



# Imperial Valley Regional Occupational Program

County of Imperial  
El Centro, California

Audit Report



# Imperial Valley Regional Occupational Program

## Table of Contents

June 30, 2024

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<b>INDEPENDENT AUDITOR’S REPORT</b>	<b>1</b>
<b>MANAGEMENT’S DISCUSSION AND ANALYSIS</b>	<b>4</b>
<b>BASIC FINANCIAL STATEMENTS</b>	<b>11</b>
Statement of Net Position .....	11
Statement of Activities.....	12
Balance Sheet – Governmental Funds .....	13
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position.....	14
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	15
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	16
Notes to the Financial Statements.....	17
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	<b>52</b>
Budgetary Comparison Schedule – General Fund.....	52
Budgetary Comparison Schedule – Adult Education Fund .....	53
Schedule of the Entity’s Proportionate Share of the Net Pension Liability - CalSTRS .....	54
Schedule of the Entity’s Contributions - CalSTRS.....	55
Schedule of the Entity’s Proportionate Share of the Net Pension Liability – CalPERS.....	56
Schedule of the Entity’s Contributions - CalPERS.....	57
Notes to Required Supplementary Information .....	58
<b>OTHER SUPPLEMENTARY INFORMATION</b>	<b>61</b>
Schedule of Financial Trends & Analysis .....	61
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements.....	63
Schedule of Expenditures of Federal Awards.....	64
Notes to the Schedule of Expenditures of Federal Awards .....	65
<b>OTHER INFORMATION</b>	<b>66</b>
Local Education Agency Organization Structure .....	66
<b>OTHER INDEPENDENT AUDITORS’ REPORTS</b>	<b>67</b>
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	67
Independent Auditor’s Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance.....	69

Imperial Valley Regional Occupational Program

Table of Contents

June 30, 2024

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<b>AUDITOR’S RESULTS, FINDINGS &amp; RECOMMENDATIONS</b>	<b>72</b>
Schedule of Auditor’s Results .....	72
Schedule of Findings and Questioned Costs.....	73
Corrective Action Plan.....	76
Schedule of Prior Year Audit Findings.....	77

## Independent Auditor's Report

To the Board of Education  
Imperial Valley Regional Occupational Program

### Report on the Audit of the Financial Statements

#### Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Imperial Valley Regional Occupational Program (the Entity) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Entity's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Entity as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Entity 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.

#### Responsibilities of Management for the Financial Statements

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

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

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity'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 Entity's ability to continue as a going concern for a reasonable period of time.

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

## **Required Supplementary Information**

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

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

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

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

### **Other Information**

Management is responsible for the other information included in the audit report. The other information comprises the Other Information section of the audit report as identified on the table of contents, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2024, on our consideration of the Entity's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Entity'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 Entity's internal control over financial reporting and compliance.



El Cajon, California  
December 12, 2024

# **IMPERIAL VALLEY REGIONAL OCCUPATIONAL PROGRAM**

## **MANAGEMENT DISCUSSION AND ANALYSIS**

**JUNE 30, 2024**  
**(Unaudited)**

The discussion and analysis of Imperial Valley Regional Occupational Program's financial performance provides an overall review of the Entity's financial activities for the fiscal year ended June 30, 2024. The intent of this discussion and analysis is to look at the Entity's financial performance as a whole. To provide a complete understanding of the Entity's financial performance, please read it in conjunction with the Independent Auditor's Report, the Entity's financial statements and notes to the basic financial statements.

The Management's Discussion and Analysis (MD & A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments issued June 1999. Certain comparative information is required to be presented in the MD & A.

### **FINANCIAL HIGHLIGHTS**

- The general fund expenditures increased by \$1.1 million (9.9%) over the previous year amount.
- General Fund revenues and other sources exceeded expenses and other uses by \$34 thousand.
- The General Fund ended the fiscal year with 15.81% reserves in unrestricted fund balance.

### **Overview of the Financial Statements**

This annual report consists of the following parts – management's discussion and analysis (this section), the basic financial statements, required supplementary information, other supplementary information, and findings and recommendations. These statements are organized so the reader can understand the Imperial Valley Regional Occupational Program as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

### **The Basic Financial Statements**

The first two statements are Entity-wide financial statements, the Statement of Net Position and the Statement of Activities. These statements provide information about the activities of the whole School Entity, presenting both an aggregate view of the Entity's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the Entity's more significant funds with all other non-major funds presented in total in one column.

The financial statements also include notes that explain some of the supplementary information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements. A comparison of the Entity's general fund budget is included.

## **Reporting the Entity as a Whole**

### *Statement of Net Position and the Statement of Activities*

These two statements provide information about the Entity as a whole using methods similar to those used by private-sector companies. The Statement of Net Position includes all the Entity's assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting. This basis of accounting takes in account all the current year's revenues and expenses regardless of when cash is received or paid. These statements report information on the Entity as a whole and its activities in a way that helps answer the question, "How did we do financially during 2023-2024?"

The change in net position is important because it tells the reader that, for the Entity as a whole, the financial position of the Entity has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Over time, the increases or decreases in the Entity's net position, as reported in the Statement of Activities, are one indicator of whether its financial health is improving or deteriorating. The relationship between revenues and expenses indicates the Entity's operating results. However, the Entity's goal is to provide services to our students, not to generate profits as commercial entities. One must consider many non-financial factors, such as the quality of education provided to assess the overall health of the Entity.

- Increases or decreases in the net position of the Entity over time are indications of whether its financial position is improving or deteriorating, respectively.
- Additional non-financial factors such as condition of school buildings and other facilities, and changes to the property tax base of the Entity need to be considered in assessing the overall health of the Entity.

## **Reporting the Entity's Most Significant Funds**

### *Fund Financial Statements*

The fund financial statements provide more detailed information about the Entity's most significant funds – not the Entity as a whole. Funds are accounting devices the Entity uses to keep track of specific sources of funding and spending on particular programs. Some funds are required to be established by State law. However, the Entity establishes other funds to control and manage money for specific purposes.

### *Governmental Funds*

Most of the Entity's activities are reported in governmental funds. The Entity's major funds are the General Fund, the Building Fund, the Special Reserve Fund for Capital Outlay, and the Capital Projects Fund for Blended Component Units. All other governmental funds are aggregated into one nonmajor governmental funds column. Governmental funds focus on how money flows into and out of the funds and the balances that remain at the end of the year. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Entity's operations and services that help determine whether there are more or fewer financial resources that can be spent in the near future to finance the Entity's programs.



## FINANCIAL ANALYSIS OF THE GOVERNMENT WIDE STATEMENTS

### *The Entity as a Whole*

The Entity's net position was \$(2.5) million at June 30, 2024. Of this amount, unrestricted net position was \$(3.9) million, net investment in capital assets was \$1.2 million, and restricted net position was \$249 thousand. A Comparative analysis of government-wide statement of net position is presented in Table 1.

The Entity's net position decreased \$690 thousand this fiscal year (See Table 2). The Entity's expenses for instruction, instruction related, and pupil services represented 88% of total expenses. The administrative activities of the Entity accounted for just 8% of total costs. The remaining 4% was spent on plant services and other expenses like interest payments on debt. (See Figure 2).

**(Table 1)**  
**Comparative Statement of Net Position**

	Governmental Activities			
	6/30/2024	6/30/2023	Change	% Change
<b>Assets</b>				
Cash and Investments	\$ 1,798,169	\$ 1,494,330	\$ 303,839	20.33%
Accounts receivable	1,753,317	1,614,317	139,000	8.61%
Prepaid expenses	10,000	66,118	(56,118)	-84.88%
Capital assets, net	1,023,866	1,033,948	(10,082)	-0.98%
Lease assets, net	-	63,042	(63,042)	-100%
Total Assets	<u>4,585,352</u>	<u>4,271,755</u>	<u>313,597</u>	<u>7.34%</u>
<b>Deferred Outflows of Resources</b>				
Deferred outflows of resources	<u>3,095,947</u>	<u>3,443,947</u>	<u>(348,000)</u>	<u>-10.10%</u>
Total Deferred Outflows of Resources	<u>3,095,947</u>	<u>3,443,947</u>	<u>(348,000)</u>	<u>-10.10%</u>
<b>Liabilities</b>				
Accounts payable and other current liabilities	414,535	372,485	42,050	11.29%
Unearned revenue	1,048,062	733,660	314,402	42.85%
Long-term liabilities	<u>8,326,418</u>	<u>8,117,217</u>	<u>209,201</u>	<u>2.58%</u>
Total Liabilities	<u>9,789,015</u>	<u>9,223,362</u>	<u>565,653</u>	<u>6.13%</u>
<b>Deferred Inflows of Resources</b>				
Deferred inflows of resources	<u>369,398</u>	<u>208,654</u>	<u>160,744</u>	<u>77.04%</u>
Total Deferred Inflows of Resources	<u>369,398</u>	<u>208,654</u>	<u>160,744</u>	<u>77.04%</u>
<b>Net Position</b>				
Net investment in capital assets	1,184,995	994,109	190,886	19.20%
Restricted	249,095	184,247	64,848	35.20%
Unrestricted	<u>(3,911,204)</u>	<u>(2,994,670)</u>	<u>(916,534)</u>	<u>30.61%</u>
Total Net Position	<u>\$ (2,477,114)</u>	<u>\$ (1,816,314)</u>	<u>\$ (660,800)</u>	<u>36.38%</u>

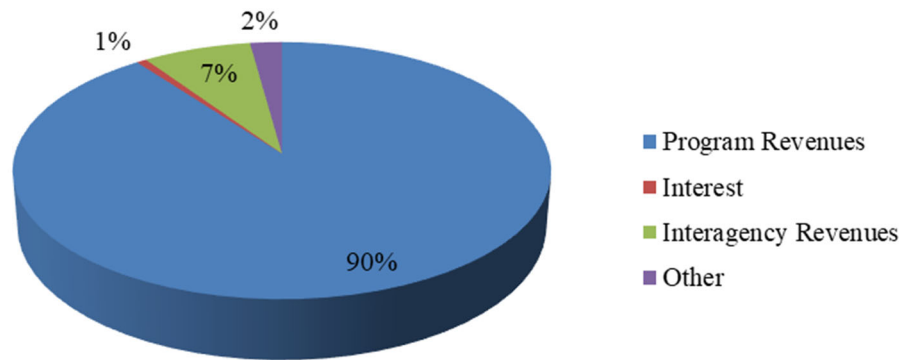
**(Table 2)**  
**Comparative Statement of Change in Net Position**

	<b>Governmental Activities</b>			
	<b>Year Ended 6/30/2024</b>	<b>Year Ended 6/30/2023</b>	<b>Change</b>	<b>% Change</b>
<b>Revenues</b>				
Program revenues				
Charges for services	\$ 816,508	\$ 624,860	\$ 191,648	30.67%
Operating grants and contributions	9,876,757	9,380,929	495,828	5.29%
Capital grants and contributions			-	#DIV/0!
General revenues				
Interest and investment earnings	82,457	(5,296)	87,753	-1656.97%
Interagency revenues	882,117	850,222	31,895	3.75%
Miscellaneous	258,243	228,400	29,843	13.07%
Total Revenues	<u>11,916,082</u>	<u>11,079,115</u>	<u>836,967</u>	<u>7.55%</u>
<b>Expenses</b>				
Instruction	2,840,826	3,226,088	(385,262)	-11.94%
Instruction Related Services	2,353,846	2,010,433	343,413	17.08%
Pupil Support Services	5,918,624	4,701,013	1,217,611	25.90%
General Administration	1,042,496	956,486	86,010	8.99%
Plant Services	297,613	226,297	71,316	31.51%
Other Expenses	153,085	13,395	139,690	1042.85%
Total Expenses	<u>12,606,490</u>	<u>11,133,712</u>	<u>1,472,778</u>	<u>13.23%</u>
Increase (Decrease) in Net Position	(690,408)	(54,597)	(635,811)	1164.55%
Net Position - Beginning Balance	(1,816,314)	(1,761,717)	(54,597)	3.10%
Adjustment to Beginning Fund Balance	30,608	-	30,608	100%
Net Position - Ending Balance	<u>\$ (2,476,114)</u>	<u>\$ (1,816,314)</u>	<u>\$ (659,800)</u>	<u>36.33%</u>

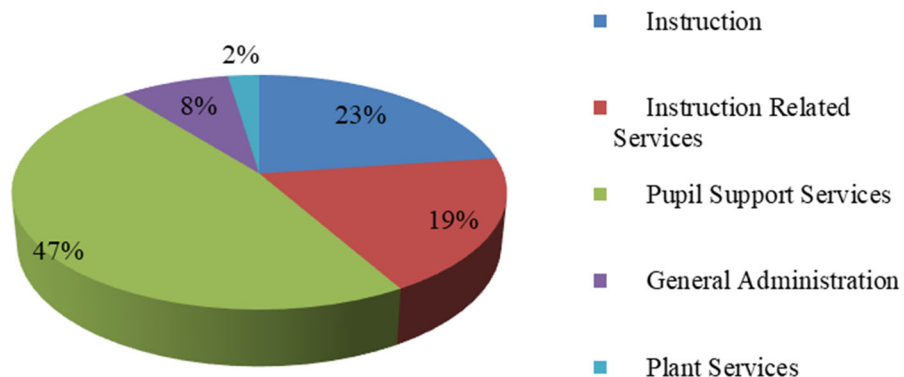
## GOVERNMENTAL ACTIVITIES

As reported in the Statement of Activities, the cost of all of the Entity's governmental activities this year was \$12.6 million. Operating grants, capital grants, and contributions revenue was \$10.7 million. Operating grants, capital grants covered 84.8% of the expenses of the entire Entity (See Figure 1).

**Sources of Revenue for the 2023-24 Fiscal Year  
Figure 1**



**Expenses for the 2023-24 Fiscal Year  
Figure 2**



## FINANCIAL ANALYSIS OF THE FUND STATEMENTS

The fund financial statements focus on individual parts of the Entity's operations in more detail than the government-wide statements. The Entity's individual fund statements provide information on inflows and outflows and balances of spendable resources. The Entity's governmental funds reported a combined fund balance of \$2.1 million, an decrease of \$338 from the previous fiscal year's combined ending balance of \$2.1 million.

## General Fund Budgetary Highlights

Over the course of the year, the Entity revised the annual operating budget regularly. The significant budget adjustments fell into the following categories:

- Budget revisions to the adopted budget required after approval of the State budget.
- Budget revisions to update revenues to actual enrollment information and to update expenditures for staffing adjustments related to actual enrollments.
- Other budget revisions are routine in nature, including adjustments to categorical revenues and expenditures based on final awards, and adjustments between expenditure categories for school and department budgets.

The final revised budget for the General Fund reflected a net decrease to the ending balance of \$10,541.

The Entity ended the year with a decrease of \$34,874 to the general fund ending balance. The State recommends available reserves of 3% of total general fund expenditures and other financing uses of the general fund.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

The Entity has a broad range of capital assets, including school buildings, administrative buildings, site improvements, vehicles, and equipment. Table 3 demonstrates a comparative Schedule of Capital Assets.

**(Table 3)**  
**Comparative Schedule of Capital Assets**  
**June 30, 2024 and 2023**

	<u>2024</u>	<u>2023</u>	<u>Net \$ Change</u>	<u>Net % Change</u>
Land	\$ 180,200	\$ 180,200	\$ -	0.0%
Land Improvements	26,950	26,950	-	0.0%
Buildings & Improvements	1,064,300	1,064,300	-	0.0%
Equipment	603,996	539,396	64,600	12.0%
Less Accumulated Depreciation for				
Land Improvements	(24,255)	(22,907)	(1,348)	5.9%
Buildings & Improvements	(468,292)	(447,006)	(21,286)	4.8%
Equipment	(359,033)	(306,985)	(52,048)	17.0%
Lease Assets	266,558	266,558	-	0.0%
Less Accumulated Amortization	(266,558)	(203,516)	(63,042)	31.0%
Total	<u>\$ 1,023,866</u>	<u>\$ 1,096,990</u>	<u>\$ (73,124)</u>	<u>-6.7%</u>

## Long-Term Debt

The following represents a comparative schedule of the Entity's long-term debt outstanding.

**(Table 4)**  
**Comparative Schedule of Long-Term Debt**  
**June 30, 2024 and 2023**

	<u>2024</u>	<u>2023</u>	<u>Net \$ Change</u>	<u>Net % Change</u>
Loan Payable	\$ 50,579	\$ 37,861	\$ 12,718	33.59%
Leases Payable	<u>-</u>	<u>65,020</u>	<u>(65,020)</u>	<u>-100%</u>
Total Long-Term Debt	<u>\$ 50,579</u>	<u>\$ 102,881</u>	<u>\$ (52,302)</u>	<u>-50.84%</u>

## FACTORS BEARING ON THE ENTITY'S FUTURE

The state's minimum guarantee for schools is increased by \$3 billion for 2024-25; however, this increase will likely be placed into Proposition 98 reserves based on requirements in the California Constitution. The Legislative Analyst's Office (LAO) 2025-26 Budget Fiscal Outlook (Fiscal Outlook) for the state of California indicates that while better than expected state revenues are offset by higher spending, the state's budget is anticipated to be balanced for the upcoming fiscal year.

The California 2024-25 budget enacted a 1.07% cost of living adjustment (COLA) with anticipated COLAs set at 2.46% for 2025-26 and COLAs in excess of 3% for the 2026-27 through 2028-29 fiscal years.

Despite positive outlooks for school funding, costs of salaries, pensions, and other employee benefits continue to rise. The Entity is monitoring the budget closely to ensure all financial obligations are met and the Entity remains fiscally strong.

## CONTACTING THE ENTITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Imperial Valley Regional Occupational Program's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Director of Business Services, Imperial Valley Regional Occupational Program, 687 State St., El Centro, CA 92243.

## Basic Financial Statements

# Imperial Valley Regional Occupational Program

## Statement of Net Position

June 30, 2024

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	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and Cash Equivalents	\$ 1,798,169
Accounts Receivable	1,753,317
Prepaid Expenses	10,000
Capital Assets:	
Land	180,200
Land Improvements	26,950
Buildings & Improvements	1,064,300
Equipment	603,996
Less Accumulated Depreciation	(851,580)
Lease Assets:	
Facilities	206,318
Equipment	60,240
Less Accumulated Amortization	(266,558)
Total Assets	<u>4,585,352</u>
 <b>Deferred Outflows of Resources</b>	 <u>3,095,947</u>
 <b>Liabilities</b>	
Accounts Payable and Other Current Liabilities	414,535
Unearned Revenue	1,048,062
Long-Term Liabilities:	
Due Within One Year	222,632
Due In More Than One Year	8,103,786
Total Liabilities	<u>9,789,015</u>
 <b>Deferred Inflows of Resources</b>	 <u>369,398</u>
 <b>Net Position</b>	
Net Investment in Capital Assets	1,184,995
Restricted For:	
Educational Programs	124,364
Other Purposes (Expendable)	38,613
Other Purposes (Nonexpendable)	86,118
Unrestricted	(3,911,204)
Total Net Position	<u>\$ (2,477,114)</u>

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The accompanying notes to the financial statements are an integral part of this statement.

# Imperial Valley Regional Occupational Program

## Statement of Activities

For the Year Ended June 30, 2024

Functions	Expenses	Program Revenues			Net (Expense)
		Charges for	Operating	Capital Grants	Revenue and
		Services	Grants and	and	Changes in Net
			Contributions	Contributions	Position
					Governmental
					Activities
<b>Governmental Activities</b>					
Instruction	\$ 2,840,826	\$ 186,601	\$ 2,639,438	\$ -	\$ (14,787)
Instruction-Related Services	2,353,846	158,889	1,771,559	-	(423,398)
Pupil Services	5,918,624	415,681	4,767,313	-	(735,630)
General Administration:					
Centralized Data Processing	148,874	2,134	22,450	-	(124,290)
All Other General Administration	893,622	44,314	513,022	-	(336,286)
Plant Services	298,613	8,889	162,975	-	(126,749)
Enterprise Activities	150,919	-	-	-	(150,919)
Interest on long-term debt	2,166	-	-	-	(2,166)
Total Governmental Activities	<u>\$ 12,607,490</u>	<u>\$ 816,508</u>	<u>\$ 9,876,757</u>	<u>\$ -</u>	<u>(1,914,225)</u>
<b>General Revenues</b>					
					82,457
					882,117
					258,243
					<u>1,222,817</u>
					(691,408)
					(1,785,706)
					<u>\$ (2,477,114)</u>

The accompanying notes to the financial statements are an integral part of this statement.



# Imperial Valley Regional Occupational Program

Balance Sheet – Governmental Funds

June 30, 2024

	General Fund	Adult Education Fund	Total
<b>Assets</b>			
Cash and Cash Equivalents	\$ 1,666,964	\$ 131,205	\$ 1,798,169
Accounts Receivable	1,752,093	1,224	1,753,317
Prepaid Expenditures	10,000	-	10,000
<b>Total Assets</b>	<u>\$ 3,429,057</u>	<u>\$ 132,429</u>	<u>\$ 3,561,486</u>
<b>Liabilities and Fund Balance:</b>			
Liabilities:			
Accounts Payable	\$ 414,535	\$ -	\$ 414,535
Unearned Revenue	1,048,062	-	1,048,062
<b>Total Liabilities</b>	<u>1,462,597</u>	<u>-</u>	<u>1,462,597</u>
Fund Balance:			
Nonspendable	30,000	-	30,000
Restricted	38,613	132,429	171,042
Assigned	1,248,455	-	1,248,455
Unassigned	649,392	-	649,392
<b>Total Fund Balance</b>	<u>1,966,460</u>	<u>132,429</u>	<u>2,098,889</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 3,429,057</u>	<u>\$ 132,429</u>	<u>\$ 3,561,486</u>

The accompanying notes to the financial statements are an integral part of this statement.

# Imperial Valley Regional Occupational Program

## Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

June 30, 2024

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<b>Total fund balances governmental funds:</b>	<b>\$ 2,098,889</b>
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Amounts reported for assets, deferred outflows of resources, liabilities, and deferred inflows of resources for governmental activities in the statement of net position are different from amounts reported in governmental funds because:

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

Capital assets relating to governmental activities, at historical cost	1,875,446	
Accumulated depreciation	<u>(851,580)</u>	
Net		1,023,866
 Lease assets relating to governmental activities, at historical cost	 266,558	
Accumulated amortization	<u>(266,558)</u>	
Net		-

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

Leases payable	37,861	
Loans payable	12,718	
Net pension liability	8,071,366	
Compensated absences	<u>204,473</u>	
Total		(8,326,418)

Deferred outflows and inflows of resources relating to pensions: In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported.

Deferred outflows of resources relating to pensions	3,095,947	
Deferred inflows of resources relating to pensions	<u>(369,398)</u>	
Net		<u>2,726,549</u>

<b>Total net position governmental activities:</b>	<b><u>\$ (2,477,114)</u></b>
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The accompanying notes to the financial statements are an integral part of this statement.

# Imperial Valley Regional Occupational Program

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds  
For the Year Ended June 30, 2024

	General Fund	Adult Education Fund	Total
<b>Revenues</b>			
Federal Revenue	\$ 2,406,873	\$ -	\$ 2,406,873
Other State Revenue	1,996,635	30,608	2,027,243
Interest Income	64,312	3,928	68,240
FMV Adjustment	14,219	-	14,219
Services for School Districts	1,698,625	-	1,698,625
Local Grants and Contributions	5,744,525	-	5,744,525
Total Revenues	<u>\$ 11,925,189</u>	<u>\$ 34,536</u>	<u>\$ 11,959,725</u>
<b>Expenditures</b>			
Current Expenditures:			
Instruction	2,729,562	-	2,729,562
Instruction - Related Services	2,150,261	-	2,150,261
Pupil Services	5,556,355	-	5,556,355
Enterprise Activities	150,919	-	150,919
General Administration	1,071,244	-	1,071,244
Plant Services	182,654	-	182,654
Capital Outlay	64,600	-	64,600
Debt Service:			
Principal	99,046	-	99,046
Interest	2,166	-	2,166
Total Expenditures	<u>12,006,807</u>	<u>-</u>	<u>12,006,807</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(81,618)</u>	<u>34,536</u>	<u>(47,082)</u>
Other Financing Sources (Uses):			
Proceeds from loans payable	<u>46,744</u>	<u>-</u>	<u>46,744</u>
Net Change in Fund Balance	(34,874)	34,536	(338)
Fund Balance, Beginning of Year	<u>2,001,334</u>	<u>97,893</u>	<u>2,099,227</u>
Fund Balance, End of Year	<u>\$ 1,966,460</u>	<u>\$ 132,429</u>	<u>\$ 2,098,889</u>

The accompanying notes to the financial statements are an integral part of this statement.

## Imperial Valley Regional Occupational Program

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of  
Governmental Funds to the Statement of Activities  
For the Year Ended June 30, 2024

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<b>Total change in fund balances, governmental funds:</b>	<b>\$</b>	<b>(338)</b>
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Amounts reported for governmental activities in the statement of activities are different from amounts reported in governmental funds because:

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

Expenditures for capital outlay	64,600	
Depreciation expense	(74,682)	
Amortization expense	<u>(63,042)</u>	
Net		(73,124)

Debt service: In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were:

99,046

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

(46,744)

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

(34,956)

Pensions: In governmental funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was:

(635,292)

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<b>Change in net position of governmental activities:</b>	<b>\$</b>	<b><u>(691,408)</u></b>
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The accompanying notes to the financial statements are an integral part of this statement.

# Imperial Valley Regional Occupational Program

Notes to the Financial Statements

For the Year Ended June 30, 2024

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## A. Summary of Significant Accounting Policies

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

### 1. Reporting Entity

The Entity operates under a joint powers agreement with component school Districts within the county whereby governing board members are elected and represented by each component Entity under the joint powers agreement. The Entity provides students from the component school Districts an opportunity to enroll in vocational and technical training programs. A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the Entity consists of all funds, departments and agencies that are not legally separate from the Entity. For the Entity, this includes general operations and special revenue funds.

### 2. Component Units

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

### 3. Basis of Presentation

**Government-Wide Statements.** The statement of net position and the statement of activities display information about the primary government (the Entity). These statements include the financial activities of the overall government. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenue, and other non-exchange transactions.

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

# Imperial Valley Regional Occupational Program

Notes to the Financial Statements, Continued

For the Year Ended June 30, 2024

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

**Fund Financial Statements.** The fund financial statements provide information about the Entity's funds. Separate statements for each fund category are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

Governmental funds are used to account for activities that are governmental in nature. Governmental activities are typically tax-supported and include education of pupils, operation of food service programs, construction and maintenance of school facilities, and repayment of long-term debt.

## *Major Governmental Funds*

The Entity reports the following major governmental funds:

**General Fund:** The general fund is the primary operating fund of the Entity. It is used to account for all activities except those that are required to be accounted for in another fund.

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

## 4. Basis of Accounting – Measurement Focus

**Government-Wide Financial Statements.** The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Entity gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

# Imperial Valley Regional Occupational Program

Notes to the Financial Statements, Continued

For the Year Ended June 30, 2024

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**Governmental Fund Financial Statements.** The governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Entity considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from general long-term debt and acquisitions under capital leases are reported as other financing sources.

When the Entity incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the Entity's policy to use restricted resources first, then unrestricted resources.

## 5. Encumbrances

Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid or at year end, whichever is sooner.

## 6. Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. By state law, the Entity's governing board must adopt a final budget no later than July 1<sup>st</sup>. A public hearing must be conducted to receive comments prior to adoption. The Entity's governing board has satisfied these requirements.

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

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

# Imperial Valley Regional Occupational Program

Notes to the Financial Statements, Continued  
For the Year Ended June 30, 2024

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## 7. Revenues and Expenses

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

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

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

### b. Expenses/Expenditures

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

## 8. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position

### a. Deposits and Investments

Cash balances held in banks and in revolving funds are insured to \$250,000 by the Federal Depository Insurance Corporation (FDIC). All cash held by the financial institutions is fully insured or collateralized. For purposes of the statement of cash flows, highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased.



# Imperial Valley Regional Occupational Program

Notes to the Financial Statements, Continued

For the Year Ended June 30, 2024

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In accordance with Education Code §41001, the Entity maintains substantially all its cash in the Imperial County Treasury. The county pools these funds with those of other Districts in the county and invests the cash. These pooled funds are carried at cost, which approximates market value. Interest earned is deposited quarterly into participating funds, except for the Tax Override Funds, in which interest earned is credited to the general fund. Any investment losses are proportionately shared by all funds in the pool.

The county is authorized to deposit cash and invest excess funds by California Government Code §53648 et seq. The funds maintained by the county are either secured by federal depository insurance or are collateralized.

Information regarding the amount of dollars invested in derivatives with Imperial County Treasury was not available.

b. Stores Inventories and Prepaid Expenditures

Inventories are recorded using the purchases method in that the cost is recorded as an expenditure at the time individual inventory items are purchased. Inventories are valued using the first-in/first-out (FIFO) method and consist of expendable supplies held for consumption. Reported inventories are equally offset by a non-spendable fund balance designation, which indicates that these amounts are not “available for appropriation and expenditure” even though they are a component of net current assets.

The Entity has the option of reporting an expenditure in governmental funds for prepaid items either when purchased or during the benefiting period. The Entity has chosen to report the expenditures during the benefiting period.

c. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$5,000 is used.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

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

# Imperial Valley Regional Occupational Program

Notes to the Financial Statements, Continued

For the Year Ended June 30, 2024

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d. Lease Assets & Lease Liabilities

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

e. Subscription Assets & Subscription Liabilities

A subscription based information technology arrangement (SBITA) is a contract that conveys control of the right to use another party's information technology software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction. SBITAs result in a subscription asset and subscription liability on the date of inception in accordance with GASB Statement 96 which are recorded at present value using an imputed interest rate based on the best available borrowing rate for the Entity in the year of inception. The Entity has established a capitalization threshold for subscription assets and liabilities of \$5,000. The subscription assets are amortized over the subscription term. The subscription liabilities are reduced as principal payments on the agreements are paid.

f. Compensated Absences

Accumulated unpaid employee vacation benefits are recognized as liabilities of the Entity. The balance of the liabilities is recognized in the government-wide financial statements at year end.

Accumulated sick leave benefits are not recognized as liabilities of the Entity. The Entity's policy is to record sick leave as an operating expense in the period taken since such benefits do not vest nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires.

g. Unearned Revenue

Unearned revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period or when resources are received by the Entity prior to the occurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Entity has a legal claim to the resources, the liability for unearned revenue is removed from the combined balance sheet and revenue is recognized.

# Imperial Valley Regional Occupational Program

Notes to the Financial Statements, Continued

For the Year Ended June 30, 2024

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## h. Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers in and transfers out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net position.

## i. Fund Balances – Governmental Funds

Fund balances of the governmental funds are classified as follows:

*Nonspendable Fund Balance* represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid items) or legally required to remain intact (such as revolving cash accounts or principal of a permanent fund).

*Restricted Fund Balance* represents amounts that are subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations, or may be imposed by law through constitutional provisions or enabling legislation.

*Committed Fund Balance* represents amounts that can only be used for a specific purpose because of a formal action by the Entity's governing board. Committed amounts cannot be used for any other purpose unless the governing board removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the governing board. Commitments are typically done through adoption and amendment of the budget or resolution. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

*Assigned Fund Balance* represents amounts which the Entity intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the governing board or by an official or body to which the governing board delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service, or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund convey that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the Entity itself.

*Unassigned Fund Balance* represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

# Imperial Valley Regional Occupational Program

Notes to the Financial Statements, Continued

For the Year Ended June 30, 2024

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When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the Entity considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Entity considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

j. Minimum Fund Balance Policy

The Entity has adopted a policy to maintain a minimum economic uncertainty reserve of at least 3% of the total general fund expenditures and other financing uses. The reserve may be increased from time to time in order to address specific anticipated revenue or cash flow shortfalls. The primary purpose of this reserve is to avoid the need for service level reductions in the event of economic downturn. The Entity is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures. Because amounts in the nonspendable, restricted, committed, and assigned categories are subject to varying constraints in use, the Reserve for Economic Uncertainties consists of balances that are otherwise unassigned.

k. Deferred Inflows and Deferred Outflows of Resources

Deferred outflows of resources is a consumption of net position that is applicable to a future reporting period. Deferred inflows of resources is an acquisition of net position that is applicable to a future reporting period. Deferred outflows of resources and deferred inflows of resources are recorded in accordance with GASB Statement numbers 63 and 65.

l. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources relating to pension, deferred inflows of resources relating to pension, pension expense, information about the fiduciary net position of the CalPERS Schools Pool Cost-Sharing Multiple-Employer Plan (CalPERS Plan) and CalSTRS Schools Pool Cost-Sharing Multiple Employer Plan (CalSTRS Plan), and additions to/deductions from the CalPERS Plan and CalSTRS Plan fiduciary net positions have been determined on the same basis as they are reported by the CalPERS Financial Office and CalSTRS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Measurement Period	July 1, 2022 to June 30, 2023

# Imperial Valley Regional Occupational Program

Notes to the Financial Statements, Continued

For the Year Ended June 30, 2024

## 9. Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

## 10. Fair Value Measurements

The Entity categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles as defined by Governmental Accounting Standards Board (GASB) Statement No. 72. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The hierarchy is detailed as follows:

Level 1 Inputs:	Quoted prices (unadjusted) in active markets for identical assets or liabilities that a government can access at the measurement date.
Level 2 Inputs:	Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.
Level 3 Inputs:	Unobservable inputs to an asset or liability.

## 11. New Accounting Pronouncements

The Entity has adopted accounting policies compliant with new pronouncements issued by the Government Accounting Standards Board (GASB) that are effective for the fiscal year ended June 30, 2024. Those newly implemented pronouncements are as follows:

Description	Date Issued
GASB Statement No. 99 <i>Omnibus 2022</i> (Portions related to leases, PPPs, and SBITAs)	Apr-22
GASB Implementation Guide No. 2021-1 <i>Implementation Guidance Update 2021 (Portion Related to Question 5.1)</i>	May-21

Implementation of these standards did not result in any changes to financial accounting or reporting for the Entity.

## B. **Compliance and Accountability**

### 1. Finance Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures", violations of finance-related legal and contractual provisions, if any are reported below, along with actions taken to address such violations:

<u>Violation</u>	<u>Action Taken</u>
None Reported	Not Applicable

## Imperial Valley Regional Occupational Program

Notes to the Financial Statements, Continued

For the Year Ended June 30, 2024

### 2. Deficit Fund Balance or Fund Net Position of Individual Funds

The following funds are funds having deficit fund balances or fund net position at year end, if any, along with remarks which address such deficits:

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
None	Not Applicable	Not Applicable

### C. Fair Value Measurements

The Entity's investments at June 30, 2024, categorized within the fair value hierarchy established by generally accepted accounting principles, were as follows:

	<u>Fair Value Measurement Using</u>			
	<u>Amount</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
External investment pools measured at fair value				
Imperial County Treasury	\$ 1,778,169	\$ -	\$ 1,778,169	\$ -
Total investments by fair value level	<u>\$ 1,778,169</u>	<u>\$ -</u>	<u>\$ 1,778,169</u>	<u>\$ -</u>

The Entity is considered to be an involuntary participant in an external investment pool as the Entity is required to deposit all receipts and collections of monies with their County Treasurer (Education Code §41001). The fair value of the Entity's investments in the pool is reported in the accounting financial statements as amounts based upon the Entity's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of the portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

The Imperial County Treasury is not registered with the Securities and Exchange Commission (SEC) as an investment company; however, the County Treasury acts in accordance with investment policies monitored by a Treasury Oversight Committee consisting of members appointed by participants in the investment pool and up to five members of the public having expertise, or an academic background in, public finance. In addition, the County Treasury is audited annually by an independent auditor.

## Imperial Valley Regional Occupational Program

Notes to the Financial Statements, Continued  
For the Year Ended June 30, 2024

### D. Cash and Investments

As of June 30, 2024 the Entity held the following cash and investments:

	General Fund	Adult Education Fund	Total
Cash in County Treasury	\$ 1,676,164	\$ 131,205	\$ 1,807,369
FMV Adjustment	(29,200)	-	(29,200)
Cash in Bank and In Revolving Fund	20,000	-	20,000
Total Cash and Cash Equivalents	<u>\$ 1,666,964</u>	<u>\$ 131,205</u>	<u>\$ 1,798,169</u>

1. Cash in County Treasury

In accordance with Education Code §41001, the Entity maintains substantially all of its cash in the Imperial County Treasury as part of the common investment pool (\$1,807,369 as of June 30, 2024). The fair value of the Entity's portion of this pool as of that date, as provided by the pool sponsor, was \$1,778,169. Assumptions made in determining the fair value of the pooled investment portfolios are available from the County Treasurer.

2. Cash on Hand, In Banks, and in Revolving Fund

Cash balances in revolving fund (\$20,000 as of June 30, 2024) are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC).

3. Investments Authorized by the California Government Code and the Entity's Investment Policy

The table below identifies the investment types that are authorized for the Entity by the California Government Code (or the Entity's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the Entity's investment policy where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the Entity, rather than the general provisions of the California Government Code or the Entity's investment policy.

## Imperial Valley Regional Occupational Program

Notes to the Financial Statements, Continued  
For the Year Ended June 30, 2024

<u>Authorized Investment Type</u>	<u>Maximum Remaining Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Local Agency Bonds, Notes, Warrants	5 Years	None	None
Registered State Bonds, Notes, Warrants	5 Years	None	None
U.S. Treasury Obligations	5 Years	None	None
U.S. Agency Securities	5 Years	None	None
Banker's Acceptance	180 Days	40%	30%
Commercial Paper	270 Days	25%	10%
Negotiable Certificates of Deposit	5 Years	30%	None
Repurchase Agreements	1 Year	None	None
Reverse Repurchase Agreements	92 Days	20% of Base	None
Medium-Term Corporate notes	5 Years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 Years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

#### 4. Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the Entity was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

##### a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The county treasury is restricted by Government Code §53635 pursuant to §53601 to invest only in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements. The ratings of securities by nationally recognized rating agencies are designed to give an indication of risk.

At June 30, 2024, credit risk for the Entity's investments was as follows:

<u>Investment Type</u>	<u>Rating</u>	<u>Rating Agency</u>	<u>Amount</u>
County Treasurer's Investment Pool	Unrated	Not Applicable	\$ 1,778,169



## Imperial Valley Regional Occupational Program

Notes to the Financial Statements, Continued

For the Year Ended June 30, 2024

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b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the Entity's name. The California Government Code and the Entity's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the Entity's name.

At June 30, 2024, the Entity bank accounts were held in institutions which held insurance for the entire amount, but not in the Entity's name and as such the Entity was not exposed to custodial credit risk for any amounts in excess of the FDIC insurance limitations per banking institution.

c. Concentration of Credit Risk

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

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Entity maintains pooled investments with the Imperial County Treasury with a fair value of \$1,788,169. The average weighted maturity for this pool was 497 days at June 30, 2024.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the Entity was not exposed to foreign currency risk.

# Imperial Valley Regional Occupational Program

Notes to the Financial Statements, Continued

For the Year Ended June 30, 2024

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## 5. Investment Accounting Policy

The Entity is required by GASB Statement No. 31 to disclose its policy for determining which investments, if any, are reported at amortized cost. The Entity's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

The Entity's investments in external investment pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is a 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

## Imperial Valley Regional Occupational Program

Notes to the Financial Statements, Continued

For the Year Ended June 30, 2024

### E. Accounts Receivable

There are no significant receivables which are not scheduled for collection within one year of year end. Accounts receivable balances as of June 30, 2024, consisted of:

	General Fund	Adult Education Fund	Total
Federal Government:			
Ready for Life	\$ 65,879	\$ -	\$ 65,879
Carl D Perkins	73,257	-	73,257
WIOA	305,811	-	305,811
State Government:			
K-12 Strong Workforce	44,967	-	44,967
Special Ed.	161,264	-	161,264
Local Sources			
Project ACE III	26,747	-	26,747
Ninos - Prop 10	72,203	-	72,203
GED Program	44,620	-	44,620
Project Nenes	9,111	-	9,111
ACE Transitions	18,407	-	18,407
Behavioral Mentor	195,874	-	195,874
Project Thrive	22,222	-	22,222
Project ALTO	9,473	-	9,473
Work-ESE	59,858	-	59,858
Prop 47	43,327	-	43,327
Job Readiness	6,209	-	6,209
Project Housing	224,432	-	224,432
Project Rising	103,531	-	103,531
Bringing Families Home	65,243	-	65,243
Home Safe	26,592	-	26,592
HDAP	103,531	-	103,531
Interest	14,037	1,224	15,261
Other Local Sources	55,498	-	55,498
Total Accounts Receivable	<u>\$ 1,752,093</u>	<u>\$ 1,224</u>	<u>\$ 1,753,317</u>

### F. Prepaid Expenditures/Expenses

Prepaid expenditures/expenses for the year ended June 30, 2024, consisted of:

	General Fund
Prepaid insurance	<u>\$ 10,000</u>

# Imperial Valley Regional Occupational Program

Notes to the Financial Statements, Continued

For the Year Ended June 30, 2024

## G. Capital Assets, Lease Assets and Subscription Assets

Capital asset, lease asset and subscription asset activity for the year ended June 30, 2024, was as follows:

Governmental activities:	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	\$ 180,200	\$ -	\$ -	\$ 180,200
Total capital assets not being depreciated	180,200	-	-	180,200
Capital assets being depreciated:				
Land improvements	26,950	-	-	26,950
Buildings and improvements	1,064,300	-	-	1,064,300
Equipment	539,396	64,600	-	603,996
Total capital assets being depreciated	1,630,646	64,600	-	1,695,246
Less accumulated depreciation for:				
Land improvements	(22,907)	(1,348)	-	(24,255)
Buildings and improvements	(447,006)	(21,286)	-	(468,292)
Equipment	(306,985)	(52,048)	-	(359,033)
Total accumulated depreciation	(776,898)	(74,682)	-	(851,580)
Total capital assets, net	1,033,948	(10,082)	-	1,023,866
Lease Assets				
Facilities	206,318	-	-	206,318
Equipment	60,240	-	-	60,240
Less accumulated amortization	(203,516)	(63,042)	-	(266,558)
Total lease assets, net	63,042	(63,042)	-	-
Governmental activities capital and lease assets, net	\$ 1,096,990	\$ (73,124)	\$ -	\$ 1,023,866

Depreciation and amortization were charged to functions as follows:

	Depreciation by Function	Amortization by Function
Instruction	\$ 14,220	\$ -
Pupil Services	25,092	-
General Administration	12,736	-
Plant Services	22,634	63,042
Total	\$ 74,682	\$ 63,042

## Imperial Valley Regional Occupational Program

Notes to the Financial Statements, Continued

For the Year Ended June 30, 2024

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### H. Accounts Payable

Accounts payable balances in the fund financial statements as of June 30, 2024, consisted of:

	<u>General Fund</u>
Vendors payable	\$ 326,922
Grants payable and reimbursement	47,410
Payroll and related benefits	36,971
Mileage payable	<u>3,232</u>
Total Accounts Payable	<u><u>\$ 414,535</u></u>

### I. Unearned Revenue

Unearned revenue balances as of June 30, 2024, consisted of:

	<u>General Fund</u>
Federal Programs:	
Ready4Life	\$ 16,937
State Programs:	
Strong Workforce Program	424,614
Local Programs:	
GED Program	115,796
Vocational Training	46,526
Vesper	58,316
Customized Services	15,549
Imperial Valley Mobile Career Lab	185,927
Strive	162,803
Other Local Programs	<u>21,594</u>
Total Unearned Revenue	<u><u>\$ 1,048,062</u></u>

### J. Short Term Debt Activity

The Entity accounts for short-term debts for maintenance purposes through the General Fund. The proceeds from loans are shown in the financial statements as other financing sources. During the year ended June 30, 2024, the Entity did not enter into any short-term debt agreements.

## Imperial Valley Regional Occupational Program

Notes to the Financial Statements, Continued

For the Year Ended June 30, 2024

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

Ending fund balance classifications of the governmental funds for the year ended June 30, 2024 consisted of:

	General Fund	Adult Education Fund	Total
Nonspendable Fund Balance			
Revolving Cash	\$ 20,000	\$ -	\$ 20,000
Prepaid Expenses	10,000	-	10,000
Total Nonspendable Fund Balance	30,000	-	30,000
Restricted Fund Balance			
Educational Programs	-	132,429	132,429
Other Purposes	38,613	-	38,613
Total Restricted Fund Balance	38,613	132,429	171,042
Assigned Fund Balance			
Other Assignments	1,248,455	-	1,248,455
Total Assigned Fund Balance	1,248,455	-	1,248,455
Unassigned Fund Balance			
For Economic Uncertainties	649,392	-	649,392
Total Unassigned Fund Balance	649,392	-	649,392
Total Fund Balance	\$ 1,966,460	\$ 132,429	\$ 2,098,889

# Imperial Valley Regional Occupational Program

Notes to the Financial Statements, Continued

For the Year Ended June 30, 2024

## L. Long Term Obligations

### 1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended June 30, 2024, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
<u>Governmental Activities:</u>					
Loans Payable	\$ 37,861	\$ 46,744	\$ 34,026	\$ 50,579	\$ 18,159
Leases Payable	65,020		65,020	-	-
Compensated Absences*	169,517	34,956	-	204,473	204,473
Net Pension Liability*	7,844,819	226,547	-	8,071,366	-
Total Governmental Activities	<u>\$ 8,117,217</u>	<u>\$ 308,247</u>	<u>\$ 99,046</u>	<u>\$ 8,326,418</u>	<u>\$ 222,632</u>

\*Other long-term liabilities

- Payments for compensated absences are made from the general fund and the adult education fund.
- Payments for pension contributions are made from the general fund.

### 2. Loans Payable

On October 14, 2021 the Entity entered into loan agreements with Toyota Financial Services to purchase three vehicles for \$60,802 with monthly payments over thirty six months of \$1,851 which includes interest at a rate of 5.88%.

On May 27, 2022, the Entity entered into a loan agreement with Toyota Financial Services to purchase a vehicle for \$17,591 with monthly payments over thirty six months of \$537 which includes interest at a rate of 6.10%.

Loans payable at June 30, 2024 consisted of the following:

Year Ended June 30,	Principal	Interest	Total
2025	\$ 18,159	\$ 3,282	\$ 21,441
2026	8,087	2,428	10,515
2027	8,797	1,718	10,515
2028	9,569	947	10,516
2029	5,967	169	6,136
Total	<u>\$ 50,579</u>	<u>\$ 8,544</u>	<u>\$ 59,123</u>

## Imperial Valley Regional Occupational Program

Notes to the Financial Statements, Continued

For the Year Ended June 30, 2024

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### 3. Leases Payable

On June 1, 2021, the Entity entered into a lease agreement with LGM Properties LLC for the right to use facilities. The lease calls for monthly payments of \$6,000 over thirty six months. The lease is presented at net present value using a discount rate of 3%.

The following represents lease activity for the fiscal year ended June 30, 2024:

Description	Balance Beginning of Year	Increases	Decreases	Balance End of Year	Due Within One Year
LGM Properties LLC	\$ 65,020	\$ -	\$ 65,020	\$ -	\$ -
Total	<u>\$ 65,020</u>	<u>\$ -</u>	<u>\$ 65,020</u>	<u>\$ -</u>	<u>\$ -</u>

### 4. Compensated Absences

Total unpaid employee compensated absences as of June 30, 2024 amounted to \$204,473. This amount is included as part of long-term liabilities in the government-wide financial statements.

### 5. Net Pension Liability

The Entity's beginning net pension liability was \$7,844,819 and increased by \$226,547 during the year ended June 30, 2024 for an ending net pension liability of \$8,071,366. See Note M for additional information regarding the net pension liability.



# Imperial Valley Regional Occupational Program

Notes to the Financial Statements, Continued  
For the Year Ended June 30, 2024

## M. Pension Plans

### 1. General Information about the Pension Plans

#### a. Plan Descriptions

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Certificated employees are members of the California State Teachers' Retirement System (CalSTRS) and classified employees are members of the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and Local Government resolution. Support by the State for the CalSTRS plan is such that the plan has a special funding situation as defined by GASB Statement No. 68. CalSTRS and CalPERS issue publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on their respective websites.

#### b. Benefits Paid

CalSTRS and CalPERS provide service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at 62 for normal benefits or at age 55 with statutorily reduced benefits. Employees hired prior to January 1, 2013 are eligible to retire at age 60 for normal benefits or at age 55 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. All members are eligible for death benefits after one year of total service.

The Plan's provisions and benefits in effect at June 30, 2024 are summarized as follows:

Hire Date	CalSTRS	
	Before Jan. 1, 2013	After Jan. 1, 2013
Benefit Formula	2% at 60	2% at 62**
Benefit Vesting Schedule	5 Years	5 Years
Benefit Payments	Monthly for Life	Monthly for Life
Retirement Age	55 - 60	55 - 62
Monthly Benefits as a % of Eligible Compensation	1.1 - 2.4%*	1.0 - 2.4%*
Required Employee Contribution Rates (2023-24)	10.250%	10.205%
Required Employer Contribution Rates (2023-24)	19.100%	19.100%
Required State Contribution Rates (2023-24)	10.828%	10.828%

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

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

## Imperial Valley Regional Occupational Program

Notes to the Financial Statements, Continued

For the Year Ended June 30, 2024

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Hire Date	CalPERS	
	Before Jan. 1, 2013	After Jan. 1, 2013
Benefit Formula	2% at 60	2% at 62**
Benefit Vesting Schedule	5 Years	5 Years
Benefit Payments	Monthly for Life	Monthly for Life
Retirement Age	50 - 62	52 - 67
Monthly Benefits as a % of Eligible Compensation	1.1 - 2.5%*	1.0 - 2.5%*
Required Employee Contribution Rates (2023-24)	7.000%	8.000%
Required Employer Contribution Rates (2023-24)	26.680%	26.680%

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

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

c. Contributions

*CalSTRS*

For the fiscal year ended June 30, 2024, California Education Code §22950 requires members to contribute monthly to the system 10.205% (if hired on or after January 1, 2013) or 10.25% (if hired before January 1, 2013) of the creditable compensation upon which members' contributions under this part are based. In addition, the employer required rates established by the CalSTRS board have been established at 19.10% of creditable compensation for the fiscal year ended June 30, 2024. The CalSTRS Board has the authority to increase or decrease percentages paid specific to reflect the contribution required to eliminate by June 30, 2046, the remaining unfunded actuarial obligation with respect to service credited to members before July 1, 2014, as determined by the Board based upon a recommendation from its actuary. Those adjustments are limited to 1% annually, not to exceed 20.25% of creditable compensation.

*CalPERS*

California Public Employees' Retirement Law §20814(c) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. The CalPERS Board retains the authority to amend contribution rates. The total plan contributions are determined through CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of the employees. For the fiscal year ended June 30, 2024, the employee contribution rate was 7.00% for employees hired prior to January 1, 2013 and 8.00% for employees hired on or after January 1, 2013, and the employer contribution rate was 26.68% of covered payroll.

# Imperial Valley Regional Occupational Program

Notes to the Financial Statements, Continued

For the Year Ended June 30, 2024

## *On Behalf Payments*

Consistent with California Education Code §22955.1, the State of California makes contributions to CalSTRS on behalf of employees working for the Entity. For the fiscal year ended June 30, 2024 the State contributed 10.828% of salaries creditable to CalSTRS. Consistent with the requirements of generally accepted accounting principles, the Entity has recorded these contributions as revenue and expense in the fund financial statements (current financial resources measurement focus). The government-wide financial statements have recorded revenue and expense for pension expense paid on behalf of the Entity (economic resources measurement focus). Contributions reported for on behalf payments are based on the Entity's proportionate share of the States contribution for the fiscal year. Contributions made by the state on behalf of the Entity and the State's pension expense associated with Entity employees for the past three fiscal years are as follows:

CalSTRS			
Year Ended June 30,	On Behalf Contribution Rate	On Behalf Contribution Amount	On Behalf Pension Expense
2022	10.828%	\$ 37,309	\$ 5,551
2023	10.828%	47,063	143,414
2024	10.828%	33,479	(10,676)

## d. Contributions Recognized

For the fiscal year ended June 30, 2024 (measurement period June 30, 2023), the contributions recognized for each plan were:

Governmental Fund Financial Statements (Current Financial Resources Measurement)			
	CalSTRS	CalPERS	Total
Contributions - Employer	\$ 71,483	\$ 1,106,148	\$ 1,177,631
Contributions - State On Behalf Payments	32,965	-	32,965
Total Governmental Funds	<u>\$ 104,448</u>	<u>\$ 1,106,148</u>	<u>\$ 1,210,596</u>

Government-Wide Financial Statements (Economic Resources Measurement Focus)			
	CalSTRS	CalPERS	Total
Contributions - Employer	\$ 69,017	\$ 937,628	\$ 1,006,645
Contributions - State On Behalf Payments	33,145	-	33,145
Total Government-Wide	<u>\$ 102,162</u>	<u>\$ 937,628</u>	<u>\$ 1,039,790</u>

# Imperial Valley Regional Occupational Program

Notes to the Financial Statements, Continued

For the Year Ended June 30, 2024

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

As of June 30, 2023 (measurement date) the Entity reported net pension liabilities for its proportionate share of the net pension liability of each plan as follows:

	Proportionate Share of the Net Pension Liability		
	CalSTRS	CalPERS	Total
Governmental Activities	\$ 456,204	\$ 7,615,162	\$ 8,071,366

The Entity's net pension liability for each Plan is measured as the proportionate share of the total net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2023. The total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022 rolled forward to measurement date June 30, 2023 using standard update procedures. The Entity's proportion of the net pension liability was based on a projection of the Entity's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, as actuarially determined.

The Entity's proportionate share of the net pension liability for each Plan as of June 30, 2023 and June 30, 2024 were as follows:

	CalSTRS			CalPERS
	District's Proportionate Share	*State's Proportionate Share	Total for District Employees	District's Proportionate Share
<i>Governmental Activities</i>				
Proportion June 30, 2023	0.000602%	0.000424%	0.001026%	0.021583%
Proportion June 30, 2024	0.000599%	0.000292%	0.000891%	0.021037%
Change in Proportion	-0.000003%	-0.000132%	-0.000135%	-0.000546%

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

### a. Pension Expense

	<i>Governmental Activities</i>		
	CalSTRS	CalPERS	Total
Change in Net Pension Liability	\$ 37,899	\$ 188,648	\$ 226,547
State On Behalf Pension Expense	(10,676)	-	(10,676)
Employer Contributions	74,342	924,471	998,813
Change in Deferrals for:			-
Experience Differences	(39,649)	(317,735)	(357,384)
Changes in Assumptions	16,099	198,545	214,644
Changes in Proportionate Share	(27,833)	403,495	375,662
Earnings Differences	356	218,199	218,555
Total Pension Expense	\$ 50,538	\$ 1,615,623	\$ 1,666,161

# Imperial Valley Regional Occupational Program

Notes to the Financial Statements, Continued

For the Year Ended June 30, 2024

## b. Deferred Outflows and Inflows of Resources

At June 30, 2024, the Entity reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		
	CalSTRS	CalPERS	Total
<i>Governmental Activities</i>			
Subsequent Contributions	\$ 71,483	\$ 1,106,148	\$ 1,177,631
Experience Differences	35,853	277,898	313,751
Changes in Assumptions	2,641	350,827	353,468
Changes in Proportionate Share	27,304	408,456	435,760
Earnings Differences	1,930	813,407	815,337
Total Deferred Outflows of Resources	<u>\$ 139,211</u>	<u>\$ 2,956,736</u>	<u>\$ 3,095,947</u>
	Deferred Inflows of Resources		
	CalSTRS	CalPERS	Total
<i>Governmental Activities</i>			
Experience Differences	\$ 24,402	\$ 116,958	\$ 141,360
Changes in Proportionate Share	64,352	163,686	228,038
Total Deferred Inflows of Resources	<u>\$ 88,754</u>	<u>\$ 280,644</u>	<u>\$ 369,398</u>

Pension contributions made subsequent to the measurement date reported as deferred outflows of resources will be recognized as a portion of pension expense in the year ended June 30, 2025. The remaining amounts reported as deferred outflows or deferred inflows of resources will be recognized as an increase or decrease to pension expense over a five-year period. Pension expense resulting from deferred outflows and deferred inflows of resources will be recognized as follows:

Governmental Activities					
Year Ended June 30,	Deferred Outflows of Resources		Deferred Inflows of Resources		Net Effect on Expenses
	CalSTRS	CalPERS	CalSTRS	CalPERS	
2025	\$ 69,432	\$ 1,818,925	\$ (42,026)	\$ (119,591)	\$ 1,726,740
2026	(10,181)	487,292	(28,731)	(110,253)	338,127
2027	49,279	625,205	(10,871)	(50,800)	612,813
2028	13,272	25,314	(5,142)	-	33,444
2029	11,436	-	(1,709)	-	9,727
Thereafter	5,973	-	(275)	-	5,698
Total	\$ 139,211	\$ 2,956,736	\$ (88,754)	\$ (280,644)	\$ 2,726,549

## Imperial Valley Regional Occupational Program

Notes to the Financial Statements, Continued

For the Year Ended June 30, 2024

### c. Actuarial Assumptions

Total pension liabilities for the fiscal year ended June 30, 2024, were based on actuarial valuations determined using the following actuarial assumptions:

	CalSTRS	CalPERS
Fiscal Year	6/30/2024	6/30/2024
Measurement Date	6/30/2023	6/30/2023
Valuation Date	6/30/2022	6/30/2022
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Experience Study Period	2015 - 2018	2000 - 2019
Actuarial Assumptions:		
Discount Rate	7.10%	6.90%
Inflation	2.75%	2.30%
Payroll Growth	3.50%	Varies <sup>(3)</sup>
Investment Rate of Return	7.10%	6.90%
Post Retirement Benefit Increase	2.00% Simple <sup>(1)</sup>	2.00% - 2.30% <sup>(4)</sup>
Mortality	CalSTRS Data <sup>(2)</sup>	CalPERS Data <sup>(5)</sup>

(1) CalSTRS post-retirement benefit increases assumed at 2% simple (annually) maintaining 85% purchasing power level.

(2) CalSTRS base mortality tables are custom tables derived to best fit the patterns of mortality among CalSTRS members. The projection scale was set to equal 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table issued by the Society of Actuaries.

(3) Varies by entry age and service.

(4) CalPERS post retirement benefit increases assumes 2.00% until PPPA floor on purchasing power applies, 2.50% thereafter.

(5) CalPERS mortality table was developed based on CalPERS specific data. The table includes 15 years of mortality improvement using the Society of Actuaries 90% of scale MP-2016. For more details on this table, please refer to the December 2021 experience study report (based on CalPERS demographic data from 2000 to 2019) that can be found on the CalPERS website.

# Imperial Valley Regional Occupational Program

Notes to the Financial Statements, Continued  
For the Year Ended June 30, 2024

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## d. Discount Rate

The discount rate used to measure the total pension liability was 7.10% for CalSTRS and 6.90% for CalPERS. The projection of cash flows used to determine the discount rates assumed the contributions from the plan members, employers, and state contributing agencies (where applicable) will be made at statutory contribution rates. To determine whether the Entity bond rate should be used in the calculation of a discount rate for each plan, CalSTRS and CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current discount rates are adequate, and the use of the discount bond rate calculations is not necessary for either plan. The stress test results are presented in detailed reports that can be obtained from CalPERS and CalSTRS respective websites.

The CalPERS discount rate was increased from 7.50% to 7.65% at measurement date June 30, 2015 (Fiscal year June 30, 2016) to correct for an adjustment to exclude administrative expenses. Subsequently CalPERS discount rate was decreased from 7.65% to 7.15% at measurement date June 30, 2017 (Fiscal year June 30, 2018) to adjust for changes resulting from actuarially determined amounts. Finally, the CalPERS discount rate was decreased from 7.15% to 6.90% at measurement date June 30, 2022 (Fiscal year June 30, 2023) resulting from a new actuarial experience study completed.

The CalSTRS discount rate was adjusted from 7.60% to 7.10% for measurement date June 30, 2017 (Fiscal year June 30, 2018) to adjust for changes resulting from a new actuarial experience study.

According to Paragraph 30 of GASB Statement No. 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The investment return assumption used in the accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. CalSTRS and CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalSTRS and CalPERS are scheduled to review actuarial assumptions as part of their regular Asset Liability Management (ALM) review cycle. CalSTRS completed their ALM November 2019 with new policies in effect on July 1, 2021. CalPERS completed their ALM in 2021 with new policies in effect on July 1, 2022. Both CalSTRS and CalPERS conduct new ALM's every 4 years.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalSTRS and CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and long-term (11-60 years) using a building block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest quarter of one percent.

## Imperial Valley Regional Occupational Program

Notes to the Financial Statements, Continued

For the Year Ended June 30, 2024

The tables below reflect the long-term expected real rate of return by asset class. The rate of return was calculated using capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

CalSTRS		
Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return <sup>(1)</sup>
Public Equity	38.00%	5.25%
Real Estate	15.00%	4.05%
Private Equity	14.00%	6.75%
Fixed Income	14.00%	2.45%
Risk Mitigation Strategies	10.00%	2.25%
Inflation Sensitive	7.00%	3.65%
Cash/Liquid	2.00%	0.05%

<sup>(1)</sup> 20-Year Average. Real rates of return are net of assumed 2.75% inflation.

CalPERS		
Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return <sup>(2),(3)</sup>
Global Equity - cap weighted	30.00%	4.54%
Global Equity - non-cap weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-Backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	-0.59%

<sup>(2)</sup> An expected price inflation of 2.30% used for this period.

<sup>(3)</sup> Figures are based on the 2021-22 Asset Liability Management Study.



## Imperial Valley Regional Occupational Program

Notes to the Financial Statements, Continued

For the Year Ended June 30, 2024

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

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

	CalSTRS	CalPERS
1% Decrease	6.10%	5.90%
Net Pension Liability	\$ 765,246	\$ 11,009,553
Current Discount Rate	7.10%	6.90%
Net Pension Liability	\$ 456,204	\$ 7,615,162
1% Increase	8.10%	7.90%
Net Pension Liability	\$ 199,509	\$ 4,809,771

# Imperial Valley Regional Occupational Program

Notes to the Financial Statements, Continued

For the Year Ended June 30, 2024

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

### CalSTRS Governmental Activities

	Increase (Decrease)				
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability	State's Share of Net Pension Liability	District's Share of Net Pension Liability
	(a)	(b)	(a) - (b)	(c)	(a) - (b) - (c)
<b>Balance at June 30, 2023</b>					
(Previously Reported)	\$ 3,791,501	\$ 3,078,577	\$ 712,924	\$ 294,619	\$ 418,305
<b>Changes for the year</b>					
Change in proportionate share	(498,882)	(405,076)	(93,806)	(91,721)	(2,085)
Service cost	72,839	-	72,839	23,871	48,968
Interest	233,237	-	233,237	76,437	156,800
Experience differences	62,219	-	62,219	20,390	41,829
Change in assumptions	-	-	-	-	-
Change in benefits	5,230	-	5,230	1,714	3,516
Contributions:					
Employer	-	69,017	(69,017)	(22,618)	(46,399)
Employee	-	38,358	(38,358)	(12,571)	(25,787)
State on behalf	-	33,145	(33,145)	(10,862)	(22,283)
Net investment income	-	175,304	(175,304)	(57,451)	(117,853)
Other income	-	2,709	(2,709)	(888)	(1,821)
Benefit payments <sup>(1)</sup>	(163,801)	(163,801)	-	-	-
Administrative expenses	-	(1,978)	1,978	648	1,330
Borrowing costs	-	(2,424)	2,424	794	1,630
Other expenses	-	(80)	80	26	54
Net changes	(289,158)	(254,826)	(34,332)	(72,231)	37,899
<b>Balance at June 30, 2024</b>	<u>\$ 3,502,343</u>	<u>\$ 2,823,751</u>	<u>\$ 678,592</u>	<u>\$ 222,388</u>	<u>\$ 456,204</u>

(1) – Includes refunds of employee contributions

# Imperial Valley Regional Occupational Program

Notes to the Financial Statements, Continued

For the Year Ended June 30, 2024

## CalPERS Governmental Activities

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
<b>Balance at June 30, 2023</b>			
(Previously Reported)	\$ 24,560,287	\$ 17,133,774	\$ 7,426,513
<b>Changes for the year</b>			
Change in proportionate share	(621,318)	(433,445)	(187,873)
Service cost	577,251	-	577,251
Interest	1,656,314	-	1,656,314
Experience differences	373,998	-	373,998
Change in assumptions	-	-	-
Change in benefits	-	-	-
Contributions:			
Employer	-	937,628	(937,628)
Employee	-	280,689	(280,689)
Nonemployer	-	-	-
Net plan to plan resource movement	-	(2)	2
Net investment income	-	1,025,049	(1,025,049)
Benefit payments <sup>(1)</sup>	(1,194,095)	(1,194,095)	-
Administrative expenses	-	(12,323)	12,323
Other expenses	-	-	-
Net changes	792,150	603,501	188,649
<b>Balance at June 30, 2024</b>	<b>\$ 25,352,437</b>	<b>\$ 17,737,275</b>	<b>\$ 7,615,162</b>

(1) – Includes refunds of employee contributions

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalSTRS and CalPERS financial reports available on their respective websites.

# Imperial Valley Regional Occupational Program

Notes to the Financial Statements, Continued

For the Year Ended June 30, 2024

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## **N. Risk Management**

The Entity is exposed to risk of losses due to:

- Torts,
- Theft of, damage to, or destruction of assets,
- Business interruption,
- Errors or omissions,
- Job related illness or injuries to employees,
- Natural disasters,
- Other risks associated with public entity risk pools

Risk management is the process of managing the Entity's activities to minimize the adverse effects of these risks. The main element of risk management are risk control (to minimize the losses that strike an organization) and risk financing (to obtain finances to provide for or restore the economic damages of those losses). Risk financing techniques include risk retention, risk transfer to and from an insurer, and risk transfer to a non-insurer.

The Entity has implemented the risk financing technique of risk transfer to an insurer. The Entity has purchased property & liability insurance as well as workers compensation insurance to cover any losses resulting from the risks identified above.

There have been no significant changes in property and liability or workers compensation coverage during the current fiscal year.

## **O. Participation in Joint Powers Authorities**

The Entity is a member of the Imperial County Schools Property and Liability (ICSPL), the Self-Insured Schools of California (SISC III), and the Schools Excess Liability Fund (SELF), for the operation of a common risk management and insurance program for property and liability coverage and workers compensation. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage from coverage in the prior year.

These entities have budgeting and financial reporting requirements independent of member units and their financial statements are not presented in these financial statements; however, fund transactions between the entities and the Entity are included in these statements. Audited financial statements are available from the respective entities.

# Imperial Valley Regional Occupational Program

Notes to the Financial Statements, Continued

For the Year Ended June 30, 2024

## P. Commitments and Contingencies

### 1. State and Federal Allowances, Awards, and Grants

The Entity 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, it is believed that any required reimbursement will not be material.

### 2. Litigation

The Entity is periodically 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 Entity as of June 30, 2024.

### 3. Construction Commitments

As of June 30, 2024, the Entity did not have any outstanding construction commitments for unfinished capital projects.

## Q. Deferred Outflows of Resources

In accordance with GASB Statement No. 68 & 71, payments made subsequent to the pension plan measurement date and other items as outlined in the GASB pronouncement have been recorded as deferred outflows of resources.

A summary of the deferred outflows of resources as of June 30, 2024, is as follows:

Description	Beginning Balance	Increases	Decreases	Ending Balance
Pension Related				
CalSTRS	\$ 126,324	\$ 103,817	\$ 90,930	\$ 139,211
CalPERS	3,317,623	1,204,428	1,565,315	2,956,736
Total Deferred Outflows of Resources	<u>\$ 3,443,947</u>	<u>\$ 1,308,245</u>	<u>\$ 1,656,245</u>	<u>\$ 3,095,947</u>

Future amortization of deferred outflows of resources is as follows:

Year Ending June 30,	Pension Related
2025	\$ 1,888,357
2026	477,111
2027	674,484
2028	38,586
2029	11,436
Thereafter	5,973
Total	<u>\$ 3,095,947</u>

## Imperial Valley Regional Occupational Program

Notes to the Financial Statements, Continued

For the Year Ended June 30, 2024

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### R. Deferred Inflows of Resources

In accordance with GASB Statement No. 68 & 71, items as outlined in the GASB pronouncement have been recorded as deferred inflows of resources.

A summary of the deferred inflows of resources as of June 30, 2024 is as follows:

Description	Beginning Balance	Increases	Decreases	Ending Balance
Pension Related				
CalSTRS	\$ 67,421	\$ 57,979	\$ 36,646	\$ 88,754
CalPERS	241,233	132,425	93,014	280,644
Total Deferred Inflows of Resources	<u>\$ 308,654</u>	<u>\$ 190,404</u>	<u>\$ 129,660</u>	<u>\$ 369,398</u>

Future amortization of deferred inflows is as follows:

Year Ending June 30,	Pension Related
2025	\$ 161,617
2026	138,984
2027	61,671
2028	5,142
2029	1,709
Thereafter	275
Total	<u>\$ 369,398</u>

## Imperial Valley Regional Occupational Program

Notes to the Financial Statements, Continued  
For the Year Ended June 30, 2024

### S. Adjustment to Beginning Net Position

As a result of a correction to a prior year revenue amount, the Entity adjusted beginning fund balance/net position as follows:

	Governmental Activities
Beginning Net Position as Reported in June 30, 2023 Audit Report	\$ (1,816,314)
Adjustments to Beginning Balance	
Prior year revenue should be restricted net position	30,608
Beginning Net Position, as Restated	<u>\$ (1,785,706)</u>

### T. Upcoming Accounting Guidance

The Governmental Accounting Standards Board (GASB) issues pronouncements and additional guidance for governmental agencies to establish consistent accounting across all governments in the United States. The following table represents items that have been issued by GASB that will become effective in future periods:

Description	Date Issued	Fiscal Year Effective
GASB Statement No. 99 <i>Omnibus 2022</i> (Portions related to financial guarantees and derivative instruments)	Apr-22	2024-25
GASB Statement No. 100 <i>Accounting Changes and Error Corrections (Amendment of GASB Statement No. 62)</i>	Jun-22	2024-25
GASB Statement No. 101 <i>Compensated Absences</i>	Jun-22	2024-25
GASB Statement No. 102 <i>Certain Risk Disclosures</i>	Dec-23	2024-25
GASB Statement No. 103 <i>Financial Reporting Model Improvements</i>	Apr-24	2025-26
GASB Statement No. 104 <i>Disclosure of Certain Capital Assets</i>	Sep-24	2025-26
GASB Implementation Guide No. 2023-1 <i>Implementation Guidance Update 2023</i>	Jun-23	2024-25

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

Required Supplementary Information



# Imperial Valley Regional Occupational Program

## Budgetary Comparison Schedule – General Fund

For the Year Ended June 30, 2024

	Budgeted Amounts		Variance Original to Final Budget Positive/ (Negative)	Actual	Variance Actual to Final Budget Positive/ (Negative)
	Original	Final			
<b>Revenues</b>					
Federal Revenue	\$ 2,586,395	\$ 2,371,463	\$ (214,932)	\$ 2,406,873	\$ 35,410
Other State Revenue	423,893	2,382,025	1,958,132	1,996,635	(385,390)
Interest Income	20,000	36,247	16,247	64,312	28,065
FMV Adjustment	-	-	-	14,219	14,219
Services for School Districts	1,385,856	1,584,685	198,829	1,698,625	113,940
Local Grants and Contributions	6,892,880	5,869,926	(1,022,954)	5,744,525	(125,401)
Total Revenues	11,309,024	12,244,346	935,322	11,925,189	(319,157)
<b>Expenditures</b>					
Current Expenditures:					
Certificated Salaries	453,610	492,427	(38,817)	498,472	(6,045)
Classified Salaries	5,214,932	4,561,470	653,462	4,603,487	(42,017)
Employee Benefits	2,252,857	2,252,816	41	2,236,710	16,106
Books and Supplies	398,304	341,765	56,539	406,280	(64,515)
Services and Other Operating	3,112,006	4,606,409	(1,494,403)	4,096,046	510,363
Capital Outlay	-	-	-	64,600	(64,600)
Debt Service:					
Principal	-	-	-	99,046	(99,046)
Interest	-	-	-	2,166	(2,166)
Total Expenditures	11,431,709	12,254,887	(823,178)	12,006,807	248,080
Excess (Deficiency) of Revenues Over Expenditures	(122,685)	(10,541)	112,144	(81,618)	(71,077)
Other Financing Sources (Uses)					
Proceeds from Leases and Subscriptions	-	-	-	46,744	46,744
Total Other Financing Sources (Uses)	-	-	-	46,744	46,744
<b>Net Change in Fund Balance</b>	(122,685)	(10,541)	112,144	(34,874)	(24,333)
<b>Fund Balance - Beginning of Year</b>	2,001,334	2,001,334	-	2,001,334	-
<b>Fund Balance - End of Year</b>	\$ 1,878,649	\$ 1,990,793	\$ 112,144	\$ 1,966,460	\$ (24,333)

# Imperial Valley Regional Occupational Program

## Budgetary Comparison Schedule – Adult Education Fund

For the Year Ended June 30, 2024

	Budgeted Amounts		Variance Original to Final Budget Positive/ (Negative)	Actual	Variance Actual to Final Budget Positive/ (Negative)
	Original	Final			
<b>Revenues</b>					
Other State Revenue	\$ -	\$ -	\$ -	\$ 30,608	\$ 30,608
Interest Income	200	3,000	2,800	3,928	928
Fair Market Value Adjustment	-	-	-	-	-
Other Local Revenue	-	-	-	-	-
Total Revenues	200	3,000	2,800	34,536	31,536
<b>Expenditures</b>					
Total Expenditures	-	-	-	-	-
Excess (Deficiency) of Revenues Over Expenditures	200	3,000	2,800	34,536	31,536
<b>Net Change in Fund Balance</b>	200	3,000	2,800	34,536	31,536
<b>Fund Balance - Beginning of Year</b>	97,893	97,893	-	97,893	-
<b>Fund Balance - End of Year</b>	\$ 98,093	\$ 100,893	\$ 2,800	\$ 132,429	\$ 31,536

See Accompanying Notes to Required Supplementary Information

## Imperial Valley Regional Occupational Program

### Schedule of the Entity's Proportionate Share of the Net Pension Liability - CalSTRS

Last Ten Fiscal Years

	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Entity's proportion of the net pension liability (asset)	0.0006%	0.0006%	0.0005%	0.0005%	0.0037%	0.0007%	0.0008%	0.0010%	0.0013%	0.0012%
Entity's proportionate share of the net pension liability (asset)	\$ 456,204	\$ 418,305	\$ 235,727	\$ 505,865	\$ 505,778	\$ 628,644	\$ 725,045	\$ 839,058	\$ 841,760	\$ 676,407
State's proportionate share of the net pension liability (asset) associated with the Entity	222,388	255,013	243,009	359,293	270,953	282,065	363,447	376,098	399,231	389,189
Total	<u>\$ 678,592</u>	<u>\$ 673,318</u>	<u>\$ 478,736</u>	<u>\$ 865,158</u>	<u>\$ 776,731</u>	<u>\$ 910,709</u>	<u>\$ 1,088,492</u>	<u>\$ 1,215,156</u>	<u>\$ 1,240,991</u>	<u>\$ 1,065,596</u>
Entity's covered payroll*	360,225	384,137	304,625	296,094	300,842	363,077	414,380	515,415	577,793	\$ 512,897
Entity's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	126.64%	108.89%	61.21%	157.55%	139.30%	151.71%	174.97%	162.79%	145.69%	131.88%
Plan fiduciary net position as a percentage of the total pension liability	80.62%	81.20%	87.21%	71.82%	72.56%	70.99%	69.46%	70.04%	74.02%	76.52%

\*Covered payroll on this schedule is based on measurement date, as such covered payroll represented for each fiscal year is the covered payroll from the prior year as identified on the schedule of contributions.

# Imperial Valley Regional Occupational Program

## Schedule of the Entity's Contributions - CalSTRS

Last Ten Fiscal Years

	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 71,483	\$ 68,803	\$ 64,996	\$ 49,197	\$ 50,632	\$ 48,977	\$ 52,392	\$ 52,129	\$ 55,304	\$ 51,308
Contributions in relation to the contractually required contribution	(71,483)	(68,803)	(64,996)	(49,197)	(50,632)	(48,977)	(52,392)	(52,129)	(55,304)	(51,308)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Entity's covered payroll*	\$ 374,257	\$ 360,225	\$ 384,137	\$ 304,625	\$ 296,094	\$ 300,842	\$ 363,077	\$ 414,380	\$ 515,415	\$ 577,793
Contributions as a percentage of covered payroll	19.10%	19.10%	16.92%	16.15%	17.10%	16.28%	14.43%	12.58%	10.73%	8.88%

\*Covered payroll on this schedule is based on the fiscal year.

## Imperial Valley Regional Occupational Program

### Schedule of the Entity's Proportionate Share of the Net Pension Liability – CalPERS

Last Ten Fiscal Years

	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability (asset)	0.0210%	0.0216%	0.0188%	0.0171%	0.0176%	0.0173%	0.0187%	0.0206%	0.0230%	0.0235%
District's proportionate share of the net pension liability (asset)	\$ 7,615,162	\$ 7,426,514	\$ 3,813,316	\$ 5,241,590	\$ 5,122,102	\$ 4,599,660	\$ 4,471,107	\$ 4,078,050	\$ 3,386,284	\$ 2,668,816
District's covered payroll*	\$ 3,641,845	\$ 3,351,065	\$ 2,692,638	\$ 2,482,815	\$ 2,459,512	\$ 2,300,219	\$ 2,405,451	\$ 2,500,439	\$ 2,554,779	\$ 2,471,832
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	209.10%	221.62%	141.62%	211.11%	208.26%	199.97%	185.87%	163.09%	132.55%	107.97%
Plan fiduciary net position as a percentage of the total pension liability	69.96%	69.76%	80.97%	70.00%	70.05%	70.85%	71.87%	73.90%	79.43%	83.38%

\*Covered payroll on this schedule is based on measurement date, as such covered payroll represented for each fiscal year is the covered payroll from the prior year as identified on the schedule of contributions.

# Imperial Valley Regional Occupational Program

## Schedule of the Entity's Contributions - CalPERS

Last Ten Fiscal Years

	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 1,106,148	\$ 923,936	\$ 767,729	\$ 557,376	\$ 489,636	\$ 444,237	\$ 357,247	\$ 334,069	\$ 296,311	\$ 300,723
Contributions in relation to the contractually required contribution	(1,106,148)	(923,936)	(767,729)	(557,376)	(489,636)	(444,237)	(357,247)	(334,069)	(296,311)	(300,723)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll*	\$ 4,145,982	\$ 3,641,845	\$ 3,351,065	\$ 2,692,638	\$ 2,482,815	\$ 2,459,512	\$ 2,300,219	\$ 2,405,451	\$ 2,500,439	\$ 2,554,779
Contributions as a percentage of covered payroll	26.680%	25.370%	22.910%	20.700%	19.721%	18.062%	15.531%	13.888%	11.850%	11.771%

\*Covered payroll on this schedule is based on the fiscal year.

# Imperial Valley Regional Occupational Program

## Notes to Required Supplementary Information

For the Year Ended June 30, 2024

### A. Excess of Expenditures Over Appropriations

As of June 30, 2024, the Entity's expenditures which exceeded appropriations in the following categories:

<u>Appropriations Category</u>	<u>Excess Expenditures</u>	<u>Reason for Excess Expenditures</u>
<b>General Fund:</b>		
Certificated Salaries	\$ 6,045	The Entity underestimated costs of certificated salaries.
Classified Salaries	\$ 42,017	The Entity underestimated costs of classified salaries.
Books and Supplies	\$ 64,515	The Entity underestimated costs of services and other operating.
Capital Outlay	\$ 64,600	The Entity underestimated costs of capital outlay projects.
Debt Service	\$ 101,212	The Entity did not budget for debt service payments associated with loans and leases.

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

## Imperial Valley Regional Occupational Program

Notes to Required Supplementary Information, Continued

For the Year Ended June 30, 2024

### B. Schedule of Entity's Proportionate Share – CalSTRS

1. Benefit Changes: Changes in benefits reflect changes enacted by law for benefits offered and eligibility criteria.
2. Changes in Assumptions: Assumptions used in determining the total pension liability of the CalSTRS Plan changed due to actuarial experience studies performed by CalSTRS.

### C. Schedule of Entity's Contributions – CalSTRS

The total pension liability for California State Teachers' Retirement System (CalSTRS) for measurement date June 30, 2023, was determined with a valuation completed June 30, 2022 (released in May 2023). In determining the total pension liability, the financial reporting actuarial valuation used the following actuarial methods and assumptions:

Reporting Period	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019
Measurement Date	06/30/14	06/30/15	06/30/16	06/30/17	06/30/18
Valuation Date	06/30/13	06/30/14	06/30/15	06/30/16	06/30/17
Experience Study	2006 - 2010	2006 - 2010	2006 - 2010	2006 - 2015	2006 - 2015
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Investment Rate of Return <sup>(1)</sup>	7.60%	7.60%	7.60%	7.10%	7.10%
Consumer Price Inflation	3.00%	3.00%	3.00%	2.75%	2.75%
Wage Growth (Average)	3.75%	3.75%	3.75%	3.50%	3.50%
Post-Retirement Benefit Increases	2.00% Simple	2.00% Simple	2.00% Simple	2.00% Simple	2.00% Simple

Reporting Period	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023	June 30, 2024
Measurement Date	06/30/19	06/30/20	06/30/21	06/30/22	06/30/23
Valuation Date	06/30/18	06/30/19	06/30/20	06/30/21	06/30/22
Experience Study	2006 - 2015	2015 - 2018	2015 - 2018	2015 - 2018	2015 - 2018
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Investment Rate of Return <sup>(1)</sup>	7.60%	7.60%	7.60%	7.10%	7.10%
Consumer Price Inflation	3.00%	3.00%	3.00%	2.75%	2.75%
Wage Growth (Average)	3.75%	3.75%	3.75%	3.50%	3.50%
Post-Retirement Benefit Increases	2.00% Simple	2.00% Simple	2.00% Simple	2.00% Simple	2.00% Simple

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

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

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



# Imperial Valley Regional Occupational Program

Notes to Required Supplementary Information, Continued

For the Year Ended June 30, 2024

## D. Schedule of Entity's Proportionate Share – CalPERS

1. Benefit Changes: Changes in benefits reflect changes enacted by law for benefits offered and eligibility criteria.
2. Changes in Assumptions: Assumptions used in determining the total pension liability of the CalPERS Plan changed due to actuarial experience studies performed by CalPERS.

## E. Schedule of Entity's Contributions – CalPERS

The total pension liability for California Public Employees Retirement System – School Pool (CalPERS) for measurement date June 30, 2023, was determined with a valuation completed June 30, 2022. In determining the total pension liability, the financial reporting actuarial valuation used the following actuarial methods and assumptions:

Reporting Period	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019
Measurement Date	06/30/14	06/30/15	06/30/16	06/30/17	06/30/18
Valuation Date	06/30/13	06/30/14	06/30/15	06/30/16	06/30/17
Experience Study	1997 - 2011	1997 - 2011	1997 - 2011	1997 - 2011	1997 - 2015
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Investment Rate of Return <sup>(1)</sup>	7.50%	7.65%	7.65%	7.15%	7.15%
Consumer Price Inflation	2.75%	2.75%	2.75%	2.75%	2.50%
Wage Growth (Average)	3.00%	3.00%	3.00%	3.00%	3.00%
Post-Retirement Benefit Increases	2.00% Simple	2.00% Simple	2.00% Simple	2.00% Simple	2.00% Simple

Reporting Period	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023	June 30, 2024
Measurement Date	06/30/19	06/30/20	06/30/21	06/30/22	06/30/23
Valuation Date	06/30/18	06/30/19	06/30/20	06/30/21	06/30/22
Experience Study	1997 - 2015	1997 - 2015	1997 - 2015	2000 - 2019	2000 - 2019
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Investment Rate of Return <sup>(1)</sup>	7.15%	7.15%	7.15%	6.90%	6.90%
Consumer Price Inflation	2.50%	2.50%	2.50%	2.50%	2.50%
Wage Growth (Average)	3.00%	2.75%	2.75%	2.75%	2.75%
Post-Retirement Benefit Increases	2.00% Simple	2.00% Simple	2.00% Simple	2.00% Simple	2.00% Simple

The mortality table used was developed based on CalPERS specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table please refer to the December 2021 experience study report (based on demographic data from 2000 to 2019) available on the CalPERS website.

## Other Supplementary Information

## Imperial Valley Regional Occupational Program

### Schedule of Financial Trends & Analysis

For the Year Ended June 30, 2024

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General Fund	Budget 2025 (See Note 1)	2024	2023 (See Note 1)	2022 (See Note 1)
Revenues and Other Financing Sources	\$ 12,997,695	\$ 11,971,933	\$ 10,976,680	\$ 10,321,036
Expenditures and Other Financing Uses	13,082,648	12,006,807	10,924,366	10,279,810
Net Change in Fund Balance	(84,953)	(34,874)	52,314	41,226
Ending Fund Balance	<u>\$ 1,881,507</u>	<u>\$ 1,966,460</u>	<u>\$ 2,001,334</u>	<u>\$ 1,949,020</u>
Available Reserves (See Note 2)	<u>\$ 1,881,507</u>	<u>\$ 1,897,847</u>	<u>\$ 1,880,236</u>	<u>\$ 1,840,704</u>
Available Reserves as a Percentage of Total Outgo	14.38%	15.81%	17.21%	17.91%
Long Term Debt (See Note 3)	<u>\$ 32,420</u>	<u>\$ 50,579</u>	<u>\$ 102,881</u>	<u>\$ 207,643</u>
Average Daily Attendance	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

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

The general fund balance has increased by \$17,440 (0.89%) over the past two years. The fiscal year 2024-25 budget projects a decrease of \$84,953 (4.32%). For an Entity of this size, the State recommends available reserves of 3% of total general fund expenditures and other financing uses (total outgo).

Total long-term debt has decreased by \$157,064 (75.64%) over the past two years.

# Imperial Valley Regional Occupational Program

## Schedule of Financial Trends & Analysis, Continued

For the Year Ended June 30, 2024

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### Notes:

1. AU-C §725.05 requires the following conditions be met to provide an opinion on whether supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole:
  - a) The supplementary information was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements.
  - b) The supplementary information relates to the same period as the financial statements.
  - c) The auditor issued an audit report on the financial statements that contained neither an adverse opinion nor a disclaimer of opinion.
  - d) The supplementary information will accompany the audited financial statements or such audited financial statements will be made readily available by the Entity.

Three of the above columns are not related to the same period as the financial statements and as such we do not provide an opinion on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole. Additionally, the analysis presented utilizes information from periods outside the period of the financial statements and as such we do not provide an opinion on whether the analysis is fairly stated, in all material respects, to the financial statements as a whole. The information has been presented for analysis only and has not been audited.

2. Available reserves consist of all assigned and unassigned fund balances contained within the general fund.
3. Long term debt consists of loans payable.

Imperial Valley Regional Occupational Program

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

June 30, 2024

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	General Fund
	(Fund 01)
	<hr/>
June 30, 2024, annual financial and budget report fund balances	\$ 2,022,578
	<hr/>
Adjustments and reclassifications:	
Increasing (decreasing) the fund balance:	
Correction in prepaid expenses	(56,118)
Net adjustments and reclassifications	<hr/> (56,118)
June 30, 2024, audited financial statement fund balances	<hr/> \$ 1,966,460 <hr/>

This schedule provides the information necessary to reconcile the fund balances of all funds as reported on the SACS Annual Financial and Budget Report with the audited financial statements. Funds that required no adjustment are not presented.

# Imperial Valley Regional Occupational Program

## Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2024

<u>Federal Grantor/Pass Through Grantor/ Program or Cluster Title</u>	<u>Federal AL Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Subrecipient Expenditures</u>	<u>Total Federal Expenditures</u>
<b>WIOA CLUSTER:</b>				
<u>U.S. Department of Labor</u>				
Passed through Imperial County Workforce Development Force				
Workforce Innovation and Opportunity Act (WIOA)	17.259	19-0795	\$ -	\$ 1,542,824
Total WIOA Cluster			-	1,542,824
<b>OTHER PROGRAMS:</b>				
<u>U.S. Department of Health and Human Services</u>				
Direct Program				
Ready for Life	93.086	-	-	749,116
<u>U.S. Department of Education</u>				
Passed through California Department of Education				
Carl Perkins Vocational Education	84.048	14894	-	114,933
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ -	\$ 2,406,873

See Accompanying Notes to Schedule of Expenditures of Federal Awards

# Imperial Valley Regional Occupational Program

## Notes to the Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2024

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### Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Entity and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with requirements of 2 CFR §200.502 *Basis for Determining Federal Awards Expended* and 2CFR §200.510(b) *Schedule of Expenditures of Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

### Summary of Significant Accounting Policies

The expenditures reported on the schedule are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

### Indirect Cost Rate

Indirect costs were calculated in accordance with 2 CFR §200.412 *Direct and Indirect Costs*. The Entity used an indirect cost rate of 7.02% based on the rate approved by the California Department of Education for each program which did not have a pre-defined allowable indirect cost rate. The Entity did not elect to use the 10% de minimis cost rate as covered in 2 CFR §200.414 *Indirect Costs*. The Entity did not charge indirect costs to federal programs.

### Schoolwide Program

The Entity did not operate any schoolwide programs.

## Other Information



# Imperial Valley Regional Occupational Program

Local Education Agency Organization Structure  
June 30, 2024

The Imperial Valley Regional Occupational Program (the Entity) was established in 1983. The Entity is a joint powers agreement between Brawley Union High School Entity, Calexico Unified School Entity, Calipatria Unified School Entity, Central Union High School Entity, Holtville Unified School Entity, Imperial Unified School Entity, San Pasqual Valley Unified School Entity, and the Imperial County Office of Education. The purpose of the Entity is to provide students from the component school Districts an opportunity to enroll in vocational or technical training programs.

## GOVERNING BOARD

Name	Office	District Represented
Alicia Armenta	President	Imperial County Office of Education
Victor Lopez	Clerk	Imperial Unified
Eric Rodriguez	Trustee	Central Union High
Raul Navarro	Trustee	Calipatria Unified
Lorenzo Calderon	Trustee	Calexico Unified
Matt Hester, Jr.	Trustee	Holtville Unified
Gloria G. Santillan	Trustee	Brawley Union High

## ADMINISTRATION

Edwin P. Obergfell Superintendent	Wendy Ramirez Office Manager
Vicente Ayala Director of Business and Human Services	Adriana Hernandez Coordinator of Educational Services
Maria Pantoja Coordinator of Special Projects	Stephanie Sandoval Data Manager
Gabriel Aguirre Coordinator of Family Development and Stabilization	

## Other Independent Auditors' Reports

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

To the Board of Education  
Imperial Valley Regional Occupational Program

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Imperial Valley Regional Occupational Program (the Entity), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Entity's basic financial statements, and have issued our report thereon dated December 12, 2024.

**Report on Internal Control over Financial Reporting**

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

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

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

**Report on Compliance and Other Matters**

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

## Purpose of this Report

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



El Cajon, California  
December 12, 2024

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

To the Board of Education  
Imperial Valley Regional Occupational Program

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

**Opinion on Each Major Federal Program**

We have audited the Imperial Valley Regional Occupational Program's (the Entity) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Entity's major federal programs for the year ended June 30, 2024. The Entity's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion the Entity 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, 2024.

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

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

We are required to be independent of the Entity 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 Entity'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 Entity's federal programs.

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Entity'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 Entity's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Entity'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.

## **Other Matters**

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2024-001. Our opinion on each major federal program is not modified with respect to this matter.

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

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

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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We did not identify any material weaknesses. However, material weaknesses may exist that we did not identify.

*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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2024-001 to be a significant deficiency.

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

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

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



El Cajon, California  
December 12, 2024

## Auditor's Results, Findings & Recommendations



# Imperial Valley Regional Occupational Program

Schedule of Auditor's Results

For the Year Ended June 30, 2024

## FINANCIAL STATEMENTS

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

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

Noncompliance material to financial statements noted?        Yes   X   No

## FEDERAL AWARDS

Internal control over major programs:

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

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

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

Compliance supplement used for single audit May 2024

Any audit findings disclosed that are required to be reported in accordance with 2 CFR §200.516(a)?   X   Yes        No

Identification of major programs:

<u>AL Number(s)</u>	<u>Name of Federal Program or Cluster</u>
17.259	Workforce Innovation and Opportunity Act (WIOA)

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

Auditee qualified as low-risk auditee?   X   Yes        No

# Imperial Valley Regional Occupational Program

## Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2024

Findings represent significant deficiencies, material weaknesses, and/or instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*, Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), are as follows:

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

### A. Financial Statement Findings

None

### B. Federal Awards

Finding Number: 2024-001  
Repeat Finding: No  
Description: Federal Time Accounting  
Type of Finding: Federal Compliance (50000)

#### Criteria or Specific Requirement

Federal regulation 2 CFR §200.430 states that “charges to Federal awards for salaries and wages must comply with the established accounting policies and practices of the non-Federal entity and budget estimates determined before the services are performed alone do not qualify as support for charges to Federal awards.” Entity policy states that “All employees who are paid in full or in part with federal funds, including employees whose salary is paid with state or local funds but is used to meet a required match or in-kind contribution to a federal program, shall document the amount of time they spend on grant activities (AR 3230)”.

#### Condition

In our review of employees charged to the WIOA program we noted that one employee who was split funded between WIOA and Vocational Training had a periodic time certification with fixed percentages, but did not work a fixed schedule throughout the year.

# Imperial Valley Regional Occupational Program

Schedule of Findings and Questioned Costs, Continued

For the Year Ended June 30, 2024

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## Cause

The Entity's internal control process over deposits was not properly designed.

## Effect

The Entity is out of compliance with 2 CFR §200.430. It is reasonably possible that additional employees are mischarged in the payroll system.

## Context

During the 2023-24 fiscal year, the Entity charged 23 employees to the WIOA program in whole or in part for their salaries or extra duty performed. We reviewed time accounting documentation for 6 of the 23 employees charged to the program. We identified findings in 1 out of 6 that were reviewed.

## Repeat Finding

No

## Recommendation

Continue to provide training to all employees funded from federal programs and their supervisors to the requirements for federal time accounting under 2 CFR §200.430. Identify an individual responsible to monitor documentation to ensure it meets requirements. Implement a reconciliation between federal time accounting documentation and payroll records to ensure that appropriate adjustments are made to ensure payroll is charged to the correct programs.

## Views of Responsible Officials

See Corrective Action Plan



Preparing Students For Work:  
It's Our Business

# Imperial Valley Regional Occupational Program

687 State Street • El Centro, California 92243  
(760) 482-2600 • Fax (760) 482-2750  
www.ivrop.org

Edwin P. Obergfell  
Superintendent

December 12, 2024

To Whom it May Concern:

The accompanying Corrective Action Plan has been prepared as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). The name of the contact person responsible for corrective action, the planned corrective action, and the anticipated completion date for each finding included in the current year's Schedule of Findings and Questioned Costs have been provided.

The corrective action plan will be for all federally and locally funded programs that are operational at the Imperial Valley Regional Occupational Program. The plan will be effective on December 2024 and will be completed on a monthly basis for timesheets and all other time accounting, based on the recommendation from the auditor.

The plan will be as follows:

- Hold Management/Clerical training on update to timesheet and time accounting protocol.
- Have staff and management update timesheets to include, source of funding – Federal, Local, State – name of project, and resource code applicable to project as of December 2024.
- Management and Clerical staff will be responsible for verifying project information and time spent per project.
- Management and staff members will sign and date each timesheet submitted verifying project information and time spent per project.
- Clerical staff will submit timesheet(s) to be included in the monthly invoice to funder and provide a copy to the Director of Business and Human Services.

Sincerely,

Vicente Ayala

Director of Business and Human Services

Imperial Valley Regional Occupational Program

# Imperial Valley Regional Occupational Program

## Corrective Action Plan

For the Year Ended June 30, 2024

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### Financial Statement Finding

Finding Number: 2024-001  
Program Name: Federal Time Accounting  
Contact Person: Vicente Ayala  
Anticipated Completion Date: December 2024

Planned Corrective Action: The plan will be to do several things in order to correct the issue. Hold training for management and clerical staff on updates to timesheet and time accounting protocols to ensure understanding of the processes. Have staff and management update timesheets to include the source of funding, the name of the project and resource code applicable to the project. Have management and clerical staff verify information on timesheets and sign and date the timesheets once verified.

**Imperial Valley Regional Occupational Program**

Schedule of Prior Year Audit Findings

For the Year Ended June 30, 2024

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Finding/Recommendation	Status	Explanation if Not Implemented
There were no findings in the prior year report.		