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SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT

AUDIT REPORT
JUNE 30, 2025 AND 2024

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 (the "District"), as of and for the years ended June 30, 2025, and 2024 and the related notes to financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the fiduciary activities of the District as of June 30, 2025, and 2024, and the respective changes in financial position and, where applicable, 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 (GAAS) 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, the District adopted GASB Statement No. 101, *Compensated Absences* which required a restatement of net position as of July 1, 2024. Our opinion is 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material 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 GAAS 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 GAAS 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.

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 is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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. This 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 GAAS. 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2025, 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 4, 2025

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024**

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 Statement 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 YEARS ENDED JUNE 30, 2025 AND 2024**

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

Statements of Net Position

The Statements 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.

	2025	2024	Change	2023	Change
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
Current assets	\$ 268,784,194	\$ 284,907,090	\$ (16,122,896)	\$ 377,947,878	\$ (93,040,788)
Non-current assets	1,075,505,839	1,091,161,840	(15,656,001)	1,020,293,165	70,868,675
Deferred outflows of resources	74,432,076	82,938,621	(8,506,545)	87,371,545	(4,432,924)
Total Assets and Deferred Outflows of Resources	1,418,722,109	1,459,007,551	(40,285,442)	1,485,612,588	(26,605,037)
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES					
Current liabilities	105,216,740	136,191,822	(30,975,082)	140,958,343	(4,766,521)
Non-current liabilities	1,154,840,224	1,193,793,374	(38,953,150)	1,237,323,291	(43,529,917)
Deferred inflows of resources	17,626,419	15,845,665	1,780,754	17,586,879	(1,741,214)
Total Liabilities and Deferred Inflows of Resources	1,277,683,383	1,345,830,861	(68,147,478)	1,395,868,513	(50,037,652)
NET POSITION					
Net investment in capital assets	542,002	(64,841,704)	65,383,706	(107,432,725)	42,591,021
Restricted	220,548,790	270,219,274	(49,670,484)	297,877,483	(27,658,209)
Unrestricted	(80,052,066)	(92,200,880)	12,148,814	(100,700,683)	8,499,803
Total Net Position	\$ 141,038,726	\$ 113,176,690	\$ 27,862,036	\$ 89,744,075	\$ 23,432,615

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024**

June 30, 2025 Compared to June 30, 2024

- Current assets consist of cash and cash equivalents, accounts receivable, and prepaid expenditures and other assets.
 - Cash and cash equivalents consist mainly of cash in the Santa Clara County treasury and investments from the bond issuance.
 - The decrease of \$16.1 million is primarily due to the decrease in cash and cash equivalents related to capital projects during the year.

- Non-current assets consist of the net OPEB asset, restricted cash and cash equivalents, right-to-use asset, and capital assets.
 - Capital assets (net of depreciation) are the historical value of land, buildings and improvements, construction in progress and furniture and equipment less depreciation. Net capital assets increased by \$57.4 million due to an increase in construction in progress for construction projects related to the General Obligation Bonds.
 - The net OPEB increased by \$1.7 million due to investment gains based on a measurement date of June 30, 2025.
 - Restricted cash and cash equivalents decreased significantly by \$73.5 million with the repayment of capital debt related to the completion of major capital construction projects.

- Current liabilities consist of accounts payable and accrued expenses, unearned revenue, and current portion of compensated absences, lease liability and long-term debt.
 - Accounts payable and accrued expenses 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 debt consists of the principal payment to be paid in the next fiscal year for the General Obligation Bonds.
 - The current liabilities decreased by \$31.0 million primarily due to a decrease in accounts payable.
 - In addition, accounts payable and accrued expenses decreased by \$25.6 million and long-term debt decreased by \$7.3 million.

- Non-current liabilities consist of compensated absences, net pension liability and non-current portion of compensated absences, lease liability and long-term debt. It consists of all the long-term debt that is to be paid beyond the next fiscal year.
 - The non-current liabilities decreased by \$39.0 million due to principal payments on General Obligation Bonds. In addition, the net pension liability decreased by \$12.7 million and compensated absences increased by \$7.6 million.

- The net position increased by \$27.9 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 YEARS ENDED JUNE 30, 2025 AND 2024**

June 30, 2024 Compared to June 30, 2023

- Current assets consist of cash and cash equivalents, accounts receivable, and prepaid expenditures and other assets.
 - Cash and cash equivalents consist mainly of cash in the Santa Clara County treasury and investments from the bond issuance.
 - The decrease of \$93 million is primarily due to the decrease in cash and cash equivalents related to capital projects during the year.
- Non-current assets consist of the net OPEB asset, restricted cash and cash equivalents, right-to-use asset and capital assets.
 - Capital assets (net of depreciation) are the historical value of land, buildings and improvements, construction in progress and furniture and equipment less depreciation. Net capital assets increased by \$110 million due to an increase in construction in progress for construction projects related to the General Obligation Bonds.
- Current liabilities consist of accounts payable and accrued expenses, unearned revenue, and current portion of lease liability and long-term debt.
 - Accounts payable and accrued expenses 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 debt consists of the principal payment to be paid in the next fiscal year for the General Obligation Bonds.
 - The current liabilities decreased by \$4.8 million primarily due to a decrease in unearned revenue.
 - In addition, accounts payable and accrued expenses increased by \$1.7 million, unearned revenues decreased by \$6.1 million and long-term debt decreased by \$0.4 million.
- Non-current liabilities consist of compensated absences, net pension liability, and non-current portion of lease liability and long-term debt. It consists of all the long-term debt that is to be paid beyond the next fiscal year.
 - The non-current liabilities decreased by \$43.5 million due to principal payments on General Obligation Bonds. In addition, the net pension liability increased by \$0.4 million and compensated absences decreased by \$0.5 million.
- The net position increased by \$23.4 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 YEARS ENDED JUNE 30, 2025 AND 2024**

Operating results for the Year Ended June 30, 2025

The largest component of the District's total revenue is the receipt of local property taxes, with 45.5% of total revenues for the District as a whole are reported in the Statements of Revenues, Expenses, and Changes in Net Position on page 11.

- The largest component of the District's total revenue is the receipt of local property taxes, with 45.5% of total revenue coming from this source. This is followed by capital revenues, which comprise 20% of total revenue, and represents local property taxes state apportionments related to the District's bonds. Tuition and other fees represent 2.8% 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, grants and contracts, non-capital, and auxiliary enterprises, and decreased from the prior year by \$9.2 million. Tuition/fees decreased by \$0.5 million from increase enrollment. Federal funding decreased by \$6.5 million from lower Higher Education Emergency Relief Fund (HEERF) revenues compared to prior year.
- The largest component of the District's operating expense is the cost associated with employee salaries and benefits. Almost 57.9% of the total expense is spent for this purpose. "Supplies, materials, and other operating expenses and services" represent ongoing operating costs such as utilities and supplies. "Student aid" represents amounts paid to students primarily for financial aid, a combined of 21% of the total expense.
- Operating expenses consist of salaries, employee benefits, supplies, materials, other operating expenses and services, student aid disbursements, and depreciation and amortization.
 - Salaries and employee benefits increased from the prior year by \$4.1 million.
 - The decrease of \$5.3 million for supplies, materials, and other operating expenses and services 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 \$7.5 million due to secure, supplemental property, and other taxes.
 - Grants and contract revenues relate primarily to student 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 and increased by \$2.7 million from the prior year.
 - Other non-operating revenues consist primarily of local grants and increased by \$1.0 million.
 - Interest expense decreased by \$9.8 million due to bond debt payments and changes in the fair market value of cash in county as of June 30, 2025.

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024**

Economic Factors That May Affect the Future

The District has been identified as a community-supported or “basic aid” district since 2012-2014, meaning its primary source of revenue comes from local property taxes, not state apportionment. The fiscal year 2025-26 adopted budget assumes an increase in property tax revenue of 3.5% over fiscal year 2024-25 actual receipts. This assumption is based on the District’s board-approved budget principles. Given the reliance on local property taxes, the District’s financial condition is directly affected by the economic wellbeing in the local region of Santa Clara County. In its most recent 2025-26 budget report, the County presented its economic outlook for 2025-2029, and highlighted that the information technology sector makes up almost 30% of the County’s GD. This means the County’s fiscal sustainability is heavily tied to the stock market which fluctuates based on the performance of the large tech firms. In addition, the UCLA Anderson Forecast anticipates a moderate future growth in Santa Clara County stemming from a reasonably strong tech sector going forward which may come from improved productivity instead of job growth.

The most recent actuarial valuation study was completed for the District’s other postemployment benefits (OPEB) liability as of June 30, 2025. Based on a discount rate of 5.1%, the market value of the plan assets exceeded the actuarial accrued liability by \$8.5 million. The District has set aside sufficient funds in an irrevocable trust to cover the actuarially determined contribution for fiscal year 2025-26. The District also has sufficient revenue to maintain funding of the colleges and allow for future capital projects. Excess funds over the funding formula are used to pay down long-term debt and support capital outlay needs.

Other factors that may impact the District include persistent inflation, impact on enrollment with declines in the traditional high school student population, as well as state pension plans which are currently underfunded and employer rates for PERS which are anticipated to continue to increase over the next several years.

Despite these uncertainties, the District continues to plan intentionally for the challenges ahead and is sharpening its focus to expand and enhance access and success for the students, while improving the District’s financial position by making systematic investments in human and physical capital and technology resources. Through the support of the Board members, staff, students, and community at large, the District, has an established presence in the community, and remains committed to academic excellence and fiscal stability.

FISCAL YEAR 2024-25 FINANCIAL HIGHLIGHTS

- Student financial aid provided to qualify In fiscal year 2024-25, the District revenues from local property taxes and student fees exceeded the State’s base revenue. The District became a “community supported” district at the end of fiscal year 2012-13. As a community-supported district, the District is not affected by State shortfalls or mid-year reductions.
- Employees received a 4% salary increase in fiscal year 2024-25. The District settled a three-year bargaining agreement with all represented groups and the “meet and confer” units. The settlements include a 6% salary increase for fiscal year 2023-24, 4% for 2024-25, and 3% for 2026-27.
- Actual revenues in the Unrestricted General Fund exceeded the Adopted Budget by approximately \$X.X million due to an increase in local property tax revenues.

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024**

FISCAL YEAR 2024-25 FINANCIAL HIGHLIGHTS, continued

- During the fiscal year 2024-25, student enrollment fees were \$46 per unit and the non-resident tuition fee was \$377 per unit. The District did not apply a capital outlay fee.
- The District ended fiscal year 2024-25 with an Unrestricted General Fund balance of \$54.7 million.
- Employees of the District are eligible for medical, dental, and vision coverage. Effective July 1, 2018, the District joined the Self-Insured Schools of California (SISC) for health coverage. The District's maximum benefits contributions for the 2025 calendar year are limited to \$17,676 for single coverage, \$37,032 for two-party coverage, and \$52,932 for family coverage, annually.
- The District provides retirees hired before the following dates with lifetime medical benefits
 - Faculty Association (Certificated) employees: September 7, 1982
 - Staff (CSEA): February 16, 1982
 - Administrative employees: June 30, 1983
- The District also provides a Bridge Program for eligible retirees who do not qualify for lifetime medical benefits. The District has accounted for retiree benefits on a "pay-as-you-go" basis. An actuarial study determined the total
- Other Post Employment Benefit Plan (OPEB) Liability, as of June 30, 2025, was \$30.5 million. This amount represents the present value of all benefits to be paid for current and future retirees. The OPEB liability is fully funded.
- The District has an irrevocable trust set up with Futuris Public Entity Retirement Trust to invest its money to cover the long-term OPEB liability. The Trust is Section 115 Internal Revenue Service compliant. The balance in the trust account as of June 30, 2025, was \$38.9 million.
- Funding for students throughout the District was approximately \$26.0 million. This aid is provided through grants and loans from the Federal government, the State government, and local agencies.

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
STATEMENTS OF NET POSITION
JUNE 30, 2025 AND 2024

	2025	2024
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 250,463,213	\$ 262,966,004
Accounts receivable, net	17,672,435	21,292,532
Prepaid expenditures and other assets	648,546	648,554
Total Current Assets	<u>268,784,194</u>	<u>284,907,090</u>
Non-current Assets:		
Restricted cash and cash equivalents	187,842,961	261,380,080
Net OPEB asset	8,556,411	6,892,935
Right-to-use asset, net	15,115,764	16,303,816
Capital assets, net	863,990,703	806,585,009
Total Non-current Assets	<u>1,075,505,839</u>	<u>1,091,161,840</u>
TOTAL ASSETS	<u>1,344,290,033</u>	<u>1,376,068,930</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on refunding	29,861,881	29,861,881
Deferred outflows - pensions	38,186,387	43,039,348
Deferred outflows - OPEB	6,383,808	10,037,392
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>74,432,076</u>	<u>82,938,621</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 1,418,722,109</u>	<u>\$ 1,459,007,551</u>
LIABILITIES		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 23,275,765	\$ 48,894,181
Unearned revenue	40,774,726	40,832,410
Compensated absences, current portion	1,806,924	-
Lease liability, current portion	233,269	82,880
Long-term debt, current portion	39,126,056	46,382,351
Total Current Liabilities	<u>105,216,740</u>	<u>136,191,822</u>
Non-current Liabilities:		
Compensated absences, non-current portion	10,089,538	4,246,660
Banked overload	3,075,046	3,483,696
Lease liability, non-current portion	16,609,761	12,787,758
Net pension liability	122,799,885	135,518,780
Long-term debt, non-current portion	1,002,265,994	1,037,756,480
Total Non-current Liabilities	<u>1,154,840,224</u>	<u>1,193,793,374</u>
TOTAL LIABILITIES	<u>1,260,056,964</u>	<u>1,329,985,196</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows - pensions	16,119,121	13,499,792
Deferred inflows - OPEB	1,507,298	2,345,873
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>17,626,419</u>	<u>15,845,665</u>
NET POSITION		
Net investment in capital assets	542,002	(64,841,704)
Restricted for:		
Debt service	54,062,133	61,228,984
Capital projects	164,463,472	207,098,109
Educational programs	2,023,185	1,892,181
Unrestricted	<u>(80,052,066)</u>	<u>(92,200,880)</u>
TOTAL NET POSITION	<u>141,038,726</u>	<u>113,176,690</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>\$ 1,418,722,109</u>	<u>\$ 1,459,007,551</u>

See accompanying notes to financial statements.

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024**

	2025	2024
OPERATING REVENUES		
Tuition and fees, gross	\$ 17,763,760	\$ 17,875,491
Less: Scholarship discounts and allowances	(8,440,904)	(8,005,545)
Tuition and fees, net	9,322,856	9,869,946
Grants and contracts, non-capital:		
Federal	6,014,000	12,472,012
State	22,761,622	25,032,835
Local	1,894,443	1,807,365
Auxiliary enterprise sales, net	14,619	9,353
TOTAL OPERATING REVENUES	40,007,540	49,191,511
OPERATING EXPENSES		
Salaries	115,721,506	110,748,878
Employee benefits	53,824,360	54,655,646
Supplies, materials, and other operating expenses and services	34,779,465	40,090,000
Student aid	26,035,934	22,718,767
Depreciation and amortization	38,325,744	35,165,236
TOTAL OPERATING EXPENSES	268,687,009	263,378,527
OPERATING LOSS	(228,679,469)	(214,187,016)
NON-OPERATING REVENUES/(EXPENSES)		
State apportionments, non-capital	16,001,674	16,551,258
Local property taxes	148,931,058	141,461,039
State taxes and other revenues	9,871,619	7,643,973
Pell grants	21,638,054	18,426,208
Investment income	16,181,781	17,115,263
Interest expense on capital asset-related debt	(24,530,589)	(34,306,350)
Other non-operating revenues	10,216,232	9,242,128
TOTAL NON-OPERATING REVENUES/(EXPENSES)	198,309,829	176,133,519
LOSS BEFORE OTHER REVENUES/(EXPENSES) AND GAINS/(LOSSES)	(30,369,640)	(38,053,497)
OTHER REVENUES/(EXPENSES) AND GAINS/(LOSSES)		
State apportionments, capital	200,238	206,472
Local property taxes and revenues, capital	64,369,490	61,279,640
TOTAL OTHER REVENUES/(EXPENSES) AND GAINS/(LOSSES)	64,569,728	61,486,112
CHANGES IN NET POSITION	34,200,088	23,432,615
NET POSITION - BEGINNING OF YEAR	113,176,690	89,744,075
PRIOR YEAR ADJUSTMENT (SEE NOTE 14)	(6,338,052)	-
NET POSITION - END OF YEAR	\$ 141,038,726	\$ 113,176,690

See accompanying notes to financial statements.

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024**

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees, net	\$ 9,322,856	\$ 9,869,946
Grants and contracts, non-capital	34,534,586	32,220,869
Payments to or on behalf of employees	(173,059,671)	(163,489,321)
Payments to vendors for supplies and services	(72,474,845)	(39,572,382)
Payment to students	(21,485,081)	(23,043,111)
Other receipts	14,619	9,353
Net Cash Provided by/(Used in) Operating Activities	<u>(223,147,536)</u>	<u>(184,004,646)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
State apportionments	16,001,674	16,551,258
Pell grants	21,638,054	18,426,208
Local property taxes	148,931,058	141,461,039
State taxes and other revenues	9,871,619	7,643,973
Other non-operating revenues	10,216,232	9,242,128
Net Cash Provided by/(Used in) Non-Capital Financing Activities	<u>206,658,637</u>	<u>193,324,606</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(100,881,438)	(144,793,122)
Proceeds from debt issuance	493,945,000	493,945,000
State apportionments, capital projects	200,238	206,472
Local property taxes and other revenues, capital	64,369,490	61,279,640
Principal paid on capital debt	(532,719,389)	(537,978,753)
Interest paid on capital debt	(12,453,617)	(31,004,268)
Net Cash Provided by/(Used in) Capital Financing Activities	<u>(87,539,716)</u>	<u>(158,345,031)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	16,181,781	17,115,263
Net Cash Provided by/(Used in) Investing Activities	<u>16,181,781</u>	<u>17,115,263</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(87,846,834)	(131,909,808)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	524,346,084	656,255,892
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 436,499,250</u>	<u>\$ 524,346,084</u>

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024**

	2025	2024
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES		
Operating loss	\$ (228,679,469)	\$ (214,187,016)
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided by/(Used in)		
Operating Activities:		
Depreciation and amortization	38,325,744	35,165,236
Changes in Assets and Liabilities:		
Accounts receivable, net	3,620,097	(1,268,441)
Prepaid expenditures and other assets	8	(9,433)
Net OPEB asset	(1,663,476)	1,108,660
Deferred outflows of resources	8,506,545	2,347,315
Accounts payable and accrued expenses	(37,695,388)	527,051
Unearned revenue	(57,684)	(6,125,010)
Compensated absences	5,842,878	(404,434)
Banked overload	(408,650)	138,363
Net pension liability	(12,718,895)	444,277
Deferred inflows of resources	1,780,754	(1,741,214)
Total Adjustments	5,531,933	30,182,370
Net Cash Flows From Operating Activities	\$ (223,147,536)	\$ (184,004,646)

See accompanying notes to financial statements.

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2025**

	OPEB	
	Irrevocable	
	Trust	Agency
	Fund	Fund
	<hr/>	
ASSETS		
Investments	\$ 40,330,989	\$ -
Accounts receivable	-	51,059
Total Assets	<hr/> 40,330,989	<hr/> 51,059
LIABILITIES		
Accounts payable	-	16,723
Unearned revenue	-	34,336
Total Liabilities	<hr/> -	<hr/> 51,059
NET POSITION		
Held in Trust	40,330,989	-
Total Net Position Held in Trust	<hr/> \$ 40,330,989	<hr/> \$ -

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2025**

	OPEB Irrevocable Trust Fund
ADDITIONS	
Net investment income/(losses)	\$ 3,848,789
Total Additions	<u>3,848,789</u>
DEDUCTIONS	
Retiree benefits	<u>2,496,199</u>
Total Deductions	<u>2,496,199</u>
CHANGE IN NET POSITION	1,352,590
NET POSITION, BEGINNING OF YEAR	<u>38,978,399</u>
NET POSITION, END OF YEAR	<u>\$ 40,330,989</u>

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

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 and Cash Equivalents

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

SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

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.

Accounts Receivable

Accounts receivable 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 \$7,199,289 and \$6,224,197 for the years ended June 30, 2025 and 2024, respectively.

Prepaid Expenditures and Other Assets

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements. The cost of prepaid items is recorded as expenses when consumed rather than when purchased.

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 furniture and equipment, 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.

SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Right-to-Use Asset

The District has recorded right-to-use asset as a result of implementing GASB 87. The right-to-use asset 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 asset are amortized on a straight-line basis over the life of the related lease.

Accounts Payable and Accrued Expenses

Accounts payables and accrued expenses are reported in the District and fiduciary fund financial statements. In general, accounts payable and accrued expenses that, once incurred, are paid in a timely manner and in full, from current financial resources are reported as liabilities of the District.

Compensated Absences

Accumulated unpaid employee vacation benefits are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the entity-wide financial statements. The current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignation and retirements that occur prior to year-end that have not yet been paid within the fund from which the employees who have accumulated the leave are paid. The District also participates in "load banking" with eligible academic employees whereby the employee may teach extra courses in one period in exchange for time off in another period. The liability for this benefit is reported on the entity-wide financial statements.

GASB Statement No. 101 requires that liabilities for compensated absences be recognized for [1] leave that has not been used and [2] leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if [a] the leave is attributable to services already rendered, [b] the leave accumulates, and [c] the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

Flow Assumption: When determining the amounts due within one year for sick leave, accumulated sick leave as of June 30, 2025 is assumed to be used before future sick leave accruals (i.e. First In, First Out). The amount due within one year for vacation leave is based on the expected accumulated vacation leave to be cashed out upon the end of employment in the following year.

Sick leave is accumulated without limit for each employee based upon negotiated contracts. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. Therefore, the value of accumulated sick leave is not recognized as a liability in the District's financial statements. However, retirement credit for unused sick leave is applicable to all classified school members who retire after January 1, 1999. At retirement, each member will receive .004 year of service credit for each day of unused sick leave. Retirement credit for unused sick leave is applicable to all employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full time.

SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Banked Overload

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.

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 statements 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 statements 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 inflows of resources related to the recognition of the pension liability and OPEB 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 Employees 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.

SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability/(asset), deferred outflows/inflows of resources related to OPEB, and OPEB expense/(benefit), information about the fiduciary net position of the District OPEB Plan and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the District OPEB Plan. For this purpose, the District OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost. The Plan is included in the District's financial statements and separately presented as a fiduciary fund.

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, 2025 and 2024, there is no balance of nonexpendable restricted net position.

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.

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Classification of Revenue and Expenses

The District has classified its revenues as either operating or non-operating revenues. Certain significant revenue streams relied upon for operations are recorded as non-operating 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.

Non-operating revenues and expenses: Non-operating 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 changes 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.

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

Adoption of New Accounting Standards

The following GASB Pronouncements were adopted by the District during the year ended June 30, 2025:

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. The financial impact of this Statement is reflected in Notes 8 and 14.

SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

New Accounting Pronouncements, continued

GASB Statement No. 102 – In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of government financial statements with information about risks related to a government’s vulnerabilities due to certain concentrations or constraints that is essential to their analyses for making decisions or assessing accountability. A government should disclose in notes to financial statements the information if the following criteria have been met; (a) a concentration or constraint is known to the government prior to the issuance of the financial statements and makes the reporting unit vulnerable to the risk of a substantial impact, (b) an event or events associated with the concentration or constraint that could cause a substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. Management has determined that the adoption of this statement did not have any material impact on the District’s financial statements.

Upcoming GASB Pronouncements

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that may impact future financial presentations. Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements of the District.

GASB Statement No. 103 – In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government’s accountability. This Statement also addresses certain application issues. This statement is effective for periods beginning after June 15, 2025.

GASB Statement No. 104 – In September 2024, GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34, *Basic Financial Statements— and Management’s Discussion and Analysis—for State and Local Governments*. This Statement also requires additional disclosures for capital assets held for sale. This statement is effective for periods beginning after June 15, 2025.

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
 JUNE 30, 2025 AND 2024**

NOTE 2 – CASH AND CASH EQUIVALENTS

District cash and cash equivalents at June 30, 2025, consisted of the following:

	Primary Government
Cash in county treasury	\$ 361,096,842
Investments	57,140,745
Cash on hand and in banks	20,068,587
Total Cash and Cash Equivalents	\$ 438,306,174
	Fiduciary Funds
Investments	\$ 40,330,989
Total Investments	\$ 40,330,989

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, 2025.

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 2 – CASH AND CASH EQUIVALENTS, 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, 2025, 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, 2025, 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 415 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
JUNE 30, 2025 AND 2024**

NOTE 2 – CASH AND CASH EQUIVALENTS, continued

Credit Risk, 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, 2025, 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, 2025, 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, 2025 are as follows:

Mutual funds:	
Domestic equity	\$ 13,513,463
Fixed income	22,102,449
International equity	2,923,930
Real estate	1,791,147
Total investments	<u>\$ 40,330,989</u>

During the year ended June 30, 2025, 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)	\$ 983,455
Realized gains/(losses)	9,612
Dividend and other income	113,477
Investment fees	(16,994)
Total investment gains/(losses)	<u>\$ 1,089,550</u>

SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2025 totaled \$17.7 million. Significant components of the balance include \$15.9 million in student receivables and \$7.2 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 uncollectability of other receivable balances.

NOTE 4 – RIGHT-TO-USE ASSET

The amount of lease asset by major class of underlying asset as of June 30, 2025, was as follows:

	Balance July 1, 2024	Additions	Deductions	Balance June 30, 2025
Right-to-Use Asset:				
Leased land	\$ 17,274,361	\$ -	\$ -	\$ 17,274,361
Total Right-to-Use Asset	17,274,361	-	-	17,274,361
Less: Accumulated Amortization				
Total Accumulated Amortization	970,545	1,188,052	-	2,158,597
Right-to-Use Asset, Net	\$ 16,303,816	\$ (1,188,052)	\$ -	\$ 15,115,764

NOTE 5 – CAPITAL ASSETS

Capital asset activity consists of the following:

	Beginning Balance July 1, 2024	Additions	Deductions	Ending Balance June 30, 2025
Capital Assets Not Being Depreciated				
Land	\$ 3,441,983	\$ -	\$ -	\$ 3,441,983
Construction in progress	321,234,586	82,230,773	156,883,710	246,581,649
Total Capital Assets not being Depreciated	324,676,569	82,230,773	156,883,710	250,023,632
Capital Assets Being Depreciated				
Land improvements	151,434,440	213,788	-	151,648,228
Buildings & improvements	663,557,396	156,522,532	-	820,079,928
Furniture and equipment	85,003,579	12,460,003	-	97,463,582
Total Capital Assets Being Depreciated	899,995,415	169,196,323	-	1,069,191,738
Total Capital Assets	1,224,671,984	251,427,096	156,883,710	1,319,215,370
Less: Accumulated Depreciation				
Land improvements	100,660,738	8,288,166	-	108,948,904
Buildings & improvements	250,503,522	21,544,409	-	272,047,931
Furniture and equipment	66,922,715	7,305,117	-	74,227,832
Total Accumulated Depreciation	418,086,975	37,137,692	-	455,224,667
Capital Assets, Net	\$ 806,585,009	\$ 214,289,404	\$ 156,883,710	\$ 863,990,703

SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 6 – UNEARNED REVENUE

Unearned revenue for the District as of June 30, 2025 consisted of the following:

State financial awards	\$ 34,892,031
Enrollment fees	5,721,141
Other local revenue	161,554
Total unearned revenue	<u>\$ 40,774,726</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	Lease Terms	Average Annual Lease Payment
Land	1	3.00%	7/1/2021 - 8/1/2061	\$ 427,182

Future minimum lease payments on non-cancellable leases at June 30, 2025 are as follows:

Fiscal year	Principal	Interest	Total
2026	\$ 233,269	\$ 502,101	\$ 735,370
2027	240,365	495,005	735,370
2028	247,675	487,695	735,370
2029	298,879	479,948	778,827
2030	376,134	469,542	845,676
2031-2035	2,239,756	2,165,447	4,405,203
2036-2040	3,186,071	1,756,163	4,942,234
2041-2045	2,102,284	1,330,514	3,432,798
2046-2050	2,053,584	1,040,181	3,093,765
2051-2055	2,385,478	708,287	3,093,765
2056-2060	2,771,011	322,754	3,093,765
2061-2062	708,524	13,355	721,879
Total	<u>\$ 16,843,030</u>	<u>\$ 9,770,992</u>	<u>\$ 26,614,022</u>

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 8 – LONG-TERM LIABILITIES

A schedule of changes in long-term liabilities for the year ended June 30, 2025 is as follows:

	Balance July 1, 2024	Adjustments (Note 14)	Balance July 1, 2024	Additions	Deductions	Balance June 30, 2025	Due Within One Year
General Obligation Bonds							
General obligation bonds	\$ 1,029,069,605	\$ -	\$ 1,029,069,605	\$ -	\$ 41,835,000	\$ 987,234,605	\$ 36,205,000
Unamortized premium	39,039,264	-	39,039,264	-	2,471,110	36,568,154	2,921,056
Accreted interest	16,029,962	-	16,029,962	1,559,329	-	17,589,291	-
Total General Obligation Bonds	1,084,138,831	-	1,084,138,831	1,559,329	44,306,110	1,041,392,050	39,126,056
Other Long-Term Liabilities							
Compensated absences	4,246,660	6,338,052	10,584,712	1,311,750	-	11,896,462	1,806,924
Banked overload	3,483,696	-	3,483,696	-	408,650	3,075,046	-
Lease liability	12,870,638	-	12,870,638	3,972,392	-	16,843,030	233,269
Total Other Long-term Liabilities	20,600,994	6,338,052	23,455,350	5,284,142	408,650	31,814,538	2,040,193
Total Long-Term Liabilities	\$ 1,104,739,825	\$ 6,338,052	\$ 1,107,594,181	\$ 6,843,471	\$ 44,714,760	\$ 1,073,206,588	\$ 41,166,249

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. 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
JUNE 30, 2025 AND 2024

NOTE 8 – LONG-TERM LIABILITIES, continued

General Obligation Bonds, 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
2026	\$ -	\$ -	\$ -
2027	-	-	-
2028	-	-	-
2029	2,074,826	4,075,174	6,150,000
2030	2,284,272	4,915,728	7,200,000
2031-2033	6,250,507	18,734,493	24,985,000
Total	\$ 10,609,605	\$ 27,725,395	\$ 38,335,000

2004 Series C General Obligation Bonds

Fiscal Year	Principal	Interest	Total
2026	\$ -	\$ 8,700	\$ 8,700
2027	290,000	4,350	294,350
Total	\$ 290,000	\$ 13,050	\$ 303,050

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 London Interbank Offered Rate (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
JUNE 30, 2025 AND 2024

NOTE 8 – LONG-TERM LIABILITIES, continued

General Obligation Bonds, continued

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

OPEB Taxable Bonds, Series B

Fiscal Year	Principal	Interest	Total
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	915,000	2,310,613	3,225,613
2030	1,080,000	2,257,769	3,337,769
2031-2035	8,295,000	10,181,930	18,476,930
2036-2040	15,160,000	7,165,224	22,325,224
2041-2044	19,125,000	2,120,252	21,245,252
Total	\$ 46,530,000	\$ 31,198,881	\$ 77,728,881

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. This was fully paid during the year.

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.

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

2010 Series D General Obligation Bonds

Fiscal Year	Principal	Interest	Total
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	2,525,000	1,211,431	3,736,431
2030	2,780,000	1,115,757	3,895,757
2031-2035	18,325,000	3,974,665	22,299,665
2036-2038	15,215,000	729,297	15,944,297
Total	\$ 45,050,000	\$ 11,206,843	\$ 56,256,843

SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 8 – LONG-TERM LIABILITIES, continued

General Obligation Bonds, 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, 2023 with interest rates ranging from one to five percent. This was fully paid during the year.

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.

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 General Obligation Refunding Bonds			
Fiscal Year	Principal	Interest	Total
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	1,420,000	78,050	1,498,050
2030	1,520,000	26,600	1,546,600
Total	<u>\$ 27,295,000</u>	<u>\$ 1,738,300</u>	<u>\$ 29,033,300</u>

SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 8 – LONG-TERM LIABILITIES, continued

General Obligation Bonds, continued

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
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	1,010,000	811,094	1,821,094
2030	1,110,000	768,694	1,878,694
2031-2035	8,070,000	3,093,488	11,163,488
2036-2039	12,255,000	964,815	13,219,815
Total	\$ 24,900,000	\$ 8,302,723	\$ 33,202,723

2016 Series A-1 General Obligation Bonds

Fiscal Year	Principal	Interest	Total
2026	\$ 380,000	\$ 203,179	\$ 583,179
2027	425,000	183,055	608,055
2028	465,000	163,762	628,762
2029	510,000	145,461	655,461
2030	560,000	124,968	684,968
2031-2034	2,785,000	242,422	3,027,422
Total	\$ 5,125,000	\$ 1,062,847	\$ 6,187,847

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 8 – LONG-TERM LIABILITIES, continued

General Obligation Bonds, continued

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 General Obligation Refunding Bonds			
Fiscal Year	Principal	Interest	Total
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	2,355,000	1,611,530	3,966,530
2030	2,565,000	1,552,567	4,117,567
2031-2035	16,060,000	6,598,268	22,658,268
2036-2040	22,905,000	3,744,402	26,649,402
2041-2042	11,740,000	374,713	12,114,713
Total	\$ 61,565,000	\$ 19,006,629	\$ 80,571,629

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
2026	\$ -	\$ 5,595,625	\$ 5,595,625
2027	-	5,595,625	5,595,625
2028	-	5,595,625	5,595,625
2029	-	5,595,625	5,595,625
2030	4,635,000	5,502,925	10,137,925
2031-2035	32,060,000	24,137,124	56,197,124
2036-2040	51,040,000	17,534,174	68,574,174
2041-2045	81,500,000	7,952,623	89,452,623
2046	19,565,000	244,562	19,809,562
Total	\$ 188,800,000	\$ 77,753,908	\$ 266,553,908

SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 8 – LONG-TERM LIABILITIES, continued

General Obligation Bonds, continued

2016 Series B-1 General Obligation Bonds

Fiscal Year	Principal	Interest	Total
2026	\$ -	\$ 4,910,128	\$ 4,910,128
2027	-	4,910,128	4,910,128
2028	-	4,910,128	4,910,128
2029	-	4,910,128	4,910,128
2030	4,785,000	4,865,627	9,650,627
2031-2035	30,865,000	22,600,076	53,465,076
2036-2040	47,115,000	17,917,638	65,032,638
2041-2045	75,690,000	8,925,886	84,615,886
2046	18,430,000	282,255	18,712,255
Total	\$ 176,885,000	\$ 74,231,994	\$ 251,116,994

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 General Obligation Refunding Bonds 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
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	15,100,000	3,419,153	18,519,153
2030	16,085,000	3,166,077	19,251,077
2031-2035	34,445,000	12,796,762	47,241,762
2036-2040	34,790,000	8,814,629	43,604,629
2041-2044	37,225,000	2,909,115	40,134,115
Total	\$ 176,700,000	\$ 42,363,979	\$ 219,063,979

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 8 – LONG-TERM LIABILITIES, continued

General Obligation Bonds, continued

In March 2022, the District issued \$200,000,000 and \$38,000,000 of 2016 General Obligation Bonds as Series C and Series C-1. The 2016 Series C and Series C-1 Bonds mature through September 2045 and September 2028, respectively, with interest rates ranging from 0.301% to 2.446%.

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

2016 Series C General Obligation Bonds

Fiscal Year	Principal	Interest	Total
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	2,295,000	8,531,800	10,826,800
2030	3,800,000	8,417,050	12,217,050
2031-2035	29,240,000	38,581,000	67,821,000
2036-2040	51,325,000	29,212,750	80,537,750
2041-2045	81,185,000	14,476,600	95,661,600
2046	20,375,000	815,000	21,190,000
Total	\$ 191,480,000	\$ 126,012,100	\$ 317,492,100

2016 Series C-1 General Obligation Bonds

Fiscal Year	Principal	Interest	Total
2026	\$ 6,750,000	\$ 1,398,809	\$ 8,148,809
2027	7,555,000	1,048,991	8,603,991
2028	8,400,000	669,666	9,069,666
2029	9,300,000	235,755	9,535,755
Total	\$ 32,005,000	\$ 3,353,221	\$ 35,358,221

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
 JUNE 30, 2025 AND 2024**

NOTE 10 – NET PENSION LIABILITY

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Academic employees are members of the California State Teachers’ Retirement System (CalSTRS) and classified employees are members of the California Public Employees’ Retirement System (CalPERS).

For the year ended June 30, 2025, the District reported its proportionate share of net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans are as follows:

Pension Plan	Collective Net Pension Liability	Collective Deferred Outflows of Resources	Collective Deferred Inflows of Resources	Collective Pension Expense
CalSTRS	\$ 51,101,163	\$ 16,405,025	\$ 8,507,133	\$ 5,404,058
CalPERS	71,698,722	21,781,362	7,611,988	10,895,241
Total	\$ 122,799,885	\$ 38,186,387	\$ 16,119,121	\$ 16,299,299

The details of each plan are as follows:

California State Teachers’ Retirement System (CalSTRS)

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, 2023, 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.

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 10 – NET PENSION LIABILITY, continued

California State Teachers’ Retirement System (CalSTRS), continued

Benefits Provided, continued

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 non-employer 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 provisions and benefits in effect at June 30, 2025, 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%

Contributions

The parameters for employer and state contribution rates for the DB Program are set by the California Legislature and the Governor and detailed in the Teachers’ Retirement Law. Current contribution rates were established by California Assembly Bill 1469 (CalSTRS Funding Plan), which was passed into law in June 2014 and established a schedule of contribution rate increases shared among members, employers and the state to bring CalSTRS toward full funding by 2046. The contribution rates for each plan for the year ended June 30, 2025, are presented above, and the District's total contributions were \$10,342,456.

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 10 – NET PENSION LIABILITY, continued

California State Teachers’ Retirement System (CalSTRS), continued

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

At June 30, 2025, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$ 51,101,163
State's proportionate share of the net pension liability associated with the District	<u>23,445,749</u>
Total	<u>\$ 74,546,912</u>

The net pension liability was measured as of June 30, 2024. 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, 2024 and June 30, 2023 was 0.076 percent.

For the year ended, June 30, 2025, the District recognized pension expense of \$5,404,058. In addition, the District recognized pension expense and revenue of \$2,139,748 for support provided by the State. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between projected and actual earnings on plan investments	\$ -	\$ 208,779
Differences between expected and actual experience	5,780,851	2,236,038
Changes in assumptions	223,690	3,489,708
Net changes in proportionate share of net pension liability	58,028	2,572,608
District contributions subsequent to the measurement date	10,342,456	-
Total	<u>\$ 16,405,025</u>	<u>\$ 8,507,133</u>

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 10 – NET PENSION LIABILITY, continued

California State Teachers’ Retirement System (CalSTRS), continued

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

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. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Deferred Outflows/(Inflows) of Resources
2026	\$ (4,880,832)
2027	2,872,607
2028	(465,344)
2029	(228,706)
2030	508,358
Thereafter	(250,647)
Total	<u>\$ (2,444,564)</u>

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2023, and rolling forward the total pension liability to June 30, 2024. The financial reporting actuarial valuation as of June 30, 2024, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2023
Measurement date	June 30, 2024
Experience study	July 1, 2007, through June 30, 2022
Actuarial cost method	Entry age normal
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%
Payroll growth	3.25%
Postretirement benefit increases	2.00%

CalSTRS uses a generational mortality assumption, which is based off generational mortality tables that reflect expected future improvements in mortality and includes a base table and a projection table. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among our members. The projection table reflects the expected annual reduction in mortality rates at each age. The current mortality assumption uses a base year of 2023, and projected improvement is based on the MP– 2021 Ultimate Projection Scale.

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 10 – NET PENSION LIABILITY, continued

California State Teachers’ Retirement System (CalSTRS), continued

Actuarial Methods and Assumptions, continued

The long-term investment rate of return assumption was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class/strategy. Expected real rates of return are net of our 2.75% inflation assumption and are derived from best-estimate ranges of 20- to 30-year geometrically linked expected returns. These best-estimate ranges were developed using capital market assumptions from CalSTRS investment staff and investment consultants as inputs to the process.

The actuarial investment rate of return assumption was adopted by the board in January 2024 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS’ independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. The assumed asset allocation and best estimates of the expected rates of return for each major asset class/strategy as of June 30, 2024, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-term Expected Rate of Return*	Long-term Expected Real Rate of Return**
Public Equity	38%	8.00%	5.25%
Real Estate	15%	6.80%	4.05%
Private Equity	14%	9.50%	6.75%
Fixed Income	14%	5.20%	2.45%
Risk Mitigating Strategies	10%	5.00%	2.25%
Inflation Sensitive	7%	6.40%	3.65%
Cash/Liquidity	2%	2.80%	0.05%
	100%		

*20 to 30 year geometric average.

**Real rates of return are net of assumed 2.75% inflation.

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 the contributions from plan members and employers will be made at statutory contribution rates. 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 occurred midyear. Based on these 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 total pension liability.

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 10 – NET PENSION LIABILITY, continued

California State Teachers’ Retirement System (CalSTRS), continued

Discount Rate, continued

The following presents the District’s proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Plan's net pension liability	\$ 90,892,248	\$ 51,101,163	\$ 17,873,956

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>.

California Public Employees’ Retirement System (CalPERS)

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, 2023 annual actuarial valuation report, Schools Pool Actuarial Valuation. 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 55 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 62 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
JUNE 30, 2025 AND 2024**

NOTE 10 – NET PENSION LIABILITY, continued

California Public Employees’ Retirement System (CalPERS), continued

Benefits Provided, continued

The CalPERS provisions and benefits in effect at June 30, 2025, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before December 31, 2012	On or after January 1, 2013
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	27.05%	27.05%

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, 2025, are presented above and the total District contributions were \$11,203,448.

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

As of June 30, 2025, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$71,698,722. The net pension liability was measured as of June 30, 2024. 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, 2024 and June 30, 2023, respectively was 0.201 percent and 0.214 percent, resulting in a net decrease in the proportionate share of 0.013 percent.

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 10 – NET PENSION LIABILITY, continued

California Public Employees’ Retirement System (CalPERS), continued

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

For the year ended June 30, 2025, the District recognized pension expense of \$10,895,241. At June 30, 2025, 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	\$ 2,785,083	\$ -
Differences between expected and actual experience	6,010,889	513,145
Changes in assumptions	1,584,784	-
Net changes in proportionate share of net pension liability	197,158	7,098,843
District contributions subsequent to the measurement date	11,203,448	-
Total	<u>\$ 21,781,362</u>	<u>\$ 7,611,988</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. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Deferred Outflows/(Inflows) of Resources
2026	\$ 1,471,882
2027	4,566,703
2028	(1,401,763)
2029	(1,670,896)
Total	<u>\$ 2,965,926</u>

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 10 – NET PENSION LIABILITY, continued

California Public Employees’ Retirement System (CalPERS), continued

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

Total pension liability for the SEP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2023, and rolling forward the total pension liability to June 30, 2024. The financial reporting actuarial valuation as of June 30, 2024, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2023
Measurement date	June 30, 2024
Experience study	July 1, 1997, through June 30, 2015
Actuarial cost method	Entry age normal
Investment rate of return	6.90%
Consumer price inflation	2.30%
Wage growth	Varies by entry age and service

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

In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and, combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class*	Assumed Asset Allocation	Real Return Years 1 - 10**
Global Equity - cap-weighted	30%	4.54%
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%
	100%	

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

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

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2025 AND 2024**

NOTE 10 – NET PENSION LIABILITY, continued

California Public Employees’ Retirement System (CalPERS), continued

Discount Rate

The discount rate used to measure the total pension liability was 6.90 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the School Employer Pool 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 total pension liability.

The following presents the District’s proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Plan's net pension liability	\$ 106,509,051	\$ 71,698,722	\$ 42,942,621

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
JUNE 30, 2025 AND 2024**

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS

For the year ended June 30, 2025, the District reported net OPEB liability/(asset), deferred outflows of resources, deferred inflows of resources, and OPEB expense/(benefit) for the following plans:

OPEB Plan	Net OPEB Liability/(Asset)	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense/(Benefit)
District Plan	\$ (8,556,411)	\$ 6,383,808	\$ 1,507,298	\$ (1,151,533)

Plan Description

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, 2025:

	Number of Participants
Inactive Employees Receiving Benefits	197
Active Employees	638
	<u>835</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 thirty years. There were no contributions to the Trust from the District for the year ended June 30, 2025.

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS, continued

OPEB Plan Investments

The plan discount rate of 5.10% was determined using the following asset allocation and assumed rate of return:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	55.0%	3.80%
Domestic Equities	45.0%	6.70%
Total	100.00%	

Actuarial Assumptions

The total OPEB liability in the June 30, 2025 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	June 30, 2025
Measurement date	June 30, 2025
Fiscal year	July 1st to June 30th
Actuarial cost methods	Entry age normal cost method
Inflation rate	2.75%
Investment rate of return	5.10%
Discount rate	5.10%
Healthcare cost trend rate	4.50%

Changes in the Net OPEB Liability/(Asset)

	Increase/(Decrease)		
	Total OPEB Liability (a)	Total Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (a) - (b)
Balance July 1, 2024	\$ 30,988,890	\$ 37,881,825	\$ (6,892,935)
Changes for the year:			
Service cost	560,387	-	560,387
Interest	1,550,763	-	1,550,763
Experience gains/(losses)	(364,971)	-	(364,971)
Net investment income	-	3,823,362	(3,823,362)
Administrative expense	-	(413,707)	413,707
Expected benefit payments	(2,313,081)	(2,313,081)	-
Net change	(566,902)	1,096,574	(1,663,476)
Balance June 30, 2025	\$ 30,421,988	\$ 38,978,399	\$ (8,556,411)

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS, continued

Sensitivity of the Net Pension Liability/(Asset) to Assumptions

The following presents the net OPEB liability/(asset) calculated using the discount rate of 5.10 percent. The schedule also shows what the net OPEB liability/(asset) would be if it were calculated using a discount rate that is 1 percent lower (4.10 percent) and 1 percent higher (6.10 percent):

	Discount Rate 1% Lower (4.10%)	Current Discount Rate (5.10%)	Discount Rate 1% Higher (6.10%)
Net OPEB liability/(asset) \$	(6,477,034) \$	(8,556,411) \$	(10,437,984)

The following table presents the net OPEB liability/(asset) calculated using the health care cost trend rate of 4.5 percent. The schedule also shows what the net OPEB liability/(asset) would be if it were calculated using a health care cost trend rate that is 1 percent lower (3.5 percent) and 1 percent higher (5.5 percent):

	Trend Rate 1% Lower (3.50%)	Healthcare Cost Trend Rate (4.50%)	Trend Rate 1% Higher (5.50%)
Net OPEB liability/(asset) \$	(10,918,339) \$	(8,556,411) \$	(5,897,411)

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/(benefit) systematically over time. Amounts are first recognized in OPEB expense/(benefit) 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/(benefit). 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
 JUNE 30, 2025 AND 2024**

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS, continued

OPEB Expense/(Benefit) and Deferred Outflows and Inflows of Resources Related to OPEB

For the year ended June 30, 2025, the District recognized OPEB benefit of \$1,151,533. As of the year ended June 30, 2025, 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	\$ -	\$ 1,507,298
Differences between expected and actual experience	1,558,464	-
Change in assumptions	2,329,148	-
District contributions subsequent to the measurement date	2,496,196	-
	<u>\$ 6,383,808</u>	<u>\$ 1,507,298</u>

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

Year Ending June 30,	Deferred Outflows/(Inflows) of Resources
2026	\$ 3,305,497
2027	2,360,608
2028	(275,924)
2029	(452,842)
2030	(60,829)
	<u>\$ 4,876,510</u>

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.

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2025 AND 2024**

NOTE 12 – COMMITMENTS AND CONTINGENCIES, continued

Construction Commitments

As of June 30, 2025, the District has approximately \$349 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 the District and the joint powers authorities is such that the JPAs are not component units of the District for financial reporting purposes.

NOTE 14 – PRIOR PERIOD ADJUSTMENT

Net position was restated as follows to reflect the effect of GASB Statement No. 101:

Beginning Net Position - previously reported at June 30, 2024	\$ 113,176,690
Prior Period Adjustment:	
Change in accounting principle (GASB 101)	(6,338,052)
Beginning Net Position - as restated at June 30, 2024	<u>\$ 106,838,638</u>

NOTE 15 – SUBSEQUENT EVENTS

The District evaluated subsequent events from June 30, 2025 through December 4, 2025, 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/(ASSET) AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2025

	2025	2024	2023	2022
Total OPEB liability				
Service cost	\$ 560,387	\$ 402,753	\$ 265,183	\$ 249,651
Interest	1,550,763	1,465,950	1,976,298	2,093,197
Changes of assumptions	-	-	-	587,251
Experience gains/(losses)	(364,971)	973,151	4,030,534	665,220
Net investment income	-	561,679	(2,628,624)	(2,443,562)
Benefit payments	(2,313,081)	(2,629,697)	(2,745,534)	(2,925,970)
Net change in total OPEB liability	(566,902)	773,836	897,857	(1,774,213)
Total OPEB liability, beginning of year	30,988,890	30,215,054	29,317,197	31,091,410
Total OPEB liability, end of year (a)	\$ 30,421,988	\$ 30,988,890	\$ 30,215,054	\$ 29,317,197
Plan fiduciary net position				
Assumption changes	\$ -	\$ -	\$ (8,410,837)	\$ -
Investment income	3,823,362	2,491,283	-	8,937,378
Investment gains/(losses)	-	-	(232,202)	-
Administrative expense	(413,707)	(196,410)	(2,745,534)	(232,362)
Expected benefit payments	(2,313,081)	(2,629,697)	-	(2,925,970)
Change in plan fiduciary net position	1,096,574	(334,824)	(11,388,573)	5,779,046
Fiduciary trust net position, beginning of year	37,881,825	38,216,649	49,605,222	43,826,176
Fiduciary trust net position, end of year (b)	\$ 38,978,399	\$ 37,881,825	\$ 38,216,649	\$ 49,605,222
Net OPEB liability/(asset), ending (a) - (b)	\$ (8,556,411)	\$ (6,892,935)	\$ (8,001,595)	\$ (20,288,025)
Covered-employee payroll	#####	\$ 70,397,003	\$ 58,570,581	\$ 56,864,642
Plan fiduciary net position as a percentage of the total OPEB liability	128%	122%	126%	169%
Net OPEB liability/(asset) as a percentage of covered-employee payroll	-7%	-10%	14%	-36%

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

SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY/(ASSET) AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2025

	2021	2020	2019	2018
Total OPEB liability				
Service cost	\$ 258,952	\$ 128,188	\$ 124,454	\$ 115,771
Interest	2,218,010	2,298,096	2,475,240	2,596,426
Changes of assumptions	-	10,372,629	-	-
Experience gains/(losses)	-	576,580	1,165,117	-
Net investment income	(1,203,087)	(11,412,942)	-	-
Benefit payments	(3,165,226)	(3,363,104)	(4,520,486)	(4,152,914)
Net change in total OPEB liability	(1,891,351)	(1,400,553)	(755,675)	(1,440,717)
Total OPEB liability, beginning of year	32,982,761	34,383,314	35,138,989	36,579,706
Total OPEB liability, end of year (a)	\$ 31,091,410	\$ 32,982,761	\$ 34,383,314	\$ 35,138,989
Plan fiduciary net position				
Assumption changes	\$ -	\$ -	\$ -	\$ -
Investment income	2,491,787	3,325,947	4,003,226	5,815,202
Investment gains/(losses)	-	-	-	-
Administrative expense	(220,570)	(222,279)	(229,919)	(224,967)
Expected benefit payments	(3,165,226)	(3,363,104)	(4,520,486)	(4,152,914)
Change in plan fiduciary net position	(894,009)	(259,436)	(747,179)	1,437,321
Fiduciary trust net position, beginning of year	44,720,185	44,979,621	45,726,800	44,289,479
Fiduciary trust net position, end of year (b)	\$ 43,826,176	\$ 44,720,185	\$ 44,979,621	\$ 45,726,800
Net OPEB liability/(asset), ending (a) - (b)	\$ (12,734,766)	\$ (11,737,424)	\$ (10,596,307)	\$ (10,587,811)
Covered-employee payroll	\$ 59,488,680	\$ 57,756,000	\$ 35,025,000	\$ 35,025,000
Plan fiduciary net position as a percentage of the total OPEB liability	141%	136%	131%	130%
Net OPEB liability/(asset) as a percentage of covered-employee payroll	-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 YEAR ENDED JUNE 30, 2025**

	2025	2024	2023	2022
Actuarially determined contribution	\$ 2,313,081	\$ 3,275,806	\$ 2,886,579	\$ 2,284,756
Contributions in relations to the actuarially determined contribution	2,496,196	2,313,070	-	-
Contribution deficiency/(excess)	\$ (183,115)	\$ 962,736	\$ 2,886,579	\$ 2,284,756
Covered-employee payroll	\$ 114,552,635	\$ 70,397,003	\$ 58,570,581	\$ 56,864,642
Contribution as a percentage of covered-employee payroll	2.02%	4.65%	4.93%	4.02%
	2021	2020	2019	2018
Actuarially determined contribution	\$ 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)	\$ 3,275,806	\$ 268,797	\$ 3,557,370	\$ 4,717,951
Covered-employee payroll	\$ 59,488,680	\$ 57,756,000	\$ 35,025,000	\$ 35,025,000
Contribution as a percentage of covered-employee payroll	5.51%	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 YEAR ENDED JUNE 30, 2025**

	Reporting Fiscal Year (Measurement Date)				
	2025 (2024)	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)
CalSTRS					
District's proportion of the net pension liability	0.076%	0.076%	0.077%	0.083%	0.078%
District's proportionate share of the net pension liability	\$ 51,101,163	\$ 58,098,438	\$ 53,681,976	\$ 37,953,563	\$ 75,644,082
State's proportionate share of the net pension liability associated with the District	23,445,749	27,837,098	26,884,091	19,097,159	38,994,218
Total	\$ 74,546,912	\$ 85,935,536	\$ 80,566,067	\$ 57,050,722	\$ 114,638,300
District's covered-employee payroll	\$ 51,132,079	\$ 53,021,348	\$ 46,151,005	\$ 43,593,028	\$ 41,092,582
District's proportionate share of the net pension liability as percentage of covered-employee payroll	100%	110%	116%	87%	184%
Plan fiduciary net position as a percentage of the total pension liability	84%	81%	81%	87%	72%

	Reporting Fiscal Year (Measurement Date)				
	2025 (2024)	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)
CalPERS					
District's proportion of the net pension liability	0.201%	0.214%	0.237%	0.235%	0.239%
District's proportionate share of the net pension liability	\$ 71,698,722	\$ 77,420,342	\$ 81,392,527	\$ 47,767,306	\$ 73,280,885
District's covered-employee payroll	\$ 39,626,855	\$ 40,537,041	\$ 36,437,202	\$ 34,623,026	\$ 35,654,116
District's proportionate share of the net pension liability as percentage of covered-employee payroll	181%	191%	223%	138%	206%
Plan fiduciary net position as a percentage of the total pension liability	72%	70%	70%	81%	70%

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2025**

	Reporting Fiscal Year (Measurement Date)				
	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)
CalSTRS					
District's proportion of the net pension liability	0.071%	0.073%	0.072%	0.065%	0.086%
District's proportionate share of the net pension liability	\$ 64,533,558	\$ 66,670,574	\$ 66,746,495	\$ 52,429,400	\$ 57,846,104
State's proportionate share of the net pension liability associated with the District	35,207,648	38,173,857	39,486,984	29,851,517	30,594,131
Total	\$ 99,741,206	\$ 104,844,431	\$ 106,233,479	\$ 82,280,917	\$ 88,440,235
District's covered-employee payroll	\$ 43,593,028	\$ 42,319,244	\$ 41,560,859	\$ 55,036,542	\$ 26,985,380
District's proportionate share of the net pension liability as percentage of covered-employee payroll	148%	158%	161%	95%	214%
Plan fiduciary net position as a percentage of the total pension liability	73%	71%	69%	70%	74%

	Reporting Fiscal Year (Measurement Date)				
	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)
CalPERS					
District's proportion of the net pension liability	0.227%	0.217%	0.212%	0.203%	0.200%
District's proportionate share of the net pension liability	\$ 66,067,584	\$ 57,915,548	\$ 50,588,670	\$ 40,024,330	\$ 29,463,496
District's covered-employee payroll	\$ 34,623,026	\$ 32,866,859	\$ 34,411,706	\$ 27,232,628	\$ 24,615,273
District's proportionate share of the net pension liability as percentage of covered-employee payroll	191%	176%	147%	147%	120%
Plan fiduciary net position as a percentage of the total pension liability	70%	71%	72%	74%	79%

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CONTRIBUTIONS - PENSIONS
FOR THE YEAR ENDED JUNE 30, 2025**

CalSTRS	Reporting Fiscal Year				
	2025	2024	2023	2022	2021
Statutorily required contribution	\$ 10,342,456	\$ 9,766,227	\$ 8,971,212	\$ 7,808,750	\$ 6,636,452
District's contributions in relation to the statutorily required contribution	10,342,456	9,766,227	8,971,212	7,808,750	6,636,452
District's contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 54,148,984	\$ 51,132,079	\$ 53,021,348	\$ 46,151,005	\$ 41,092,582
District's contributions as a percentage of covered-employee payroll	19.10%	19.10%	16.92%	16.92%	16.15%

CalPERS	Reporting Fiscal Year				
	2025	2024	2023	2022	2021
Statutorily required contribution	\$ 11,203,448	\$ 10,572,445	\$ 9,287,036	\$ 8,347,763	\$ 7,380,402
District's contributions in relation to the statutorily required contribution	11,203,448	10,572,445	9,287,036	8,347,763	7,380,402
District's contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 41,417,553	\$ 39,626,855	\$ 40,537,041	\$ 36,437,202	\$ 35,654,116
District's contributions as a percentage of covered-employee payroll	27.05%	26.68%	22.91%	22.91%	20.70%

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2025**

NOTE 1 – PURPOSE OF SCHEDULES

Schedule of Changes in the Net OPEB Liability/(Asset) and Related Ratios

The Schedule of Changes in the Net OPEB Liability/(Asset) is presented to illustrate the elements of the District's net OPEB liability/(asset). 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 in Benefit Terms – There were no changes in benefit terms since the previous valuation.

Changes of Assumptions – There were no changes in economic assumptions since the previous valuation.

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, 10 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.

Changes in Benefit Terms – There were no changes in benefit terms since the previous valuation for CalSTRS. The required employer contribution rate changed from 26.68% to 27.05% since previous valuation for CalPERS.

Changes of Assumptions – Additional factors were considered in the actuarial valuation for CalSTRS namely the payroll growth rate and long-term expected rate of return based on 20- to 30-years geometric average. There were no changes in economic assumptions since previous valuation for CalPERS.

Schedule of Contributions – Pensions

The Schedule of the District's Contributions is presented to illustrate the District's required contributions relating to the pensions.

SUPPLEMENTARY INFORMATION

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
ORGANIZATION
JUNE 30, 2025**

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 year ended June 30, 2025 were composed of the following members:

BOARD OF TRUSTEES

MEMBERS	OFFICE	TERM EXPIRES
Mr. Tony Alexander	President	December 2028
Dr. Jeffrey Lease	Vice President	December 2026
Ms. Marsha Grilli	Member	December 2028
Ms. Karen Martinez	Member	December 2026
Ms. Maria Fuentes	Member	December 2026
Dr. Buu Thai	Member	December 2028
Ariana Estrada	Member	May 2026
Olivia Gomez Madrid	Member	May 2026

DISTRICT ADMINISTRATION

Dr. Beatriz Chaidez <i>Chancellor</i>	Edwin Chandrasekar <i>Vice Chancellor, Administrative Services</i>
Mr. Dio Shipp <i>Vice Chancellor, Human Resources</i>	Dr. Jeremy Brown <i>Vice Chancellor, Educational Services and Planning</i>
Mr. Toby Smith <i>Associate Vice Chancellor, Physical Plant Development and Operations</i>	Mr. Prashant Shinde <i>Associate Vice Chancellor, ITSS</i>
Dr. David Wain Coon <i>Acting President, San José City College</i>	Dr. Vinicio Lopez <i>President, Evergreen Valley College</i>
Vacant <i>Executive Director, Fiscal Services</i>	Mr. Ryan Brown <i>Marketing and Public Information Office</i>

AUXILIARY ORGANIZATIONS IN GOOD STANDING

AUXILIARY NAME	DIRECTOR'S NAME	ESTABLISHMENT AND MASTER AGREEMENT DATE
San Jose Evergreen Community College District Foundation	Ms. Amy Pizarro, Executive Director, SJECCD Foundation	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, 2025**

(UNAUDITED)

	General Fund -		Self Insurance	Debt Service Funds		Balance Forward
	Unrestricted	Restricted		Bond Interest and Redemption Fund	Other Debt Service Fund	
ASSETS						
Cash and cash equivalents	\$ 75,707,288	\$ 32,647,050	\$ 2,000,000	\$ 53,811,032	\$ 9,387,588	\$ 173,552,958
Accounts receivable	10,851,628	3,825,809	-	251,101	-	14,928,538
Prepaid expenses	22,595	-	-	-	625,951	648,546
Other current assets	-	-	-	-	-	-
Total Assets	\$ 86,581,511	\$ 36,472,859	\$ 2,000,000	\$ 54,062,133	\$ 10,013,539	\$ 189,130,042
LIABILITIES						
Accounts payable	\$ 19,125,050	\$ 33,538	\$ -	\$ -	\$ -	\$ 19,158,588
Accrued expenses	3,993,988	-	-	-	-	3,993,988
Unearned revenue	5,721,141	34,892,031	-	-	2,646	40,615,818
Long-term liabilities	3,075,047	-	-	-	-	3,075,047
Total Liabilities	31,915,226	34,925,569	-	-	2,646	66,843,441
FUND EQUITY						
Fund balance	54,666,285	1,547,290	2,000,000	54,062,133	10,010,893	122,286,601
Total Fund Equity	54,666,285	1,547,290	2,000,000	54,062,133	10,010,893	122,286,601
Total Liabilities and Fund Equity	\$ 86,581,511	\$ 36,472,859	\$ 2,000,000	\$ 54,062,133	\$ 10,013,539	\$ 189,130,042

See accompanying note to supplementary information.

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
COMBINING FUND BALANCE SHEET
JUNE 30, 2025**

(UNAUDITED)

	Capital Project Funds							Total Governmental Funds
	Balance Forward	Capital Outlay Projects Fund	Measure G-2010 Fund	Measure X Fund	Associated Student Body	Student Representative Fund	Financial Aid Fund	
ASSETS								
Cash and cash equivalents	\$ 173,552,958	\$ 31,451,744	\$ 23,050,963	\$ 17,931,095	\$ 556,980	\$ -	\$ -	\$ 246,543,740
Accounts receivable	14,928,538	475,442	354,840	1,535,844	-	10	377,761	17,672,435
Prepaid expenses	648,546	-	-	-	-	-	-	648,546
Other current assets	-	44,796,411	15,772,999	130,645,602	-	41,494	-	191,256,506
Total Assets	\$ 189,130,042	\$ 76,723,597	\$ 39,178,802	\$ 150,112,541	\$ 556,980	\$ 41,504	\$ 377,761	\$ 456,121,227
LIABILITIES								
Accounts payable	\$ 19,158,588	\$ -	\$ -	\$ -	\$ 81,085	\$ 41,504	\$ 600	\$ 19,281,777
Accrued expenses	3,993,988	-	-	-	-	-	-	3,993,988
Unearned revenue	40,615,818	-	-	-	-	-	86,353	40,702,171
Long-term liabilities	3,075,047	-	-	-	-	-	-	3,075,047
Total Liabilities	66,843,441	-	-	-	81,085	41,504	86,953	67,052,983
FUND EQUITY								
Fund balance	122,286,601	76,723,597	39,178,802	150,112,541	475,895	-	290,808	389,068,244
Total Fund Equity	122,286,601	76,723,597	39,178,802	150,112,541	475,895	-	290,808	389,068,244
Total Liabilities and Fund Equity	\$ 189,130,042	\$ 76,723,597	\$ 39,178,802	\$ 150,112,541	\$ 556,980	\$ 41,504	\$ 377,761	\$ 456,121,227

See accompanying note to supplementary information.

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS TO STATEMENT OF NET POSITION
JUNE 30, 2025**

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

General fund	\$	56,213,575	
Capital project funds		266,014,940	
Bond interest and redemption funds		54,062,133	
Other debt service funds		12,010,893	
Student funds		766,703	\$ 389,068,244
			<hr/>

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

Nondepreciable capital assets	\$	250,023,632	
Right-to-use asset		17,274,361	
Depreciable capital assets		1,069,191,738	
Accumulated amortization		(2,158,597)	
Accumulated depreciation		(455,224,667)	879,106,467
			<hr/>

Fair market value - Cash in County investments 433,374

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

Net pension liability			(122,799,885)
Lease liability			(16,843,030)
Compensated absences			(11,896,462)
Long-term debt			(1,041,392,050)

Deferred outflows and inflows of resources:

Deferred loss on refunding			29,861,881
Deferred outflows of resources - pensions			38,186,387
Deferred outflows of resources - OPEB			6,383,808
Deferred inflows of resources - pensions			(16,119,121)
Deferred inflows of resources - OPEB			(1,507,298)

Net OPEB Asset

 8,556,411

Net Position Reported Within the Statement of Net Position

 \$ 141,038,726

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025**

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	ASSISTANCE LISTING NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER*	FEDERAL EXPENDITURES
U.S. Department of Education			
Direct Program			
Student Financial Aid Cluster			
Federal Pell Grant Programs (PELL)	84.063	*	\$ 21,633,154
Federal Supplemental Educational Opportunity Grants (FSEOG)	84.007	*	771,768
Federal Work Study Program	84.033	*	831,682
Federal Direct Student Loans	84.268	*	861,571
Subtotal Student Financial Aid Cluster			<u>24,098,175</u>
TRIO Cluster			
TRIO - Talent Search	84.044	*	456,136
TRIO - Upward Bound	84.047	*	432,365
Subtotal TRIO Cluster			<u>888,501</u>
Developing Hispanic-Serving Institutions Program - Title V (Title V Ganas and Title	84.031S	*	1,161,079
Passed through San Jose State University:			
Higher Education Institutional Aid (MESA)	84.031	*	127,000
Asian American and Native American Pacific Islander-Serving Institutions Program	84.031L	*	429,317
Passed through California Community Colleges Chancellor's Office:			
Career and Technical Education Program:	84.048A	*	535,693
Total U.S. Department of Education			<u>27,239,765</u>
U.S. Department of Health and Human Services			
Passed through Foundation for California Community Colleges:			
John H. Chafee Foster Care Program for Successful Transition to Adulthood (YESS - Independent Living Program)	93.674	*	22,151
Passed through California Community Colleges Chancellor's Office:			
Temporary Assistance for Needy Families (TANF)	93.558	*	91,066
Total U.S. Department of Health and Human Services			<u>113,217</u>
U.S. Department of Labor			
Direct Program:			
Veterans Administrative Reporting Fee	17.802	*	300
Total U.S. Department of Labor			<u>300</u>
National Science Foundation			
Passed through Saddleback College			
STEM Education (formerly Education and Human Resources) (NSF includes Alliance)	47.076	*	137,209
Passed through Regents of U.C. Santa Cruz			
STEM Education (formerly Education and Human Resources) NSF S-STEM Biology	47.076	*	102,041
Total National Science Foundation			<u>239,250</u>
Total Federal Programs			<u>\$ 27,592,532</u>

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2025**

Program Title	Program Revenues				Total Program Expenditures	
	Cash Received	Accounts Receivable	Accounts Payable	Deferred Revenue		
A2MEND	\$ 52,652	\$ -	\$ -	\$ (42,044)	\$ (10,608)	10,608
AANHPI Student Achieve-One Time	20,000	-	-	(20,000)	-	-
Adult Education Block Grant	1,884,704	-	-	(607,575)	(1,277,129)	1,277,129
Apprentice Pathways Demonstration	3,563	5,862	-	-	(9,425)	9,425
Apprenticeship	2,098,029	-	-	(2,006,247)	(91,782)	91,782
Asian Amer HI Pcfc Islnd Stud	775,390	-	-	(483,196)	(292,194)	292,194
Basic Needs Centers	898,764	-	-	(274,519)	(624,245)	624,245
CA Apprentice Init-CARE	(276,927)	500,000	-	-	(223,073)	223,073
CA Apprenticeship Initiative	-	38,057	-	-	(38,057)	38,057
CA Apprenticeship Initiative-Google Elmwood	-	36,128	-	-	(36,128)	36,128
CAI - EDU Pathway	93,538	32,699	-	-	(126,237)	126,237
CAI-Apprenticeship Demonstration	64,591	93,409	-	(49,608)	(108,392)	108,392
CAI-LVN to R Nursing Planning	1,341	43,903	(1,341)	-	(43,903)	43,903
Cal Pathway to Law	148,862	-	-	(64,385)	(84,477)	84,477
California College Promise	1,734,218	-	-	(553,876)	(1,180,342)	1,180,342
California Student Aid Commission (F48)	2,542,449	65,581	-	-	(2,608,030)	2,608,030
CALWORKS County	239,124	20,500	-	-	(259,624)	259,624
CALWORKS State	827,016	-	-	(259,203)	(567,813)	567,813
CARE	318,842	-	-	(70,753)	(248,089)	248,089
Chafee Grant (F48)	162,500	10,000	-	-	(172,500)	172,500
Classified Professional Development	62,664	-	-	(59,794)	(2,870)	2,870
College Specific Allocation	1,000,000	-	-	(1,000,000)	-	-
Common Course Numbering	1,826,086	-	-	(1,687,478)	(138,608)	138,608
COVID-19 Recovery Block Grant	4,502,135	-	-	(4,425,176)	(76,959)	76,959
Cultural Competent Faculty Prof Dev	50,435	-	-	(50,435)	-	-
Culturally Competent Faculty PD	138,519	-	-	-	(138,519)	138,519
Disabled Students Program	2,842,428	-	-	(1,000,088)	(1,842,340)	1,842,340
Disaster Relief Emergency Financial Aid	148	-	-	(148)	-	-
Dream Resource Liaison	242,908	-	-	(81,440)	(161,468)	161,468
EEO Best Practices	150,740	-	-	(146,965)	(3,775)	3,775
Emergency Fin Aid Supplement (F48)	116,508	-	-	(85,352)	(31,156)	31,156
Entrepreneurship Course Offering	8,515	-	-	(8,515)	-	-
Equal Employment Opportunity	410,273	-	-	(383,756)	(26,517)	26,517
Equitable Placement, Planning	653,072	-	-	(411,134)	(241,938)	241,938
Extended Opportunity Programs & Services	3,569,517	-	-	(626,670)	(2,942,847)	2,942,847
FCCC Program Pathway Mapper	20,000	-	-	(20,000)	-	-
Fin Aid Admin SFAA - One Time	253,358	-	-	(103,627)	(149,731)	149,731
Financial Aid Administration Allowance (B-FAP)	794,001	-	-	(85,444)	(708,557)	708,557
Financial Aid Technology	205,421	-	-	(94,836)	(110,585)	110,585
Guided Pathways Allocation	59,609	-	-	(3,269)	(56,340)	56,340
Healthcare Vocation-Adult Ed	719,749	-	-	(303,185)	(416,564)	416,564
Hunger Free Campus Support	(22,730)	22,730	-	-	-	-
IEPI Innovation and Effectiveness	186,133	-	-	(128,763)	(57,370)	57,370
Immediate Action-Retention/Outreach	563,777	-	-	(364,979)	(198,798)	198,798
Instructional Equipment	1,509,970	-	-	(1,426,983)	(82,987)	82,987
LGBTQ+	355,070	-	-	(264,334)	(90,736)	90,736
Library Services Platform	1,822	-	-	(1,822)	-	-
Mental Health Support Funds	732,328	-	-	(249,831)	(482,497)	482,497
MESA State 22-23 Y1	989,190	-	-	(598,070)	(391,120)	391,120
NextUp	1,203,799	-	-	(357,648)	(846,151)	846,151
Nursing Retention-Assoc Degree	180,622	-	-	-	(180,622)	180,622
Physical Plant 22-23	2,018,682	-	-	(1,965,378)	(53,304)	53,304
Restricted Lottery	4,703,418	-	-	(4,390,600)	(312,818)	312,818
Retail-Hspitly-Tourism (ISPIC)	11,156	-	-	(11,156)	-	-
Rising Scholars Juvenile	920,454	-	-	(858,601)	(61,853)	61,853
Rising Scholars Network	252,278	38,250	-	-	(290,528)	290,528
SFRF Emergency Financial Aid (F48)	2,751	-	-	(1,001)	(1,750)	1,750
Strong Workforce K-12 R6	18,000	17,788	-	-	(35,788)	35,788
Strong Workforce Local Yr1	2,128,813	-	(4,601)	(1,881,427)	(242,785)	242,785
Strong Workforce Local Yr2	2,504,860	-	-	-	(2,504,860)	2,504,860
Strong Workforce Local Yr3	-	-	-	-	-	-
Strong Workforce Regional Yr1	221,204	7,263	-	(210,227)	(18,240)	18,240
Strong Workforce Regional Yr2	416,974	1,022,851	-	(182,762)	(1,257,063)	1,257,063
Strong Workforce Regional Yr3	(1)	1	-	-	-	-
Student Equity and Achievement	6,615,585	-	-	(1,458,764)	(5,156,821)	5,156,821
Student Food Housing Support-Basic Needs	458,458	-	-	(147,957)	(310,501)	310,501
Student Housing (Planning)	308,224	-	-	(308,224)	-	-
Student Success Completion Grant	3,726,055	-	-	(682,698)	(3,043,357)	3,043,357
Student Transfer Achievement	1,051,739	-	-	(579,236)	(472,503)	472,503
Systemwide Tech Data Security	1,729,342	-	-	(1,566,816)	(162,526)	162,526
Transfer Articulation Ethnic Study	40,986	-	-	(3,984)	(37,002)	37,002
Umoja Community Education Foundation	429,266	1,528	(12,300)	(151,991)	(266,503)	266,503
Veteran Resource Center (SSSP)	218,900	-	-	(78,187)	(140,713)	140,713
Zero Textbook Cost Degree	311,616	-	-	(244,171)	(67,445)	67,445
Zero Textbook Cost Degree-Acceleration	274,920	-	-	(274,920)	-	-
Zero Textbook Cost Degree-Impact	640,080	-	-	(640,080)	-	-
	\$63,974,678	\$ 1,956,550	\$(18,242)	\$(34,077,602)	\$(31,835,384)	\$31,835,384

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL APPORTIONMENT
FOR THE YEAR ENDED JUNE 30, 2025**

CATEGORIES	Reported Data	Audit Adjustments	Audited Data
A. Summer Intersession (Summer 2024 only)			
1. Noncredit	20.00	-	20.00
2. Credit	916.56	-	916.56
B. Summer Intersession (Summer 2025- Prior to July 1, 2025)			
1. Noncredit	0.72	-	0.72
2. Credit	47.74	-	47.74
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	3,162.46	-	3,162.46
(b) Daily Census Contact Hours	594.16	-	594.16
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit	120.91	-	120.91
(b) Credit	231.32	-	231.32
3. Independent Study/Work Experience			
(a) Weekly Census Contact Hours	3,396.69	-	3,396.69
(b) Daily Census Contact Hours	1,373.30	-	1,373.30
D. Total FTES	9,863.86	-	9,863.86
Supplemental Information (subset of above information)			
E. Basic Skills Courses and Immigrant Education			
1. Credit	183.60	-	183.60
2. Noncredit	103.15	-	103.15
Total Basic Skills FTES	286.75	-	286.75

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF EDUCATION CODE SECTION 84362 (50 PERCENT LAW) CALCULATION
FOR THE YEAR ENDED JUNE 30, 2025**

	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	\$ 24,515,694	\$ -	\$ 24,515,694	\$ 24,916,395	\$ -	\$ 24,916,395
Other	1300	24,423,435	-	24,423,435	24,423,435	-	24,423,435
Total Instructional Salaries		48,939,129	-	48,939,129	49,339,830	-	49,339,830
Non-Instructional Salaries							
Contract or Regular	1200	-	-	-	11,408,318	-	11,408,318
Other	1400	-	-	-	1,316,655	-	1,316,655
Total Non-Instructional Salaries		-	-	-	12,724,973	-	12,724,973
Total Academic Salaries		48,939,129	-	48,939,129	62,064,803	-	62,064,803
<u>Classified Salaries</u>							
Non-Instructional Salaries							
Regular Status	2100	-	-	-	27,740,959	-	27,740,959
Other	2300	-	-	-	867,327	-	867,327
Total Non-Instructional Salaries		-	-	-	28,608,286	-	28,608,286
Instructional Aides							
Regular Status	2200	2,854,991	-	2,854,991	2,854,991	-	2,854,991
Other	2400	777,037	-	777,037	777,037	-	777,037
Total Instructional Aides		3,632,028	-	3,632,028	3,632,028	-	3,632,028
Total Classified Salaries		3,632,028	-	3,632,028	32,240,314	-	32,240,314
Employee Benefits	3000	22,437,707	-	22,437,707	44,319,897	-	44,319,897
Supplies and Materials	4000	-	-	-	1,120,314	-	1,120,314
Other Operating Expenses	5000	468,435	-	468,435	14,407,390	-	14,407,390
Equipment Replacement	6420	-	-	-	-	-	-
Total Expenditures Prior to Exclusions		75,477,299	-	75,477,299	154,152,718	-	154,152,718
<u>Exclusions</u>							
Activities to Exclude							
Instructional Staff-Retirees' Benefits and Retirement Incentives	5900	39,901	-	39,901	41,637	-	41,637
Student Health Services Above Amount Collected	6441	-	-	-	109,921	-	109,921
Student Transportation	6491	-	-	-	-	-	-
Noninstructional Staff-Retirees' Benefits and Retirement Incentives	6740	-	-	-	-	-	-
Object to Exclude							
Rents and Leases	5060	-	-	-	1,139,890	-	1,139,890
Lottery Expenditures							
Academic Salaries	1000	-	-	-	-	-	-
Classified Salaries	2000	-	-	-	1,215,134	-	1,215,134
Employee Benefits	3000	-	-	-	912,147	-	912,147
Supplies and Materials	4000	-	-	-	-	-	-
Software	4100	-	-	-	-	-	-
Books, Magazines & Periodicals	4200	-	-	-	-	-	-
Instructional Supplies & Materials	4300	-	-	-	-	-	-
Noninstructional Supplies & Materials	4400	-	-	-	-	-	-
Total Supplies and Materials		-	-	-	-	-	-
Other Operating Expenses and Services	5000	-	-	-	-	-	-
Capital Outlay	6000	-	-	-	-	-	-
Library Books	6300	-	-	-	-	-	-
Equipment	6400	-	-	-	-	-	-
Equipment - Additional	6410	-	-	-	-	-	-
Equipment - Replacement	6420	-	-	-	-	-	-
Total Equipment		-	-	-	-	-	-
Total Capital Outlay		-	-	-	-	-	-
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		\$ 39,901	\$ -	\$ 39,901	\$ 3,418,729	\$ -	\$ 3,418,729
Total for ECS 84362, 50% Law		\$ 75,437,398	\$ -	\$ 75,437,398	\$ 150,733,989	\$ -	\$ 150,733,989
Percent of CEE (Instructional Salary Cost/Total CEE)		50.05%	0.00%	50.05%	100.00%	0.00%	100.00%
50% of Current Expense of Education		\$ -	\$ -	\$ -	\$ 75,366,995	\$ -	\$ 75,366,995

See accompanying note to supplementary information.

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
 EDUCATION PROTECTION ACCOUNT (EPA) EXPENDITURE REPORT
 FOR THE YEAR ENDED JUNE 30, 2025**

EPA Revenue	\$ 1,259,040
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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	\$ 1,259,040	\$ -	\$ -	\$ 1,259,040
Total		\$ 1,259,040	\$ -	\$ -	\$ 1,259,040

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2025**

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 of Governmental Funds to Statement of 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 Expenditures of Federal Awards

The Schedule of Expenditure of Federal Awards includes the federal award activity of the District, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the 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). Expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-21, Cost Principles for Educational Institutions or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Schedule of Expenditures of State 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.

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2025**

NOTE 1 – PURPOSE OF SCHEDULES, continued

Reconciliation of the *Education Code* Section 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.

Education Protection Account (EPA) Expenditure Report

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

**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 business-type activities and the fiduciary activities of the San José/Evergreen Community College District ("the District"), as of and for the year ended June 30, 2025, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 4, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 District internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses or significant deficiencies. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CWDL, Certified Public Accountants

San Diego, California
December 4, 2025



**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 (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2025. The District's major Federal programs are identified in the Summary of Auditors' 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, 2025.

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 (GAAS); 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 Auditors' 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 Auditors' 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.

CWDL, Certified Public Accountants

San Diego, California
December 4, 2025



INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE AND ON INTERNAL CONTROLS OVER COMPLIANCE FOR STATE PROGRAMS

The 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 (the "District") compliance with the types of compliance requirements as identified in the 2024-25 California Community Colleges Chancellor's Office *Contracted District Audit Manual* for the year ended June 30, 2025. The applicable State compliance requirements are identified in the table below.

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, 2025.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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 2024-25 California Community Colleges Chancellor's Office *Contracted District Audit Manual*. Our responsibilities under those standards and the compliance requirements are further described in the Auditors' 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 state compliance with the compliance requirements subject to audit in the 2024-25 California Community Colleges Chancellor's Office *Contracted District Audit Manual*. 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 compliance with the requirements described in the 2024-25 California Community Colleges Chancellor's Office *Contracted District Audit Manual*.

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 2024-25 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 of the State programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the 2024-25 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; and
- 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 the 2024-25 California Community Colleges Chancellor's Office *Contracted District Audit Manual*, but not for the purpose of expressing an opinion on the effectiveness of the District's internal controls over compliance. Accordingly, we express no such opinion.

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 below that we identified during the audit.

Compliance Requirements Tested

In connection with the audit referred to above, we selected and tested transactions and records to determine the 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 498 – COVID-19 Response Block Grant Expenditures

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 on a timely basis. A *material weakness* in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with a compliance requirement 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 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 Auditors' 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 or significant deficiencies, 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.

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 2024-25 California Community Colleges Chancellor's Office *Contracted District Audit Manual*. Accordingly, this report is not suitable for any other purpose.

CWDL, Certified Public Accountants

San Diego, California

December 4, 2025

**SCHEDULE OF FINDINGS AND QUESTIONED
COSTS**

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
SUMMARY OF AUDITOR'S RESULTS
FOR THE YEAR ENDED JUNE 30, 2025**

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>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>84.063, 84.007, 84.033, 84.268</u>	<u>Student Financial Aid Cluster</u>
<u>84.044, 84.047</u>	<u>TRIO Cluster</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 827,776</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>None Reported</u>
Type of auditors' report issued on compliance for State programs:	<u>Unmodified</u>

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2025**

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 2024-25.

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025**

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 2024-25.

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
STATE AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025**

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 2024-25.

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2025**

This section identifies the audit findings and questioned related to the basic financial statements, federal awards or state awards for prior year.

There were no findings or questioned costs identified during 2023-24.