



# Imperial Unified School District

County of Imperial  
Imperial, California

Audit Report

June 30, 2022



WILKINSON HADLEY  
KING & CO. LLP  
CPAs AND ADVISORS



# Imperial Unified School District

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June 30, 2022

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## **Independent Auditor's Report**

To the Board of Education  
Imperial Unified School District

### **Opinions**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Imperial Unified School District (the District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

### **Basis for Opinions**

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

### **Change in Accounting Principle**

As described in Note A to the financial statements, in the fiscal year ended June 30, 2022, the District adopted new accounting guidance, *GASB Statement No. 87, Leases*. Our opinion is not modified with respect to this matter.

### **Responsibilities of Management for the Financial Statements**

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

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

### **Required Supplementary Information**

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

## Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The accompanying combining financial statements and additional supplementary information, identified in the table of contents, as required by the *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations, Section 19810* are presented for purposes of additional analysis and are not a required part of the financial statements.

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

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

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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  
December 6, 2022

**Imperial Unified School District**  
**Management's Discussion and Analysis**  
**June 30, 2022**  
**(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, 2022. 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 IUSD'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 \$36.9 million.
- Imperial High School Multipurpose Room and Culinary Arts building is projected to be completed by March 2023. Upon completion, the IUSD will proceed with the CTE Ag expansion at Imperial High School.
- The IUSD implemented GASB 87 *Leases* during the 2021-22 fiscal year which added Lease Assets and Accumulated Amortization to the government-wide statement of net position.

**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, deferred outflows of resources, liabilities, and deferred inflows of resources of the IUSD, with the net difference 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 IUSD 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 IUSD are governmental funds.

## **Governmental funds**

The IUSD's major governmental funds were the general fund, the capital facilities fund, and the county school facilities fund. All other funds are aggregated as non-major 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 IUSD adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

## **Notes to the financial statements**

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



**Table I: Comparative Statement of Net Position – Governmental Activities**

	<u>June 30, 2022</u>	<u>June 30, 2021*</u>	<u>Change</u>	<u>% Change</u>
Cash and other current assets	\$ 48,222,025	\$ 44,931,812	\$ 3,290,213	7.32%
Capital and lease assets, net	<u>92,264,942</u>	<u>85,330,228</u>	<u>6,934,714</u>	<u>8.13%</u>
<b>Total Assets</b>	<u>140,486,967</u>	<u>130,262,040</u>	<u>10,224,927</u>	<u>7.85%</u>
<b>Deferred Outflows of Resources</b>	<u>14,929,629</u>	<u>13,008,591</u>	<u>1,921,038</u>	<u>14.77%</u>
Accounts payable and other current liabilities	6,103,531	4,837,445	1,266,086	26.17%
Long-term liabilities	<u>90,351,903</u>	<u>108,247,306</u>	<u>(17,895,403)</u>	<u>-16.53%</u>
<b>Total Liabilities</b>	<u>96,455,434</u>	<u>113,084,751</u>	<u>(16,629,317)</u>	<u>-14.71%</u>
<b>Deferred Inflows of Resources</b>	<u>21,969,537</u>	<u>3,495,196</u>	<u>18,474,341</u>	<u>528.56%</u>
<b>Net Position</b>				
Invested in capital and lease assets, net	41,684,347	33,958,651	7,725,696	22.75%
Restricted	27,343,169	26,568,189	774,980	2.92%
Unrestricted	<u>(32,035,891)</u>	<u>(33,836,156)</u>	<u>1,800,265</u>	<u>-5.32%</u>
<b>Total Net Position</b>	<u>\$ 36,991,625</u>	<u>\$ 26,690,684</u>	<u>\$ 10,300,941</u>	<u>38.59%</u>

\*Adjusted from prior year for implementation of GASB 87 and change in accounting for debt premiums, see Note T.

The IUSD's net position reflects its investment in capital and lease assets (e.g., land, equipment, buildings, and improvements net of accumulated depreciation and accumulated amortization); less any related debt (bonds payable and obligations under 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 IUSD's investment in its capital and lease assets are 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 IUSD'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 IUSD's change in net position for the year ended June 30, 2022, are as follows:

**Table II: Comparative Statement of Activities – Governmental Activities**

	Year Ended June 30, 2022	Year Ended June 30, 2021*	Change	% Change
Program revenues:				
Charges for services	\$ 1,871,028	\$ 1,543,110	\$ 327,918	21.25%
Operating grants and contributions	14,106,291	11,217,136	2,889,155	25.76%
Capital grants and contributions	2,221,325	13,157,446	(10,936,121)	-83.12%
General revenues:				
Property taxes, levied for general purposes	7,459,833	7,218,383	241,450	3.34%
Property taxes, levied for debt service	2,734,963	2,558,820	176,143	6.88%
Federal and state aid, unrestricted	39,256,530	35,418,205	3,838,325	10.84%
Interest and investment earnings	(590,571)	573,497	(1,164,068)	-202.98%
Miscellaneous	1,067,152	1,042,657	24,495	2.35%
<b>Total Revenue</b>	<b>68,126,551</b>	<b>72,729,254</b>	<b>(4,602,703)</b>	<b>-6.33%</b>
Instruction and instruction-related services	37,674,179	38,297,842	(623,663)	-1.63%
Pupil services	7,528,198	6,197,917	1,330,281	21.46%
General administration	3,676,231	2,741,974	934,257	34.07%
Plant services	5,212,291	5,371,691	(159,400)	-2.97%
Ancillary services	927,826	476,310	451,516	94.79%
Interest on long-term debt	2,035,104	2,223,148	(188,044)	-8.46%
Debt issuance costs	226,887	-	226,887	100.00%
Depreciation (unallocated)	-	1,872,955	(1,872,955)	-100.00%
Other outgo	544,894	475,649	69,245	14.56%
<b>Total Expenses</b>	<b>57,825,610</b>	<b>57,657,486</b>	<b>168,124</b>	<b>0.29%</b>
<b>Change in Net Position</b>	<b>10,300,941</b>	<b>15,071,768</b>	<b>(4,770,827)</b>	<b>-31.65%</b>
<b>Net Position, Beginning of Year</b>	<b>26,690,684</b>	<b>11,618,919</b>	<b>15,071,765</b>	<b>129.72%</b>
<b>Net Position, End of Year</b>	<b>\$ 36,991,625</b>	<b>\$ 26,690,687</b>	<b>\$ 10,300,938</b>	<b>38.59%</b>

\*Adjusted from prior year for implementation of GASB 87 and change in accounting for debt premiums, see Note T.

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 IUSD 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.

## Other Funds

- The Cafeteria Fund supports the operation of the Child Nutrition Program of the IUSD. 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 Assets, Lease Assets and Debt Administration

The capital projects funds are 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. The IUSD's lease assets were accounted for by the general fund.

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

	<u>June 30, 2022</u>	<u>June 30, 2021*</u>	<u>Change</u>	<u>% Change</u>
Land	\$ 4,326,126	\$ 4,326,126	\$ -	0.00%
Work in Progress	8,952,879	1,376,964	7,575,915	550.19%
Land Improvements	3,995,886	3,948,382	47,504	1.20%
Buildings & Improvements	100,881,179	100,240,502	640,677	0.64%
Equipment & Furniture	9,761,997	9,092,851	669,146	7.36%
Less: Accumulated Depreciation	(35,750,027)	(33,814,892)	(1,935,135)	5.72%
Leased Equipment	310,481	310,481	-	0.00%
Less: Accumulated Amortization	(213,579)	(150,186)	(63,393)	42.21%
<b>Total capital and lease assets, net</b>	<u><u>\$ 92,264,942</u></u>	<u><u>\$ 85,330,228</u></u>	<u><u>\$ 6,934,714</u></u>	<u><u>8.13%</u></u>

\*Adjusted from prior year for implementation of GASB 87 and change in accounting for debt premiums, see Note T.

## Long-Term Debt

Long-term debt consists of general obligation bonds and leases payable for the IUSD. The beginning balance of long-term debt was \$51,603,073. The IUSD issued bonds through the voter approved Measure O back in 2016. The IUSD is now paying down principal.

	June 30, 2022	June 30, 2021*	Change	% Change
<b>General Obligation Bonds</b>				
Principal balance	\$ 49,015,445	\$ 47,111,436	\$ 1,904,009	4.04%
Bond premiums	3,866,443	3,975,758	(109,315)	-2.75%
Accreted interest	513,293	354,292	159,001	44.88%
Total general obligation bonds	53,395,181	51,441,486	1,953,695	3.80%
<b>Leases Payable</b>	97,955	161,587	(63,632)	-39.38%
<b>Total Long-Term Debt</b>	<u>\$ 53,493,136</u>	<u>\$ 51,603,073</u>	<u>\$ 1,890,063</u>	<u>3.66%</u>

\*Adjusted from prior year for implementation of GASB 87 and change in accounting for debt premiums, see Note T.

In addition to long-term debt, the IUSD also has long term obligations for OPEB liability, net pension liability, and compensated absences. 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 IUSD's total OPEB liability is \$8,195,805.

## 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, 2022

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash	\$ 42,818,876
Accounts Receivable	5,302,454
Inventory	100,695
Capital Assets:	
Land	4,326,126
Land Improvements	3,995,886
Buildings & Improvements	100,881,179
Equipment	9,761,997
Work In Progress	8,952,879
Less Accumulated Depreciation	(35,750,027)
Lease Assets	310,481
Less Accumulated Amortization	(213,579)
Total Assets	<u>140,486,967</u>
 <b>Deferred Outflows of Resources</b>	 <u>14,929,629</u>
 <b>Liabilities</b>	
Accounts Payable and Other Current Liabilities	4,039,141
Unearned Revenue	2,064,390
Long-Term Liabilities:	
Due Within One Year	1,030,058
Due In More Than One Year	89,321,845
Total Liabilities	<u>96,455,434</u>
 <b>Deferred Inflows of Resources</b>	 <u>21,969,537</u>
 <b>Net Position</b>	
Net Investment in Capital Assets	41,684,347
Restricted For:	
Capital Projects	20,179,425
Debt Service	2,107,483
Educational Programs	3,726,899
Other Purposes (Expendable)	1,226,167
Other Purposes (Nonexpendable)	103,195
Unrestricted	(32,035,891)
Total Net Position	<u><u>\$ 36,991,625</u></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, 2022

Functions	Expenses	Program Revenues			Net (Expense)
		Charges for	Operating	Capital Grants	Revenue and
		Services	Grants and	and	Changes in Net
			Contributions	Contributions	Position
					Governmental
					Activities
<b>Governmental Activities</b>					
Instruction	\$ 34,033,557	\$ 428,731	\$ 6,691,595	\$ 2,221,325	\$ (24,691,906)
Instruction-Related Services:					
Instructional Supervision and Administration	529,407	-	38,583	-	(490,824)
Instructional Library, Media and Technology	351,418	-	16,758	-	(334,660)
School Site Administration	2,759,797	-	222,261	-	(2,537,536)
Pupil Services:					
Home-to-School Transportation	2,124,489	611	221,212	-	(1,902,666)
Food Services	2,059,944	10,441	2,770,475	-	720,972
All Other Pupil Services	3,343,765	443,308	1,034,709	-	(1,865,748)
General Administration:					
Centralized Data Processing	1,528,979	-	901,743	-	(627,236)
All Other General Administration	2,147,252	-	861,209	-	(1,286,043)
Plant Services	5,212,291	917,282	931,478	-	(3,363,531)
Ancillary Services	927,826	-	421,735	-	(506,091)
Interest on Long-Term Debt	2,035,104	-	-	-	(2,035,104)
Debt Issuance Costs	226,887	-	-	-	(226,887)
Tuition to County Office of Education	544,894	70,655	(5,467)	-	(479,706)
Total Governmental Activities	<u>\$ 57,825,610</u>	<u>\$ 1,871,028</u>	<u>\$ 14,106,291</u>	<u>\$ 2,221,325</u>	<u>(39,626,966)</u>
<b>General Revenues</b>					
Taxes and Subventions:					
Property Taxes, Levied for General Purposes				\$ 7,459,833	
Property Taxes, Levied for Debt Service				2,734,963	
Federal and State Aid Not Restricted for Specific Purposes				39,256,530	
Interest and Investment Earnings				(590,571)	
Miscellaneous				<u>1,067,152</u>	
Total General Revenues				<u>49,927,907</u>	
Change in Net Position					10,300,941
Net Position - Beginning of Year (Restated - Note T)					<u>26,690,684</u>
Net Position - Ending					<u>\$ 36,991,625</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, 2022

	General Fund	Capital Facilities Fund	County School Facilities Fund	Nonmajor Governmental Funds	Total
<b>Assets</b>					
Cash and Cash Equivalents	\$ 18,690,919	\$ 8,803,994	\$ 8,534,700	\$ 6,789,263	\$ 42,818,876
Accounts Receivable	4,720,107	20,766	23,586	537,995	5,302,454
Stores Inventories	-	-	-	100,695	100,695
<b>Total Assets</b>	<b>\$ 23,411,026</b>	<b>\$ 8,824,760</b>	<b>\$ 8,558,286</b>	<b>\$ 7,427,953</b>	<b>\$ 48,222,025</b>
<b>Liabilities and Fund Balance:</b>					
Liabilities:					
Accounts Payable	\$ 3,091,294	\$ 2,589	\$ 119,655	\$ 13,988	\$ 3,227,526
Unearned Revenue	2,064,390	-	-	-	2,064,390
Total Liabilities	5,155,684	2,589	119,655	13,988	5,291,916
Fund Balance:					
Nonspendable	2,500	-	-	100,695	103,195
Restricted	3,775,776	8,822,171	8,438,631	6,203,396	27,239,974
Assigned	6	-	-	1,109,874	1,109,880
Unassigned	14,477,060	-	-	-	14,477,060
Total Fund Balance	18,255,342	8,822,171	8,438,631	7,413,965	42,930,109
<b>Total Liabilities and Fund Balances</b>	<b>\$ 23,411,026</b>	<b>\$ 8,824,760</b>	<b>\$ 8,558,286</b>	<b>\$ 7,427,953</b>	<b>\$ 48,222,025</b>

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, 2022

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**Total fund balances governmental funds:** \$ 42,930,109

Amounts reported for assets, deferred outflows of resources, liabilities, and deferred inflows of resources for governmental activities in the statement of net position are different from amounts reported in governmental funds because:

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

Capital assets relating to governmental activities, at historical cost	127,918,067	
Accumulated depreciation	<u>(35,750,027)</u>	
	Net	92,168,040
Lease assets relating to governmental activities, at historical cost	310,481	
Accumulated amortization	<u>(213,579)</u>	
	Net	96,902

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 unmaturing interest owing at the end of the period was: (811,615)

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

General obligation bonds payable	53,395,181	
Leases payable	97,955	
Total OPEB liability	8,195,805	
Net pension liability	28,375,977	
Compensated absences	<u>286,985</u>	
	Total	(90,351,903)

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, 2022

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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:

419,531

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	12,127,310	
Deferred inflows of resources relating to pensions	<u>(21,857,232)</u>	

Net		(9,729,922)
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Deferred outflows and inflows of resources relating to other postemployment benefits (OPEB): In governmental funds, deferred outflows and inflows of resources relating to OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to OPEB are reported.

Deferred outflows of resources relating to OPEB	2,382,788	
Deferred inflows of resources relating to OPEB	<u>(112,305)</u>	

Net		<u>2,270,483</u>
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**Total net position governmental activities:**

**\$ 36,991,625**

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, 2022

	General Fund	Capital Facilities Fund	County School Facilities Fund	Nonmajor Governmental Funds	Total
<b>Revenues</b>					
State Apportionment	\$ 18,433,410	\$ -	\$ -	\$ -	\$ 18,433,410
Education Protection Account Funds	19,451,463	-	-	-	19,451,463
Property Taxes	7,459,833	-	-	2,734,963	10,194,796
Federal Revenue	5,867,354	-	-	2,499,216	8,366,570
Other State Revenue	7,462,234	-	2,309,681	222,221	9,994,136
Interest and Investment Earnings/(Losses)	(410,053)	(188,141)	(189,597)	(86,714)	(874,505)
Other Local Revenue	3,005,397	1,432,440	-	433,407	4,871,244
Total Revenues	<u>\$ 61,269,638</u>	<u>\$ 1,244,299</u>	<u>\$ 2,120,084</u>	<u>\$ 5,803,093</u>	<u>\$ 70,437,114</u>
<b>Expenditures</b>					
Current Expenditures:					
Instruction	35,843,558	-	-	49,916	35,893,474
Instruction - Related Services	4,073,142	-	-	28,656	4,101,798
Pupil Services	6,073,114	-	-	2,123,647	8,196,761
Ancillary Services	555,778	-	-	387,482	943,260
General Administration	3,929,369	-	-	-	3,929,369
Plant Services	5,424,682	104,276	36,902	44,324	5,610,184
Debt Issuance Costs	-	-	-	226,887	226,887
Tuition to County Office of Education	544,894	-	-	-	544,894
Capital Outlay	1,357,327	445,796	6,590,497	458,396	8,852,016
Debt Service:					
Principal	61,935	-	-	786,697	848,632
Interest	1,127	-	-	1,966,718	1,967,845
Total Expenditures	<u>57,864,926</u>	<u>550,072</u>	<u>6,627,399</u>	<u>6,072,723</u>	<u>71,115,120</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>3,404,712</u>	<u>694,227</u>	<u>(4,507,315)</u>	<u>(269,630)</u>	<u>(678,006)</u>
Other Financing Sources (Uses):					
Proceeds from Sale of Bonds	-	-	-	2,689,009	2,689,009
Transfers In	42,370	-	-	-	42,370
Transfers Out	-	(42,370)	-	-	(42,370)
Total Other Financing Sources (Uses)	<u>42,370</u>	<u>(42,370)</u>	<u>-</u>	<u>2,689,009</u>	<u>2,689,009</u>
Net Change in Fund Balance	3,447,082	651,857	(4,507,315)	2,419,379	2,011,003
Fund Balance, Beginning of Year	14,808,260	8,170,314	12,945,946	4,994,586	40,919,106
Fund Balance, End of Year	<u>\$ 18,255,342</u>	<u>\$ 8,822,171</u>	<u>\$ 8,438,631</u>	<u>\$ 7,413,965</u>	<u>\$ 42,930,109</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, 2022

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**Total change in fund balances, governmental funds:** \$ 2,011,003

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	8,933,242	
Depreciation expense	(1,935,135)	
Amortization expense	<u>(63,393)</u>	
Net		6,934,714

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:

848,632

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

(2,689,009)

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:

(145,877)

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

(39,168)

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, 2022

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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:

3,757,479

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:

(455,451)

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:

78,618

**Change in net position of governmental activities:**

\$ 10,300,941

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, 2022

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### A. Summary of Significant Accounting Policies

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

#### 1. Reporting Entity

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

#### 2. Component Units

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

#### 3. Basis of Presentation

**Government-Wide Statements.** The statement of net position and the statement of activities display information about the primary government (the District). These statements include the financial activities of the overall government, 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, 2022

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**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, 2022

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

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

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

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

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

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

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



# Imperial Unified School District

Notes to the Financial Statements, Continued

June 30, 2022

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## 4. Basis of Accounting – Measurement Focus

**Government-Wide Financial Statements.** The government-wide financial statements are reported using the economic resources measurement focus. The government-wide 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.

# Imperial Unified School District

Notes to the Financial Statements, Continued

June 30, 2022

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## 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 1<sup>st</sup>. A public hearing must be conducted to receive comments prior to adoption. The District's governing board has satisfied these requirements.

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

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

## 7. Revenues and Expenses

### a. Revenues – Exchange and Non-Exchange

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

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

### b. Expenses/Expenditures

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

# Imperial Unified School District

Notes to the Financial Statements, Continued

June 30, 2022

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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:

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

d. Lease Assets & Lease Liabilities

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

e. 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.

f. 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.

g. 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.

h. 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.

i. 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.

j. 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.

k. 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.

l. 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, 2020
Measurement Date	June 30, 2021
Measurement Period	July 1, 2020 to June 30, 2021

m. Postemployment Benefits Other than Pensions (OPEB)

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

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

Valuation Date	July 1, 2021
Measurement Date	June 30, 2021
Measurement Period	June 30, 2020 to June 30, 2021

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, 2022. Those newly implemented pronouncements are as follows:

Description	Date Issued
<b>GASB Statement 87, Leases</b>	06/2017
<b>GASB Statement 89, Accounting for Interest Cost Incurred before the End of a Construction Period</b>	06/2018
<b>GASB Statement 92, Omnibus 2020</b>	01/2020
<b>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</b>	06/2020
<b>GASB Statement 98, The Annual Comprehensive Financial Report</b>	10/2021
<b>GASB Implementation Guide No. 2019-3, Leases</b>	08/2019
<b>GASB Implementation Guide No. 2020-1, Implementation Guidance Update – 2020</b>	04/2020
<b>GASB Implementation Guide No. 2021-1, Implementation Guidance Update – 2021 (Applicable portions to the 2021-22 fiscal year)</b>	05/2021

The implementation of new accounting guidelines resulted in the following changes during the fiscal year ended June 30, 2022:

- Leases where the District is the lessee were previously accounted for as a current expense in the years the lease payments were made. Under the provisions of GASB Statement No. 87 these leases are recorded on the government wide statement of net position as lease assets which are amortized over the life of the asset or lease (whichever is shorter), and lease liabilities which are reduced over the life of the lease by principal payments. The implementation of this pronouncement resulted in an adjustment to beginning balances as discussed in Note T.
- Leases where the District is the lessor were previously accounted for as rental income in the year that the rent was collected. Under the provisions of GASB Statement No. 87 these leases are recorded at inception of the lease as a lease receivable and a deferred inflow of resources. The District did not have any agreements as the lessor, and therefore no adjustments were made to the financial statements for this change.

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, 2022

**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, 2022, 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	\$ 42,542,747	\$ -	\$ 42,542,747	\$ -
Total investments by fair value level	\$ 42,542,747	\$ -	\$ 42,542,747	\$ -

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, 2022

**D. Cash and Investments**

As of June 30, 2022, 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	\$ 19,089,170	\$ 8,992,786	\$ 8,717,716	\$ 6,609,842	\$ 43,409,514
Fair Market Value Adjustment	(400,751)	(188,792)	(183,016)	(94,208)	(866,767)
Cash In Banks and Revolving Fund	2,500	-	-	273,629	276,129
Total Cash and Cash Equivalents	<u>\$ 18,690,919</u>	<u>\$ 8,803,994</u>	<u>\$ 8,534,700</u>	<u>\$ 6,789,263</u>	<u>\$ 42,818,876</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 (\$43,409,514 as of June 30, 2022). The fair value of the District's portion of this pool as of that date, as provided by the pool sponsor, was \$42,542,747. 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 (\$273,629 as of June 30, 2022) and in revolving fund (\$2,500 as of June 30, 2022) 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, 2022, 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	\$ 42,542,747

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, 2022, the District had balances in excess of FDIC limitations by \$26,129 which are insured but not in the name of the District.

c. Concentration of Credit Risk

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

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District maintains pooled investments with the Imperial County Treasury with a fair value of \$42,542,342. The average weighted maturity for this pool was 538 days at June 30, 2022.

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, 2022

**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, 2022, consisted of:

	Major Governmental Funds			Nonmajor Governmental Funds	Total
	General Fund	Capital Facilities Fund	County School Facilities Fund		
Federal Government:					
Title I	\$ 169,492	\$ -	\$ -	\$ -	\$ 169,492
Education Stabilization	2,168,145	-	-	-	2,168,145
Special Education	867,983	-	-	-	867,983
Title II	74,978	-	-	-	74,978
Child Nutrition	-	-	-	496,880	496,880
ESSER III	45,953	-	-	-	45,953
Other Federal Programs	31,101	-	-	6,520	37,621
State Government:					
Education Protection Account	384,250	-	-	-	384,250
LCFF State Aid	240,201	-	-	-	240,201
Special Education	226,542	-	-	-	226,542
Educator Effectiveness	182,108	-	-	-	182,108
Lottery	134,953	-	-	-	134,953
Child Nutrition	-	-	-	22,607	22,607
Other State Programs	122,872	-	-	-	122,872
Local Sources					
Interest	40,270	20,766	23,586	11,988	96,610
Other Local Sources	31,259	-	-	-	31,259
Total Accounts Receivable	<u>\$ 4,720,107</u>	<u>\$ 20,766</u>	<u>\$ 23,586</u>	<u>\$ 537,995</u>	<u>\$ 5,302,454</u>

**Imperial Unified School District**  
Notes to the Financial Statements, Continued  
June 30, 2022

**F. Capital Assets and Lease Assets**

Capital asset activity for the year ended June 30, 2022, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 4,326,126	\$ -	\$ -	\$ 4,326,126
Work in progress	1,376,964	7,575,915	-	8,952,879
Total capital assets not being depreciated	5,703,090	7,575,915	-	13,279,005
Capital assets being depreciated or amortized:				
Land improvements	3,948,382	47,504	-	3,995,886
Buildings and improvements	100,240,502	640,677	-	100,881,179
Equipment	9,092,851	669,146	-	9,761,997
Total capital assets being depreciated (excluding lease assets)	113,281,735	1,357,327	-	114,639,062
Accumulated depreciation for:				
Land improvements	(2,655,119)	(104,362)	-	(2,759,481)
Buildings and improvements	(24,750,463)	(1,393,523)	-	(26,143,986)
Equipment	(6,409,310)	(437,250)	-	(6,846,560)
Total accumulated depreciation	(33,814,892)	(1,935,135)	-	(35,750,027)
Governmental activities capital assets, net	85,169,933	6,998,107	-	92,168,040
<b>Lease assets</b>				
Equipment	310,481	-	-	310,481
Accumulated amortization for lease assets	(150,186)	(63,393)	-	(213,579)
Lease assets, net	160,295	(63,393)	-	96,902
<b>Governmental activities capital assets and lease assets, net</b>	<b>\$ 85,330,228</b>	<b>\$ 6,934,714</b>	<b>\$ -</b>	<b>\$ 92,264,942</b>

Depreciation and amortization were charged to functions as follows:

	Depreciation by Function	Amortization by Function
Instruction	\$ 1,679,189	\$ 56,369
Pupil Services	95,972	1,708
General Administration	780	5,316
Plant Services	159,194	-
Total	<u>\$ 1,935,135</u>	<u>\$ 63,393</u>

**G. Interfund Balances & Activities**

1. Due To and From Other Funds

As of June 30, 2022 the District did not have any interfund payables or receivables.

2. Transfers To and From Other Funds

Transfers to and from other funds at June 30, 2022, consisted of the following:

Transfers In	Transfers Out	Amount	Purpose
General Fund	Capital Facilities Fund	\$ 42,370	Developer fee costs
		<u>\$ 42,370</u>	

**Imperial Unified School District**  
Notes to the Financial Statements, Continued  
June 30, 2022

**H. Accounts Payable**

Accounts payable balances as of June 30, 2022, consisted of:

	Major Governmental Funds				
	General Fund	Capital Facilities Fund	County School Facilities Fund	Nonmajor Governmental Funds	Total Governmental Funds
Vendors Payable	\$ 2,075,856	\$ 2,589	\$ 119,655	\$ 12,691	\$ 2,210,791
Payroll and Related Benefits	928,224	-	-	1,297	929,521
Pension Related	45,692	-	-	-	45,692
OPEB Related	41,522	-	-	-	41,522
Total Accounts Payable	<u>\$ 3,091,294</u>	<u>\$ 2,589</u>	<u>\$ 119,655</u>	<u>\$ 13,988</u>	<u>\$ 3,227,526</u>

**I. Unearned Revenue**

Unearned revenue balances as of June 30, 2022, consisted of:

	General Fund
Federal Programs	
Education Stabilization	\$ 221,284
Title IV	15,384
American Rescue Plan	11,866
Title III	7,350
State Programs	
In Person Instruction	1,350,206
K-12 Strong Workforce Grant	259,478
Child Development	154,524
Other	35,384
Agriculture Career Tech	8,914
Total Unearned Revenue	<u>\$ 2,064,390</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, 2022, the District did not enter into any short-term debt agreements.



**Imperial Unified School District**  
Notes to the Financial Statements, Continued  
June 30, 2022

**K. Fund Balance Classifications of the Governmental Funds**

Ending fund balance classifications of the governmental funds for the year ended June 30, 2022, consisted of:

	Major Governmental Funds				
	General Fund	Capital Facilities Fund	County School Facilities Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable Fund Balance					
Revolving Cash	\$ 2,500	\$ -	\$ -	\$ -	\$ 2,500
Stores Inventory	-	-	-	100,695	100,695
Total Nonspendable Fund Balance	<u>2,500</u>	<u>-</u>	<u>-</u>	<u>100,695</u>	<u>103,195</u>
Restricted Fund Balance					
Capital Projects	-	8,822,171	8,438,631	2,918,623	20,179,425
Debt Service	-	-	-	2,107,483	2,107,483
Educational Programs	3,673,337	-	-	53,562	3,726,899
Other Purposes	102,439	-	-	1,123,728	1,226,167
Total Restricted Fund Balance	<u>3,775,776</u>	<u>8,822,171</u>	<u>8,438,631</u>	<u>6,203,396</u>	<u>27,239,974</u>
Assigned Fund Balance					
Special Reserve OPEB	6	-	-	-	6
Capital Projects	-	-	-	1,109,874	1,109,874
Total Assigned Fund Balance	<u>6</u>	<u>-</u>	<u>-</u>	<u>1,109,874</u>	<u>1,109,880</u>
Unassigned Fund Balance					
For Economic Uncertainties	1,735,948	-	-	-	1,735,948
Unassigned	12,741,112	-	-	-	12,741,112
Total Unassigned Fund Balance	<u>14,477,060</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,477,060</u>
Total Fund Balance	<u>\$ 18,255,342</u>	<u>\$ 8,822,171</u>	<u>\$ 8,438,631</u>	<u>\$ 7,413,965</u>	<u>\$ 42,930,109</u>

**Imperial Unified School District**  
Notes to the Financial Statements, Continued  
June 30, 2022

**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, 2022, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
<u>Governmental Activities:</u>					
General Obligation Bonds	\$ 47,111,436	\$ 2,689,009	\$ 785,000	\$ 49,015,445	\$ 605,000
Bond Premiums	3,975,758	-	109,315	3,866,443	90,949
Accreted Interest	354,292	159,001	-	513,293	-
Total GO Bonds	<u>51,441,486</u>	<u>2,848,010</u>	<u>894,315</u>	<u>53,395,181</u>	<u>695,949</u>
Leases Payable*	161,587	-	63,632	97,955	47,124
Total OPEB Liability*	6,715,444	1,480,361	-	8,195,805	-
Net Pension Liability*	49,680,972	-	21,304,995	28,375,977	-
Compensated Absences*	247,817	39,168	-	286,985	286,985
Total Governmental Activities	<u>\$108,247,306</u>	<u>\$ 4,367,539</u>	<u>\$ 22,262,942</u>	<u>\$ 90,351,903</u>	<u>\$ 1,030,058</u>

\*Other long-term liabilities

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

2. General Obligation Bonds

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

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

**Imperial Unified School District**  
Notes to the Financial Statements, Continued  
June 30, 2022

General obligation bonds at June 30, 2022 consisted of the following:

	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount of Original Issue</u>
2016 Refunding Bonds	02/24/16	2.00-5.00%	08/01/35	\$ 13,530,000
2016 Election Series A	02/02/17	3.75-5.25%	08/01/47	26,000,000
2016 Election Series B	02/08/18	2.00-5.25%	08/01/47	7,999,840
2016 Election Series C	01/24/19	2.30-4.38%	08/01/45	3,306,596
2016 Election Series D	03/31/22	3.21-4.53%	05/01/47	2,689,009
Total GO Bonds				<u>\$ 53,525,445</u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
2016 Refunding Bonds					
Principal	\$ 10,110,000	\$ -	\$ 705,000	\$ 9,405,000	\$ 605,000
Premium	1,519,822	-	105,982	1,413,840	90,949
2016 Election Series A					
Principal	26,000,000	-	-	26,000,000	-
Premium	1,357,829	-	-	1,357,829	-
2016 Election Series B					
Principal	7,724,840	-	-	7,724,840	-
Premium	961,582	-	-	961,582	-
Accreted Interest	182,992	67,497	-	250,489	-
2016 Election Series C					
Principal	3,276,596	-	80,000	3,196,596	-
Premium	136,525	-	3,333	133,192	-
Accreted Interest	171,300	91,504	-	262,804	-
2016 Election Series D					
Principal	-	2,689,009	-	2,689,009	-
Accreted Interest	-	-	-	-	-
Total	<u>\$ 51,441,486</u>	<u>\$ 2,848,010</u>	<u>\$ 894,315</u>	<u>\$ 53,395,181</u>	<u>\$ 695,949</u>

The annual requirements to amortize the bonds outstanding at June 30, 2022 are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Accreted Interest</u>	<u>Total</u>
2023	\$ 605,000	\$ 1,935,776	\$ -	\$ 2,540,776
2024	799,974	1,910,676	10,026	2,720,676
2025	936,606	1,881,876	13,394	2,831,876
2026	1,033,796	1,844,076	21,204	2,899,076
2027	1,154,656	1,797,326	30,344	2,982,326
2028-2032	8,025,283	8,051,980	289,717	16,366,980
2033-2037	7,237,263	6,542,971	889,841	14,670,075
2038-2042	8,523,876	5,225,170	2,640,468	16,389,514
2043-2047	16,923,991	2,679,100	3,764,412	23,367,503
2048-2052	3,775,000	81,219	-	3,856,219
Total	<u>\$ 49,015,445</u>	<u>\$ 31,950,170</u>	<u>\$ 7,659,406</u>	<u>\$ 88,625,021</u>

**Imperial Unified School District**  
Notes to the Financial Statements, Continued  
June 30, 2022

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*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, 2022.

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

*Premium*

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

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

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

## Imperial Unified School District

Notes to the Financial Statements, Continued

June 30, 2022

### 3. Leases Payable

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

Leases payable at June 30, 2022 consisted of the following:

Description of Lease	Lease Term	Imputed Interest Rate	2021-22 Beginning Lease Liability Balance	Current Year Additions	Current Year Principal Payments	2021-22 Ending Lease Liability Balance
Canon - DO	60 Months	0.90%	\$ 16,084	\$ -	\$ 5,313	\$ 10,771
Canon - IHS #1	60 Months	0.90%	14,010	-	3,126	10,884
Canon - IHS #2	60 Months	0.90%	18,288	-	4,083	14,205
Canon - IHS All Sites	60 Months	0.90%	46,969	-	31,242	15,727
Pitney Bowes	63 Months	0.90%	6,887	-	2,831	4,056
Quench	36 Months	0.20%	6,192	-	3,711	2,481
Xerox - Food Services	60 Months	0.90%	8,005	-	1,697	6,308
Xerox	60 Months	0.90%	45,152	-	11,629	33,523
Total			<u>\$ 161,587</u>	<u>\$ -</u>	<u>\$ 63,632</u>	<u>\$ 97,955</u>

Future commitments for payment on leases payable are as follows:

Year Ended June 30,	Principal	Interest	Total
2023	\$ 47,124	\$ 638	\$ 47,762
2024	27,493	342	27,835
2025	19,075	124	19,199
2026	4,263	11	4,274
Total	<u>\$ 97,955</u>	<u>\$ 1,115</u>	<u>\$ 99,070</u>

### 4. Compensated Absences

Total unpaid employee compensated absences as of June 30, 2022, amounted to \$286,985. This amount is included as part of long-term liabilities in the government-wide financial statements.

### 5. Net Pension Liability

The District's beginning net pension liability was \$49,680,972 and decreased by \$21,304,995 during the year ended June 30, 2022 for an ending net pension liability of \$28,375,977. See Note M for additional information regarding the net pension liability.

### 6. Total OPEB Liability

The District's beginning total OPEB liability was \$6,715,444 and increased during the year ended June 30, 2022 by \$1,480,361. The ending total OPEB liability at June 30, 2022 was \$8,195,805. See Note N for additional information regarding the total OPEB liability.

# Imperial Unified School District

Notes to the Financial Statements, Continued

June 30, 2022

## 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, 2022 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 (2021-22)	10.250%	10.205%
Required Employer Contribution Rates (2021-22)	16.920%	16.920%
Required State Contribution Rates (2021-22)	10.828%	10.828%

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

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

**Imperial Unified School District**  
Notes to the Financial Statements, Continued  
June 30, 2022

	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 (2021-22)	7.000%	7.000%
Required State Contribution Rates (2021-22)	22.910%	22.910%

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

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

c. Contributions

*CalSTRS*

For the fiscal year ended June 30, 2022, 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 16.92% of creditable compensation for the fiscal year ended June 30, 2022. 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 2021-22, the employer rate reflects a 2.18% 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, 2022, the employee contribution rate was 7.00% and the employer contribution rate was 22.910% of covered payroll. For 2021-22, the employer rate reflects a 2.16% reduction from the rate originally adopted by the board on April 20, 2021, due to an amendment of Government Code §20825.2.

**Imperial Unified School District**  
Notes to the Financial Statements, Continued  
June 30, 2022

*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, 2022 the State contributed 10.828% of salaries creditable to CalSTRS. Consistent with the requirements of generally accepted accounting principles, the District has recorded these contributions as revenue and expense in the fund financial statements (current financial resources measurement focus). The government-wide financial statements have recorded revenue and expense for pension expense paid on behalf of the District (economic resources measurement focus). Contributions reported for on behalf payments are based on the District's proportionate share of the States contribution for the fiscal year. Contributions made by the state on behalf of the District and the State's pension expense associated with District employees for the past three fiscal years are as follows:

Year Ended June 30,	CalSTRS		
	On Behalf Contribution Rate	On Behalf Contribution Amount	On Behalf Pension Expense
2020	10.328%	2,215,223	700,256
2021	10.328%	2,437,312	1,587,370
2022	10.828%	2,709,882	399,319

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.

d. Contributions Recognized

For the fiscal year ended June 30, 2022 (measurement period June 30, 2021), the contributions recognized for each plan were:

Governmental Fund Financial Statements (Current Financial Resources Measurement Focus)			
	CalSTRS	CalPERS	Total
Contributions - Employer	\$ 4,014,163	\$ 2,020,817	\$ 6,034,980
Contributions - State On Behalf Payments	399,319	-	399,319
Total Governmental Funds	<u>\$ 4,413,482</u>	<u>\$ 2,020,817</u>	<u>\$ 6,434,299</u>
Government-Wide Financial Statements (Economic Resources Measurement Focus)			
	CalSTRS	CalPERS	Total
Contributions - Employer	\$ 3,617,382	\$ 1,629,230	\$ 5,246,612
Contributions - State On Behalf Payments	-	-	-
Total Government-Wide	<u>\$ 3,617,382</u>	<u>\$ 1,629,230</u>	<u>\$ 5,246,612</u>



**Imperial Unified School District**  
Notes to the Financial Statements, Continued  
June 30, 2022

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

As of June 30, 2021 (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	<u>\$ 17,527,558</u>	<u>\$ 10,848,419</u>	<u>\$ 28,375,977</u>

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, 2021. The total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020 rolled forward to measurement date June 30, 2021 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, 2021 and June 30, 2022 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, 2021	0.03500%	0.02490%	0.05990%	0.05130%
Proportion June 30, 2022	<u>0.03850%</u>	<u>0.02860%</u>	<u>0.06710%</u>	<u>0.05340%</u>
Change in Proportion	<u>0.00350%</u>	<u>0.00370%</u>	<u>0.00720%</u>	<u>0.00210%</u>

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

a. Pension Expense

	Governmental Activities		
	CalSTRS	CalPERS	Total
Change in Net Pension Liability (Asset)	\$ (16,414,837)	\$ (4,890,158)	\$ (21,304,995)
State On Behalf Pension Expense	399,319	-	399,319
Employer Contributions to Pension Expense	4,014,163	2,020,817	6,034,980
Change in Contributions Subsequent to Measurement Date	(396,781)	(391,587)	(788,368)
Change in Other Deferred Outflows/Inflows of Resources	<u>13,650,316</u>	<u>4,685,568</u>	<u>18,335,884</u>
Total Pension Expense - Governmental	<u>\$ 1,252,180</u>	<u>\$ 1,424,640</u>	<u>\$ 2,676,820</u>

**Imperial Unified School District**  
Notes to the Financial Statements, Continued  
June 30, 2022

b. Deferred Outflows and Inflows of Resources

At June 30, 2022, The District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		
	CalSTRS	CalPERS	Total
<u>Governmental Activities</u>			
Pension contributions subsequent to measurement date	\$ 4,014,163	\$ 2,020,817	\$ 6,034,980
Differences between actual and expected experience	34,375	320,667	355,042
Changes in assumptions	1,692,452	-	1,692,452
Changes in employer's proportionate share	3,292,604	752,232	4,044,836
Total Deferred Outflows of Resources	<u>\$ 9,033,594</u>	<u>\$ 3,093,716</u>	<u>\$ 12,127,310</u>
	Deferred Inflows of Resources		
	CalSTRS	CalPERS	Total
<u>Governmental Activities</u>			
Differences between actual and expected experience	\$ 1,772,992	\$ 25,574	\$ 1,798,566
Changes in employer's proportionate share	1,841,937	35,092	1,877,029
Net difference between projected and actual earnings	14,002,739	4,178,898	18,181,637
Total Deferred Inflows of Resources	<u>\$ 17,617,668</u>	<u>\$ 4,239,564</u>	<u>\$ 21,857,232</u>

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

Year Ended June 30,	Governmental Activities				
	Deferred Outflows of Resources		Deferred Inflows of Resources		Net Effect on Expenses
	CalSTRS	CalPERS	CalSTRS	CalPERS	
2023	\$ 5,943,616	\$ 2,497,006	\$ (4,516,975)	\$ (1,089,340)	\$ 2,834,307
2024	1,582,281	311,084	(4,221,940)	(976,700)	(3,305,275)
2025	728,106	159,458	(4,301,554)	(1,015,630)	(4,429,620)
2026	728,106	126,168	(4,158,269)	(1,157,894)	(4,461,889)
2027	51,485	-	(233,558)	-	(182,073)
Thereafter	-	-	(185,372)	-	(185,372)
Total	<u>\$ 9,033,594</u>	<u>\$ 3,093,716</u>	<u>\$ (17,617,668)</u>	<u>\$ (4,239,564)</u>	<u>\$ (9,729,922)</u>

**Imperial Unified School District**  
Notes to the Financial Statements, Continued  
June 30, 2022

c. Actuarial Assumptions

Total pension liabilities for the fiscal year ended June 30, 2022, were based on actuarial valuations determined using the following actuarial assumptions:

	CalSTRS	CalPERS
Fiscal Year	June 30, 2022	June 30, 2022
Measurement Date	June 30, 2021	June 30, 2021
Valuation Date	June 30, 2020	June 30, 2020
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.

## Imperial Unified School District

Notes to the Financial Statements, Continued

June 30, 2022

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### d. 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, 2022

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.

<b>CalSTRS</b>		
<b>Asset Class</b>	<b>Assumed Asset Allocation</b>	<b>Long-Term Expected Real Rate of Return*</b>
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		

<b>CalPERS</b>			
<b>Asset Class<sup>(1)</sup></b>	<b>Assumed Asset Allocation</b>	<b>Real Return Years 1 - 10<sup>(2,4)</sup></b>	<b>Real Return Years 11+<sup>(3,4)</sup></b>
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

(4) Figures are based on the previous ALM of 2017

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

The following represents the District's proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	<u>CalSTRS</u>	<u>CalPERS</u>
1% Decrease	6.10%	6.15%
Net Pension Liability	\$ 35,680,452	\$ 18,291,959
Current Discount Rate	7.10%	7.15%
Net Pension Liability	\$ 17,527,558	\$ 10,848,419
1% Increase	8.10%	8.15%
Net Pension Liability	\$ 2,461,558	\$ 4,668,685

**Imperial Unified School District**  
Notes to the Financial Statements, Continued  
June 30, 2022

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

**CalSTRS Governmental Activities**

	Increase (Decrease)				
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)	State's Share of Net Pension Liability (c)	District's Share of Net Pension Liability (a) - (b) - (c)
<b>Balance at June 30, 2021</b>					
(Previously Reported)	<u>\$ 206,070,223</u>	<u>\$ 147,999,598</u>	<u>\$ 58,070,625</u>	<u>\$ 24,128,230</u>	<u>\$ 33,942,395</u>
<b>Changes for the year</b>					
Change in proportionate share	24,592,429	17,662,278	6,930,151	3,547,056	3,383,095
Service cost	5,105,673	-	5,105,673	2,173,835	2,931,838
Interest	16,347,946	-	16,347,946	6,960,441	9,387,505
Difference between expected and actual experience	(2,259,723)	-	(2,259,723)	(962,119)	(1,297,604)
Change in assumptions	-	-	-	-	-
Change in benefits	-	-	-	-	-
Contributions:					
Employer	-	3,862,266	(3,862,266)	(1,644,431)	(2,217,835)
Employee	-	2,510,250	(2,510,250)	(1,068,785)	(1,441,465)
State on behalf	-	2,502,465	(2,502,465)	(1,065,471)	(1,436,994)
Net investment income	-	44,965,484	(44,965,484)	(19,144,889)	(25,820,595)
Other income	-	60,671	(60,671)	(25,832)	(34,839)
Benefit payments <sup>(1)</sup>	(11,206,810)	(11,206,810)	-	-	-
Administrative expenses	-	(168,729)	168,729	71,839	96,890
Borrowing costs	-	(60,101)	60,101	25,589	34,512
Other expenses	-	(1,141)	1,141	486	655
Net changes	<u>32,579,515</u>	<u>60,126,633</u>	<u>(27,547,118)</u>	<u>(11,132,281)</u>	<u>(16,414,837)</u>
<b>Balance at June 30, 2022</b>	<u><u>\$ 238,649,738</u></u>	<u><u>\$ 208,126,231</u></u>	<u><u>\$ 30,523,507</u></u>	<u><u>\$ 12,995,949</u></u>	<u><u>\$ 17,527,558</u></u>

(1) – Includes refunds of employee contributions

**Imperial Unified School District**  
Notes to the Financial Statements, Continued  
June 30, 2022

**CalPERS Governmental Activities**

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
<b>Balance at June 30, 2021</b> (Previously Reported)	<u>\$ 52,468,464</u>	<u>\$ 36,729,887</u>	<u>\$ 15,738,577</u>
<b>Changes for the year</b>			
Change in proportionate share	2,103,076	1,472,232	630,844
Service cost	1,252,337	-	1,252,337
Interest	3,850,124	-	3,850,124
Difference between expected and actual experience	(34,099)	-	(34,099)
Change in assumptions	-	-	-
Change in benefits	-	-	-
Contributions:			
Employer	-	1,585,679	(1,585,679)
Employee	-	543,719	(543,719)
Nonemployer	-	-	-
Net plan to plan resource movement	-	-	-
Net investment income	-	8,497,854	(8,497,854)
Benefit payments <sup>(1)</sup>	(2,631,433)	(2,631,433)	-
Administrative expenses	-	(37,888)	37,888
Other expenses	-	-	-
Net changes	<u>4,540,005</u>	<u>9,430,163</u>	<u>(4,890,158)</u>
<b>Balance at June 30, 2022</b>	<u><u>\$ 57,008,469</u></u>	<u><u>\$ 46,160,050</u></u>	<u><u>\$ 10,848,419</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

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

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

2. Contributions

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

3. Plan Membership

Membership of the plan consisted of the following as of June 30, 2022:

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

4. Total OPEB Liability

The Imperial Unified School District's total OPEB liability of \$8,195,805 was measured as of June 30, 2021, and was determined by an actuarial valuation as of July 1, 2021.

5. Actuarial Assumptions and Other Inputs

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

Economic assumptions:

Inflation	2.75% per annum
Salary increases	3.00% per annum, in aggregate
Discount rate	1.92%
Healthcare cost trend rates	5.50% decreasing to 4.50%
Retiree's share of costs	0.00%

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

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

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

6. Changes in Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at June 30, 2021	<u>\$ 6,715,444</u>
Changes for the year:	
Service cost	360,657
Interest	169,145
Changes of assumptions	419,254
Experience differences	877,884
Benefit payments	<u>(346,579)</u>
Net change	<u>1,480,361</u>
Balance at June 30, 2022	<u><u>\$ 8,195,805</u></u>

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

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

	<u>1% Decrease</u> <u>(0.92%)</u>	<u>Valuation</u> <u>Discount Rate</u> <u>(1.92%)</u>	<u>1% Increase</u> <u>(2.92%)</u>
Total OPEB Liability	\$ 8,859,367	\$ 8,195,805	\$ 7,574,734

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

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

	<u>1% Decrease</u> <u>4.50%</u> <u>Decreasing to</u> <u>3.50%</u>	<u>Healthcare Cost</u> <u>Trends Rate</u> <u>5.50%</u> <u>Decreasing to</u> <u>4.50%</u>	<u>1% Increase</u> <u>6.50%</u> <u>Decreasing to</u> <u>5.50%</u>
Total OPEB Liability	\$ 7,344,443	\$ 8,195,805	\$ 9,183,982

9. OPEB Expense

For the fiscal year ended June 30, 2022, the District recognized OPEB expense of \$836,670.

**Imperial Unified School District**  
Notes to the Financial Statements, Continued  
June 30, 2022

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

At June 30, 2022 the District reported deferred outflows and deferred inflows of resources related to OPEB for the following:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 880,199	\$ 112,305
Experience differences	1,260,541	-
Contributions made subsequent to measurement date	242,048	-
Total	<u>\$ 2,382,788</u>	<u>\$ 112,305</u>

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

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Effect on OPEB Expense
2023	\$ 574,439	\$ (25,523)	\$ 548,916
2024	332,391	(25,523)	306,868
2025	332,391	(25,523)	306,868
2026	332,391	(25,523)	306,868
2027	332,391	(10,213)	322,178
Thereafter	478,785	-	478,785
Total	<u>\$ 2,382,788</u>	<u>\$ (112,305)</u>	<u>\$ 2,270,483</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, 2022.

3. Construction Commitments

As of June 30, 2022, 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	March 2023
Imperial High Old Gym Modernization and Expansion	5,200,000	June 2028
District Office M&O and Transportation	6,100,000	June 2028

\*Expected date of completion subject to change

**R. Deferred Outflows of Resources**

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

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, 2022

A summary of the deferred outflows of resources as of June 30, 2022, is as follows:

Description	Beginning Balance	Increases	Decreases	Ending Balance
Loss 2016 Refunding Bonds	\$ 450,228	\$ -	\$ 30,697	\$ 419,531
Pension Related				
CalSTRS	7,183,170	7,397,258	5,546,834	9,033,594
CalPERS	2,887,918	2,651,661	2,445,863	3,093,716
OPEB Related	1,383,401	1,539,186	539,799	2,382,788
Total Deferred Outflows of Resources	<u>\$ 11,904,717</u>	<u>\$ 11,588,105</u>	<u>\$ 8,563,193</u>	<u>\$ 14,929,629</u>

Future amortization of deferred outflows of resources is as follows:

Year Ending June 30,	Refunding Loss	Pension Related	OPEB Related	Total
2023	\$ 30,697	\$ 5,943,616	\$ 574,439	\$ 6,548,752
2024	30,697	4,079,287	332,391	4,442,375
2025	30,697	1,039,190	332,391	1,402,278
2026	30,697	887,564	332,391	1,250,652
2027	30,697	177,653	332,391	540,741
Thereafter	266,046	-	478,785	744,831
Total	<u>\$ 419,531</u>	<u>\$ 12,127,310</u>	<u>\$ 2,382,788</u>	<u>\$ 14,929,629</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, 2022, is as follows:

Description	Beginning Balance	Increases	Decreases	Ending Balance
Pension Related				
CalSTRS	\$ 2,513,709	\$ 20,414,250	\$ 5,310,291	\$ 17,617,668
CalPERS	(260,215)	5,823,573	1,323,794	4,239,564
OPEB Related	137,828	-	25,523	112,305
Total Deferred Inflows of Resources	<u>\$ 2,391,322</u>	<u>\$ 26,237,823</u>	<u>\$ 6,659,608</u>	<u>\$ 21,969,537</u>

**Imperial Unified School District**  
Notes to the Financial Statements, Continued  
June 30, 2022

Future amortization of deferred inflows is as follows:

Year Ending June 30,	Pension Related	OPEB Related	Total
2023	\$ 4,516,975	\$ 25,523	\$ 4,542,498
2024	5,311,280	25,523	5,336,803
2025	5,278,254	25,523	5,303,777
2026	5,173,899	25,523	5,199,422
2027	1,391,452	10,213	1,401,665
Thereafter	185,372	-	185,372
Total	<u>\$ 21,857,232</u>	<u>\$ 112,305</u>	<u>\$ 21,969,537</u>

**T. Adjustment to Beginning Net Position**

During the year ended June 30, 2022, the District implemented GASB 87 which resulted in an adjustment to beginning balances for lease assets and leases payable. In addition, the District changed the calculation of bond premium amortization from straight line method to economic interest method to be consistent with requirements of GASB. The result of these two changes to beginning net position are as follows:

	Government-Wide Financial Statements
Beginning Net Position as Reported in June 30, 2021 Audit Report	\$ 26,923,472
Adjustments to Beginning Balance	
GASB 87 implementation	(1,292)
Change in accounting for bond premiums	(231,496)
Beginning Net Position, as Restated	<u>\$ 26,690,684</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
<b>GASB Statement 91, Conduit Debt Obligations</b>	05/2019	2022-23
<b>GASB Statement 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements</b>	03/2020	2022-23
<b>GASB Statement 96, Subscription-Based Information Technology Arrangements</b>	05/2020	2022-23
<b>GASB Statement No. 99, Omnibus 2022</b>	04/2022	2022-23 Thru 2023-24
<b>GASB Statement No. 100, Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62</b>	06/2022	2024-25
<b>GASB Statement No. 101, Compensated Absences</b>	06/2022	2024-25
<b>GASB Implementation Guide No. 2021-1, Implementation Guidance Update – 2021</b>	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.

Required Supplementary Information

# Imperial Unified School District

## Budgetary Comparison Schedule – General Fund

For the Year Ended June 30, 2022

	Budgeted Amounts			Variance to Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
LCFF Sources				
State Apportionment	\$ 28,258,069	\$ 21,306,194	\$ 18,433,410	\$ (2,872,784)
Education Protection Account	8,608,516	15,443,327	19,451,463	4,008,136
Property Taxes	6,377,655	7,396,992	7,459,833	62,841
Federal Revenue	2,455,597	7,531,544	5,867,354	(1,664,190)
Other State Revenue	7,002,573	6,560,777	7,462,234	901,457
Interest and Investment Income	126,000	126,000	(410,052)	(536,052)
Other Local Revenue	1,354,149	2,001,414	3,005,397	1,003,983
Total Revenues	54,182,559	60,366,248	61,269,639	903,391
<b>Expenditures</b>				
Current Expenditures:				
Certificated Salaries	23,646,444	26,222,448	25,026,239	1,196,209
Classified Salaries	8,000,645	8,360,824	9,099,227	(738,403)
Employee Benefits	14,333,031	15,129,375	14,961,671	167,704
Books and Supplies	2,676,965	4,271,713	3,433,362	838,351
Services and Other Operating	3,922,905	4,961,073	3,379,144	1,581,929
Tuition to County Offices	491,801	502,123	544,894	(42,771)
Capital Outlay	1,782,708	2,965,008	1,357,327	1,607,681
Debt Service:				
Principal	-	-	61,935	(61,935)
Interest	-	-	1,127	(1,127)
Total Expenditures	54,854,499	62,412,564	57,864,926	4,547,638
Excess (Deficiency) of Revenues				
Over Expenditures	(671,940)	(2,046,316)	3,404,713	5,451,029
Other Financing Sources (Uses)				
Transfers In	333,000	98,750	45,122	(53,628)
Net Change in Fund Balance	(338,940)	(1,947,566)	3,449,835	5,397,401
Fund Balance - Beginning of Year	14,805,501	14,805,501	14,805,501	-
Fund Balance - End of Year	\$ 14,466,561	\$ 12,857,935	\$ 18,255,336	\$ 5,397,401

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									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension liability (asset)	0.0385%	0.0350%	0.0384%	0.0378%	0.0359%	0.0359%	0.0336%	0.0324%	N/A	N/A
District's proportionate share of the net pension liability (asset)	\$ 17,527,558	\$ 33,942,395	\$ 34,703,628	\$ 34,716,949	\$ 33,197,634	\$ 29,071,586	\$ 22,591,598	\$ 18,954,224	N/A	N/A
State's proportionate share of the net pension liability (asset) associated with the District	12,995,950	24,128,230	19,635,042	19,386,634	20,074,687	17,241,446	13,842,470	10,440,908	N/A	N/A
Total	<u>\$ 30,523,508</u>	<u>\$ 58,070,625</u>	<u>\$ 54,338,670</u>	<u>\$ 54,103,583</u>	<u>\$ 53,272,321</u>	<u>\$ 46,313,032</u>	<u>\$ 36,434,068</u>	<u>\$ 29,395,132</u>	<u>N/A</u>	<u>N/A</u>
District's covered payroll**	23,724,368	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
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	73.88%	157.42%	172.99%	182.92%	174.91%	162.79%	145.69%	131.88%	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	87.21%	71.82%	72.56%	70.99%	69.46%	70.04%	74.02%	76.52%	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									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 4,014,163	\$ 3,654,827	\$ 3,687,053	\$ 3,362,294	\$ 2,894,747	\$ 2,387,747	\$ 1,916,168	\$ 1,377,031	N/A	N/A
Contributions in relation to the contractually required contribution	(4,014,163)	(3,654,827)	(3,687,053)	(3,362,294)	(2,894,747)	(2,387,747)	(1,916,168)	(1,377,031)	N/A	N/A
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A	N/A
District's covered payroll**	\$ 23,724,368	\$ 22,630,508	\$ 21,561,713	\$ 20,652,912	\$ 20,060,617	\$ 18,979,706	\$ 17,858,042	\$ 15,507,108	N/A	N/A
Contributions as a percentage of covered payroll	16.92%	16.15%	17.10%	16.28%	14.43%	12.58%	10.73%	8.88%	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									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension liability (asset)	0.0534%	0.0513%	0.0508%	0.0493%	0.0500%	0.0502%	0.0475%	0.0422%	N/A	N/A
District's proportionate share of the net pension liability (asset)	\$ 10,848,419	\$ 15,738,577	\$ 14,811,109	\$ 13,138,533	\$ 11,938,946	\$ 9,918,654	\$ 7,004,791	\$ 4,795,739	N/A	N/A
District's covered payroll**	\$ 7,660,319	\$ 7,454,799	\$ 7,112,153	\$ 6,570,272	\$ 6,423,322	\$ 6,081,581	\$ 5,284,758	\$ 4,441,768	N/A	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	141.62%	211.12%	208.25%	199.97%	185.87%	163.09%	132.55%	107.97%	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	80.97%	70.00%	70.05%	70.85%	71.87%	73.90%	79.43%	83.38%	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									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 2,020,817	\$ 1,585,686	\$ 1,470,161	\$ 1,284,597	\$ 1,020,429	\$ 892,071	\$ 720,485	\$ 622,069	N/A	N/A
Contributions in relation to the contractually required contribution	(2,020,817)	(1,585,686)	(1,470,161)	(1,284,597)	(1,020,429)	(892,071)	(720,485)	(622,069)	N/A	N/A
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A	N/A
District's covered payroll**	\$ 8,820,677	\$ 7,660,319	\$ 7,454,799	\$ 7,112,153	\$ 6,570,272	\$ 6,423,322	\$ 6,081,581	\$ 5,284,758	N/A	N/A
Contributions as a percentage of covered payroll	22.910%	20.700%	19.721%	18.062%	15.531%	13.888%	11.847%	11.771%	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									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total OPEB liability:										
Service cost	\$ 360,657	\$ 325,938	\$ 284,814	\$ 289,457	\$ 281,027	N/A	N/A	N/A	N/A	N/A
Interest	169,145	198,305	182,766	151,532	147,232	N/A	N/A	N/A	N/A	N/A
Experience differences	877,884	-	754,841	-	-	N/A	N/A	N/A	N/A	N/A
Changes of assumptions	419,254	366,494	362,182	(214,397)	-	N/A	N/A	N/A	N/A	N/A
Benefit payments	(346,579)	(367,110)	(310,755)	(297,539)	(284,264)	N/A	N/A	N/A	N/A	N/A
Net change in total OPEB liability	1,480,361	523,627	1,273,848	(70,947)	143,995	N/A	N/A	N/A	N/A	N/A
Total OPEB liability - beginning**	6,715,444	6,191,817	4,917,969	4,988,916	4,844,921	N/A	N/A	N/A	N/A	N/A
Total OPEB liability - ending	<u>\$ 8,195,805</u>	<u>\$ 6,715,444</u>	<u>\$ 6,191,817</u>	<u>\$ 4,917,969</u>	<u>\$ 4,988,916</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Covered payroll	30,998,193	30,077,961	30,077,961	27,527,249	\$ 25,351,262	N/A	N/A	N/A	N/A	N/A
Net OPEB liability as a percentage of covered payroll	26.44%	22.33%	20.59%	17.87%	19.68%	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, 2022

## 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	\$ 18,255,342
Less Fund 20 Fund Balance	(6)
General Fund - Budgetary Comparison Schedule Ending Fund Balance	<u>\$ 18,255,336</u>
General Fund - Basic Financial Statements Net Change in Fund Balance	\$ 3,447,082
Add Fund 20 Net Change in Fund Balance	2,753
General Fund - Budgetary Comparison Schedule Net Change in Fund Balance	<u>\$ 3,449,835</u>

## Excess of Expenditures Over Appropriations

As of June 30, 2022, 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>
<b>General Fund:</b>		
Classified Salaries	\$ 738,403	The District underestimated salaries for classified support staff.
Tuition to County Offices	42,771	The District underestimated the costs of tuition to be transferred to the County Office.
Debt Service: Principal	61,935	The District did not budget for reclassification of rent expense due to implementation of GASB 87.
Debt Service: Interest	1,127	The District did not budget for reclassification of rent expense due to implementation of GASB 87.

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

# Imperial Unified School District

Notes to Required Supplementary Information, Continued

For the Year Ended June 30, 2022

## Schedule of District's Proportionate Share – CalSTRS

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

## Schedule of District's Contributions – CalSTRS

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

Reporting Period	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018
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 <sup>(1)</sup>	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	June 30, 2022
Measurement Date	06/30/18	06/30/19	06/30/20	06/30/21
Valuation Date	06/30/17	06/30/18	06/30/19	06/30/20
Experience Study	07/01/06 - 06/30/15	07/01/06 - 06/30/15	07/01/15 - 06/30/18	07/01/15 - 06/30/18
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Investment Rate of Return <sup>(1)</sup>	7.10%	7.10%	7.10%	7.10%
Consumer Price Inflation	2.75%	2.75%	2.75%	2.75%
Wage Growth (Average)	3.50%	3.50%	3.50%	3.50%
Post-retirement Benefit Increases	2.00% Simple	2.00% Simple	2.00% Simple	2.00% Simple

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

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

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

# Imperial Unified School District

Notes to Required Supplementary Information, Continued

For the Year Ended June 30, 2022

## 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, 2021, was determined with a valuation completed June 30, 2020. In determining the total pension liability, the financial reporting actuarial valuation used the following actuarial methods and assumptions:

Reporting Period	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018
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	June 30, 2022
Measurement Date	06/30/18	06/30/19	06/30/20	06/30/21
Valuation Date	06/30/17	06/30/18	06/30/19	06/30/20
Experience Study	07/01/97 - 06/30/15	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	Entry Age Normal
Investment Rate of Return	7.15%	7.15%	7.15%	7.15%
Consumer Price Inflation	2.50%	2.50%	2.50%	2.50%
Wage Growth (Average)	3.00%	3.00%	2.75%	2.75%
Post-retirement Benefit Increases	2.00% Simple	2.00% Simple	2.00% Simple	2.00% Simple

The mortality table used was developed based on CalPERS specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table please refer to the December 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, 2022

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

1. Benefit Changes: There were no benefit changes during the 2021-22 fiscal year
2. Changes in Assumptions: There was an adjustment in discount rate from 2.45% to 1.92% during the 2021-22 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%
2022	1.92%

Combining Statements as Supplementary Information

# Imperial Unified School District

## Combining Balance Sheet – Nonmajor Governmental Funds

June 30, 2022

	Nonmajor Special Revenue Funds			Nonmajor Capital Projects Funds		Nonmajor Debt Service Fund	Total Nonmajor Governmental Funds
	Associated Student Body Fund	Adult Education Fund	Cafeteria Fund	Building Fund	Special Reserve Fund for Capital Outlay	Bond Interest & Redemption Fund	
<b>Assets</b>							
Cash and Cash Equivalents	\$ 273,751	\$ 56,263	\$ 334,684	\$ 2,914,240	\$ 1,107,283	\$ 2,103,042	\$ 6,789,263
Accounts Receivable	-	6,643	519,937	4,383	2,591	4,441	537,995
Stores Inventories	-	-	100,695	-	-	-	100,695
<b>Total Assets</b>	<u>\$ 273,751</u>	<u>\$ 62,906</u>	<u>\$ 955,316</u>	<u>\$ 2,918,623</u>	<u>\$ 1,109,874</u>	<u>\$ 2,107,483</u>	<u>\$ 7,427,953</u>
<b>Liabilities and Fund Balance:</b>							
Liabilities:							
Accounts Payable	\$ -	\$ 9,344	\$ 4,644	\$ -	\$ -	\$ -	\$ 13,988
Total Liabilities	<u>-</u>	<u>9,344</u>	<u>4,644</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,988</u>
Fund Balance:							
Nonspendable	-	-	100,695	-	-	-	100,695
Restricted	273,751	53,562	849,977	2,918,623	-	2,107,483	6,203,396
Assigned	-	-	-	-	1,109,874	-	1,109,874
Total Fund Balance	<u>273,751</u>	<u>53,562</u>	<u>950,672</u>	<u>2,918,623</u>	<u>1,109,874</u>	<u>2,107,483</u>	<u>7,413,965</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 273,751</u>	<u>\$ 62,906</u>	<u>\$ 955,316</u>	<u>\$ 2,918,623</u>	<u>\$ 1,109,874</u>	<u>\$ 2,107,483</u>	<u>\$ 7,427,953</u>

# Imperial Unified School District

## Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds June 30, 2022

	Nonmajor Special Revenue Funds			Nonmajor Capital Projects Funds		Nonmajor Debt Service Fund	
	Associated Student Body Fund	Adult Education Fund	Cafeteria Fund	Building Fund	Special Reserve Fund for Capital Outlay	Bond Interest & Redemption Fund	Total
<b>Revenues</b>							
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,734,963	\$ 2,734,963
Federal Revenue	-	9,395	2,489,821	-	-	-	2,499,216
Other State Revenue	-	88,937	133,284	-	-	-	222,221
Interest and Investment Earnings/(Losses)	-	(1,100)	(6,340)	(64,519)	(24,167)	9,412	(86,714)
Other Local Revenue	419,880	-	13,527	-	-	-	433,407
Total Revenues	<u>\$ 419,880</u>	<u>\$ 97,232</u>	<u>\$ 2,630,292</u>	<u>\$ (64,519)</u>	<u>\$ (24,167)</u>	<u>\$ 2,744,375</u>	<u>\$ 5,803,093</u>
<b>Expenditures</b>							
Current Expenditures:							
Instruction	-	49,916	-	-	-	-	49,916
Instruction - Related Services	-	28,656	-	-	-	-	28,656
Pupil Services	-	-	2,123,647	-	-	-	2,123,647
Ancillary Services	387,482	-	-	-	-	-	387,482
Plant Services	-	-	-	44,324	-	-	44,324
Debt Issuance Costs	-	-	-	226,887	-	-	226,887
Capital Outlay	-	-	-	458,396	-	-	458,396
Debt Service:							
Principal	-	-	1,697	-	-	785,000	786,697
Interest	-	-	9	-	-	1,966,709	1,966,718
Total Expenditures	<u>387,482</u>	<u>78,572</u>	<u>2,125,353</u>	<u>729,607</u>	<u>-</u>	<u>2,751,709</u>	<u>6,072,723</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>32,398</u>	<u>18,660</u>	<u>504,939</u>	<u>(794,126)</u>	<u>(24,167)</u>	<u>(7,334)</u>	<u>(269,630)</u>
Other Financing Sources (Uses):							
Proceeds from Sale of Bonds	-	-	-	2,689,009	-	-	2,689,009
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,689,009</u>	<u>-</u>	<u>-</u>	<u>2,689,009</u>
Net Change in Fund Balance	32,398	18,660	504,939	1,894,883	(24,167)	(7,334)	2,419,379
Fund Balance, Beginning of Year	241,353	34,902	445,733	1,023,740	1,134,041	2,114,817	4,994,586
Fund Balance, End of Year	<u>\$ 273,751</u>	<u>\$ 53,562</u>	<u>\$ 950,672</u>	<u>\$ 2,918,623</u>	<u>\$ 1,109,874</u>	<u>\$ 2,107,483</u>	<u>\$ 7,413,965</u>

## Other Supplementary Information



# Imperial Unified School District

## Local Education Agency Organization Structure

June 30, 2022

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

### GOVERNING BOARD

<u>Name</u>	<u>Office</u>	<u>Term and Term Expiration</u>
John Denault	President	Four Year Term Expires November 2022
Victor Lopez	Clerk	Four Year Term Expires November 2024
Jill Tucker	Member	Four Year Term Expires November 2022
David Ross	Member	Four Year Term Expires November 2022
Lillian Canez	Member	Four Year Term Expires November 2024

### ADMINISTRATION

Bryan Thomason  
District Superintendent  
Secretary to the Board of Trustees

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 Average Daily Attendance

Year Ended June 30, 2022

	Second Period Report		Annual Report	
	Original EECF4014	Revised Finding 2022-002	Original F9C75356	Revised Finding 2022-002
TK/K-3				
Regular ADA	1,253.38	1,195.63	1,261.53	1,211.29
Extended Year Special Education	6.89	6.89	6.89	6.89
Total TK/K-3	1,260.27	1,202.52	1,268.42	1,218.18
Grades 4-6				
Regular ADA	900.29	857.36	902.33	863.29
Extended Year Special Education	9.00	9.00	9.00	9.00
Total Grades 4-6	909.29	866.36	911.33	872.29
Grades 7-8				
Regular ADA	650.17	633.50	651.07	636.14
Extended Year Special Education	4.05	4.05	4.05	4.05
Total Grades 7-8	654.22	637.55	655.12	640.19
Grades 9-12				
Regular ADA	1,230.39	1,213.11	1,220.86	1,206.19
Extended Year Special Education	9.42	9.42	9.42	9.42
Total Grades 9-12	1,239.81	1,222.53	1,230.28	1,215.61
Total ADA	4,063.59	3,928.96	4,065.15	3,946.27

Average daily attendance is a measurement of the number of pupils attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of state funds are made to school districts and charter schools. This schedule provides information regarding the attendance of students by grade span and adjustments to the attendance as a result of an audit finding.

# Imperial Unified School District

## Schedule of Instructional Time

Year Ended June 30, 2022

Grade Level	Annual Minutes Requirement	Actual Minutes Offered	J-13A Minutes	Total Minutes	Number of Actual Days Offered (Traditional)	J-13A Days	Total Instructional Days	Status
Transitional Kindergarten	36,000	48,525	0	48,525	180	0	180	Complied
Kindergarten	36,000	48,525	0	48,525	180	0	180	Complied
1st Grade	50,400	53,380	0	53,380	180	0	180	Complied
2nd Grade	50,400	53,380	0	53,380	180	0	180	Complied
3rd Grade	50,400	53,380	0	53,380	180	0	180	Complied
4th Grade	54,000	54,528	0	54,528	180	0	180	Complied
5th Grade	54,000	54,528	0	54,528	180	0	180	Complied
6th Grade	54,000	65,692	0	65,692	180	0	180	Complied
7th Grade	54,000	65,692	0	65,692	180	0	180	Complied
8th Grade	54,000	65,692	0	65,692	180	0	180	Complied
9th Grade	64,800	65,670	0	65,670	180	0	180	Complied
10th Grade	64,800	65,670	0	65,670	180	0	180	Complied
11th Grade	64,800	65,670	0	65,670	180	0	180	Complied
12th Grade	64,800	65,670	0	65,670	180	0	180	Complied

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

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

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

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

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

**Imperial Unified School District**  
Schedule of Financial Trends and Analysis  
Year Ended June 30, 2022

<u>General Fund</u>	<u>Budget 2023 (See Note 1)</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Revenues and Other Financing Sources	\$ 70,106,187	\$ 61,314,761	\$ 55,669,750	\$ 49,841,154
Expenditures and Other Financing Uses	<u>72,128,459</u>	<u>57,864,926</u>	<u>51,096,465</u>	<u>47,476,702</u>
Net Change in Fund Balance	<u>(2,022,272)</u>	<u>3,449,835</u>	<u>4,573,285</u>	<u>2,364,452</u>
Ending Fund Balance	<u>\$ 16,233,064</u>	<u>\$ 18,255,336</u>	<u>\$ 14,805,501</u>	<u>\$ 10,232,216</u>
Available Reserves (See Note 2)	<u>\$ 7,422,018</u>	<u>\$ 14,477,066</u>	<u>\$ 13,214,118</u>	<u>\$ 9,983,931</u>
Available Reserves as a Percentage of Total Outgo (See Note 3)	<u>10.29%</u>	<u>25.02%</u>	<u>25.86%</u>	<u>21.03%</u>
Long Term Debt	<u>\$ 52,699,232</u>	<u>\$ 53,395,181</u>	<u>\$ 51,457,807</u>	<u>\$ 52,298,363</u>
Average Daily Attendance at P2	<u>4,266</u>	<u>3,929</u>	<u>N/A</u>	<u>4,203</u>

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

The general fund balance has increased by \$8,023,120 (78.41%) over the past two years. The fiscal year 2022-23 budget projects a decrease of \$2,022,272 (11.08%). For a district of this size, the State recommends available reserves of 3% of total general fund expenditures and other financing uses (total outgo).

Total long-term debt has increased by \$1,096,818 over the past two years.

ADA has decreased by 274 as compared to 2019-20. 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 2023 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, 2022

	General Fund (Fund 01)	Associated Student Body Fund (Fund 08)	Special Reserve Fund for Post Employment Benefits (Fund 20)	Associated Student Body Fund (Fund 95)
June 30, 2022, annual financial and budget report fund balances	<u>\$ 18,255,336</u>	<u>\$ 273,629</u>	<u>\$ 6</u>	<u>\$ 122</u>
Adjustments and reclassifications:				
Increasing (decreasing) the fund balance:				
GASB 54 Fund Consolidation	6	-	(6)	0
GASB 84 Fund Consolidation	<u>-</u>	<u>122</u>	<u>-</u>	<u>(122)</u>
Net adjustments and reclassifications	<u>6</u>	<u>122</u>	<u>(6)</u>	<u>(122)</u>
June 30, 2022, audited financial statement fund balances	<u><u>\$ 18,255,342</u></u>	<u><u>\$ 273,751</u></u>	<u><u>\$ -</u></u>	<u><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.

Note 2: The Associated Student Body Fiduciary Fund (Fund 95) does not meet the definition of a fiduciary fund under the provisions of GASB Statement No. 84. As a result, the fund is being combined with the Associated Student Body Special Revenue Fund (Fund 08) 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, 2022

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As of June 30, 2022, 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, 2022**

Federal Grantor/Pass Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Subrecipient Expenditures	Total Federal Expenditures
<b>CHILD NUTRITION CLUSTER:</b>				
<u>U.S. Department of Agriculture</u>				
Passed through California Department of Education				
Food Service Program	10.559	13006	\$ -	\$ 1,870,330
Food Service Program - Noncash Commodities	10.559	13396	-	128,889
SNP Covid-19 Emergency Operational Costs Reimbursement (ECR)	10.559	15637	-	9,649
Supply Chain Assistance (SCA)	10.555	15655	-	107,165
Pandemic Electronic Benefit Transfer (P-EBT) Local Administrative Cost	10.542	15644	-	3,063
Child Nutrition Equipment Assistance	10.559	14906	-	447
Total Child Nutrition Cluster			-	2,119,543
<b>SPECIAL EDUCATION (IDEA) CLUSTER:</b>				
<u>U.S. Department of Education</u>				
Passed through California Department of Education				
IDEA Basic Local Assistance	84.027	13379	-	758,668
IDEA Assistance Entitlement	84.027	15638	-	109,315
Total Special Education (IDEA) Cluster			-	867,983
<b>OTHER PROGRAMS:</b>				
<u>U.S. Department of Education</u>				
Passed through California Department of Education				
Title I	84.010	14329	-	527,339
Adult Education	84.002	14508	-	3,262
Adult Education Secondary	84.002	13978	-	6,134
Vocational Education	84.048	14894	-	35,358
Migrant Education	84.011	14838	-	2,933
American Rescue Plan - Homeless Children and Youth II	84.425	15566	-	493
Title III Immigrant Education & LEP	84.365	15146	-	286
Title III English Learner Student Program	84.365	14346	-	93,731
Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve Learning Loss	84.425	15621	-	178,124
CARES Act Elementary and Secondary School Emergency Relief	84.425D	15536	-	37
CARES Act Elementary and Secondary School Emergency Relief II	84.425D	15547	-	1,143,452
CARES Act Elementary and Secondary School Emergency Relief III	84.425D	15559	-	1,955,345
CARES Act Elementary and Secondary School Emergency Relief III - Learning Loss	84.425U	10155	-	791,475
Governor's Emergency Education Relief Fund	84.425C	15517	-	64,811
Title IV Student Support	84.424	15396	-	11,752
Title II Supporting Effective Instruction	84.367	14341	-	116,925
Total Other Programs			-	4,931,457
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ -	\$ 7,918,983

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, 2022

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### 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 3.96% 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	3.57%
Title II Supporting Effective Instruction	84.367	3.57%
Governor's Emergency Education Relief Fund	84.425C	0.20%

### 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	\$ 527,339



## Imperial Unified School District

Notes to the Schedule of Expenditures of Federal Awards, Continued

Year Ended June 30, 2022

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### 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.

As a result of additional pandemic funding, the District did not expend all child nutrition revenue received.

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	\$ 8,366,570
Less: Unexpended Child Nutrition Revenue	(370,277)
Less: Amounts representing Medi-Cal	<u>(77,310)</u>
Total Federal Expenditures on Schedule of Expenditures of Federal Awards	<u><u>\$ 7,918,983</u></u>

## Other Independent Auditors' Reports

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

To the Board of Education  
Imperial Unified School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Imperial Unified School District (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 6, 2022.

**Report on Internal Control over Financial Reporting**

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

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

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

**Report on Compliance and Other Matters**

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

## Purpose of this Report

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

Wilkinson-Hadley King & Co LLP

El Cajon, California

December 6, 2022

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

To the Board of Education  
Imperial Unified School District

**Report on Compliance for Each Major Federal Program**

**Opinion on Each Major Federal Program**

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

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

**Basis for Opinion on Each Major Federal Program**

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

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

**Responsibilities of Management for Compliance**

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

## **Auditor's Responsibilities for the Audit of Compliance**

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

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

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

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

## **Report on Internal Control Over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

*Wilkinson Hadley King + Co LLP*

El Cajon, California

December 6, 2022

## Independent Auditor's Report on State Compliance

To the Board of Education  
Imperial Unified School District

### **Report on Compliance for Applicable State Programs**

#### ***Opinion on Each Applicable State Program***

We have audited the Imperial Unified School District's (the District) compliance with the requirements specified in the *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, Section 19810 identified below for the year ended June 30, 2022.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above on each of its applicable state programs for the year ended June 30, 2022.

#### ***Basis for Opinion on Each Applicable State Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, Section 19810 (the Audit Guide). Our responsibilities under those standards and the Audit Guide are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

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

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

#### ***Auditor's Responsibilities for the Audit of Compliance***

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



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

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

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

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

	Procedures Performed
<b><u>School Districts, County Offices of Education, and Charter Schools</u></b>	
T. California Clean Energy Jobs Act.....	N/A
U. After/Before School Education and Safety Program.....	N/A
V. Proper Expenditure of Education Protection Account Funds.....	Yes
W. Unduplicated Local Control Funding Formula Pupil Counts.....	Yes
X. Local Control and Accountability Plan.....	Yes
Y. Independent Study - Course Based.....	N/A
Z. Immunizations.....	Yes
AZ. Educator Effectiveness.....	Yes
BZ. Expanded Learning Opportunities Grant (ELO-G).....	Yes
CZ. Career Technical Education Incentive Grant.....	N/A
DZ. In Person Instruction Grant.....	Yes

#### **Charter Schools**

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
EE. Annual Instructional Minutes - Classroom Based.....	N/A
FF. Charter School Facility Grant Program.....	N/A

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

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

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

#### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Audit Guide and which are described in the accompanying schedule of findings and questioned costs as item 2022-002. Our opinion on each applicable state program is not modified with respect to these matters.

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

#### **Report on Internal Control over State Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. We consider the internal control deficiency described as item 2022-002 to be a material weakness.

*A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described as item 2022-001 to be significant deficiencies.

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

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

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

*Wilkinson-Hadley King + Co LLP*

El Cajon, California  
December 6, 2022

## Auditor's Results, Findings & Recommendations

# Imperial Unified School District

## Schedule of Auditor's Results

Year Ended June 30, 2022

### 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 PROGRAMS

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

Internal control over major programs:

One or more material weakness(es) identified?            Yes       X       No

One or more significant deficiencies identified that are not considered material weakness(es)?            Yes       X       No

Compliance supplement utilized for single audit July 2021

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>
84.027, 84.173	Special Education Cluster
84.010	Title I
84.425	Expanded Learning Opportunities (ELO): ESSER III State Reserve Learning Los
84.425D	CARES Act Elementary and Secondary School Emergency Relief
84.425D	CARES Act Elementary and Secondary School Emergency Relief II
84.425D	CARES Act Elementary and Secondary School Emergency Relief III
84.425U	CARES Act Elementary and Secondary School Emergency Relief III - Learning
84.425C	Governor's Emergency Education Relief Fund

Dollar threshold used to distinguish between Type A and Type B programs \$750,000

Auditee qualified as low-risk auditee?       X       Yes            No

**Imperial Unified School District**  
Schedule of Auditor's Results, Continued  
Year Ended June 30, 2022

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**STATE PROGRAMS**

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

Internal control over applicable state programs:

One or more material weakness(es) identified?   X   Yes        No

One or more significant deficiencies identified that are  
not considered material weakness(es)?   X   Yes        No

Any audit findings disclosed that are required to be reported in  
accordance with *2021-22 Guide for Annual Audits of  
California K-12 Local Education Agencies and State  
Compliance Reporting*?

  X   Yes        No

# Imperial Unified School District

## Schedule of Findings and Questioned Costs

Year Ended June 30, 2022

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 *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Finding codes as identified in the *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* are as follows:

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

### A. Financial Statement Findings

None

### B. Federal Award Findings

None

### C. State Award Findings

Finding Number: 2022-001  
Repeat Finding: No  
Program Name: Attendance  
Questioned Costs: None  
Type of Finding: Internal Control - Attendance (10000)

#### Criteria or Specific Requirement

California Education Code §44809 and California Code of Regulations, Title 5, Section 401 require the California Department of Education to approve the forms and procedures that constitute a Local Education Agency's attendance accounting system. The District has an approved attendance accounting system that requires teachers to sign and date a weekly printout of attendance records entered online during the previous week.

## Imperial Unified School District

### Schedule of Findings and Questioned Costs, Continued

Year Ended June 30, 2022

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#### Condition

In our review of attendance at Frank Wright Middle School we noted that teachers signed and dated school month 7 attendance records one month after the completion of the school month. It appears that the records were not being printed weekly and completed within one week of the attendance being entered into the online attendance system.

#### Cause

The regular attendance clerk was on medical leave for three months and the position was being filled by a substitute that did not follow the approved attendance procedures.

#### Effect

The District is at risk of not detecting and correcting errors in attendance in a timely manner.

#### Context

We reviewed attendance records for seven out of forty-six teachers at the school site noting that 100% of our sample did not sign the attendance printouts timely. We performed additional tests of absences to ensure that attendance is reported correctly, finding no errors in the absences reported in the attendance system. Therefore, there is no questioned ADA resulting from our test of site attendance.

#### Recommendation

Establish a training and review process for attendance clerk substitutes to ensure that they both understand and are following the approved attendance procedures for the District. Consider obtaining approval for electronic signatures for teachers who are entering the attendance online daily to reduce the amount of paper needed for printed attendance records and reduce the risk of not verifying attendance timely.

#### Views of Responsible Officials

See Corrective Action Plan

Finding Number:	2022-002
Repeat Finding:	No
Program Name:	Independent Study
Questioned Costs:	\$1,366,034
Type of Finding:	Internal Control & Compliance – Independent Study (10000)

#### Criteria or Specific Requirement

California Education Code §51747(g) establishes a requirement that a current written agreement for each independent study pupil be maintained on file, that it include specific required elements. The written agreement is a condition of apportionment for independent study ADA claimed.



## Imperial Unified School District

### Schedule of Findings and Questioned Costs, Continued

Year Ended June 30, 2022

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California Education Code §51747(e) establishes a requirement that the District provide daily synchronous instruction for all transitional kindergarten through grade three, provide opportunities for both daily live interaction and at least weekly synchronous instruction for pupils in grades four through eight, and provide opportunities for at least weekly synchronous instruction for all pupils in grades nine to twelve.

#### Condition

In our review of independent study we identified the following:

A. Independent study agreements were missing the following required elements:

1. The manner, time, frequency, and place for submitting a pupil's assignments, for reporting the pupil's academic progress, and for communicating with a pupil's parent or guardian regarding a pupil's academic progress. We noted that there was a place on the agreement; however, the information was not completed for any students tested. (EC §51747(g)(1))
2. The objectives and methods of study for the pupil's work, and the methods used to evaluate the work. We noted that the agreement stated these items would be provided in the pupil work assignment contract(s) which are considered part of the agreement; however, those additional agreements were not maintained as part of the pupil files. (EC §51747(g)(2))
3. A statement of the number of course credits or, for the elementary grades, other measures of academic accomplishment appropriate to the agreement, to be earned by the pupil upon completion. We noted that there was a place on the agreement; however, the information was not completed for any students tested. (EC §51747(g)(6))

B. The District was unable to provide documentation for live interaction and synchronous instruction. Further, during interview at the elementary school we were told that there was not live interaction daily, that the teachers sent families a daily e-mail instead. (EC §51749.5(e))

#### Cause

Independent study was a new program for the District for the 2021-22 fiscal year. Additionally, the laws were new and enacted with a rapid turnaround. In the process of establishing the program to meet the needs of students within the District, some documentation was not completed on the master agreements and for live interaction and synchronous instruction.

#### Effect

The District is out of compliance with some parts of Education Code §51747 which results in an ADA overstatement of 134.63 at P2 and 118.88 at Annual.

## Imperial Unified School District

### Schedule of Findings and Questioned Costs, Continued

Year Ended June 30, 2022

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#### Context

Subsequent to the year, the legislature established the 2021-22 ADA Protection trailer bill clarifying ADA protection requirements. Under the trailer bill the District qualifies for protection from ADA reductions if the District can certify that they (1) offered independent study to all students for the 2021-22 school year and notified parents of that option by November 1, 2021; and (2) adopted written policies by November 1, 2021 for independent study and have verifiable documentation that they offered live interaction and synchronous instruction, or have pupil work product that is equivalent to in person instruction. While the District did not have documentation of live interaction and synchronous instruction, we did see work samples and assignments equivalent to in-person instruction. It appears that the District meets the requirements for ADA protection in 2021-22.

Estimated questioned costs are calculated as follows:

	Independent Study ADA Questioned at P2	Independent Study ADA Questioned at Annual	2021-22 Derived Value of ADA	Questioned Costs (Based on P2)
Grades TK - 3	57.75	50.24	\$ 10,313.54	\$ 595,606.94
Grades 4 - 6	42.93	39.04	9,482.45	407,081.58
Grades 7 - 8	16.67	14.93	9,762.94	162,748.21
Grades 9 - 12	17.28	14.67	11,608.64	200,597.30
Total	134.63	118.88		\$ 1,366,034.02

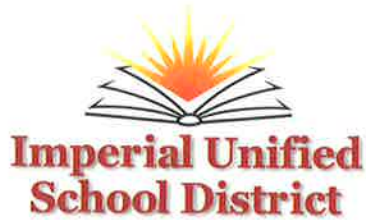
The derived value of ADA does not take into consideration the portions of LCFF funding that are funded by property taxes. Additionally, with the 2021-22 ADA Protection trailer bill, it cannot yet be determined the actual financial impact of the finding on the District's financial statements.

#### Recommendation

We recommend that the District provide training to all employees completing documentation for independent study to ensure that they are keeping all required agreements in the student file as well as filling out all agreements completely. In addition, we recommend that the District review the process for offering live interaction and synchronous instruction to ensure that there is sufficient documentation of those activities performed by the District.

#### Views of Responsible Officials

See Corrective Action Plan



Bryan Thomason, Superintendent  
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December 6, 2022

To Whom it May Concern:

The accompanying Corrective Action Plan has been prepared as required by the *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* published by the Education Audit Appeals Panel. The name of the contact person responsible for corrective action, the planned corrective action, and the anticipated completion date for each finding included in the current year's Schedule of Findings and Questioned Costs have been provided.

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

Sincerely,

A handwritten signature in blue ink, appearing to read "Gina Hendrix", is written over a horizontal line.

Gina Hendrix  
Director of Fiscal and Administrative Services

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**BOARD OF TRUSTEES**

Victor Lopez

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# Imperial Unified School District

## Corrective Action Plan

Year Ended June 30, 2022

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### State Compliance Findings

Finding Number: 2022-001  
Program Name: Attendance  
Contact Person: Gina Hendrix  
Anticipated Completion Date: June 30, 2023

Planned Corrective Action: The District will visit each school site to ensure that all forms are filled out properly and that each school site are using the forms that the District has adopted. The District will plan on doing visits throughout the school year to ensure that the student files are complete.

Finding Number: 2022-002  
Program Name: Independent Study  
Contact Person: Gina Hendrix  
Anticipated Completion Date: June 30, 2023

Planned Corrective Action: The District will review the process of live interaction and synchronous instruction. The process will be shared with all administrators of each school site and presented at staff meetings to ensure the activities are followed district-wide.

# Imperial Unified School District

## Schedule of Prior Year Audit Findings

Year Ended June 30, 2022

Finding/Recommendation	Status	Explanation if Not Implemented
<b>Finding 2021-001</b> <b>Distance Learning</b>  <u>Condition:</u> 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.  <u>Recommendation</u> 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).	N/A	Distance Learning was operated for the 2020-21 fiscal year and was not applicable to the 2021-22 fiscal year.