

**IMPERIAL COMMUNITY COLLEGE
DISTRICT**

**AUDIT REPORT
JUNE 30, 2017**

**IMPERIAL COMMUNITY COLLEGE DISTRICT
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FOR THE YEAR ENDED JUNE 30, 2017**

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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

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Board of Trustees 1

Imperial Community College District 1

Imperial, California 92251 1

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Report on the Financial Statements

We have audited the accompanying financial statements of the business type activities and the discretely presented component unit of the Imperial Community College District (District) 1 as of and for the year ended June 30, 2017, which comprise the District's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

IMPERIAL COMMUNITY COLLEGE DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

The Imperial Community College District (District) consists of one main campus. The District serves approximately 17,500 students per semester. Full Time Equivalent Student (FTES) for 2016,17 was 6,854.1

The following discussion and analysis provides an overview of the financial position and activities of the Imperial Community College District for the fiscal year ended June 30, 2017. Please read it in conjunction with the financial statements and notes thereto which follow this section. Responsibility for the completeness and

**IMPERIAL COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2017**

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STATEMENT OF NET POSITION

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

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

1

1. Invested in capital assets, net of related debt + The district's equity in property, plant, and equipment.
2. Restricted Net Position (distinguished between major categories of restriction.) + The constraints placed on the use of the assets are externally imposed by creditors such as through debt covenants, grantors, contributors, or laws or regulations of other governments or imposed through constitutional provisions or enabling legislation.
3. Unrestricted Net Position + The district can use them for any lawful purpose. Although unrestricted, the district's governing board may place internal restrictions on this Net Position.

**IMPERIAL COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2017**

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The District's Net Position decreased \$5.9 million or 15% from the previous year due primarily to the increase in pension expenditures and liability. The District continues to be affected by the adverse fiscal climate. Accounts receivable have increased \$813,676 as students and other service recipients have delayed payments of liabilities owed to the District. Likewise, revenue received but not yet earned has increased by \$2.3 million. Finally, much of the District's unrestricted Net Position have been designated or reserved by the Governing Board for specific purposes such as insurance reserves, repairs and replacement of equipment, self insurance, and capital outlay. 1 1

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

1

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 operating 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. 1 1

1

Changes in total Net Position on the Statement of Net Position are based on the activity presented in the Statement of Revenues, Expenses, and Changes in Net Position. Operating revenues are received for providing goods and services to the various customers and constituencies of the district. Operating expenses are for the purchase of goods and services and C

**IMPERIAL COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2017**

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STATEMENT OF CASH FLOWS

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The Statement of Cash Flows provides additional information about the district's financial results by reporting its major

**IMPERIAL COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2017**

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CAPITAL ASSETS

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Note 5 to the financial statements provide additional information on Capital Assets. A summary of capital assets, net of accumulated depreciation, for 2016 and 2017.

1

Changes in Capital Assets

	2017	2016	Net Change
Land and construction in progress	11,038,701	9,511,584	1,527,117
Buildings, improvements, and equipment	112,337,883	111,598,062	739,821
Accumulated depreciation	(28,200,110)	(25,299,463)	(2,900,647)
Total Capital Assets	95,176,474	95,810,183	(633,709)

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LONG TERM DEBT

Note 6 to the financial statements provide additional information on long term debt. A summary of long term debt, for 2016 and 2017.

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	2017	2016	Net Change
GO Bonds	71,824,501	74,278,929	(2,454,428)
Accreted Interest	15,576,430	13,221,445	2,354,985
Bond Premium	2,605,738	2,693,056	(87,318)
Compensated absences	788,993	1,101,440	(312,447)
OPEB Obligation	119,549,481	116,338,971	3,210,510
Pension liabilities	145,928,563	135,664,187	10,264,376
Less: current portion of long term debt	(21,862,827)	(2,438,873)	(19,423,954)
Total Long term Liabilities	153,410,879	139,814,155	13,596,724

DISTRICT'S FIDUCIARY RESPONSIBILITY

1

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

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ECONOMIC FACTORS THAT MAY AFFECT THE FUTURE

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The District's economic strength is directly affected by the economic well being of California. As the State's economy has been weak and intermittent, the impact of continuing restricted state resources to the District has limited the District's ability to address its long-term needs.

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**IMPERIAL COMMUNITY COLLEGE DISTRICT
STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2017**

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ASSETS	<u>Primary Government</u>
CURRENT ASSETS	
Cash and cash equivalents	\$ 1 1 1 1 1 1 1 1 21,027,692 1 1 1 1 1 1 1 1 1 1 1 1
Accounts receivable	1 1 1 1 1 1 1 1 13,487,861 1 1 1 1 1 1 1 1 1 1 1 1 1 1
Total Current Assets	<u>1 1 1 1 1 1 1 1 24,515,553 1 1 1 1 1 1 1 1 1 1 1 1 1 1</u>
NONCURRENT ASSETS	
Capital assets, net of accumulated depreciation	1 1 1 1 1 1 1 1 185,171,474 1 1 1 1 1 1 1 1 1 1 1 1 1 1
Total Noncurrent Assets	<u>1 1 1 1 1 1 1 1 185,171,474 1 1 1 1 1 1 1 1 1 1 1 1 1 1</u>
TOTAL ASSETS	<u>1 1 1 1 1 1 1 1 109,686,527 1 1 1 1 1 1 1 1 1 1 1 1 1 1</u>
DEFERRED OUTFLOWS OF RESOURCES	
	<u>1 1 1 1 1 1 1 1 11,861,117 1 1 1 1 1 1 1 1 1 1 1 1 1 1</u>
CURRENT LIABILITIES	
Accounts payable and accrued liabilities	1 1 1 1 1 1 1 1 2,280,651 1 1 1 1 1 1 1 1 1 1 1 1 1 1
Unearned revenue	1 1 1 1 1 1 1 1 17,771,120 1 1 1 1 1 1 1 1 1 1 1 1 1 1
Current portion Long term liabilities	1 1 1 1 1 1 1 1 2,862,827 1 1 1 1 1 1 1 1 1 1 1 1 1 1
Total Current Liabilities	<u>1 1 1 1 1 1 1 1 12,914,598 1 1 1 1 1 1 1 1 1 1 1 1 1 1</u>
NONCURRENT LIABILITIES	
Noncurrent portion Long term liabilities	1 1 1 1 1 1 1 1 153,456,733 1 1 1 1 1 1 1 1 1 1 1 1 1 1
TOTAL LIABILITIES	<u>1 1 1 1 1 1 1 1 166,371,331 1 1 1 1 1 1 1 1 1 1 1 1 1 1</u>
DEFERRED INFLOWS OF RESOURCES	
	<u>1 1 1 1 1 1 1 1 11,303,312 1 1 1 1 1 1 1 1 1 1 1 1 1 1</u>
NET POSITION	
Net investment in capital assets	1 1 1 1 1 1 1 1 26,317,665 1 1 1 1 1 1 1 1 1 1 1 1 1 1
Restricted for:	
Debt service	1 1 1 1 1 1 1 1 14,028,676 1 1 1 1 1 1 1 1 1 1 1 1 1 1
Capital projects	1 1 1 1 1 1 1 1 11,371,430 1 1 1 1 1 1 1 1 1 1 1 1 1 1
Unrestricted	1 1 1 1 1 1 1 1 (77,844,770) 1 1 1 1 1 1 1 1 1 1 1 1 1 1
TOTAL NET POSITION	<u>\$ 1 1 1 1 1 1 1 1 (46,126,999) 1 1 1 1 1 1 1 1 1 1 1 1 1 1</u>

**IMPERIAL COMMUNITY COLLEGE DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR**

IMPERIAL

**IMPERIAL COMMUNITY COLLEGE DISTRICT
 STATEMENT OF CASH FLOWS, continued
 FOR THE YEAR ENDED JUNE 30, 2017 1**

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 1

**RECONCILIATION OF NET OPERATING LOSS TO NET CASH
 FLOWS FROM OPERATING ACTIVITIES**

Operating loss	\$ 1 1 1 1 1 1	(50,998,763)	1 1 1 1 1 1
Adjustments to Reconcile Operating Loss to Net Cash Flows			
1			

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**IMPERIAL COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

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NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

Reporting Entity

The Imperial Community College District (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 provisions of Governmental Accounting Standards Board (GASB) Statement No. 14. The District is classified as a state instrumentality under Internal

**IMPERIAL COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS, continued
FOR THE YEAR ENDED JUNE 30, 2017 1**

**IMPERIAL COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS, continued
FOR THE YEAR ENDED JUNE 30, 2017 1**

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NOTE 2 – SUMMARY OF SIGNIFICANT

**IMPERIAL COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS, continued
FOR THE YEAR ENDED JUNE 30, 2017**

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NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

P. Compensated Absences

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Compensated absence costs are accrued when earned by employees. Accumulated unpaid employee vacation benefits are recognized at year end as liabilities of the District. The District also participates in and accrues "load banking" with eligible academic employees whereby the employee may teach extra courses in one period in exchange for 1

**IMPERIAL COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS, continued
FOR THE YEAR ENDED JUNE 30, 2017**

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NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

S. New Accounting Pronouncements

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GASB Statement No. 75 – In June 2015, GASB issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This standard's primary objective is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions. The Statement is effective for periods beginning after June 15, 2017. The District has not yet determined the impact on the financial statements.

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GASB Statement No. 80 – In January 2016, GASB issued Statement No. 80, Blending Requirements for Certain Component Units.

**IMPERIAL COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS, continued
FOR THE YEAR ENDED JUNE 30, 2017 1**

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NOTE 3 – CASH AND INVESTMENTS (continued)

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**IMPERIAL COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS, continued
FOR THE YEAR ENDED JUNE 30, 2017 1**

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NOTE 4 – ACCOUNTS

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**IMPERIAL COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL**

IMPERIAL

**IMPERIAL COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS, continued
FOR THE YEAR ENDED JUNE 30, 2017**

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NOTE 8 – PENSION PLANS

1

Qualified employees are covered under multiple employer contributory retirement plans 1

**IMPERIAL COMMUNITY COLLEGE DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS, continued
 FOR THE YEAR ENDED JUNE 30, 2017**

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NOTE 8 – PENSION PLANS (continued)

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

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Benefits provided (continued)

CalSTRS 2% at 62

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CalSTRS 2% at 62 members are eligible for normal retirement at age 62, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. An early retirement option is available at age 55. The age factor for retirement after age 62 increases with each quarter year of age to 2.4 percent at age 65 or older.

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Contributions

Active plan CalSTRS 2% at 60 and 2% at 62 members are required to contribute 10.25% and 9.205% of their salary for fiscal year 2017, respectively, and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by CalSTRS Teachers Retirement Board. The required employer contribution rate for fiscal year 2017 was 12.58% of annual payroll. The contribution requirements of the plan members are established by state statute. Contributions to the plan from the District were \$2,482,790 for the year ended June 30, 2017.

On Behalf Payments

The District was the recipient of on behalf payments made by the State of California to CalSTRS for K-12 education. These payments consist of state general fund contributions of approximately \$1,601,460 to CalSTRS.

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

At June 30, 2017, 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:

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District’s proportionate share of the net pension liability	\$ 1,111,321,081,078
State’s proportionate share of the net pension liability associated with the District	1,111,729,412,982
Total	<u>\$ 1,111,761,494,060</u>

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2015, and rolling forward the total pension liability to June 30, 2016. The District’s proportion of the net pension liability was based on a projection of the District’s long term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2016, the District’s proportion was .04 percent, which was an increase of .003% from its proportion measured as of June 30, 2015.

**IMPERIAL COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS, continued
FOR THE YEAR ENDED JUNE 30, 2017**

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NOTE 8 – PENSION PLANS (continued)

California State Teachers' Retirement System (CalSTRS) (continued)

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Actuarial assumptions

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2015, and rolling 1

**IMPERIAL COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS, continued
FOR THE YEAR ENDED JUNE 30, 2017**

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NOTE 8 – PENSION PLANS (continued)

California State Teachers' Retirement System (CalSTRS) (continued)

Discount rate

The discount rate used to measure the total pension liability was 7.60 percent. The projection of cash flows is 601 flows

**IMPERIAL COMMUNITY COLLEGE DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS, continued
 FOR THE YEAR ENDED JUNE 30, 2017**

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NOTE 8 – PENSION PLANS (continued)

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California Public Employees’ Retirement System (CalPERS)

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Contributions

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Active plan members who entered into the plan prior to January 1, 2013, are required to contribute 7.0% of their salary. The California Public Employees’ Pension Reform Act (PEPRA) specifies that new members entering into the plan on or after January 1, 2013, shall pay the higher of fifty percent of normal costs or 6.0% of their salary. Additionally, for new members entering the plan on or after January 1, 2013, the employer is prohibited from paying any of the employee contribution to CalPERS unless the employer payment of the member’s contribution is specified in an employment agreement or collective bargaining agreement that new \$ 1 1 1 7

**IMPERIAL COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS, continued
FOR THE YEAR ENDED JUNE 30, 2017 1**

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NOTE 8 – PENSION PLANS

**IMPERIAL COMMUNITY COLLEGE DISTRICT
NOTES**

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REQUIRED SUPPLEMENTARY INFORMATION

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**IMPERIAL COMMUNITY COLLEGE DISTRICT
 SCHEDULE OF POSTEMPLOYMENT HEALTHCARE BENEFITS FUNDING PROGRESS
 FOR THE YEAR ENDED JUNE 30, 2017 1**

Actuarial 1 Valuation Date	Value of Assets	Actuarial 1 Accrued Liability (AAL)	Unfunded 1 AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
5/16/2016	\$ 111,111,111	\$ 148,418,997	\$ 134,277,992	0%	\$ 111,308,711,117	111%

**IMPERIAL COMMUNITY COLLEGE DISTRICT
SCHEDULE FOR THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION
LIABILITY—STRS
FOR THE YEAR ENDED JUNE 30, 2017 1**

	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
District's proportion of the net pension liability	0.040%	0.037%	0.350%
District's proportionate share of the net pension liability	\$ 111,820,811,078	\$ 111,125,216,202	\$ 111,120,452,944
State's proportionate share of the net pension liability associated with the District	111,18,265,874	111,13,336,556	111,1307,580,299
Total	<u>\$ 111,150,046,952</u>	<u>\$ 111,138,552,758</u>	<u>\$ 111,328,033,243</u>
District's covered payroll	\$ 111,119,946,670	\$ 111,119,698,761	\$ 111,118,330,412
District's proportionate share of the net pension liability as a percentage of its covered payroll	160.8%	128.0%	111.6%
Plan fiduciary net position as a percentage of the total pension liability.	70.0%	74.0%	76.5%

See accompanying note to supplementary information. 1

**IMPERIAL COMMUNITY COLLEGE DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION
LIABILITY—PERS
FOR THE YEAR ENDED JUNE 30, 2017 1**

	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
District's proportion of the net pension liability	0.070%	0.071%	0.720%
District's proportionate share of the net pension liability	\$ 11,111,113,847,485	\$ 11,111,110,447,985	\$ 11,111,118,151,048
District's covered payroll	\$ 11,111,119,289,375	\$ 11,111,118,489,613	\$ 11,111,117,998,284
District's proportionate share of the net pension liability as a percentage of its covered payroll	149.1%	123.1%	101.9%
Plan fiduciary net position as a percentage of the total pension liability.	73.9%	79.4%	83.4%

See accompanying note to supplementary information. 1

**IMPERIAL COMMUNITY COLLEGE DISTRICT
 SCHEDULE OF DISTRICT CONTRIBUTIONS—STRS
 FOR THE YEAR ENDED JUNE 30, 2017**

	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ 111112,428,790	\$ 111112,086,304	\$ 111111,587,523
Contributions in relation to the contractually required contribution*	11111(2,428,790)	11111(2,086,304)	11111(1,587,523)
Contribution deficiency (excess)	<u>\$ 1111111111111111</u>	<u>\$ 1111111111111111</u>	<u>\$ 1111111111111111</u>
District covered payroll	\$ 1111119,946,670	\$ 11111119,698,761	\$ 11111118,330,412
Contributions as a percentage of covered payroll	12.18%	10.59%	8.66%

*Amounts do not include on behalf contributions

**IMPERIAL COMMUNITY COLLEGE DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS—PERS
FOR**

**IMPERIAL COMMUNITY COLLEGE DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2017 1**

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NOTE 1 – PURPOSE OF THE SCHEDULE 1

A. Schedule of Postemployment Healthcare

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SUPPLEMENTARY INFORMATION

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**IMPERIAL COMMUNITY COLLEGE DISTRICT
 LOCAL EDUCATIONAL AGENCY ORGANIZATION STRUCTURE
 JUNE 30, 2017**

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The Imperial Community College District (the District) is in the City of Imperial, California. The District presently operates one primary campus within the County of Imperial. There have been no changes in the District's boundaries during the current year.

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The Governing Board for the fiscal year ended June 30, 2017 was comprised of the following members:

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NAME	OFFICE	TERM EXPIRES
Karla Sigmond	President	November 2018
Steven M. Taylor	Clerk of the Board	November 2018
Rudy Cardenas	Member	November 2020
Romualdo Medino	Member	November 2020
Juanita Salas	Member	November 2018

**IMPERIAL COMMUNITY COLLEGE DISTRICT
 SCHEDULE OF EXPENDITURES OF STATE AWARDS
 FOR THE YEAR ENDED JUNE 30, 2017**

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Program Name	Cash Received	Accounts Receivable	Deferred Revenue	Total	Total Program Expenditures
State Awards:					
1 Institutional 1					

IMPERIAL COMMUNITY COLLEGE DISTRICT

IMPERIAL COMMUNITY COLLEGE DISTRICT

**IMPERIAL COMMUNITY COLLEGE DISTRICT
DETAILS OF THE EDUCATION PROTECTION ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2017 1**

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\$ 11 5,523,340 1

Activity Code	Salaries and Benefits
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**IMPERIAL COMMUNITY COLLEGE DISTRICT
NOTES TO THE SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2017**

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NOTE 1 – PURPOSE OF THE SCHEDULE 1

A. Local Education Agency Organization Structure

This schedule provides information about the District's boundaries and schools operated, members of the governing board, and members of the administration.

B. Schedule of Expenditures of Federal Awards

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform m-

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OTHER INDEPENDENT AUDITORS' REPORTS

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**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**

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Independent Auditors' Report 1

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Board of Trustees 1

Imperial Community College District 1 1 1

Compliance and Other Matters

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM, AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
TITLE 2 U.S. CODE OF FEDERAL REGULATIONS (CFR) PART 200,
UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES,
AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS 1**

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Independent Auditors' Report 1

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Board of Trustees 1
Imperial Community College District 1
Imperial, California 1

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Report on Compliance for Each Major Federal Program 1

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We have audited Imperial Community College District's compliance with the types of compliance requirements described in the Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, that could have a direct and material effect on each of Imperial Community College District's major federal programs for the year ended on June 30, 2017. Imperial Community College District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. 1 1 1

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Management's Responsibility 1

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Management is responsible for compliance with requirements of laws, regulations, contracts, and grants applicable to its federal programs. 1 1

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Auditors' Responsibility 1

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Our responsibility is to express an opinion on compliance for each of Imperial Community College District's major federal programs based on our audit of the types of compliance requirements referred to above. 1 We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Audits of States, Local Governments, and Non Profit Organizations. 1

Those standards and Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Imperial Community College District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. 1 1

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We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. 1 1
However, our audit does not provide a legal determination of Imperial Community College District's compliance. 1 1

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Opinion on Each Major Federal Program 1

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In our opinion, Imperial Community College District complied, in all material respects, with the types of compliance requirements referred to above. 1 In planning and performing our audit of compliance, we considered Imperial Community College District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, but not for the purpose of expressing procedures

REPORT ON STATE COMPLIANCE 1

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Independent Auditors' Report 1

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Board of Trustees 1

Imperial Community CollegeCommunity

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FINDINGS AND QUESTIONED COSTS

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**IMPERIAL COMMUNITY COLLEGE DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED JUNE 30, 2017 1**

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FINANCIAL STATEMENTS

Internal control over financial reporting:	Unmodified
Material weaknesses identified?	No
Significant deficiencies identified not considered 1 to be material weaknesses?	None Reported
Non compliance material to financial statements noted?	No

FEDERAL AWARDS

1	
Material weaknesses identified?	No
Significant deficiencies identified not considered 1 to be material weaknesses?	None Reported
Type of auditors report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance	No
Identification of major 1	

**IMPERIAL COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, continued
FOR THE YEAR ENDED JUNE 30, 2017**

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Section II — Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Government Auditing Standards 1

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There were no financial statement findings or questioned costs noted during the fiscal year ended June 30, 2017.

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**IMPERIAL COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, continued
FOR THE YEAR ENDED JUNE 30, 2017**

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Section III – Federal Award Findings and Questioned Costs 1

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This section identifies the audit findings required to be reported by Title 2 U.S. Code of Federal Regulations (CFR) 1 Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards 1 (e.g., deficiencies, significant deficiencies, material weaknesses, and instances of noncompliance, including 1 questioned costs). 1

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There were no federal award findings or questioned costs noted during the fiscal year ended June 30, 2017.

**IMPERIAL COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, continued
FOR THE YEAR ENDED JUNE 30, 2017 1**

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Section IV – State Award Findings and Questioned Costs 1

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This section identifies the audit findings pertaining 1

IMPERIAL COMMUNITY COLLEGE DISTRICT 1
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS 1
FOR THE YEAR ENDED 9/30/2018