service:				
Principal	-	-	315,219	(315,219)
Interest	-	-	9,543	(9,543)
Total Expenditures	<u>59,784,711</u>	<u>69,470,772</u>	<u>65,437,736</u>	<u>4,033,036</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>6,526,952</u>	<u>6,823,593</u>	<u>10,950,583</u>	<u>4,126,990</u>
Other Financing Sources (Uses)				
Transfers In	33,000	33,000	31,642	(1,358)
Transfers Out	(5,300,000)	-	-	-
Proceeds from Leases and SBITAs	-	-	357,152	357,152
Total Other Financing Sources (Uses)	<u>(5,267,000)</u>	<u>33,000</u>	<u>388,794</u>	<u>355,794</u>
Net Change in Fund Balance	1,259,952	6,856,593	11,339,377	4,482,784
Fund Balance - Beginning of Year	<u>18,255,336</u>	<u>18,255,336</u>	<u>18,255,336</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 19,515,288</u>	<u>\$ 25,111,929</u>	<u>\$ 29,594,713</u>	<u>\$ 4,482,784</u>

See Accompanying Notes to Required Supplementary Information

Imperial Unified School District

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

Last Ten Fiscal Years*

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability (asset)	0.0369%	0.0385%	0.0350%	0.0384%	0.0378%	0.0359%	0.0359%	0.0336%	0.0324%	N/A
District's proportionate share of the net pension liability (asset)	\$ 25,647,176	\$ 17,527,558	\$ 33,942,395	\$ 34,703,628	\$ 34,716,949	\$ 33,197,634	\$ 29,071,586	\$ 22,591,598	\$ 18,954,224	N/A
State's proportionate share of the net pension liability (asset) associated with the District	15,641,928	12,995,950	24,128,230	19,635,042	19,386,634	20,074,687	17,241,446	13,842,470	10,440,908	N/A
Total	<u>\$ 41,289,104</u>	<u>\$ 30,523,508</u>	<u>\$ 58,070,625</u>	<u>\$ 54,338,670</u>	<u>\$ 54,103,583</u>	<u>\$ 53,272,321</u>	<u>\$ 46,313,032</u>	<u>\$ 36,434,068</u>	<u>\$ 29,395,132</u>	<u>N/A</u>
District's covered payroll**	23,724,368	22,630,508	21,561,713	20,060,617	18,979,706	18,979,706	17,858,042	15,507,108	14,372,362	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	108.10%	77.45%	157.42%	172.99%	182.92%	174.91%	162.79%	145.69%	131.88%	N/A
Plan fiduciary net position as a percentage of the total pension liability	81.20%	87.21%	71.82%	72.56%	70.99%	69.46%	70.04%	74.02%	76.52%	N/A

*This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

**Covered payroll on this schedule is based on measurement date, as such covered payroll represented for each fiscal year is the covered payroll from the prior year as identified on the schedule of contributions.

See Accompanying Notes to Required Supplementary Information

Imperial Unified School District

Schedule of the District's Contributions - CalSTRS

Last Ten Fiscal Years*

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 4,985,473	\$ 4,014,163	\$ 3,654,827	\$ 3,687,053	\$ 3,362,294	\$ 2,894,747	\$ 2,387,747	\$ 1,916,168	\$ 1,377,031	N/A
Contributions in relation to the contractually required contribution	(4,985,473)	(4,014,163)	(3,654,827)	(3,687,053)	(3,362,294)	(2,894,747)	(2,387,747)	(1,916,168)	(1,377,031)	N/A
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
District's covered payroll**	\$ 26,101,953	\$ 23,724,368	\$ 22,630,508	\$ 21,561,713	\$ 20,652,912	\$ 20,060,617	\$ 18,979,706	\$ 17,858,042	\$ 15,507,108	N/A
Contributions as a percentage of covered payroll	19.10%	16.92%	16.15%	17.10%	16.28%	14.43%	12.58%	10.73%	8.88%	N/A

*This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

**Covered payroll on this schedule is based on the fiscal year.

See Accompanying Notes to Required Supplementary Information

Imperial Unified School District

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

Last Ten Fiscal Years*

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability (asset)	0.0567%	0.0534%	0.0513%	0.0508%	0.0493%	0.0500%	0.0502%	0.0475%	0.0422%	N/A
District's proportionate share of the net pension liability (asset)	\$ 19,526,468	\$ 10,848,419	\$ 15,738,577	\$ 14,811,109	\$ 13,138,533	\$ 11,938,946	\$ 9,918,654	\$ 7,004,791	\$ 4,795,739	N/A
District's covered payroll**	\$ 8,810,912	\$ 7,660,319	\$ 7,454,799	\$ 7,112,153	\$ 6,570,272	\$ 6,423,322	\$ 6,081,581	\$ 5,284,758	\$ 4,441,768	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	221.62%	141.62%	211.12%	208.25%	199.97%	185.87%	163.09%	132.55%	107.97%	N/A
Plan fiduciary net position as a percentage of the total pension liability	69.76%	80.97%	70.00%	70.05%	70.85%	71.87%	73.90%	79.43%	83.38%	N/A

*This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

**Covered payroll on this schedule is based on measurement date, as such covered payroll represented for each fiscal year is the covered payroll from the prior year as identified on the schedule of contributions.

See Accompanying Notes to Required Supplementary Information

Imperial Unified School District

Schedule of the District's Contributions - CalPERS

Last Ten Fiscal Years*

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 2,474,402	\$ 2,018,580	\$ 1,585,686	\$ 1,470,161	\$ 1,284,597	\$ 1,020,429	\$ 892,071	\$ 720,485	\$ 622,069	N/A
Contributions in relation to the contractually required contribution	(2,474,402)	(2,018,580)	(1,585,686)	(1,470,161)	(1,284,597)	(1,020,429)	(892,071)	(720,485)	(622,069)	N/A
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
District's covered payroll**	\$ 9,753,260	\$ 8,810,912	\$ 7,660,319	\$ 7,454,799	\$ 7,112,153	\$ 6,570,272	\$ 6,423,322	\$ 6,081,581	\$ 5,284,758	N/A
Contributions as a percentage of covered payroll	25.370%	22.910%	20.700%	19.721%	18.062%	15.531%	13.888%	11.847%	11.771%	N/A

*This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

**Covered payroll on this schedule is based on the fiscal year.

See Accompanying Notes to Required Supplementary Information

Imperial Unified School District

Schedule of Changes in the District's Total OPEB Liability and Related Ratios – IUSD Retiree Health Plan Last Ten Fiscal Years*

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total OPEB liability:										
Service cost	\$ 414,116	\$ 360,657	\$ 325,938	\$ 284,814	\$ 289,457	\$ 281,027	N/A	N/A	N/A	N/A
Interest	161,523	169,145	198,305	182,766	151,532	147,232	N/A	N/A	N/A	N/A
Experience differences	-	877,884	-	754,841	-	-	N/A	N/A	N/A	N/A
Changes of assumptions	(1,072,681)	419,254	366,494	362,182	(214,397)	-	N/A	N/A	N/A	N/A
Benefit payments	(396,428)	(346,579)	(367,110)	(310,755)	(297,539)	(284,264)	N/A	N/A	N/A	N/A
Net change in total OPEB liability	(893,470)	1,480,361	523,627	1,273,848	(70,947)	143,995	N/A	N/A	N/A	N/A
Total OPEB liability - beginning**	8,195,805	6,715,444	6,191,817	4,917,969	4,988,916	4,844,921	N/A	N/A	N/A	N/A
Total OPEB liability - ending	<u>\$ 7,302,335</u>	<u>\$ 8,195,805</u>	<u>\$ 6,715,444</u>	<u>\$ 6,191,817</u>	<u>\$ 4,917,969</u>	<u>\$ 4,988,916</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Covered payroll	34,856,733	30,998,193	30,077,961	30,077,961	27,527,249	\$ 25,351,262	N/A	N/A	N/A	N/A
Net OPEB liability as a percentage of covered payroll	20.95%	26.44%	22.33%	20.59%	17.87%	19.68%	N/A	N/A	N/A	N/A

*This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

Imperial Unified School District

Notes to Required Supplementary Information

For the Year Ended June 30, 2023

Budgetary Comparison Schedule – General Fund

As described in Note A to these financial statements, for purposes of reporting in conformity with GASB Statement No. 54, the District's Special Reserve Fund for Other Post-Employment Benefits (Fund 20) was included with the general fund as the fund did not meet the definition of a special revenue fund under GASB Statement No. 54. The Budgetary Comparison Schedule included in the Required Supplementary Information is based on the legally adopted budget for the General Fund only. Below is a table reconciling between the General Fund as reported in the Basic Financial Statements and the General Fund as reported in the Budgetary Comparison Schedule.

General Fund - Basic Financial Statements Net Change in Fund Balance	\$ 11,339,371
Fund 20 Net Change in Fund Balance	6
General Fund - Budgetary Comparison Schedule Net Change in Fund Balance	<u>\$ 11,339,377</u>

Excess of Expenditures Over Appropriations

As of June 30, 2023, the District's expenditures which exceeded appropriations in the following categories:

<u>Appropriations Category</u>	<u>Excess Expenditures</u>	<u>Reason for Excess Expenditures</u>
General Fund:		
Tuition to County Offices	\$ 10,309	The District underestimated the costs of tuition to be transferred to the County Office.
Capital Outlay	487,490	The District underestimated the costs of capital outlay in the general fund.
Debt Service: Principal	315,219	The District did not budget for reclassification of rent expense due to implementation of GASB 87.
Debt Service: Interest	9,543	The District did not budget for reclassification of rent expense due to implementation of GASB 87.

Amounts in excess of appropriations were not considered a violation of any laws, regulations, contracts or grant agreements and did not have a direct or material effect on the financial statements.

Imperial Unified School District

Notes to Required Supplementary Information, Continued

For the Year Ended June 30, 2023

Schedule of District's Proportionate Share – CalSTRS

1. Benefit Changes: There were no changes to benefits during the periods being reported.
2. Changes in Assumptions: Assumptions used in determining the total pension liability of the CalSTRS Plan changed due to actuarial experience studies. Changes in assumptions effective in fiscal year 2020-21 (measured as of June 30, 2020) were to termination rates and service retirement rates based on the experience study for the period July 1, 2015, through June 30, 2018. Changes in assumptions effective in fiscal year 2017-18 (measured as of June 30, 2017) were to price inflation, wage growth, discount rate and mortality tables based on the experience study for the period July 1, 2010, through June 30, 2015.

Schedule of District's Contributions – CalSTRS

The total pension liability for California State Teachers' Retirement System (CalSTRS) for measurement date June 30, 2021, was determined with a valuation completed June 30, 2020 (released in May 2021). In determining the total pension liability, the financial reporting actuarial valuation used the following actuarial methods and assumptions:

Reporting Period	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019
Measurement Date	06/30/14	06/30/15	06/30/16	06/30/17	06/30/18
Valuation Date	06/30/13	06/30/14	06/30/15	06/30/16	06/30/17
Experience Study	07/01/06 - 06/30/10	07/01/06 - 06/30/10	07/01/06 - 06/30/10	07/01/06 - 06/30/15	07/01/06 - 06/30/15
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Investment Rate of Return ⁽¹⁾	7.60%	7.60%	7.60%	7.10%	7.10%
Consumer Price Inflation	3.00%	3.00%	3.00%	2.75%	2.75%
Wage Growth (Average)	3.75%	3.75%	3.75%	3.50%	3.50%
Post-retirement Benefit Increases	2.00% Simple	2.00% Simple	2.00% Simple	2.00% Simple	2.00% Simple

Reporting Period	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023
Measurement Date	06/30/19	06/30/20	06/30/21	06/30/22
Valuation Date	06/30/18	06/30/19	06/30/20	06/30/21
Experience Study	07/01/06 - 06/30/15	07/01/15 - 06/30/18	07/01/15 - 06/30/18	07/01/15 - 06/30/18
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Investment Rate of Return ⁽¹⁾	7.10%	7.10%	7.10%	7.10%
Consumer Price Inflation	2.75%	2.75%	2.75%	2.75%
Wage Growth (Average)	3.50%	3.50%	3.50%	3.50%
Post-retirement Benefit Increases	2.00% Simple	2.00% Simple	2.00% Simple	2.00% Simple

(1) – Net of investment expenses but gross of administrative expenses.

CalSTRS uses a generational mortality assumption, which involves the use of 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 CalSTRS 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.

Additional information can be obtained by reviewing the CalSTRS Actuarial Experience Study on the CalSTRS website.

Imperial Unified School District

Notes to Required Supplementary Information, Continued

For the Year Ended June 30, 2023

Schedule of District's Proportionate Share – CalPERS

1. Benefit Changes: There were no changes to benefits during the periods being reported.
2. Changes in Assumptions. On December 21, 2016, the CalPERS Board lowered the discount rate for funding purposes from 7.50% to 7.00% using a three-year phase-in beginning with the June 30, 2016, actuarial valuations and the June 30, 2017 valuations for the School Pool. Subsequently the CalPERS Board decrease from 7.25% to 7.15% for the school pool valuation occurred in the June 30, 2019, valuation. Finally, the CalPERS board decreased the discount rate from 7.15% to 6.90% for measurement date June 30, 2022 as a result of the 2021 experience study. Additional adjustments were made to mortality and other assumptions based upon the experience study completed in 2021.

Schedule of District's Contributions – CalPERS

The total pension liability for California Public Employees Retirement System – School Pool (CalPERS) for measurement date June 30, 2021, was determined with a valuation completed June 30, 2020. In determining the total pension liability, the financial reporting actuarial valuation used the following actuarial methods and assumptions:

Reporting Period	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019
Measurement Date	06/30/14	06/30/15	06/30/16	06/30/17	06/30/18
Valuation Date	06/30/13	06/30/14	06/30/15	06/30/16	06/30/17
Experience Study	07/01/97 - 06/30/11	07/01/97 - 06/30/11	07/01/97 - 06/30/11	07/01/97 - 06/30/11	07/01/97 - 06/30/15
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Investment Rate of Return	7.50%	7.65%	7.65%	7.15%	7.15%
Consumer Price Inflation	2.75%	2.75%	2.75%	2.75%	2.50%
Wage Growth (Average)	3.00%	3.00%	3.00%	3.00%	3.00%
Post-retirement Benefit Increases	2.00% Simple	2.00% Simple	2.00% Simple	2.00% Simple	2.00% Simple

Reporting Period	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023
Measurement Date	06/30/19	06/30/20	06/30/21	06/30/22
Valuation Date	06/30/18	06/30/19	06/30/20	06/30/21
Experience Study	07/01/97 - 06/30/15	07/01/97 - 06/30/15	07/01/97 - 06/30/15	07/01/00 - 06/30/19
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Investment Rate of Return	7.15%	7.15%	7.15%	6.90%
Consumer Price Inflation	2.50%	2.50%	2.50%	2.50%
Wage Growth (Average)	3.00%	2.75%	2.75%	2.75%
Post-retirement Benefit Increases	2.00% Simple	2.00% Simple	2.00% Simple	2.00% Simple

The mortality table used was developed based on CalPERS specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table please refer to the December 2021 experience study report (based on demographic data from 2000 to 2019) available on the CalPERS website.

Imperial Unified School District

Notes to Required Supplementary Information, Continued

For the Year Ended June 30, 2023

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

1. Benefit Changes: There were no benefit changes during the 2022-23 fiscal year
2. Changes in Assumptions: The discount rate has been adjusted annually.
3. No assets are accumulated in a trust that meets the criteria in GASB No. 75 Paragraph 4.
4. The following are the discount rates used for each period:

<u>Year</u>	<u>Discount Rate</u>
2018	3.13%
2019	3.62%
2020	3.13%
2021	2.45%
2022	1.92%
2023	3.69%

Combining Statements as Supplementary Information

Imperial Unified School District

Combining Balance Sheet – Nonmajor Governmental Funds

June 30, 2023

	Nonmajor Special Revenue Funds			Nonmajor Capital Projects Funds		Nonmajor Debt Service Fund	Total Nonmajor Governmental Funds
	Associated Student Body Fund	Adult Education Fund	Cafeteria Fund	Building Fund	Special Reserve Fund for Capital Outlay	Bond Interest & Redemption Fund	
Assets							
Cash and Cash Equivalents	\$ 295,346	\$ 37,652	\$ 1,358,543	\$ 1,832,663	\$ 1,119,036	\$ 2,405,090	\$ 7,048,330
Accounts Receivable	-	26,474	686,669	21,444	8,748	17,266	760,601
Stores Inventories	-	-	82,471	-	-	-	82,471
Total Assets	<u>\$ 295,346</u>	<u>\$ 64,126</u>	<u>\$ 2,127,683</u>	<u>\$ 1,854,107</u>	<u>\$ 1,127,784</u>	<u>\$ 2,422,356</u>	<u>\$ 7,891,402</u>
Liabilities and Fund Balance:							
Liabilities:							
Accounts Payable	\$ -	\$ 6,038	\$ 4,780	\$ 85,890	\$ -	\$ -	\$ 96,708
Due To Other Funds	-	-	526,192	-	-	-	526,192
Total Liabilities	<u>-</u>	<u>6,038</u>	<u>530,972</u>	<u>85,890</u>	<u>-</u>	<u>-</u>	<u>622,900</u>
Fund Balance:							
Nonspendable	-	-	82,471	-	-	-	82,471
Restricted	295,346	58,088	1,514,240	1,768,217	-	2,422,356	6,058,247
Assigned	-	-	-	-	1,127,784	-	1,127,784
Total Fund Balance	<u>295,346</u>	<u>58,088</u>	<u>1,596,711</u>	<u>1,768,217</u>	<u>1,127,784</u>	<u>2,422,356</u>	<u>7,268,502</u>
Total Liabilities and Fund Balances	<u>\$ 295,346</u>	<u>\$ 64,126</u>	<u>\$ 2,127,683</u>	<u>\$ 1,854,107</u>	<u>\$ 1,127,784</u>	<u>\$ 2,422,356</u>	<u>\$ 7,891,402</u>

Imperial Unified School District

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds June 30, 2023

	Nonmajor Special Revenue Funds			Nonmajor Capital Projects Funds		Nonmajor Debt Service Fund	
	Associated Student Body Fund	Adult Education Fund	Cafeteria Fund	Building Fund	Special Reserve Fund for Capital Outlay	Bond Interest & Redemption Fund	Total
Revenues							
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,745,070	\$ 2,745,070
Federal Revenue	-	19,074	1,694,554	-	-	-	1,713,628
Other State Revenue	-	95,296	1,720,369	-	-	-	1,815,665
Interest and Investment Earnings/(Losses)	-	1,448	(20,265)	78,212	17,910	36,212	113,517
Other Local Revenue	600,583	-	8,561	-	-	35,406	644,550
Total Revenues	<u>\$ 600,583</u>	<u>\$ 115,818</u>	<u>\$ 3,403,219</u>	<u>\$ 78,212</u>	<u>\$ 17,910</u>	<u>\$ 2,816,688</u>	<u>\$ 7,032,430</u>
Expenditures							
Current Expenditures:							
Instruction	-	55,884	-	-	-	-	55,884
Instruction - Related Services	-	55,408	-	-	-	-	55,408
Pupil Services	-	-	2,754,940	-	-	-	2,754,940
Ancillary Services	578,988	-	-	-	-	-	578,988
Plant Services	-	-	-	1,100	-	-	1,100
Capital Outlay	-	-	-	1,227,518	-	-	1,227,518
Debt Service:							
Principal	-	-	2,156	-	-	783,000	785,156
Interest	-	-	84	-	-	1,718,815	1,718,899
Total Expenditures	<u>578,988</u>	<u>111,292</u>	<u>2,757,180</u>	<u>1,228,618</u>	<u>-</u>	<u>2,501,815</u>	<u>7,177,893</u>
Net Change in Fund Balance	21,595	4,526	646,039	(1,150,406)	17,910	314,873	(145,463)
Fund Balance, Beginning of Year	273,751	53,562	950,672	2,918,623	1,109,874	2,107,483	7,413,965
Fund Balance, End of Year	<u>\$ 295,346</u>	<u>\$ 58,088</u>	<u>\$ 1,596,711</u>	<u>\$ 1,768,217</u>	<u>\$ 1,127,784</u>	<u>\$ 2,422,356</u>	<u>\$ 7,268,502</u>

Other Supplementary Information

Imperial Unified School District

Local Education Agency Organization Structure

June 30, 2023

The Imperial Unified School District was established in 1902 and encompasses approximately 547 square miles located in and around the city of Imperial. There were no changes in the boundaries of the district during the current year. The District is currently operating three elementary schools, one middle school, one high school, and one continuation school.

GOVERNING BOARD

<u>Name</u>	<u>Office</u>	<u>Term and Term Expiration</u>
Victor Lopez	President	Four Year Term Expires December 2024
Lillian Canez	Clerk	Four Year Term Expires December 2024
Jill Tucker	Member	Four Year Term Expires December 2026
Elvira Hernandez	Member	Four Year Term Expires December 2026
Daniel Yee	Member	Four Year Term Expires December 2026

ADMINISTRATION

Bryan Thomason
District Superintendent
Secretary to the Board of Trustees

Rogelio Ruvalcaba
Associate Superintendent
Educational Services

Gina Hendrix
Associate Superintendent
Administrative Services

Summer Heraz
Senior Director
Educational Services

Imperial Unified School District

Schedule of Average Daily Attendance

Year Ended June 30, 2023

	Second Period Report		Annual Report	
	Original 6266125F	Revised	Original 5B4BIB7B	Revised
TK/K-3				
Regular ADA	1,352.67	N/A	1,358.61	N/A
Extended Year Special Education	1.38	N/A	1.38	N/A
Total TK/K-3	1,354.05	-	1,359.99	-
Grades 4-6				
Regular ADA	938.07	N/A	940.13	N/A
Extended Year Special Education	1.41	N/A	1.41	N/A
Total Grades 4-6	939.48	-	941.54	-
Grades 7-8				
Regular ADA	649.42	N/A	652.24	N/A
Extended Year Special Education	0.57	N/A	0.57	N/A
Total Grades 7-8	649.99	-	652.81	-
Grades 9-12				
Regular ADA	1,318.95	N/A	1,315.83	N/A
Extended Year Special Education	0.46	N/A	0.46	N/A
Total Grades 9-12	1,319.41	-	1,316.29	-
Total ADA	4,262.93	-	4,270.63	-

N/A – There were no findings which resulted in revisions to ADA.

Average daily attendance 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 school districts and charter schools. This schedule provides information regarding the attendance of students by grade span and adjustments to the attendance as a result of an audit finding.

Imperial Unified School District

Schedule of Instructional Time

Year Ended June 30, 2023

Grade Level	Annual Minutes Requirement	Actual Minutes Offered	J-13A Minutes	Total Minutes	Number of Actual Days Offered (Traditional)	J-13A Days	Total Instructional Days	Status
Transitional Kindergarten	36,000	42,750	0	42,750	180	0	180	Complied
Kindergarten	36,000	42,750	0	42,750	180	0	180	Complied
1st Grade	50,400	53,140	0	53,140	180	0	180	Complied
2nd Grade	50,400	53,140	0	53,140	180	0	180	Complied
3rd Grade	50,400	53,140	0	53,140	180	0	180	Complied
4th Grade	54,000	54,528	0	54,528	180	0	180	Complied
5th Grade	54,000	54,528	0	54,528	180	0	180	Complied
6th Grade	54,000	65,692	0	65,692	180	0	180	Complied
7th Grade	54,000	65,692	0	65,692	180	0	180	Complied
8th Grade	54,000	65,692	0	65,692	180	0	180	Complied
9th Grade	64,800	75,254	0	75,254	180	0	180	Complied
10th Grade	64,800	75,254	0	75,254	180	0	180	Complied
11th Grade	64,800	75,254	0	75,254	180	0	180	Complied
12th Grade	64,800	75,254	0	75,254	180	0	180	Complied

This schedule provides the information necessary to determine if the District has complied with Article 8 (commencing with Section 46200) of Chapter 2 of Part 26 of the Education Code. The requirements are as follows:

1) EC §46207: As a condition of apportionment the following annual instructional minutes must be offered:

- To pupils in Kindergarten 36,000 minutes
- To pupils in grades 1 to 3 50,400 minutes
- To pupils in grades 4 to 8 54,000 minutes
- To pupils in grades 9 to 12 64,800 minutes

2) EC §46208: As a condition of apportionment 180 school days must be offered for traditional calendars. In order to qualify as a school day the following minimum daily minutes must be met:

- EC §46112: Grades 1 to 3 230 minutes
- EC §46113: Grades 4 to 8 240 minutes
- EC §46114: Kindergarten 180 minutes
- EC §46141: Grades 9 to 12 240 minutes

Imperial Unified School District

Schedule of Financial Trends and Analysis

Year Ended June 30, 2023

<u>General Fund</u>	<u>Budget 2024 (See Note 1)</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Revenues and Other Financing Sources	\$ 71,493,064	\$ 76,777,113	\$ 61,314,761	\$ 55,669,750
Expenditures and Other Financing Uses	<u>75,275,151</u>	<u>65,437,736</u>	<u>57,864,926</u>	<u>51,096,465</u>
Net Change in Fund Balance	<u>(3,782,087)</u>	<u>11,339,377</u>	<u>3,449,835</u>	<u>4,573,285</u>
Ending Fund Balance	<u>\$ 25,812,626</u>	<u>\$ 29,594,713</u>	<u>\$ 18,255,336</u>	<u>\$ 14,805,501</u>
Available Reserves (See Note 2)	<u>\$ 7,817,775</u>	<u>\$ 10,576,232</u>	<u>\$ 14,477,066</u>	<u>\$ 13,214,118</u>
Available Reserves as a Percentage of Total Outgo	<u>10.39%</u>	<u>16.16%</u>	<u>25.02%</u>	<u>25.86%</u>
Long Term Debt	<u>\$ 52,838,145</u>	<u>\$ 53,851,340</u>	<u>\$ 54,406,661</u>	<u>\$ 51,457,807</u>
Average Daily Attendance at P2	<u>4,263</u>	<u>4,263</u>	<u>3,929</u>	<u>4,203</u>

This schedule discloses the District's financial trends by displaying past years' data along with current year budget information. These financial trend disclosures are used to evaluate the District's ability to continue as a going concern for a reasonable period of time.

The general fund balance has increased by \$14,789,212 (99.89%) over the past two years. The fiscal year 2023-24 budget projects a decrease of \$3,782,087 (12.78%). For a district of this size, the State recommends available reserves of 3% of total general fund expenditures and other financing uses (total outgo).

Total long-term debt has increased by \$2,393,533 over the past two years.

Average daily attendance (ADA) has increased by 60 as compared to ADA funded in 2020-21. As a result of the COVID-19 pandemic there was no attendance reporting for the 2020-21 fiscal year. Each LEA was funded based on the 2019-20 ADA reported.

Notes:

1. Budget 2024 is included for analytical purposes only and has not been subjected to audit.
2. Available reserves consist of all assigned and unassigned fund balances contained within the general fund.
3. As described in Note A to these financial statements, for purposes of reporting in conformity with GASB Statement No 54, the District's Special Reserve Fund for Other Post-Employment Benefits (Fund 20) was included with the general fund for reporting purposes. The above Schedule of Financial Trends and Analysis contains only the financial information of the general fund.

Imperial Unified School District

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements Year Ended June 30, 2023

All fund balances as reported in the Annual Financial and Budget Report are in agreement with fund balances as reported in the Audited Financial Statements.

This schedule provides the information necessary to reconcile the fund balances of all funds as reported on the SACS Annual Financial and Budget Report with the audited financial statements. Funds that required no adjustment are not presented.

Imperial Unified School District

Schedule of Charter Schools

Year Ended June 30, 2023

As of June 30, 2023, the District is not a sponsoring local educational agency for any charter schools.

This schedule is provided to list all charter schools chartered by the District and displays information for each charter school on whether or not the charter school is included in the District audit.

Imperial Unified School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

<u>Federal Grantor/Pass Through Grantor/ Program or Cluster Title</u>	<u>Federal AL Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Subrecipient Expenditures</u>	<u>Total Federal Expenditures</u>
CHILD NUTRITION CLUSTER:				
<u>U.S. Department of Agriculture</u>				
Passed through California Department of Education				
Supply Chain Assistance (SCA)	10.555	15655	\$ -	\$ 138,679
National School Lunch Program	10.555	13396	-	1,555,876
Total Child Nutrition Cluster			-	1,694,555
SPECIAL EDUCATION (IDEA) CLUSTER:				
<u>U.S. Department of Education</u>				
Passed through California Department of Education				
IDEA Basic Local Assistance	84.027	13379	-	805,778
IDEA Assistance Entitlement	84.027	15638	-	67,806
Total Special Education (IDEA) Cluster			-	873,584
OTHER PROGRAMS:				
<u>U.S. Department of Education</u>				
Passed through California Department of Education				
Adult Education	84.002	14508	-	6,960
Adult Education Secondary	84.002	13978	-	12,114
Title I	84.010	14329	-	740,082
Migrant Education	84.011	14838	-	10,900
Carl D Perkins Career & Technical Ed - Secondary	84.048	14894	-	46,829
Title III Immigrant Education & LEP	84.365	15146	-	3,139
Title III English Learner Student Program	84.365	14346	-	152,463
Title II Supporting Effective Instruction	84.367	14341	-	119,125
Title IV Student Support & Academic Enrichment	84.424	15396	-	13,967
American Rescue Plan - Homeless Children and Youth II	84.425	15566	-	391
ESSER II State Reserve	84.425	15618	-	470,469
GEER II	84.425	15919	-	107,977
ESSER III State Reserve Emergency Needs	84.425	15620	-	22,228
ESSER III State Reserve Learning Loss	84.425	15621	-	52,156
ESSER III	84.425D	15559	-	863,635
Total U.S. Department of Education			-	2,622,435
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ -	\$ 5,190,574

See accompanying notes to schedule of expenditures of federal awards.

Imperial Unified School District

Notes to the Schedule of Expenditures of Federal Awards Year Ended June 30, 2023

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the District and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with requirements of 2 CFR §200.502 *Basis for Determining Federal Awards Expended* and 2CFR §200.510(b) *Schedule of Expenditures of Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Summary of Significant Accounting Policies

The expenditures reported on the schedule are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Indirect Cost Rate

Indirect costs were calculated in accordance with 2 CFR §200.412 *Direct and Indirect Costs*. The District used an indirect cost rate of 4.31% based on the rate approved by the California Department of Education for each program which did not have a pre-defined allowable indirect cost rate. The District did not elect to use the 10% de minimis cost rate as covered in 2 CFR §200.414 *Indirect Costs*. The following programs utilized a lower indirect cost rate based on program restrictions or other factors determined by the District:

<u>Program</u>	<u>AL#</u>	<u>Indirect Cost Rate</u>
Title I	84.010	2.72%
Title IV Student Support & Academic Enrichment	84.424	1.99%
Title III Immigrant Education & LEP	84.365	1.98%
Title III English Learner Student Program	84.365	2.00%
American Rescue Plan - Homeless Children and Youth II	84.425	4.27%

Schoolwide Program

The District operates “schoolwide programs” at all school sites. Using federal funding, schoolwide programs are designed to upgrade an entire educational program within a school for all students, rather than limiting services to certain targeted students. The following federal program amounts were expended by the District in it’s schoolwide programs:

<u>Program</u>	<u>AL #</u>	<u>Amount Expended</u>
Title I	84.010	\$ 740,082

Imperial Unified School District

Notes to the Schedule of Expenditures of Federal Awards, Continued

Year Ended June 30, 2023

Reconciliation of Revenues

The District is permitted to bill for Medi-Cal administrative activities and services provided as a Provider Type 55 (LEA Provider) which under the provisions of 2CFR §200.330 distinguishes the District as a contractor rather than a subrecipient of the federal funds. As such, the program has not been included in the schedule of expenditures of federal awards.

The following schedule provides a reconciliation between revenues reported on the Statement of Revenues, Expenditures and Changes in Fund Balance and the related expenditures reported on the Schedule of Expenditures of Federal Awards:

Total Federal Revenues on Statement of Revenues, Expenditures, and Changes in Fund Balance	\$ 5,262,523
Less: Amounts representing Medi-Cal	<u>(71,949)</u>
Total Federal Expenditures on Schedule of Expenditures of Federal Awards	<u>\$ 5,190,574</u>

Other Independent Auditors' Reports

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

To the Board of Education
Imperial Unified School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Imperial Unified School 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, and have issued our report thereon dated December 13, 2023.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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



El Cajon, California

December 13, 2023

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

To the Board of Education
Imperial Unified School District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Imperial Unified School District's (the District) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2023. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 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 *US 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 the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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.

William Hadley King & Co. LLP

El Cajon, California

December 13, 2023

Independent Auditor's Report on State Compliance and on Internal Control
Over State Compliance

To the Board of Education
Imperial Unified School District

Report on Compliance for Applicable State Programs

Opinion on Each Applicable State Program

We have audited the Imperial Unified School District's (the District) compliance with the requirements specified in the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, Section 19810 identified below for the year ended June 30, 2023.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above on each of its applicable state programs for the year ended June 30, 2023.

Basis for Opinion on Each Applicable State 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 *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, Section 19810 (the Audit Guide). Our responsibilities under those standards and the Audit Guide 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 compliance for each applicable state program. Our audit does not provide a legal determination of The District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on The District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Audit Guide will always detect material noncompliance when it exists.

The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each applicable state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Audit Guide, 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 state compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Audit Guide, 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.
- Select and test transactions and records to determine the District's compliance with the state laws and regulations applicable to the following programs:

	Procedures Performed
<u>Local Education Agencies Other than Charter Schools</u>	
A. Attendance.....	Yes
B. Teacher Certification and Misassignments.....	Yes
C. Kindergarten Continuance.....	Yes
D. Independent Study.....	No
E. Continuation Education.....	Yes
F. Instructional Time.....	Yes
G. Instructional Materials.....	Yes
H. Ratio of Administrative Employees to Teachers.....	Yes
I. Classroom Teacher Salaries.....	Yes
J. Early Retirement Incentive.....	N/A
K. Gann Limit Calculation.....	Yes
L. School Accountability Report Card.....	Yes
M. Juvenile Court Schools.....	N/A
N. Middle or Early College High Schools.....	N/A
O. K-3 Grade Span Adjustment.....	Yes
P. Transportation Maintenance of Effort.....	Yes
Q. Apprenticeship: Related and Supplemental Instruction.....	N/A
R. Comprehensive School Safety Plan.....	Yes
S. District of Choice.....	N/A
TT. Home to School Transportation Reimbursement.....	Yes
UU. Independent Study Certification for ADA Loss Mitigation.....	Yes

<u>School Districts, County Offices of Education, and Charter School</u>	<u>Procedures</u>
T. California Clean Energy Jobs Act.....	N/A
U. After/Before School Education and Safety Program.....	N/A
V. Proper Expenditure of Education Protection Account Funds.....	Yes
W. Unduplicated Local Control Funding Formula Pupil Counts.....	Yes
X. Local Control and Accountability Plan.....	Yes
Y. Independent Study - Course Based.....	N/A
Z. Immunizations.....	No
AZ. Educator Effectiveness.....	Yes
BZ. Expanded Learning Opportunities Grant (ELO-G).....	Yes
CZ. Career Technical Education Incentive Grant.....	Yes
EZ. Transitional Kindergarten.....	Yes

N/A – The School District did not offer the program during the current fiscal year or the program applies to a different type of local education agency.

We did not perform procedures for independent study because the ADA reported was below the level which required testing.

We did not perform procedures for Immunizations because the school sites for the District did not appear on the California Department of Public Health list of LEAs that are subject to the audit of immunizations.

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Audit Guide and which are described in the accompanying schedule of findings and questioned costs as item 2023-001. Our opinion on each applicable state program is not modified with respect to these matters.

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

Report on Internal Control over State Compliance

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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

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 state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described as item 2023-001 to be significant deficiencies.

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

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

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 Audit Guide. Accordingly, this report is not suitable for any other purpose.



El Cajon, California
December 13, 2023

Auditor's Results, Findings & Recommendations

Imperial Unified School District

Schedule of Auditor's Results

Year Ended June 30, 2023

FINANCIAL STATEMENTS

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

One or more material weakness(es) identified?

 Yes X No

One or more significant deficiencies identified that are not considered material weakness(es)?

 Yes X No

Noncompliance material to financial statements noted?

 Yes X No

FEDERAL AWARDS

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

Unmodified

Internal control over major programs:

One or more material weakness(es) identified?

 Yes X No

One or more significant deficiencies identified that are not considered material weakness(es)?

 Yes X No

Compliance supplement utilized for single audit

May 2023

Any audit findings disclosed that are required to be reported in accordance with 2 CFR §200.516(a)?

 Yes X No

Identification of major programs:

<u>AL Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.555	Child Nutrition Cluster

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

\$750,000

Auditee qualified as low-risk auditee?

 X Yes No

STATE AWARDS

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

Unmodified

Internal control over applicable state programs:

One or more material weakness(es) identified?

 Yes X No

One or more significant deficiencies identified that are not considered material weakness(es)?

 X Yes No

Any audit findings disclosed that are required to be reported in accordance with 2022-23 Guide for Annual Audits of California K-12 Local Education Agencies?

 X Yes No

Imperial Unified School District

Schedule of Findings and Questioned Costs

Year Ended June 30, 2023

Findings represent significant deficiencies, material weaknesses, and/or instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*, Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), or the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Finding codes as identified in the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* are as follows:

Five Digit Code	AB 3627 Finding Type
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
42000	Charter School Facilities
43000	Apprenticeship: Related and Supplemental Instruction
50000	Federal Compliance
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

A. Financial Statement Findings

None

B. Federal Award Findings

None

C. State Award Findings

Finding Number: 2023-001
Repeat Finding: No
Program Name: School Accountability Report Card
Questioned Costs: None
Type of Finding: Internal Control – School Accountability Report Card (72000)

Criteria or Specific Requirement

Obtain the school district's or COE's copy of its most recently completed "Facility Inspection Tool (FIT), School Facility Conditions Evaluation" developed by the Office of Public School Construction (OPSC) and approved by the State Allocation Board and applicable to the School Accountability Report Card(s) selected in 1, or a local evaluation instrument that meets the same criteria, pursuant to subdivision (d) of Education Code section 17002. Compare the information contained in the FIT to the information on safety, cleanliness, and adequacy of school facilities contained in the School Accountability Report Card(s) selected in 1 for that school as required by Education Code section 33126(b)(8). If the information in the School Accountability Report Card is inconsistent with the information in the FIT, interview management to determine the basis of the inconsistency.

Imperial Unified School District

Schedule of Findings and Questioned Costs, Continued

Year Ended June 30, 2023

Condition

In our review of the FIT reports provided by the District, we noted that the forms are not completed correctly as described in the instructions for the forms prepared by the Office of Public School Construction. The forms were manually filled out, but deficiencies notated on the detail were not carried forward to the summary page which determines information that gets reported in the SARC. Consequently, this could result in a difference between the detailed data and the data reported in the SARC.

Cause

The District is not utilizing the electronic versions of the FIT which have formulas to carry the information into the calculations and are relying upon manual determinations that may be inconsistent with the calculations developed in the FIT tool.

Effect

The District is at risk of providing incorrect facilities information in the SARC and not detecting and correcting errors in a timely manner.

Context

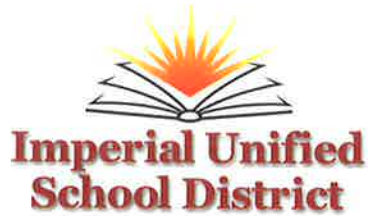
The most recent FIT was updated by the OPSC on April 2022 and is available on their website in an Excel or Web Based Format. The FIT developed and published by OPSC meets the requirements of Education Code Sections 33126 and 33126.1 when utilized properly.

Recommendation

Obtain the latest version of the FIT for use in facilities walkthroughs. Provide training to employees preparing the FIT for the instructions for use to ensure accurate completion. Ensure SARCs are updated to agree with the FIT once completed.

Views of Responsible Officials

See Corrective Action Plan



Bryan Thomason, Superintendent

219 North E. Street • Imperial, California 92251-1176

(760) 355-3200 • Fax (760) 355-4511

imperialusd.org

December 13, 2023

To Whom it May Concern:

The accompanying Corrective Action Plan has been prepared as required by the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* published by the Education Audit Appeals Panel. The name of the contact person responsible for corrective action, the planned corrective action, and the anticipated completion date for each finding included in the current year's Schedule of Findings and Questioned Costs have been provided.

In addition, we have also prepared the accompanying Summary Schedule of Prior Audit Findings which includes the status of audit findings reported in the prior year's audit.

Sincerely,

A handwritten signature in blue ink, appearing to read "Gina Hendrix", is written over the word "Sincerely,".

Gina Hendrix

Associate Superintendent of Administrative Services

BOARD OF TRUSTEES

Victor Lopez

Daniel Yee

Liliana Cañez

Elvira Hernandez

Jill Tucker

Imperial Unified School District

Corrective Action Plan

Year Ended June 30, 2023

State Compliance Findings

Finding Number: 2023-001
Program Name: School Accountability Report Card
Contact Person: Gina Hendrix
Anticipated Completion Date: June 30, 2023

Planned Corrective Action: The district will provide the current electronic Facility Inspections Tool documents that are used to complete the FIT Inspections at the school sites. The district will ensure principals are updating their SARC's according to what is stated on the Facility Inspection Tool. The district will provide a yearly training for all staff to ensure the documents are properly filled out.

Imperial Unified School District

Schedule of Prior Year Audit Findings

Year Ended June 30, 2023

<u>Finding/Recommendation</u>	<u>Status</u>	<u>Explanation if Not Implemented</u>
Finding 2022-001 Attendance <u>Condition</u> In our review of attendance at Frank Wright Middle School we noted that teachers signed and dated school month 7 attendance records one month after the completion of the school month. It appears that the records were not being printed weekly and completed within one week of the attendance being entered into the online attendance system. <u>Recommendation</u> Establish a training and review process for attendance clerk substitutes to ensure that they both understand and are following the approved attendance procedures for the District. Consider obtaining approval for electronic signatures for teachers who are entering the attendance online daily to reduce the amount of paper needed for printed attendance records and reduce the risk of not verifying attendance timely.	Implemented	
Finding 2022-002 Independent Study <u>Condition</u> Independent study agreements were missing three required elements as outlined in Education Code §51747(g)(1), 51747(g)(2), and 51747(g)(6). In addition, the District was unable to provocation for live interaction and synchronous instruction as outlined in Education Code §51747.5(e). <u>Recommendation</u> We recommend that the District provide training to all employees completing documentation for independent study to ensure that they are keeping all required agreements in the student file as well as filling out all agreements completely. In addition, we recommend that the District review the process for offering live interaction and synchronous instruction to ensure that there is sufficient documentation of those activities performed by the District.	N/A	The ADA for independent study was below the level which required testing as the majority of students returned to classroom-based instruction during the 2022-23 fiscal year.