



See what's possible.

IMPERIAL COMMUNITY COLLEGE DISTRICT

AUDIT REPORT

June 30, 2025

IMPERIAL COMMUNITY COLLEGE DISTRICT
TABLE OF CONTENTS
JUNE 30, 2025

Independent Auditors' Report	1
Management's Discussion and Analysis	4

FINANCIAL SECTION

Basic Financial Statements	
Primary Government	
Statement of Net Position	8
Statement of Revenues, Expenses, and Changes in Net Position	9
Statement of Cash Flows	10
Notes to Financial Statements	12

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Changes in the Net OPEB Liability/(Asset) and Related Ratios	49
Schedule of Contributions - OPEB	51
Schedule of Proportionate Share of Net Pension Liability	52
Schedule of Contributions - Pensions	54
Note to Required Supplementary Information	56

SUPPLEMENTARY INFORMATION

District Organization	57
Schedule of Expenditures of Federal Awards	58
Schedule of Expenditures of State Awards	59
Schedule of Workload Measures for State General Apportionment	60
Reconciliation of <i>Education Code</i> Section 84362 (50 Percent Law) Calculation	61
Proposition 30 Education Protection Account (EPA) Expenditure Report	62
Reconciliation of Governmental Funds to Net Position	63
Note to Supplementary Information	64

IMPERIAL COMMUNITY COLLEGE DISTRICT
TABLE OF CONTENTS
JUNE 30, 2025

OTHER INDEPENDENT AUDITORS' REPORTS

Independent Auditors' Report on Internal Control over Financial Reporting and Report on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	65
Independent Auditors' Report on Compliance for Each Major Federal Program; and Report on Internal Control over Compliance Required by the Uniform Guidance	67
Independent Auditors' Report on State Compliance and on Internal Control over Compliance for State Programs	70

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Summary of Auditor's Results	74
Financial Statement Findings and Recommendations	75
Federal Award Findings and Questioned Costs	78
State Award Findings and Questioned Costs	79
Summary Schedule of Prior Audit Findings	80



INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Imperial Community College District
Imperial, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities of the Imperial Community College District (the "District"), as of and for the year ended June 30, 2025, and the related notes to financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the District as of June 30, 2025, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Auditors' 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 discussed in Note 2 to the financial statements, the District adopted GASB Statement No. 101, *Compensated Absences*, which required a restatement of net position as of July 1, 2024. 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 these 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 misstatements, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS 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 the Required Supplementary Information section, as listed 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, 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information listed in the table of contents, including the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the accompanying supplementary information, is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2026, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

CWDL, Certified Public Accountants

San Diego, California
January 15, 2026

**IMPERIAL COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

The Imperial Community College District (the "District") consists of one main campus. The District serves approximately 8,000 students per semester. Full-Time Equivalent Student (FTES) for 2024-25 was 7,660.

The following discussion and analysis provides an overview of the financial position and activities of the District for the fiscal year ended June 30, 2025. Please read it in conjunction with the financial statements and notes thereto which follow this section. Responsibility for the completeness and accuracy of this information rests with the District's management.

FINANCIAL HIGHLIGHTS

Net position increased by \$18.3 million or 52.9% from the prior year. This was due primarily to the overall increase in property taxes for debt service funds and federal and state grants and contracts.

STATEMENT OF NET POSITION

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

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

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

**IMPERIAL COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

STATEMENT OF NET POSITION, continued

	2025	2024*	Change
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Current assets	\$ 246,198,129	\$ 242,671,530	\$ 3,526,599
Non-current assets	121,432,410	112,144,667	9,287,743
Deferred outflows of resources	22,416,368	30,120,083	(7,703,715)
Total Assets and Deferred Outflows of Resources	390,046,907	384,936,280	5,110,627
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
Current liabilities	32,993,133	38,127,312	(5,134,179)
Non-current liabilities	358,355,377	367,592,910	(9,237,533)
Deferred inflows of resources	10,685,689	12,646,980	(1,961,291)
Total Liabilities and Deferred Inflows of Resources	402,034,199	418,367,202	(16,333,003)
NET POSITION			
Net investment in capital assets	(1,695,488)	(5,042,958)	3,347,470
Restricted	179,235,079	180,182,855	(947,776)
Unrestricted	(192,658,516)	(208,570,819)	15,912,303
Total Net Position	\$ (15,118,925)	\$ (33,430,922)	\$ 18,311,997

*2024 balances as restated. See Note 12.

The District's Net Position increased \$18.3 million or 52.9% from the previous year. Overall cash and investments increased by \$3.1 million. Additionally, accounts payable, accrued liabilities and unearned revenue decreased by approximately \$5.5 million, bonded debt decreased by approximately \$3.1 million, and net pension and net OPEB liabilities decreased by approximately \$8.3 million. This was offset by a increase in deferred inflows related to pensions by approximately \$1.2 million. Finally, much of the District's Unrestricted Net Position have been designated or reserved for capital outlay and debt service.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

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

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

**IMPERIAL COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

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

	2025	2024*	Change
OPERATING REVENUES			
Tuition and fees, net	\$ 3,041,199	\$ 2,606,988	\$ 434,211
Grants and contracts, non-capital	68,663,849	62,972,376	5,691,473
Total Operating Revenues	71,705,048	65,579,364	6,125,684
OPERATING EXPENSES			
Salaries and employee benefits*	82,099,549	77,733,288	4,366,261
Supplies, materials, and other operating expenses and services	21,681,202	15,612,449	6,068,753
Student aid	43,089,619	37,461,215	5,628,404
Depreciation and amortization	6,000,425	4,505,778	1,494,647
Total Operating Expenses	152,870,795	135,312,730	17,558,065
Operating Loss	(81,165,747)	(69,733,366)	(11,432,381)
NON-OPERATING AND OTHER REVENUES/(EXPENSES)			
State apportionments, non-capital	60,484,117	57,433,259	3,050,858
Local property taxes	33,129,599	20,529,502	12,600,097
State taxes and other revenues	9,673,282	11,351,732	(1,678,450)
Investment income	2,973,091	3,387,155	(414,064)
Interest expense on capital asset-related debt	(11,851,574)	(9,005,289)	(2,846,285)
Transfer to OPEB trust	-	(4,000,000)	4,000,000
State and local capital income	5,069,229	7,993,969	(2,924,740)
Total Non-Operating and Other Revenues/(Expenses)	99,477,744	87,690,328	11,787,416
Change in Net Position	18,311,997	17,956,962	355,035
NET POSITION, BEGINNING OF YEAR	(31,635,082)	(51,688,169)	20,053,087
PRIOR PERIOD ADJUSTMENT (SEE NOTE 12)	(1,795,840)	300,285	(2,096,125)
NET POSITION, END OF YEAR	\$ (15,118,925)	\$ (33,430,922)	\$ 18,311,997

*2024 balances as restated.

The Statement of Revenues, Expenses, and Changes in Net Position reflect an increase in the Net Position at the end of the year. The cost of operations increased by \$17.6 million, primarily related salaries and benefits due to changes in the net pension and net OPEB liability/(asset), increase in supplies, materials and other operating expenses and services. Although the statement shows an operating loss of \$81.2 million, that balance does not reflect the \$99.1 million in non-operating and other revenues/(expenses). Thus, the District reported an increase in its Net Position of \$17.9 million dollars for this fiscal year.

STATEMENT OF CASH FLOWS

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

**IMPERIAL COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

STATEMENT OF CASH FLOWS, continued

	2025	2024	Change
Cash Provided by/(Used in)			
Operating activities	\$ (90,958,079)	\$ (88,703,994)	\$ (2,254,085)
Non-capital financing activities	106,694,857	87,287,302	19,407,555
Capital financing activities	(24,054,767)	93,904,624	(117,959,391)
Investing activities	7,271,133	2,372,755	4,898,378
Net Increase/(Decrease) in cash and cash equivalents	<u>\$ (1,046,856)</u>	<u>\$ 94,860,687</u>	<u>\$ (95,907,543)</u>

CAPITAL ASSETS

Note 6 to the financial statements provides additional information on Capital Assets. A summary of capital assets, net of accumulated depreciation, for 2025 and 2024.

	2025	2024	Change
Capital assets not being depreciated	\$ 11,322,258	\$ 2,937,471	\$ 8,384,787
Capital assets being depreciated	161,258,780	158,027,349	3,231,431
Less: Accumulated depreciation	(54,697,559)	(49,898,833)	(4,798,726)
Total Capital Assets, Net	<u>\$ 117,883,479</u>	<u>\$ 111,065,987</u>	<u>\$ 6,817,492</u>

LONG-TERM LIABILITIES

Note 7 to the financial statements provides additional information on long-term liabilities. A summary of long-term debt, for 2025 and 2024.

	2025	2024*	Change
General obligation bonds	\$ 254,575,349	\$ 257,680,248	\$ (3,104,899)
Compensated absences*	3,199,970	3,061,599	138,371
Software lease	3,581,697	1,098,901	2,482,796
Net OPEB liability	51,654,407	55,295,749	(3,641,342)
Net pension liability	56,197,557	60,896,736	(4,699,179)
Total Long-term Liabilities	<u>\$ 369,208,980</u>	<u>\$ 378,033,233</u>	<u>\$ (8,824,253)</u>

*2024 balances as restated. See Note 12.

DISTRICT'S FIDUCIARY RESPONSIBILITY

The District is the trustee, or fiduciary, for certain amounts held on behalf of students, clubs and donors for student loans and scholarships. These activities are excluded from the District's other financial statements because we cannot use these assets to finance operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the District's Business Office, Imperial Community College District, 380 E. Aten Road, Imperial, California 92251.

FINANCIAL SECTION

IMPERIAL COMMUNITY COLLEGE DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2025

ASSETS

Current Assets:

Cash and cash equivalents	\$ 220,753,369
Restricted investments	10,432,937
Accounts receivable	14,948,243
Prepaid expenses	63,580
Total Current Assets	246,198,129

Non-current Assets:

Right-to-use assets, net	3,548,931
Capital assets, net	117,883,479
Total Non-current Assets	121,432,410

TOTAL ASSETS

367,630,539

DEFERRED OUTFLOWS OF RESOURCES

Deferred loss on bond refundings	263,510
Deferred outflows related to OPEB	3,635,734
Deferred outflows related to pensions	18,517,124
Total Deferred Outflows of Resources	22,416,368

TOTAL DEFERRED OUTFLOWS OF RESOURCES

22,416,368

TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

\$ 390,046,907

LIABILITIES

Current Liabilities:

Accounts payable and accrued liabilities	\$ 10,431,725
Unearned revenue	11,707,805
Long-term debt, current portion	10,853,603
Total Current Liabilities	32,993,133

Non-current Liabilities:

Compensated absences	3,199,970
Net OPEB liability	51,654,407
Net pension liability	56,197,557
Long-term debt, non-current portion	247,303,443
Total Non-current Liabilities	358,355,377

TOTAL LIABILITIES

391,348,510

DEFERRED INFLOWS OF RESOURCES

Deferred inflows related to OPEB	5,980,581
Deferred inflows related to pensions	4,705,108
Total Deferred Inflows of Resources	10,685,689

NET POSITION

Net investment in capital assets (1,695,488)

Restricted for:

Debt service	23,390,554
Capital projects	154,348,163
Other special purposes	1,496,362

Unrestricted (192,658,516)

TOTAL NET POSITION

(15,118,925)

TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

\$ 386,915,274

**IMPERIAL COMMUNITY COLLEGE DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2025**

OPERATING REVENUES	
Tuition and fees, gross	\$ 10,511,484
Less: Scholarship discounts and allowances	<u>(7,470,285)</u>
Tuition and fees, net	<u>3,041,199</u>
Grants and contracts, non-capital:	
Federal	32,440,929
State	32,793,846
Local	<u>3,429,074</u>
TOTAL OPERATING REVENUES	<u>71,705,048</u>
OPERATING EXPENSES	
Salaries	55,700,492
Employee benefits	26,399,057
Supplies, materials, and other operating expenses and services	21,681,202
Student aid	43,089,619
Depreciation and amortization	<u>6,000,425</u>
TOTAL OPERATING EXPENSES	<u>152,870,795</u>
OPERATING LOSS	<u>(81,165,747)</u>
NON-OPERATING REVENUES/(EXPENSES)	
State apportionments, non-capital	60,484,117
Local property taxes	33,129,599
State taxes and other revenues	9,673,282
Investment income	2,973,091
Interest expense on capital asset-related debt	<u>(11,851,574)</u>
TOTAL NON-OPERATING REVENUES/(EXPENSES)	<u>94,408,515</u>
INCOME/(LOSS) BEFORE OTHER REVENUES/(EXPENSES), OR GAINS/(LOSSES)	<u>13,242,768</u>
OTHER REVENUES/(EXPENSES), OR GAINS/(LOSSES)	
Gain/(loss) on disposal of capital assets	(209,111)
Local revenues, capital	<u>5,278,340</u>
TOTAL OTHER REVENUES/(EXPENSES), OR GAINS/(LOSSES)	<u>5,069,229</u>
CHANGE IN NET POSITION	18,311,997
NET POSITION, BEGINNING OF YEAR	(31,635,082)
PRIOR YEAR ADJUSTMENTS (SEE NOTE 12)	<u>(1,795,840)</u>
NET POSITION, END OF YEAR	<u>\$ (15,118,925)</u>

**IMPERIAL COMMUNITY COLLEGE DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2025**

CASH FLOWS FROM OPERATING ACTIVITIES

Tuition and fees	\$ 3,041,199
Grants and contracts	59,544,671
Payments to students and vendors for financial aid, supplies and services	(68,970,034)
Payments to or on behalf of employees	(84,573,915)
Net Cash Used in Operating Activities	<u>(90,958,079)</u>

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

State apportionments	63,891,976
Local property taxes	33,129,599
State taxes and other revenues	9,673,282
Net Cash Provided by/(Used in) Non-capital Financing Activities	<u>106,694,857</u>

CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES

Purchase of capital assets	(15,288,168)
Gain/(loss) on disposal of capital assets	(209,111)
Principal received/(paid) on capital debt	(2,931,377)
Interest received/(paid) on capital debt	(5,626,111)
Net Cash Provided by/(Used in) Capital Financing Activities	<u>(24,054,767)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest received from investments	<u>7,271,133</u>
Net Cash Provided by/(Used in) Investing Activities	<u>7,271,133</u>

NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS

(1,046,856)

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR

218,668,592

CASH AND CASH EQUIVALENTS, END OF YEAR

\$ 217,621,736

**IMPERIAL COMMUNITY COLLEGE DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2025**

**RECONCILIATION OF OPERATING LOSS TO NET CASH
PROVIDED BY/(USED) IN OPERATING ACTIVITIES**

Operating loss	\$ (81,165,747)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities:	
Depreciation and amortization	6,000,425
Changes in Assets and Liabilities:	
Accounts receivable, net	(3,818,212)
Prepaid expenses	(51,171)
Deferred outflows of related to OPEB and pensions	7,689,075
Accounts payable and accrued liabilities	(4,148,042)
Unearned revenue	(5,300,966)
Compensated absences	138,371
Net pension liability	(4,699,179)
Net OPEB liability	(3,641,342)
Deferred inflows related to OPEB and pensions	(1,961,291)
Total Adjustments	<u>(9,792,332)</u>
Net Cash Flows From Operating Activities	<u>\$ (90,958,079)</u>

**IMPERIAL COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

Reporting Entity

The Imperial Community College District (the "District") is a political subdivision of the State of California and provides educational services to the local residents of the surrounding area. While the District is a political subdivision of the State, it is not a component unit of the State in accordance with the provision of Governmental Accounting Standards Board (GASB) Statement No. 61. The District is classified as a state instrumentality under *Internal Revenue Code* Section 115, and is therefore exempt from federal taxes. The accounting policies of the District conform to generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Accounting

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

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

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash in bank and short-term investments with original maturity of three months or less from date of acquisition. Funds invested in the county treasurer's investment pool are considered cash equivalents and are recorded at amortized cost, which approximates fair value.

Restricted Investments

Restricted investments are those amounts externally restricted as to use pursuant to the requirements of the District's grants and contractual obligations such as debt service payments, sinking or reserve funds, or to purchase or construct capital or other non-current assets.

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

**IMPERIAL COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Accounts Receivable

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

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements. The cost of prepaid items is recorded as expenses when consumed rather than when purchased.

Capital Assets

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

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

Right-to-Use Assets

The District has recorded right-of-use assets as a result of implementing GASB No. 87 and 96. The right-of-use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right-of-use assets are amortized on a straight-line basis over the life of the related lease.

Accounts Payable, Accrued Liabilities and Long-term Liabilities

All payables, accrued liabilities, and long-term liabilities are reported in the District's financial statements. In general, accounts payable and accrued liabilities that, once incurred, are paid in a timely manner and in full, from current financial resources are reported as liabilities of the District. The portion of the long-term debt that is due within a year is reported as current liabilities, while portion of long-term debt that is scheduled to mature or is payable beyond one year is reported as non-current liabilities.

**IMPERIAL COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Unearned Revenue

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

Compensated Absences

Accumulated unpaid employee vacation benefits are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the entity-wide financial statements. The current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignation and retirements that occur prior to year-end that have not yet been paid within the fund from which the employees who have accumulated the leave are paid. The District also participates in "load banking" with eligible academic employees whereby the employee may teach extra courses in one period in exchange for time off in another period. The liability for this benefit is reported on the entity-wide financial statements.

GASB Statement No. 101 requires that liabilities for compensated absences be recognized for [1] leave that has not been used and [2] leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if [a] the leave is attributable to services already rendered, [b] the leave accumulates, and [c] the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.)

Flow Assumption: When determining the amounts due within one year for sick leave, accumulated sick leave as of June 30, 2025 is assumed to be used before future sick leave accruals (i.e. First In, First Out). The Amount Due within One Year for vacation leave is based on the expected accumulated vacation leave to be cashed out upon the end of employment in the following year.

Sick leave is accumulated without limit for each employee based upon negotiated contracts. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. Therefore, the value of accumulated sick leave is not recognized as a liability in the District's financial statements. However, retirement credit for unused sick leave is applicable to all classified school members who retire after January 1, 1999. At retirement, each member will receive .004 year of service credit for each day of unused sick leave. Retirement credit for unused sick leave is applicable to all employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full time.

**IMPERIAL COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Lease Receivable

The District's lease receivable is measured at the present value of lease payments expected to be received during the lease term. Under the lease agreement, the District may receive variable lease payments that are dependent upon the lessee's revenue. Any variable payments are recorded as an inflow of resources in the period the payment is received. A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

Pensions

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

On-Behalf Payments

GASB Statement 24 requires that direct on-behalf payments for fringe benefits and salaries made by one entity to a third-party recipient for the employees of another, legally separate entity be recognized as revenue and expenditures by the employer government. The State of California makes direct on-behalf payments for retirement benefits to CalSTRS on behalf of all Community Colleges in California. Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. This amount has been reflected in the basic financial statements as a component of other state revenue and employee benefit expense.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s), and as such will not be recognized as an outflow of resources (expense/expenditures) until then. The District has reported deferred loss on bond refundings in its statement of net position. This is deferred loss on bond refundings are deferred losses resulting from the difference in the carrying value of refunded bond and its reacquisition price. This amount is deferred and amortized over the shortened life of the refunded or refunding bond. During the year ended June 30, 2025, the District recognized \$14,640 in amortization of the deferred loss on bond refunding. Additionally, the District has recognized deferred outflows of resources related to the payments made subsequent to the measurement date for the pensions and OPEB.

**IMPERIAL COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Deferred Outflows/Inflows of Resources, continued

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

Other Postemployment Benefits (OPEB)

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

Net Position

GASB Statements No. 34 and No. 35 report equity as "Net Position" and represents the difference between assets and liabilities. The net position is classified according to imposed restrictions or availability of assets for satisfaction of District obligations according to the following categories:

- **Net investment in capital assets** - This represents the District's total investment in capital assets, net of associated outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets, net of related debt.
- **Restricted** - Net position is reported as restricted when there are limitations imposed on their use, either through enabling legislation adopted by the District, or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.
- **Unrestricted** - Net position that is not subject to externally imposed constraints. Unrestricted net position may be designated for specific purposes by action of the Board of Trustees or may otherwise be limited by contractual agreements with outside parties.

When both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first and the unrestricted resources when they are needed.

**IMPERIAL COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

State Apportionments

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

Classification of Revenues

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

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

Classification of Expenses

Nearly all of the District's expenses are from exchange transactions and are classified as either operating or non-operating according to the following criteria:

- **Operating Expenses** - Operating expenses are necessary costs to provide the services of the District and include employee salaries and benefits, supplies, operating expenses, and student aid.
- **Non-operating Expenses** - Non-operating expenses include interest expense and other expenses not directly related to the services of the District.

Scholarship Discounts and Allowances

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

**IMPERIAL COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Federal Financial Assistance Programs

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

Property Taxes

Secured property taxes attach as an enforceable lien on property as of January 1, and are payable in two installments on November 1 and February 1. Unsecured property taxes are payable in one installment on or before August 31. The County bills and collects the taxes for the District. Tax revenues are recognized by the District when received.

Estimates

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

Adoption of New Accounting Standards

The following GASB Pronouncements were adopted by the District during the year ended June 30, 2025:

GASB Statement No. 101 – In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The financial impact of this statement is reflected in Notes 7 to 12.

**IMPERIAL COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

GASB Statement No. 102 - In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of government financial statements with information about risks related to a government’s vulnerabilities due to certain concentrations or constraints that is essential to their analyses for making decisions or assessing accountability. A government should disclose in notes to financial statements the information if the following criteria have been met; (a) a concentration or constraint is known to the government prior to the issuance of the financial statements and makes the reporting unit vulnerable to the risk of a substantial impact, (b) an event or events associated with the concentration or constraint that could cause a substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. Management has determined that the adoption of this new standard did not have any material impact on the financial statements of the District.

Upcoming GASB Pronouncements

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that may impact future financial presentations. Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements of the District.

GASB Statement No. 103 – In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government’s accountability. This Statement also addresses certain application issues. This statement is effective for periods beginning after June 15, 2025.

GASB Statement No. 104 – In September 2024, GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*. This statement also requires additional disclosures for capital assets held for sale. This statement is effective for periods beginning after June 15, 2025.

**IMPERIAL COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 3 – CASH, CASH EQUIVALENTS AND RESTRICTED INVESTMENTS

Summary of Cash, Cash Equivalents and Restricted Investments

Cash, cash equivalents and restricted investments as of June 30, 2025, consisted of the following:

	Primary Government
Cash in county treasury	\$ 218,569,666
Fair market value adjustment	(374,001)
Cash on hand and in banks	2,557,704
Restricted investments	10,432,937
Total cash, cash equivalents and restricted investments	\$ 231,186,306

Policies and Practices

The District is authorized under *California Government Code* to make direct investments in local agency bonds, notes, or warrants within the state; U.S. Treasury instruments; registered state warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security; collateralized mortgage obligations; and the County Investment Pool.

Cash in County Treasury

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

Restricted Investments

Restricted investments of \$10,432,937 represents amounts held in the District’s name with third party custodians to fund the District’s pension obligation.

**IMPERIAL COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 3 – CASH, CASH EQUIVALENTS AND RESTRICTED INVESTMENTS, continued

General Authorizations

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedules below:

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
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 (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

Interest Rate Risk

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

Specific Identification

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

Investment or Deposit Type	Fair Market Value	Maturity
Imperial County Investment Pool	\$ 218,195,665	447 Days

**IMPERIAL COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 3 – CASH, CASH EQUIVALENTS AND RESTRICTED INVESTMENTS, continued

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The investments in the County Treasury are not required to be rated.

Custodial Credit Risk

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the *California Government Code* requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits and collateral is considered to be held in the name of the District. All cash held by financial institutions is entirely insured or collateralized.

NOTE 4- ACCOUNTS RECEIVABLE

Accounts receivable consist of the following at June 30, 2025:

	Primary Government
Federal categorical aid	\$ 3,584,241
State categorical aid	1,068,131
General apportionment	2,622,079
Local sources	7,673,792
Total	<u>\$ 14,948,243</u>

NOTE 5 – RIGHT-TO-USE ASSETS

The amount of right-to-use assets by major class of underlying leased assets as of June 30, 2025, was as follows:

	Balance July 1, 2024	Additions	Deductions	Balance June 30, 2025
Right-to-Use Assets				
Leased software	\$ 2,232,583	\$ 3,288,451	\$ 121,284	\$ 5,399,750
Total Right-to-Use Assets	<u>2,232,583</u>	<u>3,288,451</u>	<u>121,284</u>	<u>5,399,750</u>
Less: Accumulated Amortization				
Leased software	1,153,903	818,200	121,284	1,850,819
Total Accumulated Amortization	<u>1,153,903</u>	<u>818,200</u>	<u>121,284</u>	<u>1,850,819</u>
Right-to-Use Assets, net	<u>\$ 1,078,680</u>	<u>\$ 2,470,251</u>	<u>\$ -</u>	<u>\$ 3,548,931</u>

**IMPERIAL COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 6 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2025, is summarized below:

	Balance				Balance	
	July 1, 2024	Additions	Deductions		June 30, 2025	
Capital Assets Not Being Depreciated						
Land	\$ 160,000	\$ -	\$ -		\$ 160,000	
Construction in progress	2,777,471	9,073,840	689,053		11,162,258	
Total Capital Assets Not Being Depreciated	2,937,471	9,073,840	689,053		11,322,258	
Capital Assets Being Depreciated						
Land improvements	18,124,963	-	-		18,124,963	
Buildings and improvements	125,636,292	1,246,892	-		126,883,184	
Furniture and equipment	14,266,094	2,577,149	592,610		16,250,633	
Total Capital Assets Being Depreciated	158,027,349	3,824,041	592,610		161,258,780	
Total Capital Assets	160,964,820	12,897,881	1,281,663		172,581,038	
Less: Accumulated Depreciation						
Land improvements	9,194,668	833,969	-		10,028,637	
Buildings and improvements	33,232,152	2,880,459	-		36,112,611	
Furniture and equipment	7,472,013	1,467,797	383,499		8,556,311	
Total Accumulated Depreciation	49,898,833	5,182,225	383,499		54,697,559	
Capital Assets, net	\$ 111,065,987	\$ 7,715,656	\$ 898,164		\$ 117,883,479	

NOTE 7 – LONG-TERM LIABILITIES

Long-term liabilities for the year ended June 30, 2025, are summarized as follows:

	Balance	Adjustments			Balance	Due Within
	July 1, 2024	(Note 12)	Additions	Deductions	June 30, 2025	One Year
General obligation bonds	\$ 214,731,854	\$ -	\$ 2,815,000	\$ 7,928,031	\$ 209,618,823	\$ 7,250,106
Accreted interest	34,016,366	-	3,956,244	1,646,970	36,325,640	1,874,894
Bond premium	9,300,911	-	116,175	437,810	8,979,276	368,739
Bond discount	(368,883)	-	-	(20,493)	(348,390)	(20,493)
Software leases	1,098,901	-	3,288,451	805,655	3,581,697	336,538
Compensated absences	1,265,759	1,795,840	138,371	-	3,199,970	1,043,819
Net OPEB liability	55,295,749	-	-	3,641,342	51,654,407	-
Net pension liability	60,896,736	-	-	4,699,179	56,197,557	-
Totals	\$ 376,237,393	\$ 1,795,840	\$ 10,314,241	\$ 19,138,494	\$ 369,208,980	\$ 10,853,603

**IMPERIAL COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 7 – LONG-TERM LIABILITIES, continued

Description on Debt

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

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

General Obligation Bonds

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

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

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

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

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

IMPERIAL COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 7 – LONG-TERM LIABILITIES, continued

General Obligation Bonds, continued

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

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

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

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

In July 2023, the District issued \$50,000,000 of the 2022 Election, 2023 Series A General Obligation Bonds to finance the acquisition, construction, furnishing and equipping of District facilities, and to pay certain costs of issuance associated therewith, as more fully described herein under the caption "THE PROJECTS." Interest rates range from 4.125% to 5.25% maturing August 1, 2055.

In March 2024, the District issued \$55,000,000 of the 2022 Election, 2024 Series B General Obligation Bonds to finance the acquisition, construction, furnishing and equipping of District facilities, and to pay certain costs of issuance associated therewith, as more fully described herein under the caption "THE PROJECTS." Interest rates range from 4.00% to 5.25% maturing August 1, 2054.

In May 2025, the District issued \$2,815,000 of the 2010 Election, 2025 Series E General Obligation Bonds to finance the acquisition, construction, furnishing and equipping of District facilities, and to pay certain costs of issuance associated therewith, as more fully described herein under the caption "THE PROJECTS". Interest rates range from 4.00% to 5.00% maturing on August 1, 2046.

**IMPERIAL COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 7 – LONG-TERM LIABILITIES, continued

General Obligation Bonds, continued

The summary of outstanding general obligation bonds as of June 30, 2025 is shown below.

	Original Issue	Balance July 1, 2024	Additions	Redeemed	Balance June 30, 2025	Due Within One Year
Series 2006B	\$ 13,285,473	\$ 5,540,685	\$ -	\$ 536,197	\$ 5,004,488	\$ 537,091
Series 2007C	11,915,816	5,083,038	-	404,486	4,678,552	377,686
Series 2009D	3,031,779	1,954,096	-	198,119	1,755,977	210,657
Series 2009E	5,866,919	5,866,919	-	-	5,866,919	-
Series 2010A	9,405,512	92,884	-	17,603	75,281	22,117
Series 2017 Refunding Bonds	16,200,000	12,570,000	-	105,000	12,465,000	110,000
Series 2018C	32,208,655	26,953,231	-	1,176,625	25,776,606	1,182,555
Series 2019 Refunding Bonds	36,385,000	33,530,000	-	1,905,000	31,625,000	2,090,000
Series 2020D	18,926,001	18,141,001	-	285,001	17,856,000	320,000
Series 2023A	50,000,000	50,000,000	-	3,300,000	46,700,000	1,685,000
Series 2024B	55,000,000	55,000,000	-	-	55,000,000	715,000
Series 2025E	2,815,000	-	2,815,000	-	2,815,000	-
	<u>\$ 291,103,094</u>	<u>\$ 214,731,854</u>	<u>\$ 2,815,000</u>	<u>\$ 7,928,031</u>	<u>\$ 209,618,823</u>	<u>\$ 7,250,106</u>

The annual requirements to amortize these general obligation bonds outstanding at June 30, 2025 are summarized below, in order:

2006B General Obligation Bonds

Year Ending	Principal	Interest	Accreted Interest	Total
June 30,				
2026	\$ 537,091	\$ -	\$ 677,909	\$ 1,155,000
2027	539,482	-	740,518	1,215,000
2028	544,304	-	810,696	1,280,000
2029	545,360	-	879,640	1,355,000
2030	543,060	-	946,940	1,425,000
2031-2032	2,295,191	-	4,489,809	8,275,000
Total	<u>\$ 5,004,488</u>	<u>\$ -</u>	<u>\$ 8,545,512</u>	<u>\$ 14,705,000</u>

2007C General Obligation Bonds

Year Ending	Principal	Interest	Accreted Interest	Total
June 30,				
2026	\$ 377,686	\$ -	\$ 482,314	\$ 860,000
2027	354,425	-	495,575	850,000
2028	328,406	-	501,594	830,000
2029	305,821	-	509,179	815,000
2030	284,520	-	515,480	800,000
2031-2033	3,027,694	-	6,607,306	9,635,000
Total	<u>\$ 4,678,552</u>	<u>\$ -</u>	<u>\$ 9,111,448</u>	<u>\$ 13,790,000</u>

**IMPERIAL COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 7 – LONG-TERM LIABILITIES, continued

General Obligation Bonds, continued

2009D General Obligation Bonds

Year Ending June 30,	Principal	Interest	Accreted Interest	Total
2026	\$ 210,657	\$ -	\$ 364,343	\$ 575,000
2027	220,362	-	434,638	655,000
2028	231,174	-	513,826	745,000
2029	240,918	-	604,082	845,000
2030	248,497	-	696,503	945,000
2031-2034	604,369	-	2,815,631	3,420,000
Total	\$ 1,755,977	\$ -	\$ 5,429,023	\$ 7,185,000

2009E General Obligation Bonds

Year Ending June 30,	Principal	Interest	Accreted Interest	Total
2026	\$ -	\$ -	\$ -	\$ -
2027	-	-	-	-
2028	-	-	-	-
2029	-	-	-	-
2030	-	-	-	-
2031-2035	2,776,421	-	12,263,580	15,040,001
2036-2038	3,090,498	-	19,529,501	22,619,999
Total	\$ 5,866,919	\$ -	\$ 31,793,081	\$ 37,660,000

2010A General Obligation Bonds

Year Ending June 30,	Principal	Interest	Accreted Interest	Total
2026	\$ 22,117	\$ -	\$ 97,883	\$ 120,000
2027	25,426	-	129,574	155,000
2028	27,738	-	162,262	190,000
Total	\$ 75,281	\$ -	\$ 389,719	\$ 465,000

**IMPERIAL COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 7 – LONG-TERM LIABILITIES, continued

General Obligation Bonds, continued

2017 Refunding Bonds

Year Ending June 30,	Principal	Interest	Total
2026	\$ 110,000	\$ 490,781	\$ 600,781
2027	110,000	487,481	597,481
2028	115,000	482,956	597,956
2029	120,000	477,081	597,081
2030	125,000	470,956	595,956
2031-2035	715,000	2,274,956	2,989,956
2036-2040	8,750,000	1,834,841	10,584,841
2041	2,420,000	48,400	2,468,400
Total	\$ 12,465,000	\$ 6,567,452	\$ 19,032,452

2018C General Obligation Bonds

Year Ending June 30,	Principal	Interest	Accreted Interest	Total
2026	\$ 1,182,555	\$ 259,200	\$ 252,445	\$ 1,694,200
2027	1,186,527	259,200	318,473	1,764,200
2028	1,196,250	259,200	383,750	1,839,200
2029	1,367,360	259,200	517,640	2,144,200
2030	1,380,720	259,200	619,280	2,259,200
2031-2035	7,003,724	1,296,000	4,931,276	13,231,000
2036-2040	7,669,097	499,500	1,395,903	9,564,500
2041-2044	4,790,373	-	8,789,627	13,580,000
Total	\$ 25,776,606	\$ 3,091,500	\$ 17,208,394	\$ 46,076,500

2019 Refunding Bonds

Year Ending June 30,	Principal	Interest	Total
2026	\$ 2,090,000	\$ 915,537	\$ 3,005,537
2027	2,290,000	869,265	3,159,265
2028	2,505,000	815,587	3,320,587
2029	2,730,000	754,991	3,484,991
2030	2,985,000	687,041	3,672,041
2031-2035	2,725,000	2,908,538	5,633,538
2036-2040	5,405,000	2,374,450	7,779,450
2041-2042	10,895,000	580,450	11,475,450
Total	\$ 31,625,000	\$ 9,905,859	\$ 41,530,859

**IMPERIAL COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 7 – LONG-TERM LIABILITIES, continued

General Obligation Bonds, continued

2020D General Obligation Bonds				
Year Ending June 30,	Principal	Interest	Accreted Interest	Total
2026	\$ 320,000	\$ 201,638	\$ -	\$ 521,638
2027	345,000	188,838	-	533,838
2028	375,000	175,038	-	550,038
2029	415,000	160,038	-	575,038
2030	450,000	143,438	-	593,438
2031-2035	2,646,302	466,388	508,698	3,621,388
2036-2040	1,956,742	361,313	463,258	2,781,313
2041-2045	5,041,044	281,869	4,838,956	10,161,869
2046-2047	6,306,912	111,750	4,348,088	10,766,750
Total	\$ 17,856,000	\$ 2,090,310	\$ 10,159,000	\$ 30,105,310

2023A General Obligation Bonds				
Year Ending June 30,	Principal	Interest	Accreted Interest	Total
2026	\$ 1,685,000	\$ 2,294,913	\$ -	\$ 3,979,913
2027	-	2,210,663	-	2,210,663
2028	-	2,210,663	-	2,210,663
2029	-	2,210,663	-	2,210,663
2030	-	2,210,663	-	2,210,663
2031-2035	285,000	11,048,315	-	11,333,315
2036-2040	2,595,000	10,783,065	-	13,378,065
2041-2045	6,295,000	9,792,065	-	16,087,065
2046-2050	11,610,000	7,724,815	-	19,334,815
2051-2055	19,250,000	3,990,563	-	23,240,563
2056	4,980,000	205,425	-	5,185,425
Total	\$ 46,700,000	\$ 54,681,813	\$ -	\$ 101,381,813

**IMPERIAL COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 7 – LONG-TERM LIABILITIES, continued

General Obligation Bonds, continued

2024B General Obligation Bonds				
Year Ending June 30,	Principal	Interest	Accreted Interest	Total
2026	\$ 715,000	\$ 2,600,000	\$ -	\$ 3,315,000
2027	-	2,564,250	-	2,564,250
2028	-	2,564,250	-	2,564,250
2029	-	2,564,250	-	2,564,250
2030	-	2,564,250	-	2,564,250
2031-2035	-	12,821,250	-	12,821,250
2036-2040	770,000	12,821,250	-	13,591,250
2041-2045	7,970,000	11,984,000	-	19,954,000
2046-2050	15,000,000	9,536,250	-	24,536,250
2051-2055	30,545,000	4,926,000	-	35,471,000
Total	\$ 55,000,000	\$ 64,945,750	\$ -	\$ 119,945,750

2024E General Obligation Bonds				
Year Ending June 30,	Principal	Interest	Accreted Interest	Total
2026	\$ -	\$ -	\$ -	\$ -
2027	-	167,727	-	167,727
2028	-	140,750	-	140,750
2029	-	140,750	-	140,750
2030	-	140,750	-	140,750
2031-2035	-	703,750	-	703,750
2036-2040	-	703,750	-	703,750
2041-2045	-	703,750	-	703,750
2046-2047	2,815,000	281,500	-	3,096,500
Total	\$ 2,815,000	\$ 2,982,727	\$ -	\$ 5,797,727

Software Leases

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

Lease Type	Number of Contracts	Average Rate	Lease Terms	Annual Lease Payment
Software	17	2.45%	7/1/2021 - 12/31/2027	\$ 702,014

**IMPERIAL COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 7 – LONG-TERM LIABILITIES, continued

Software Leases, continued

Future minimum lease payments for software leases at June 30, 2025 are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	\$ 1,043,819	\$ 91,600	\$ 1,135,419
2027	867,512	63,690	931,202
2028	661,119	40,558	701,677
2029	577,836	21,991	599,827
2030	431,411	4,641	436,052
Total	<u>\$ 3,581,697</u>	<u>\$ 222,480</u>	<u>\$ 3,804,177</u>

Compensated Absences

The liability for compensated absences consists of unused vacation and sick leave that is expected to be used in future periods or paid upon termination, in accordance with employee collective bargaining agreements and District policy.

At June 30, 2025, the liability recorded for compensated absences was \$3,199,970.

Net OPEB and Pension Liabilities

The District's beginning net OPEB liability was \$55,295,749 and decreased to \$51,654,407 during the fiscal year ended June 30, 2025. See Note 8 for additional information regarding the net OPEB liability.

The District's beginning net pension liability was \$60,896,736 and increased to \$56,197,557 during the fiscal year ended June 30, 2025. See Note 9 for additional information regarding the net pension liability.

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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

For the fiscal year ended June 30, 2025 the District reported net OPEB liability/(asset), deferred outflows of resources, deferred inflows of resources, and OPEB expense/(benefit) for the following plans:

OPEB Plan	Net OPEB Liability/(Asset)	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense/(Benefit)
District Plan	\$ 51,654,407	\$ 3,635,734	\$ 5,980,581	\$ 1,532,949

**IMPERIAL COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

Plan Description

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

Benefits Provided

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

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

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

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

OPEB Plan Investments

The plan discount rate of 4.75% was determined using the following asset allocation and assumed rate of return:

Asset Class	Percentage of Portfolio	Assumed Gross Return
All Equities	15%	7.545%
All Fixed Income	80%	4.250%
Short-Term Gov't Fixed	5%	3.000%
Total	100%	

Rolling periods of time for all asset classes in combination we used to appropriately reflect correlation between asset classes. This means that the average returns for any asset class do not necessarily reflect the averages over time individually, but reflect the return for the asset class for the portfolio average.

**IMPERIAL COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

Plan Membership

Membership of the Plan consisted of the following:

	Number of Participants
Inactive Employees Receiving Benefits	186
Participating Active Employees	211
Total	397

Total OPEB Liability

The District’s total OPEB liability of \$51,654,407 was measured as of June 30, 2024, and was determined by an actuarial valuation as of June 30, 2023.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Valuation date	June 30, 2023
Measurement date	June 30, 2024
Fiscal year	July 1st to June 30th
Actuarial cost methods	Entry age normal cost method
Inflation rate	2.50%
Discount rate	4.75%
Salary Increase	2.75%
Healthcare cost trend rate	4.00%
Mortality Rates	For certificated employees the 2020 CalSTRS mortality tables were used. For classified employees the 2021 CalPERS active mortality for miscellaneous and school employees were used.

**IMPERIAL COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

Changes in Net OPEB Liability/(Asset)

	Increase/(Decrease)		
	Total OPEB Liability	Total Fiduciary Net Position	Net OPEB Liability/(Asset)
	(a)	(b)	(a) - (b)
Balance July 1, 2023 (Measurement Date)	\$ 61,386,565	\$ 6,090,816	\$ 55,295,749
Changes for the year:			
Service cost	1,111,673	-	1,111,673
Interest	2,883,028	-	2,883,028
Employer contributions	-	6,925,722	(6,925,722)
Experience (gains)/losses	-	-	-
Changes of assumptions	-	-	-
Expected investment income	-	383,704	(383,704)
Investment gains/(losses)	-	783,869	(783,869)
Administrative expense	-	(25,677)	25,677
Expected benefit payments	(2,494,147)	(2,925,722)	431,575
Net change	1,500,554	5,141,896	(3,641,342)
Balance June 30, 2024 (Measurement Date)	\$ 62,887,119	\$ 11,232,712	\$ 51,654,407

Sensitivity of the Net OPEB Liability/(Asset) to Changes in the Discount Rate

The following presents the net OPEB liability/(asset) of the District, as well as what the District's net OPEB liability/(asset) would be if it were calculated using a discount rate that is one percentage point lower (3.75 percent) or one percentage point higher (5.75 percent) than the current discount rate:

	1% Decrease (3.75%)	Current Discount Rate (4.75%)	1% Increase (5.75%)
Net OPEB liability/(asset)	\$ 59,820,637	\$ 51,654,407	\$ 44,875,668

**IMPERIAL COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

Sensitivity of the Net OPEB Liability/(Asset) to Changes in the Healthcare Cost Trend Rate

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

	1% Decrease (3.00%)	Current Trend Rate (4.00%)	1% Increase (5.00%)
Net OPEB liability/(asset)	\$ 43,528,780	\$ 51,654,407	\$ 61,622,282

OPEB Expense/(Benefit) and Deferred Outflows and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2025, the District recognized OPEB expense/(benefit) of \$1,532,949. At June 30, 2025, the District reported deferred outflows of resources related to OPEB and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual earnings on plan investments	\$ -	\$ 353,740
Differences between expected and actual experience	354,508	5,626,841
Change in assumptions	677,984	-
District contributions subsequent to the measurement date	2,603,242	-
Total	\$ 3,635,734	\$ 5,980,581

**IMPERIAL COMMUNITY COLLEGE DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2025**

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

OPEB Expense/(Benefit) and Deferred Outflows and Deferred Inflows of Resources Related to OPEB, continued

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

Year Ending June 30,	Deferred Outflows/(Inflows) of Resources
2026	\$ (2,228,146)
2027	(1,993,825)
2028	(466,591)
2029	(305,767)
2030	46,240
Total	<u>\$ (4,948,089)</u>

Fiduciary Net Position

In November 2018, the District established an OPEB Trust with Public Agency Retirement Services (PARS). The trust is an irrevocable trust that is used to off-set the District’s total OPEB liability. Contributions to the Trust will be recognized in subsequent years as a reduction to the total OPEB liability. As of June 30, 2025, the District’s ending balance in the OPEB Trust was \$12,397,615.

Detailed information about the Plan's fiduciary net position is available in the separately-issued Plan Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained by contacting the District.

**IMPERIAL COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 9 – PENSION PLANS

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Academic employees are members of the California State Teachers’ Retirement System (CalSTRS) and classified employees are members of the California Public Employees’ Retirement System (CalPERS).

For the fiscal year ended June 30, 2025, the District reported its proportionate share of net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Collective Net Pension Liability	Collective Deferred Outflows of Resources	Collective Deferred Inflows of Resources	Collective Pension Expense
CalSTRS	\$ 27,052,473	\$ 9,425,378	\$ 4,194,369	\$ 2,475,065
CalPERS	29,145,084	9,091,746	510,739	5,608,647
Total	\$ 56,197,557	\$ 18,517,124	\$ 4,705,108	\$ 8,083,712

The details of each plan are as follows:

California State Teachers’ Retirement System (CalSTRS)

Plan Description

The District contributes to the State Teachers Retirement Plan (STRP) administered by the California State Teachers’ Retirement System (CalSTRS). STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers’ Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2023, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

**IMPERIAL COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 9 – PENSION PLANS, continued

California State Teachers’ Retirement System (CalSTRS), continued

Benefits Provided

The STRP provides retirement, disability and survivor benefits to beneficiaries. Benefits are based on members’ final compensation, age, and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service.

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program, and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the state is the sponsor of the STRP and obligor of the trust. In addition, the state is both an employer and non-employer contributing entity to the STRP.

The District contributes exclusively to the STRP Defined Benefit Program, thus disclosures are not included for the other plans.

The STRP provisions and benefits in effect at June 30, 2025, are summarized as follows:

	<u>STRP Defined Benefit Plan</u>	
	On or before December 31, 2012	On or after January 1, 2013
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	10.205%
Required employer contribution rate	19.10%	19.10%
Required state contribution rate	10.83%	10.83%

Contributions

The parameters for employer and state contribution rates for the DB Program are set by the California Legislature and the Governor and detailed in the Teachers’ Retirement Law. Current contribution rates were established by California Assembly Bill 1469 (CalSTRS Funding Plan), which was passed into law in June 2014 and established a schedule of contribution rate increases shared among members, employers and the state to bring CalSTRS toward full funding by 2046. The contribution rates for each plan for the year ended June 30, 2025, are presented above and the District’s total contributions were \$5,239,800.

**IMPERIAL COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 9 – PENSION PLANS, continued

California State Teachers’ Retirement System (CalSTRS), continued

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

At June 30, 2025, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$ 27,052,473
State's proportionate share of the net pension liability associated with the District	<u>12,411,958</u>
Total	<u>\$ 39,464,431</u>

The net pension liability was measured as of June 30, 2024. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District’s proportionate share for the measurement period June 30, 2024 and June 30, 2023, respectively was 0.040 percent and 0.041 percent, resulting in a decrease of 0.001 percent in the proportionate share.

For the year ended June 30, 2025, the District recognized pension expense of \$2,475,065. In addition, the District recognized pension expense and revenue of \$1,132,762 for support provided by the State. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between projected and actual earnings on plan investments	\$ -	\$ 110,525
Differences between expected and actual experience	3,060,328	1,183,737
Changes in assumptions	118,420	1,847,418
Net changes in proportionate share of net pension liability	1,006,830	1,052,689
District contributions subsequent to the measurement date	5,239,800	-
Total	<u>\$ 9,425,378</u>	<u>\$ 4,194,369</u>

**IMPERIAL COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 9 – PENSION PLANS, continued

California State Teachers’ Retirement System (CalSTRS), continued

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

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

Year Ending June 30,	Deferred Outflows/(Inflows) of Resources
2026	\$ (2,237,161)
2027	2,320,361
2028	18,333
2029	(246,754)
2030	269,120
Thereafter	(132,690)
Total	<u>\$ (8,791)</u>

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2023, and rolling forward the total pension liability to June 30, 2024. The financial reporting actuarial valuation as of June 30, 2023, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2023
Measurement date	June 30, 2024
Experience study	July 1, 2007, through June 30, 2022
Actuarial cost method	Entry age normal
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%
Payroll growth	3.25%
Postretirement benefit increases	2.00%

**IMPERIAL COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 9 – PENSION PLANS, continued

California State Teachers’ Retirement System (CalSTRS), continued

Actuarial Methods and Assumptions, continued

CalSTRS uses a generational mortality assumption, which is based off generational mortality tables that reflect expected future improvements in mortality and includes a base table and a projection table. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among our members. The projection table reflects the expected annual reduction in mortality rates at each age. The current mortality assumption uses a base year of 2023, and projected improvement is based on the MP–2021 Ultimate Projection Scale.

The long-term investment rate of return assumption was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class/strategy. Expected real rates of return are net of our 2.75% inflation assumption and are derived from best-estimate ranges of 20- to 30-year geometrically linked expected returns. These best-estimate ranges were developed using capital market assumptions from CalSTRS investment staff and investment consultants as inputs to the process.

The actuarial investment rate of return assumption was adopted by the board in January 2024 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS’ independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. The assumed asset allocation and best estimates of the expected rates of return for each major asset class/strategy as of June 30, 2025, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-term Expected Rate of Return*	Long-term Expected Real Rate of Return**
Public Equity	38%	8.00%	5.25%
Real Estate	15%	6.80%	4.05%
Private Equity	14%	9.50%	6.75%
Fixed Income	14%	5.20%	2.45%
Risk Mitigating Strategies	10%	5.00%	2.25%
Inflation Sensitive	7%	6.40%	3.65%
Cash/Liquidity	2%	2.80%	0.05%
	<u>100%</u>		

*20 to 30 year geometric average.

**Real rates of return are net of assumed 2.75% inflation.

**IMPERIAL COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 9 – PENSION PLANS, continued

California State Teachers’ Retirement System (CalSTRS), continued

Discount Rate

The discount rate used to measure the total pension liability was 7.10 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10 percent) and assuming that contributions, benefit payments and administrative expense occurred midyear. Based on these assumptions, the STRP’s fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

The following presents the District’s proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Plan’s net pension liability	\$ 48,117,497	\$ 27,052,473	\$ 9,462,303

Pension plan fiduciary net position

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

California Public Employees’ Retirement System (CalPERS)

Plan Description

Qualified employees are eligible to participate in the School Employer Pool (SEP) under the California Public Employees’ Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees’ Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2023 annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: <https://www.calpers.ca.gov/page/forms-publications>.

**IMPERIAL COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 9 – PENSION PLANS, continued

California State Teachers’ Retirement System (CalSTRS), continued

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor and the member’s final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 55 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 62 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member’s beneficiary if the member dies while actively employed. An employee’s eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

The CalPERS provisions and benefits in effect at June 30, 2025, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before December 31, 2012	On or after January 1, 2013
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	7.00%
Required employer contribution rate	27.05%	27.05%

Contributions

Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are calculated through the 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 District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2025, are presented above and the total District contributions were \$4,386,356.

**IMPERIAL COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 9 – PENSION PLANS, continued

California State Teachers’ Retirement System (CalSTRS), continued

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

As of June 30, 2025, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$29,145,084. The net pension liability was measured as of June 30, 2024. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District’s proportionate share for the measurement period June 30, 2024 and June 30, 2023, was 0.082 for both years.

For the year ended June 30, 2025, the District recognized pension expense of \$5,608,647. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual earnings on plan investments	\$ 1,132,120	\$ -
Differences between expected and actual experience	2,443,390	208,590
Changes in assumptions	644,205	-
Net changes in proportionate share of net pension liability	485,675	302,149
District contributions subsequent to the measurement date	4,386,356	-
Total	<u>\$ 9,091,746</u>	<u>\$ 510,739</u>

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

Year Ending June 30,	Deferred Outflows/(Inflows) of Resources
2026	\$ 1,675,854
2027	2,705,876
2028	190,968
2029	(378,047)
Total	<u>\$ 4,194,651</u>

**IMPERIAL COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 9 – PENSION PLANS, continued

California Public Employees’ Retirement System (CalPERS), continued

Actuarial Methods and Assumptions

Total pension liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2023, and rolling forward the total pension liability to June 30, 2024. The financial reporting actuarial valuation as of June 30, 2023, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2023
Measurement date	June 30, 2024
Experience study	July 1, 1997, through June 30, 2015
Actuarial cost method	Entry age normal
Investment rate of return	6.90%
Consumer price inflation	2.30%
Wage growth	Varies by entry age and service

The mortality table was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries.

In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and, combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class*	Assumed Asset Allocation	Real Return Years 1 - 10**
Global Equity - Cap-weighted	30%	4.54%
Global Equity - Non-cap-weighted	12%	3.84%
Private Equity	13%	7.28%
Treasury	5%	0.27%
Mortgage-backed Securities	5%	0.50%
Investment Grade Corporates	10%	1.56%
High Yield	5%	2.27%
Emerging Market Debt	5%	2.48%
Private Debt	5%	3.57%
Real Assets	15%	3.21%
Leverage	-5%	-0.59%
Total	100%	

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

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

**IMPERIAL COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 9 – PENSION PLANS, continued

California Public Employees’ Retirement System (CalPERS), continued

Discount Rate

The discount rate used to measure the total pension liability was 6.90 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the School Employer Pool fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

The following presents the District’s proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Plan's net pension liability	\$ 43,295,266	\$ 29,145,084	\$ 17,455,908

Pension Plan Fiduciary Net Position

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

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of \$2,506,197. Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

Pension Rate Stabilization Trust

In November 2018, the District established a pension rate stabilization trust with Public Agency Retirement Services (PARS). The District did not make any contributions to the trust during 2024-25. As of June 30, 2025, the balance of the trust was \$10,432,937.

**IMPERIAL COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 10 – JOINT POWERS AGREEMENTS

Description

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

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

Participation in Public Entity Risk Pools and JPAs

The Imperial Community College District participates in one joint power agreement (JPA) with the Statewide Associate of Community Colleges (SWACC). The relationship between the Imperial Community College District and the JPA is such that the JPA is not component unit of the Imperial Community College District for financial reporting purposes. The JPA arranges for and provides workers compensation, health, property and liability insurance for its members. A board consisting of a representative from each member district governs each JPA. The board controls the operations of the JPA including selection of management and approval of operating budgets, independent of any influence by the member districts beyond their representation on the board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to their participation in the JPA. Financial information for the JPA at June 30, 2025 was not included in this report. The information can be obtained by contacting the JPA directly.

NOTE 11 – COMMITMENTS AND CONTINGENCIES

State of Federal Allowances, Awards and Grants

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

Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District as of June 30, 2025.

**IMPERIAL COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 12 – PRIOR PERIOD ADJUSTMENTS

During the year ending June 30, 2025, the following adjustments were made to the District’s financial statements:

Net Position - Beginning Balance, as previously reported at June 30, 2024	\$ (31,635,082)
Prior year adjustment - GASB 101	<u>(1,795,840)</u>
Net Position - Ending Balance, as restated at June 30, 2024	<u>\$ (33,430,922)</u>

NOTE 13 – SUBSEQUENT EVENTS

The District has evaluated subsequent events for the period from June 30, 2025 through January 15, 2026. Management has concluded that no subsequent events have occurred that would require recognition or disclosure in the financial statements

REQUIRED SUPPLEMENTARY INFORMATION

**IMPERIAL COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY/(ASSET) AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2025**

	2025	2024	2023	2022
Total OPEB liability				
Service cost	\$ 1,111,673	\$ 1,321,709	\$ 1,286,335	\$ 1,003,295
Interest	2,883,028	2,906,900	2,827,989	3,438,277
Experience gains/(losses)	-	(2,429,762)	-	(12,622,441)
Changes of assumptions	-	319,816	-	1,466,892
Benefit payments	(2,494,147)	(2,538,258)	(2,403,221)	(2,909,698)
Net change in total OPEB liability	1,500,554	(419,595)	1,711,103	(9,623,675)
Total OPEB liability, beginning of year	61,386,565	61,806,160	60,095,057	69,718,732
Total OPEB liability, end of year (a)	\$ 62,887,119	\$ 61,386,565	\$ 61,806,160	\$ 60,095,057
Plan fiduciary net position				
Employer contributions	\$ 6,925,722	\$ 3,838,258	\$ 4,403,221	\$ 3,552,182
Expected investment income	383,704	244,771	199,074	-
Investment gains/(losses)	783,869	50,539	(872,317)	352,626
Administrative expense	(25,677)	(15,126)	(14,293)	(7,033)
Expected benefit payments	(2,925,722)	(2,538,258)	(2,403,221)	(2,909,698)
Change in plan fiduciary net position	5,141,896	1,580,184	1,312,464	988,077
Fiduciary trust net position, beginning of year	6,090,816	4,510,632	3,198,168	2,210,091
Fiduciary trust net position, end of year (b)	\$ 11,232,712	\$ 6,090,816	\$ 4,510,632	\$ 3,198,168
Net OPEB liability/(asset), ending (a) - (b)	\$ 51,654,407	\$ 55,295,749	\$ 57,295,528	\$ 56,896,889
Covered payroll	\$ 45,727,346	\$ 43,065,243	\$ 39,370,429	\$ 30,146,087
Plan fiduciary net position as a percentage of the total OPEB liability	18%	10%	7%	5%
Net OPEB liability/(asset) as a percentage of covered payroll	113%	128%	146%	189%

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

**IMPERIAL COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY/(ASSET) AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2025**

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

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

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

**IMPERIAL COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CONTRIBUTIONS – OPEB
FOR THE YEAR ENDED JUNE 30, 2025**

	2025	2024	2023	2022
Actuarially determined contribution	\$ 2,660,071	\$ 2,494,147	\$ 2,538,258	\$ 2,403,221
Contributions in relations to the actuarially determined contribution	2,603,242	6,925,722	3,145,585	4,018,531
Contribution deficiency/(excess)	<u>\$ 56,829</u>	<u>\$ (4,431,575)</u>	<u>\$ (607,327)</u>	<u>\$ (1,615,310)</u>
Covered-employee payroll	\$ 45,727,346	\$ 43,065,243	\$ 39,370,429	\$ 30,146,087
Contribution as a percentage of covered-employee payroll	6%	16%	8%	13%
	2021	2020	2019	2018
Actuarially determined contribution	\$ 2,909,698	\$ 2,840,435	\$ 2,105,000	\$ 2,025,052
Contributions in relations to the actuarially determined contribution	3,552,182	4,322,912	2,025,052	1,947,165
Contribution deficiency/(excess)	<u>\$ (642,484)</u>	<u>\$ (1,482,477)</u>	<u>\$ 79,948</u>	<u>\$ 77,887</u>
Covered-employee payroll	\$ 28,937,200	\$ 28,306,907	\$ 25,923,788	\$ 27,503,091
Contribution as a percentage of covered-employee payroll	12%	15%	8%	7%

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

**IMPERIAL COMMUNITY COLLEGE DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2025**

	Reporting Fiscal Year (Measurement Date)				
	2025 (2024)	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)
CalSTRS					
District's proportion of the net pension liability	0.040%	0.041%	0.039%	0.039%	0.040%
District's proportionate share of the net pension liability	\$ 27,052,473	\$ 31,239,227	\$ 27,092,501	\$ 17,509,570	\$ 39,212,720
State's proportionate share of the net pension liability associated with the District	12,411,958	14,967,863	13,568,003	8,810,320	20,213,998
Total	\$ 39,464,431	\$ 46,207,090	\$ 40,660,504	\$ 26,319,890	\$ 59,426,718
District's covered-employee payroll	\$ 26,216,089	\$ 25,537,010	\$ 21,226,986	\$ 21,214,985	\$ 22,250,731
District's proportionate share of the net pension liability as percentage of covered-employee payroll	103%	122%	128%	83%	176%
Plan fiduciary net position as a percentage of the total pension liability	84%	81%	87%	87%	72%
	Reporting Fiscal Year (Measurement Date)				
	2025 (2024)	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)
CalPERS					
District's proportion of the net pension liability	0.082%	0.082%	0.083%	0.081%	0.077%
District's proportionate share of the net pension liability	\$ 29,145,084	\$ 29,657,509	\$ 28,652,601	\$ 16,456,055	\$ 23,592,012
District's covered-employee payroll	\$ 16,138,025	\$ 14,225,790	\$ 12,753,361	\$ 11,576,169	\$ 10,996,177
District's proportionate share of the net pension liability as percentage of covered-employee payroll	181%	208%	225%	142%	215%
Plan fiduciary net position as a percentage of the total pension liability	72%	70%	81%	81%	70%

**IMPERIAL COMMUNITY COLLEGE DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2025**

	Reporting Fiscal Year (Measurement Date)				
	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)
CalSTRS					
District's proportion of the net pension liability	0.039%	0.037%	0.036%	0.040%	0.037%
District's proportionate share of the net pension liability	\$ 34,917,318	\$ 34,128,132	\$ 32,985,542	\$ 32,081,078	\$ 25,216,202
State's proportionate share of the net pension liability associated with the District	19,049,882	19,540,892	19,514,127	18,265,874	13,336,556
Total	\$ 53,967,200	\$ 53,669,024	\$ 52,499,669	\$ 50,346,952	\$ 38,552,758
District's covered-employee payroll	\$ 21,676,167	\$ 18,814,015	\$ 19,946,670	\$ 19,698,761	\$ 18,330,412
District's proportionate share of the net pension liability as percentage of covered-employee payroll	161%	181%	165%	163%	138%
Plan fiduciary net position as a percentage of the total pension liability	73%	71%	70%	70%	74%

	Reporting Fiscal Year (Measurement Date)				
	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)
CalPERS					
District's proportion of the net pension liability	0.074%	0.073%	0.072%	0.070%	0.071%
District's proportionate share of the net pension liability	\$ 21,644,029	\$ 19,565,832	\$ 17,217,179	\$ 13,847,485	\$ 10,447,985
District's covered-employee payroll	\$ 10,301,495	\$ 8,689,076	\$ 10,089,137	\$ 9,289,375	\$ 8,489,613
District's proportionate share of the net pension liability as percentage of covered-employee payroll	210%	225%	171%	149%	123%
Plan fiduciary net position as a percentage of the total pension liability	70%	71%	72%	74%	79%

**IMPERIAL COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CONTRIBUTIONS – PENSIONS
FOR THE YEAR ENDED JUNE 30, 2025**

CaSTRS	Reporting Fiscal Year				
	2025	2024	2023	2022	2021
Statutorily required contribution	\$ 5,239,800	\$ 5,007,273	\$ 4,877,569	\$ 3,591,606	\$ 3,426,220
District's contributions in relation to the statutorily required contribution	5,239,800	5,007,273	4,877,569	3,591,606	3,426,220
District's contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 27,433,508	\$ 26,216,089	\$ 25,537,010	\$ 21,226,986	\$ 21,214,985
District's contributions as a percentage of covered-employee payroll	19.10%	19.10%	19.10%	16.92%	16.15%
	Reporting Fiscal Year				
	2025	2024	2023	2022	2021
CaPERS					
Statutorily required contribution	\$ 4,386,356	\$ 4,305,625	\$ 3,609,083	\$ 2,921,795	\$ 2,396,267
District's contributions in relation to the statutorily required contribution	4,386,356	4,305,625	3,609,083	2,921,795	2,396,267
District's contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 16,215,734	\$ 16,138,025	\$ 14,225,790	\$ 12,753,361	\$ 11,576,169
District's contributions as a percentage of covered-employee payroll	27.05%	26.68%	25.37%	22.91%	20.70%

**IMPERIAL COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CONTRIBUTIONS – PENSIONS
FOR THE YEAR ENDED JUNE 30, 2025**

CalSTRS	Reporting Fiscal Year				
	2020	2019	2018	2017	2016
Statutorily required contribution	\$ 3,804,875	\$ 3,528,880	\$ 2,366,836	\$ 2,428,790	\$ 2,086,304
District's contributions in relation to the statutorily required contribution	3,804,875	3,528,880	2,366,836	2,428,790	2,086,304
District's contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 22,250,731	\$ 21,676,167	\$ 18,814,015	\$ 19,946,670	\$ 19,698,761
District's contributions as a percentage of covered-employee payroll	17.10%	16.28%	12.58%	12.18%	10.59%

CalPERS	Reporting Fiscal Year				
	2020	2019	2018	2017	2016
Statutorily required contribution	\$ 2,168,556	\$ 1,860,656	\$ 1,204,306	\$ 1,287,525	\$ 1,005,716
District's contributions in relation to the statutorily required contribution	2,168,556	1,860,656	1,204,306	1,287,525	1,005,716
District's contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 10,996,177	\$ 10,301,495	\$ 8,689,076	\$ 9,289,375	\$ 8,489,613
District's contributions as a percentage of covered-employee payroll	19.72%	18.06%	13.86%	13.86%	11.85%

**IMPERIAL COMMUNITY COLLEGE DISTRICT
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2025**

NOTE 1 – PURPOSE OF THE SCHEDULE

Schedule of Changes in the Net OPEB Liability/(Asset) and Related Ratios

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

Changes in Benefit Terms

There were no changes in benefit terms since the previous valuation.

Changes in Assumptions

There were no changes in assumptions since the previous valuation.

Schedule of Contributions – OPEB

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

Schedule of District's Proportionate Share of Net Pension Liability

This 10-year schedule is required by GASB Statement No. 68 for each cost-sharing pension plan. The schedule presents the District's proportion (percentage) of the collective net pension liability, the District's proportionate share (amount) of the collective net pension liability, the District's covered-employee payroll, the District's proportionate share (amount) of the collective net pension liability as a percentage of the employer's covered-employee payroll, and the pension plan's fiduciary net position as a percentage of the total pension liability.

Changes in Benefit Terms

There were no changes in benefit terms since the previous valuation for CalSTRS. The required employer contribution rate changed from 26.68% to 27.05% since previous valuation for CalPERS

Changes in Assumptions

Additional factors were considered in the actuarial valuation for CalSTRS namely the payroll growth rate and long-term expected rate of return based on 20 to 30 years geometric average. There were no changes in assumptions since previous valuation for CalPERS.

Schedule of Contributions – Pensions

This 10-year schedule is required by GASB Statement No. 68 for each cost-sharing pension plan. The schedule presents the District's statutorily or contractually required employer contribution, the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution, the difference between the statutorily or contractually required employer contribution and the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution, the District's covered-employee payroll, and the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution as a percentage of the District's covered-employer payroll.

SUPPLEMENTARY INFORMATION

**IMPERIAL COMMUNITY COLLEGE DISTRICT
DISTRICT ORGANIZATION
JUNE 30, 2025**

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Ms. Hortencia Armendariz	President	November 2028
Mr. Erik Ortega	Clerk of the Board	November 2026
Ms. Isabel Solis	Member	November 2028
Mr. Romualdo J. Medina	Member	November 2028
Dr. Betsy Lindbergh	Member	November 2026
Ms. Karla Sigmond	Member	November 2026
Mr. Peter Martinez	Member	November 2028

DISTRICT ADMINISTRATION

Dr. Lennor M. Johnson
Superintendent/President

Vacant
Vice President of Academic Services

Alexis Villa
Vice President of Student Services & Equity

Cesar L. Vega
Vice President for Administrative Services

Johanna Fisher
Associate Vice President, Human Resources

Vacant
Associate Vice President, Information Technology

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

AUXILIARY ORGANIZATIONS IN GOOD STANDING

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

**IMPERIAL COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025**

Grantor/Pass Through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	YTD Expenditures
U.S. Department of Education			
<i>Direct Programs</i>			
Student Financial Assistance Cluster			
Federal Pell Grant Program	84.063	*	\$ 27,293,797
Federal Supplemental Educational Opportunity Grants (FSEOG)	84.007	*	418,436
Federal Work-Study Program	84.033	*	483,630
Subtotal Student Financial Assistance Cluster			<u>28,195,863</u>
TRIO Cluster			
TRIO - Upward Bound	84.047	*	1,452,819
TRIO - Student Support Services	84.042	*	504,581
TRIO - Talent Search	84.044	*	494,084
Subtotal TRIO Cluster			<u>2,451,484</u>
Developing Hispanic-Serving Institutions (DHSI) Program	84.031S	*	2,459
<i>Passed Through California Department of Education</i>			
Career and Technical Education – Basic Grants to States (Perkins V)	84.048A	14-C01-022	495,015
Total U.S. Department of Education			<u>31,144,821</u>
U.S. Department of Veterans Affairs			
<i>Direct Program</i>			
Veteran Readiness and Employment	64.116	*	1,808
Total U.S. Department of Veterans Affairs			<u>1,808</u>
U.S. Department of Health and Human Services			
<i>Direct Program</i>			
Temporary Assistance for Needy Families (TANF)	93.558	*	118,685
Total U.S. Department of Health and Human Services			<u>118,685</u>
U.S. Department of Energy			
<i>Direct Program</i>			
Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance	81.117	*	916,252
Total U.S. Department of Energy			<u>916,252</u>
U.S. Department of Agriculture			
<i>Direct Program</i>			
From Learning to Leading: Cultivating the Next Generation of Diverse Food and Agriculture Professionals	10.237	*	252,208
National School Lunch Program	10.555	*	4,855
Total U.S. Department of Agriculture			<u>257,063</u>
U.S. Department of Commerce			
<i>Direct Program</i>			
Manufacturing Extension Partnership	11.611	*	2,300
Total U.S. Department of Commerce			<u>2,300</u>
Total Expenditures of Federal Awards			<u>\$ 32,440,929</u>

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

**IMPERIAL COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2025**

Program Name	Program Revenues				Total Program Expenditures
	Cash Received	Accounts Receivable	Deferred Revenue	Total	
Cal Grants	\$ 4,508,419	\$ 164,017	\$ -	\$ 4,672,436	\$ 4,672,436
Student Success Completion Grant	10,292,809	-	233,746	10,059,063	10,059,063
Emergency Financial Aid SFRF	518,414	-	-	518,414	518,414
Emergency Financial Aid Supplemental	172,500	-	-	172,500	172,500
Learning Aligned Employment	3,414,973	(3,404,511)	3,241	7,221	7,221
Upward Bound Summer Food Program	381	-	381	-	-
Child Development Nutrition	106,367	-	14,504	91,863	91,863
Board Financial Aid Program (BFAP)	677,869	-	102,018	575,851	575,851
Financial Aid Technology	46,829	-	18	46,811	46,811
Student Hunger Program	91	-	91	-	-
EOPS Transition Services	3,121,914	-	226	3,121,688	3,121,688
DSPS - Direct Services	1,153,876	-	270,851	883,025	883,025
CalWorks	1,181,865	-	290,559	891,306	891,306
Strong Workforce Program	2,569,296	-	1,178,660	1,390,636	1,390,636
Strong Workforce Job Placement	-	150,000	-	150,000	150,000
SWF Work-based Learning	-	75,000	-	75,000	75,000
CARE Program	821,748	-	212	821,536	821,536
Staff Diversity c/o	113,128	-	113,128	-	-
Nursing Grant	194,728	-	111,502	83,226	83,226
Veteran Resource Center	70,671	-	23,534	47,137	47,137
Guided Pathways c/o	422,169	-	288,789	133,380	133,380
Equal Employment Opportunity	284,120	-	110,153	173,967	173,967
Mental Health Support	363,440	-	116,126	247,314	247,314
Incarcerated Students Re-entry	275,402	-	10,208	265,194	265,194
Homeless & Housing Program	1,406,190	-	790,788	615,402	615,402
DREAM Resource Center	186,079	-	127,961	58,118	58,118
Basic Needs One-Time Funding	351,333	-	170,583	180,750	180,750
Student Transfer Achiev Reform Act	555,131	-	421,180	133,951	133,951
Common Course Numbering	913,043	-	878,515	34,528	34,528
Student Success & Support Program	5,182,271	-	1,243,268	3,939,003	3,939,003
Foster Care	66,572	-	54,832	11,740	11,740
NextUp	1,353,639	-	-	1,353,639	1,353,639
19/20 Phys Plant & Instr Support	52,509	-	24,009	28,500	28,500
Phys Plant & Instr Support c/o	1,350,366	-	288,987	1,061,379	1,061,379
PPIS COVID-19 Block Instructional	775,000	-	406,451	368,549	368,549
Lottery Instructional Materials	1,091,532	302,445	524,382	869,595	869,595
Correctional Academy & Medical Assistant Program	42,335	-	27,326	15,009	15,009
LGBTQ+ Support	143,285	-	120,910	22,375	22,375
CCAP Instr Materials(Dual Enroll)	23,427	-	23,427	-	-
Zero Textbook Costs Program	492,123	-	370,665	121,458	121,458
System Wide Tech & Data Security	716,738	-	480,373	236,365	236,365
MESA	1,037,430	28,000	709,723	355,707	355,707
Transfer Ed&Articulation Ethnic Stud	41,647	-	-	41,647	41,647
Equitable Plmt & Completion Grant	572,280	-	473,875	98,405	98,405
YESS-ILP Program	149	21,115	-	21,264	21,264
Basic Needs Centers	716,129	-	414,119	302,010	302,010
A2MEND	39,055	-	7,997	31,058	31,058
CCTR - General Childcare	684,717	-	-	684,717	684,717
CSPP - CA Sate Preschool	657,040	-	-	657,040	657,040
CSPP Temp Rate Increase AB110	262,251	-	247,350	14,901	14,901
ARPA Stipend	58,141	-	39,019	19,122	19,122
GF Unrestricted	138,067	-	-	138,067	138,067
Prop 30 Education Protection Act	12,863,894	-	-	12,863,894	12,863,894
Total Expenditures of State Awards	\$ 62,083,382	\$ (2,663,934)	\$ 10,713,687	\$ 48,705,761	\$ 48,705,761

**IMPERIAL COMMUNITY COLLEGE DISTRICT
SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL APPORTIONMENT
FOR THE YEAR ENDED JUNE 30, 2025**

CATEGORIES	Reported Data	Audit Adjustments	Audited Data
A. Summer Intersession (Summer 2024 only)			
1. Noncredit	10.05	-	10.05
2. Credit	14.18	-	14.18
B. Summer Intersession (Summer 2025 - Prior to July 1, 2025)			
1. Noncredit	-	-	-
2. Credit	783.17	-	783.17
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	2,784.32	-	2,784.32
(b) Daily Census Contact Hours	363.32	-	363.32
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit	114.95	-	114.95
(b) Credit	356.70	-	356.70
3. Independent Study/Work Experience			
(a) Weekly Census Contact Hours	2,265.87	-	2,265.87
(b) Daily Census Contact Hours	967.37	-	967.37
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
D. Total FTES	7,659.93	-	7,659.93
Supplemental Information (subset of above information)			
E. In-service Training Courses	-	-	-
F. Basic Skills Courses and Immigrant Education			
1. Credit	-	-	-
2. Noncredit	-	-	-
Total Basic Skills FTES	-	-	-

**IMPERIAL COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF EDUCATION CODE SECTION 84362 (50 PERCENT LAW) CALCULATION
FOR THE YEAR ENDED JUNE 30, 2025**

	Object/ TOP Codes	Activity (ESCA) ECS 84362 A Instructional Salary Cost AC 0100-5900 & AC 6100			Activity (ECSB) ECS 84362 B Total CEE AC 0100-6799		
		Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
<u>Academic Salaries</u>							
Instructional Salaries							
Contract or Regular	1100	\$ 13,308,724	\$ -	\$ 13,308,724	\$ 13,308,724	\$ -	\$ 13,308,724
Other	1300	8,913,825	-	8,913,825	8,928,764	-	8,928,764
Total Instructional Salaries		22,222,549	-	22,222,549	22,237,488	-	22,237,488
Non-Instructional Salaries							
Contract or Regular	1200	-	-	-	5,907,743	-	5,907,743
Other	1400	-	-	-	541,742	-	541,742
Total Non-Instructional Salaries		-	-	-	6,449,485	-	6,449,485
Total Academic Salaries		22,222,549	-	22,222,549	28,686,973	-	28,686,973
<u>Classified Salaries</u>							
Non-Instructional Salaries							
Regular Status	2100	-	-	-	11,431,223	-	11,431,223
Other	2300	-	-	-	932,548	-	932,548
Total Non-Instructional Salaries		-	-	-	12,363,771	-	12,363,771
Instructional Aides							
Regular Status	2200	80,793	-	80,793	340,766	-	340,766
Other	2400	591,854	-	591,854	591,854	-	591,854
Total Instructional Aides		672,647	-	672,647	932,620	-	932,620
Total Classified Salaries		672,647	-	672,647	13,296,391	-	13,296,391
Employee Benefits	3000	9,558,856	-	9,558,856	18,205,610	-	18,205,610
Supplies and Materials	4000	-	-	-	1,082,711	-	1,082,711
Other Operating Expenses	5000	-	-	-	6,044,795	-	6,044,795
Equipment Replacement	6420	-	-	-	-	-	-
Total Expenditures Prior to Exclusions		32,454,052	-	32,454,052	67,316,480	-	67,316,480
<u>Exclusions</u>							
Activities to Exclude							
Inst. Staff-Retirees' Benefits and Incentives	5900	854,451	-	854,451	854,451	-	854,451
Std. Health Svcs. Above Amount Collected	6441	-	-	-	-	-	-
Student Transportation	6491	-	-	-	-	-	-
Non-inst.Staff-Retirees' Benefits and Incentives	6740	-	-	-	1,635,929	-	1,635,929
Object to Exclude							
Rents and Leases	5060	-	-	-	142,328	-	142,328
Lottery Expenditures		-	-	-	-	-	-
Academic Salaries	1000	-	-	-	415,586	-	415,586
Classified Salaries	2000	-	-	-	-	-	-
Employee Benefits	3000	-	-	-	-	-	-
Supplies and Materials	4000	-	-	-	-	-	-
Software	4100	-	-	-	-	-	-
Books, Magazines & Periodicals	4200	-	-	-	-	-	-
Instructional Supplies & Materials	4300	-	-	-	-	-	-
Non-inst. Supplies & Materials	4400	-	-	-	-	-	-
Total Supplies and Materials		-	-	-	-	-	-
Other Operating Expenses and Services	5000	-	-	-	1,119,707	-	1,119,707
Capital Outlay	6000	-	-	-	-	-	-
Library Books	6300	-	-	-	25,518	-	25,518
Equipment	6400	-	-	-	-	-	-
Equipment - Additional	6410	-	-	-	-	-	-
Equipment - Replacement	6420	-	-	-	-	-	-
Total Equipment		-	-	-	-	-	-
Total Capital Outlay		-	-	-	25,518	-	25,518
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		\$ 854,451	\$ -	\$ 854,451	\$ 4,193,519	\$ -	\$ 4,193,519
Total for ECS 84362, 50% Law		\$ 31,599,601	\$ -	\$ 31,599,601	\$ 63,122,961	\$ -	\$ 63,122,961
Percent of CEE (Instructional Salary Cost/Total CEE)		50.06%	0.00%	50.06%	100.00%	0.00%	100.00%
50% of Current Expense of Education		\$ -	\$ -	\$ -	\$ 31,561,481	\$ -	\$ 31,561,481

**IMPERIAL COMMUNITY COLLEGE DISTRICT
 PROPOSITION 30 EDUCATION PROTECTION ACCOUNT (EPA) EXPENDITURE REPORT
 FOR THE YEAR ENDED JUNE 30, 2025**

EPA Revenue	\$ 12,863,894
-------------	---------------

Activity Classification	Activity Code	Salaries and Benefits	Operating Expenses	Capital Outlay	Total
		(Obj 1000-3000)	(Obj 4000-5000)	(Obj 6000)	
Instructional Activities	0100-5900	\$ 12,863,894	\$ -	\$ -	\$ 12,863,894
Total		\$ 12,863,894	\$ -	\$ -	\$ 12,863,894

**IMPERIAL COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS TO NET POSITION
FOR THE YEAR ENDED JUNE 30, 2025**

Total Governmental Funds - District Funds Included in the Reporting Entity

General Fund	\$	28,679,719	
Debt Service Fund		23,390,554	
Child Development Fund		897,240	
Capital Project Funds		19,714,628	
Bond Funds		134,633,535	
Internal Service Funds		10,245,112	
Student Financial Aid Fund		(10,256)	
Other Funds		350,680	\$ 217,901,212
<hr/>			
Assets recorded within the statement of net position not included in the fund financial statements:			
Capital assets	\$	172,581,038	
Accumulated depreciation		(54,697,559)	
Right-to-use assets		5,399,750	
Accumulated amortization		(1,850,819)	121,432,410
<hr/>			
Pension stabilization trust fund			10,432,937
FMV Cash in County Treasury			(374,001)
Unmatured Interest			(3,901,549)
Deferred outflows recorded within the statement of net position not included in the District fund financial statements:			
Deferred loss on bond refundings			263,510
Deferred outflows related to OPEB			3,635,734
Deferred outflows related to pensions			18,517,124
Liabilities recorded within the statement of net position not recorded in the District fund financial statements:			
General obligation bonds	\$	245,944,463	
Bond Premium		8,979,276	
Bond Discount		(348,390)	
Software leases		3,581,697	
Net OPEB liability		51,654,407	
Net pension liability		56,197,557	
Compensated absences		3,199,970	(369,208,980)
<hr/>			
Deferred inflows recorded within the statement of net position not included in the District fund financial statements:			
Deferred outflows related to OPEB			(5,980,581)
Deferred inflows related to pensions			(4,705,108)
Net Position Reported Within the Statement of Net Position	\$		(11,987,292)

**IMPERIAL COMMUNITY COLLEGE DISTRICT
NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2025**

NOTE 1 – PURPOSE OF THE SCHEDULE

District Organization

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

Schedule of Expenditures of Federal Awards

Basis of Presentation – The accompanying Schedule of Expenditures of Federal Awards (the schedule) includes the Federal award activity of the District under programs of the federal government for the year ended June 30, 2025. The information is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position/fund balance of the District.

Summary of Significant Accounting Policies – Expenditures reported in the schedule are reported on the modified accrual basis of accounting, except for subrecipient expenditures, which are recorded on the cash basis. When applicable, such expenditures 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.

Indirect Cost Rate – The District has not elected to use the ten percent de minimis cost rate allowed under the Uniform Guidance.

Schedule of Expenditures of State Awards

The accompanying schedule of expenditures of State Awards includes the state grant activity of the District and is presented on the modified accrual basis of accounting. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of financial statements.

Schedule of Workload Measures for State General Apportionment

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

Reconciliation of Education Code Section 84362 (50 Percent Law) Calculation

ECS 84362 requires the District to expend a minimum of 50 percent of the unrestricted General fund monies on salaries of classroom instructors. This is reported annually to the State Chancellor's Office. This schedule provides a reconciliation of the amount reported to the State Chancellor's Office and the impact of any audit adjustments and/or corrections noted during the audit.

Proposition 30 Education Protection Account (EPA) Expenditure Report

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

Reconciliation of Governmental Funds to Net Position

The schedule provides a reconciliation of the adjustments necessary to bring the District's internal fund financial statements prepared on a modified accrual basis, to the entity-wide full accrual basis financial statements required under GASB Statements No. 34 and No. 35. business-type activities reporting model.

OTHER INDEPENDENT AUDITORS' REPORTS



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

Board of Trustees
Imperial Community College District
Imperial, California

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate remaining fund information of Imperial Community College District (the "District"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 15, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weakness or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses with significant deficiencies identified. We identified certain deficiencies in internal control that we considered to be significant deficiencies as described in the accompanying Schedule of Findings and Questioned Costs as Findings #2025-001 and #2025-002.

Report on Compliance and Other Matters

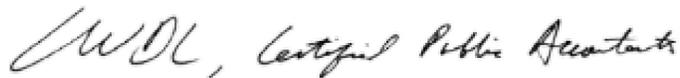
As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings and Questioned Costs as findings #2025-001 and #2025-002.

Imperial Community College District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and 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 the financial statements and, accordingly, we express no opinion on the response

Purpose of This Report

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



San Diego, California
January 15, 2026



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

Board of Trustees
Imperial Community College District
Imperial, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Imperial Community College District's (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2025. The District's major federal programs are identified in the Summary of Auditors' 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, 2025.

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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' 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.

Auditors' Responsibilities for the Audit of Compliance

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

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding 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 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 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 Auditors' 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 or significant deficiencies, 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.

Purpose of this Report

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

CWDL, Certified Public Accountants

San Diego, California
January 15, 2026



INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE FOR STATE PROGRAMS

Board of Trustees
Imperial Community College District
Imperial, California

Report on State Compliance

Opinion on State Compliance

We have audited Imperial Community College District's (the "District") compliance with the types of compliance requirements as identified in the 2024-25 California Community Colleges Chancellor's Office *Contracted District Audit Manual* for the year ended June 30, 2025. The applicable state compliance requirements are identified below.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the laws and regulations of the State programs noted below that were audited for the year ended June 30, 2025.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the compliance requirements described in the 2024-25 California Community Colleges Chancellor's Office *Contracted District Audit Manual*. Our responsibilities under those standards and the compliance requirements are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on state compliance with the compliance requirements subject to audit in the 2024-25 California Community Colleges Chancellor's Office *Contracted District Audit Manual*. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's compliance with the requirements described in the 2024-25 California Community Colleges Chancellor's Office *Contracted District Audit Manual*.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements listed in the table below has occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the 2024-25 California Community Colleges Chancellor's Office *Contracted District Audit Manual* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements listed below.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the 2024-25 California Community Colleges Chancellor's Office *Contracted District Audit Manual*, we:

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

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

Compliance Requirements Tested

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

Section 411 – SCFF Data Management Control Environment
Section 412 – SCFF Supplemental Allocation Metrics
Section 413 – SCFF Success Allocation Metrics
Section 421 – Salaries of Classroom Instructors (50 Percent Law)
Section 423 – Apportionment for Activities Funded From Other Sources
Section 424 – Student Centered Funding Formula Base Allocation: FTES
Section 425 – Residency Determination for Credit Courses
Section 426 – Students Actively Enrolled
Section 427 – Dual Enrollment (CCAP)
Section 430 – Scheduled Maintenance Program
Section 431 – Gann Limit Calculation
Section 444 – Apprenticeship Related and Supplemental Instruction (RSI) Funds
Section 475 – Disabled Student Programs and Services (DSPS)
Section 490 – Propositions 1D and 51 State Bond Funded Projects
Section 491 – Education Protection Account Funds
Section 492 – Student Representation Fee
Section 494 – State Fiscal Recovery Fund
Section 498 – COVID-19 Response Block Grant Expenditures

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 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 a material noncompliance with a compliance requirement 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 that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention from those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' 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 or significant deficiencies, 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.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing over state laws and regulations based on the requirements described in 2024-25 California Community Colleges Chancellor's Office *Contracted District Audit Manual*. Accordingly, this report is not suitable for any other purpose.

CWDL, Certified Public Accountants

San Diego, California
January 15, 2026

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**IMPERIAL COMMUNITY COLLEGE DISTRICT
SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2025**

FINANCIAL STATEMENTS

Type of auditors' report issued:	<u>Unmodified</u>
Is a going concern emphasis-of-matter paragraph included in the auditors' report?	<u>No</u>
Internal control over financial reporting:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>Yes</u>
Non-compliance material to financial statements noted?	<u>No</u>

FEDERAL AWARDS

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

<u>Assistance Listing Numbers</u>	<u>Name of Federal Program of Cluster</u>
<u>84.007, 84.033, 84.063</u>	<u>Student Financial Assistance Cluster</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 973,228</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

STATE AWARDS

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

**IMPERIAL COMMUNITY COLLEGE DISTRICT
FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2025**

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

FINDING #2025-001: INADEQUATE INTERNAL CONTROLS OVER PROCUREMENT AUTHORIZATION

Criteria

Best practices in public sector procurement and internal control frameworks, guidance issued by the Government Finance Officers Association (GFOA), require that expenditures be formally authorized and encumbered prior to the commitment of public funds. Additionally, the California Community Colleges *Budget and Accounting Manual* (BAM), along with standard district fiscal policies, require that purchase orders be properly approved and issued in advance of goods being received or services being rendered.

A centralized and standardized purchasing process is a key internal control designed to ensure budgetary compliance, prevent unauthorized expenditures, and maintain accountability over public resources. The practice of approving purchase orders after the fact weakens these controls and may be inconsistent with governing board policies and sound fiscal management principles.

Condition

As part of our cash disbursement test of controls, we reviewed purchase orders as evidence of pre-approval for District warrants. Our review identified 9 instances in which purchase orders were issued and approved after the related invoice date or service period, indicating that goods or services were procured prior to obtaining formal purchasing authorization.

Upon inquiry, District personnel indicated that the District does not currently have a formal purchase requisition process. Departments initiate purchases by obtaining either a vendor invoice (for after-the-fact purchases) or a price quote, which is then submitted for departmental approval. Once internal approval is obtained, a purchase order is generated based on the invoice or quote. Purchase orders exceeding \$20,000 are subsequently presented to the Board of Trustees for ratification after issuance.

Effect

The absence of a formal requisition and pre-approval process increases the risk of unauthorized, unbudgeted, or inappropriate expenditures and reduces transparency and accountability within the procurement function. Post-approval of purchases weakens budgetary controls, limits management's ability to monitor spending prior to commitment, and diminishes the effectiveness of oversight by both administration and the Board of Trustees. Collectively, these conditions expose the District to increased financial, operational, and reputational risk.

**IMPERIAL COMMUNITY COLLEGE DISTRICT
FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2025**

**FINDING #2025-001: INADEQUATE INTERNAL CONTROLS OVER PROCUREMENT AUTHORIZATION,
continued**

Cause

The District utilizes a decentralized and informal purchasing process that permits departments to commit to goods and services prior to obtaining formal authorization and encumbrance of funds. The lack of a centralized requisition system and required pre-approvals results in purchase orders being generated after expenditures have already been incurred.

Recommendation

We recommend that the District develop and implement a formal, centralized purchase requisition process that requires documented approval and encumbrance of funds prior to the procurement of goods or services. The District should also review and update its purchasing policies and procedures to clearly reinforce the requirement for advance authorization, ensure consistency across departments, and align the procurement process with applicable regulatory requirements and public sector best practices

Corrective Action Plan

Management concurs with this recommendation and has developed a corrective action plan to move to a centralized purchasing process that includes implementing a purchase requisition system, updating policies and procedures, providing procurement training to staff, and conducting regular compliance monitoring and reporting.

**IMPERIAL COMMUNITY COLLEGE DISTRICT
FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2025**

FINDING #2025-002: CASH DISBURSEMENT – EMPLOYEE REIMBURSEMENTS PROCESSED WITHOUT REQUIRED PRE-APPROVAL

Criteria:

In accordance with the District's purchasing policy and administrative procedures, all purchases must receive prior approval, including purchases made personally by employees who subsequently seek reimbursement. This requirement ensures expenditures are necessary, properly budgeted, and aligned with District objectives. Adherence to these procedures serves as a key internal control safeguarding fiscal stewardship and compliance with public sector financial management standards.

Condition:

During our review of employee reimbursement transactions, we identified instances in which reimbursements were processed and paid without evidence of required pre-approval or supervisory authorization. Specifically, certain reimbursement requests lacked approved claim forms or other supporting documentation demonstrating compliance with the District's travel and expense reimbursement policies.

Cause:

The District has not consistently enforced its pre-approval requirements. Reimbursement requests submitted under the current process frequently lack required authorizing signatures and sufficient justification of expenses. As a result, payments may be issued without adequate supporting documentation to demonstrate that purchases were made in accordance with applicable laws and regulations governing public agencies, including Education Code §41010, which requires districts to maintain sound financial practices in the management and disbursement of public funds.

Effect:

Processing reimbursements without documented approval increases the risk of improper, unallowable, or fraudulent expenditures. This bypasses budgetary controls and diminishes the District's ability to ensure that public funds are used transparently and exclusively for authorized business purposes. This practice reduces transparency and accountability, limits management's ability to ensure compliance with District policies, and may expose the District to financial and reputational risk.

Recommendation:

We recommend that the District strictly enforce its Travel and Expense Policy by requiring documented authorization prior to the incurrence of expenses. The Finance Department should implement a mandatory "stop-gap" review, where any reimbursement request lacking proper signatures or pre-approval documentation is returned to the department unpaid. Finally, we recommend conducting a training session for all department heads to clarify their responsibilities in the approval workflow.

Corrective Action Plan

Management concurs with this recommendation and has developed a corrective action plan that includes updating policies and procedures, updating forms to document approvals, providing training to staff, and conducting regular compliance monitoring and reporting.

**IMPERIAL COMMUNITY COLLEGE DISTRICT
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025**

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

There were no federal award findings or questioned costs identified during 2024-25.

**IMPERIAL COMMUNITY COLLEGE DISTRICT
STATE AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025**

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

There were no state award findings or questioned costs identified during 2024-25.

**IMPERIAL COMMUNITY COLLEGE DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2025**

This section identifies the audit findings and questioned related to the basic financial statements, federal awards or state awards for prior year.

There were no findings or questioned costs identified during 2023-24.