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SAN JOSÉ/EVERGREEN
COMMUNITY COLLEGE DISTRICT
MEASURE X GENERAL OBLIGATION BONDS

FINANCIAL STATEMENTS

Fiscal Year Ended June 30, 2023

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
 MEASURE X GENERAL OBLIGATION BONDS
 CITIZENS' BOND OVERSIGHT COMMITTEE MEMBERS
 JUNE 30, 2023**

The Board of Trustees of the San José/Evergreen Community College District established the Citizens' Bond Oversight Committee. The Committee shall perform only the following duties: (1) inform the public concerning the District's expenditure of bond proceeds, (2) review quarterly expenditure reports produced by the District to ensure that (a) bond proceeds were expended only for the purposes set forth in the Measure X; and (b) no bond proceeds were used for any teacher or administrative salaries or other operating expenses and (3) present to the Board, in public session, an annual written report which shall include the following: a statement indicating whether the District is in compliance with the requirements of Article XIII A, Section 1(b)(3) of the California Constitution; and a summary of the Committee's proceedings and activities for the preceding year.

The Citizens' Bond Oversight Committee for Measure X members for the fiscal year ended June 30, 2023 were composed of the following members:

Members	Representing
Carlos Corona	Student active in a Community College
Joseph Herrity	Community at-large
Anna Liza Navarro	Business Community
Vacant*	Support Organization
Vacant*	Community at-large
Vacant*	Taxpayer's Organization
Vacant*	Senior Citizen's Organization

*The District was actively engaged in soliciting for the vacant positions during 2022-23.

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
MEASURE X GENERAL OBLIGATION BONDS
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INDEPENDENT AUDITORS' REPORT

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

Report on Audit of Financial Statements

Opinions

We have audited the accompanying financial statements of San José/Evergreen Community College District (the "District") Measure X General Obligation Bonds activity included in the Measure X General Obligation Bond Funds (the "Measure X Bond Funds") of the District as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Measure X Bond Funds of San José/Evergreen Community College District, as of June 30, 2023, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of San José/Evergreen Community College District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements of the San José/Evergreen Community College District's Measure X General Obligation Bond Funds. The Purpose of Bond Issuance on pages 13 and 14 of this report and the Citizen's Bond Oversight Committee Members are presented for purposes of additional analysis and are not a required part of the financial statements. The information has not been subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 2023 on our consideration of the District's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts and other matters for the Measure X Bond Funds. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance for the Bond Funds. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering San José/Evergreen Community College District's internal control over financial reporting and compliance for the Bond Funds.

CWDL, Certified Public Accountants

San Diego, California
August 31, 2023

FINANCIAL SECTION

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
MEASURE X GENERAL OBLIGATION BONDS
BALANCE SHEET
JUNE 30, 2023**

ASSETS

Due from other funds	\$ 424,354,382
Receivables	<u>3,702,198</u>

Total Assets \$ 428,056,580

LIABILITIES AND FUND BALANCE

Liabilities

Due to other funds	<u>\$ -</u>
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Total Liabilities -

Fund Balance

Restricted for capital projects	<u>428,056,580</u>
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Total Liabilities and Fund Balance \$ 428,056,580

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
MEASURE X GENERAL OBLIGATION BONDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

REVENUES

Interest income	\$ 8,750,828
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Total Revenues	<u>8,750,828</u>
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EXPENDITURES

Salaries and benefits	1,448,756
Supplies, materials and other operating expenses	4,738,357
Capital outlay	<u>142,548,886</u>

Total Expenditures	<u>148,735,999</u>
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Excess (Deficiency) of Revenues Over (Under) Expenditures	(139,985,171)
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OTHER FINANCING SOURCES

Proceeds from long-term debt	238,000,000
Other financing uses	<u>(513,988)</u>

Total Other Financing Sources	<u>237,486,012</u>
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Net Change in Fund Balance	97,500,841
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Restricted Fund Balance, July 1, 2022	<u>330,555,739</u>
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Restricted Fund Balance, June 30, 2023	<u>\$ 428,056,580</u>
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**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
MEASURE X GENERAL OBLIGATION BONDS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

San José/Evergreen Community College District (the "District") accounts for its Measure X General Obligation Bond Funds' ("Bond Funds") financial transactions in accordance with policies and procedures of the State Chancellor's Office's California Community Colleges Budget and Accounting Manual. The accounting policies of the Measure X Bond Funds conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). The following is a summary of the significant accounting policies:

Financial Reporting Entity: The financial statements include only the Bond Funds' Measure X General Obligation Bond Resources of the District. The funds were established to account for the expenditures of general obligation bonds issued under the General Obligation Bonds. The authorized issuance amount of the bonds is \$748,000,000. These financial statements are not intended to present fairly the financial position and results of operations of the District in compliance with accounting principles generally accepted in the United States of America.

Basis of Accounting: Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied.

The financial statements represent the Measure X General Obligation Bond Funds of the District and are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred.

Cash and Cash Equivalents: For the purpose 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.

Restricted Fund Balance: Restricted fund balance includes resources which are legally or contractually restricted by external third parties. Fund balance is restricted for capital projects of the Measure X Bond Funds in accordance with the Bond Project List for Measure X General Obligation Bonds.

Accounting Estimates: The presentation 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. Actual results could differ from those estimates.

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
 MEASURE X GENERAL OBLIGATION BONDS
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2023**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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

NOTE 2 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents at June 30, 2023 consisted of \$0 held in the County Treasury investment pool.

Credit Risk: In accordance with Education Code Section 41001, the Bond Funds maintain all of their cash in the Santa Clara County Treasury. The County Treasurer of Santa Clara County acts as the Measure X General Obligation Bonds Fiscal Agent. The County pools these funds with those of other districts in the County and invests the cash. These pooled funds are carried at fair value. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

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

In accordance with applicable State laws, the Santa Clara County Treasurer may invest in derivative securities. However, at June 30, 2023, the Santa Clara County Treasurer has represented that the Treasurer’s pooled investment fund contained no derivatives or other investments with similar risk profiles.

Investments Authorized by Debt Agreements: Investment of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the District’s investment policy. The table below identifies the investment types that are authorized for investments held by bond trustees. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage Allowed	Maximum Investment in One Issuer
County Pooled Investment Fund	None	None	None

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
 MEASURE X GENERAL OBLIGATION BONDS
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2023**

NOTE 2 – CASH AND CASH EQUIVALENTS, continued

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

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the maturity date of each investment:

Investment Type	Weighted Average Maturity (in Days)
Santa Clara County Investment Pool	648

Concentration of Credit Risk: The District's investment policy places limits on the amount it may invest in any one issuer. At June 30, 2023, the District had no concentration of credit risk.

NOTE 3 – INTERFUND TRANSACTIONS

As of June 30, 2023, the Measure X General Obligation bond fund had an interfund receivable of \$424,354,382 due from the General Fund. Interfund receivables and payables are paid and cleared in the subsequent period.

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
MEASURE X GENERAL OBLIGATION BONDS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 4 – PURPOSE OF BOND ISSUANCE

Bond Authorization: By approval of the proposition for Measure X by at least 55% of the registered voters voting on the proposition at the election held on November 10, 2016, San José Evergreen Community College District was authorized to issue and sell bonds of up to \$748,000,000 in aggregate principal amount.

Purpose of Bonds: The proceeds of the Bonds may be used:

“To repair/upgrade classrooms to prepare students/veterans for jobs/university transfer by repairing/building nursing, engineering, vocational, technology, science/ job training classrooms, improving campus, earthquake safety/disabled access, remove asbestos/lead paint, acquiring, constructing, repairing sites, facilities/equipment, shall San José- Evergreen Community College District issue \$748,000,000 in bonds at legal rates, no money for administrators’ salaries/pensions, requiring citizen oversight, independent audits, all funds used locally?”

As required by the California Constitution, the proceeds from the sale of bonds will be used only for the construction, reconstruction, rehabilitation or replacement of school facilities including the furnishing and equipping of school facilities and not for any other purpose, including teacher and administrative salaries and other school operating expenses.

NOTE 5 – GENERAL OBLIGATION BOND ISSUANCES

The Bonds represent an obligation of the District payable solely from ad valorem property taxes levied and collected by the County of Santa Clara on properties within the District. The Board of Supervisors of Santa Clara County has power and is obligated to annually levy ad valorem taxes for the payment of interest on, and principal of, the Bonds upon all property subject to taxation by the District without limitation of rate or amount, except as to certain personal property which is taxable at limited rates.

In June 2018, the District issued the 2016 General Obligation Bonds, Series A in the amount of \$39,000,000. The bonds mature beginning on September 1, 2018 through September 1, 2038, with interest yields ranging from 1.52 to 3.30 percent.

In June 2018, the District issued 2016 General Obligation Bonds, Series A1 in the amount of \$46,000,000. The bonds mature beginning on September 1, 2018 through September 1, 2033, with interest yields ranging from 2.11 to 4.18 percent.

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 percent.

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
MEASURE X GENERAL OBLIGATION BONDS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 5 – GENERAL OBLIGATION BOND ISSUANCES, continued

In February 2023, the District issued \$200,000,000 and \$38,000,000 of 2016 General Obligation Bonds as Series C and Series C-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 C and Series C-1 Bonds mature through September 1, 2045, with interest rates ranging from 2.48 to 4.21 percent.

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

2016 Series A General Obligation Bonds

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

The general long-term liabilities maturity schedules for the 2016 General Obligation Bonds Series A1 are as follows:

2016 Series A1 General Obligation Bonds

Fiscal Year	Principal	Interest	Total
2024	\$ 300,000	\$ 237,180	\$ 537,180
2025	340,000	221,180	561,180
2026	380,000	203,180	583,180
2027	425,000	183,054	608,054
2028	465,000	163,761	628,761
2029-2033	3,070,000	496,452	3,566,452
2034	785,000	16,399	801,399
Total	\$ 5,765,000	\$ 1,521,206	\$ 7,286,206

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
MEASURE X GENERAL OBLIGATION BONDS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 5 – GENERAL OBLIGATION BOND ISSUANCES, continued

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

2016 Series B General Obligation Bonds

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

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

2016 Series B-1 General Obligation Bonds

Fiscal Year	Principal	Interest	Total
2024	\$ 8,305,000	\$ 5,055,465	\$ 13,360,465
2025	-	4,910,128	4,910,128
2026	-	4,910,128	4,910,128
2027	-	4,910,128	4,910,128
2028	-	4,910,128	4,910,128
2029-2033	21,805,000	23,745,035	45,550,035
2034-2038	39,015,000	20,147,173	59,162,173
2039-2043	64,230,000	13,157,855	77,387,855
2044-2046	51,835,000	2,451,547	54,286,547
Total	\$ 185,190,000	\$ 84,197,587	\$ 269,387,587

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
MEASURE X GENERAL OBLIGATION BONDS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 5 – GENERAL OBLIGATION BOND ISSUANCES, continued

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

2016 Series C General Obligation Bonds

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

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

2016 Series C-1 General Obligation Bonds

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

NOTE 6 – CONSTRUCTION COMMITMENTS

As of June 30, 2023, the District had \$207.1 million in outstanding encumbered commitments on Measure X General Obligation Bond construction contracts.

SUPPLEMENTARY INFORMATION SECTION

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
MEASURE X GENERAL OBLIGATION BONDS
PURPOSE OF BOND ISSUANCE
JUNE 30, 2023**

LEGISLATIVE HISTORY

On November 7, 2000, California voters approved Proposition 39, the Smaller Classes, Safer Schools, and Financial Accountability Act. Proposition 39 amended portions of the California Constitution to provide for the issuance of general obligation bonds by school districts, community college districts, or county offices of education, "for the construction, reconstruction, rehabilitation or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities", upon approval by 55% of the electorate.

Education Code Section 15278 provides additional accountability measures:

1. A requirement that the school district establish and appoint members to an independent citizens' oversight committee.
2. A requirement that the school district expend bond funds only for the purposes described in Section 1(b)(3) of Article XIII A of the California Constitution, and ensuring that no funds are used for any teacher or administrative salaries or other school operating expenses.
3. A requirement to conduct an annual independent performance audit required by Section 1(b)(3)C of Article XIII A of the California Constitution.
4. A requirement to conduct an annual independent financial audit required by Section 1(b)(3)D of Article XIII A of the California Constitution.

SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT GENERAL OBLIGATION BONDS, MEASURE X

The San José/Evergreen Community College District, Santa Clara County, California Election of Measure X General Obligation Bonds, Measure X were authorized at an election of the registered voters of the San José/Evergreen Community College District held on November 10, 2016 at which more than fifty-five percent of the persons voting on the proposition voted to authorize the issuance and sale of \$748,000,000 principal amount of general obligation bonds of the District. The Bonds are being issued to finance the acquisition, construction and modernization of certain District property and facilities. The Bonds are general obligations of the District, payable solely from ad valorem property taxes. A summary of the text of the ballot language was as follows:

"To repair/upgrade classrooms to prepare students/veterans for jobs/university transfer by repairing/building nursing, engineering, vocational, technology, science/job training classrooms, improving campus, earthquake safety/disabled access, remove asbestos/lead paint, acquiring, constructing, repairing sites, facilities/equipment, shall San José- Evergreen Community College District issue \$748,000,000 in bonds at legal rates, no money for administrators' salaries/pensions, requiring citizen oversight, independent audits, all funds used locally?"

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
MEASURE X GENERAL OBLIGATION BONDS
PURPOSE OF BOND ISSUANCE
JUNE 30, 2023**

SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT GENERAL OBLIGATION BONDS, MEASURE X, continued

The District's Board of Trustees developed the following objectives for the Measure X Bonds:

- Repair and upgrade San Jose City College and Evergreen Valley College campuses and classrooms, including:
 - Updating labs for nursing, science, technology and engineering
 - Expanding educational resources for veterans
 - Improving campus safety and security
 - Removing asbestos and lead paint, among other priorities

FURTHER SPECIFICATIONS

No Administrator Salaries: Proceeds from the sale of bonds authorized by this measure shall be used only for the construction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities or the acquisition or lease of real property for school facilities and not for any other purpose, including teacher and administrator salaries and other school operating expenses.

OTHER REPORTS



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

To the Board of Trustees
San José/Evergreen Community College District
San Jose, 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 San José/Evergreen Community College District (the "District") Measure X General Obligation Bond Funds (the "Measure X Bond Funds") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Measure X Bond Funds basic financial statements, and have issued our report thereon dated August 31, 2023.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the San José/Evergreen Community College District's Measure X Bond Funds' financial statements are free of material misstatement, we performed tests of the Bond Funds' compliance with certain provisions of laws, regulations, and contracts, 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 over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CWDL, Certified Public Accountants

San Diego, California
August 31, 2023

FINDINGS AND RESPONSES SECTION

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
MEASURE X GENERAL OBLIGATION BONDS
FINANCIAL STATEMENT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

This section identifies the deficiencies, 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 or questioned costs identified during 2022-23.

**SAN JOSÉ/EVERGREEN COMMUNITY COLLEGE DISTRICT
MEASURE X GENERAL OBLIGATION BONDS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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