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SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT

FINANCIAL STATEMENTS

JUNE 30, 2023

SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
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INDEPENDENT AUDITORS' REPORT

The Board of Trustees
San José/Evergreen Community College District
San José, California

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and the fiduciary activities of San José/Evergreen Community College District, as of and for the years ended June 30, 2023, and 2022 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

In our opinion, and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the District as of June 30, 2023, and 2022, and the respective changes in financial position and cash flows thereof for the years 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 San José/Evergreen Community College District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Adoption of New Accounting Standard

As discussed in Note 2 to the financial statements, the District has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 96, Subscription-Based Information Technology Arrangements, for the year ending June 30, 2023. 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Required Supplementary Information section, as listed in the Table of Contents, be presented to supplement the basic financial statements. Such information, 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.

Supplementary Information

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Management's Discussion and Analysis section and unaudited supplementary information section, 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 other 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 3, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

CWDL, Certified Public Accountants

San Diego, California
December 3, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

In June 1999, the Governmental Accounting Standards Board (GASB) released Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, which established new reporting formats for annual statements. In November 1999, GASB released Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*, which applied the new reporting models to public colleges and universities. In its "Accounting Advisory No. 2001-01," the State Chancellor's Office opined that the California Community Colleges would best benefit from, and would "therefore implement," the business-type activities (BTA) reporting model, as outlined in GASB Statements No. 34 and No. 35.

Responsibility for the completeness and accuracy of this information rests with the District management.

The reporting model is in some cases an extreme departure from that used prior to GASB Statements No. 34 and No. 35 implementation and, in some cases, has limited value or may even be detrimental to casual readers attempting to understand the financial health of a governmental entity. Because of this, the District has asked its auditors to also present the District's unaudited financial statements using the funds statements format, which continues as the format that the District uses in reporting to the State Chancellor's Office.

As required by generally accepted accounting principles, the annual report consists of three basic financial statements that provide information on the District as a whole: the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows. These statements are designed to emulate corporate presentation models; whereby, all District activities are consolidated into one total. The focus of the Statement of Net Position is designed to be similar to "bottom line" results of the District. This statement combines and consolidates current financial resources (short-term spendable resources) with capital assets. The Statements of Revenues, Expenses, and Changes in Net Position focus on both the gross and the net cost of District activities, which are supported mainly by local property taxes and student fees. This approach is intended to summarize and simplify the analysis of the cost of various District services to students and the public. The Statement of Cash Flows provides an analysis of the sources and uses of cash within the operations of the District.

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

The following analysis provides an overview of the District's financial activities. The analysis includes a comparison of current to prior year activity.

Statement of Net Position

The Statement of Net Position includes all assets and liabilities using the full accrual basis of accounting, which is similar to the accounting method used by most private-sector institutions. Net position, the difference between assets and liabilities, is one way to measure the financial health of the District.

	2023	2022	Change	2021	Change
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
Total current assets	\$ 377,947,878	\$ 177,598,055	\$ 200,349,823	\$ 160,856,321	\$ 16,741,734
Total non-current asset	1,020,293,165	965,350,037	54,943,128	967,411,921	(2,061,884)
Deferred outflows of resources	87,371,545	66,365,064	21,006,481	74,819,360	(8,454,296)
Total Assets and Deferred Outflows of Resources	1,485,612,588	1,209,313,156	276,299,432	1,203,087,602	6,225,554
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES					
Current liabilities	140,958,343	115,304,216	25,654,127	100,965,961	14,338,255
Non-current liabilities	1,237,323,291	985,374,274	251,949,017	1,082,198,032	(96,823,758)
Deferred inflows of resources	17,586,879	60,761,490	(43,174,611)	5,834,252	54,927,238
Total Liabilities and Deferred Inflows of Resources	1,395,868,513	1,161,439,980	234,428,533	1,188,998,245	(27,558,265)
NET POSITION					
Invested in capital assets, net of related debt	(107,432,725)	(208,345,642)	100,912,917	(312,530,731)	104,185,089
Restricted	297,877,483	367,965,671	(70,088,188)	459,073,934	(91,108,263)
Unrestricted	(100,700,683)	(111,746,853)	11,046,170	(132,453,846)	20,706,993
Total Net Position	\$ 89,744,075	\$ 47,873,176	\$ 41,870,899	\$ 14,089,357	\$ 33,783,819

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

June 30, 2023 Compared to June 30, 2022

- Current assets consist of cash and cash equivalents, accounts receivable, and prepaid expenditures and other assets.
 - Cash and investments consist mainly of cash in the Santa Clara County treasury and investments from the Bond issuance.
 - The increase of \$195 million is primarily due to the issuance of the Measure-X 2016 Series C (\$200 million) & C-1 (\$38 million) General Obligation Bonds in the current year.
- Non-current assets consist of the net OPEB asset, lease receivable, intangible right of use assets and capital assets.
 - Capital assets (net of depreciation) are the historical value of land, buildings, construction in progress and equipment less depreciation. Net capital assets increased by \$120 million due to an increase in construction-in-progress for construction projects related to the General Obligation Bonds.
- Current liabilities consist of accounts payable, interest payable, unearned revenue, and long-term debt (current portion).
 - Accounts payable and accrued liabilities consist mainly of payables to vendors and accrued payroll benefits.
 - Unearned revenue relates to federal, state, and local program funds that were received, but not yet earned, as of the fiscal year end. Most grants are considered earned when spent up to the amount of the award.
 - The current portion of long-term obligations consists of the principal payment to be paid in the next fiscal year for the General Obligation Bonds.
 - The current liabilities increased by \$25 million primarily due attributed to a rise in unearned revenue linked to an augmentation in the Physical Plant Grant, totaling \$10.1 million, and the COVID-19 Recovery Block Grant, contributing an additional \$6.7 million.
 - In addition, unearned revenues increased by \$25 million, accounts payable increased by \$1.3 million, and long-term debt decreased by \$.5 million.
- Non-current liabilities consist of compensated absences, net pension liability, lease liability and long term debt (non-current portion). It consists of all the long-term debt that is to be paid beyond the next fiscal year.
 - The non-current liabilities increased by \$251 million due to the issuance of refunding bonds and the Measure-X 2016 Series C & C-1 General Obligation Bonds. In addition, the net pension liability increased by \$49 million and compensated absences increased by \$92 thousand.
- The net position increased by \$41.8 million due to the results of the changes in assets and liabilities noted above.

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

June 30, 2022 Compared to June 30, 2021

- Cash and cash equivalents, inclusive of current and non-current assets, are invested primarily in the Santa Clara County investment pool.
 - The decrease in cash balances from the prior year is primarily a result of the large expenditure spent in the Measure X-2016 Series B general obligation bonds.
- Receivables primarily represent funding owed to the District by students and by the Federal, State, and Local Governments for non-capital apportionment and grants.
 - The total owed to the District by all sources is \$15.8 million.
- Capital assets represent the District's original investment in land, site improvements, buildings, building improvements, construction in progress, and equipment, less the cost of accumulated depreciation.
 - Capital assets increased by approximately a net value of \$64.0 million from the previous year.
- Accounts payable and other liabilities represent amounts owed for services and goods received by the District, during Fiscal Year 2021-22, for which payment would not be made until Fiscal Year 2022-23. The accounts payable amount primarily represents amounts due to vendors and amounts owed to employees for services rendered.
 - The District's accounts payable at June 30, 2022 was \$5.2 million greater than at June 30, 2021.
- Unearned revenues represent prepayments made to the District for which services have yet to be rendered. Approximately \$2.3 million of this amount represents cash received from the Strong Workforce grant, \$2.2 million from Restricted Lottery, \$3.2 million from the Physical Plant Grant, \$1.8 million from Instructional Support Grant, and \$8 million from other miscellaneous grants and categorical programs including SSSP, Student Equity, California College Promise, etc. The remaining balance of \$3.8 million relates to student tuition and registration fees received during Fiscal Year 2021-22 for the summer and fall terms of Fiscal Year 2021-22.
- The District's long-term liabilities consist of the accumulated liability for compensated absences of approximately \$4.6 million; \$47.5 million for OPEB taxable bonds, \$85.7 million in net pension liability as a result of GASB 68, and \$834.1 million for voter-approved general obligation bonds which are secured by ad valorem taxes.

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Operating results for Fiscal Year Ended June 30, 2023

The largest component of the District's total revenue is the receipt of local property taxes, with 43% of total. The results of this year's operations for the District as a whole are reported in the Statement of Revenues, Expenses, and Changes in Net Position on page 13.

- The largest component of the District's total revenue is the receipt of local property taxes, with 47% of total revenue coming from this source. This is followed by capital revenues, which comprise 23% of total revenue, and represents local property taxes state apportionments related to the District's bonds. Tuition and other fees represent 3% of total revenue and State apportionment was also nominal given that the District transitioned into basic aid status in Fiscal Year 2012-13.
- Operating revenues consist of revenues from student tuition/fees and auxiliary enterprises, and increased from the prior year by \$2.7 million. Tuition/fees increased by \$1 million from increase enrollment. Federal funding decreased by \$4.7 million from lower HEERF revenues compared to prior year, offset by a \$6.5 million increase in state categorical (grant) funds.
- The largest component of the District's operating expense is the cost associated with employee salaries and benefits. Almost 52% of the total expense is spent for this purpose. "Supplies, materials, and other operating expenses" represent ongoing operating costs such as utilities and supplies. "Financial aid disbursements" represents amounts paid to students primarily for financial aid, a combined of 24% of the total expense.
- Operating expenses consist of salaries/benefits, supplies, materials, other operating expenses, student financial aid disbursements, and depreciation.
 - Salaries and benefits decreased from the prior year by \$16.0 million due to vacancies.
 - The increase of \$14.4 million for supplies, materials, and other operating expenses is primarily due to capital outlay expenditures.
- Non-operating revenues (expenses) primarily consist of property taxes, State and Federal revenues, and interest.
 - Property taxes increased by \$12.7 million due to secure, supplemental property, and other taxes.
 - Grants and contract revenues relate primarily to student financial aid as well as to specific Federal and State grants received for programs serving the students and programs of the District. The revenues are restricted and can only be expensed based on program guidelines. (Net change is relatively small with an increase of \$0.2 million.)
 - Other non-operating revenues consist primarily of local grants and increased by \$0.9 million.
 - Interest expense increased by \$0.3 million due to bond debt payments and changes in the fair market value of cash in county as of June 30, 2023.

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Economic Factors That May Affect the Future

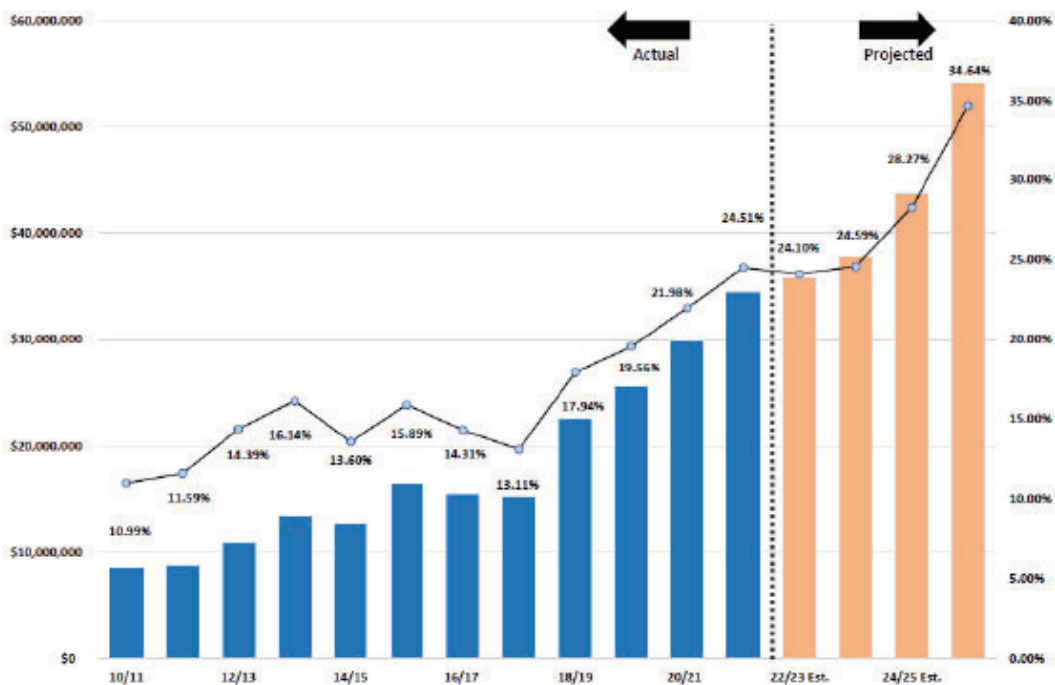
In fiscal year 2022-23, the District continued to achieve community support status. The District did not have a cash flow constraint during fiscal year 2022-23. The District will continue to monitor cash on a monthly basis to ensure there is sufficient cash to support on-going operations.

Despite the uncertainties with the economy, the District continues to prioritize fiscal discipline. In support of this commitment, the District has set aside funds to fully cover the long-term OPEB liability, and has also set aside funds in an irrevocable trust to fund future medical rate increases.

The fund balance in the unrestricted general fund for fiscal year 2022-23 is approximately 23% when compared to total expenditures. The District is well-positioned to withstand future economic challenges that may be presented by the unstable economy.

As a community supported district, sudden changes to property values may impact property tax revenues. Other factors that may impact the District are persistent inflation, potential recession, layoffs in the high-tech sector, and natural disasters. The District needs to maintain sufficient fund balance to ensure it can cover ongoing expenditures. Slow economic recovery may cause further reductions in enrollment. Enrollment continues to be a major challenge and opportunity both nationwide and for the District’s colleges. The colleges are aggressively pursuing additional enrollment with a combination of strategies that include marketing; targeted recruitment and outreach; program development; and additional class sections and modalities which include face-to-face, hybrid and online. The District also continues to find ways to remove financial barriers from students by exploring options to reduce student fees.

ENDING FUND BALANCE (FUND 10)



**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, students, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need any additional financial information, please contact the District at: San José/Evergreen Community College District, 40 South Market Street, San José, CA 95113 or visit the District's website at <http://www.sjeccd.edu/vfb>

FINANCIAL SECTION

SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2023 AND 2022

ASSETS	2023	2022
Current Assets:		
Cash and cash equivalents	\$ 357,284,666	\$ 161,519,962
Accounts receivable, net	20,024,091	15,814,156
Prepaid expenditures and other assets	639,121	263,937
Total Current Assets	<u>377,947,878</u>	<u>177,598,055</u>
Noncurrent Assets:		
Restricted cash and cash equivalents	298,971,226	352,111,097
Prepaid OPEB asset	8,001,595	20,288,025
Intangible right of use assets, net	16,793,288	17,274,361
Capital assets, net	696,527,056	575,676,554
Total Noncurrent Assets	<u>1,020,293,165</u>	<u>965,350,037</u>
TOTAL ASSETS	<u>1,398,241,043</u>	<u>1,142,948,092</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on refunding	31,947,490	34,033,099
Deferred outflows - pensions	43,017,112	31,799,789
Deferred outflows - OPEB	12,406,943	532,176
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 1,485,612,588</u>	<u>\$ 1,209,313,156</u>
LIABILITIES		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 47,150,657	\$ 45,820,175
Unearned revenue	46,957,420	21,667,200
Lease Liability	40,204	406,841
Long-term debt, current portion	46,810,062	47,410,000
Total Current Liabilities	<u>140,958,343</u>	<u>115,304,216</u>
Noncurrent Liabilities:		
Compensated absences	4,651,094	4,558,140
Banked overload	3,345,333	3,142,892
Lease Liability	12,889,839	12,574,208
Net pension liability	135,074,503	85,720,869
Long-term debt - non-current portion	1,081,362,522	879,378,165
Total Noncurrent Liabilities	<u>1,237,323,291</u>	<u>985,374,274</u>
TOTAL LIABILITIES	<u>1,378,281,634</u>	<u>1,100,678,490</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows - pensions	13,536,608	53,343,972
Deferred inflows - OPEB	4,050,271	7,417,518
NET POSITION		
Net investment in capital assets	(107,432,725)	(208,345,642)
Restricted for:		
Debt service	73,808,773	63,072,270
Capital projects	222,476,659	303,372,219
Educational programs	1,592,051	1,521,182
Unrestricted	<u>(100,700,683)</u>	<u>(111,746,853)</u>
TOTAL NET POSITION	<u>89,744,075</u>	<u>47,873,176</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 1,485,612,588</u>	<u>\$ 1,209,313,156</u>

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023 AND 2022**

	2023	2022
OPERATING REVENUES		
Tuition and fees (gross)	\$ 15,808,639	\$ 14,651,133
Less: Scholarship discounts and allowances	(6,744,528)	(6,388,510)
Net tuition and fees	<u>9,064,111</u>	<u>8,262,623</u>
Grants and contracts, noncapital:		
Federal	18,678,729	23,441,716
State	24,822,990	18,310,107
Local	2,197,010	1,939,325
Auxiliary enterprise sales, net	3,001	68,483
TOTAL OPERATING REVENUES	<u>54,765,841</u>	<u>52,022,254</u>
OPERATING EXPENSES		
Salaries	101,536,836	99,693,383
Employee benefits	44,886,652	63,567,252
Supplies, materials, and other operating expenses and services	44,454,579	30,054,007
Student aid	22,130,287	32,865,162
Depreciation	31,887,365	29,720,663
TOTAL OPERATING EXPENSES	<u>244,895,719</u>	<u>255,900,467</u>
OPERATING INCOME (LOSS)	<u>(190,129,878)</u>	<u>(203,878,213)</u>
NON-OPERATING REVENUES (EXPENSES)		
State apportionments, noncapital	12,584,372	12,784,030
Local property taxes	135,533,996	122,762,559
State taxes and other revenues	8,604,030	33,489,747
Pell grants	15,838,642	15,575,535
Investment income	11,411,598	4,026,939
Interest expense on capital asset-related debt	(27,600,396)	(27,202,267)
Other non-operating revenues	8,809,504	7,951,208
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>165,181,746</u>	<u>169,387,751</u>
INCOME (LOSS) BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES	<u>(24,948,132)</u>	<u>(34,490,462)</u>
State apportionments, capital	233,449	248,179
Local property taxes and revenues, capital	<u>66,585,582</u>	<u>66,585,582</u>
INCREASE (DECREASE) IN NET POSITION	<u>41,870,899</u>	<u>32,343,299</u>
NET POSITION -- BEGINNING OF YEAR	<u>47,873,176</u>	<u>4,293,312</u>
NET POSITION -- END OF YEAR	<u>\$ 89,744,075</u>	<u>\$ 36,636,611</u>

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023 AND 2022**

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$ 9,064,111	\$ 8,262,623
Grants and contracts	67,081,122	56,405,357
Payments to or on behalf of employees	(139,537,407)	(178,938,596)
Payments to vendors for supplies and services	(40,089,195)	(27,295,051)
Payment to students	(33,649,718)	(26,266,407)
Other receipts	3,001	68,483
Net Cash Used In Operating Activities	<u>(137,128,086)</u>	<u>(167,763,591)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
State apportionments	12,584,372	12,784,030
Grants and contracts, non-capital	15,838,642	15,575,535
Property taxes	135,533,996	122,762,559
State taxes and other revenues	8,604,030	33,489,747
Other non-operating	8,809,504	7,951,208
Net Cash Provided by Non-Capital Financing Activities	<u>181,370,544</u>	<u>192,563,079</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(152,307,800)	(93,744,700)
Proceeds from debt issuance	493,945,000	493,945,000
State revenue, capital projects	233,449	248,179
Local revenue, capital	66,585,582	63,732,790
Principal paid on capital debt	(292,560,581)	(538,987,516)
Interest paid on capital debt	(28,924,873)	(22,661,571)
Net Cash Provided by Capital Financing Activities	<u>86,970,777</u>	<u>(97,467,818)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	11,411,598	4,026,939
Net Cash Provided by Investing Activities	<u>11,411,598</u>	<u>4,026,939</u>
NET INCREASE IN CASH & CASH EQUIVALENTS	142,624,833	(68,641,391)
CASH & CASH EQUIVALENTS, BEGINNING OF YEAR	513,631,059	582,272,450
CASH & CASH EQUIVALENTS, END OF YEAR	<u>\$ 656,255,892</u>	<u>\$ 513,631,059</u>

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023 AND 2022**

RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	2023	2022
Operating loss	\$ (190,129,878)	\$ (203,878,213)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation expense	31,887,365	29,720,663
Changes in Assets and Liabilities:		
Receivables, net	(4,209,935)	5,554,716
Prepaid items	(375,184)	(24,300)
Net OPEB Asset	12,286,430	(7,553,259)
Deferred outflows of resources	(23,092,090)	6,368,687
Accounts payable and accrued liabilities	4,740,568	2,783,256
Deferred revenue	25,290,220	6,857,385
Compensated absences	295,395	684,334
Net pension liability	49,353,634	(63,204,098)
Deferred inflows of resources	(43,174,611)	54,927,238
Total Adjustments	53,001,792	36,114,622
Net Cash Flows From Operating Activities	\$ (137,128,086)	\$ (167,763,591)

SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2023

	OPEB	
	Irrevocable	
	Trust	Agency
	Fund	Fund
	<hr/>	
ASSETS		
Investments	\$ 37,881,824	\$ -
Accounts receivable	-	38,297
Total Assets	<hr/> 37,881,824	<hr/> 38,297
LIABILITIES		
Accounts payable	-	16,723
Deferred Revenue	-	21,574
Total Liabilities	<hr/> -	<hr/> 38,297
NET POSITION		
Held in Trust	37,881,824	-
Total Net Position Held in Trust	<hr/> \$ 37,881,824	<hr/> \$ -

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	OPEB Irrevocable Trust Fund
ADDITIONS	
Net investment income/(losses)	\$ 2,294,872
Total Additions	<u>2,294,872</u>
DEDUCTIONS	
Retiree benefits	<u>2,629,697</u>
Total Deductions	<u>2,629,697</u>
Excess deductions over additions	(334,825)
NET POSITION HELD IN TRUST	
Beginning of Year	<u>38,216,649</u>
End of Year	<u>\$ 37,881,824</u>

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

San José/Evergreen Community College District (the "District") is a political subdivision of the State of California and provides educational services to the local residents of the surrounding area. While the District is a political subdivision of the State, it is not a component unit of the State in accordance with the provisions of Governmental Accounting Standards Board (GASB) Codification Section (Cod. Sec.) 2100.101. The District is classified as a state instrumentality under Internal Revenue Code Section 115.

The decision to include potential component units in the reporting entity was made by applying the criteria set forth in accounting principles generally accepted in the United States of America and GASB Cod. Sec. 2100. The three criteria for requiring a legally separate, tax-exempt organization to be presented as a component unit are the "direct benefit" criterion, the "entitlement/ability to access" criterion, and the "significance" criterion. The District has no component units.

Basis of Presentation and Accounting

For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities as defined by GASB. Under this model, the District's financial statements provide a comprehensive entity-wide perspective at the District's financial position and activities. Accordingly, the District's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses are recorded with the obligation has been incurred. All significant intra-agency transactions have been eliminated.

Fiduciary funds for which the District acts only as an agent or trust are not included in the business-type activities of the District. These funds are reported in the Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position at the fund financial statement level.

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

Cash and Cash Equivalents

For the purposes of the financial statements, cash equivalents are defined as financial instruments with an original maturity of three months or less. Funds invested in the Santa Clara County Treasury are considered cash equivalents and are stated at fair value.

Restricted Cash

Cash that is externally restricted to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital or other noncurrent assets, is classified as a noncurrent asset in the Statement of Net Position.

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Investments

Investments held by the OPEB Irrevocable Trust Fund are reported at fair value using quoted market prices and unrealized and realized gains and losses are included in the Statement of Changes in Fiduciary Net Position.

Restricted Assets

Restricted assets arise when restrictions on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other government or imposed by enabling legislation. Restricted assets represent investments required by debt covenants to be set aside by the District for the purpose of satisfying certain requirements of the bonded debt.

Receivables

Receivables consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty and staff, the majority of each residing in the State of California. Receivables also include amounts due from the federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the District's grants and contracts. The District provides for an allowance for uncollectible accounts as an estimation of amounts they may not receive. The allowance is based upon management's estimates and analysis. The allowance was estimated at \$9,915,945 for the year ended June 30, 2023.

Lease Receivable

The District's lease receivable is measured at the present value of lease payments expected to be received during the lease term. Under the lease agreement, the District may receive variable lease payments that are dependent upon the lessee's revenue. Any variable payments are recorded as an inflow of resources in the period the payment is received.

A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

Intangible Right of Use Assets

The District has recorded intangible right of use assets as a result of implementing GASB 87. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related lease.

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Capital Assets

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

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 50 years for buildings, 15 years for portable buildings, 10 years for land improvements, 8 years for most equipment and vehicles, and 3 years for technology equipment such as computers. Land and construction in progress are considered non-depreciable capital assets; therefore, no depreciation is computed.

Compensated Absences

Compensated absences costs are accrued when earned by employees. Accumulated unpaid employee vacation benefits are recognized at year end as liabilities of the District.

Accumulated Sick Leave

Sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expenditure or 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 for certain STRS and PERS employees, when the employee retires.

Banked Faculty Load

A regular teaching load is considered by a schedule which yields one Full Time Equivalent (FTE). An overload is defined as a schedule which yields more than one FTE. The excess load is recorded as a liability in the Statement of Net Position.

Unearned Revenue

Revenue from Federal, State and local special projects and programs is recognized when qualified expenditures have been incurred. Tuition, fees and other support received but not earned are recorded as unearned revenue until earned.

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s), and as such will not be recognized as an outflow of resources (expense/expenditures) until then. The District has recognized a deferred loss on refunding reported which reported in the statement of net position. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shortened life of the refunded or refunding debt.

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

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the State Teachers' Retirement Plan (STRP) and Public Employers Retirement Fund B (PERF B) and additions to/deductions from STRP's and PERF B's fiduciary net position have been determined on the same basis as they are reported by STRP and PERF B. 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 fairvalue.

Net Position

The District's net position are classified as follows:

Net investment in capital assets: This represents the District's total investment in capital assets, net of associated outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

Restricted net position: Restricted expendable net position includes resources in which the District is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties. Nonexpendable restricted net position consists of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal. At June 30, 2023, there is no balance of nonexpendable restricted net position.

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Net Position, continued

Unrestricted net position: Unrestricted net position represent resources derived from student tuition and fees, State apportionments, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the District, and may be used at the discretion of the governing board to meet current expenses for any purpose.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the District's policy is to first apply the expense toward restricted resources, and then towards unrestricted resources.

State Apportionments

Certain current year apportionments from the State are based on various financial and statistical information of the previous year. Any prior year corrections due to a recalculation will be recorded in the year computed by the State.

Classification of Revenue and Expenses

The District has classified its revenues as either operating or nonoperating revenues. Certain significant revenue streams relied upon for operations are recorded as nonoperating revenues, as defined by GASB Cod. Sec. Co5.101 including State appropriations, local property taxes, and investment income. Nearly all the District's expenses are from exchange transactions. Revenues and expenses are classified according to the following criteria:

Operating revenues and expenses: Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, (3) most Federal, State and local grants and contracts and Federal appropriations. All expenses are considered operating expenses except for interest expense on capital related debt.

Classification of Revenue and Expenses, continued

Nonoperating revenues and expenses: Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as Pell grants, State apportionments, taxes, gifts and contributions, investment income and other revenue sources described in GASB. Interest expense on capital related debt is the only non-operating expense.

Scholarship Discounts and Allowances

Student tuition and fee revenues are reported net of the Board of Governors fee waivers and allowances in the statement of revenues, expenses and change in net position. Certain governmental grants, and other federal, state and nongovernmental programs are recorded as operating revenues, while Federal Pell Grants are classified as non-operating revenues in the District's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the District has recorded a scholarship discount and allowance.

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Estimates

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

New Accounting Pronouncements

GASB Statement No. 96 – *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription based information technology arrangements (SBITAs) for government end users (governments). Under this Statement, a government generally should recognize a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability. A government should recognize the subscription liability at the commencement of the subscription term, which is when the subscription asset is placed into service. The statement is effective for fiscal year 2022-23. The District has implemented GASB Statement No. 96 for the year ending June 30, 2023.

GASB Statement No. 91 – In May 2019, GASB issued Statement No. 91, Conduit Debt Obligations. This standard’s primary objectives are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The statement was postponed by GASB Statement No. 95 and is effective for periods beginning after December 15, 2021. The District has not yet determined the impact on the financial statements.

GASB Statement No. 99 – In April 2022, GASB issued Statement No. 99, Omnibus 2022. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The statement addresses various practice issues, including: (a) clarification of provisions in Statement No. 87, Leases, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives, (b) disclosures related to nonmonetary transactions; clarification of provisions in Statement No. 34, Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments, as amended, related to the focus of the government-wide financial statements, (c) terminology updates related to certain provisions of Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, and (d) terminology used in Statement 53 to refer to resource flows statements. A portion of this statement was effective upon issuance, while the remaining portions of this statement were effective for periods beginning after June 15, 2022 and for periods beginning after June 15, 2023. The District has implemented the requirements that were effective upon issuance but has not yet determined the impact on the financial statements for the requirements of this statement that are not yet effective.

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

New Accounting Pronouncements, continued

GASB Statement No. 100 – In June 2022, GASB issued Statement No. 100, Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62. The primary objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This statement is effective for periods beginning after June 15, 2023. The District has not yet determined the impact on the financial statements

GASB Statement No. 101 – In June 2022, GASB issued Statement No. 101, Compensated Absences. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This statement is effective for periods beginning after December 15, 2023. The District has not yet determined the impact on the financial statements

Comparative Financial Information

Comparative financial information for the prior year has been presented for additional analysis; certain amounts presented in the prior year data may have been reclassified in order to be consistent with the current year's presentation.

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 2 - CASH AND INVESTMENTS

District cash and investments at June 30, 2023, consisted of the following:

	Primary Government
Cash in county treasury	\$ 580,170,519
Investments	76,072,433
Cash on hand and in banks	12,940
Total Deposits and Investments	<u>\$ 656,255,892</u>
	Fiduciary Funds
Investments	\$ 37,881,824
Total Deposits and Investments	<u>\$ 37,881,824</u>

Cash in County Treasury

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the Santa Clara County Treasury for the purpose of increasing interest earning through County investment activities. The County pools and invests the cash. Those pooled funds are carried at fair value which approximates cost.

Because the District's deposits are maintained in a recognized pooled investment fund under the care of a third party and the District's share of the pool does not consist of specific, identifiable investment securities owned by the District, no disclosure of the individual deposits and investments or related custodial risk classifications is required.

The District's deposits in the fund are considered to be highly liquid. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool. The Santa Clara County Treasurer has indicated that there are no derivatives in the pool as of June 30, 2023.

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 2 - CASH AND INVESTMENTS, continued

Custodial Credit Risk

The California Government Code requires California banks and savings and loan associations to secure the District's deposits by pledging government securities as collateral. The market value of pledged securities must equal 110 percent of an agency's deposits. California law also allows financial institutions to secure an agency's deposits by pledging first trust deed mortgage notes having a value of 150 percent of an agency's total deposits and collateral is considered to be held in the name of the District. All cash held by financial institutions that is not insured is collateralized.

In accordance with Sections 53601 and 53602 of the California Government code, the District may invest in the following types of investments:

- Securities of the U.S. Government, or its agencies
- Small Business Administration Loans
- Negotiable Certificates of Deposit
- Bankers' Acceptances
- Commercial Paper
- Local Agency Investment Fund (State Pool) Deposits
- Passbook Savings Account Demand Deposits
- Repurchase Agreements

The District limits custodial credit risk by ensuring uninsured balances are collateralized by the respective financial institution. Cash balances held in banks are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC) and are collateralized by the respective financial institution. At June 30, 2023, the carrying amount of the District and Fiduciary cash accounts held in banks all of which was insured.

Interest Rate Risk

The District does not have a formal investment policy that limits cash and investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At June 30, 2023, the District had no significant interest rate risk related to cash held.

California Government Code, Section 53601, limits the District's investments to maturities of five years. The weighted average days to maturity of the District's investment of cash in the County treasurer's investment pool is 593 days. The District does not have an investment policy regarding interest rate risk.

The District's OPEB Trust (the "Trust") investments consisted of open-end mutual funds, therefore, there are no significant interest rate risks related to the investments held, as there are no maturities related to the mutual funds held.

Credit Risk

The District does not have a formal investment policy that limits its investment choices other than the limitations of State law.

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 2 - CASH AND INVESTMENTS, continued

The Trust has adopted an internally developed investment policy that requires all fixed income investments to be of investment grade quality or higher at purchase; that is, at the time of purchases, rated no lower than "BBB" by Standard and Poor's. The Retirement Board of Authority ("RBOA"), at their discretion, may impose a higher standard on an individual investment manager basis as circumstances or investment objectives dictate. At June 30, 2023, the Trust investments consisted of open-end mutual funds, therefore there are no credit ratings to disclose.

Concentration of Credit Risk

The District does not place limits on the amount it may invest in any one issuer. At June 30, 2023, the District had no concentration of credit risk.

Trust Investments

The Trust agreement authorizes the use of a broad range of investment choices that have distinctly different risks and return characteristics. In general, investments held in the Trust Fund are for the primary purpose of meeting present and future OPEB liability obligations and may be invested in accordance with California Government Code Sections 53600 through 53622 that, subject to applicable legal requirements, may provide greater latitude to increase purchasing power and capital growth potential if deemed prudent to do so.

The Trust Fund's policy is to provide a uniform method of investing contributions and earnings of the trust. In general, assets held in the trust will be for the primary purpose of meeting present and future OPEB liability obligations and are invested with the objective of achieving a target net annual rate of return of 7%. In April 2018, the RBOA amended its investment policy to consolidate its long-term and short-term portfolios.

As stated in the Investment Policy, the Trust will invest predominantly in open-end mutual funds. The fair value of the Trust's individual investments at June 30, 2023 are as follows:

Mutual funds:		
Domestic equity	\$	11,468,409
Fixed income		20,534,287
International equity		3,444,721
Real estate		2,434,407
Total investments	\$	<u>37,881,824</u>

During the fiscal year ended June 30, 2023, the Trust's investments (including gains and losses on investments bought and sold as well as held during the year) appreciated as follows:

Unrealized gains/(losses), net	\$	712,449
Realized gains		184,747
Dividend and other income		1,594,086
Investment fees		(196,410)
Total investment losses	\$	<u>2,294,872</u>

SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 3 – RECEIVABLES

Receivables at June 30, 2023 totaled \$20.0 million. Significant components of the balance include \$8.3 million in student receivables and \$5.0 million related to grants and contracts.

The allowance for doubtful accounts is maintained at an amount which management considers sufficient to reserve and provide for the possible un-collectability of other receivable balances.

NOTE 4 – INTANGIBLE RIGHT OF USE ASSETS

The amount of lease assets by major class of underlying assets as of June 30, 2023, was as follows:

	Balance July 01, 2022	Additions	Deductions	Balance June 30, 2023
Intangible Right to Use Assets:				
Leased Land	\$ 17,274,361	\$ -	\$ -	\$ 17,274,361
Total Right to Use Assets	17,274,361	-	-	17,274,361
Less Accumulated Amortization				
Total Accumulated Amortization	-	430,067	-	430,067
Right to Use Assets, net	\$ 17,274,361	\$ (430,067)	\$ -	\$ 16,844,294

NOTE 5 - CAPITAL ASSETS

Capital asset activity consists of the following:

	Beginning Balance July 01, 2022	Additions	Deductions	Ending Balance June 30, 2023
Capital Assets not being Depreciated				
Land	\$ 3,441,983	\$ -	\$ -	\$ 3,441,983
Construction in progress	164,033,551	148,589,535	52,268,509	260,354,577
Total Capital Assets not being Depreciated	167,475,534	148,589,535	52,268,509	263,796,560
Capital Assets being Depreciated				
Land improvements	112,731,963	28,001,388	-	140,733,351
Buildings & improvements	578,035,822	23,355,977	-	601,391,799
Furniture and Equipment	69,327,743	4,629,409	-	73,957,152
Total Capital Assets being Depreciated	760,095,528	55,986,774	-	816,082,302
Total Capital Assets	927,571,062	204,576,309	52,268,509	1,079,878,862
Less Accumulated Depreciation				
Land improvements	80,722,345	9,414,009	-	90,136,354
Buildings & improvements	214,856,033	16,958,993	-	231,815,026
Furniture and Equipment	56,316,130	5,084,296	-	61,400,426
Total Accumulated Depreciation	351,894,508	31,457,298	-	383,351,806
Net Capital Assets	\$ 575,676,554	\$ 173,119,011	\$ 52,268,509	\$ 696,527,056

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 6 - UNEARNED REVENUE

Unearned revenue for the District consisted of the following:

State financial awards	\$ 40,952,755
Enrollment fees	5,792,704
Other local revenue	211,961
Total unearned revenue	<u>\$ 46,957,420</u>

NOTE 7 – LEASE LIABILITY

The District has entered into agreements to lease certain equipment. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception. The general terms are as follows:

Lease Type	Number of Contracts	Average Rate	Average Annual Lease Terms	Average Annual Lease Payment
			7/6/2018 -	
Land	1	3.00%	6/21/2025	\$406,840

Future minimum lease payments on noncancellable leases at June 30, 2023 are as follows:

Fiscal year	Principal	Interest	Total
2024	\$ 40,204	\$ 386,978	\$ 427,182
2025	82,880	384,986	467,866
2026	85,401	382,465	467,866
2027	87,999	379,867	467,866
2028	90,675	377,191	467,866
2029-2033	820,797	1,822,647	2,643,444
2034-2038	1,380,176	1,659,784	3,039,960
2039-2043	1,665,039	1,428,726	3,093,765
2044-2048	1,934,138	1,159,627	3,093,765
2049-2053	2,246,727	847,038	3,093,765
2054-2058	2,609,836	483,929	3,093,765
2059-2063	1,886,171	92,416	1,959,384
Total	<u>\$ 12,930,043</u>	<u>\$ 9,405,654</u>	<u>\$ 22,316,494</u>

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 8 - LONG TERM LIABILITIES

General Obligation Bonds

In April 2004, the 2004 General Obligation Refunding Bonds were issued in three series and the proceeds were used to refund a portion of the outstanding principal amount of the District's election of the 1998 General Obligation Bonds, Series A, B, C, and D and to pay the costs of issuance associated with the Refunding Bonds. A portion of the bonds were refunded in 2014. The remaining capital appreciation bonds of \$3,800,995 mature through September 1, 2021 with interest rates ranging from two to five percent. Interest on the capital appreciation bonds is compounded semiannually and due only at maturity.

The general long-term liabilities for the 2004 General Obligation Refunding Bonds were paid in full as of June 30, 2022.

In May 2005, the District issued \$55,391,474 of the 2004 General Obligation Bonds as Series A under the \$185,000,000 bond measure approved by voters on November 2, 2004 for the acquisition, construction and modernization of certain District properties and facilities. A portion of the bonds were refunded in 2014 and the remaining current interest bonds of \$5,555,000 and capital appreciation bonds of \$4,466,417 were refunded in 2015.

In February 2008, the District issued \$97,999,946 of the 2004 General Obligation Bonds as Series B through \$74,365,000 of current interest bonds and \$23,634,946 of capital appreciation bonds. A portion of the current interest bonds were refunded in 2015. The remaining Bonds mature through September 1, 2032 with interest rates ranging from three to seven percent. Interest on the capital appreciation bonds is compounded semiannually and due only at maturity.

In April 2014, the District issued \$31,605,000 of the 2004 General Obligation Bonds as Series C. These current interest bonds mature through September 1, 2032 with interest rates ranging from two to five percent.

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 8 - LONG TERM LIABILITIES, continued

The general long-term liabilities maturity schedules for the 2004 General Obligation Bonds Series B and C are as follows:

2004 Series B General Obligation Bonds

Fiscal Year	Principal	Interest	Total
2024	\$ -	\$ -	\$ -
2025	-	-	-
2026	-	-	-
2027	-	-	-
2028	-	-	-
2029-2033	10,609,605	27,725,395	38,335,000
Total	\$ 10,609,605	\$ 27,725,395	\$ 38,335,000

2004 Series C General Obligation Bonds

Fiscal Year	Principal	Interest	Total
2024	\$ 1,370,000	\$ 100,825	\$ 1,470,825
2025	1,500,000	46,200	1,546,200
2026	-	8,700	8,700
2027	290,000	4,350	294,350
Total	\$ 3,160,000	\$ 160,075	\$ 3,320,075

In May 2012, The District issued \$47,450,000 of OPEB Taxable Bonds, Series B. These bonds were issued to advance refund a portion of the District's outstanding 2009 OPEB Taxable Bonds, Series A, and to pay the costs of issuance associated with the Series B bonds. The bonds mature through June 1, 2044 and bear a variable interest rate with an initial LIBOR Index Rate Period ending on April 30, 2027, subsequent to which the District can elect various rate methods with a maximum rate of 12%.

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 8 - LONG TERM LIABILITIES, continued

The general long-term liabilities maturity schedules for the OPEB Taxable Bonds are as follows:

OPEB Taxable Bonds			
Fiscal Year	Principal	Interest	Total
2024	\$ 305,000	\$ 2,460,566	\$ 2,765,566
2025	405,000	2,443,781	2,848,781
2026	530,000	2,419,278	2,949,278
2027	645,000	2,390,122	3,035,122
2028	780,000	2,353,693	3,133,693
2029-2033	6,295,000	10,943,277	17,238,277
2034-2038	12,090,000	8,590,166	20,680,166
2039-2043	20,705,000	4,359,846	25,064,846
2044	5,485,000	142,499	5,627,499
Total	\$ 47,240,000	\$ 36,103,228	\$ 83,343,228

In February 2012, the District issued \$70,000,000 and \$20,000,000 of General Obligation Bonds as Series A and Series B under the \$268,000,000 bond measure approved by voters on November 2, 2010 to finance the acquisition, construction, and modernization of certain District property and facilities. All of the 2010 Series A bonds and 2010 Series B bonds were refunded by the 2019 General Obligation Refunding Bonds during 2019-20.

In April 2014, the District issued \$120,000,000 of 2010 General Obligation Bonds as Series C. The Series C Bonds mature through September 1, 2043 with interest rates ranging from two to five percent.

In May 2016, the District issued \$58,000,000 of 2010 General Obligation Bonds as Series D. The Series D Bonds mature through September 1, 2037 with interest rates ranging from two to five percent.

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 8 - LONG TERM LIABILITIES, continued

The general long-term liabilities maturity schedules for the 2010 General Obligation Bonds Series C and D are as follows:

2010 Series C General Obligation Bonds

Fiscal Year	Principal	Interest	Total
2024	\$ 1,295,000	\$ 109,375	\$ 1,404,375
2025	1,540,000	38,500	1,578,500
Total	<u>\$ 2,835,000</u>	<u>\$ 147,875</u>	<u>\$ 2,982,875</u>

2010 Series D General Obligation Bonds

Fiscal Year	Principal	Interest	Total
2024	\$ 1,440,000	\$ 1,628,131	\$ 3,068,131
2025	1,640,000	1,551,131	3,191,131
2026	1,850,000	1,473,131	3,323,131
2027	2,065,000	1,394,831	3,459,831
2028	2,290,000	1,307,731	3,597,731
2029-2033	15,225,000	5,073,209	20,298,209
2034-2038	23,620,000	1,957,941	25,577,941
Total	<u>\$ 48,130,000</u>	<u>\$ 14,386,105</u>	<u>\$ 62,516,105</u>

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 8 - LONG TERM LIABILITIES, continued

In April 2014, the District issued \$50,850,000 and \$48,275,000 of 2014 General Obligation Refunding Bonds as Series A and Series B. The proceeds from the sale of the bonds were used to advance refund a portion of the District's outstanding 2004 General Obligation Refunding Bonds, 2004 General Obligation Bonds, Series A and to pay the costs of issuing the 2014 Refunding Bonds. At June 30, 2015, \$52,410,000 of the 2004 General Obligation Refunding Bonds and \$44,000,057 of the 2004 General Obligation, Series A bonds were considered defeased through the 2014 Refunding Bonds. The 2014 General Obligation Refunding Bonds Series A mature through September 1, 2024 with interest rates ranging from one to five percent.

The general long-term liabilities maturity schedule for the 2014 General Obligation Refunding Bonds Series A is as follows:

2014 Refunding Bond Series A				
<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2024	\$ 4,645,000	\$ 376,625	\$ 5,021,625	
2025	5,210,000	130,250	5,340,250	
Total	\$ 9,855,000	\$ 506,875	\$ 10,361,875	

In June 2015, the District issued \$81,765,000 of 2015 General Obligation Refunding Bonds as Series A and Series B. The proceeds from the sale of the bonds were used to advance refund the District's outstanding 2004 General Obligation Bonds, Series A, a portion of the 2004 General Obligation Bonds, Series B and to pay the costs of issuing the 2015 Refunding Bonds. At June 30, 2015, \$10,021,418 of the 2004 General Obligation Bonds, Series A and \$71,265,000 of the 2004 General Obligation, Series B bonds were considered defeased through the 2015 Refunding Bonds. The 2015 Refunding Bonds mature through September 1, 2029, with interest rates ranging from two to five percent.

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 8 - LONG TERM LIABILITIES, continued

There was no accrued interest or sinking fund resources related to the new debt proceeds.

The general long-term liabilities maturity schedules for the 2015 General Obligation Refunding Bonds are as follows:

2015 Refunding Bonds

Fiscal Year	Principal	Interest	Total
2024	\$ 11,995,000	\$ 2,022,375	\$ 14,017,375
2025	11,390,000	1,448,750	12,838,750
2026	11,310,000	894,350	12,204,350
2027	6,230,000	500,100	6,730,100
2028	6,815,000	239,200	7,054,200
2029-2030	2,940,000	104,650	3,044,650
Total	\$ 62,645,000	\$ 7,802,450	\$ 70,447,450

In May 2018, the District issued \$39,000,000 and \$46,000,000 of 2016 General Obligation Refunding Bonds as Series A and Series A-1. The proceeds from the sale of the bonds were used to finance the repair, upgrading, acquisition, construction and equipping of certain District property and facilities, including technology projects. The 2016 Series A and Series A-1 Bonds mature through September 1, 2038 and September 1, 2033, respectively, with interest rates ranging from one to five percent.

The general long-term liabilities maturity schedules for the 2016 General Obligation Bonds Series A and A-1 are as follows:

2016 Series A General Obligation Bonds

Fiscal Year	Principal	Interest	Total
2024	\$ 565,000	\$ 988,194	\$ 1,553,194
2025	640,000	960,894	1,600,894
2026	725,000	926,769	1,651,769
2027	815,000	888,269	1,703,269
2028	915,000	849,594	1,764,594
2029-2033	6,105,000	3,596,595	9,701,595
2034-2038	12,940,000	1,973,496	14,913,496
2039	3,400,000	68,000	3,468,000
Total	\$ 26,105,000	\$ 10,251,811	\$ 36,356,811

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 8 - LONG TERM LIABILITIES, continued

2016 Series A-1 General Obligation Bonds

Fiscal Year	Principal	Interest	Total
2024	\$ 300,000	\$ 237,180	\$ 537,180
2025	340,000	221,179	561,179
2026	380,000	203,179	583,179
2027	425,000	183,055	608,055
2028	465,000	163,762	628,762
2029-2033	3,070,000	496,452	3,566,452
2034	785,000	16,399	801,399
Total	\$ 5,765,000	\$ 1,521,206	\$ 7,286,206

In October 2019, the District issued \$68,945,000 of 2019 General Obligation Refunding Bonds. The proceeds from the sale of the bonds were used to advance refund a portion of the outstanding 2010 Series A and the remainder of the 2010 Series B bonds, as well as to pay the costs of issuing the bonds. The 2019 Refunding Bonds mature through August 1, 2041, with interest rates ranging from 1.814% to 3.137%.

The general long-term liabilities maturity schedule for the 2019 General Obligation Refunding Bonds is as follows:

2019 Refunding Bond

Fiscal Year	Principal	Interest	Total
2024	\$ 1,485,000	\$ 1,814,296	\$ 3,299,296
2025	1,640,000	1,784,781	3,424,781
2026	1,805,000	1,750,725	3,555,725
2027	1,975,000	1,710,490	3,685,490
2028	2,160,000	1,663,934	3,823,934
2029-2033	13,990,000	7,387,563	21,377,563
2034-2038	19,705,000	5,057,173	24,762,173
2039-2042	21,930,000	1,436,744	23,366,744
Total	\$ 64,690,000	\$ 22,605,706	\$ 87,295,706

SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 8 - LONG TERM LIABILITIES, continued

In June 2020, the District issued \$225,000,000 and \$200,000,000 of 2016 General Obligation Bonds as Series B and Series B-1. The proceeds from the sale of the bonds were used to finance the acquisition, construction, modernization, and equipping of District sites and facilities, as well as to pay the costs of issuing the bonds. The 2016 Series B and Series B-1 Bonds mature through September 1, 2045, with interest rates ranging from 2.5% to 4.0%.

The general long-term liabilities maturity schedules for the 2016 General Obligation Bonds Series B and B-1 are as follows:

2016 Series B General Obligation Bonds

Fiscal Year	Principal	Interest	Total
2024	\$ 8,325,000	\$ 5,762,126	\$ 14,087,126
2025	-	5,595,626	5,595,626
2026	-	5,595,625	5,595,625
2027	-	5,595,625	5,595,625
2028	-	5,595,625	5,595,625
2029-2033	21,950,000	26,337,725	48,287,725
2034-2038	41,980,000	20,330,049	62,310,049
2039-2043	69,540,000	12,168,761	81,708,761
2044-2046	55,330,000	2,130,498	57,460,498
Total	\$ 197,125,000	\$ 89,111,660	\$ 286,236,660

2016 Series B-1 General Obligation Bonds

Fiscal Year	Principal	Interest	Total
2024	\$ 8,305,000	\$ 5,055,465	\$ 13,360,465
2025	-	4,910,128	4,910,128
2026	-	4,910,128	4,910,128
2027	-	4,910,128	4,910,128
2028	-	4,910,128	4,910,128
2029-2033	21,805,000	23,745,035	45,550,035
2034-2038	39,015,000	20,147,173	59,162,173
2039-2043	64,230,000	13,157,855	77,387,855
2044-2046	51,835,000	2,451,547	54,286,547
Total	\$ 193,470,000	\$ 89,427,286	\$ 282,897,286

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 8 - LONG TERM LIABILITIES, continued

In November 2020, the District issued \$190,045,000 of 2020 general obligation refunding bonds. The proceeds from the sale of the bonds were used to advance refund a portion of the outstanding 2004 C, 2010 C, and 2014 Refunding A. The 2020 Refunding Bond mature through September 1, 2043, with interest rates ranging from 0.301% to 3.038%.

The general long-term liabilities maturity schedule for the 2020 General Obligation Refunding Bonds is as follows:

2020 General Obligation Refunding Bonds			
Fiscal Year	Principal	Interest	Total
2024	\$ 3,000,000	\$ 3,916,605	\$ 6,916,605
2025	3,015,000	3,901,575	6,916,575
2026	12,325,000	3,879,837	16,204,837
2027	12,800,000	3,766,323	16,566,323
2028	13,930,000	3,612,083	17,542,083
2029-2033	54,655,000	14,744,082	69,399,082
2034-2038	30,435,000	10,516,673	40,951,673
2039-2043	42,360,000	5,535,257	47,895,257
2044	10,195,000	309,724	10,504,724
Total	\$ 185,700,000	\$ 52,145,850	\$ 237,845,850

In March 2022, the District issued \$200,000,000 and \$38,000,000 of 2022 General Obligation Bonds as Series C and Series C-1. The 2022 Series C and Series C-1 Bonds mature through September 2046 and September, 2033, respectively, with interest rates ranging from 0.301% to 2.446%.

The general long-term liabilities maturity schedules for the 202 General Obligation Refunding Bonds Series C and C-1 are as follows:

2022 General Obligation Refunding Bonds C			
Year Ending	Principal	Interest	Total
2024	\$ -	\$ 4,205,702	\$ 4,205,702
2025	8,520,000	9,120,800	17,640,800
2026	530,000	8,694,800	9,224,800
2027	1,070,000	8,668,300	9,738,300
2028	1,660,000	8,614,800	10,274,800
2029-2033	21,395,000	40,933,750	62,328,750
2034-2038	41,580,000	33,606,250	75,186,250
2039-2043	68,465,000	20,837,000	89,302,000
2044-2046	56,780,000	4,657,200	61,437,200
Total	\$ 200,000,000	\$ 139,338,602	\$ 339,338,602

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 8 - LONG TERM LIABILITIES, continued

2022 General Obligation Refunding Bonds C-1

Year Ending	Principal	Interest	Total
2024	\$ -	\$ 864,501	\$ 864,501
2025	5,995,000	1,874,821	7,869,821
2026	6,750,000	1,567,457	8,317,457
2027	7,555,000	1,230,160	8,785,160
2028	8,400,000	867,822	9,267,822
2029-2033	9,300,000	471,510	9,771,510
Total	\$ 38,000,000	\$ 6,876,271	\$ 44,876,271

Change in Long-Term Liabilities:

A schedule of changes in long-term liabilities for the year ended June 30, 2023 is as follows:

	Balance July 01, 2022	Additions	Deductions	Balance June 30, 2023	Due Within One Year
General Obligation Bonds					
General obligation bonds	\$ 881,509,605	\$ 238,000,000	\$ 48,770,000	\$ 1,070,739,605	\$ 43,015,000
Unamortized premium	32,557,430	14,824,247	3,795,062	43,586,615	3,795,062
Accreted interest	12,721,130	1,524,239	399,005	13,846,364	-
Total general obligation bonds	926,788,165	254,348,486	52,964,067	1,128,172,584	46,810,062
Other Long-Term Liabilities					
Compensated absences	4,558,140	92,954	-	4,651,094	-
Banked overload	3,142,892	202,441	-	3,345,333	-
Lease liability	12,981,049	-	51,006	12,930,043	40,204
Total other long-term liabilities	20,682,081	295,395	51,006	20,926,470	40,204
Total Long-Term Obligations	\$ 947,470,246	\$ 254,643,881	\$ 53,015,073	\$ 1,149,099,054	\$ 46,850,266

NOTE 9 - PROPERTY TAXES

All property taxes are levied and collected by the Tax Assessor of the County of Santa Clara and paid upon collection to the various taxing entities including the District. Secured taxes are levied on July 1 and are due in two installments on November 1 and February 1, and become delinquent on December 10 and April 10, respectively. The lien date for secured and unsecured property taxes is March 1 of the preceding fiscal year. The County of Santa Clara has elected the optional alternative method for allocating delinquent property tax revenues, the Teeter Plan. Under this plan property tax revenues are based on the total amount of property taxes billed, but not yet collected.

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 10 - NET PENSION LIABILITY

Qualified employees are covered under multiple-employer contributory retirement plans maintained by agencies of the State of California. Certificated employees are member of the California State Teachers’ Retirement System (CalSTRS), and Classified employees are members of the California Public Employees’ Retirement System (CalPERS). The District reported its proportionate share of the net pension liabilities, pension expense, deferred outflows of resources, and deferred inflows of resources for each of the above plans as follows:

Pension Plan	Collective Net Pension Liability	Collective Deferred Outflows of Resources	Collective Deferred Inflows of Resources	Collective Pension Expense
CalSTRS	\$ 53,681,976	\$ 15,590,361	\$ 11,227,269	\$ 5,015,075
CalPERS	81,392,527	27,426,751	2,309,339	11,572,120
Total	\$ 135,074,503	\$ 43,017,112	\$ 13,536,608	\$ 16,587,195

Pension Plans – California Public Employees’ Retirement System (CalPERS)

General Information about the Pension Plan

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2018 annual actuarial valuation report, Schools Pool Actuarial Valuation, 2013. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: <https://www.calpers.ca.gov/page/forms-publications>.

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

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 10 - NET PENSION LIABILITY, continued

Pension Plans – California Public Employees’ Retirement System (CalPERS), continued

General Information about the Pension Plan, continued

The CalPERS provisions and benefits in effect at June 30, 2023, are summarized as follows:

	<u>School Employer Pool (CalPERS)</u>	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	7.00%
Required employer contribution rate	25.37%	25.37%

Contributions – Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2023, are presented above and the total District contributions were \$9,287,036.

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

As of June 30, 2023, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$81,392,527. The net pension liability was measured as of June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2022 and June 30, 2021, respectively was 0.2365 percent and 0.235 percent, resulting in a net increase in the proportionate share of 0.0015 percent.

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 10 - NET PENSION LIABILITY, continued

Pension Plans – California Public Employees’ Retirement System (CalPERS), continued

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

For the year ended June 30, 2023, the District recognized pension expense of \$11,572,120. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual earnings on plan investments	\$ 9,610,244	\$ -
Differences between expected and actual experience	367,846	2,025,151
Changes in assumptions	6,020,957	-
Net changes in proportionate share of net pension liability	2,140,668	284,188
District contributions subsequent to the measurement date	9,287,036	-
Total	<u>\$ 27,426,751</u>	<u>\$ 2,309,339</u>

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	\$ 4,375,609
2025	3,407,979
2026	2,088,221
2027	5,958,567
2028	-
	<u>\$ 15,830,376</u>

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 10 - NET PENSION LIABILITY, continued

Pension Plans – California Public Employees’ Retirement System (CalPERS), continued

Actuarial assumptions – For the measurement period ended June 30, 2022 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2021 total pension liability. The June 30, 2023 and the June 30, 2022 total pension liabilities were based on the following actuarial methods and assumptions:

Valuation date	June 30, 2021
Measurement date	June 30, 2022
Experience study	July 1, 1997, through June 30, 2015
Actuarial cost method	Entry Age Normal
Discount rate	6.90%
Investment rate of return	6.90%
Consumer price inflation	2.50%
Wage growth	Varies by entry age and service

Mortality assumptions are based on mortality rates resulting from the most recent CalPERS experience study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include five years of projected ongoing mortality improvement using Scale AA published by the Society of Actuaries. 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 the funds' asset classes, expected compound returns were calculated over the short-term (first ten years) and the 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 one quarter of one percent.

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 10 - NET PENSION LIABILITY, continued

Pension Plans – California Public Employees’ Retirement System (CalPERS), continued

The table below reflects 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 geometric rates of return are net of administrative expenses:

Asset Class*	Assumed Asset Allocation	Real Return Years 1 - 10**
Global Equity - cap-weighted	30%	4.45%
Global Equity non-cap-weighted	12%	3.84%
Private Equity	13%	7.28%
Treasury	5%	0.27%
Mortgage-backed Securities	5%	0.50%
Investment Grade Corporates	10%	1.56%
High Yield	5%	2.27%
Emerging Market Debt	5%	2.48%
Private Debt	5%	3.57%
Real Assets	15%	3.21%
Leverage	-5%	-0.59%
	<u>100%</u>	

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

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

Discount Rate - The discount rate used to measure the total pension liability was 6.90 percent. A projection of the expected benefit payments and contributions was performed to determine if assets would run out. The test revealed the assets would not run out. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Schools Pool. The results of the crossover testing for the Schools Pool are presented in a detailed report that can be obtained at CalPERS’ website.

Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate – The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 6.90 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is in the following table:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Plan’s net pension liability	\$ 117,575,628	\$ 81,392,527	\$ 51,488,524

Pension plan fiduciary net position – Detailed information about the pension plan’s fiduciary net position is available in the separately issued CalPERS CAFR at <https://www.calpers.ca.gov>.

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 10 - NET PENSION LIABILITY, continued

Pension Plans – California State Teachers’ Retirement System (CalSTRS)

General Information about the Pension Plan

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2022, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

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

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the state is the sponsor of the STRP and obligor of the trust. In addition, the state is both an employer and nonemployer contributing entity to the STRP. The District contributes exclusively to the STRP Defined Benefit Program, thus disclosures are not included for the other plans. The STRP provision and benefits in effect as June 30, 2022 are summarized as follows:

	STRP Defined Benefit Plan	
	On or before December 31, 2012	On or after January 1, 2013
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	10.205%
Required employer contribution rate	19.10%	19.10%
Required state contribution rate	10.828%	10.828%

*The rate imposed on CalSTRS 2% at 62 members assuming no change in the normal cost of benefits.

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 10 - NET PENSION LIABILITY, continued

Pension Plans – California State Teachers’ Retirement System (CalSTRS), continued

General Information about the Pension Plan, continued

Contributions - Required member, District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2023, are presented above and the District's total contributions were \$8,971,212.

On-Behalf Payments - The District was the recipient of on-behalf payments made by the State of California to CalSTRS for community college education. These payments consist of State general fund contributions of \$4,478,559 to CalSTRS.

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

At June 30, 2023, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support and the total portion of the net pension liability that was associated with the District were as follows:

Total net pension liability, including State’s share:

District's proportionate share of the net pension liability	\$	53,681,976
State's proportionate share of the net pension liability associated with the District		26,884,091
Total	\$	<u>80,566,067</u>

The net pension liability was measured as of June 30, 2023. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2023 and June 30, 2022, respectively, was 0.077 percent and 0.083 percent, resulting in a net decrease in the proportionate share of 0.006 percent.

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 10 - NET PENSION LIABILITY, continued

Pension Plans – California State Teachers’ Retirement System (CalSTRS), continued

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

For the year ended June 30, 2023, the District recognized pension expense of \$5,015,075. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual earnings on plan investments	\$ -	\$ 2,626,852
Differences between expected and actual experience	44,036	4,024,367
Changes in assumptions	2,660,249	-
Net changes in proportionate share of net pension liability	3,914,864	4,576,050
District contributions subsequent to the measurement date	8,971,212	-
Total	<u>\$ 15,590,361</u>	<u>\$ 11,227,269</u>

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	\$ 331,971
2025	(2,026,750)
2026	(5,022,479)
2027	2,850,242
2028	(556,463)
Thereafter	(184,641)
	<u>\$ (4,608,120)</u>

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 10 - NET PENSION LIABILITY, continued

Pension Plans – California State Teachers’ Retirement System (CalSTRS), continued

Actuarial Assumptions - The total pension liability for the STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2022, and rolling forward the total pension liability to June 30, 2023. The financial reporting actuarial valuation as of June 30, 2021, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2021
Measurement date	June 30, 2022
Experience study	July 1, 2015, through June 30, 2018
Actuarial cost method	Entry Age Normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

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. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant. Based on the model for CalSTRS consulting actuary’s investment practice, a best estimate range was determined by assuming the portfolio is re-balanced annually and that the annual returns are lognormally distributed and independent from year to year to develop expected percentiles for the long-term distribution of annualized returns. The assumed asset allocation is based on Teachers' Retirement Board of the California State Teachers' Retirement System (board) policy for target asset allocation in effect on February 2, 2012, the date the current experience study was approved by the board. Best estimates of 20-year geometric real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-term Expected Real Rate of Return*
Public Equity	42%	4.8%
Real Estate	15%	3.6%
Private Equity	13%	6.3%
Fixed Income	12%	1.3%
Risk Mitigating Strategies	10%	1.8%
Inflation Sensitive	6%	3.3%
Cash/Liquidity	2%	-0.4%
	100%	

*20-year average

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 10 - NET PENSION LIABILITY, continued

Pension Plans – California State Teachers’ Retirement System (CalSTRS), continued

Discount rate - The discount rate used to measure the total pension liability was 7.10 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates in accordance with the rate increase per Assembly Bill 1469. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10 percent) and assuming that contributions, benefit payments, and administrative expense occur midyear. Based on those assumptions, the STRP’s fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate - The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.10% percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10%) or 1-percentage-point higher (8.10%) than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Plan's net pension liability	\$ 91,171,906	\$ 53,681,976	\$ 22,554,063

Pension plan fiduciary net position - Detailed information about the pension plan’s fiduciary net position is available in the separately issued CalSTRS CAFR at <http://www.calstrs.com/comprehensive-annual-financial-report>.

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS

In addition to the pension benefits described in Note 10, the District provides postemployment health care benefits to eligible employees who retire from the District and their spouses. The Postemployment Benefit Plan (the "Plan") is a single-employer defined benefit healthcare plan. The Plan is administered by the District. In May 2009, the District issued OPEB Taxable Bonds for the purpose of financing the Plan. There are no required funding rates to the Plan. The OPEB Trust fund is separately presented as a fiduciary fund of the District. Separate financial statements are prepared for the Plan and may be obtained by contacting the District on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Cod. Sec. P50. 108 -109. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

Employees Covered by Benefit Term

The following is a table of plan participants at June 30, 2023:

	Number of Participants
Inactive Employees Receiving Benefits	225
Active Employees	519
	<u>744</u>

Contributions: Eligible employees are not permitted to make contributions to the Trust. The Plan administrator shall, on behalf of the employer, make all contribution to the Trustee. All contributions shall be paid to the Trustee for investment and reinvestment pursuant to the terms of the trust agreement. The District does not have contractually required contributions rates, but contributes in an amount sufficient to fully fund the Net OPEB obligation over a period not to exceed 30 years. There were no contributions to the Trust from the District for the year ended June 30, 2023.

OPEB Plan Investments

The plan discount rate of 7.00% was determined using the following asset allocation and assumed rate of return:

<u>Asset Class</u>	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	55.0%	N/A
Domestic Equities	45.0%	N/A
Total	<u>100.00%</u>	

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS, continued

Actuarial Assumptions

The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	June 30, 2021
Measurement date	June 30, 2022
Fiscal year	July 1st to June 30th
Actuarial cost methods	Entry age normal cost method
Inflation rate	2.75%
Investment rate of return	3.50%
Discount rate	7.00%
Healthcare cost trend rate	6.50%
Payroll increase	3.00%

Changes in the Net OPEB Liability

	Increase/(Decrease)		
	Total OPEB Liability	Total Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
Balance July 1, 2022	\$ 29,317,197	\$ 49,605,222	\$ (20,288,025)
Changes for the year:			
Service cost	265,183	-	265,183
Interest	1,976,298	-	1,976,298
Changes of assumptions	4,030,534	-	4,030,534
Experience gains/losses	(2,628,624)	-	(2,628,624)
Net Investment income	-	(8,410,837)	8,410,837
Administrative expense	-	(232,202)	232,202
Expected benefit payments	(2,745,534)	(2,745,534)	-
Net change	897,857	(11,388,573)	12,286,430
Balance June 30, 2023	\$ 30,215,054	\$ 38,216,649	\$ (8,001,595)

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS, continued

Sensitivity of the Net Pension Liability to Assumptions

The following presents the net OPEB liability calculated using the discount rate of 7.0 percent. The schedule also shows what the net OPEB liability would be if it were calculated using a discount rate that is 1 percent lower (6.0 percent) and 1 percent higher (8.0 percent):

	Discount Rate 1% Lower (6.0%)	Current Discount Rate 7.00%	Discount Rate 1% Higher (8.00%)
Net OPEB liability (Asset)	\$ (5,765,618)	\$ (8,001,595)	\$ (9,999,510)

The following table presents the net OPEB liability calculated using the health care cost trend rate of 6.5 percent. The schedule also shows what the net OPEB liability would be if it were calculated using a health care cost trend rate that is 1 percent lower (5.5 percent) and 1 percent higher (7.5 percent):

	Trend Rate 1% Lower (5.50%)	Healthcare Cost Trend Rate (6.50%)	Trend Rate 1% Higher (7.50%)
Net OPEB liability (Asset)	\$ (10,406,771)	\$ (8,001,595)	\$ (5,285,490)

Recognition of Deferred Outflows and Deferred Inflows of Resources

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The recognition period differs depending on the source of the gain or loss. For differences between projected and actual earnings on OPEB plan investments; the recognition period is 5 years. All other sources are recognized over the expected average remaining service lifetime.

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS, continued

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2023, the District recognized OPEB benefit of \$2,955,584. As of the year ended June 30, 2023, the District reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual earnings on plan investments		
Differences between expected and actual experience	\$ -	\$ 4,050,271
Change in assumptions	5,985,943	-
District contributions subsequent to the measurement date	3,623,559	-
	2,797,441	-
	<u>\$ 12,406,943</u>	<u>\$ 4,050,271</u>

The deferred outflows/(inflows) of resources related to OPEB will be recognized as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	\$ 888,452
2025	949,030
2026	1,085,219
2027	2,636,530
	<u>\$ 5,559,231</u>

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 12 - COMMITMENTS AND CONTINGENCIES

Contingent Liabilities

The District is subject to legal proceedings and claims which arise in the ordinary course of business. In the opinion of management, the amount of ultimate liability with respect to these actions will not materially affect the financial position or results of operations of the District.

The District has received Federal and State funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could result in expenditure disallowances under terms of the grants, it is management's opinion that any required reimbursements or future revenue offsets subsequently determined will not have a material effect on the District's financial statements.

Construction Commitments

As of June 30, 2023, the District has approximately \$207.1 million in outstanding encumbered commitments on construction contracts.

NOTE 13 - JOINT POWERS AGREEMENTS

The District is a participant in public entity risk pool joint powers agreements (JPAs). The District is a member of Bay Area Community Colleges Districts JPA (BACCD) and Northern California Community College Pool (NCCCCP). The District pays annual premiums for property and liability and workers' compensation coverage commensurate with the level of coverage requested. There have been no significant reductions in insurance coverage from coverage in the prior year. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three years.

The JPAs are governed by boards consisting of representatives from member districts. The boards control the operations of the JPAs, including the selection of management and approval of operating budgets, independent of any influence by the member district beyond their representation on the governing board.

Member districts share surpluses and deficits proportionate to their participation in the JPAs. The JPAs are independently accountable for their fiscal matters and maintain their own accounting records. Budgets are not subject to any approval other than that of the governing board.

The relationship between San José/Evergreen Community College District and the joint powers authorities is such that the JPAs are not component units of the District for financial reporting purposes.

NOTE 14 – SUBSEQUENT EVENTS

The District evaluated subsequent events from June 30, 2023 through December 3, 2023, the date the financial statements were available to be issued. No subsequent events occurred requiring accrual or disclosure.

**REQUIRED SUPPLEMENTARY
INFORMATION**

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	2023	2022	2021	2020	2019	2018
Total OPEB liability						
Service cost	\$ 265,183	\$ 249,651	\$ 258,952	\$ 128,188	\$ 124,454	\$ 115,771
Interest	1,976,298	2,093,197	2,218,010	2,298,096	2,475,240	2,596,426
Change of benefit terms	-	587,251	-	10,372,629	-	-
Changes of assumptions	4,030,534	665,220	-	576,580	1,165,117	-
Experience gains/losses	(2,628,624)	(2,443,562)	(1,203,087)	(11,412,942)	-	-
Benefit payments	(2,745,534)	(2,925,970)	(3,165,226)	(3,363,104)	(4,520,486)	(4,152,914)
Net change in total OPEB liability	897,857	(1,774,213)	(1,891,351)	(1,400,553)	(755,675)	(1,440,717)
Total OPEB liability, beginning of year	29,317,197	31,091,410	32,982,761	34,383,314	35,138,989	36,579,706
Total OPEB liability, end of year (a)	\$ 30,215,054	\$ 29,317,197	\$ 31,091,410	\$ 32,982,761	\$ 34,383,314	\$ 35,138,989
Plan fiduciary net position						
Assumption changes	\$ (8,410,837)	\$ -	\$ -	\$ -	\$ -	\$ -
Investment income	-	8,937,378	2,491,787	3,325,947	4,003,226	5,815,202
Investment gains/losses	(232,202)	-	-	-	-	-
Administrative expense	(2,745,534)	(232,362)	(220,570)	(222,279)	(229,919)	(224,967)
Expected benefit payments	-	(2,925,970)	(3,165,226)	(3,363,104)	(4,520,486)	(4,152,914)
Change in plan fiduciary net position	(11,388,573)	5,779,046	(894,009)	(259,436)	(747,179)	1,437,321
Fiduciary trust net position, beginning of year	49,605,222	43,826,176	44,720,185	44,979,621	45,726,800	44,289,479
Fiduciary trust net position, end of year (b)	\$ 38,216,649	\$ 49,605,222	\$ 43,826,176	\$ 44,720,185	\$ 44,979,621	\$ 45,726,800
Net OPEB liability (asset), ending (a) - (b)	\$ (8,001,595)	\$ (20,288,025)	\$ (12,734,766)	\$ (11,737,424)	\$ (10,596,307)	\$ (10,587,811)
Covered payroll	\$ 58,570,581	\$ 56,864,642	\$ 59,488,680	\$ 57,756,000	\$ 35,025,000	\$ 35,025,000
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	126%	169%	141%	136%	131%	130%
Net OPEB asset as a percentage of covered payroll	14%	-36%	-21%	-20%	-30%	-30%

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

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
 SCHEDULE OF CONTRIBUTIONS - OPEB
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	2023	2022	2021	2020	2019	2018
Actuarially determined contribution	\$ 2,886,579	\$ 2,284,756	\$ 3,275,806	\$ 3,268,797	\$ 3,557,370	\$ 4,717,951
Contributions in relations to the actuarially determined contribution	-	-	-	3,000,000	-	-
Contribution deficiency (excess)	\$ 2,886,579	\$ 2,284,756	\$ 3,275,806	\$ 268,797	\$ 3,557,370	\$ 4,717,951
Covered-employee payroll	\$ 58,570,581	\$ 56,864,642	\$ 59,488,680	\$ 57,756,000	\$ 35,025,000	\$ 35,025,000
Contribution as a percentage of covered-employee payroll	4.93%	4.02%	0.00%	5.19%	0.00%	0.00%

This is a 10 year schedule, however the information in this schedule is not required to be presented retrospectively.

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Reporting Fiscal Year (Measurement Date)				
	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)
CalSTRS					
District's proportion of the net pension liability	0.0773%	0.083%	0.078%	0.071%	0.073%
District's proportionate share of the net pension liability	\$ 53,681,976	\$ 37,953,563	\$ 75,644,082	\$ 64,533,558	\$ 66,670,574
State's proportionate share of the net pension liability associated with the District	26,884,091	19,097,159	38,994,218	35,207,648	38,173,857
Total	\$ 80,566,067	\$ 57,050,722	\$ 114,638,300	\$ 99,741,206	\$ 104,844,431
District's covered - employee payroll	\$ 46,151,005	\$ 43,593,028	\$ 41,092,582	\$ 43,593,028	\$ 42,319,244
District's proportionate Share of the net pension liability as percentage of covered-employee payroll	116%	87%	184%	148%	158%
Plan fiduciary net position as a percentage of the total pension liability	81%	87%	72%	73%	71%

	Reporting Fiscal Year (Measurement Date)				
	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)
CalPERS					
District's proportion of the net pension liability	0.2365%	0.235%	0.239%	0.227%	0.217%
District's proportionate share of the net pension liability	\$ 81,392,527	\$ 47,767,306	\$ 73,280,885	\$ 66,067,584	\$ 57,915,548
District's covered - employee payroll	\$ 36,437,202	\$ 34,623,026	\$ 35,654,116	\$ 34,623,026	\$ 32,866,859
District's proportionate Share of the net pension liability as percentage of covered-employee payroll	223%	138%	206%	191%	176%
Plan fiduciary net position as a percentage of the total pension liability	70%	81%	70%	70%	71%

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

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Reporting Fiscal Year (Measurement Date)			
	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
CalSTRS				
District's proportion of the net pension liability	0.072%	0.065%	0.086%	0.072%
District's proportionate share of the net pension liability	\$ 66,746,495	\$ 52,429,400	\$ 57,846,104	\$ 42,112,000
State's proportionate share of the net pension liability associated with the District	39,486,984	29,851,517	30,594,131	25,268,362
Total	\$106,233,479	\$ 82,280,917	\$ 88,440,235	\$ 67,380,362
District's covered - employee payroll	\$ 41,560,859	\$ 55,036,542	\$ 26,985,380	\$ 32,097,000
District's proportionate Share of the net pension liability as percentage of covered-employee payroll	161%	95%	214%	131%
Plan fiduciary net position as a percentage of the total pension liability	69%	70%	74%	77%

	Reporting Fiscal Year (Measurement Date)			
	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
CalPERS				
District's proportion of the net pension liability	0.212%	0.203%	0.200%	0.187%
District's proportionate share of the net pension liability	\$ 50,588,670	\$ 40,024,330	\$ 29,463,496	\$ 22,140,000
District's covered - employee payroll	\$ 34,411,706	\$ 27,232,628	\$ 24,615,273	\$ 20,472,000
District's proportionate Share of the net pension liability as percentage of covered-employee payroll	147%	147%	120%	108%
Plan fiduciary net position as a percentage of the total pension liability	72%	74%	79%	83%

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

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CONTRIBUTIONS - PENSIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

CalSTRS	Reporting Fiscal Year				
	2023	2022	2021	2020	2019
Statutorily required contribution	\$ 8,971,212	\$ 7,808,750	\$ 6,636,452	\$ 7,903,416	\$ 6,889,573
District's contributions in relation to the statutorily required contribution	8,971,212	7,808,750	6,636,452	7,903,416	6,889,573
District's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 53,021,348	\$ 46,151,005	\$ 41,092,582	\$ 43,593,028	\$ 42,319,244
District's contributions as a percentage of covered-employee payroll	16.92%	16.92%	16.15%	18.13%	16.28%

CalPERS	Reporting Fiscal Year				
	2023	2022	2021	2020	2019
Statutorily required contribution	\$ 9,287,036	\$ 8,347,763	\$ 7,380,402	\$ 6,828,007	\$ 5,936,412
District's contributions in relation to the statutorily required contribution	9,287,036	8,347,763	7,380,402	6,828,007	5,936,412
District's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 40,537,041	\$ 36,437,202	\$ 35,654,116	\$ 34,623,026	\$ 32,866,859
District's contributions as a percentage of covered-employee payroll	22.91%	22.91%	20.70%	19.72%	18.06%

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

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CONTRIBUTIONS - PENSIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

CalSTRS	Reporting Fiscal Year			
	2018	2017	2016	2015
Statutorily required contribution	\$ 5,997,232	\$ 6,923,597	\$ 6,588,927	\$ 3,070,323
District's contributions in relation to the statutorily required contribution	5,997,232	6,923,597	6,588,927	3,070,323
District's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 41,560,859	\$ 55,036,542	\$ 61,406,589	\$ 32,097,000
District's contributions as a percentage of covered-employee payroll	14.43%	12.58%	10.73%	9.57%

CalPERS	Reporting Fiscal Year			
	2018	2017	2016	2015
Statutorily required contribution	\$ 4,779,786	\$ 3,782,612	\$ 2,900,278	\$ 2,611,383
District's contributions in relation to the statutorily required contribution	4,779,786	3,782,612	2,900,278	2,611,383
District's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's contributions as a percentage of covered-employee payroll	13.89%	13.89%	11.78%	12.76%

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

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2023**

NOTE 1 – PURPOSE OF SCHEDULES

Schedule of Changes in the Net OPEB Liability and Related Ratios

The Schedule of Changes in Net OPEB liability is presented to illustrate the elements of the District's Net OPEB liability. There is a requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

Schedule of Contributions – OPEB

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

Schedule of the District's Proportionate Share of the Net Pension Liability

The Schedule of the District's Proportionate Share of the Net Pension Liability is presented to illustrate the elements of the District's Net Pension Liability. There is a requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

Schedule of the District's Contributions - Pensions

The Schedule of the District's Contributions is presented to illustrate the District's required contributions relating to the pensions. There is a requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

Changes of Benefit Terms

There are no changes in benefit terms reported in the Required Supplementary Information.

Changes of Assumptions

The discount rate decreased from 7.15% to 6.90% since the previous valuation for CalPERS. There are no changes in assumptions reported since previous valuation of CalSTRS.

SUPPLEMENTARY INFORMATION

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
ORGANIZATION
JUNE 30, 2023**

San José/Evergreen Community College District was established on July 1, 1964, and is comprised of an area of approximately 303 square miles in Santa Clara County, California. There were no changes in the boundaries of the District during the current year. The District's two colleges are each accredited by the Western Association of Schools and Colleges.

The Board of Trustees and Administration for the fiscal year ended June 30, 2023 were composed of the following members:

BOARD OF TRUSTEES

MEMBERS	OFFICE	TERM EXPIRES
Mr. Bob Livengood	President	December 2024
Ms. Maria Fuentes	Vice President	December 2024
Ms. Wendy Ho	Member	December 2024
Mr. Tony Alexander	Member	December 2026
Ms. Karen Martinez	Member	December 2026
Dr. Jeffrey Lease	Member	December 2026

DISTRICT ADMINISTRATION

Dr. Beatriz Chaidez <i>Interim Chancellor</i>	Edwin Chandrasekar <i>Vice Chancellor, Administrative Services</i>
Shairon Zingsheim <i>Interim Vice Chancellor, Human Resources</i>	Dr. Scott Conrad <i>Interim Associate Vice Chancellor, ITSS</i>
Dr. Rowena Tomaneng <i>President, San José City College</i>	Dr. Tammeil Gilkerson <i>President, Evergreen Valley College</i>
Mr. Joseph Chesmore <i>Executive Director, Fiscal Services</i>	

AUXILIARY ORGANIZATIONS IN GOOD STANDING

AUXILIARY NAME	DIRECTOR'S NAME	ESTABLISHMENT AND MASTER AGREEMENT DATE
San Jose Evergreen Community College District Foundation	Rosalie Ledesma, Interim Executive Director, SJECCD Foundation and Executive Director of Government & External Affairs, SJECCD	Organized as an auxiliary organization in 1983 and has a signed master agreement dated October 16, 2018.

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
 COMBINING FUND BALANCE SHEET
 JUNE 30, 2023**

(UNAUDITED)

	General Fund - Unrestricted	General Fund - Restricted	Debt Service Funds		Balance Forward
			Bond Interest and Redemption Fund	Other Debt Service Fund	
ASSETS					
Cash and cash equivalents	\$ 76,559,244	\$ 38,983,065	\$ 73,434,362	\$ 3,499,995	\$ 192,476,666
Accounts receivable	9,938,380	5,185,329	374,411	-	15,498,120
Prepaid expenses	128,222	-	-	510,899	639,122
Other current assets	-	-	-	-	-
Total Assets	86,625,846	44,168,394	73,808,773	4,010,894	208,613,908
LIABILITIES					
Accounts payable	26,726,232	2,098,239	-	-	28,824,471
Accrued expenses	4,916,129	-	-	-	4,916,129
Deferred revenue	5,792,704	40,952,755	-	-	46,745,459
Long-term liabilities	3,345,333	-	-	-	3,345,333
Total Liabilities	40,780,398	43,050,994	-	-	83,831,392
FUND EQUITY					
Fund Balance	45,845,448	1,117,400	73,808,773	4,010,894	124,782,516
Total Fund Equity	45,845,448	1,117,400	73,808,773	4,010,894	124,782,516
Total Liabilities and Fund Equity	\$ 86,625,846	\$ 44,168,394	\$ 73,808,773	\$ 4,010,894	\$ 208,613,908

See accompanying notes to the supplementary information

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
COMBINING FUND BALANCE SHEET
JUNE 30, 2023**

(UNAUDITED)

	Capital Project Funds							Total Governmental Funds
	Balance Forward	Capital Outlay Projects Fund	Measure G-2010 Fund	Measure X Fund	Associated Student Body Fund	Student Representative Fund	Financial Aid Fund	
ASSETS								
Cash and cash equivalents	\$ 192,476,666	\$ 16,863,592	\$ 22,359,321	\$ 46,476,024	\$ 557,132	\$ 34,155	\$ (615,010)	\$ 278,151,880
Accounts receivable	15,498,120	1,431,262	368,819	1,971,474	-	-	754,416	20,024,091
Prepaid expenses	639,122	-	-	-	-	-	-	639,122
Other current assets	-	147,895,599	38,061,823	192,074,058	-	-	-	378,031,480
Total Assets	208,613,908	166,190,453	60,789,963	240,521,556	557,132	34,155	139,406	676,846,573
LIABILITIES								
Accounts Payable	28,824,471	-	-	-	82,481	34,155	-	28,941,107
Accrued Expenses	4,916,129	-	-	-	-	-	-	4,916,129
Deferred Revenue	46,745,459	-	-	-	-	-	139,406	46,884,865
Long-Term Obligations	3,345,333	-	-	-	-	-	-	3,345,333
Total Liabilities	83,831,392	-	-	-	82,481	34,155	139,406	84,087,434
FUND EQUITY								
Fund Balance	124,782,516	166,190,453	60,789,963	240,521,556	474,651	-	-	592,759,139
Total Fund Equity	124,782,516	166,190,453	60,789,963	240,521,556	474,651	-	-	592,759,139
Total Liabilities and Fund Equity	\$ 208,613,908	\$ 166,190,453	\$ 60,789,963	\$ 240,521,556	\$ 557,132	\$ 34,155	\$ 139,406	\$ 676,846,573

See accompanying notes to the supplementary information

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
RECONCILIATION FROM FUND BALANCE TO NET POSITION
JUNE 30, 2023**

**Total Fund Equity - District Funds Included
in the Reporting Entity**

General Fund	\$ 46,962,848	
Capital Project Funds	467,501,972	
Bond Interest and Redemption Funds	73,808,773	
Other Debt Service Funds	4,010,894	
Student funds	<u>474,652</u>	\$ 592,759,139

Assets recorded within the statements of net position not included in the District fund financial statements:

Nondepreciable capital assets	\$ 263,796,560	
Intangible right of use asset	4,293,312	
Depreciable capital assets	816,082,302	
Accumulated amortization	(430,067)	
Accumulated depreciation	<u>(383,351,806)</u>	700,390,301

Unmatured Interest (13,293,445)

Liabilities recorded within the statements of net position not recorded in the District fund financial statements:

Net pension liability		(135,074,503)
Compensated absences		(4,651,094)
Long-term debt		(1,128,172,584)

Deferred outflows and inflows of resources:

Deferred loss on refunding		31,947,490
Deferred outflows of resources - pensions		43,017,112
Deferred outflows of resources - OPEB		12,406,943
Deferred inflows of resources - pensions		(13,536,608)
Deferred inflows of resources - OPEB		(4,050,271)

Net OPEB Asset 8,001,595

**Net Position Reported Within the
Statement of Net Position**

\$ 89,744,075

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	CFDA NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER*	FEDERAL EXPENDITURES
U.S. Department of Education			
Direct			
Student Financial Assistance Cluster			
Federal Pell Grant Programs (PELL)	84.063	*	\$ 15,838,641
Federal Supplemental Educational Opportunity Grants (FSEOG)	84.007	*	784,825
Federal College Work Study Program (FWS)	84.033	POO033A90065	708,670
Direct Loans	84.268	*	688,139
Subtotal Student Financial Aid Cluster			18,020,275
TRIO Cluster:			
Talent Search	84.044	*	373,741
Upward Bound	84.047	*	391,373
Subtotal TRIO Cluster			765,114
CARES Act Higher Education Emergency Relief Funds (HEERF)			
COVID-19 HEERF Institutional Portion	84.425F	*	200,358
COVID-19 HEERF Minority Serving Institutions	84.425L	*	6,396
COVID-19 HEERF II Institutional Portion	84.425F	*	4,682,394
COVID-19 HEERF II Minority Serving Institutions	84.425L	*	487,947
COVID-19 HEERF III Institutional Portion	84.425F	*	7,318,786
COVID-19 HEERF III Student Portion	84.425E	*	621,742
COVID-19 HEERF III' Minority Serving Institutions	84.425L	*	601,350
Subtotal Higher Education Emergency Relief Funds (HEERF)			13,918,973
Title V, Higher Education - Institutional Aid	84.031	*	655,169
AANAPISI-Asian American Nat American	84.031L	*	28,327
Passed through California Community Colleges Chancellor's Office:			
Career and Technical Education Program:			
VTEA	84.048A	*	529,657
Subtotal Career and Technical Education Program			529,657
Total U.S. Department of Education			33,917,515
U.S. Department of Health and Human Services			
Passed through Foundation for California Community Colleges:			
YESS - Independent Living Program	93.674	*	18,457
Passed through California Community Colleges Chancellor's Office:			
Temporary Assistance for Needy Families (TANF)	93.558	*	86,417
Total U.S. Department of Health and Human Services			104,874
U.S. Department of Agriculture			
Direct Program:			
Calfresh (CSU Chico)	10.561	*	101,838
Total U.S. Department of Agriculture			101,838
NATIONAL SCIENCE FOUNDATION			
Passed through Saddleback College			
NSF Alliance	47.076	*	157,387
Passed through Regents of U.C. Santa Cruz			
NSF Teacher Recruit, Prep Induction Pathway	47.076	*	331,572
Total National Science Foundation			488,959
Total Federal Programs			\$ 34,613,186

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

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
SCHEDULE OF STATE FINANCIAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Program Title	Cash Received	Program Revenues			Total Revenue	Total Program Expenditures
		Accounts Receivable	Accounts Payable	Deferred Revenue		
Extended Opportunity Programs & Services	\$ 2,922,275	\$ -	\$ -	\$ (351,423)	\$ (2,570,852)	\$ 2,570,852
NextUp	590,060	-	-	(476,453)	(113,607)	113,607
Learning Aligned Employment Prog	3,116,266	-	-	(3,116,266)	-	-
Disabled Students Program	2,077,483	-	-	(506,167)	(1,571,317)	1,571,317
LGBTQ+	139,810	-	-	(135,215)	(4,595)	4,595
Student Equity and Achievement	6,616,527	2,754	-	(1,278,044)	(5,341,237)	5,341,237
Hunger Free Campus Support	79	22,503	-	-	(22,582)	22,582
Zero Textbook Cost Degree	400,000	-	-	(374,517)	(25,483)	25,483
Veteran Resource Center (SSSP)	250,968	-	-	(133,774)	(117,194)	117,194
Dream Resource Liaison	268,904	-	-	(89,922)	(178,982)	178,982
Basic Needs Centers	897,862	-	-	(297,106)	(600,757)	600,757
Asian Amer HI Pcfc Islnd Stud	301,394	-	-	(301,394)	-	-
IEPI Innovation and Effectiveness	276,213	-	-	(66,524)	(209,689)	209,689
Umoja Community Education Foundation	88	-	-	-	(88)	88
MESA State 22-23 Y1	-	68,033	-	-	(68,033)	68,033
Apprenticeship	2,339,489	-	(537,493)	(1,445,581)	(356,415)	356,415
CA Apprenticeship Initiative	2,023	4,690	-	-	(6,713)	6,713
CA Apprenticeship Initiative-Google Elmwood	-	40,628	-	-	(40,628)	40,628
CAI-High Road Training Partnership	71,334	-	-	-	(71,334)	71,334
CALWORKS County	261,683	35,090	-	-	(296,772)	296,772
CALWORKS State	682,631	-	-	(224,392)	(458,239)	458,239
Financial Aid Administration Allowance (B-FAP)	907,366	-	-	(9,470)	(682,975)	682,975
Financial Aid Technology	78,457	-	-	(60,871)	(68,987)	68,987
Instructional Equipment	139,124	-	-	(1,767,562)	(78,253)	78,253
Physical Plant 18-19	1,767,562	-	-	-	-	-
Physical Plant 19-20	14,929	-	-	-	(14,929)	14,929
Physical Plant 21-22	3,209,304	-	-	(792,335)	(2,416,968)	2,416,968
Physical Plant 22-23	9,708,172	-	-	(9,286,949)	(421,223)	421,223
COVID-19 Recovery Block Grant	6,713,613	-	-	(6,713,613)	-	-
California Student Aid Commission (F48)	(8,143)	8,143	-	-	-	-
Guided Pathways Allocation	728,552	-	-	(462,805)	(265,747)	265,747
Student Success Completion Grant	3,668,671	-	-	(512,178)	(3,156,493)	3,156,493
Disaster Relief Emergency Financial Aid	148	-	-	(148)	-	-
Immediate Action-CalFresh Outreach	5,930	-	-	-	(5,930)	5,930
Immediate Action-Retention/Outreach	1,955,169	-	-	(895,276)	(1,059,893)	1,059,893
SFRF Emergency Financial Aid (F48)	5,397	-	-	(5,397)	-	-
Emergency Fin Aid Supplement (F48)	134,008	-	-	(134,008)	-	-
CARE	284,305	-	-	(65,500)	(218,806)	218,806
CCAP Instructional Material Dual Enrollment	23,578	-	-	-	(23,578)	23,578
Rising Scholars Network	57,375	-	-	(57,375)	-	-
Restricted Lottery	3,682,430	-	-	(3,080,633)	(601,797)	601,797
Library Services Platform	13,196	-	-	(1,822)	(11,374)	11,374
Classified Professional Development	62,664	-	-	(62,664)	-	-
Cultural Competent Faculty Prof Dev	100,870	-	-	(50,435)	(50,435)	50,435
Culturally Competent Faculty PD	-	16,945	-	(3,762)	(13,183)	13,183
EEO Best Practices	208,333	-	-	(167,959)	(40,374)	40,374
Equal Employment Opportunity	268,866	-	-	(206,715)	(62,151)	62,151
Systemwide Tech Data Security	792,000	-	-	(792,000)	-	-
Nursing Faculty and Recruitment	217,370	-	-	(16,316)	(201,054)	201,054
Entrepreneurship Course Offering	8,515	-	-	(8,515)	-	-
Adult Education Block Grant	1,633,827	-	-	(440,619)	(1,193,208)	1,193,208
California College Promise	1,594,970	-	-	(820,069)	(774,901)	774,901
Strong Workforce Local Yr2	2,020,718	-	-	-	(2,020,718)	2,020,718
Strong Workforce Local Yr1	3,095,981	-	-	(3,001,322)	(94,660)	94,660
Strong Workforce Regional Yr1	410,241	36,191	-	(254,907)	(191,525)	191,525
Strong Workforce Regional Yr2	237,945	962,773	-	-	(1,200,718)	1,200,718
Strong Workforce Regional Yr3	280,732	1	-	-	(280,733)	280,733
Strong Workforce Regional RVJ Yr1	(27,092)	27,092	-	-	-	-
Strong Workforce Regional RVJ Yr2	-	162,998	-	-	(162,998)	162,998
College Specific Allocation	1,000,000	-	-	(1,000,000)	-	-
Campus Safety & Sexual Assault	11,761	-	-	(11,744)	(18)	18
Retail-Hspthly-Tourism (ISPIC)	11,156	-	-	(11,156)	-	-
Cal Pathway to Law	-	11,526	-	-	(11,526)	11,526
Mental Health Support Funds	790,661	-	-	(321,478)	(469,183)	469,183
	\$ 68,356,533	\$ 1,399,367	\$ (537,493)	\$ (40,739,230)	\$ (28,254,789)	\$ 28,254,789

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL APPORTIONMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

CATEGORIES	Reported Data	Audit Adjustments	Audited Data
A. Summer Intersession (Summer 2022 only)			
1. Noncredit	1.31	-	1.31
2. Credit	1,058.03	-	1,058.03
B. Summer Intersession (Summer 2023- Prior to July 1, 2023)			
1. Noncredit	-	-	-
2. Credit	-	-	-
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	2,869.22	-	2,869.22
(b) Daily Census Contact Hours	478.67	-	478.67
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit	63.40	-	63.40
(b) Credit	42.11	-	42.11
3. Independent Study/Work Experience			
(a) Weekly Census Contact Hours	3,793.10	-	3,793.10
(b) Daily Census Contact Hours	1,565.58	-	1,565.58
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
D. Total FTES	9,871.42	-	9,871.42
Supplemental Information (subset of above information)			
Basic Skills Courses and Immigrant Education			
1. Credit	261.65	-	261.65
2. Noncredit	23.65	-	23.65
Total Basic Skills FTES	285.30	-	285.30

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF ECS 84362 (50 PERCENT LAW) CALCULATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Object/ TOP Codes	Activity (ESCA) ECS 84362 A Instructional Salary Cost AC 0100-5900 & AC 6100			Activity (ECSB) ECS 84362 B Total CEE AC 0100-6799		
		Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
<u>Academic Salaries</u>							
Instructional Salaries							
Contract or Regular	1100	\$ 21,870,688	\$ -	\$ 21,870,688	\$ 22,315,250	\$ -	\$ 22,315,250
Other	1300	21,699,788	-	21,699,788	21,700,088	-	21,700,088
Total Instructional Salaries		43,570,476	-	43,570,476	44,015,338	-	44,015,338
Non-Instructional Salaries							
Contract or Regular	1200	-	-	-	10,184,932	-	10,184,932
Other	1400	-	-	-	1,357,849	-	1,357,849
Total Non-Instructional Salaries		-	-	-	11,542,781	-	11,542,781
Total Academic Salaries		43,570,476	-	43,570,476	55,558,119	-	55,558,119
<u>Classified Salaries</u>							
Non-Instructional Salaries							
Regular Status	2100	-	-	-	23,667,509	-	23,667,509
Other	2300	-	-	-	983,207	-	983,207
Total Non-Instructional Salaries		-	-	-	24,650,716	-	24,650,716
Instructional Aides							
Regular Status	2200	2,566,642	-	2,566,642	2,566,642	-	2,566,642
Other	2400	829,252	-	829,252	829,252	-	829,252
Total Instructional Aides		3,395,894	-	3,395,894	3,395,894	-	3,395,894
Total Classified Salaries		3,395,894	-	3,395,894	28,046,610	-	28,046,610
Employee Benefits	3000	19,084,100	-	19,084,100	38,752,937	-	38,752,937
Supplies and Materials	4000	-	-	-	961,860	-	961,860
Other Operating Expenses	5000	477,688	-	477,688	13,415,170	-	13,415,170
Equipment Replacement	6420	-	-	-	-	-	-
Total Expenditures Prior to Exclusions		66,528,158	-	66,528,158	136,734,696	-	136,734,696
<u>Exclusions</u>							
Activities to Exclude							
Inst. Staff-Retirees' Benefits and Incentives	5900	30,943	-	30,943	35,335	-	35,335
Std. Health Svcs. Above Amount Collected	6441	-	-	-	99,585	-	99,585
Student Transportation	6491	-	-	-	-	-	-
Non-inst.Staff-Retirees' Benefits and Incentives	6740	-	-	-	-	-	-
Object to Exclude							
Rents and Leases	5060	-	-	-	37,583	-	37,583
Lottery Expenditures							
Academic Salaries	1000	-	-	-	-	-	-
Classified Salaries	2000	-	-	-	1,583,070	-	1,583,070
Employee Benefits	3000	-	-	-	1,143,162	-	1,143,162
Supplies and Materials	4000	-	-	-	-	-	-
Software	4100	-	-	-	-	-	-
Books, Magazines & Periodicals	4200	-	-	-	-	-	-
Instructional Supplies & Materials	4300	-	-	-	23,791	-	23,791
Non-inst. Supplies & Materials	4400	-	-	-	938,069	-	938,069
Total Supplies and Materials		-	-	-	961,860	-	961,860
Other Operating Expenses and Services	5000	-	-	-	118,738	-	118,738
Capital Outlay	6000	-	-	-	-	-	-
Library Books	6300	-	-	-	-	-	-
Equipment	6400	-	-	-	-	-	-
Equipment - Additional	6410	-	-	-	-	-	-
Equipment - Replacement	6420	-	-	-	-	-	-
Total Equipment		-	-	-	-	-	-
Total Capital Outlay		-	-	-	-	-	-
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		\$ 30,943	\$ -	\$ 30,943	\$ 3,979,333	\$ -	\$ 3,979,333
Total for ECS 84362, 50% Law		\$ 66,497,215	\$ -	\$ 66,497,215	\$ 132,755,363	\$ -	\$ 132,755,363
Percent of CEE (Instructional Salary Cost/Total CEE)		50.09%	0.00%	50.09%	100.00%	0.00%	100.00%
50% of Current Expense of Education		\$ -	\$ -	\$ -	\$ 66,377,682	\$ -	\$ 66,377,682

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
DISTRICT PROP 30 EPA EXPENDITURE REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

EPA Revenue	\$ 816,730
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Activity Classification	Activity Code	Salaries and Benefits	Operating Expenses	Capital Outlay	Total
		(Obj 1000-3000)	(Obj 4000-5000)	(Obj 6000)	
Instructional Activities	0100-5900	\$ 816,730	\$ -	\$ -	\$ 816,730
Total		\$ 816,730	\$ -	\$ -	\$ 816,730

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2023**

NOTE 1 – PURPOSE OF SCHEDULES

Organization

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

Combining Fund Balance Sheet

These statements report the financial position and operational results of the individual funds of the District and the reconciling adjusting entries under GASB. The information is presented at the request of District management and has been derived from audited information.

Reconciliation from Fund Balance to Net Position

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

Schedule of Expenditure of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Schedule of State Financial Awards

The accompanying Schedule of Expenditures of State Awards includes the State grant activity of the District and is presented on the modified accrual basis of accounting. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. The information in this schedule is presented to comply with reporting requirements of the California State Chancellor's Office.

Schedule of Workload Measures for State General Apportionment

Full-time equivalent students is a measurement of the number of students attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds are made to community college districts. This schedule provides information regarding the attendance of students based on various methods of accumulating attendance data.

Reconciliation of the ECS 84362 (50 Percent Law) Calculation

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

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2023**

NOTE 1 – PURPOSE OF SCHEDULES, continued

District Prop 30 EPA Expenditure Report

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

**OTHER INDEPENDENT
AUDITORS' REPORTS**



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

The Board of Trustees
San José/Evergreen Community College District
San José, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the San José/Evergreen Community College District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the San José/Evergreen Community College District's basic financial statements, and have issued our report thereon dated December 3, 2023.

Adoption of New Accounting Standard

As discussed in Note 2 to the financial statements, the District has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 87, Subscription-Based Information Technology Arrangements, for the year ending June 30, 2023. Our opinions are not modified with respect to this matter.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered San José/Evergreen Community College District internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the San José/Evergreen Community College District internal control. Accordingly, we do not express an opinion on the effectiveness of the San José/Evergreen Community College District's internal control.

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

Our consideration of internal control 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 may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the San José/Evergreen Community College District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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.



San Diego, California
December 3, 2023



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

The Board of Trustees
San José/Evergreen Community College District
San José, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited San José/Evergreen Community College District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of San José/Evergreen Community College District's major federal programs for the year ended June 30, 2023. San José/Evergreen Community College District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

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 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditors' Responsibilities for the Audit of Compliance

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

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the 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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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.



San Diego, California
December 3, 2023



INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Trustees
San José/Evergreen Community College District
San José, California

Report on State Compliance ***Opinion on State Compliance***

We have audited San José/Evergreen Community College District's compliance with the types of compliance requirements described in the *California Community Colleges Contracted District Audit Manual (CDAM) 2022-23*, issued by the California Community Colleges Chancellor's Office for the year ended June 30, 2023.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the programs noted below that were audited for the year ended June 30, 2023.

Basis for Opinion

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 compliance requirements described in the California Community Colleges Contracted District Audit Manual (CDAM) 2022-23, issued by the California Community Colleges Chancellor's Office. Our responsibilities under those standards and the compliance requirements are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of San José/Evergreen Community College District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for program. Our audit does not provide a legal determination of San José/Evergreen Community College District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements listed in the table below has occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, Government Auditing Standards, and the 2022-2023 California Community Colleges Chancellor's Office *Contracted District Audit Manual* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements listed in the table below.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the 2022-2023 California Community Colleges Chancellor's Office *Contracted District Audit Manual*, we:

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

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

Procedures Performed

In connection with the audit referred to above, we selected and tested transactions and records to determine San José/Evergreen Community College District's compliance with the state laws and regulations applicable to the following items:

- Section 411 – SCFF Data Management Control Environment
- Section 412 – SCFF Supplemental Allocation Metrics
- Section 413 – SCFF Success Allocation Metrics
- Section 421 – Salaries of Classroom Instructors (50 Percent Law)
- Section 423 – Apportionment for Instructional Service Agreements/Contracts
- Section 424 – Student Centered Funding Formula Base Allocation: FTES
- Section 425 – Residency Determination for Credit Courses
- Section 426 – Students Actively Enrolled
- Section 427 – Dual Enrollment (CCAP and Non-CCAP)
- Section 430 – Scheduled Maintenance Program
- Section 431 – Gann Limit Calculation
- Section 435 – Open Enrollment
- Section 444 – Apprenticeship Related and Supplemental Instruction (RSI) Funds
- Section 475 – Disabled Student Programs and Services (DSPS)
- Section 479 – To Be Arranged Hours (TBA)
- Section 490 – Proposition 1D State Bond Funded Projects
- Section 491 – Proposition 55 Education Protection Account Funds
- Section 499 – COVID-19 Response Block Grant Expenditures

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing over state laws and regulations based on the requirements described in the *California Community Colleges Contracted District Audit Manual (CDAM) 2022-23*. Accordingly, this report is not suitable for any other purpose.



San Diego, California
December 3, 2023

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
 SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

FINANCIAL STATEMENTS

Type of auditors' report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>None Reported</u>
Non-compliance material to financial statements noted?	<u>No</u>

FEDERAL AWARDS

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

<u>CFDA Numbers</u>	<u>Name of Federal Program of Cluster</u>
<u>84.007, 84.033, 84.063, 84.268</u>	<u>Student Financial Assistance Cluster</u>
<u>84.425E, 84.425F, 84.425L</u>	<u>Higher Education Emergency Relief Fund</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 1,038,396</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

STATE AWARDS

Internal control over State programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>No</u>
Type of auditors' report issued on compliance for State programs:	<u>Unmodified</u>

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Section II – Financial Statement Findings

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

There were no financial statement findings identified during 2022-23.

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Section III – Federal Award Findings and Questioned Costs

This section identifies the audit findings required to be reported by the *Uniform Guidance* (e.g., deficiencies, significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs).

There were no federal award findings or questioned costs identified during 2022-23.

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Section IV – State Award Findings and Questioned Costs

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

There were no state award findings or questioned costs identified during 2022-23.

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Section V – Prior Year Audit Findings Summary

There were no findings or questioned costs identified during 2021-22.