

**SOUTHERN CALIFORNIA INTERGOVERNMENTAL  
TRAINING AND DEVELOPMENT CENTER**

**FINANCIAL STATEMENTS**

**JUNE 30, 2025**

**Southern California Intergovernmental Training and Development Center  
Financial Statements  
June 30, 2025**

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## **INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Southern California Intergovernmental Training  
and Development Center  
San Diego, California

### **Report on the Financial Statements**

#### **Opinions**

We have audited the accompanying financial statements of the governmental activities and the major fund of the Southern California Intergovernmental Training and Development Center (ITDC) as of and for the fiscal year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise ITDC'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 and the major fund of ITDC as of June 30, 2025 and the respective changes in financial position for the fiscal year then ended in conformity 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 ITDC, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Change in Accounting Principles**

As discussed in Note 1 to the financial statements, in 2025, the Authority adopted new accounting guidance, GASB Statement No. 101, Compensated Absences. Our opinions are not modified with respect to this matter.

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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the ITDC'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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with 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 ITDC'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 ITDC'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 (MD&A) on pages 5 through 10, the Budgetary Comparison Schedule of the General Fund on page 35, the Schedule of Plan's Proportionate Share of Net Pension Liability and Related Ratios as of Measurement Date on page 36, and the Schedule of Pension Contributions on page 37 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 20, 2026, on our consideration of ITDC'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 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 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 ITDC's internal control over financial reporting and compliance.

*Moss, Levy & Hartzheim*

Moss, Levy & Hartzheim, LLP  
Culver City, California  
January 20, 2026

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**SOUTHERN CALIFORNIA INTERGOVERNMENTAL TRAINING & DEVELOPMENT  
CENTER  
(DBA: GOVERNMENT TRAINING AGENCY OR REGIONAL TRAINING CENTER)**

Management's Discussion & Analysis  
For the Fiscal Year Ended June 30, 2025

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis are intended to serve as an introduction to the Southern California Intergovernmental Training & Development Center (ITDC)'s basic financial statements. The ITDC's basic financial statements are comprised of three components: (1) Government-wide financial statements, (2) Fund financial statements, and (3) Notes to the basic financial statements. Required Supplementary Information is included in addition to the basic financial statements.

The ITDC basic financial statements present fairly, in all material respects, the respective financial position of the government activities and the major fund of ITDC as of June 30, 2025, and the respective changes in financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

**Government-wide Financial Statements**

The government-wide financial statements are prepared using the full accrual basis of accounting for all ITDC activities. The statement of net position presents information on all ITDC assets, deferred outflows, liabilities, and deferred inflows with the difference between the two reported as net position. Net position may serve as a useful indicator of a government's financial position over time. As of June 30, 2025, the net position is \$1,529,316, reflecting an increase of \$133,004 over the prior fiscal year.

The statement of activities provides information showing how the ITDC's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are included in this statement for some items that will only result in cash flows in future fiscal periods, such as revenues related to uncollected cash and expenses related to earned but unused vacation and sick leave.

**Fund Financial Statements**

The fund financial statements are prepared using the modified accrual basis of accounting. Expenditures are recorded at the time liabilities are incurred and revenues are recorded when received in cash, as long as they are measurable and available to finance ITDC's operations at the normal time of receipt.

The fund financial statements consist of the following: the governmental funds balance sheet and the statement of revenues, expenditures, and changes in fund balances; and a reconciliation to facilitate this comparison between the governmental funds and governmental activities.

Fund balances are presented in the following categories: non-spendable, restricted, committed, assigned, and unassigned. When an expenditure is incurred for purposes for which restricted, committed, assigned, or unassigned fund balance is available, ITDC spends first out of restricted funds, then committed funds, then assigned funds, and finally unassigned funds. As of June 30, 2025, all funds in ITDC are unassigned general funds. The unassigned general fund balance as of June 30, 2025 is \$2,495,413, with an increase of \$284,795 over the prior fiscal year due to an increase of professional service revenues.

As of June 30, 2025, ITDC has unavailable grant revenue of \$29,981. The balance related to the revenue that has not been received within 60 days following fiscal year end.

### **Notes to the Basic Financial Statements**

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

### **Required Supplementary Information (other than MD&A)**

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the ITDC's general fund budgetary comparison schedule, the proportionate share of net pension liability and related ratio schedule, and the pension contribution schedule.

## **FINANCIAL ANALYSIS OF THE ITDC'S GOVERNMENT-WIDE FINANCIAL STATEMENTS**

### **Analysis of Net Position**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the ITDC, assets and deferred outflows exceed liabilities and deferred inflows by \$1,529,316 at the close of the current fiscal year. It is comprised of net investment in capital assets and unassigned net position.

### **Analysis of Change in Net Position**

The ITDC'S net position experienced an increase of \$133,004 in the current fiscal year. This increase can be contributed to an increase in intergovernmental revenue, particularly from the POST contracts.

Under GASB Statement No. 87, certain leases are recognized on the balance sheet as a right-of-use asset and a lease liability. Additionally, there is a pension-related liability of \$1,269,525 compared with last fiscal year of \$1,273,402. Overall, total assets and deferred outflows of resources decreased by \$203,715. Liabilities and deferred inflows of resources decreased by \$336,719, contributing to the net position's increase by \$133,004.

### Net Position

	FY23-24	FY24-25
<b>ASSETS</b>		
Cash in County Treasury	\$ 1,447,046	\$ 2,074,469
Cash in bank	225,151	95,443
Accounts receivable	1,183,727	775,342
Interest receivable	16,109	20,660
Capital assets, being depreciated	60,300	66,192
Accumulated depreciation	(15,532)	(28,013)
Right to use leased office - amortizable	902,606	902,606
Accumulated amortization	(532,686)	(710,248)
Total Assets	3,286,721	3,196,451
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension-related	562,944	449,499
Total Deferred Outflows of Resources	562,944	449,499
<b>LIABILITIES</b>		
Accounts payable	578,917	429,298
Accrued payroll	7,414	11,222
Long-term liabilities - due within one year	218,451	245,905
Long-term liabilities - due in more than one year	300,336	117,693
Net Pension-related liability	1,273,402	1,269,525
Total Liabilities	2,378,520	2,073,643
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension-related	74,833	42,991
Total Deferred Inflows of Resources	74,833	42,991
<b>NET POSITION</b>		
Net investment in capital assets	16,094	19,765
Unrestricted	1,380,218	1,509,551
TOTAL Net Position	\$ 1,396,312	\$ 1,529,316

### Accounts Receivable

Name	Total
ICI	\$ 389,042
VAWA	96,180
HHSA	93,787
IDI	63,072
COMMAND COLLEGE	50,416
MGMT COURSE	32,190
CDCR	24,349
RCS	8,505
FFG	6,176
OTHER	6,050
PAC	5,575
Grand Total	\$ 775,342

## FINANCIAL ANALYSIS OF THE ITDC'S FUNDS

### Governmental Funds

The focus of the ITDC's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. This information is valuable for assessing the ITDC's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

On June 30, 2025, the ITDC's governmental funds reported combined ending fund balances of \$2,495,413, a significant increase of \$284,795 compared to the prior fiscal year. The fund balances are comprised of capital asset investment and unassigned funds available to meet the ITDC's current and future needs. The decrease in the fund balance can be attributed to a decrease in total revenue under the prior fiscal year.

Revenues for governmental functions totaled \$7,109,429 in fiscal year 2024–2025, marking the second consecutive year that revenues exceeded \$7 million. This growth was primarily driven by increases in professional services revenue, including a notable rise in POST contract activity.

#### Revenue: Governmental Fund

REVENUES	<u>FY23-24</u>	<u>% of Total</u>	<u>FY24-25</u>	<u>% of Total</u>	<u>Change</u>
POST Courses	\$ 2,838,736	39%	\$ 3,211,701	45%	\$ 372,965
Admin Contracts	3,787,349	52%	3,231,454	45%	(555,895)
VAWA Grant	368,852	5%	364,504	5%	(4,348)
Other Contracts	132,873	2%	143,523	2%	10,650
Interest	61,748	1%	113,145	2%	51,397
Change in Deferred Revenue	50,692	1%	45,102	1%	(5,590)
Total Revenues	<u>\$ 7,240,250</u>	<u>100%</u>	<u>\$ 7,109,429</u>	<u>100%</u>	<u>\$ (130,821)</u>

The following table presents expenditures by types compared to prior fiscal year amounts for the governmental fund.

#### Expenditures: Governmental Fund

	<u>FY23-24</u>	<u>% of Total</u>	<u>FY24-25</u>	<u>% of Total</u>	<u>Change</u>
Salaries & benefits	\$ 859,478	12%	\$ 1,046,490	15%	\$ 187,012
Professional services	5,837,142	84%	5,521,185	81%	(315,957)
Other expenses	59,386	1%	61,671	1%	2,285
Capital outlay		0%	5,892	0%	5,892
Debt Service					
Principal payments	181,548	3%	187,822	3%	6,274
Interest and fiscal charges	2,486	0%	1,574	0%	(912)
Total Expenditures	<u>\$ 6,940,040</u>	<u>100%</u>	<u>\$ 6,824,634</u>	<u>100%</u>	<u>\$ (115,406)</u>

## Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balance

The reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance is a process that explains the differences between the financial information reported in government funds statements and government-wide financial statements. It summarizes all adjustments made during the reconciliation process to arrive at the changes in net position as reported in government-wide financial statements.

### Governmental Fund

Net change in fund balance - governmental fund		\$ 284,795
Capital outlay per governmental funds	\$ 5,892	5,892
Depreciation and amortization expense	(190,043)	(190,043)
Current year deferred liabilities	29,981	
Prior year deferred liabilities	(75,084)	(45,103)
Current year compensation absence pay	(152,826)	
Prior year compensation absence pay	120,193	(32,633)
Repayment of principal	187,822	187,822
Variance of pension costs between accrual and cash basis	(77,726)	(77,726)
Change in net position of governmental activities		<u>\$ 133,004</u>

### GENERAL FUND BUDGETARY HIGHLIGHTS

There is positive variance compared with the final budget amount of \$431,691. The positive variance is attributed to POST contract revenue.

#### Budgetary Comparison Schedule

	<u>Original Budget Amount</u>	<u>Final Budget Amount</u>	<u>Actual Amount</u>	<u>Variance with Budget Pos (Neg)</u>
<b>Revenues</b>				
Intergovernmental	\$ 6,883,000	\$ 6,883,000	\$ 6,996,284	\$ 113,284
Interest income	28,000	28,000	113,145	85,145
Total Revenues	<u>6,911,000</u>	<u>6,911,000</u>	<u>7,109,429</u>	<u>198,429</u>
<b>Expenditures</b>				
Salaries & benefits	1,028,000	1,028,000	1,046,490	(18,490)
Professional services & supplies	5,780,500	5,780,500	5,521,185	259,315
Other expenses	42,000	42,000	67,563	(25,563)
Debt service				
Principal	187,822	187,822	187,822	
Interest	1,574	1,574	1,574	
Total Expenditures	<u>7,039,896</u>	<u>7,039,896</u>	<u>6,824,634</u>	<u>215,262</u>
Net Change in Fund Balance	(128,896)	(128,896)	284,795	413,691
Fund Balance, July 1, 2024	<u>2,210,618</u>	<u>2,210,618</u>	<u>2,210,618</u>	
Fund Balance, June 30, 2025	<u>\$ 2,081,722</u>	<u>\$ 2,081,722</u>	<u>\$ 2,495,413</u>	<u>\$ 413,691</u>

## NOTES TO FINANCIAL STATEMENTS

### Capital Assets

Capital assets include a \$5,892 AC system purchase in fiscal year 2024-2025.

For government-wide financial statement presentation, all depreciable capital assets are depreciated from acquisition date to the end of the current fiscal year. Fund financial statements record capital asset purchases as expenditures.

### Unavailable Grant Revenue

As of June 30, 2025, ITDC has unavailable grant revenue of \$29,981. The balance is related to the revenue that has not been received within 60 days following fiscal year end. This unavailable grant revenue mainly included HHS and POST ICI Course billings.

### Long-term Liabilities

As of June 30, 2025, ITDC has compensated absences payable in the amount of \$152,826 and pension liability because of implementation of GASB Statement No. 68, in the amount of \$1,269,525. In addition, a copier was capitalized and as a result of GASB Statement No. 87, the office lease was recorded as an asset and liability in the Statement of Net Position.

### Economic Outlook FY 2025-2026

The economic outlook for the Government Training Agency remains positive, with no deficit expected by the end of FY25-26. GTA ended FY24-25 with a positive cash flow and positive net revenue through a variety of revenue streams. We continue to anticipate an increase in State of California funding, given the stable state budget as of December 2025. The County of San Diego Training and Consulting Services continues to experience growth and has demonstrated a desire to increase services as they continue to ask for direct services in addition to contract administration. Despite some uncertainties in the federal budget, this does not appear to affect the outlook for the current FY for GTA, and, as discussed last year, the economic forecasts do not appear to be slowing training in government sectors to a significant extent. There is also consistent demand for training services for newly promoted and newly hired staff in government entities, driven by retirements and hiring. Government entities have slowed hiring, but minimums remain consistent, and training and service provision for new employees is stable.

### Contacting Management

This financial report is designed to provide a general overview of the ITDC's finances and to show ITDC's accountability for the money it receives. If you have questions about this report or need any additional financial information, please contact Michael Gray, Executive Director, at the San Diego Regional Training Center, 6155 Cornerstone Court, Suite 130, San Diego, CA 92121.

## BASIC FINANCIAL STATEMENTS

**SOUTHERN CALIFORNIA  
INTERGOVERNMENTAL TRAINING AND DEVELOPMENT CENTER  
STATEMENT OF NET POSITION  
June 30, 2025**

	Governmental Activities
<b>ASSETS</b>	
Cash and investments with County Treasury	\$ 2,074,469
Cash in bank	95,443
Accounts receivable	775,342
Interest receivable	20,660
Capital assets, being depreciated	66,192
Accumulated depreciation	(28,013)
Right to use leased asset - amortizable	902,606
Accumulated amortization	(710,248)
Total Assets	3,196,451
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension-related	449,499
Total Deferred Outflows of Resources	449,499
<b>LIABILITIES</b>	
Accounts payable	429,298
Accrued payroll	11,222
Long-term liabilities - due within one year	245,905
Long-term liabilities - due in more than one year	117,693
Net Pension liability	1,269,525
Total Liabilities	2,073,643
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension-related	42,991
Total Deferred Inflows of Resources	42,991
<b>NET POSITION</b>	
Net investment in capital assets	19,765
Unrestricted	1,509,551
Total Net Position	\$ 1,529,316

See accompanying notes to basic financial statements

**SOUTHERN CALIFORNIA  
INTERGOVERNMENTAL TRAINING AND DEVELOPMENT CENTER  
STATEMENT OF ACTIVITIES  
For the Fiscal Year Ended June 30, 2025**

Functions/Programs	Expenses	Program Revenue		Net (Expense) Revenue and Change in Net Position
		Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:				
General government	\$ 6,931,322	\$ 6,951,181	\$ -	\$ 19,859
Total Governmental Activities	<u>\$ 6,931,322</u>	<u>\$ 6,951,181</u>	<u>\$ -</u>	<u>19,859</u>
General Revenues:				
Investment income				<u>113,145</u>
Total General Revenues				<u>113,145</u>
Change in Net Position				133,004
Net Position - July 1, 2024				<u>1,396,312</u>
Net Position - June 30, 2025				<u>\$ 1,529,316</u>

See accompanying notes to basic financial statements

**SOUTHERN CALIFORNIA  
INTERGOVERNMENTAL TRAINING AND DEVELOPMENT CENTER  
BALANCE SHEET  
GOVERNMENTAL FUND  
June 30, 2025**

	<u>General Fund</u>
<b>ASSETS</b>	
Cash and investments with County Treasury	\$ 2,074,469
Cash in bank	95,443
Accounts receivable	775,342
Interest receivable	<u>20,660</u>
Total Assets	<u>\$ 2,965,914</u>
<b>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE</b>	
<b>Liabilities</b>	
Accounts payable	\$ 429,298
Accrued payroll	<u>11,222</u>
Total Liabilities	<u>440,520</u>
<b>Deferred Inflows of Resources</b>	
Unavailable grant revenue	<u>29,981</u>
Total Deferred Inflows of Resources	<u>29,981</u>
<b>Fund Balance</b>	
Unassigned	<u>2,495,413</u>
Total Fund Balance	<u>2,495,413</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 2,965,914</u>

See accompanying notes to basic financial statements

**SOUTHERN CALIFORNIA  
INTERGOVERNMENTAL TRAINING AND DEVELOPMENT CENTER  
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
June 30, 2025**

Total fund balance - governmental funds	\$	2,495,413
<p>In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation.</p>		
Right to use leased asset	\$	902,606
Capital assets at historical cost		66,192
Accumulated depreciation		(28,013)
Accumulated amortization		(710,248)
Net		230,537
<p>Under the modified accrual basis of accounting used in governmental funds, revenues are not recognized for transactions that do not represent an available financial resource. In the statement of net position and statement of activities, however, revenues and assets are reported regardless of when financial resources are available.</p>		
Unavailable grant revenue		29,981
<p>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.</p>		
Deferred inflows of resources relating to pensions	\$	(42,991)
Deferred outflows of resources relating to pensions		449,499
Net		406,508
<p>Long-term liabilities: In governmental funds, only current liabilities are reported. The long-term liabilities relating to governmental activities consists of:</p>		
Net pension liability	\$	(1,269,525)
Copier payable		(5,508)
Lease liability		(205,264)
Compensated absences payable		(152,826)
Net		(1,633,123)
Net position of governmental activities	\$	1,529,316

See accompanying notes to basic financial statements

**SOUTHERN CALIFORNIA  
INTERGOVERNMENTAL TRAINING AND DEVELOPMENT CENTER  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUND  
For the Fiscal Year Ended June 30, 2025**

	General Fund
<b>Revenues</b>	
Intergovernmental	\$ 6,996,284
Use of money and property	113,145
Total Revenues	7,109,429
<b>Expenditures</b>	
Current:	
Salaries and benefits	1,046,490
Services and supplies	5,521,185
Other expenditures	61,671
Capital outlay	5,892
Debt service:	
Principal payments	187,822
Interest and fiscal charges	1,574
Total Expenditures	6,824,634
Net Change in Fund Balance	284,795
Fund Balance, July 1, 2024	2,210,618
Fund Balance, June 30, 2025	\$ 2,495,413

See accompanying notes to basic financial statements

**SOUTHERN CALIFORNIA  
INTERGOVERNMENTAL TRAINING AND DEVELOPMENT CENTER  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND  
TO THE STATEMENT OF ACTIVITIES  
For the Fiscal Year Ended June 30, 2025**

Net change in fund balance - governmental fund \$ 284,795

Amounts reported for governmental activities in the statement of activities differ because:

In governmental funds, the cost 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 and their lease terms as depreciation expense and amortization expense, respectively.

Capital outlay per governmental funds	\$ 5,892	
Depreciation and amortization expense	<u>(190,043)</u>	
Net		(184,151)

Certain revenues are offset by deferred revenue in the governmental fund because they are not available to pay for current period expenditures. This amount represents the amount by which the prior fiscal year's deferred revenue exceeded current fiscal year's deferred revenue. (45,103)

In the statement of activities, compensated absences are measured by the amounts earned during the fiscal year. In governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially the amounts paid). This fiscal year, vacation earned exceeded the amount paid. (32,633)

The issuance of long-term debt provides current financial resources to governmental funds, while repayment of the principal long-term debt consumes the current financial resources of the governmental funds. Issuance of financed purchase principal is an other financing source and repayment of principal is an expenditure in governmental funds, but the issuance increases long-term liabilities and the repayment reduces long-term liabilities in the Statement of Net Position.

Repayment of principal	187,822
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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 fiscal year, the difference between accrual-basis pension costs and actual employer contributions was: (77,726)

Change in net position of governmental activities \$ 133,004

NOTES TO BASIC FINANCIAL STATEMENTS

**SOUTHERN CALIFORNIA INTERGOVERNMENTAL TRAINING  
AND DEVELOPMENT CENTER  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2025**

**Note 1 – Summary of Significant Accounting Policies**

The basic financial statements of the Southern California Intergovernmental Training and Development Center (“ITDC”) have been prepared in conformity with accounting principles generally accepted in the United States of America (US GAAP) as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA). The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies:

**A. Financial Reporting Entity**

ITDC was created by a Joint Exercise of Powers Agreement (the “Agreement”) entered into on December 1, 1972, between the State of California, the County of San Diego (the “County”), and the Cities of Carlsbad, Chula Vista, Coronado, Del Mar, El Cajon, Escondido, Imperial Beach, La Mesa, National City, Oceanside, San Diego, San Marcos, and Vista. The Cities of Encinitas, Lemon Grove, Poway, Santee, and Solana Beach later joined. The purpose of the Agreement was to create an agency to assist the parties in their efforts to develop and implement employee-training programs. The Agreement provides that ITDC shall be administered by the Board of Directors equal in number to the number of parties who become and remain parties to the Agreement.

**B. Basis of Accounting**

The accounting records are maintained on the modified accrual basis of accounting. Expenditures are recorded at the time liabilities are incurred and revenues are recognized as soon as they become measurable and available to finance ITDC’s operations or consist of material amounts if not received prior to fiscal year end.

**C. Basis of Presentation**

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 34. GASB Statement No. 34 establishes requirements and a reporting model for the annual financial reports of state and local governments. The statement was developed to make annual reports of state and local governments easier to understand and more useful to the people who use governmental financial information to make decisions.

**Management’s Discussion and Analysis** – Accounting principles generally accepted in the United States of America and GASB require that financial statements be accompanied by a narrative introduction and analytical overview of ITDC’s financial activities in the form of “Management’s Discussion and Analysis” (MD&A). This analysis is similar to the analysis provided in the annual reports of private-sector organizations.

**Government-wide Financial Statements** – This reporting model includes financial statements prepared using the full accrual basis of accounting for all ITDC’s activities and is presented using an “economic resources” measurement focus. It reports all current and noncurrent revenues and costs of providing services. The Government-wide Financial Statements consist of the following:

**Statement of Net Position** – The statement of net position is designed to display the financial position of the government. The net position of ITDC is broken down into three categories – net investment in capital assets, restricted, and unrestricted.

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NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2025**

**Note 1 – Summary of Significant Accounting Policies (Continued)**

**C. Basis of Presentation (Continued)**

**Statement of Activities** – The government-wide statement of activities reports expenses and revenues in a format that focuses on the cost of each of ITDC’s functions. The expense of individual functions is compared to the revenue generated directly by the function.

Accordingly, ITDC has recorded long-term assets and liabilities in the statement of net position, and has reported all revenues and the cost of providing services using the full accrual basis of accounting in the statement of activities.

In accordance with GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position and GASB Statement No. 65, “Items Previously Reported as Assets and Liabilities,” the statement of net position reports separate sections for deferred outflows of resources and deferred inflows of resources, when applicable.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by contributions and investment income.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

**Budgets and Budgetary Accounting**

General Budget Policies

An operating budget is adopted each fiscal year on the modified accrual basis, except that encumbrances are treated as budgeted expenditures in the fiscal year of the commitment to purchase. For purposes of budgetary presentation, actual expenditures are adjusted to include encumbrances outstanding at fiscal year-end. There were no encumbrances outstanding at June 30, 2025. All amendments to the adopted budget require Board approval and, as such, reported budget figures are subsequently amended by the Board. Unencumbered appropriations lapse at fiscal year-end.

Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for expenditures of resources are recorded in order to reserve that portion of the applicable appropriation, is utilized as an extension of formal budgetary control in the governmental fund. Encumbrances outstanding at fiscal yearend are reported as assignment of fund balance and do not constitute expenditures or liabilities, because the commitments will be honored during the subsequent fiscal year. There were no assignments for encumbrances at June 30, 2025.

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

**C. Basis of Presentation (Continued)**

**Long-Term Obligations**

In the government-wide financial statements, long-term debt, and other long-term obligations are reported as liabilities in the applicable governmental activities. Initial-issue premiums and discounts are deferred and amortized over the life of the debt using the straight-line method. The difference between the reacquisition price and the net carrying amount of refunded debt (deferred amount on refunding) is amortized over the shorter of the lives of the refunding debt or remaining life of the refunded debt. Amortization of premiums and deferred amounts on refunding are included as interest expense, if any.

In the fund financial statements, governmental fund types recognize these changes during the period issued. The face amount of debt issued is reported as other financing sources. Premiums or discounts received are reported as other financing sources or uses, respectively.

**Net Position**

In the government-wide financial statements, net position is reported in three categories: net investment in capital assets, restricted net position, and unrestricted net position. Restricted net position represents net position restricted by parties outside of ITDC (such as creditors, grantors, contributors, laws, and regulations of other governments) and includes unspent proceeds of bonds issued to acquire or construct capital assets.

**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of certain assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements, and the related reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates. Management believes that the estimates are reasonable.

**Fund Balances**

In the fund financial statements, governmental funds report fund balance as nonspendable, restricted, committed, assigned, or unassigned based primarily on the extent to which ITDC is bound to honor constraints on how specific amounts can be spent.

As of June 30, 2025, fund balances of the governmental funds are classified as follows:

**Nonspendable** – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

**Restricted** – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

**Committed** – amounts that can be used only for specific purposes determined by a formal action of the governing board which is the highest level of decision-making authority for ITDC. Commitments

**SOUTHERN CALIFORNIA INTERGOVERNMENTAL TRAINING  
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**Note 1 – Summary of Significant Accounting Policies (Continued)**

**C. Basis of Presentation (Continued)**

may be established, modified, or rescinded only through ordinances or resolutions approved by the governing board.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under ITDC’s adopted policy, only the governing board or director may assign amounts for specific purposes.

Unassigned – all other spendable amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted net position and fund balance is available, the Authority considers restricted funds to have been spent first. When an expenditure is incurred for which restricted, committed, assigned, or unassigned fund balance are available, ITDC considers amounts to have been spent first out of restricted funds, then committed funds, then assigned funds, and finally unassigned funds, as needed, unless the governing board has provided otherwise in its commitment or assignment actions.

**D. Major Funds**

GASB Statement No. 34 requires that ITDC’s major governmental type funds be identified and presented separately in the fund financial statements. Major funds are defined as funds that have either assets, liabilities, revenues, or expenditures equal to or greater than ten percent of their fund-type total and five percent of the grand total of all fund types excluding fiduciary fund types.

ITDC reported the following major governmental fund in the accompanying financial statements:

**General Fund** - This fund is used to account for all financial resources except those required to be accounted for in another fund. The general fund is ITDC’s operating fund.

**E. Governmental Fund Type**

The accounts of ITDC are organized into a fund (General Fund), which is considered a separate accounting entity. The fund is a governmental fund type with the flow of current financial resources as the measurement focus. The expendable available financial resources and related current liabilities devoted to financing the general services that ITDC performs for its members are included in the general fund. Cost reimbursements and other revenue used to finance the operations of ITDC are specific resources included in this fund. The fund is also charged with the costs of operating ITDC. It includes the resources allocated for the purpose of carrying out specific activities in accordance with laws, regulations, or other restrictions.

ITDC’s financial transactions are included in the County’s accounting system. The fund is identified in the County’s accounting records as the ITDC fund. It is presented in the County’s Annual Comprehensive Financial Report as an interest-bearing trust fund with the fiduciary fund type to inform the reader of the relationship between the County and ITDC’s operations. The County’s budgeting and accounting procedures are consistent with this presentation.

The General Fund, rather than a trust fund, is presented herein in accordance with accounting principles generally accepted in the United States of America appropriate for a legally separate, economically independent, local governmental entity. The amounts presented in ITDC’s General Fund are directly reconcilable to the accounts maintained by the County.

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NOTES TO BASIC FINANCIAL STATEMENTS  
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**Note 1 – Summary of Significant Accounting Policies (Continued)**

**F. Financial Statement Elements**

***Cash and Investments*** – Cash and investments are stated at fair value. Cash deposits are at carrying value, which reasonably estimates fair value. Investments in governmental investment pools are reported at fair value per share of the pool’s underlying portfolio. ITDC’s cash is deposited into the County’s Treasury. The County Treasury maintains a cash and investment pool that is available for use by all funds of the County, as well as the funds of other agencies for which the County Treasury is the depository. Interest earned on the pooled fund is allocated based on the average daily cash balances of the participating funds. Further disclosures regarding the County’s cash and investment pool are included in the notes of the County’s Annual Comprehensive Financial Report.

***Deferred Outflows/Inflows of Resources*** – Deferred outflows of resources is a consumption of net position that is applicable to future reporting periods and, therefore, will not be recognized as an expense until that time. Deferred inflows of resources represents an acquisition of net position that is applicable to future periods and, therefore, is not recognized as revenue until the applicable period.

Under the modified accrual basis of accounting, revenue must be earned and susceptible to accrual; it must be both measurable and available to finance expenditures of the current fiscal period. Revenues are considered available if they are collected within 60 days of the end of the current fiscal period. If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding deferred inflow of resources. This type of deferred inflow is unique to governmental funds, since it is tied to the modified accrual basis of accounting, which is used only in connection with governmental funds.

***Pensions*** - For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the ITDC’s California Public Employees’ Retirement System (CalPERS) plan (Plan) and additions to/deductions from the Plan’s fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

***Capital Assets*** – Capital assets, which include land, buildings, equipment, infrastructure, and construction in progress, are reported in the government-wide financial statements. Capital assets are defined by ITDC as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are completed.

***Right to Use Lease Assets*** – ITDC has recorded a right to use lease asset as a result of implementing GASB Statement No. 87. The right to use lease asset is initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term. The right to use lease asset is amortized on a straight-line basis over the life of the related lease.

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

**F. Financial Statement Elements (Continued)**

**GASB Statement Number 87 “Leases”**

GASB issued Statement No. 87 “Leases” to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease asset and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments’ leasing activities. GASB Statement No. 87 resulted in recognition of a right to use leased asset of \$902,606 less amortization of \$710,248 and long-term liability of \$205,264.

**Compensated Absences**

Employees earn vacation, sick leave, and other leave benefits in accordance with Board policy and State law. A liability for compensated absences is recognized in accordance with GASB Statement No. 101, Compensated Absences, which was implemented in the current fiscal year.

Under GASB Statement No. 101, a compensated absences liability is recognized when (1) the leave accumulates, (2) the leave is attributable to services already rendered, and (3) it is more likely than not that the leave will be used for time off or otherwise paid or settled.

The entire compensated absences liability is reported on the government-wide Statement of Net Position. For governmental funds, only the portion of the liability expected to be liquidated with expendable financial resources (typically when qualifying events such as retirements or resignations occur before year-end but are unpaid at year-end) is recognized.

Vacation Leave - Vacation benefits are earned based on years of service and may be carried forward subject to policy limits. Vacation is payable upon separation of employment. The liability for all vacation leave earned but not yet taken is recognized.

Sick Leave - Employees accrue sick leave at the rate of one day per month worked and may accumulate it without limit. Sick leave is available for health-related absences. Historically, the liability for accumulated sick leave was not recognized because employees were not paid for unused sick leave upon separation.

Upon implementation of GASB 101, historical usage patterns were evaluated and it was determined that employees routinely use accumulated sick leave for compensated time off, and that such usage is more likely than not to occur. Based on this evaluation, the Authority determined that accumulated sick leave meets the recognition criteria under GASB 101.

Although employees are not paid for unused sick leave upon termination, accumulated sick leave is used to provide paid time off in future periods, resulting in future salary-related payments. Because these future payments represent a consumption of financial resources attributable to services already rendered, the Authority recognized a sick-leave compensated absences liability beginning in fiscal year 2024-25.

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

**F. Financial Statement Elements (Continued)**

In addition, consistent with State retirement system rules, unused sick leave may be converted to service credit at retirement:

- Classified employees (CalPERS) earn 0.004 year of service credit per unused sick day.
- Certificated employees (CalSTRS) earn service credit based on unused days divided by base service days in the final full-time year.

Adoption of GASB 101 - The Authority adopted GASB Statement No. 101 effective July 1, 2024. As a result of implementation, the Authority recognized a compensated absences liability for accumulated sick leave for the first time.

**G. Future Accounting Pronouncements**

GASB Statements listed below will be implemented in future financial statements.

The provisions of Statement No. 103 “Financial Reporting Model Improvements” are effective for fiscal years beginning after June 15, 2025.

The provisions of Statement No. 104 “Disclosure of Certain Capital Assets” are effective for fiscal years beginning after June 15, 2025.

The provisions of Statement No. 105 “Subsequent Events” are effective for fiscal years beginning after June 15, 2026.

**Note 2 – Cash and Investments**

Cash resources of ITDC are combined with the cash resources of the County to form a pool of cash that is managed by the County Treasurer. As provided for by the Government Code, the cash balance of substantially all County funds and certain entities are pooled and invested by the County Treasurer for the purpose of increasing interest earnings through investment activities. ITDC’s net share of the total pooled cash and investments is included in the accompanying statement of net position under the caption “Cash and Investments” at fair market value of 1.0304%. Interest earned on investments is deposited to certain participating County funds and entities, including ITDC, based upon their average daily cash balance during the allocation month.

Cash and investments as of June 30, 2025 are classified in the accompanying financial statements as follows:

Cash and investments with County Treasury	\$	2,074,469
Cash in bank		95,443
Total cash and investments	\$	2,169,912

**SOUTHERN CALIFORNIA INTERGOVERNMENTAL TRAINING  
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NOTES TO BASIC FINANCIAL STATEMENTS  
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**Note 2 – Cash and Investments (Continued)**

Cash and investments are presented on the accompanying basic financial statements, as follows:

Cash and investments with County Treasury, statement of net position	\$	2,074,469
Cash in bank, statement of net position		95,443
Total cash and investments	\$	2,169,912

Further disclosures regarding the County’s cash and investment pool including investment policy are included in the notes to the County’s Annual Comprehensive Financial Report for the fiscal year ended June 30, 2025.

**Investments Authorized by the California Government Code**

The California Government Code Section 3601 governs the investments of the ITDC. ITDC does not have its own investment policy and it follows the investment policy of the County of San Diego. Portfolios will invest primarily in the County Investment Pool (“County Pool”), Commercial Paper Negotiable CD, Medium Term Notes, US Agencies and Treasuries. The portfolio maturity structure will be driven by the cash flow needs of ITDC.

The ITDC categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. These principles recognize a three-tiered fair value hierarchy. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The ITDC has investments in the San Diego County Investment Pool; however, this external pool is not measured under Level 1, 2, or 3.

**Disclosures Relating to Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment is, the greater the sensitivity of its fair value to changes in market interest rates.

Information about the sensitivity of the fair values of ITDC’s investments to market interest rate fluctuations is provided by the following table that shows the distribution of ITDC’s investments by maturity:

Investment Type	Totals	Remaining Maturity (in Months)					
		12 Months Or Less	13 to 24 Months	25-36 Months	37-48 Months	49-60 Months	More Than 60 Months
County investment pool	\$2,074,469	\$ 2,074,469	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$2,074,469	\$ 2,074,469	\$ -	\$ -	\$ -	\$ -	\$ -

**SOUTHERN CALIFORNIA INTERGOVERNMENTAL TRAINING  
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**Note 2 – Cash and Investments (Continued)**

**Disclosures Relating to Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, County’s investment policy, or debt agreements, and the actual rating, as of fiscal year end, for each investment type.

Investment Type	Amount	Minimum Legal Rating	Exempt From Disclosure	Rating as of Fiscal Year End			
				AAA	AA	A	Not Rated
County investment pool	\$ 2,074,469	N/A	\$ -	\$ -	\$ -	\$ -	\$ 2,074,469
Total	<u>\$ 2,074,469</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,074,469</u>

**Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations**

ITDC’s investments include no investments that are highly sensitive to interest rate fluctuations (to a greater degree than already indicated in the information provided above) as of June 30, 2025.

**Concentration of Credit Risk**

As of June 30, 2025, ITDC has not invested more than 5% of its total investments in any one issuer. Investments in external investment pools are excluded from this requirement.

**Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and County’s investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, 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 government unit). The fair 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 ITDC deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2025, none of ITDC’s deposits with financial institutions were in excess of federal depository insurance limits.

**SOUTHERN CALIFORNIA INTERGOVERNMENTAL TRAINING  
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**Note 2 – Cash and Investments (Continued)**

**Investment in San Diego County Investment Pool**

ITDC is a voluntary participant in the pool regulated by the California Government Code Sections 53601 and 53635, under the oversight of the Treasurer of the County of San Diego. The fair value of ITDC’s investment in the pool is reported in the accompanying financial statements at amounts based upon the ITDC’s pro-rata share of the fair value provided by the County of San Diego for the entire pool portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the pool, which are recorded on an amortized cost basis.

**Note 3 – Accounts Receivable**

Accounts receivable consisted of contract receivables from various agencies.

All trade and tax receivables are shown net of an allowance for uncollectible accounts if applicable, and estimated refunds due.

**Note 4 – Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2025 was as follows:

	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025
Capital assets, being depreciated				
Building improvements	\$ -	\$ 5,892	\$ -	\$ 5,892
Furniture and equipment	60,300	-	-	60,300
Total capital assets being depreciated	60,300	5,892	-	66,192
Less accumulated depreciation for:				
Building improvements	\$ -	(421)		\$ (421)
Furniture and equipment	(15,532)	(12,060)	-	(27,592)
Total accumulated depreciation	(15,532)	(12,481)	-	\$ (28,013)
Total capital assets being depreciated, net	\$ 44,768	\$ (6,589)	\$ -	\$ 38,179

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**Note 5 – Right to Use Leased Asset**

The right to use leased asset is an office space lease. The related lease liability is discussed in the long-term liabilities note. The right to use leased asset is measured at an amount equal to the initial measurement of the related lease liability and is amortized on a straight-line basis over the life of the related lease. In accordance with GASB Statement No. 87, ITDC has recognized a right to use leased asset of \$902,606 with accumulated amortization of \$710,248 as of June 30, 2025.

	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025
Leased office space	\$ 902,606	\$ -	\$ -	\$ 902,606
Total right to use leased asset	902,606	-	-	902,606
Less accumulated amortization for:				
Leased office space	(532,686)	(177,562)	-	(710,248)
Total accumulated amortization	(532,686)	(177,562)	-	(710,248)
Right to use leased asset, net	\$ 369,920	\$ (177,562)	\$ -	\$ 192,358

**Note 6 – Unearned Revenue/Unavailable Revenue**

As of June 30, 2025, ITDC had unearned revenue/unavailable revenue of \$29,981 in the Balance Sheet of the Governmental Fund. The balance relates to revenue that was not received within 60 days following fiscal year end.

**Note 7 – Long-term Liabilities**

A schedule of changes in long-term liabilities for the fiscal year ended June 30, 2025, is shown below:

	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025	Due in one year
Compensated Absences	\$ 120,193	\$ 43,822	\$ (11,189)	\$ 152,826	\$ 51,604
Copier Lease Payable	10,235	-	(4,727)	5,508	5,069
Lease Liability	388,359	-	(183,095)	205,264	189,232
Net Pension Liability	1,273,402	-	(3,877)	1,269,525	-
	<u>\$ 1,792,189</u>	<u>\$ 43,822</u>	<u>\$ (202,888)</u>	<u>\$ 1,633,123</u>	<u>\$245,905</u>

Vacation pay is accrued when incurred in the government-wide financial statements. Full-time employees accrue vacation pay and part-time employees are prorated. Accrual for sick leave is included in accordance with implementation of GASB Statement No. 101.

ITDC entered into a lease agreement for a copier. The lease agreement was executed on June 10, 2021 and became effective in August 2021. The lease requires 60 monthly payments of \$441. The lease includes a purchase option at the end of the lease term of \$1, which ITDC is reasonably certain to exercise. In accordance with GASB Statement No. 87, ITDC recognized a lease liability and intangible right-to-use asset at the commencement of the lease. There are no variable payment components of the lease.

**SOUTHERN CALIFORNIA INTERGOVERNMENTAL TRAINING  
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**Note 7 – Long-term Liabilities (Continued)**

The lease liability is measured at a rate of 7%, which is an estimated borrowing rate.

The future lease requirements of the copier payable at June 30, 2025, are as follows:

Lease Payable - Copier Fiscal Year Ending June 30	Principal	Interest	Total
2026	\$ 5,069	\$ 223	\$ 5,292
2027	439	2	441
	\$ 5,508	\$ 225	\$ 5,733

The lease liability for office space qualifies as other than a short-term lease under GASB Statement No. 87 and has been recorded at the present value of the future minimum lease payment as of July 2021. The lease commenced in 2015 and continues through July 2026 at a 3% annual increase effective January 1 of each year. The lease liability is measured at a discount rate of 0.33%, which is the LAIF investment rate. As a result, a right to use leased asset with a net book value of \$902,606 was recorded as of July 1, 2021. The right to use leased asset is discussed in more detail in Note 1.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2025, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2026	\$ 189,232	\$ 394	\$ 189,626
2027	16,032	4	16,036
	\$ 205,264	\$ 398	\$ 205,662

**Note 8 – Defined Benefit Pension Plan**

**A. Plan Description**

ITDC contributes to the California Public Employees Retirement System (PERS), cost-sharing multiple-employer public employee defined benefit pension plan. PERS provides retirement, disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by State statute. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions, and membership information. Specific details for retirement, disability, or death benefit calculations for each of the pension plans are also available in the CalPERS' Annual Comprehensive Financial Report (ACFR). The CalPERS' ACFR is available online at <https://www.calpers.ca.gov/page/forms-publications>.

**SOUTHERN CALIFORNIA INTERGOVERNMENTAL TRAINING  
AND DEVELOPMENT CENTER  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2025**

**Note 8 – Defined Benefit Pension Plan (Continued)**

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

Section 20814 (c) of the California Public Employees’ Retirement Law (PERL) 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 total plan contributions are determined through the CalPERS’ annual actuarial valuation process. For public agency cost-sharing plans covered by the Miscellaneous risk pools, the Plan’s actuarially determined rate is based on the estimated amount necessary to pay the Plan’s allocated share of the risk pool’s costs of benefits earned by employees during the fiscal year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

Active participants are required to contribute 7% of their annual covered salary. Effective July 1, 2012, all active participants contribute the full 7% of the required employee contribution.

For the fiscal year ended June 30, 2025, the contributions recognized as part of the pension expense was as follows:

Contribution – employer                      \$149,322

As of June 30, 2025, ITDC reported net pension liability for its proportionate share of the net pension liability in the amount of \$1,269,525.

ITDC’s net pension liability is measured as the proportionate share of the net pension liability. The net pension liability is measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023 rolled forward to June 30, 2024, using standard update procedures. The proportion of the net pension liability was based on a projection of ITDC’s long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2024, ITDC’s proportion was 0.026248%, which increased by 0.000782% from its proportion measured as of June 30, 2023.

For the fiscal year ended June 30, 2025, ITDC recognized pension expense of \$234,086. At June 30, 2025, ITDC reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 105,479	\$ -
Change in proportions	-	42,991
Changes in assumptions	32,629	-
Net differences between projected and actual earnings on plan investments	73,085	-
Difference in actual contribution and the employer’s proportionate share of contributions	59,586	-
Pension contributions subsequent to measurement date	178,720	-
Total	\$ 449,499	\$ 42,991

**SOUTHERN CALIFORNIA INTERGOVERNMENTAL TRAINING  
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JUNE 30, 2025**

**Note 8 – Defined Benefit Pension Plan (Continued)**

**B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)**

\$178,720 reported as deferred outflow of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred inflow of resources related to pensions will be recognized as future pension expense as follows:

Fiscal Year Ended June 30	Amount
2026	\$ 75,478
2027	174,339
2028	3,016
2029	(25,045)
	\$ 227,788

**Actuarial Assumptions** – For the measurement period ended June 30, 2024 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2023 total pension liability determined in the June 30, 2023 actuarial valuation. The June 30, 2024 total pension liability was based on the following actuarial methods and assumptions:

<u>CalPERS</u>	
Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Investment Rate of Return	6.90%
Inflation	2.30%
Salary increases	Varies by Entry Age and Service
Mortality Rate Table*	Derived using CalPERS' Membersh ip Data for all Funds
Post-retirement Benefit Increases	2.00% until PPPA floor on purchasing power applies, 2.30% thereafter

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

**Discount rate** – The discount rate used to measure the total pension liability for PERF C was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**SOUTHERN CALIFORNIA INTERGOVERNMENTAL TRAINING  
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NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2025**

**Note 8 – Defined Benefit Pension Plan (Continued)**

**B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)**

*Long-term Expected Rate of Return* - The long-term expected rate of return on pension plan investments was determined using a building-block method in which 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, 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 of the funds’ asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ 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 rounded 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 equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

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

<b>CalPERS</b>		
<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Real Return Years 1 - 10 (1),(2)</u>
Global Equity - Cap-Weighted	30.0%	4.54%
Global Equity - Non-Cap-Weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-backed Securities	5.0%	0.50%
Investment Grade Corporate	10.0%	1.56%
High Yield	5.0%	2.27%
Emerging Market Debt	5.0%	2.48%
Private Debt	5.0%	3.57%
Real Estate	15.0%	3.21%
Leverage	-5.0%	-0.59%
Total	<u>100%</u>	

(1) An expected inflation of 2.30% used for this period.

(2) Figures are based on the 2021-22 Asset Liability Management study.

*Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate* – The following presents the Authority’s proportionate share of the net pension liability, calculated using the discount rate, as well as what the Authority’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:

**SOUTHERN CALIFORNIA INTERGOVERNMENTAL TRAINING  
AND DEVELOPMENT CENTER  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2025**

**Note 8 – Defined Benefit Pension Plan (Continued)**

**B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)**

1% Decrease		5.90%	
Net Pension Liability	\$		1,933,636
Current Discount Rate		6.90%	
Net Pension Liability	\$		1,269,525
1% Increase		7.90%	
Net Pension Liability	\$		722,863

**C. Payable to the Pension Plan**

At June 30, 2025, ITDC had no amount outstanding for contributions to the pension plan required for the fiscal year ended June 30, 2025.

**Note 9 – Excess of Expenditures Over Appropriations**

Expenditures exceeded appropriations due to performance bonuses, increased training costs, and replacement of a cooling system for the servers.

Fund/Department	Expenditure	Appropriation	Excess
General Fund:			
Salaries and benefits	\$ 1,046,490	\$ 1,028,000	\$ (18,490)
Other expenditures	61,671	42,000	(19,671)
Capital outlay	5,892	-	(5,892)

**Note 10 – Net Position**

Net position is the excess of all ITDC’s assets over all its liabilities, regardless of fund. Net position is divided into three captions under GASB Statement No. 34. These captions apply only to net position, which is determined only at the government-wide level, proprietary funds, and fiduciary funds and are described below.

*Net investment in capital assets* describes the portion of net position which is represented by the current net book value of ITDC’s capital assets, less the outstanding balance of any debt issued to finance these assets.

*Restricted* describes the portion of net position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which ITDC cannot unilaterally alter. These principally include developer fees received for use on capital projects or debt service requirements.

*Unrestricted* describes the portion of net position which is not restricted as to use.

**SOUTHERN CALIFORNIA INTERGOVERNMENTAL TRAINING  
AND DEVELOPMENT CENTER  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2025**

**Note 11 – Commitments and Contingencies**

**General Litigation**

In the normal course of operations, ITDC has been subjected to certain routine litigation matters which are relevant to ITDC. The ultimate outcome of these lawsuits is not presently determinable; however, in the opinion of management, the amount of losses that might be sustained, if any, would not materially affect the financial position of ITDC.

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REQUIRED SUPPLEMENTARY INFORMATION

**SOUTHERN CALIFORNIA  
INTERGOVERNMENTAL TRAINING AND DEVELOPMENT CENTER  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
For the Fiscal Year Ended June 30, 2025**

	Original Budgeted Amount	Final Budgeted Amount	Actual Amount	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Intergovernmental	\$ 6,883,000	\$ 6,883,000	\$ 6,996,284	\$ 113,284
Use of money and property	28,000	28,000	113,145	85,145
Total Revenues	<u>6,911,000</u>	<u>6,911,000</u>	<u>7,109,429</u>	<u>198,429</u>
<b>Expenditures</b>				
Current:				
Salaries and benefits	1,028,000	1,028,000	1,046,490	(18,490)
Services and supplies	5,780,500	5,780,500	5,521,185	259,315
Other expenditures	42,000	42,000	61,671	(19,671)
Capital outlay			5,892	(5,892)
Debt service:				
Principal	187,822	187,822	187,822	
Interest	1,574	1,574	1,574	
Total Expenditures	<u>7,039,896</u>	<u>7,039,896</u>	<u>6,824,634</u>	<u>215,262</u>
Excess of Revenues over (under) Expenditures	(128,896)	(128,896)	284,795	413,691
Fund Balance, July 1, 2024	2,210,618	2,210,618	2,210,618	
Fund Balance, June 30, 2025	<u>\$ 2,081,722</u>	<u>\$ 2,081,722</u>	<u>\$ 2,495,413</u>	<u>\$ 413,691</u>

**Southern California Intergovernmental Training and Development Center  
Cost-Sharing Multiple-Employer Defined Pension Plan – Last 10 Years  
Schedule of Plan’s Proportionate Share of Net Pension Liability and  
Related Ratios as of Measurement Date  
June 30, 2025**

The following table provides required supplementary information regarding ITDC's CalPERS Pension Plan.

Fiscal Year	Measurement Date	Plan's proportion of the Net Pension Liability (Asset)	Plan's proportionate share of the Net Pension Liability (Asset)	Covered payroll	Plan's proportionate share of the Net Pension Liability as a percentage of covered payroll	Plan's total pension liability	Plan's fiduciary net position	Plan's fiduciary net position as a percentage of the total pension liability
2016	6/30/2015	0.023641%	\$ 648,578	\$ 469,398	138.17%	\$ 33,358,627,624	\$ 24,705,532,291	74.06%
2017	6/30/2016	0.024242%	\$ 842,122	\$ 592,799	142.06%	\$ 37,161,348,332	\$ 27,244,095,376	73.31%
2018	6/30/2017	0.024335%	\$ 959,312	\$ 604,433	158.71%	\$ 38,944,855,364	\$ 29,308,589,559	75.26%
2019	6/30/2018	0.024873%	\$ 937,375	\$ 608,893	153.95%	\$ 41,426,453,489	\$ 31,179,414,067	75.26%
2020	6/30/2019	0.025503%	\$ 1,021,252	\$ 504,308	202.51%	\$ 43,702,930,887	\$ 32,822,501,325	75.10%
2021	6/30/2020	0.026152%	\$ 1,103,116	\$ 539,093	204.62%	\$ 45,134,400,155	\$ 33,074,811,533	73.28%
2022	6/30/2021	0.035251%	\$ 669,344	\$ 596,721	112.17%	\$ 46,174,942,264	\$ 40,766,653,876	88.29%
2023	6/30/2022	0.027489%	\$ 1,286,266	\$ 648,256	198.42%	\$ 49,525,975,138	\$ 37,975,170,163	76.68%
2024	6/30/2023	0.025466%	\$ 1,273,402	\$ 691,803	184.07%	\$ 52,441,984,274	\$ 39,966,633,692	76.21%
2025	6/30/2024	0.026248%	\$ 1,269,525	\$ 638,667	198.78%	\$ 55,320,956,562	\$ 43,193,516,089	78.08%

Notes to Schedule:

(1) Benefit changes: None

2) Changes of Assumptions: There were no assumption changes in 2023. Effective with the June 30 2021 valuation date (June 30, 2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.9%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectation as well as the expected pension fund cash flows. In addition, demographic assumptions and the price inflation assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. The accounting discount rate was 7.15% for measurement dates June 30, 2017 through June 30, 2021, 7.65% for measurement dates June 30, 2015 through June 30, 2016, and 7.50% for measurement date June 30, 2014.

**Southern California Intergovernmental Training and Development Center  
Cost-Sharing Multiple-Employer Defined Pension Plan – Last 10 Years  
Schedule of Pension Contributions  
June 30, 2025**

The following table provides required supplementary information regarding ITDC's CalPERS Pension Plan.

Fiscal Year	Contractually Required Contribution Actuarially Determined	Contribution in relation to the actuarially determined contributions	Contribution Deficiency (Excess)	ITDC's Covered Payroll	Contributions as a percentage of covered payroll
2016	\$ 79,563	\$ 79,563	\$ -	\$ 592,799	13.42%
2017	\$ 87,079	\$ 87,079	\$ -	\$ 604,433	14.41%
2018	\$ 95,904	\$ 95,904	\$ -	\$ 608,893	15.75%
2019	\$ 103,472	\$ 103,472	\$ -	\$ 504,308	20.52%
2020	\$ 122,966	\$ 122,966	\$ -	\$ 539,093	22.81%
2021	\$ 129,285	\$ 129,285	\$ -	\$ 596,721	21.67%
2022	\$ 145,459	\$ 145,459	\$ -	\$ 648,256	22.44%
2023	\$ 261,531	\$ 261,531	\$ -	\$ 691,803	37.80%
2024	\$ 149,322	\$ 149,322	\$ -	\$ 638,667	23.38%
2025	\$ 178,720	\$ 178,720	\$ -	\$ 761,545	23.47%

Methods and assumptions used to determine contribution rates:

Actuarial cost method:	Entry age normal
Amortization method:	Level percentage of payroll, closed
Asset valuation method:	Fair value
Actuarial assumptions:	
Inflation:	2.3% (2023 and 2024), 2.5% (2022 and 2021), previous 2.75%
Investment rate of return <sup>1</sup>	6.9% (2024 and 2023) 7.15% (2020-2022), 7.375% (2019), previous 7.5%
Mortality:	Please see most recent adopted CalPERS' Experience Study
Projected salary increases	Varies by entry age and service
Retirement age:	50 years (2.7% @ 55, 2% @ 60), 52 years (2% @ 62)

<sup>1</sup> Net of pension plan investment expense, including inflation for years 2019 and prior.