

**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

Board of Trustees
Imperial Community College District
Imperial, California 92251

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) 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 one main campus. The District serves approximately 7,500 students per semester. Full Time Equivalent Student (FTES) for 2016 17 was 6,854.

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**

STATEMENT OF NET POSITION

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 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. 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. Although unrestricted, the district's governing board may place internal restrictions on this Net Position. Although unrestricted, the district's governing board may place internal restrictions on this Net Position. 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**

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.

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 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.

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 the

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

STATEMENT OF CASH FLOWS

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

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

CAPITAL ASSETS

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.

Changes in Capital Assets

	2017	2016	Net Change
Land and construction in progress	1,033,701	951,584	82,117
Buildings, improvements, and equipment	112,337,883	111,596,062	741,821
Accumulated depreciation	(28,200,110)	(25,299,463)	(2,900,647)
Total Capital Assets	85,171,474	87,248,183	(2,076,709)

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.

	2017	2016	Net Change
GO Bonds	71,824,501	74,276,929	(2,452,428)
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	110,440	678,553
OPEB Obligation	19,549,481	16,336,971	3,212,510
Pension liabilities	45,928,563	35,664,187	10,264,376
Less: current portion of long term debt	(2,862,827)	(2,488,873)	(373,954)
Total Long term Liabilities	153,410,879	139,814,155	13,596,724

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. 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.

ECONOMIC FACTORS THAT MAY AFFECT THE FUTURE

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 been

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

ASSETS	Primary Government
CURRENT ASSETS	
Cash and cash equivalents	\$ 21,027,692
Accounts receivable	3,487,361
Total Current Assets	<u>24,515,053</u>
NONCURRENT ASSETS	
Capital assets, net of accumulated depreciation	85,171,474
Total Noncurrent Assets	<u>85,171,474</u>
TOTAL ASSETS	<u>109,686,527</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>11,861,117</u>
CURRENT LIABILITIES	
Accounts payable and accrued liabilities	2,280,651
Unearned revenue	7,771,120
Current Portion Long term liabilities	2,862,827
Total Current Liabilities	<u>12,914,598</u>
NONCURRENT LIABILITIES	
Noncurrent portion Long term liabilities	153,456,733
TOTAL LIABILITIES	<u>166,371,331</u>
DEFERRED INFLOWS OF RESOURCES	<u>1,303,312</u>
NET POSITION	
Net investment in capital assets	26,317,665
Restricted for:	
Debt service	4,028,676
Capital projects	1,371,430
Unrestricted	(77,844,770)
TOTAL NET POSITION	<u>\$ (46,126,999)</u>

IMPERIAL COMMUNITY COLLEGE DISTRICT 1
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION 1
FOR 1

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

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

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

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

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**

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

NOTE 2 – SUMMARY OF SIGNIFICANT

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

P. Compensated Absences

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

S. New Accounting Pronouncements

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.

GASB Statement No. 80 – In January 2016, GASB issued Statement No. 80, *Blending Requirements for Certain Component Units* for 1 for 6NE 1 and 1.

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

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NOTE 34 CASH AND INVESTMENTS (continued) 1

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

NOTE 4 – ACCOUNTS

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

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

NOTE 8 – PENSION PLANS

Qualified employees are covered under multiple employer contributory retirement plans

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

NOTE 8 – PENSION PLANS (continued)

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

Benefits provided (continued)

CalSTRS 2% at 62

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.

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 \$1,601,466 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:

District’s proportionate share of the net pension liability	\$ 32,081,078
State’s proportionate share of the net pension liability associated with the District	729,412,982
Total	<u>\$ 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% of from its proportion measured as of June 30, 2015.

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

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NOTE 8 - PENSION PLANS (continued) 1

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California State Teachers' Retirement System (CalSTRS) (continued) 1

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Actuarial assumptions 1

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**

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 used

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

NOTE 8 – PENSION PLANS (continued)

California Public Employees’ Retirement System (CalPERS)

Contributions

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

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

NOTE 8 – PENSION PLANS

**IMPERIAL COMMUNITY COLLEGE DISTRICT
NOTES**

REQUIRED SUPPLEMENTARY INFORMATION

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

Actuarial Valuation Date	Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
5/16/2016	\$	\$ 48,418,997	\$ 34,277,992	0%	\$ 30,871,117	111%

See accompanying note to supplementary information.

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

	<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	\$ 32,081,078	\$ 25,216,202	\$ 20,452,944
State's proportionate share of the net pension liability associated with the District	18,265,874	13,336,556	307,580,299
Total	<u>\$ 50,346,952</u>	<u>\$ 38,552,758</u>	<u>\$ 328,033,243</u>
District's covered payroll	\$ 19,946,670	\$ 19,698,761	\$ 18,330,412
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.

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

	<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	\$ 13,847,485	\$ 10,447,985	\$ 8,151,048
District's covered payroll	\$ 9,289,375	\$ 8,489,613	\$ 7,998,284
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.

IMPERIAL COMMUNITY COLLEGE DISTRICT 1
 SCHEDULE OF DISTRICT CONTRIBUTIONS—STRS 1
 FOR THE YEAR ENDED JUNE 30, 2017

	June 30, 2017	June 30, 2016	June 30, 2015
Contractually required contribution	\$ 111112,428,790	\$ 111112,086,304	\$ 111111,587,523
Contributions in relation to the 1 contractually required contribution*	11111(2,142,879)	11111(2,086,304)	11111(1,587,523)
Contribution deficiency (excess)	<u>\$ 11111111111111</u>	<u>\$ 11111111111111</u>	<u>\$ 11111111111111</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**

See accompanying note to supplementary information.

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

NOTE 1 – PURPOSE OF THE SCHEDULE

A. Schedule of Postemployment Healthcare

See accompanying note to supplementary information.

SUPPLEMENTARY INFORMATION

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

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.

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

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**

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

See accompanying note to supplementary information.

**IMPERIAL COMMUNITY COLLEGE DISTRICT
 SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL APPORTIONMENT—
 ANNUAL/ACTUAL ATTENDANCE
 FOR THE YEAR ENDED JUNE 30, 2017**

	Reported Data	Audit Adjustment	Revised Data
A. Summer Intersession (Summer Only)			
1. Noncredit			
2. Credit	11.05		11.05
B. Summer Intersession (Summer Prior to July 1)			
1. Noncredit	1.42		1.42
2. Credit	519.99		519.99
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedures Courses			
(a) Weekly Census Contact Hours	5,092.83		5,092.83
(b) Daily Census Contact Hours	544.76		544.76
2. Other			

See accompanying note to supplementary information.

IMPERIAL COMMUNITY COLLEGE DISTRICT

See accompanying note to

IMPERIAL COMMUNITY COLLEGE DISTRICT

See

**IMPERIAL COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF THE ECS 84362 (50 PERCENT LAW) CALCULATION
FOR THE YEAR ENDED JUNE 30, 2017**

	Object/ TOP Codes	Reported Data	Audit Adjustment s	Revised Data	Reported Data	Audit Adjustment s	Revised Data
Instructional Salaries							
Contract or Regular	1100	8,254,455		8,254,455	8,254,455		8,254,455
Other	1300	5,532,858		5,532,858	5,532,858		5,532,858
Total Instructional Salaries		13,787,313		13,787,313	13,787,313		13,787,313
Non Instructional Salaries							
Contract or Regular	1200				3,770,650		3,770,650
Other	1400				137,402		137,402
Total Non Instructional Salaries					3,908,052		3,908,052
Total Academic Salaries		13,787,313		13,787,313	17,695,365		17,695,365
Non Instructional Salaries							
Regular Status	2100				6,722,654		6,722,654
Other	2300				76,084		76,084
Total Non Instructional Salaries					6,798,738		6,798,738
Instructional Aides							
Regular Status	2200	354,604		354,604	354,604		354,604
Other	2400	114,935		114,935	114,935		114,935
Total Instructional Aides		469,539		469,539	469,539		469,539
Total Classified Salaries		469,539		469,539	7,268,277		7,268,277
Employee Benefits							
Supplies and Materials	3000	5,660,312		5,660,312	11,237,554		11,237,554
Other Operating Expenses	4000				429,752		429,752
Equipment Replacement	5000				2,604,879		2,604,879
6420							
Total Expenditures Prior to Exclusions		19,917,164		19,917,164	39,235,827		39,235,827
Activities to Exclude							
Instructional Staff Retirees Benefits and Retirement Incentives	5900	1,055,167	1,055,167	1,055,167	1,055,167		1,055,167

See accompanying note to supplementary information.

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

\$ 5,523,340

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**

NOTE 1 – PURPOSE OF THE SCHEDULE

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, Uniformm-

OTHER INDEPENDENT AUDITORS' REPORTS

**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***

Independent Auditors' Report

Board of Trustees
Imperial Community College District

License

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**

Independent Auditors' Report

Board of Trustees
Imperial Community College District
Imperial, California

Report on Compliance for Each Major Federal Program

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.

Management's Responsibility

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

Auditors' Responsibility

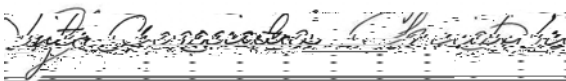
Our responsibility is to express an opinion on compliance for each of Imperial Community College District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted 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*.

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.

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

Opinion on Each Major Federal Program

In our opinion, Imperial Community College District complied, in all material respects, with the types of compliance requirements referred to above. 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

Independent Auditors' Report

Board of Trustees
Imperial Community CollegeCommunity

FINDINGS AND QUESTIONED COSTS

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

FINANCIAL STATEMENTS

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

FEDERAL AWARDS

Material weaknesses identified?	No
Significant deficiencies identified not considered 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	

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

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*.

There were no financial statement 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**

Section III – Federal Award Findings and Questioned Costs

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 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**

Section IV – State Award Findings and Questioned Costs

This section identifies the audit findings pertaining

**IMPERIAL COMMUNITY COLLEGE DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED 9.794e048(R)TJ/TT21Tfj/TT31Tf.27T9U**