



Imperial Unified School District

County of Imperial
Imperial, California

Audit Report

June 30, 2021



WILKINSON HADLEY
KING & CO. LLP
CPAs AND ADVISORS



Imperial Unified School District

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June 30, 2021

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Independent Auditor's Report

To the Board of Education
Imperial Unified School District
Imperial, California

Report on the Financial Statements

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 (District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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 Imperial Unified School District as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. 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 financial statements.

The accompanying supplementary information identified in the table of contents, as required by the *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations, Section 19810* is presented for purposes of additional analysis and is 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is 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 January 31, 2022, on our consideration of Imperial Unified School 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.

Wilkinson Hadley King & Co LLP

El Cajon, California
January 31, 2022

**Imperial Unified School District
Management's Discussion and Analysis
June 30, 2021
(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, 2021. 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 \$26.9 million.
- The district received reimbursement from the state of California for Cross Elementary. The district broke ground on the Imperial High School Multipurpose Room and Culinary Arts building. Upon completion, the district will proceed with the CTE Ag expansion at Imperial High School.

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.

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.

(In millions of dollars)	Governmental Activities	Governmental Activities
	2019-20	2020-21
Cash & Current Assets	28.6	44.9
Capital assets, net of depreciation	85.2	85.2
Total Assets	113.8	130.1
Deferred Outflows of Resources	14.3	13.0
Long-term Debt	108.3	107.9
Other Liabilities	5.3	4.8
Total Liabilities	113.6	112.7
Deferred Inflows of Resources	3.2	3.5
Net Position		
Invested in capital assets, net of related debt	32.8	33.9
Restricted	12.3	26.6
Unrestricted	(33.8)	(33.6)
Total Net Position	11.3	26.9

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, 2021, are as follows:

	Dollars 2019-20	Dollars 2020-21
Revenues		
Miscellaneous revenues	406,326	1,042,657
Property taxes	7,285,231	7,218,383
Property taxes levied for debt service	2,795,133	2,558,820
Federal and state aid not restricted	35,929,044	35,418,205
Investment and interest earnings	224,087	573,497
Total Revenues	46,639,821	46,811,562
Net Expenditures		
By Function		
Instruction and site administration	29,602,206	16,542,039
Pupil services	4,559,310	4,014,334
General administration	2,500,188	2,398,285
Plant services	4,783,143	3,995,346
Ancillary services	518,032	390,945
Enterprise services	-	-
Community services	-	-
Long-term debt-interest	2,019,563	1,991,655
Depreciation (Unallocated)	1,843,120	1,872,955
Other Outgo	462,856	301,450
Total Expenditures	46,288,418	31,507,009
Change in Net Position	351,403	15,304,553
Net Position-Beginning	10,958,113	11,618,919
Net Position-Ending Balance	11,309,516	26,923,472

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.

In February 2021, the district opened its door for special education students to attend school on campus instead of focusing on online remote learning due to the COVID-19 pandemic. Then in March of 2021, the district brought in two grades levels at a time having all students back on campus by April 1. Students were excited to be back on campus.

Other Funds

- The Cafeteria Fund supports the operation of the Child Nutrition Program of the district. The program continues to be self-sustaining.
- 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 add-ons for our district.

Capital Asset 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.

Capital Assets- Net of Depreciation	2019-2020	2020-2021
Land	4,328,470	4,326,126
Work in Progress	712,170	1,376,694
Total Capital Assets not being depreciated	5,040,640	5,703,090
Capital Assets being depreciated		
Building	100,106,638	100,240,502
Improvements	3,834,655	3,948,382
Equipment & Furniture	8,119,139	9,092,851
Total Capital Assets being depreciated	112,060,432	113,281,735
Less Accumulated Depreciation		
Buildings	(23,354,345)	(24,750,463)
Improvements	(2,553,897)	(2,655,119)
Equipment	(6,033,695)	(6,409,310)
Total Accumulated Depreciation	(31,971,437)	(33,814,892)

Long-Term Obligations

The beginning balance of Long-Term Obligations was \$108,268,000. The district issued bonds through the voter approved Measure O back in 2016. The district is now paying down principal. Local education agencies are required to report the liability for post-employment benefits as per GASB 75 accounting procedures. Districts are now required to have an actuarial study completed to account for Other Post-Employment Benefits (OPEB), which includes health and welfare benefit costs for current and retired employees. The district's total OPEB liability is \$6,715,444.

Long-Term Obligations	2019-2020	2020-2021
General Obligation Bonds	48,171,436	47,111,436
Accreted Interest	277,162	432,992
Bond Premium	3,849,765	3,665,562
Total OPEB Obligation	6,191,817	6,715,444
Compensated Absences	263,083	247,817
Net Pension Liability	49,514,737	49,680,972
Total Other Long-Term Obligations	108,268,000	107,854,223

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, Director of Fiscal and 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, 2021

	Governmental Activities
Assets	
Cash	\$ 41,427,550
Accounts Receivable	3,398,880
Inventory	105,382
Capital Assets:	
Land	4,326,126
Land Improvements	3,948,382
Buildings & Improvements	100,240,502
Equipment	9,092,851
Work In Progress	1,376,964
Less Accumulated Depreciation	(33,814,892)
Total Assets	<u>130,101,745</u>
Deferred Outflows of Resources	<u>13,008,591</u>
Liabilities	
Accounts Payable and Other Current Liabilities	3,749,416
Unearned Revenue	1,088,029
Long-Term Liabilities:	
Due Within One Year	1,217,020
Due In More Than One Year	106,637,203
Total Liabilities	<u>112,691,668</u>
Deferred Inflows of Resources	<u>3,495,196</u>
Net Position	
Net Investment in Capital Assets	33,959,943
Restricted For:	
Capital Projects	22,140,000
Debt Service	2,114,819
Educational Programs	1,623,784
Other Purposes (Expendable)	581,704
Other Purposes (Nonexpendable)	107,882
Unrestricted	(33,604,660)
Total Net Position	<u>\$ 26,923,472</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, 2021

Functions	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Instruction	\$ 34,388,047	\$ 336,465	\$ 7,850,449	\$ 13,157,446	\$ (13,043,687)
Instruction-Related Services:					
Instructional Supervision and Administration	579,644	-	108,223	-	(471,421)
Instructional Library, Media and Technology	377,436	-	155,819	-	(221,617)
School Site Administration	2,951,423	-	146,109	-	(2,805,314)
Pupil Services:					
Home-to-School Transportation	1,625,411	-	342	-	(1,625,069)
Food Services	1,418,370	1,825	1,301,472	-	(115,073)
All Other Pupil Services	3,154,136	60,182	819,762	-	(2,274,192)
General Administration:					
Centralized Data Processing	866,718	-	232,264	-	(634,454)
All Other General Administration	1,875,256	-	111,425	-	(1,763,831)
Plant Services	5,371,691	920,931	455,414	-	(3,995,346)
Ancillary Services	476,310	69,044	16,321	-	(390,945)
Interest on Long-Term Debt	1,991,655	-	-	-	(1,991,655)
Transfers Between Agencies	475,649	154,663	19,536	-	(301,450)
Depreciation (Unallocated)	1,872,955	-	-	-	(1,872,955)
Total Governmental Activities	<u>\$ 57,424,701</u>	<u>\$ 1,543,110</u>	<u>\$ 11,217,136</u>	<u>\$ 13,157,446</u>	<u>(31,507,009)</u>
General Revenues					
Taxes and Subventions:					
Property Taxes, Levied for General Purposes				\$ 6,982,287	
Property Taxes, Levied for Debt Service				2,558,820	
Property Taxes, Levied for Other Specific Purposes				236,096	
Federal and State Aid Not Restricted for Specific Purposes				35,418,205	
Interest and Investment Earnings				573,497	
Miscellaneous				1,042,657	
Total General Revenues				<u>46,811,562</u>	
Change in Net Position					15,304,553
Net Position - Beginning of Year (Restated - Note T)					<u>11,618,919</u>
Net Position - Ending					<u>\$ 26,923,472</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, 2021

	General Fund	Capital Facilities Fund	County School Facilities Fund	Nonmajor Governmental Funds	Total
Assets					
Cash in County Treasury	\$ 15,557,722	\$ 8,193,349	\$ 12,968,322	\$ 4,463,943	\$ 41,183,336
Cash on Hand and in Banks	81	-	-	241,633	241,714
Cash in Revolving Fund	2,500	-	-	-	2,500
Accounts Receivable	3,145,566	16,960	27,532	208,822	3,398,880
Due From Other Funds	183,915	-	-	150,000	333,915
Stores Inventories	-	-	-	105,382	105,382
Total Assets	\$ 18,889,784	\$ 8,210,309	\$ 12,995,854	\$ 5,169,780	\$ 45,265,727
Liabilities and Fund Balance:					
Liabilities:					
Accounts Payable	\$ 2,843,942	\$ 6,080	\$ 49,908	\$ 24,746	\$ 2,924,676
Due To Other Funds	150,000	33,915	-	150,000	333,915
Unearned Revenue	1,087,582	-	-	447	1,088,029
Total Liabilities	4,081,524	39,995	49,908	175,193	4,346,620
Fund Balance:					
Nonspendable	2,500	-	-	105,382	107,882
Restricted	1,588,883	8,170,314	12,945,946	3,755,164	26,460,307
Assigned	2,759	-	-	1,134,041	1,136,800
Unassigned	13,214,118	-	-	-	13,214,118
Total Fund Balance	14,808,260	8,170,314	12,945,946	4,994,587	40,919,107
Total Liabilities and Fund Balances	\$ 18,889,784	\$ 8,210,309	\$ 12,995,854	\$ 5,169,780	\$ 45,265,727

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, 2021

Total fund balances governmental funds: \$ 40,919,107

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 and accumulated depreciation.

Capital assets relating to governmental activities, at historical cost	118,984,825	
Accumulated depreciation	<u>(33,814,892)</u>	
Net		85,169,933

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 unmaturred interest owing at the end of the period was: (824,740)

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	51,209,990	
Net OPEB liability	6,715,444	
Net pension liability	49,680,972	
Compensated absences	<u>247,817</u>	
Total		(107,854,223)

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: 450,228

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, 2021

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	11,174,962	
Deferred inflows of resources relating to pensions	<u>(3,357,368)</u>	
Net		7,817,594

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	1,383,401	
Deferred inflows of resources relating to OPEB	<u>(137,828)</u>	
Net		1,245,573

Total net position governmental activities:	<u><u>\$ 26,923,472</u></u>
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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, 2021

	General Fund	Capital Facilities Fund	County School Facilities Fund	Nonmajor Governmental Funds	Total
Revenues					
State Apportionment	\$ 18,992,723	\$ -	\$ -	\$ -	\$ 18,992,723
Education Protection Account Funds	15,608,607	-	-	-	15,608,607
Property Taxes	7,231,714	-	-	2,545,489	9,777,203
Federal Revenue	4,944,803	-	-	1,393,786	6,338,589
Other State Revenue	5,752,268	-	13,133,727	219,774	19,105,769
Interest	106,907	71,896	51,251	38,410	268,464
Fair Market Value Adjustment	121,456	63,964	101,241	18,372	305,033
Other Local Revenue	1,870,704	1,075,593	-	412,439	3,358,736
Total Revenues	<u>\$ 54,629,182</u>	<u>\$ 1,211,453</u>	<u>\$ 13,286,219</u>	<u>\$ 4,628,270</u>	<u>\$ 73,755,124</u>
Expenditures					
Current Expenditures:					
Instruction	33,199,105	-	-	75,667	33,274,772
Instruction - Related Services	3,806,459	-	-	20,943	3,827,402
Pupil Services	4,860,442	-	-	1,393,938	6,254,380
Ancillary Services	330,224	-	-	144,387	474,611
General Administration	2,696,154	-	-	-	2,696,154
Plant Services	4,904,300	201,945	-	203,256	5,309,501
Other Outgo	475,649	-	-	-	475,649
Capital Outlay	824,132	-	340,273	704,121	1,868,526
Debt Service:					
Principal	-	-	-	1,060,000	1,060,000
Interest	-	-	-	2,003,455	2,003,455
Total Expenditures	<u>51,096,465</u>	<u>201,945</u>	<u>340,273</u>	<u>5,605,767</u>	<u>57,244,450</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>3,532,717</u>	<u>1,009,508</u>	<u>12,945,946</u>	<u>(977,497)</u>	<u>16,510,674</u>
Other Financing Sources (Uses):					
Transfers In	1,043,327	-	-	-	1,043,327
Transfers Out	(804,212)	(33,915)	-	(205,200)	(1,043,327)
Total Other Financing Sources (Uses)	<u>239,115</u>	<u>(33,915)</u>	<u>-</u>	<u>(205,200)</u>	<u>-</u>
Net Change in Fund Balance	3,771,832	975,593	12,945,946	(1,182,697)	16,510,674
Fund Balance, Beginning of Year	11,036,428	7,194,721	-	6,177,284	24,408,433
Fund Balance, End of Year	<u>\$ 14,808,260</u>	<u>\$ 8,170,314</u>	<u>\$ 12,945,946</u>	<u>\$ 4,994,587</u>	<u>\$ 40,919,107</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, 2021

Total change in fund balances, governmental funds: \$ 16,510,674

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

Expenditures for capital outlay	1,886,097	
Depreciation expense	<u>(1,872,955)</u>	
Net		13,142

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: 1,060,000

Gain or loss from disposal of capital assets: In governmental funds, the entire proceeds from disposal of capital assets are reported as revenue. In the statement of activities, only the resulting gain or loss is reported. The difference between the proceeds from disposal of capital assets and the resulting gain or loss is: (2,344)

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: (141,707)

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 15,266

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: (1,983,978)

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, 2021

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: (320,006)

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: 153,506

Change in net position of governmental activities: \$ 15,304,553

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, 2021

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, debt service funds, and student-related activities.

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, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenue, and other non-exchange transactions.

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

Imperial Unified School District

Notes to the Financial Statements, Continued

June 30, 2021

Fund Financial Statements. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category – governmental and fiduciary – 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.

Fiduciary funds are used to account for assets held by the District in a trustee or agency capacity for others that cannot be used to support the District's own programs.

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, 2021

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 Funds: 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 and Fiduciary Financial Statements. The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide and fiduciary fund financial statements are reported using 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.

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.

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 Depository 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.

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. 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.

e. 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.

f. 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.

Imperial Unified School District

Notes to the Financial Statements, Continued

June 30, 2021

g. 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 in 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.

h. 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.

i. 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.

j. 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.

k. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources relating to pension, deferred inflows of resources relating to pension, and 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, 2019
Measurement Date	June 30, 2020
Measurement Period	July 1, 2019 to June 30, 2020

1. 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	June 30, 2019
Measurement Date	June 30, 2020
Measurement Period	June 30, 2019 to June 30, 2020

9. 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.

10. 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.

11. 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.

12. 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, 2021. Those newly implemented pronouncements are as follows:

Description	Date Issued
GASB Statement 84, Fiduciary Activities	01/2017
GASB Statement 90, Majority Equity Interest – an amendment of GASB Statements 14 and 61	08/2018
GASB Statement 93, Replacement of Interbank Offered Rates	03/2020
GASB Implementation Guide No. 2019-1, Implementation Guidance Update – 2019	04/2019
GASB Implementation Guide No. 2019-2, Fiduciary Activities	06/2019

The implementation of new accounting guidelines resulted in the following changes during the fiscal year ended June 30, 2021:

- Associated Student Body Funds were previously accounted for as fiduciary funds. It was determined by the District, as a result of applying definitions in GASB Statement No. 84, that the funds are governmental rather than fiduciary. The District established a special revenue fund to account for these activities.

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, 2021

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, 2021, 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	\$ 41,183,336	\$ -	\$ 41,183,336	\$ -
Total investments by fair value level	\$ 41,183,336	\$ -	\$ 41,183,336	\$ -

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, 2021

D. Cash and Investments

As of June 30, 2021, 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	\$ 15,436,266	\$ 8,129,385	\$ 12,867,081	\$ 4,445,571	\$ 40,878,303
Fair Market Value Adjustment	121,456	63,964	101,241	18,372	305,033
Cash In Banks and Revolving Fund	2,581	-	-	241,633	244,214
Total Cash and Cash Equivalents	<u>\$ 15,560,303</u>	<u>\$ 8,193,349</u>	<u>\$ 12,968,322</u>	<u>\$ 4,705,576</u>	<u>\$ 41,427,550</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 (\$40,878,303 as of June 30, 2021). The fair value of the District's portion of this pool as of that date, as provided by the pool sponsor, was \$41,183,336. 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 (\$241,714 as of June 30, 2021) and in revolving fund (\$2,500 as of June 30, 2021) 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

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, 2021, 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	\$ 41,183,336

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, 2021, the District did not have any balances in excess of FDIC limitations and was therefore not exposed to custodial credit risk..

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 \$41,183,336. The average weighted maturity for this pool was 462 days at June 30, 2021.

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, 2021

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, 2021, consisted of:

	Major Governmental Funds			Nonmajor	
	General	Capital Facilities	County School	Governmental	Total
	Fund	Fund	Facilities	Funds	
			Fund		
Federal Government:					
Education Stabilization	\$ 471,640	\$ -	\$ -	\$ -	\$ 471,640
Special Education	688,054	-	-	-	688,054
Vocational Education	14,329	-	-	-	14,329
Child Nutrition Program	-	-	-	178,367	178,367
Other Federal Programs	22,610	-	-	5,534	28,144
State Government:					
LCFF State Aid	1,611,685	-	-	-	1,611,685
Lottery	74,713	-	-	-	74,713
Special Education	234,541	-	-	-	234,541
Other State Programs	-	-	-	15,122	15,122
Local Sources					
Interest	22,293	16,960	27,532	9,645	76,430
Other Local Sources	5,701	-	-	154	5,855
Total Accounts Receivable	<u>\$ 3,145,566</u>	<u>\$ 16,960</u>	<u>\$ 27,532</u>	<u>\$ 208,822</u>	<u>\$ 3,398,880</u>

Imperial Unified School District
Notes to the Financial Statements, Continued
June 30, 2021

F. Capital Assets

Capital asset activity for the year ended June 30, 2021, 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	\$ 4,328,470	\$ -	\$ 2,344	\$ 4,326,126
Work in progress	712,170	664,794	-	1,376,964
Total capital assets not being depreciated	<u>5,040,640</u>	<u>664,794</u>	<u>2,344</u>	<u>5,703,090</u>
Capital assets being depreciated:				
Land improvements	3,834,655	113,727	-	3,948,382
Buildings and improvements	100,106,638	133,864	-	100,240,502
Equipment	8,119,139	973,712	-	9,092,851
Total capital assets being depreciated	<u>112,060,432</u>	<u>1,221,303</u>	<u>-</u>	<u>113,281,735</u>
Less accumulated depreciation for:				
Land improvements	(2,553,897)	(101,222)	-	(2,655,119)
Buildings and improvements	(23,354,345)	(1,396,118)	-	(24,750,463)
Equipment	(6,033,695)	(375,615)	-	(6,409,310)
Total accumulated depreciation	<u>(31,941,937)</u>	<u>(1,872,955)</u>	<u>-</u>	<u>(33,814,892)</u>
Total capital assets being depreciated, net	<u>80,118,495</u>	<u>(651,652)</u>	<u>-</u>	<u>79,466,843</u>
Governmental activities capital assets, net	<u>\$ 85,159,135</u>	<u>\$ 13,142</u>	<u>\$ 2,344</u>	<u>\$ 85,169,933</u>

Depreciation was charged to functions as follows:

Unallocated	<u>\$ 1,872,955</u>
Total	<u><u>\$ 1,872,955</u></u>

Imperial Unified School District
Notes to the Financial Statements, Continued
June 30, 2021

G. Interfund Balances & Activities

1. Due To and From Other Funds

Balances due to and due from other funds at June 30, 2021 consisted of the following:

<u>Interfund Receivable (Due From Other Funds)</u>	<u>Interfund Payable (Due To Other Funds)</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Nonmajor Governmental Funds	\$ 150,000	Payback temporary loan
General Fund	Capital Facilities Fund	33,915	Administrative fees charged
Nonmajor Governmental Funds	General Fund	150,000	Temporary loan transfer
		<u>\$ 333,915</u>	

2. Transfers To and From Other Funds

Transfers to and from other funds at June 30, 2021, consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	General Fund	\$ 804,212	Permanent transfer contribution
General Fund	Nonmajor Governmental Funds	205,200	Reimburse capitalized expenses
General Fund	Capital Facilities Fund	33,915	Administrative fees
		<u>\$ 1,043,327</u>	

Imperial Unified School District
Notes to the Financial Statements, Continued
June 30, 2021

H. Accounts Payable

Accounts payable balances as of June 30, 2021, consisted of:

	Major Governmental Funds			Nonmajor	Total
	General Fund	Capital Facilities Fund	County School Facilities Fund	Governmental Funds	Governmental Funds
Vendors Payable	\$ 442,526	\$ 6,080	\$ 49,908	\$ 21,672	\$ 520,186
Payroll and Benefits	599,351	-	-	2,335	601,686
LCFF State Aid Repayment	180,378	-	-	-	180,378
Health and Welfare Benefits	925,841	-	-	-	925,841
Tuition Fee Reimbursement	160,933	-	-	-	160,933
OPEB Retiree Benefits	534,913	-	-	739	535,652
Total Accounts Payable	<u>\$ 2,843,942</u>	<u>\$ 6,080</u>	<u>\$ 49,908</u>	<u>\$ 24,746</u>	<u>\$ 2,924,676</u>

I. Unearned Revenue

Unearned revenue balances as of June 30, 2021, consisted of:

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Federal Programs			
Education Stabilization	\$ 33,153	\$ -	\$ 33,153
Title II Supporting Instruction	123	-	123
Title III LEP	4,939	-	4,939
Child Nutrition Equipment	-	447	447
State Programs			
CTE Incentive	53,798	-	53,798
In Person Instruction	675,090	-	675,090
Agriculture Career Tech	3,351	-	3,351
K-12 Strong Workforce Grant	317,128	-	317,128
Total Unearned Revenue	<u>\$ 1,087,582</u>	<u>\$ 447</u>	<u>\$ 1,088,029</u>

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, 2021, the District did not enter into any short-term debt agreements.

Imperial Unified School District
Notes to the Financial Statements, Continued
June 30, 2021

K. Fund Balance Classifications of the Governmental Funds

Ending fund balance classifications of the governmental funds for the year ended June 30, 2021 consisted of:

	Major Governmental Funds			Nonmajor	Total
	General	Capital	County School	Governmental	Governmental
	Fund	Facilities	Facilities	Funds	Funds
	Fund	Fund	Fund		
Nonspendable Fund Balance					
Revolving Cash	\$ 2,500	\$ -	\$ -	\$ -	\$ 2,500
Stores Inventory	-	-	-	105,382	105,382
Total Nonspendable Fund Balance	<u>2,500</u>	<u>-</u>	<u>-</u>	<u>105,382</u>	<u>107,882</u>
Restricted Fund Balance					
Child Nutrition Program	-	-	-	340,351	340,351
Adult Education	-	-	-	34,901	34,901
Lottery: Instructional Materials	162,929	-	-	-	162,929
Other Educational Programs	716	-	-	-	716
Expanded Learning Opportunities	1,419,618	-	-	-	1,419,618
California Clean Energy	5,620	-	-	-	5,620
Student Activity Funds	-	-	-	241,353	241,353
Debt Service	-	-	-	2,114,819	2,114,819
State School Facilities Projects	-	-	12,945,946	-	12,945,946
Capital Facilities Projects	-	8,170,314	-	1,023,740	9,194,054
Total Restricted Fund Balance	<u>1,588,883</u>	<u>8,170,314</u>	<u>12,945,946</u>	<u>3,755,164</u>	<u>26,460,307</u>
Assigned Fund Balance					
Special Reserve OPEB	2,759	-	-	-	2,759
Capital Projects	-	-	-	1,134,041	1,134,041
Total Assigned Fund Balance	<u>2,759</u>	<u>-</u>	<u>-</u>	<u>1,134,041</u>	<u>1,136,800</u>
Unassigned Fund Balance					
For Economic Uncertainties	1,532,894	-	-	-	1,532,894
Unassigned	11,681,224	-	-	-	11,681,224
Total Unassigned Fund Balance	<u>13,214,118</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,214,118</u>
Total Fund Balance	<u>\$ 14,808,260</u>	<u>\$ 8,170,314</u>	<u>\$ 12,945,946</u>	<u>\$ 4,994,587</u>	<u>\$ 40,919,107</u>

Imperial Unified School District
Notes to the Financial Statements, Continued
June 30, 2021

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, 2021, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
<u>Governmental Activities:</u>					
General Obligation Bonds	\$ 48,171,436	\$ -	\$ 1,060,000	\$ 47,111,436	\$ 785,000
Bond Premiums	3,849,765	-	184,203	3,665,562	184,203
Accreted Interest	277,162	155,830	-	432,992	-
Total GO Bonds	<u>52,298,363</u>	<u>155,830</u>	<u>1,244,203</u>	<u>51,209,990</u>	<u>969,203</u>
Net OPEB Liability	6,191,817	523,627	-	6,715,444	-
Net Pension Liability	49,514,737	166,235	-	49,680,972	-
Compensated Absences*	263,083	-	15,266	247,817	247,817
Total Governmental Activities	<u>\$ 108,268,000</u>	<u>\$ 845,692</u>	<u>\$ 1,259,469</u>	<u>\$ 107,854,223</u>	<u>\$ 1,217,020</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 pension contributions are made from the general fund.
- Payments for OPEB contributions are made from the general 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, \$2,693,564 remains unissued.

Imperial Unified School District
Notes to the Financial Statements, Continued
June 30, 2021

General obligation bonds at June 30, 2021 consisted of the following:

	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount of Original Issue</u>
2016 Election Series A	02/02/17	3.75-5.25%	08/01/47	\$ 26,000,000
2016 Election Series B	02/08/18	2.00-5.00%	08/01/47	7,999,840
2016 Election Series C	01/24/19	2.30-4.38%	08/01/43	3,306,596
2016 Refunding Bonds	02/24/16	2.00-5.00%	08/01/35	13,530,000
Total GO Bonds				<u>\$ 50,836,436</u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
2016 Election Series A					
Principal	\$ 26,000,000	\$ -	\$ -	\$ 26,000,000	\$ -
Premium	1,208,176	-	43,801	1,164,375	43,801
2016 Election Series B					
Principal	7,934,840	-	210,000	7,724,840	-
Accreted Interest	150,299	66,082	-	216,381	-
Premium	918,362	-	33,194	885,168	33,194
2016 Election Series C					
Principal	3,306,596	-	30,000	3,276,596	80,000
Accreted Interest	126,863	89,748	-	216,611	-
Premium	129,969	-	5,511	124,458	5,511
2016 Refunding Bonds					
Principal	10,930,000	-	820,000	10,110,000	705,000
Premium	1,593,258	-	101,697	1,491,561	101,697
Total	<u>\$ 52,298,363</u>	<u>\$ 155,830</u>	<u>\$ 1,244,203</u>	<u>\$ 51,209,990</u>	<u>\$ 969,203</u>

The annual requirements to amortize the bonds outstanding at June 30, 2021 are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Accreted Interest</u>	<u>Total</u>
2022	\$ 785,000	\$ 1,965,175	\$ -	\$ 2,750,175
2023	605,000	1,935,775	-	2,540,775
2024	708,666	1,910,675	6,334	2,625,675
2025	820,691	1,883,875	4,309	2,708,875
2026	931,008	1,847,950	8,992	2,787,950
2027-2031	6,785,230	8,404,875	129,770	15,319,875
2032-2036	7,593,917	6,837,237	406,083	14,837,237
2037-2041	7,606,199	5,532,762	2,198,801	15,337,762
2042-2046	14,035,725	3,420,807	1,514,275	18,970,807
2047-2051	7,240,000	363,950	-	7,603,950
Total	<u>\$ 47,111,436</u>	<u>\$ 34,103,081</u>	<u>\$ 4,268,564</u>	<u>\$ 85,483,081</u>

Imperial Unified School District
Notes to the Financial Statements, Continued
June 30, 2021

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, 2021.

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

Imperial Unified School District
Notes to the Financial Statements, Continued
June 30, 2021

3. Compensated Absences

Total unpaid employee compensated absences as of June 30, 2021, amounted to \$247,817. This amount is included as part of long-term liabilities in the government-wide financial statements.

4. Net Pension Liability

The District's beginning net pension liability was \$49,514,737 and increased by \$166,235 during the year ended June 30, 2021 for an ending net pension liability of \$49,680,972. See Note M for additional information regarding the net pension liability.

5. Total OPEB Liability

The District's beginning total OPEB liability was \$6,191,817 and increased during the year ended June 30, 2021 by \$523,627. The ending total OPEB liability at June 30, 2021 was \$6,715,444. 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, 2021 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 (2020-21)	10.250%	10.205%
Required Employer Contribution Rates (2020-21)	16.150%	16.150%
Required State Contribution Rates (2020-21)	10.328%	10.328%

*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, 2021

	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 (2020-21)	7.000%	7.000%
Required State Contribution Rates (2020-21)	20.700%	20.700%

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

c. Contributions

CalSTRS

For the fiscal year ended June 30, 2021, 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 16.15% of creditable compensation for the fiscal year ended June 30, 2021. Rates are defined in Education Code §22950.5 through the fiscal year ending June 30, 2021. Beginning in the fiscal year ending on June 30, 2022, and for each fiscal year thereafter, 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. For 2020-21, the employer rate reflects a 2.95% reduction from the rate that was originally required in the funding plan.

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, 2021, the employee contribution rate was 7.00% and the employer contribution rate was 20.700% of covered payroll. For 2020-21, the employer rate reflects a 1.98% reduction from the rate originally adopted by the board on April 21, 2020, due to an amendment of Government Code §20825.2.

Imperial Unified School District
Notes to the Financial Statements, Continued
June 30, 2021

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, 2021 the State contributed 10.328% 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:

CalSTRS			
Year Ended June 30,	On Behalf Contribution Rate	On Behalf Contribution Amount	On Behalf Pension Expense
2019	9.828%	\$ 3,119,403	\$ (605,373)
2020	10.328%	2,215,223	700,256
2021	10.328%	2,437,312	1,587,370

CalPERS			
Year Ended June 30,	On Behalf Contribution Rate	On Behalf Contribution Amount	On Behalf Pension Expense
2019	N/A	\$ 450,307	N/A

The contributions made by the State during the fiscal year ended June 30, 2019, included amounts resulting from Senate Bill (SB) 90 settlement in which the State contributed an additional \$2.2 Billion to CalSTRS and \$904 Million to CalPERS during the 2018-19 fiscal year in order to reduce employer contribution rates in 2019-20 and 2020-21. In addition, the State contributed an additional \$1.1 Billion to CalSTRS during the 2019-20 fiscal year and \$297 Million to CalSTRS during the 2020-21 fiscal year as a continuing settlement associated with SB90.

Imperial Unified School District
Notes to the Financial Statements, Continued
June 30, 2021

d. Contributions Recognized

For the fiscal year ended June 30, 2021 (measurement period June 30, 2020), the contributions recognized for each plan were:

Governmental Fund Financial Statements (Current Financial Resources Measurement Focus)			
	CalSTRS	CalPERS	Total
Contributions - Employer	\$ 3,617,382	\$ 1,629,230	\$ 5,246,612
Contributions - State On Behalf Payments	2,437,312	-	2,437,312
Total Governmental Funds	<u>\$ 6,054,694</u>	<u>\$ 1,629,230</u>	<u>\$ 7,683,924</u>
Government-Wide Financial Statements (Economic Resources Measurement Focus)			
	CalSTRS	CalPERS	Total
Contributions - Employer	\$ 3,667,729	\$ 1,474,293	\$ 5,142,022
Contributions - State On Behalf Payments	-	-	-
Total Government-Wide	<u>\$ 3,667,729</u>	<u>\$ 1,474,293</u>	<u>\$ 5,142,022</u>

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

As of June 30, 2020 (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	\$ 33,942,395	\$ 15,738,577	\$ 49,680,972

Imperial Unified School District

Notes to the Financial Statements, Continued

June 30, 2021

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, 2020. The total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019 rolled forward to measurement date June 30, 2020 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, 2020 and June 30, 2021 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, 2020	0.0384%	0.0217%	0.0601%	0.0508%
Proportion June 30, 2021	0.0350%	0.0249%	0.0599%	0.0513%
Change in Proportion	-0.0034%	0.0032%	-0.0002%	0.0005%

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

a. Pension Expense

	Governmental Activities		
	CalSTRS	CalPERS	Total
Change in Net Pension Liability (Asset)	\$ (761,233)	\$ 927,468	\$ 166,235
State On Behalf Pension Expense	1,587,370	-	1,587,370
Employer Contributions to Pension Expense	3,617,382	1,629,230	5,246,612
Change in Contributions Subsequent to Measurement Date	50,347	(154,937)	(104,590)
Change in Other Deferred Outflows/Inflows of Resources	955,524	966,809	1,922,333
Total Pension Expense - Governmental	\$ 5,449,390	\$ 3,368,570	\$ 8,817,960

Imperial Unified School District
Notes to the Financial Statements, Continued
June 30, 2021

b. Deferred Outflows and Inflows of Resources

At June 30, 2021, 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>			
Pension contributions subsequent to measurement date	\$ 3,617,382	\$ 1,629,230	\$ 5,246,612
Differences between actual and expected experience	51,562	834,634	886,196
Changes in assumptions	2,461,448	66,532	2,527,980
Changes in employer's proportionate share	1,052,778	357,522	1,410,300
Net difference between projected and actual earnings	765,184	338,690	1,103,874
Total Deferred Outflows of Resources	<u>\$ 7,948,354</u>	<u>\$ 3,226,608</u>	<u>\$ 11,174,962</u>
	Deferred Inflows of Resources		
	CalSTRS	CalPERS	Total
<u>Governmental Activities</u>			
Differences between actual and expected experience	\$ 815,445	\$ -	\$ 815,445
Changes in employer's proportionate share	2,463,448	78,475	2,541,923
Total Deferred Inflows of Resources	<u>\$ 3,278,893</u>	<u>\$ 78,475</u>	<u>\$ 3,357,368</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, 2022. 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	
2022	\$ 4,344,821	\$ 2,205,703	\$ (776,196)	\$ (43,383)	\$ 5,730,945
2023	1,512,937	462,193	(768,380)	(35,092)	1,171,658
2024	1,460,709	374,636	(768,283)	-	1,067,062
2025	526,915	184,076	(768,281)	-	(57,290)
2026	51,487	-	(149,571)	-	(98,084)
Thereafter	51,485	-	(48,182)	-	3,303
Total	<u>\$ 7,948,354</u>	<u>\$ 3,226,608</u>	<u>\$ (3,278,893)</u>	<u>\$ (78,475)</u>	<u>\$ 7,817,594</u>

Imperial Unified School District
Notes to the Financial Statements, Continued
June 30, 2021

c. Actuarial Assumptions

Total pension liabilities for the fiscal year ended June 30, 2021, were based on actuarial valuations determined using the following actuarial assumptions:

	CalSTRS	CalPERS
Fiscal Year	June 30, 2021	June 30, 2021
Measurement Date	June 30, 2020	June 30, 2020
Valuation Date	June 30, 2019	June 30, 2019
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Experience Study Period	2015 - 2018	1997 - 2015
Actuarial Assumptions:		
Discount Rate	7.10%	7.15%
Inflation	2.75%	2.50%
Wage Growth	3.50%	(3)
Investment Rate of Return	7.10%	7.15%
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 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

a. Discount Rate

The discount rate used to measure the total pension liability was 7.10% for CalSTRS and 7.15% 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.

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 2018 with new policies in effect on July 1, 2018. 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, 2021

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		
Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return*
Public Equity	42.00%	4.80%
Real Estate	15.00%	3.60%
Private Equity	13.00%	6.30%
Fixed Income	12.00%	1.30%
Risk Mitigating Strategies	10.00%	1.80%
Inflation Sensitive	6.00%	3.30%
Cash/Liquidity	2.00%	-0.40%
*20 year average		

CalPERS			
Asset Class⁽¹⁾	Assumed Asset Allocation	Real Return Years 1 - 10⁽²⁾	Real Return Years 11+⁽³⁾
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%

(1) In the basic financial statements, fixed income is included in global debt securities; liquidity is included in short term investments; inflation assets are included in both global equity securities and global debt securities.

(2) An expected inflation of 2.00% is used for this period.

(3) An expected inflation of 2.92% is used for this period

b. 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%	6.15%
Net Pension Liability	\$ 51,282,230	\$ 22,627,074
Current Discount Rate	7.10%	7.15%
Net Pension Liability	\$ 33,942,395	\$ 15,738,577
1% Increase	8.10%	8.15%
Net Pension Liability	\$ 19,625,919	\$ 10,021,470

Imperial Unified School District
Notes to the Financial Statements, Continued
June 30, 2021

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

CalSTRS

	Increase (Decrease)				
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability	State's Share of Net Pension Liability	District's Share of Net Pension Liability
	(a)	(b)	(a) - (b)	(c)	(a) - (b) - (c)
Balance at June 30, 2020					
(Previously Reported)	<u>\$ 198,047,536</u>	<u>\$ 143,708,866</u>	<u>\$ 54,338,670</u>	<u>\$ 19,635,042</u>	<u>\$ 34,703,628</u>
Changes for the year					
CalSTRS auditor adjustment	(1,198)	-	(1,198)	(498)	(700)
Change in proportionate share	(793,950)	(576,112)	(217,838)	2,852,057	(3,069,895)
Service cost	4,398,334	-	4,398,334	1,827,499	2,570,835
Interest	13,982,388	-	13,982,388	5,809,655	8,172,733
Difference between expected and actual experience	(577,057)	-	(577,057)	(239,766)	(337,291)
Change in assumptions	616,606	-	616,606	256,198	360,408
Change in benefits	-	-	-	-	-
Contributions:					
Employer	-	3,643,343	(3,643,343)	(1,513,802)	(2,129,541)
Employee	-	2,238,142	(2,238,142)	(929,944)	(1,308,198)
State on oehalf	-	2,664,669	(2,664,669)	(1,107,165)	(1,557,504)
Net investment income	-	6,054,048	(6,054,048)	(2,515,445)	(3,538,603)
Other income	-	60,776	(60,776)	(25,252)	(35,524)
Benefit payments ⁽¹⁾	(9,602,437)	(9,602,437)	-	-	-
Administrative expenses	-	(131,152)	131,152	54,493	76,659
Borrowing costs	-	(56,740)	56,740	23,575	33,165
Other expenses	-	(3,804)	3,804	1,581	2,223
Net changes	<u>8,022,686</u>	<u>4,290,733</u>	<u>3,731,953</u>	<u>4,493,186</u>	<u>(761,233)</u>
Balance at June 30, 2021	<u><u>\$ 206,070,222</u></u>	<u><u>\$ 147,999,599</u></u>	<u><u>\$ 58,070,623</u></u>	<u><u>\$ 24,128,228</u></u>	<u><u>\$ 33,942,395</u></u>

(1) – Includes refunds of employee contributions

Imperial Unified School District
Notes to the Financial Statements, Continued
June 30, 2021

CalPERS

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at June 30, 2020 (Previously Reported)	<u>\$ 49,448,364</u>	<u>\$ 34,637,255</u>	<u>\$ 14,811,109</u>
Changes for the year			
Change in proportionate share	461,207	323,063	138,144
Service cost	1,181,238	-	1,181,238
Interest	3,541,696	-	3,541,696
Difference between expected and actual experience	232,085	-	232,085
Change in assumptions	-	-	-
Change in benefits	-	-	-
Contributions:			
Employer	-	1,470,160	(1,470,160)
Employee	-	537,552	(537,552)
Nonemployer	-	463,698	(463,698)
Net plan to plan resource movement	-	84	(84)
Net investment income	-	1,743,245	(1,743,245)
Benefit payments ⁽¹⁾	(2,396,126)	(2,396,126)	-
Administrative expenses	-	(49,044)	49,044
Other expenses	-	-	-
Net changes	<u>3,020,100</u>	<u>2,092,632</u>	<u>927,468</u>
Balance at June 30, 2021	<u><u>\$ 52,468,464</u></u>	<u><u>\$ 36,729,887</u></u>	<u><u>\$ 15,738,577</u></u>

(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.

N. Postemployment Benefits Other Than Pension Benefits

1. Plan Description

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. No assets are accumulated in a trust that meets the criteria in Paragraph 4 of GASB Statement No. 75.

2. Plan Eligibility

The District provides medical, prescription drug, dental, vision, and life insurance benefits up to a District cap of \$8,317 effective October 2017 to certificated, classified, administrative, and management employees who have attained age 55 and completed at least 15 years of service, and have retired under CalPERS or CalSTRS. 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 pa day times months per year divided by 96. District paid benefits end at age 65.

3. Contributions

The District contributes 100% up to a cap of \$8,317. Retirees are not required to make any contributions, unless the cost of coverage exceeds the cap. For the year ended June 30, 2021, retirees did not make any contributions to the healthcare plan.

4. Plan Membership

Membership of the plan consisted of the following as of June 30, 2021:

Inactive plan members or beneficiaries currently receiving benefits	8
Inactive plan members entitled to but not yet receiving benefits	0
Active plan members	364
	<u>372</u>

5. Total OPEB Liability

The Imperial Unified School District's total OPEB liability of \$6,715,444 was measured as of June 30, 2020 and was determined by an actuarial valuation as that date.

6. 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	3.00% per annum
Salary increases	3.00% per annum, in aggregate
Discount rate	2.45%
Healthcare cost trend rates	5.90% decreasing to 5.00%
Retiree's share of costs	0.00%

The discount rate is the average, rounded to 5 basis points, of the range of 3-20 year municipal bond rate indices: S&P Municipal Bond 20 Year High Grade Index, Bond Buyer 20-Bond GO Index, and Fidelity GO 20 Year Bond Index.

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 June 30, 2019 valuation were based on the results of CalPERS actuarial experience study for the period July 1, 1009 through June 30, 2011 and the CalSTRS experience study for the period July 1, 2010 through June 30, 2015.

7. Changes in Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at June 30, 2020	<u>\$ 6,191,817</u>
Changes for the year:	
Service cost	325,938
Interest	198,305
Changes of assumptions	366,494
Difference between expected and actual experience	-
Benefit payments	<u>(367,110)</u>
Net change	<u>523,627</u>
Balance at June 30, 2021	<u><u>\$ 6,715,444</u></u>

8. 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 (1.45%)	Valuation Discount Rate (2.45%)	1% Increase (3.45%)
Total OPEB Liability	\$ 7,286,202	\$ 6,715,444	\$ 6,182,739

9. 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 4.90%	Healthcare Cost Trends Rate 5.90%	1% Increase 6.90%
	Decreasing to 4.00%	Decreasing to 5.00%	Decreasing to 6.00%
Total OPEB Liability	\$ 5,932,898	\$ 6,715,444	\$ 7,626,699

10. OPEB Expense

For the fiscal year ended June 30, 2021, the District recognized OPEB expense of \$674,829.

Imperial Unified School District
Notes to the Financial Statements, Continued
June 30, 2021

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

At June 30, 2021 the District reported deferred outflows and deferred inflows of resources related to OPEB for the following:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ 598,762	\$ 137,828
Difference between expected and actual experience	577,231	-
Contributions made subsequent to measurement date	<u>207,408</u>	<u>-</u>
Total	<u>\$ 1,383,401</u>	<u>\$ 137,828</u>

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

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Net Effect on OPEB Expense</u>
2022	\$ 383,517	\$ (25,523)	\$ 357,994
2023	176,109	(25,523)	150,586
2024	176,109	(25,523)	150,586
2025	176,109	(25,523)	150,586
2026	176,109	(25,523)	150,586
Thereafter	<u>295,448</u>	<u>(10,213)</u>	<u>285,235</u>
Total	<u>\$ 1,383,401</u>	<u>\$ (137,828)</u>	<u>\$ 1,245,573</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, 2021.

3. Construction Commitments

As of June 30, 2021, the District the following commitments with respect to unfinished capital projects:

	<u>Commitment</u>	<u>Expected Date of Completion*</u>
Construction in Process:		
Imperial High Multi-Purpose Room/CTE Culinary Arts	\$ 7,540,000	June 2022
Imperial High Old Gym Modernization and Expansion	5,200,000	June 2022
District Office M&O and Transportation	6,100,000	June 2024

*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.

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, 2021

A summary of the deferred outflows of resources as of June 30, 2021, is as follows:

Description	Beginning Balance	Increases	Decreases	Ending Balance
Loss 2016 Refunding Bonds	\$ 480,925	\$ -	\$ 30,697	\$ 450,228
Pension Related				
CalSTRS	6,323,235	6,354,936	4,729,817	7,948,354
CalPERS	4,081,864	2,753,402	3,608,658	3,226,608
OPEB Related	1,205,303	573,902	395,804	1,383,401
Total Deferred Outflows of Resources	<u>\$ 12,091,327</u>	<u>\$ 9,682,240</u>	<u>\$ 8,764,976</u>	<u>\$ 13,008,591</u>

Future amortization of deferred outflows of resources is as follows:

Year Ending June 30,	Refunding Loss	Pension Related	OPEB Related	Total
2022	\$ 30,697	\$ 6,550,524	\$ 383,517	\$ 6,964,738
2023	30,697	1,975,130	176,109	2,181,936
2024	30,697	1,835,345	176,109	2,042,151
2025	30,697	710,991	176,109	917,797
2026	30,697	51,487	176,109	258,293
Thereafter	296,743	51,485	295,448	643,676
Total	<u>\$ 450,228</u>	<u>\$ 11,174,962</u>	<u>\$ 1,383,401</u>	<u>\$ 13,008,591</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, 2021, is as follows:

Description	Beginning Balance	Increases	Decreases	Ending Balance
Pension Related				
CalSTRS	\$ 647,903	\$ 3,407,186	\$ 776,196	\$ 3,278,893
CalPERS	121,859	-	43,384	78,475
OPEB Related	163,351	-	25,523	137,828
Total Deferred Inflows of Resources	<u>\$ 933,113</u>	<u>\$ 3,407,186</u>	<u>\$ 845,103</u>	<u>\$ 3,495,196</u>

Imperial Unified School District
Notes to the Financial Statements, Continued
June 30, 2021

Future amortization of deferred inflows is as follows:

Year Ending June 30,	Pension Related	OPEB Related	Total
2022	\$ 819,579	\$ 25,523	\$ 845,102
2023	803,472	25,523	828,995
2024	768,283	25,523	793,806
2025	768,281	25,523	793,804
2026	149,571	25,523	175,094
Thereafter	48,182	10,213	58,395
Total	<u>\$ 3,357,368</u>	<u>\$ 137,828</u>	<u>\$ 3,495,196</u>

T. Adjustment to Beginning Net Position

As a result of the implementation of GASB Statement No. 84, the District adjusted beginning fund balance/net position as follows:

	Government-Wide Financial Statements	Associated Student Body Fund
Beginning Net Position/Fund Balance as Reported in June 30, 2020 Audit Report	\$ 11,309,389	\$ -
Adjustments to Beginning Balance		
Inclusion of Associated Student Body Funds as governmental under GASB 84	309,530	309,530
Beginning Net Position/Fund Balance as Restated	<u>\$ 11,618,919</u>	<u>\$ 309,530</u>

U. 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 87, Leases	06/2017	2021-22
GASB Statement 89, Accounting for Interest Cost Incurred before the End of a Construction Period	06/2018	2021-22
GASB Statement 91, Conduit Debt Obligations	05/2019	2022-23
GASB Statement 92, Omnibus 2020	01/2020	2021-22
GASB Statement 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements	03/2020	2022-23
GASB Statement 96, Subscription-Based Information Technology Arrangements	05/2020	2022-23
GASB Statement 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements 14, 84 and supersession of GASB Statement 32	06/2020	2021-22
GASB Statement 98, The Annual Comprehensive Financial Report	10/2021	2021-22
GASB Implementation Guide No. 2019-3, Leases	08/2019	2021-22
GASB Implementation Guide No. 2020-1, Implementation Guidance Update – 2020	04/2020	2021-22
GASB Implementation Guide No. 2021-1, Implementation Guidance Update – 2021	05/2021	2021-22 Thru 2023-24

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

V. COVID-19 Considerations

In March 2020 the World Health Organization declared the outbreak of the novel coronavirus COVID-19 a global pandemic. The nature of the pandemic resulted in a mandatory school property closure affecting the Imperial Unified School District from March 16, 2020, and continuing into the Fall of the 2020-21 school year. California Governor Gavin Newsom issued a state-wide executive order mandating that schools remain closed until the county in which the school is located is off the COVID-19 watch list for fourteen consecutive days. The 2020-21 fiscal year opened in a fully distance learning model, until such time as campuses were re-opened.

In addition to school closures, new regulations and safety measures were required to be put in place by all schools in California as part of a re-opening plan. The Imperial Unified School District established and followed a re-opening plan that they believe is providing a safe environment for the students and teachers.

The federal and state government have established temporary funding to assist in the additional costs that resulted from the COVID-19 pandemic. All California school districts are eligible for these funds. Some funding provided as a result of COVID-19 is intended to be spent over multiple years. The District has taken all of the requirements of each funding source into consideration in preparation of budgets for upcoming years.

Required Supplementary Information

Imperial Unified School District

Budgetary Comparison Schedule – General Fund

For the Year Ended June 30, 2021

	Budgeted Amounts			Variance to Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
LCFF Sources				
State Apportionment	\$ 31,902,856	\$ 31,713,581	\$ 18,992,723	\$ (12,720,858)
Education Protection Account	3,674,675	3,652,873	15,608,607	11,955,734
Property Taxes	6,180,134	6,143,469	7,231,714	1,088,245
Federal Revenue	1,796,940	5,654,127	4,944,803	(709,324)
Other State Revenue	4,016,063	5,808,189	5,752,268	(55,921)
Interest Income	116,000	126,000	104,170	(21,830)
Fair Market Value Adjustment	-	-	121,434	121,434
Other Local Revenue	1,674,600	2,116,262	1,870,704	(245,558)
Total Revenues	<u>49,361,268</u>	<u>55,214,501</u>	<u>54,626,423</u>	<u>(588,078)</u>
Expenditures				
Current Expenditures:				
Certificated Salaries	22,350,056	23,928,158	23,321,894	606,264
Classified Salaries	7,762,781	7,985,222	7,676,309	308,913
Employee Benefits	12,856,938	13,569,992	13,205,785	364,207
Books and Supplies	2,114,038	3,808,394	2,761,745	1,046,649
Services and Other Operating	3,103,942	4,100,578	2,830,951	1,269,627
Other Outgo	474,211	471,953	475,649	(3,696)
Capital Outlay	290,251	957,993	824,132	133,861
Total Expenditures	<u>48,952,217</u>	<u>54,822,290</u>	<u>51,096,465</u>	<u>3,725,825</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>409,051</u>	<u>392,211</u>	<u>3,529,958</u>	<u>3,137,747</u>
Other Financing Sources (Uses)				
Transfers In	<u>184,200</u>	<u>1,045,145</u>	<u>1,043,327</u>	<u>(1,818)</u>
Net Change in Fund Balance	593,251	1,437,356	4,573,285	3,135,929
Fund Balance - Beginning of Year	<u>10,232,216</u>	<u>10,232,216</u>	<u>10,232,216</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 11,418,718</u>	<u>\$ 11,669,572</u>	<u>\$ 14,805,501</u>	<u>\$ 3,135,929</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									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
District's proportion of the net pension liability (asset)	0.0350%	0.0384%	0.0378%	0.0359%	0.0359%	0.0336%	0.0324%	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset)	\$ 33,942,395	\$ 34,703,628	\$ 34,716,949	\$ 33,197,634	\$ 29,071,586	\$ 22,591,598	\$ 18,954,224	N/A	N/A	N/A
State's proportionate share of the net pension liability (asset) associated with the District	24,128,230	19,635,042	19,386,634	20,074,687	17,241,446	13,842,470	10,440,908	N/A	N/A	N/A
Total	<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>	<u>N/A</u>	<u>N/A</u>
District's covered payroll**	21,561,713	20,060,617	18,979,706	18,979,706	17,858,042	15,507,108	14,372,362	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	157.42%	172.99%	182.92%	174.91%	162.79%	145.69%	131.88%	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	71.82%	72.56%	70.99%	69.46%	70.04%	74.02%	76.52%	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.

**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									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 3,617,382	\$ 3,667,729	\$ 3,362,294	\$ 2,894,747	\$ 2,387,747	\$ 1,916,168	\$ 1,377,031	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	(3,617,382)	(3,667,729)	(3,362,294)	(2,894,747)	(2,387,747)	(1,916,168)	(1,377,031)	N/A	N/A	N/A
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A	N/A	N/A
District's covered payroll**	\$ 22,398,650	\$ 21,448,708	\$ 20,652,912	\$ 20,060,617	\$ 18,979,706	\$ 17,858,042	\$ 15,507,108	N/A	N/A	N/A
Contributions as a percentage of covered payroll	16.15%	17.10%	16.28%	14.43%	12.58%	10.73%	8.88%	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.

**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									
	2021	2020	2019	2018	2017	2016	2015	2013	2013	2012
District's proportion of the net pension liability (asset)	0.0513%	0.0508%	0.0493%	0.0500%	0.0502%	0.0475%	0.0422%	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset)	\$ 15,738,577	\$ 14,811,109	\$ 13,138,533	\$ 11,938,946	\$ 9,918,654	\$ 7,004,791	\$ 4,795,739	N/A	N/A	N/A
District's covered payroll**	\$ 7,454,799	\$ 7,112,153	\$ 6,570,272	\$ 6,423,322	\$ 6,081,581	\$ 5,284,758	\$ 4,441,768	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	211.12%	208.25%	199.97%	185.87%	163.09%	132.55%	107.97%	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	70.00%	70.05%	70.85%	71.87%	73.90%	79.43%	83.38%	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.

**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									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 1,629,230	\$ 1,474,293	\$ 1,284,597	\$ 1,020,429	\$ 892,071	\$ 720,485	\$ 622,069	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	(1,629,230)	(1,474,293)	(1,284,597)	(1,020,429)	(892,071)	(720,485)	(622,069)	N/A	N/A	N/A
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A	N/A	N/A
District's covered payroll**	\$ 7,870,676	\$ 7,475,752	\$ 7,112,153	\$ 6,570,272	\$ 6,423,322	\$ 6,081,581	\$ 5,284,758	N/A	N/A	N/A
Contributions as a percentage of covered payroll	20.700%	19.721%	18.062%	15.531%	13.888%	11.847%	11.771%	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.

**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									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Total OPEB liability:										
Service cost	\$ 325,938	\$ 284,814	\$ 289,457	\$ 281,027	N/A	N/A	N/A	N/A	N/A	N/A
Interest	198,305	182,766	151,532	147,232	N/A	N/A	N/A	N/A	N/A	N/A
Differences between expected and actual experience	-	754,841	-	-	N/A	N/A	N/A	N/A	N/A	N/A
Changes of assumptions	366,494	362,182	(214,397)	-	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments	(367,110)	(310,755)	(297,539)	(284,264)	N/A	N/A	N/A	N/A	N/A	N/A
Net change in total OPEB liability	523,627	1,273,848	(70,947)	143,995	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability - beginning**	6,191,817	4,917,969	4,988,916	4,844,921	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability - ending	<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>	<u>N/A</u>	<u>N/A</u>
Covered payroll	30,077,961	30,077,961	27,527,249	\$ 25,351,262	N/A	N/A	N/A	N/A	N/A	N/A
Net OPEB liability as a percentage of covered payroll	22.32%	20.58%	17.87%	19.68%	N/A	N/A	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.

See Accompanying Notes to Required Supplementary Information

Imperial Unified School District

Notes to Required Supplementary Information
For the Year Ended June 30, 2021

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 Ending Fund Balance	\$ 14,808,260
Less Fund 20 Fund Balance	(2,759)
General Fund - Budgetary Comparison Schedule Ending Fund Balance	<u>\$ 14,805,501</u>
General Fund - Basic Financial Statements Net Change in Fund Balance	\$ 3,771,832
Add Fund 20 Net Change in Fund Balance	801,453
General Fund - Budgetary Comparison Schedule Net Change in Fund Balance	<u>\$ 4,573,285</u>

Excess of Expenditures Over Appropriations

As of June 30, 2021, 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:		
Other Outgo	\$ (3,696)	The District underestimated other outgo for transfers of costs to other agencies.

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, 2021

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, 2020, was determined with a valuation completed June 30, 2019 (released in May 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
Measurement Date	06/30/14	06/30/15	06/30/16	06/30/17
Valuation Date	06/30/13	06/30/14	06/30/15	06/30/16
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
Actuarial Cost Method	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%
Consumer Price Inflation	3.00%	3.00%	3.00%	2.75%
Wage Growth (Average)	3.75%	3.75%	3.75%	3.50%
Post-retirement Benefit Increases	2.00% Simple	2.00% Simple	2.00% Simple	2.00% Simple

Reporting Period	June 30, 2019	June 30, 2020	June 30, 2021
Measurement Date	06/30/18	06/30/19	06/30/20
Valuation Date	06/30/17	06/30/18	06/30/19
Experience Study	07/01/06 - 06/30/15	07/01/06 - 06/30/15	07/01/15 - 06/30/18
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Investment Rate of Return ⁽¹⁾	7.10%	7.10%	7.10%
Consumer Price Inflation	2.75%	2.75%	2.75%
Wage Growth (Average)	3.50%	3.50%	3.50%
Post-retirement Benefit Increases	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, 2021

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. The final scheduled decrease from 7.25% to 7.00% for the school pool valuation occurred in the June 30, 2019, valuation. The CalPERS Board adopted new actuarial assumptions based on the recommendations in the December 2017 CalPERS Experience Study and Review of Actuarial Assumptions. This study reviewed the retirement rates, termination rates, mortality rates, rates of salary increases, and inflation assumption for the Plan. These new assumptions are incorporated into the June 30, 2018, actuarial valuations.

Schedule of District's Contributions – CalPERS

The total pension liability for California Public Employees Retirement System – School Pool (CalPERS) for measurement date June 30, 2020, was determined with a valuation completed June 30, 2019. 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
Measurement Date	06/30/14	06/30/15	06/30/16	06/30/17
Valuation Date	06/30/13	06/30/14	06/30/15	06/30/16
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
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Investment Rate of Return	7.50%	7.65%	7.65%	7.15%
Consumer Price Inflation	2.75%	2.75%	2.75%	2.75%
Wage Growth (Average)	3.00%	3.00%	3.00%	3.00%
Post-retirement Benefit Increases	2.00% Simple	2.00% Simple	2.00% Simple	2.00% Simple

Reporting Period	June 30, 2019	June 30, 2020	June 30, 2021
Measurement Date	06/30/18	06/30/19	06/30/20
Valuation Date	06/30/17	06/30/18	06/30/19
Experience Study	07/01/97 - 06/30/15	07/01/97 - 06/30/15	07/01/97 - 06/30/15
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Investment Rate of Return	7.50%	7.50%	7.15%
Consumer Price Inflation	2.50%	2.50%	2.50%
Wage Growth (Average)	3.00%	3.00%	2.75%
Post-retirement Benefit Increases	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 2017 experience study report (based on demographic data from 1997 to 2015) available on the CalPERS website.

Imperial Unified School District

Notes to Required Supplementary Information, Continued

For the Year Ended June 30, 2021

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

1. Benefit Changes: There were no benefit changes during the 2020-21 fiscal year
2. Changes in Assumptions: There was an adjustment in discount rate from 3.13% to 2.45% during the 2020-21 fiscal year.
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%

Combining Statements as Supplementary Information

Imperial Unified School District

Combining Balance Sheet – Nonmajor Governmental Funds

June 30, 2021

	Special Revenue Funds	Debt Service Fund Bond Interest and Redemption Fund	Capital Project Funds	Total Nonmajor Governmental Funds
Assets				
Cash in County Treasury	\$ 181,698	\$ 2,110,538	\$ 2,171,707	\$ 4,463,943
Cash on Hand and in Banks	241,633	-	-	241,633
Accounts Receivable	199,592	4,281	4,949	208,822
Due From Other Funds	150,000	-	-	150,000
Stores Inventories	105,382	-	-	105,382
Total Assets	<u>\$ 878,305</u>	<u>\$ 2,114,819</u>	<u>\$ 2,176,656</u>	<u>\$ 5,169,780</u>
Liabilities and Fund Balance:				
Liabilities:				
Accounts Payable	\$ 5,871	\$ -	\$ 18,875	\$ 24,746
Due To Other Funds	150,000	-	-	150,000
Unearned Revenue	447	-	-	447
Total Liabilities	<u>156,318</u>	<u>-</u>	<u>18,875</u>	<u>175,193</u>
Fund Balance:				
Nonspendable	105,382	-	-	105,382
Restricted	616,605	2,114,819	1,023,740	3,755,164
Assigned	-	-	1,134,041	1,134,041
Total Fund Balance	<u>721,987</u>	<u>2,114,819</u>	<u>2,157,781</u>	<u>4,994,587</u>
Total Liabilities and Fund Balances	<u>\$ 878,305</u>	<u>\$ 2,114,819</u>	<u>\$ 2,176,656</u>	<u>\$ 5,169,780</u>

Imperial Unified School District

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds June 30, 2021

	Special Revenue Funds	Debt Service Fund Bond Interest and Redemption Fund	Capital Project Funds	Total Nonmajor Governmental Funds
Revenues				
Federal Revenue	\$ 1,393,786	\$ -	\$ -	\$ 1,393,786
Other State Revenue	206,443	-	-	206,443
Interest	1,894	11,993	24,523	38,410
Fair Market Value Adjustment	1,418	-	16,954	18,372
Property Taxes	-	2,558,820	-	2,558,820
Other Local Revenue	78,315	-	334,124	412,439
Total Revenues	<u>\$ 1,681,856</u>	<u>\$ 2,570,813</u>	<u>\$ 375,601</u>	<u>\$ 4,628,270</u>
Expenditures				
Current Expenditures:				
Instruction	75,667	-	-	75,667
Instruction - Related Services	20,943	-	-	20,943
Pupil Services	1,393,938	-	-	1,393,938
Ancillary Services	144,387	-	-	144,387
Plant Services	-	-	203,256	203,256
Capital Outlay	-	-	704,121	704,121
Debt Service:				
Principal	-	1,060,000	-	1,060,000
Interest	-	2,003,455	-	2,003,455
Total Expenditures	<u>1,634,935</u>	<u>3,063,455</u>	<u>907,377</u>	<u>5,605,767</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>46,921</u>	<u>(492,642)</u>	<u>(531,776)</u>	<u>(977,497)</u>
Other Financing Sources (Uses):				
Transfers Out	<u>-</u>	<u>-</u>	<u>(205,200)</u>	<u>(205,200)</u>
Net Change in Fund Balance	46,921	(492,642)	(736,976)	(1,182,697)
Fund Balance, Beginning of Year	675,066	2,607,461	2,894,757	6,177,284
Fund Balance, End of Year	<u>\$ 721,987</u>	<u>\$ 2,114,819</u>	<u>\$ 2,157,781</u>	<u>\$ 4,994,587</u>

Imperial Unified School District

Combining Balance Sheet – Nonmajor Special Revenue Funds

June 30, 2021

	Associated Student Body Fund	Adult Education Fund	Cafeteria Fund	Total Nonmajor Special Revenue Funds
Assets				
Cash in County Treasury	\$ 125	\$ 30,090	\$ 151,483	\$ 181,698
Cash on Hand and in Banks	241,228	-	405	241,633
Accounts Receivable	-	5,589	194,003	199,592
Due From Other Funds	-	-	150,000	150,000
Stores Inventories	-	-	105,382	105,382
Total Assets	<u>\$ 241,353</u>	<u>\$ 35,679</u>	<u>\$ 601,273</u>	<u>\$ 878,305</u>
Liabilities and Fund Balance:				
Liabilities:				
Accounts Payable	\$ -	\$ 778	\$ 5,093	\$ 5,871
Due To Other Funds	-	-	150,000	150,000
Unearned Revenue	-	-	447	447
Total Liabilities	<u>-</u>	<u>778</u>	<u>155,540</u>	<u>156,318</u>
Fund Balance:				
Nonspendable	-	-	105,382	105,382
Restricted	241,353	34,901	340,351	616,605
Total Fund Balance	<u>241,353</u>	<u>34,901</u>	<u>445,733</u>	<u>721,987</u>
Total Liabilities and Fund Balances	<u>\$ 241,353</u>	<u>\$ 35,679</u>	<u>\$ 601,273</u>	<u>\$ 878,305</u>

Imperial Unified School District

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances –
Nonmajor Special Revenue Funds
June 30, 2021

	Associated Student Body Fund	Adult Education Fund	Cafeteria Fund	Total Nonmajor Special Revenue Funds
Revenues				
Federal Revenue	\$ -	\$ 10,233	\$ 1,383,553	\$ 1,393,786
Other State Revenue	-	88,195	118,248	206,443
Interest	-	213	1,681	1,894
Fair Market Value Adjustment	-	235	1,183	1,418
Other Local Revenue	76,210	280	1,825	78,315
Total Revenues	<u>\$ 76,210</u>	<u>\$ 99,156</u>	<u>\$ 1,506,490</u>	<u>\$ 1,681,856</u>
Expenditures				
Current Expenditures:				
Instruction	-	75,667	-	75,667
Instruction - Related Services	-	20,943	-	20,943
Pupil Services	-	-	1,393,938	1,393,938
Ancillary Services	144,387	-	-	144,387
Total Expenditures	<u>144,387</u>	<u>96,610</u>	<u>1,393,938</u>	<u>1,634,935</u>
Net Change in Fund Balance	(68,177)	2,546	112,552	46,921
Fund Balance, Beginning of Year	309,530	32,355	333,181	675,066
Fund Balance, End of Year	<u>\$ 241,353</u>	<u>\$ 34,901</u>	<u>\$ 445,733</u>	<u>\$ 721,987</u>

Imperial Unified School District

Combining Balance Sheet – Nonmajor Capital Projects Funds

June 30, 2021

	Building Fund	Special Reserve Fund For Capital Outlay	Total Nonmajor Capital Projects Funds
Assets			
Cash in County Treasury	\$ 1,040,332	\$ 1,131,375	\$ 2,171,707
Accounts Receivable	2,283	2,666	4,949
Total Assets	<u>\$ 1,042,615</u>	<u>\$ 1,134,041</u>	<u>\$ 2,176,656</u>
Liabilities and Fund Balance:			
Liabilities:			
Accounts Payable	\$ 18,875	\$ -	\$ 18,875
Total Liabilities	<u>18,875</u>	<u>-</u>	<u>18,875</u>
Fund Balance:			
Restricted	1,023,740	-	1,023,740
Assigned	-	1,134,041	1,134,041
Total Fund Balance	<u>1,023,740</u>	<u>1,134,041</u>	<u>2,157,781</u>
Total Liabilities and Fund Balances	<u>\$ 1,042,615</u>	<u>\$ 1,134,041</u>	<u>\$ 2,176,656</u>

Imperial Unified School District

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances –
Nonmajor Capital Projects Funds
June 30, 2021

	Building Fund	Special Reserve Fund For Capital Outlay	Total Nonmajor Capital Projects Funds
Revenues			
Interest	\$ 14,509	\$ 10,014	\$ 24,523
Fair Market Value Adjustment	8,122	8,832	16,954
Local Revenues	-	334,124	334,124
Total Revenues	<u>\$ 22,631</u>	<u>\$ 352,970</u>	<u>\$ 375,601</u>
Expenditures			
Current Expenditures:			
Plant Services	203,256	-	203,256
Capital Outlay	<u>704,121</u>	<u>-</u>	<u>704,121</u>
Total Expenditures	<u>907,377</u>	<u>-</u>	<u>907,377</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(884,746)</u>	<u>352,970</u>	<u>(531,776)</u>
Other Financing Sources (Uses):			
Transfers Out	<u>-</u>	<u>(205,200)</u>	<u>(205,200)</u>
Net Change in Fund Balance	(884,746)	147,770	(736,976)
Fund Balance, Beginning of Year	<u>1,908,486</u>	<u>986,271</u>	<u>2,894,757</u>
Fund Balance, End of Year	<u>\$ 1,023,740</u>	<u>\$ 1,134,041</u>	<u>\$ 2,157,781</u>

Other Supplementary Information

Imperial Unified School District

Local Education Agency Organization Structure

June 30, 2021

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

Name	Office	Term and Term Expiration
Jill Tucker	President	Four Year Term Expires November 2022
John Denault	Clerk	Four Year Term Expires November 2022
Abdul Mohamed	Member	Four Year Term Expires November 2022
Victor Lopez	Member	Four Year Term Expires November 2024
Lillian Duran	Member	Four Year Term Expires November 2024

ADMINISTRATION

Bryan Thomason
District Superintendent

Rogelio Ruvalcaba
Assistant Superintendent

Summer Heraz
Director of Curriculum,
Instruction, and Projects

Gina Hendrix
Director of Fiscal and
Administrative Services

Imperial Unified School District

Schedule of Instructional Time

Year Ended June 30, 2021

Grade Level	Minimum Daily Minutes Offered	Instructional Days Offered Traditional Calendar	J-13A Credited Days	Status
Transitional Kindergarten	180	180	N/A	Complied
Kindergarten	180	180	N/A	Complied
1st Grade	230	180	N/A	Complied
2nd Grade	230	180	N/A	Complied
3rd Grade	230	180	N/A	Complied
4th Grade	240	180	N/A	Complied
5th Grade	240	180	N/A	Complied
6th Grade	240	180	N/A	Complied
7th Grade	240	180	N/A	Complied
8th Grade	240	180	N/A	Complied
9th Grade	240	180	N/A	Complied
10th Grade	240	180	N/A	Complied
11th Grade	240	180	N/A	Complied
12th Grade	240	180	N/A	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 Instructional Time, Continued

Year Ended June 30, 2021

Under Senate Bill 98 and Senate Bill 820, annual instructional minutes requirements were waived for the 2020-21 school year. For school districts and classroom-based charter schools, in order for a day to count as a day of instruction towards meeting the annual instructional day requirement, students must be scheduled to attend for the school day established by the local governing board and the school day must be equivalent to at least a minimum day of instruction as follows:

- 180 instructional minutes in TK/Kindergarten, continuation high schools, opportunity schools, and students concurrently enrolled in a community college.
- 230 instructional minutes in grades 1 to 3
- 240 minutes in grades 4 to 12

As a result of the COVID-19 pandemic, the District operated a portion of the year under distance learning and a portion of the year under in person classroom instruction.

Instructional time for distance learning is calculated based on the time value of synchronous and/or asynchronous instruction and assignments made by and certified by a certificated employee of the LEA. Instructional time for in-person instruction is calculated based on time scheduled under the immediate physical supervision and control of a certificated employee of the LEA.

Imperial Unified School District
Schedule of Financial Trends and Analysis
Year Ended June 30, 2021

<u>General Fund</u>	<u>Budget 2022 (See Note 1)</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Revenues and Other Financing Sources	\$ 59,629,410	\$ 55,669,750	\$ 49,841,154	\$ 48,132,745
Expenditures and Other Financing Uses	60,399,910	51,096,465	47,476,702	47,178,809
Net Change in Fund Balance	(770,500)	4,573,285	2,364,452	953,936
Ending Fund Balance	<u>\$ 14,035,001</u>	<u>\$ 14,805,501</u>	<u>\$ 10,232,216</u>	<u>\$ 7,867,764</u>
Available Reserves (See Note 2)	<u>\$ 13,547,992</u>	<u>\$ 13,214,118</u>	<u>\$ 9,983,931</u>	<u>\$ 7,581,496</u>
Available Reserves as a Percentage of Total Outgo (See Note 3)	<u>22.43%</u>	<u>25.86%</u>	<u>21.03%</u>	<u>16.10%</u>
Long Term Debt	<u>\$ 50,240,787</u>	<u>\$ 51,457,807</u>	<u>\$ 52,298,363</u>	<u>\$ 53,172,869</u>
Average Daily Attendance at P2	<u>4,203</u>	<u>N/A</u>	<u>4,203</u>	<u>4,126</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 \$6,937,737 over the past two years. The fiscal year 2021-22 budget projects a decrease of \$770,500. 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 decreased by \$1,715,062 over the past two years.

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 average daily attendance (ADA) reported.

Notes:

1. Budget 2022 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, 2021

	General Fund (Fund 01)	Special Reserve Fund for Post Employment Benefits (Fund 20)
June 30, 2021, annual financial and budget report fund balances	<u>\$ 14,805,501</u>	<u>\$ 2,759</u>
Adjustments and reclassifications:		
Increasing (decreasing) the fund balance:		
GASB 54 Fund Presentation	<u>2,759</u>	<u>(2,759)</u>
Net adjustments and reclassifications	<u>2,759</u>	<u>(2,759)</u>
June 30, 2021, audited financial statement fund balances	<u>\$ 14,808,260</u>	<u>\$ -</u>

Note 1: The Special Reserve Fund for Other Post Employment Benefits (Fund 20) does not meet the definition of a special revenue fund under the provisions of GASB Statement No. 54. As a result, the fund is being combined with the General Fund for presentation in the basic 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, 2021

As of June 30, 2021, 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, 2021

Federal Grantor/Pass Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Subrecipient Expenditures	Total Federal Expenditures
CHILD NUTRITION CLUSTER:				
<u>U.S. Department of Agriculture</u>				
Passed through California Department of Education				
Food Service Program	10.559	13006	\$ -	\$ 1,116,261
Food Service Program - Noncash Commodities	10.559	13396	-	175,925
Total Child Nutrition Cluster			-	1,292,186
SPECIAL EDUCATION (IDEA) CLUSTER:				
<u>U.S. Department of Education</u>				
Passed through California Department of Education				
IDEA Basic Local Assistance	84.027	13379	-	686,614
IDEA Local Assistance - Private Schools	84.027	10015	-	1,440
Total Special Education (IDEA) Cluster			-	688,054
OTHER PROGRAMS:				
<u>U.S. Department of Education</u>				
Passed through California Department of Education				
Title I	84.010	14329	-	422,911
ESSA School Improvement	84.010	15438	-	2,429
Migrant Education	84.011	14838	-	15,184
Adult Education	84.002	14508	-	10,233
Vocational Education	84.048	14894	-	37,221
Title III	84.365	14346	-	84,404
CARES Act Supplemental Meal Reimbursement	84.425	15535	-	91,368
CARES Act Elementary and Secondary School Emergency Relief	84.425D	15536	-	413,874
CARES Act Elementary and Secondary School Emergency Relief II	84.425D	15547	-	616,993
Governor's Emergency Education Relief Fund	84.425C	15517	-	147,254
Title IV Student Support	84.424	15396	-	38,214
Title II Supporting Effective Instruction	84.367	14341	-	97,456
Total U.S. Department of Education			-	1,977,541
<u>U.S. Department of the Treasury</u>				
Passed through California Department of Education				
CARES Act - Learning Loss Mitigation	21.019	10149	-	2,364,285
Total Other Programs			-	4,341,826
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ -	\$ 6,322,066

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, 2021

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 4.21% 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>CFDA #</u>	<u>Indirect Cost Rate</u>
Title I	84.010	3.35%
Title II Supporting Effective Instruction	84.367	3.55%
CARES Act ESS Emergency Relief	84.425D	1.95%
CARES Act ESS Emergency Relief II	84.425D	3.51%
Title IV Student Support	84.424	1.68%
Title III	84.365	0.51%

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 its schoolwide programs:

<u>Program</u>	<u>CFDA #</u>	<u>Amount Expended</u>
Title I	84.010	\$ 422,911

Imperial Unified School District

Notes to the Schedule of Expenditures of Federal Awards, Continued

Year Ended June 30, 2021

Personal Protective Equipment (PPE)

As a result of the COVID-19 Pandemic the District received personal protective equipment (PPE) valued at \$19,286 from the federal government.

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	\$ 6,338,589
Less: Amounts representing Medi-Cal	<u>(16,523)</u>
Total Federal Expenditures on Schedule of Expenditures of Federal Awards	<u>\$ 6,322,066</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
Imperial, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Imperial Unified School District (District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Imperial Unified School District's basic financial statements, and have issued our report thereon dated January 31, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Imperial Unified School 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Imperial Unified School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Imperial Unified School District's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Imperial Unified School 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 District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wilkinson Hadley King & Co LLP

El Cajon, California
January 31, 2022

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

To the Board of Education
Imperial Unified School District
Imperial, California

Report on Compliance for Each Major Federal Program

We have audited Imperial Unified School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Imperial Unified School District's major federal programs for the year ended June 30, 2021. Imperial Unified School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Imperial Unified School 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, 2021.

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Wilkinson Hadley King & Co LLP

El Cajon, California
January 31, 2022

Independent Auditor's Report on State Compliance

To the Board of Education
Imperial Unified School District
Imperial, California

Report on State Compliance

We have audited the Imperial Unified School District's compliance with the types of compliance requirements described in the *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, Section 19810, that could have a direct and material effect on each of the District's state programs identified below for the fiscal year ended June 30, 2021.

Management's Responsibility for State Compliance

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each applicable program as identified in the State's Audit Guide *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance*, prescribed in Title 5, *California Code of Regulations*, Section 19810. 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 State's audit guide *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, Section 19810. Those standards and audit guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the state programs noted below. An audit includes examining, on a test basis, evidence about each school's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

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

<u>Description</u>	<u>Procedures Performed</u>
Local Education Agencies Other Than Charter Schools	
A. Attendance and Distance Learning.....	Yes
B. Teacher Certification and Misassignments.....	Yes
C. Kindergarten Continuance.....	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
O. K-3 Grade Span Adjustment.....	Yes
Q. Apprenticeship: Related and Supplemental Instruction.....	N/A
R. Comprehensive School Safety Plan.....	Yes
S. District of Choice.....	N/A
School Districts, County Offices of Education, and Charter Schools	
T. California Clean Energy Jobs Act.....	Yes
V. Proper Expenditure of Education Protection Account Funds.....	Yes
W. Unduplicated Local Control Funding Formula Pupil Counts.....	Yes
Charter Schools	
Y. Independent Study - Course Based.....	N/A
AA. Attendance.....	N/A
BB. Mode of Instruction.....	N/A
CC. Nonclassroom Based Instruction/Independent Study.....	N/A
DD. Determination of Funding for Nonclassroom Based Instruction.....	N/A
FF. Charter School Facility Grant Program.....	N/A

The term N/A is used above to mean either the District did not offer the program during the current fiscal year or the program applies to a different type of local education agency.

Opinion on State Compliance

In our opinion, Imperial Unified School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the statutory requirements listed in the schedule above for the year ended June 30, 2021.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance with the statutory requirements for programs noted above, which are required to be reported in accordance with the State's audit guide, *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* prescribed in Title 5, *California Code of Regulations, Section 19810* and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2021-001.

Imperial Unified School District's Response to the Finding

Imperial Unified School District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Imperial Unified School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing. This report is an integral part of an audit performed in accordance with *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations, Section 19810*. Accordingly, this report is not suitable for any other purpose.

Wilkinson Hadley King & Co LLP

El Cajon, California
January 31, 2022

Auditor's Results, Findings & Recommendations

Imperial Unified School District

Schedule of Auditor's Results

Year Ended June 30, 2021

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

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

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

Unmodified

Compliance supplement utilized for single audit

July 2021 and
December 2021 Addendum

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

_____ Yes _____ X _____ No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.425	CARES Act Supplemental Meal
84.425D	CARES Act ESS Emergency Relief
84.425D	CARES Act ESS Emergency Relief II
84.425C	Governor's Emergency Education

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

Any audit findings disclosed that are required to be reported in accordance with 2020-21 *Guide for Annual Audits of California K-12 Local Education Agencies*?

_____ X _____ Yes _____ No

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

Unmodified

Imperial Unified School District

Schedule of Findings and Questioned Costs

Year Ended June 30, 2021

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 *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Finding codes as identified in the *2020-21 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 Awards

None

C. State Award Findings

Finding Number: 2021-001
Repeat Finding: No
Program Name: Attendance and Distance Learning
Questioned Costs: \$7,999
Type of Finding: State Compliance - Attendance (10000)

Criteria or Specific Requirement

Education Code Section 43504(e) requires the District to complete a weekly engagement record that documents synchronous or asynchronous instruction for each whole or partial day of distance learning verifying daily participation and tracking assignments. Education Code Section 43504(d) requires the District to document daily participation for each student on each school day for which distance learning was provided.

Imperial Unified School District

Schedule of Findings and Questioned Costs, Continued

Year Ended June 30, 2021

Condition

In our review of the District's distance learning documentation for the 184 students selected for testing, record keeping for 31 of the students was not in compliance, resulting in a total of 155 days of noncompliance. Frank M. Wright Middle School had distance learning records for two sixth grade students and twenty six seventh and eighth grade students that were not in compliance, resulting in 140 days of noncompliance. Imperial High School had distance learning records for three ninth to twelfth grade students that were not in compliance, resulting in 15 days of noncompliance.

Cause

The District had five teachers at Frank M. Wright Middle School and one teacher at Imperial High School failing to complete the required record keeping for all of their students during distance learning. These teachers did not record daily participation and/or the weekly engagement record requirements for 31 of the students selected for testing.

Effect

The District is out of compliance with Education Code Section 43504(d) and Education Code Section 43504(e). The estimated penalty was computed pursuant to Education Code Section 43504(i)(2), via the penalty calculator provided by the California Department of Education. The District's total estimated penalty is \$7,999. Frank M. Wright Middle School's estimated penalty is \$7,093 and Imperial High School's estimated penalty is \$906.

Context

The required record keeping for students during distance learning assists the District in monitoring the engagement level and attendance of their students.

Recommendation

Establish procedures to ensure proper record keeping for students during distance learning as required by Education Code Section 43504(d) and Education Code Section 43504(e).

Views of Responsible Officials

See Corrective Action Plan

IMPERIAL UNIFIED SCHOOL DISTRICT

Bryan Thomason, Superintendent

Imperial High School
(760) 355-3220

Imperial Avenue Holbrook High School
(760) 355-3220

Frank Wright Middle School
(760) 355-3240

ADMINISTRATION OFFICE
219 North "E" Street
Imperial, California 92251-1176
(760) 355-3200
FAX (760) 355-4511
web site: <http://imperialusd.org>

T.L. Waggoner Elementary School
(760) 355-3266

Ben Hulse Elementary School
(760) 355-3210

Imperial Cross Elementary School
(760) 355-3250

January 26, 2022

To Whom It May Concern:

The accompanying Corrective Action Plan has been prepared as required by the *2020-21 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,



Gina Hendrix
Director of Fiscal and Administrative Services

BOARD OF TRUSTEES

David Ross

Victor Lopez

Abdul Mohamed

John Denault

Jill Tucker

Imperial Unified School District

Corrective Action Plan

Year Ended June 30, 2021

State Compliance Findings

Finding Number: 2021-001
Program Name: Attendance and Distance Learning
Contact Person: Gina Hendrix
Anticipated Completion Date: June 30, 2021

Planned Corrective Action: The District will hire a short-term secondary attendance clerk to assist with distance learning record keeping and independent study contracts. The District will also hold a training for all the attendance clerks to go over the requirements of attendance to ensure everything is properly filled out and completed.

Imperial Unified School District

Schedule of Prior Year Audit Findings

Year Ended June 30, 2021

Finding/Recommendation	Status	Explanation if Not Implemented
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There were no findings reported for the year ended June 30, 2020.