



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

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 year ended June 30, 2025 and have issued our report thereon dated December 4, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, the *Government Auditing Standards* and the Uniform Guidance as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

### **Significant Audit Findings**

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. As described in Note 1 to financial statements, the District changed accounting policies related to compensated absences by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 101, *Compensated Absences*, in fiscal year 2024-25. Accordingly, the cumulative effect of the accounting change as of the beginning of the year is reported in the Statement of Revenues, Expenses, and Changes in Net Position and Note 14 to financial statements.

We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

### Accounting estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Management's estimate of the useful lives of capital assets is based on an analysis of the assets' condition and the District's previous experience. We evaluated the key factors and assumptions used to develop the useful lives of capital assets in determining that they are reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the program revenues and its allocation by function is based on each fund's percentage of expenditures, as well as historical data. We evaluated the key factors and assumptions used to develop the allocation of program revenues to various functions in determining the reasonableness in relation to the financial statements taken as a whole.
- Management's estimate of the unfunded pension liability is based on actuarial reports prepared by other professionals. We reviewed the key assumptions used to estimate the liability in determining that they are reasonable in relation to the financial statements taken as a whole.

Accounting estimates, continued

- Management's estimate of compensated absences liability is based on accumulated employee leave balances, current salary rates, and the District's expected payout patterns. The estimate incorporates a Last-In, First-Out (LIFO) flow assumption for the use and liquidation of leave balances, under which the most recently earned leave is assumed to be used first. This approach affects the measurement of the liability due to potential differences between current and historical pay rates. We evaluated management's assumptions regarding payout rates, termination patterns, and the application of the LIFO methodology in determining that the estimate is reasonable in relation to the financial statements taken as a whole.
- Management estimates the present value of lease payments for right-to-use assets under GASB Statement No. 87. These estimates incorporate assumptions about lease terms, variable payments, discount rates, and other factors. We evaluated management's assumptions and methodology and concluded that the estimates are reasonable in relation to the financial statements as a whole.

Financial statement disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive financial statement disclosures included:

- Other Post-Employment Benefits
- Pension
- Compensated absences

The financial statement disclosures are neutral, consistent, and clear.

**Significant Risks Identified**

As stated in our auditors' report, professional standards require us to design our audit to provide reasonable assurance that the financial statements are free of material misstatement whether caused by fraud or error. In designing our audit procedures, professional standards require us to evaluate the financial statements and assess the risk that a material misstatement could occur. Areas that are potentially more susceptible to misstatements, and thereby require special audit considerations, are designated as "significant risks". We have identified the following as significant risks.

- Management Override of Controls – Professional standards require auditors to address the possibility of management overriding controls. Accordingly, we identified as a significant risk that management of the District may have the ability to override controls that the District has implemented. Management may override the District's controls in order to modify the financial records with the intent of manipulating the financial statements to overstate the District's financial performance or with the intent of concealing fraudulent transactions.
- Revenue Recognition – We identified revenue recognition as a significant risk due to financial and operational incentives for the District to overstate revenues.
- Improper use of restricted resources
- Results of audit procedures specific to significant risks did not disclose any internal control or financial statement concerns

**Difficulties Encountered in Performing the Audit**

We encountered no significant difficulties in dealing with management in performing and completing our audit.

**Uncorrected Misstatements**

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management did not identify, and we did not notify them of any uncorrected financial statement misstatements.

**Corrected Misstatements**

No material misstatements were detected as a result of audit procedures. Material conversion entries were recorded by the auditors to convert the modified accrual basis of accounting governmental funds to the government-wide financial statements. This is part of the standard routine audit process

**Disagreements with Management**

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

**Management Representation**

We will request certain representations from management that are to be included in the management representation letter dated December 4, 2025, the date of the finalized audit report.

**Management Consultations with Other Independent Accountant**

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

**Other Audit Findings or Issues**

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

**Other Matters**

We applied certain limited procedures to required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

The supplementary section accompanying the financial statements, which is the responsibility of management, was prepared for purposes of additional analysis and is not a required part of the financial statements. Such information was not subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we did not express an opinion or provide any assurance on it.

Our auditors' opinion, the audited financial statements, and the notes to financial statements should only be used in their entirety. Inclusion of the audited financial statements in a document you prepare, such as an annual report, should be done only with our prior approval and review of the document.

**Restriction on Use**

This information is intended solely for the information and use of the governing board and management of the District and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,



CWDL, Certified Public Accountants  
San Diego, California