

Financial Statements
June 30, 2025

San Diego Community College District

Independent Auditor’s Report	1
Management’s Discussion and Analysis	4
Basic Financial Statements	
Primary Government	
Statement of Net Position	15
Statement of Revenues, Expenses, and Changes in Net Position.....	16
Statement of Cash Flows	17
Fiduciary Fund	
Statement of Net Position	19
Statement of Changes in Net Position	20
Notes to Financial Statements.....	21
Required Supplementary Information	
Schedule of Changes in the District’s Net OPEB Liability and Related Ratios.....	68
Schedule of District Contributions for OPEB.....	70
Schedule of OPEB Investment Returns	71
Schedule of the District’s Proportionate Share of the Net OPEB Liability – MPP Program.....	72
Schedule of the District’s Proportionate Share of the Net Pension Liability	73
Schedule of the District Contributions for Pensions.....	77
Notes to Required Supplementary Information	79
Supplementary Information	
District Organization	81
Schedule of Expenditures of Federal Awards	82
Schedule of Expenditures of State Awards.....	85
Schedule of Workload Measures for State General Apportionment Annual (Actual) Attendance.....	88
Reconciliation of <i>Education Code</i> Section 84362 (50% Law) Calculation	89
Proposition 30 Education Protection Account (EPA) Expenditure Report.....	92
Reconciliation of Governmental Funds to the Statement of Net Position	93
Notes to Supplementary Information.....	95
Independent Auditor’s Reports	
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	97
Independent Auditor’s Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance Required by the Uniform Guidance	99
Independent Auditor’s Report on State Compliance.....	102
Schedule of Findings and Questioned Costs	
Summary of Auditor’s Results.....	105
Financial Statement Findings and Recommendations.....	106
Federal Awards Findings and Questioned Costs.....	107
State Compliance Findings and Questioned Costs.....	111
Summary Schedule of Prior Audit Findings.....	112



Independent Auditor's Report

To the Board of Trustees
San Diego Community College District
San Diego, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and fiduciary activities of San Diego Community College District (the District), as of and for the year ended June 30, 2025, 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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and fiduciary activities of San Diego Community College District, as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Adoption of New Accounting Standard

As discussed in Note 2 and Note 14 to the financial statements, the District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*, for the year ended June 30, 2025. Accordingly, a restatement has been made to the business-type activities net position as of July 1, 2024 to restate beginning net position. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 on pages 4 through 14 and other required supplementary schedules as listed in the table of contents on pages 68 through 78 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, including the Schedule of Expenditures of Federal Awards, as required by 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), and other supplementary information listed in the table of contents, 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. The 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 Schedule of Expenditures of Federal Awards and other supplementary information listed in the table of contents are 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 January 22, 2026 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.

Eide Bailly LLP

Ontario, California
January 22, 2026



San Diego Community College District

City College · Mesa College · Miramar College · College of Continuing Education

DISTRICT BACKGROUND AND INTRODUCTION

The California Community College system is comprised of 73 districts, 116 colleges, and 72 Education Centers serving 2.1 million students. San Diego Community College District (the “District”) is one of five community college districts located in San Diego County. The District is located within the metropolitan area of the city of San Diego and consists of three credit colleges: San Diego City College, Mesa College, and Miramar College, as well as a fully accredited, noncredit college, the San Diego College of Continuing Education, which operates at seven campus locations.

The mission of the District is to provide accessible, high quality learning experiences to meet the educational needs of the City of San Diego. The District offers a comprehensive curriculum responding to needs for university transfers, technical, vocational, general education, remediation and development, special education, human development, honors, and ethnic and linguistic diversity. The District also provides comprehensive support services, including counseling, financial aid, health services, tutoring, career planning and placement, childcare, transfer centers, disabled student services and extended opportunities programs and services. As of 2016, SDCCD is one of 15 community colleges system-wide offering a bachelor’s degree under a state piloted program. The District is expanding its program to include at least one bachelor’s degree at each of the colleges.

The District is currently the third largest community college district in California and among the largest in the United States. California residents paid an enrollment fee of \$46 per credit unit during the 2024-25 academic year. Out-of-state residents paid the enrollment fee plus non-resident tuition of \$356 per credit, and students in the baccalaureate program paid a surcharge of \$84 per credit on top of either resident or non-resident fees.

The District maintains transfer agreements with the California State University and University of California systems, and the instructional coursework offered in transferable courses fully prepares students to succeed in four-year colleges and universities.

FINANCIAL HIGHLIGHTS FOR 2024-2025

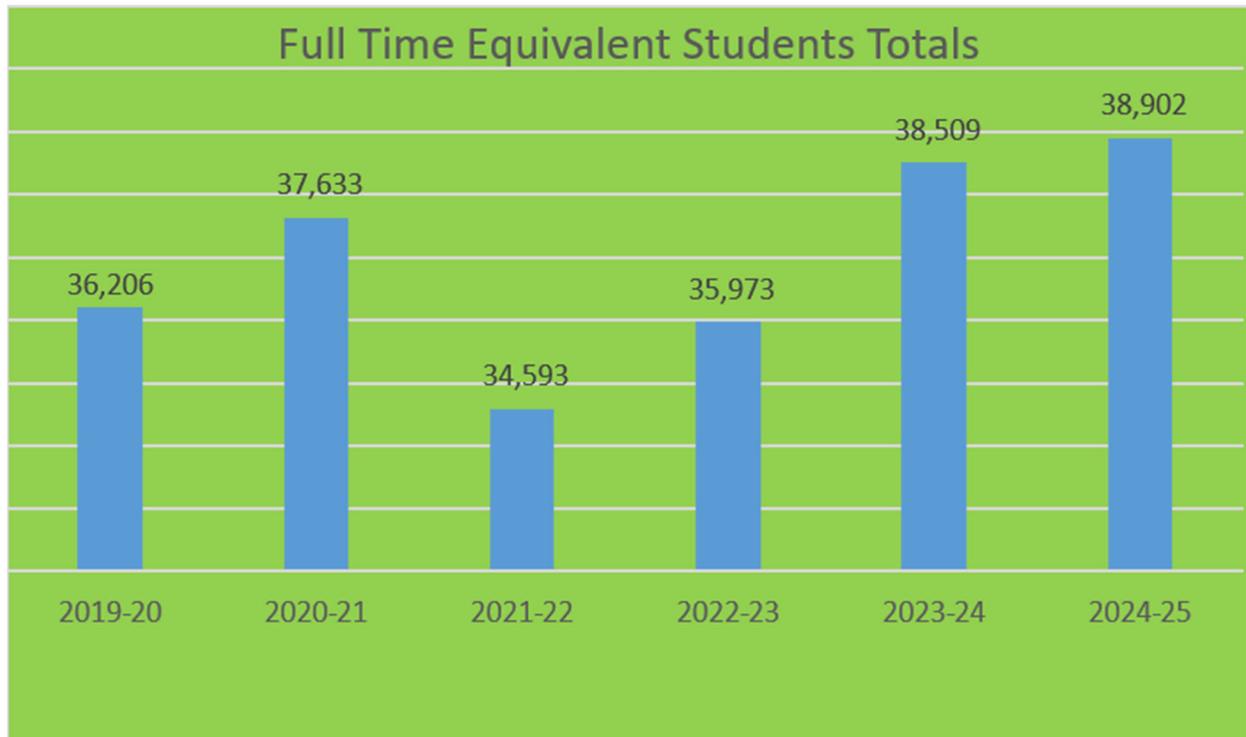
- The California Budget Act for 2024-25 signed into law on June 26, 2024 reflected \$298 billion in state expenditures including \$211.5 billion in General Fund expenditures.
- The state budget provided a slight increase in funding for California Community Colleges apportionment and categorical program over 2023-24.
- The state budget contains changes to deal with revenue shortfalls but maintains the state’s commitment to fully funding community college districts in support of accessible higher education opportunities for California residents, providing \$28 million ongoing to fund 0.5% enrollment growth.

- The state budget included overall state General Fund spending of \$211.5 billion for a decrease of over 6% as compared to 2023-24. The enacted state budget provided a 1.07% cost-of-living adjustment (COLA), and funding for student basic needs and support.
- The District's Adopted Budget for 2024-25 of \$1.04 billion consisted of \$642.6 million in General Fund Unrestricted and Restricted Funds and \$402 million in Other Funds, representing a \$25 million increase in all funds as compared to 2023-24.
- After wrapping up projects related to Prop S and Prop N General Obligation Bonds in 2023-24, voters in San Diego passed a new \$3.5 billion bond with Measure HH in November 2024. This will allow the District to proceed with construction and technology projects to provide sustainable buildings and state-of-the-art classroom equipment to serve student demand, support student success, and contain ever-increasing utility and other operating costs.
- As of the 2024-25 Adopted Budget, the District's SCFF revenue was funded through 'Stability' in the last year before the funding floor takes effect. This is the benchmark year which represents the level of funding below which districts cannot drop going forward, but to which COLA will not be added unless the district is earning its actual SCFF calculated revenue.
- The District also met or exceeded all federal and state mandated requirements including the 50% Law and Faculty Obligation Number (FON).

ENROLLMENT HIGHLIGHTS

The District's full-time equivalent students (FTES) target for 2024-25 was 39,051 FTES to align FTES funding in accordance with the Student-Centered Funding Formula (SCFF) model, which allocates 70% of apportionment revenue funding for FTES, with the remaining 30% funding tied to financial need (20%) and outcomes (10%). A history of student enrollments is provided in the table below. Although the ECA provisions expired on June 30, 2023, the District continued to benefit from the additional FTES due to the three-year average calculation used as a basis for FTES reporting. Enrollment continues to reflect an upward trend as districts emerge from the impact of the pandemic.

FULL TIME EQUIVALENT STUDENTS



FINANCIAL REPORTING STANDARDS

Through its Fiscal Standards and Accountability Committee, the California Community College Chancellor's Office recommends that all community college districts implement the reporting standards under the Business Type Activity (BTA) model. To comply with the recommendations of the Chancellor's Office and to report in a manner consistent with other California Community College districts, the District adopted the BTA reporting model for its financial statement reporting.

As required by the Governmental Accounting Standards Board (GASB), district annual reports are to consist of three basic financial statements that provide information on a district as a whole:

- The Statement of Net Position
- Statements of Revenues, Expenses, and Changes in Net Position
- The Statement of Cash Flows

Each of these statements, along with other selected financial statement summaries, will be described herewith and will include comparisons between the prior and current year, along with select highlighted information relevant to each statement presented.

STATEMENT OF NET POSITION

The Statement of Net Position presents the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position (deficit) of the District as of the end of the fiscal year using the accrual basis of accounting, which is comparable to that used by most private sector institutions. Net position (deficit)—the difference between assets, and deferred outflows of resources, and liabilities, and deferred inflows of resources—is one way to measure the financial health of the District. The net position data allows readers to determine the resources available to continue the operations of the District. The restated net position (deficit) as of July 1, 2024 was (\$130,298,981), while the change in Net Position (Deficit) was \$36,539,925 for an ending Net Position (Deficit) of (\$93,759,056) as of June 30, 2025 as reported on the next page. The net position (deficit) of the District consists of three major categories:

1. Invested in capital assets, net of related debt – the District's equity in property, plant, and equipment.
2. Restricted (distinguished between major categories of restriction) – the constraints placed on the use of the assets are externally imposed by creditors such as through debt covenants, grantors, contributors, laws or regulations of other governments, or imposed through constitutional provisions or enabling legislation.
3. Unrestricted – the District can use for any lawful purpose. Although unrestricted, the District's governing board may place internal restrictions on this net position, but it retains the power to change, remove, or modify those restrictions.

San Diego Community College District
Management's Discussion and Analysis
June 30, 2025

	2025	2024*	Change
Assets			
Cash, cash equivalents, and investments	\$ 1,257,028,645	\$ 362,283,110	\$ 894,745,535
Receivables, net	129,824,964	155,404,545	(25,579,581)
Inventories and other current assets	800,543	1,337,026	(536,483)
Capital assets, net	<u>1,253,852,636</u>	<u>1,290,662,031</u>	<u>(36,809,395)</u>
Total assets	<u>2,641,506,788</u>	<u>1,809,686,712</u>	<u>831,820,076</u>
Deferred Outflows of Resources	<u>170,828,582</u>	<u>178,518,870</u>	<u>(7,690,288)</u>
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	74,943,001	72,350,522	2,592,479
Unearned revenue	61,787,608	92,901,947	(31,114,339)
Long-term liabilities, due within one year	<u>75,191,741</u>	<u>63,349,665</u>	<u>11,842,076</u>
Total current liabilities	<u>211,922,350</u>	<u>228,602,134</u>	<u>(16,679,784)</u>
Noncurrent liabilities			
Long-term liabilities, due in more than one year	<u>2,548,564,906</u>	<u>1,690,210,256</u>	<u>858,354,650</u>
Total liabilities	<u>2,760,487,256</u>	<u>1,918,812,390</u>	<u>841,674,866</u>
Deferred Inflows of Resources	<u>145,607,170</u>	<u>143,945,892</u>	<u>1,661,278</u>
Net Position (Deficit)			
Net investment in capital assets	(41,969,311)	3,763,879	(45,733,190)
Restricted	214,940,294	181,313,657	33,626,637
Unrestricted deficit	<u>(266,730,039)</u>	<u>(259,630,236)</u>	<u>(7,099,803)</u>
Total net position (deficit)	<u>\$ (93,759,056)</u>	<u>\$ (74,552,700)</u>	<u>\$ (19,206,356)</u>

* Amounts have not been restated for the effects of the implementation of GASB Statement No. 101. See Note 14 for further information.

ASSETS

The District's assets consist of current assets and non-current assets. The major components of the current assets are cash and net accounts receivable. These assets are resources with present capability to enable the District to provide services and continue its operations.

Non-current assets are assets with longer-term investment of more than one year. These assets include capital assets net of accumulated depreciation.

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows of resources include amounts associated with the refunding of debt, OPEB, and pension-related variables that are removed from expenses during the fiscal year.

LIABILITIES

The liabilities of the District consist of current liabilities and non-current liabilities. The major components of the current liabilities are the current portion of outstanding General Obligation Bond debt and related accrued interest payable within one year, accrued payroll and amounts payable to vendors.

Non-current liabilities are debt with maturities of more than one year, which consist of General Obligation Bond repayments, claims liability, compensated absences, early retirement incentive, aggregate net OPEB obligation, and aggregate net pension liability.

DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources represent pension costs resulting from the difference between projected and actual earnings on pension plan investments and other pension-related variables. This amount is deferred and amortized over five to seven years. Deferred inflows also include OPEB and lease related activities. Additional deferred inflows include amounts related to debt refundings, which is amortized over the shorter of the life of the refunded or refunding debt.

NET POSITION (DEFICIT)

The total net position (deficit) is one indicator of the District's financial health. Changes in total net position (deficit) as presented on the Statement of Net Position are based on the activity presented in the Statement of Revenues, Expenses, and Changes in Net Position during fiscal year 2024-2025. The change in net position (deficit) reveals whether the overall financial condition has improved or declined during the year. Over time, increases or decreases in net position will point out the improvement or erosion of the District's financial health when considered with nonfinancial facts, such as enrollment levels, State changes in funding, facility changes, etc.

Net position (deficit) represents residual District assets and deferred outflows of resources after liabilities and deferred inflows of resources are deducted. The net position is categorized between net investment in capital assets, restricted net assets, and unrestricted net assets (deficit). The net investment in capital assets represents the equity amount in property, plant, and equipment owned by the District. Restricted net position represents funds that are limited in terms of the purpose and time for which the funds can be spent and are subject to externally imposed restrictions governing their use. Unrestricted net position is defined by GASB Statements No. 34 and No. 35 as those assets that do not have external legal restrictions against them, including any amounts designated by the Governing Board.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

The Statement of Revenues, Expenses, and Changes in Net Position presents the operating results of the District. The purpose of the statement is to present the revenues received by the District, both operating and non-operating, and the expenses paid by the District, operating and non-operating, and any other revenues, expenses, gains and losses received or spent by the District. State general apportionment funds, while budgeted for operations, are considered non-operating revenues according to generally accepted accounting principles.

Changes in total net position (deficit) on the Statement of Net Position are based on the activity presented in the Statement of Revenues, Expenses, and Changes in Net Position. Operating revenues are received for providing goods and services to the various customers and constituencies of the District. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues, and to carry out the mission of the District.

	<u>2025</u>	<u>2024*</u>	<u>Change</u>
Operating Revenues			
Tuition and fees, net	\$ 25,607,379	\$ 21,898,698	\$ 3,708,681
Grants and contracts, noncapital	115,281,611	118,881,720	(3,600,109)
Auxiliary sales and charges	6,297,252	6,196,390	100,862
Total operating revenues	<u>147,186,242</u>	<u>146,976,808</u>	<u>209,434</u>
Operating Expenses			
Salaries and benefits	356,038,186	347,700,882	8,337,304
Supplies and other expenses	200,598,532	178,516,646	22,081,886
Depreciation	44,900,375	44,649,408	250,967
Total operating expenses	<u>601,537,093</u>	<u>570,866,936</u>	<u>30,670,157</u>
Operating loss	<u>(454,350,851)</u>	<u>(423,890,128)</u>	<u>(30,460,723)</u>
Nonoperating Revenues (Expenses)			
State apportionments, non capital	150,673,121	153,887,327	(3,214,206)
Property taxes	271,236,807	261,003,775	10,233,032
Student financial aid grants	80,162,055	69,358,616	10,803,439
State taxes and other revenues	13,682,680	14,804,882	(1,122,202)
Net interest expense	(26,045,827)	(25,189,567)	(856,260)
Other nonoperating revenues	589,484	9,266,108	(8,676,624)
Total nonoperating revenues (expenses)	<u>490,298,320</u>	<u>483,131,141</u>	<u>7,167,179</u>
Other Revenues (Losses)			
State, local capital income, and losses on disposal of capital assets	592,456	2,918,298	(2,325,842)
Change in net position	<u>\$ 36,539,925</u>	<u>\$ 62,159,311</u>	<u>\$ (25,619,386)</u>

* Expenses for the year ended June 30, 2024 were not restated for the effects of the implementation of GASB Statement No. 101. See Note 14 for further information.

OPERATING REVENUES AND EXPENSES

Generally, operating revenues are earned for providing educational and programmatic services to the various customers and constituencies of the District. Operating expenses are those expenses incurred to acquire goods or provide services in return for the operating revenues used to fulfill the mission of the District.

The operating revenues are generated by the resident enrollment fees, non-resident, and out-of-State tuition paid by students, including fees such as health fees, parking fees, and other related fees. Since State apportionments, property taxes, sales taxes and other revenues, and investment income are prescribed by GASB as non-operating revenues; operating expenses generally exceeds operating revenues in the Statement of Revenue, Expenses, and Changes in Net Position.

The primary operating expenses of the District are for the salaries and benefits of academic, classified, and administrative personnel, comprising the total operating expenses from a government-wide full accrual perspective. This amount includes the activity from all District funds. The costs increased from the previous fiscal year, from \$571 million to \$602 million, mainly due to increases in payroll and benefits expenses, changes in actuarially determined assumptions for pension and OPEB expenses, as well as startup costs for the new bond Measure HH.

In accordance with requirements set forth by the California Community Colleges Chancellor's Office, the District reports operating expenses by object code. Operating expenses by functional classification are as follows:

Year ended June 30, 2025:

	Salaries and Employee Benefits	Supplies, Material, and Other Expenses and Services	Student Financial Aid	Equipment, Maintenance, and Repairs	Depreciation	Total
Instructional activities	\$ 149,172,507	\$ 7,140,160	\$ -	\$ 2,133,099	\$ -	\$ 158,445,766
Academic support	55,396,913	2,479,939	-	900,470	-	58,777,322
Student services	59,684,261	4,380,629	-	805,069	-	64,869,959
Plant operations and maintenance	14,066,319	11,407,939	-	2,561,096	-	28,035,354
Planning and policymaking	13,797,033	3,259,358	-	191,983	-	17,248,374
Institutional support services	40,649,470	57,318,993	-	767,694	-	98,736,157
Community services and economic development	2,289,742	613,941	-	364,371	-	3,268,054
Ancillary services and auxiliary operations	7,771,575	7,107,890	-	531,069	-	15,410,534
Student aid	-	-	87,434,145	-	-	87,434,145
Physical property and related acquisitions	13,210,366	8,481,546	-	2,719,141	-	24,411,053
Unallocated depreciation	-	-	-	-	44,900,375	44,900,375
Total	\$ 356,038,186	\$ 102,190,395	\$ 87,434,145	\$ 10,973,992	\$ 44,900,375	\$ 601,537,093

NON-OPERATING REVENUES AND OTHER REVENUES

Non-operating revenues and other State and local revenues are those received or pledged for which goods and services are not provided to the entity providing the revenues. For example, State appropriations are non-operating revenues because the State Legislature provides them to the District without the Legislature directly receiving commensurate goods and services for the revenues. Total non-operating revenues or expenses are an integral component in determining the increases or decreases in net position.

STATEMENT OF CASH FLOWS

The Statement of Cash Flows provides information about cash receipts and cash payments during the fiscal year. This Statement also helps users assess the District's ability to generate positive cash flows, meet obligations as they come due and determine the need for external financing. The Statement of Cash Flows is divided into five parts. The first part reflects operating cash flows and shows the net cash provided by the operating activities of the District. The second part details cash received for nonoperating, non-investing, and non-capital financing purposes. The third part shows cash flows from capital and related financing activities. This deals with the cash used for the acquisition and construction of capital and related items. The fourth section provides information from investing activities and the amount of interest received. The fifth and final section reconciles the net cash provided by operating activities to the operating loss reflected on the Statement of Revenues, Expenses, and Changes in Net Position.

Changes in Cash Position

The Statement of Cash Flows for the year ended June 30, 2025 and 2024, are summarized and presented below:

	2025	2024*	Change
Net Cash Flows from			
Operating activities	\$ (455,229,311)	\$ (420,784,715)	\$ (34,444,596)
Noncapital financing activities	424,857,765	400,716,822	24,140,943
Capital financing activities	907,070,533	(251,160,094)	1,158,230,627
Investing activities	17,800,538	253,890,272	(236,089,734)
Change in Cash and Cash Equivalents	894,499,525	(17,337,715)	911,837,240
Cash and Cash Equivalents, Beginning of Year	360,842,551	378,180,266	(17,337,715)
Cash and Cash Equivalents, End of Year	\$ 1,255,342,076	\$ 360,842,551	\$ 894,499,525

* Cash flows from operating activities for the year ended June 30, 2024 were not restated for the effects of the implementation of GASB Statement No. 101. See Note 14 for further information.

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

As of June 30, 2025, the District had \$1.3 billion in net capital assets. Total capital assets consist of land, buildings, and building improvements, construction in progress, vehicles and other equipment. Accumulated depreciation related to these assets is \$638.8 million. Depreciation expense of \$44.9 million was recorded for the fiscal year. Note 7 to the financial statements provides additional information on capital assets.

	2025	2024
Land and improvements	\$ 145,088,919	\$ 147,536,327
Buildings and improvements	1,088,624,155	1,132,363,751
Furniture and equipment	9,093,956	8,943,647
Construction in progress	11,045,606	1,818,306
Total capital assets, net	\$ 1,253,852,636	\$ 1,290,662,031

Long-Term Liabilities

At June 30, 2025, the District had \$2.5 billion in outstanding long-term liabilities compared to \$1.7 billion at June 30, 2024. We present more detailed information regarding our long-term liabilities in Note 8, Note 9, and Note 11 to the financial statements.

	2025	2024*
General obligation bonds payable	\$ 2,211,689,285	\$ 1,373,813,399
Claims liability	7,246,482	6,361,062
Compensated absences	83,071,057	18,685,583
Early retirement incentive	-	962,810
Aggregate net OPEB liability	32,514,901	43,055,374
Aggregate net pension liability	289,234,922	310,681,693
Total long-term liabilities	2,623,756,647	1,753,559,921
Less current portion	(75,191,741)	(63,349,665)
Total long-term portion	\$ 2,548,564,906	\$ 1,690,210,256

* Amounts have not been restated for the effects of the implementation of GASB Statement No. 101. See Note 14 for further information.

DISTRICT'S FIDUCIARY RESPONSIBILITY

The District is the trustee, or fiduciary for clubs and donors for student loans and scholarships. These activities are included in the District's financial statements. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

ECONOMIC OUTLOOK AND FACTORS AFFECTING FUTURE BUDGETS

The major economic factors that impact the District and all California community college districts' financial conditions are directly related to the overall economic, budgetary, and fiscal condition of the State of California and any legislation that impacts the funding of all community colleges in the state. Per the Joint Analysis of the State Chancellor's Office (CCCCO), updated revenue projections reflect stock market volatility, the impact of federal tariffs, state cost increases for programs such as Medi-Cal, and federal cuts. The projected deficit of \$30 billion as of January 2025 was updated to include an additional deficit of approximately \$12 billion for FY 2025-26. Steps taken earlier in the 2024 Budget Act through two-year budget planning helped prepare for this additional shortfall.

In addition to state funding and economic outlook uncertainties, another major concern for all districts continues to be the significant increases to the CalSTRS and CalPERS employer pension contribution rates. Employer pension costs have more than doubled since 2013-14, which is a major drain on annual budgets. It is likely that the state and all districts will continue to face budget challenges in the years to come. The most significant risk to the system is always related to the state of the economy. In addition, there are decisions and events outside of the California Legislature's control, for example federal governmental decisions and international conflicts, which further impact the state budget. The primary focus of the state and districts has shifted from an educational focus for the District's students to include support of the basic needs of our students for food, shelter, and other similar services.

In spite of the challenges, the District continues its effort to identify ways to minimize its dependence upon the state's economic conditions and state funding. Enrollment management planning, which previously primarily focused on FTES targets (revenue driver) have expanded to include FTEF (full-time equivalent faculty) targets (costs associated with the revenue) in its planning efforts. The District has been realigning its operating expenses based upon SCFF anticipated revenues. The District continues to take steps to reduce operating expenses in order to align them with the highest possible apportionment revenue under the SCFF, as well as a focus on increasing supplemental apportionment revenue through strategic planning.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report was designed to provide a general overview of the District's finances for all those interested. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Vice Chancellor, Finance and Business Services, San Diego Community College District, 3375 Camino Del Rio South, Room 210, San Diego, CA 92108.

San Diego Community College District

Statement of Net Position

June 30, 2025

Assets	
Cash and cash equivalents	\$ 8,254,876
Investments	1,248,773,769
Accounts receivable	57,487,117
Student receivables, net	5,274,648
Lease receivables	67,063,199
Prepaid expenses	88,120
Inventories	712,423
Capital assets not being depreciated	93,215,739
Capital assets, net of accumulated depreciation	1,160,636,897
Total assets	<u>2,641,506,788</u>
Deferred Outflows of Resources	
Deferred outflows of resources related to debt refunding	62,814,208
Deferred outflows of resources related to OPEB	8,716,806
Deferred outflows of resources related to pensions	99,297,568
Total deferred outflows of resources	<u>170,828,582</u>
Liabilities	
Accounts payable	41,728,751
Accrued interest payable	33,214,250
Unearned revenue	61,787,608
Long-term liabilities	
Long-term liabilities other than OPEB and pensions, due within one year	75,191,741
Long-term liabilities other than OPEB and pensions, due in more than one year	2,226,815,083
Aggregate net other postemployment benefits (OPEB) liability	32,514,901
Aggregate net pension liability	289,234,922
Total liabilities	<u>2,760,487,256</u>
Deferred Inflows of Resources	
Deferred inflows of resources related to debt refunding	19,522,348
Deferred inflows of resources related to OPEB	16,822,592
Deferred inflows of resources related to pensions	38,018,073
Deferred inflows of resources related to leases	71,244,157
Total deferred inflows of resources	<u>145,607,170</u>
Net Position (Deficit)	
Net investment in capital assets	(41,969,311)
Restricted for	
Debt service	127,482,844
Capital projects	51,901,564
Educational programs	31,020,534
Other activities	4,535,352
Unrestricted deficit	(266,730,039)
Total net position (deficit)	<u>\$ (93,759,056)</u>

San Diego Community College District
Statement of Revenues, Expenses, and Changes in Net Position
Year Ended June 30, 2025

Operating Revenues	
Tuition and fees	\$ 89,194,088
Less: Scholarship discounts and allowances	(63,586,709)
Net tuition and fees	<u>25,607,379</u>
Grants and contracts, noncapital	
Federal	13,280,292
State	100,827,433
Local	1,173,886
Total grants and contracts, noncapital	<u>115,281,611</u>
Auxiliary enterprise sales and charges	
Bookstore	5,506,223
Other enterprise	791,029
Total auxiliary enterprise sales and charges	<u>6,297,252</u>
Total operating revenues	<u>147,186,242</u>
Operating Expenses	
Salaries	279,639,946
Employee benefits	76,398,240
Supplies, materials, and other operating expenses and services	102,190,395
Student financial aid	87,434,145
Equipment, maintenance, and repairs	10,973,992
Depreciation	44,900,375
Total operating expenses	<u>601,537,093</u>
Operating Loss	<u>(454,350,851)</u>
Nonoperating Revenues (Expenses)	
State apportionments, noncapital	150,673,121
Local property taxes, levied for general purposes	171,916,483
Taxes levied for other specific purposes	99,320,324
Federal and state financial aid grants	80,162,055
State taxes and other revenues	13,682,680
Investment income, net	27,732,041
Interest expense on capital related debt	(57,043,073)
Investment income on capital asset-related debt, net	3,265,205
Other nonoperating revenues	589,484
Total nonoperating revenues (expenses)	<u>490,298,320</u>
Income Before Other Revenues (Losses)	<u>35,947,469</u>
Other Revenues (Losses)	
State revenues, capital	2,981,862
Local revenues, capital	1,286,193
Loss on disposal of capital assets	(3,675,599)
Total other revenues (losses)	<u>592,456</u>
Change In Net Position	36,539,925
Net Position (Deficit), Beginning of Year, as previously reported	(74,552,700)
Adjustments (See Note 14)	(55,746,281)
Net Position (Deficit), Beginning of Year, as restated	<u>(130,298,981)</u>
Net Position (Deficit), End of Year	<u>\$ (93,759,056)</u>

San Diego Community College District
Statement of Cash Flows
Year Ended June 30, 2025

Operating Activities	
Tuition and fees	\$ 24,741,659
Federal, state, and local grants and contracts, noncapital	96,204,321
Payments to or on behalf of employees	(387,872,071)
Payments to vendors for supplies and services	(107,166,327)
Payments to students for scholarships and grants	(87,434,145)
Other operating receipts	<u>6,297,252</u>
Net cash flows from operating activities	<u>(455,229,311)</u>
Noncapital Financing Activities	
State apportionments	164,102,573
Federal and state financial aid grants	76,609,800
Property taxes - nondebt related	171,916,483
State taxes and other apportionments	16,321,089
Other nonoperating activities	<u>(4,092,180)</u>
Net cash flows from noncapital financing activities	<u>424,857,765</u>
Capital Financing Activities	
Purchase of capital assets	(6,411,527)
Proceeds from sale of capital debt	903,005,821
State revenue, capital	5,891,522
Local revenue, capital	1,286,193
Property taxes - related to capital debt	99,320,324
Principal paid on capital debt	(61,100,000)
Interest paid on capital debt	(38,187,005)
Interest received on capital asset-related debt	<u>3,265,205</u>
Net cash flows from capital financing activities	<u>907,070,533</u>
Investing Activities	
Change in fair market value of cash in county treasury	5,899,544
Interest received from investments	<u>11,900,994</u>
Net cash flows from investing activities	<u>17,800,538</u>
Change In Cash and Cash Equivalents	894,499,525
Cash and Cash Equivalents, Beginning of Year	<u>360,842,551</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 1,255,342,076</u></u>

San Diego Community College District
Statement of Cash Flows
Year Ended June 30, 2025

Reconciliation of Net Operating Loss to Net Cash Flows from Operating Activities	
Operating Loss	<u>\$ (454,350,851)</u>
Adjustments to reconcile operating loss to net cash flows from operating activities	
Depreciation expense	44,900,375
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources	
Accounts receivable	5,448,776
Student receivables, net	551,004
Lease receivables	1,129,058
Prepaid expenses	104,128
Inventories	432,355
Deferred outflows of resources related to OPEB	1,997,831
Deferred outflows of resources related to pensions	1,766,563
Accounts payable	(9,246,735)
Unearned revenue	(18,055,584)
Compensated absences	8,639,193
Early retirement incentive	(962,810)
Claims liability	885,420
Aggregate net OPEB liability	(10,540,473)
Aggregate net pension liability	(21,446,771)
Deferred inflows of resources related to leases	153,287
Deferred inflows of resources related to OPEB	6,600,668
Deferred inflows of resources related to pensions	(4,065,194)
	<u>8,291,091</u>
Total adjustments	<u>8,291,091</u>
Net cash flows from operating activities	<u><u>\$ (446,059,760)</u></u>
Cash and Cash Equivalents consist of the following:	
Cash on hand and in banks	\$ 8,254,876
Cash in county treasury	<u>1,247,087,200</u>
Total cash and cash equivalents	<u><u>\$ 1,255,342,076</u></u>
Noncash Transactions	
Amortization of deferred outflows of resources related to debt refunding	\$ 3,925,894
Amortization of deferred inflows of resources related to debt refunding	\$ 1,027,483
Amortization of debt premiums	\$ 6,541,016
Accretion of interest on capital appreciation bonds	\$ 2,511,081

San Diego Community College District
Fiduciary Fund
Statement of Net Position
June 30, 2025

	<u>Retiree OPEB Trust</u>
Assets	
Investments	<u>\$ 13,600,372</u>
Net Position	
Restricted for postemployment benefits other than pensions	<u>\$ 13,600,372</u>

San Diego Community College District
 Fiduciary Fund
 Statement of Changes in Net Position
 Year Ended June 30, 2025

	Retiree OPEB Trust
Additions	
District contributions	\$ 6,385,208
Interest and investment income	893,311
Total additions	7,278,519
Deductions	
Benefit payments	1,979,721
Administrative expenses	7,434
Total deductions	1,987,155
Change in Net Position	5,291,364
Net Position - Beginning of Year	8,309,008
Net Position - End of Year	\$ 13,600,372

Note 1 - Organization

San Diego Community College District (the District) is the level of government primarily accountable for activities related to public education. The governing authority consists of elected officials who, together, constitute the Board of Trustees.

The District considered its financial and operational relationships with potential component units under the reporting entity definition of Governmental Accounting Standards Board (GASB). The basic, but not the only, criterion for including another organization in the District's reporting entity for financial reports is the ability of the District's elected officials to exercise oversight responsibility over such agencies. Oversight responsibility implies that one entity is dependent on another and a financial benefit or burden relationship is present and that the dependent unit should be reported as part of the other.

Oversight responsibility is derived from the District's power and includes, but is not limited to: financial interdependency; selection of governing authority; designation of management; ability to significantly influence operations; and accountability for fiscal matters.

Due to the nature and significance of their relationship with the District, including ongoing financial support of the District or its other component units, certain organizations warrant inclusion as part of the financial reporting entity. A legally separate, tax-exempt organization should be reported as a component unit of the District if all of the following criteria are met:

- The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the District, its component units, or its constituents;
- The District, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization; and
- The economic resources received or held by an individual organization that the District, or its component units, is entitled to, or has the ability to otherwise access, are significant to the District.

The following entity met the criterion for inclusion as a "blended" component unit and is consolidated within the financial statements of the District:

San Diego Community College Auxiliary Organization

The San Diego Community College Auxiliary Organization (the Organization) was created to further support the District's mission and goals beyond state available funding. The Organization has its own Board of Directors comprised of District faculty and administrators; however, the District maintains oversight responsibility for the Organization as carried out by the District Chancellor in accordance with the provisions of Section 72670 of the California *Education Code*. Since the District significantly influences its operations, the Organization has been included in the District's financial statements as a blended component unit. Should the Organization be dissolved, its assets remaining after payment of liabilities would be distributed to the District.

Condensed Statement of Net Position

Assets	
Cash and cash equivalents	\$ 215,749
Investments	1,686,569
Accounts receivables	17,014
	<u>17,014</u>
Total assets	<u>\$ 1,919,332</u>
Liabilities	
Accounts payable	\$ 1,331,927
Unearned revenue	80,662
	<u>80,662</u>
Total liabilities	<u>1,412,589</u>
Net Position	
Unrestricted	<u>\$ 506,743</u>

Condensed Statement of Revenues, Expenses, and Changes in Net Position

Operating Revenues	
Local contributions	\$ 69,266
	<u>69,266</u>
Operating Expenses	
Contract services and operating expenses	259,921
District support and Promise scholarships	1,123,658
Supplies, materials and minor equipment	421
	<u>421</u>
Total operating expenses	<u>1,384,000</u>
Total operating loss	<u>(1,314,734)</u>
Nonoperating Revenues	
Transfer from the San Diego Foundation	1,119,338
Income from investments	69,057
	<u>69,057</u>
Total nonoperating revenues	<u>1,188,395</u>
Change in Net Position	(126,339)
Net Position, Beginning of Year	<u>633,082</u>
Net Position, End of Year	<u>\$ 506,743</u>

Note 2 - Summary of Significant Accounting Policies**Basis of Accounting**

For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities as defined by GASB. This presentation provides a comprehensive government-wide perspective of the District's assets, deferred outflows of resources, liabilities, deferred inflows of resources, activities, and cash flows and replaces the fund group perspective previously required. Fiduciary activities are excluded from the primary government financial statements. The District's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. The significant accounting policies followed by the District in preparing these financial statements are in accordance with accounting principles generally accepted in the United States of America as promulgated by GASB. Additionally, the District's policies comply with the California Community Colleges Chancellor's Office *Budget and Accounting Manual*. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All material intra-agency and intra-fund transactions have been eliminated.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. For the District, operating revenues consist primarily of student fees, noncapital grants and contracts, and auxiliary enterprise sales and charges. Nonexchange transactions, in which the District receives value without directly giving equal value in return, include State apportionments, property taxes, certain federal and state grants, entitlements, and donations. Property tax revenue is recognized in the fiscal year received. State apportionment revenue is earned based upon criteria set forth from the Community Colleges Chancellor's Office and includes reporting of full-time equivalent students (FTES) attendance. The corresponding apportionment revenue is recognized in the period the FTES are generated. Revenue from Federal and State grants and entitlements are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements may include time and/or purpose requirements.

Expenses are recorded on an accrual basis as they are incurred, when goods are received, or services are rendered.

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash equivalents also include cash with the County treasury balances for purposes of the Statement of Cash Flows.

Investments

Investments are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value, including money market investments and participating interest-earning investment contracts with original maturities greater than one year, are stated at cost or amortized cost. The investments held by the District's component unit, the San Diego Community College Auxiliary Organization (the Organization) are stated at amortized cost.

The District's investment in the County treasury is measured at fair value on a recurring basis, which is determined by the fair value per share of the underlying portfolio determined by the program sponsor. Positions in this investment pool are not required to be categorized within the fair value hierarchy.

Accounts Receivable

Accounts receivable include amounts due from the Federal, State and/or local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the District's grants and contracts. Accounts receivable also consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff. The District provides for an allowance for uncollectible accounts as an estimation of amounts that may not be received. This allowance is based upon management's estimates and analysis. The allowance was estimated at \$750,000 for the year ended June 30, 2025.

Prepaid Expenses

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 an expense when consumed rather than when purchased.

Inventories

Inventories consist primarily of bookstore and cafeteria merchandise held for resale to the students and faculty of the colleges. Inventories are stated at the lower of cost or market value, utilizing the first-in, first-out method. The cost is recorded as an expense as the inventory is consumed rather than when purchased.

Lease Receivables

The District recognizes a lease receivable and a deferred inflow of resources in the financial statements. At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Capital Assets and Depreciation

Capital assets are long-lived assets of the District as a whole and include land, construction in progress, buildings, building and land improvements, and equipment. The District maintains an initial unit cost capitalization threshold of \$250,000 for building and land improvements and \$5,000 for all other capital assets. Assets are recorded at historical cost, or estimated historical cost, when purchased or constructed. The District does not possess any infrastructure. Donated capital assets are recorded at acquisition value at the date of donation. Improvements to buildings and land that significantly increase the value or extend the useful life of the asset are capitalized; the costs of routine maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are charged as an operating expense in the year in which the expense was incurred. Major outlays for capital improvements are capitalized as construction in progress as the projects are constructed.

Depreciation is computed using the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 25 to 50 years; improvements, 20 years; equipment, 5 to 15 years; and vehicles, 8 years.

The District records impairments of capital assets when it becomes probable that the carrying value of the assets will not be fully recovered over their estimated useful life. Impairments are recorded to reduce the carrying value of the assets to their net realizable value based on facts and circumstances in existence at the time of the determination. No impairments were recorded during the year ended June 30, 2025.

Compensated Absences

Compensated absences are accrued as a liability as the benefits are earned for leave balances that are more likely than not to be used for compensated leave or settled through cash or noncash means. The entire compensated absence liability is reported on the Statement of Net Position. Compensated absences include vacation leave, load banking leave, and sick leave. The District offers load banking leave to eligible academic employees whereby the employee may teach extra courses in one period in exchange for time off in another period.

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 not paid for any sick leave balance at termination of employment or at any other time. Therefore, only the portion of accumulated sick leave that is more likely than not to be used by the employee for paid leave is recognized as a liability in the District's financial statements. Retirement credit for unused sick leave is applicable to all classified members who retire after January 1, 1999. At retirement, each member will receive a 0.004 year of service credit for each day of unused sick leave. Retirement credit for unused sick leave is also applicable to all academic 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. The portion of sick leave that is more likely than not to be settled through conversion to service credit for employee retirement plans is not included in the District's liability for compensated absences.

Debt Premiums

Debt premiums are amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. All other bond issuance costs are expensed when incurred.

Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the Statement of Net Position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense until then. The District reports deferred outflows of resources related to debt refunding, for OPEB related items, and for pension related items. The deferred outflows of resources related to debt refunding resulted from the difference between the carrying value of the refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred amounts for OPEB and pension related items are associated with differences between expected and actual earnings on plan investments, changes of assumptions, and other OPEB and pension related changes.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The District reports deferred inflows of resources for debt refunding, leases, OPEB and pension related items.

Pensions

For purposes of measuring the aggregate net pension liability, deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) plan for schools (the Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalSTRS and CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Member contributions are recognized in the period in which they are earned. Investments are reported at fair value. The aggregate net pension liability attributable to the governmental activities will be paid by the fund in which the employee worked.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the aggregate net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District Plan and the CalSTRS Medicare Premium Payment (MPP) Program and additions to/deductions from the District Plan and the MPP's fiduciary net position have been determined on the same basis as they are reported by the District Plan and the MPP. For this purpose, the District Plan and the MPP recognize 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 aggregate net OPEB liability attributable to the governmental activities will be paid primarily by the General Fund.

Unearned Revenue

Unearned revenues arise when resources are received by the District before it has a legal claim to them, such as when certain grants are received prior to the occurrence of qualifying expenses. In the subsequent periods, when the District has a legal claim to the resources, the liability for unearned revenue is removed from the financial statements and the revenue is recognized. Unearned revenue is primarily comprised of (1) amounts received for tuition and fees prior to the end of the fiscal year that are related to the subsequent fiscal year and (2) amounts received from Federal and State grants received before the eligibility requirements are met.

Noncurrent Liabilities

Noncurrent liabilities include general obligation bonds, claims liability, compensated absences, and early retirement incentive, with maturities greater than one year.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position related to net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. The District has related debt outstanding as of June 30, 2025. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The financial statements report \$214,940,294 of restricted net position and the fiduciary fund financial statements report \$13,600,372 of restricted net position.

Operating and Nonoperating Revenues and Expenses

Classification of Revenues - The District has classified its revenues as either operating or nonoperating. Certain significant revenue streams relied upon for operation are classified as nonoperating as defined by GASB. Classifications are as follows:

- **Operating Revenues** - Operating revenues include activities that have the characteristics of exchange transactions such as tuition and fees, net of scholarship discounts and allowances, noncapital Federal, State, and local grants and contracts, and sales and services of auxiliary enterprises.
- **Nonoperating Revenues** - Nonoperating revenues include activities that have the characteristics of nonexchange transactions such as State apportionments, property taxes, investment income, and other revenue sources defined by GASB.

Classification of Expenses - Nearly all of the District's expenses are from exchange transactions and are classified as either operating or nonoperating according to the following criteria:

- **Operating Expenses** - Operating expenses are necessary costs to provide the services of the District and include employee salaries and benefits, supplies, operating expenses, and student financial aid.
- **Nonoperating Expenses** - Nonoperating expenses include interest expense and other expenses not directly related to the services of the District.

State Apportionments

Certain current year apportionments from the State are based on financial and statistical information of the previous year. Any corrections due to the recalculation of the apportionment are made in February of the subsequent year and are recorded in the District's financial records when received. When known and measurable, these recalculations and corrections are accrued in the year in which the FTES are generated.

Property Taxes

Property taxes are assessed and levied by the County of San Diego on the fourth Monday of September of each year, and they become an enforceable lien on real property on January 1 of the same year. Secured taxes are payable to the District in two installments, on November 15 and March 15. Unsecured property taxes are payable in one installment on or before August 31. Tax remittances are paid net of a County administrative charge.

The District has reported property tax revenue only for taxes levied and due within the fiscal year. The District participates in the San Diego County Teeter Plan and is paid all current year taxes in the year levied. The Teeter Plan allows the County to follow the accrual method of accounting to allocate property tax revenues based on the total amount of property taxes billed, but not yet collected. A receivable has not been recognized in the basic financial statements for property taxes due to the fact that any receivable would be offset by a payable to the State for State apportionment purposes.

The voters of the District passed General Obligation Bonds in June 2002, June 2006, and November 2024 for the acquisition, construction, and rehabilitation of facilities. As a result of the passage of the Bond, property taxes are assessed on the property within the District specifically for the repayment of the debt incurred. The taxes are assessed, billed, and collected by the County of San Diego and remitted to the District.

Scholarship Discounts and Allowances

Tuition and fee revenue is reported net of scholarship discounts and allowances. Fee waivers approved by the California Community College Board of Governors are included within the scholarship discounts and allowances in the Statement of Revenues, Expenses, and Change in Net Position. Scholarship discounts and allowances represent the difference between stated charges for enrollment fees and the amount that is paid by students or third parties making payments on the students' behalf.

Financial Assistance Programs

The District participates in federally funded Pell Grants, Supplemental Educational Opportunity Grants (SEOG), and Federal Work-Study programs, as well as other programs funded by the Federal government and State of California. Financial aid provided to the student in the form of cash is reported as an operating expense in the Statement of Revenues, Expenses, and Changes in Net Position. Federal financial assistance programs are audited in accordance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates, and those differences could be material.

Interfund Activity

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund activity within the primary government and fiduciary funds has been eliminated respectively in the consolidation process of the basic financial statements. Balances owing between the primary government and the fiduciary funds are not eliminated in the consolidation process.

Operating transfers between funds of the District are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use restricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Operating transfers within the primary government and fiduciary funds has been eliminated respectively in the consolidation process of the basic financial statements. Balances transferred between the primary government and the fiduciary funds are not eliminated in the consolidation process.

Adoption of New Accounting Standard**Implementation of GASB Statement No. 101**

As of June 30, 2025, the District adopted GASB Statement No. 101, *Compensated Absences*. The provisions of this standard modernize the types of leave that are considered a compensated absence and provides guidance for a consistent recognition and measurement of the compensated absence liability. The effect of the implementation of this standard on beginning net position is disclosed in Note 14.

Implementation of GASB Statement No. 102

As of June 30, 2025, the District adopted GASB Statement No. 102, *Certain Risk Disclosures*, which requires management to evaluate whether there are risks related to a government's vulnerabilities due to certain concentrations or constraints that require disclosure. There was not a significant effect on the District's financial statements as a result of the implementation of this standard.

Note 3 - Deposits and Investments

Policies and Practices

The District is authorized under California *Government Code* to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security; and collateralized mortgage obligations.

Investment in County Treasury - The District deposits substantially all receipts and collections of monies with their County Treasurer. The fair value of the District's investment in the pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

Certificates of deposits are held to maturity and therefore are recorded on an amortized cost basis.

General Authorizations

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedules below:

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

Authorized Under Debt Agreements

Investments 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*. These provisions allow for the acquisition of investment agreements with maturities of up to 30 years.

Summary of Deposits and Investments

Deposits and investments as of June 30, 2025, consisted of the following:

	Primary Government	Fiduciary Fund
Cash on hand and in banks	\$ 8,254,876	\$ -
Investments	1,248,773,769	13,600,372
Total deposits and investments	\$ 1,257,028,645	\$ 13,600,372

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. The District's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the San Diego County Treasury Investment Pool, Mutual funds and certificates of deposit.

Information about the sensitivity of the fair values of the District's investments to interest rate risk and credit risk is provided by the following schedule that shows the distribution of the District's investment by maturity and credit rating:

Investment Type	Fair Value	Weighted Average Maturity in Days	Credit Rating
Mutual funds	\$ 13,600,372	No maturity	Not rated
San Diego County Treasury Investment pool	1,247,087,200	562	AA+
Total	\$ 1,260,687,572		

The District's investment in certificates of deposit in the amount of \$1,686,569 are stated at amortized cost and therefore not included in the table above.

Credit Risk

The risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investments in mutual funds and certificates of deposit are not required to be rated, nor have they been rated as of June 30, 2025. The San Diego County Treasury Investment Pool was rated AA+ by Fitch Ratings, Inc. as of June 30, 2025.

Custodial Credit Risk

Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California *Government Code* requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits. As of June 30, 2025, the District's bank balance of approximately \$4.9 million was exposed to custodial credit risk because it was collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

Investments

This is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. As of June 30, 2025, the District's investment balance of approximately \$13.1 million was exposed to custodial credit risk because it exceeded Securities Investor Protection Corporation (SIPC) insurance of \$500,000. The District does not have a policy limiting the amount of securities that can be held by counterparties.

Note 4 - Fair Value Measurements

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

- Level 1 - Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.
- Level 2 - Observable inputs, other than Level 1 prices, such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.

- Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the District’s own data. The District should adjust that data if reasonably available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

The District’s fair value measurements are as follows at June 30, 2025:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Fair Value Measurement Using Level 1 Inputs</u>
Mutual funds	\$ 13,600,372	\$ 13,600,372

All assets have been valued using a market approach, which uses prices and other relevant information generated by market transactions involving identical or comparable assets or group of assets.

Note 5 - Accounts Receivable

Accounts receivable as of June 30, 2025 consisted of the following:

	<u>Primary Government</u>
Federal Government	
Categorical aid	\$ 13,881,918
State Government	
Apportionment	8,979,100
Categorical aid	5,795,032
Lottery	2,866,995
Local Sources	
Interest	13,750,959
Other local sources	<u>12,213,113</u>
Total accounts receivable	<u>\$ 57,487,117</u>
Student receivables	\$ 6,024,648
Less: allowance for bad debt	<u>(750,000)</u>
Total student receivables, net	<u>\$ 5,274,648</u>

Note 6 - Lease Receivables

The District has entered into lease agreements with various lessees. The lease receivables are summarized below:

Lease Receivables	Balance, July 1, 2024	Additions	Deductions	Balance, June 30, 2025
Veritas Urban	\$ 5,646,992	\$ -	\$ (115,392)	\$ 5,531,600
Urban Discovery Centre City	23,645,804	-	(742,387)	22,903,417
Urban Discovery Half Block	4,728,075	-	(149,902)	4,578,173
Mar City X Urban Sub Lease	1,577,157	-	(49,754)	1,527,403
Le Lycée	8,520,029	-	(235,827)	8,284,202
San Diego Unified MET Program	2,146,330	-	(175,783)	1,970,547
Lowe Enterprises - IDEA One	21,315,225	-	(677,318)	20,637,907
SDUSD East Village High School	3,036	-	(3,036)	-
Family Health Center	106,271	-	(106,271)	-
Dish Wireless	503,338	498,507	(73,369)	928,476
AT&T	-	492,037	(87,819)	404,218
Verizon	-	121,549	(33,153)	88,396
T-Mobile	-	278,772	(69,912)	208,860
Total	<u>\$ 68,192,257</u>	<u>\$ 1,390,865</u>	<u>\$ (2,519,923)</u>	<u>\$ 67,063,199</u>

The District leases certain properties and buildings to various lessees. Lease terms vary and extend through June 2118. During the year ended June 30, 2025 the District recognized lease revenue and interest revenue totaling \$2,519,923 and \$308,848, respectively. At June 30, 2025, the balance of lease receivables and deferred inflows of resources related to leases was \$67,063,199 and \$71,244,157, respectively. Interest rates applied to the leases ranged between 3.00% and 4.00% based on the District's estimated incremental borrowing rate over the same time periods.

Note 7 - Capital Assets

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

	Balance, July 1, 2024	Additions	Deductions	Balance, June 30, 2025
Capital Assets Not Being Depreciated				
Land	\$ 82,170,133	\$ -	\$ -	\$ 82,170,133
Construction in progress	1,818,306	9,227,300	-	11,045,606
Total capital assets not being depreciated	83,988,439	9,227,300	-	93,215,739
Capital Assets Being Depreciated				
Land improvements	80,577,772	-	(377,955)	80,199,817
Buildings and improvements	1,622,331,697	-	(3,297,644)	1,619,034,053
Furniture and equipment	97,740,936	2,539,279	(32,989)	100,247,226
Total capital assets being depreciated	1,800,650,405	2,539,279	(3,708,588)	1,799,481,096
Total capital assets	1,884,638,844	11,766,579	(3,708,588)	1,892,696,835
Less Accumulated Depreciation				
Land improvements	(15,211,578)	(2,069,453)	-	(17,281,031)
Buildings and improvements	(489,967,946)	(40,441,952)	-	(530,409,898)
Furniture and equipment	(88,797,289)	(2,388,970)	32,989	(91,153,270)
Total accumulated depreciation	(593,976,813)	(44,900,375)	32,989	(638,844,199)
Total capital assets, net	\$ 1,290,662,031	\$ (33,133,796)	\$ (3,675,599)	\$ 1,253,852,636

Note 8 - Long-Term Liabilities other than OPEB and Pensions

Summary

The changes in the District's long-term liabilities other than OPEB and pensions during the year ended June 30, 2025 consisted of the following:

	Balance, July 1, 2024, as Restated	Additions	Deductions	Balance, June 30, 2025	Due in One Year
General obligation bonds	\$ 1,327,110,000	\$ 852,511,081	\$ (61,100,000)	\$ 2,118,521,081	\$ 63,655,000
Bond premium	46,703,399	53,005,821	(6,541,016)	93,168,204	-
Claims liability	6,361,062	5,962,575	(5,077,155)	7,246,482	-
Compensated absences	74,431,864	8,639,193	-	83,071,057	11,536,741
Early retirement incentive	962,810	-	(962,810)	-	-
Total	<u>\$ 1,455,569,135</u>	<u>\$ 920,118,670</u>	<u>\$ (73,680,981)</u>	<u>\$ 2,302,006,824</u>	<u>\$ 75,191,741</u>

The change in compensated absences is presented as a net change.

Description of Long-Term Liabilities

Payments on the general obligation bonds are made by the bond interest and redemption fund with local property tax revenues. The claims liability will be paid by the internal service fund. The early retirement incentive will be paid by the general fund.

General Obligation Bonds

In July 2011, the District issued General Obligation Bonds, Election of 2002, Series 2011 of the Proposition S bond authorization, which consisted of current interest serial bonds and capital appreciation serial bonds with an initial par amount of \$99,999,859, and interest rates of 1.50% to 6.69% maturing through August 1, 2041. The outstanding balance as of June 30, 2025, was \$39,136,081.

In July 2013, the District issued General Obligation Bonds, Election of 2002, Series 2013 of the Proposition S bond authorization, which consisted of current interest serial bonds with an initial par amount of \$103,705,000, and interest rates of 1.00% to 5.00% maturing through August 1, 2024. The outstanding balance as of June 30, 2025, was paid in full.

In November 2016, the District issued General Obligation Bonds, Election of 2006, Series 2016 of the Proposition N bond authorization, which consisted of current interest serial bonds with an initial par amount of \$122,005,000, and interest rates of 3.00% to 5.00% maturing through August 1, 2034. The outstanding balance as of June 30, 2025, was \$54,555,000.

In November 2016, the District issued 2016 General Obligation Refunding Bonds, which consisted of current interest serial bonds and current interest term bonds with an initial par amount of \$504,030,000, and interest rates of 3.00% to 5.00% maturing through August 1, 2028. The Bonds were authorized to advance refund portions of the District's outstanding bonds. The outstanding balance as of June 30, 2025, was \$81,115,000.

In October 2019, the District issued 2019 General Obligation Refunding Bonds, Series A, which consisted of current interest serial bonds and current interest term bonds with an initial par amount of \$437,965,000, and interest rates of 1.94% to 3.34% maturing through August 1, 2043. The Bonds were authorized to advance refund portions of the District's outstanding bonds. The outstanding balance as of June 30, 2025, was \$237,420,000.

In October 2019, the District issued 2019 General Obligation Refunding Bonds, Series B, which consisted of current interest serial and term crossover bonds with an initial par amount of \$255,470,000, and interest rates of 2.41% to 3.32% maturing through August 1, 2041. The crossover date was August 1, 2023. The bonds remained as a District obligation and continued to accrete interest until the crossover date. The Bonds were authorized to advance refund portions of the District's outstanding bonds. The outstanding balance as of June 30, 2025, was \$195,635,000.

In December 2021, the District issued 2021 General Obligation Refunding Bonds, which consisted of current interest serial bonds and current interest term bonds with an initial par amount of \$523,210,000, and interest rates of 0.50% to 2.76% maturing through August 1, 2041. The Bonds were authorized to advance refund portions of the District's outstanding bonds. The outstanding balance as of June 30, 2025, was \$492,765,000.

In February 2024, the District authorized the sale and issuance of the 2024 General Obligation Refunding Bonds (Tender Refinancing) in the amounts of \$167,895,000. Proceeds from the sale of the bonds were used to advance refund a portion of the District's outstanding bonds. Interest is payable February 1 and August 1 at interest rates ranging from 4.00% to 5.00%. The bonds mature through August 1, 2043. The outstanding balance as of June 30, 2025, was \$167,895,000.

In January 2025, the District issued General Obligation Bonds, Election of 2024, Series A-1 of the Measure HH bond authorization, which consisted of current interest serial bonds and term bonds with an initial par amount of \$700,000,000, and interest rates of 4.00% to 5.00% maturing through August 1, 2055. The outstanding balance as of June 30, 2025, was \$700,000,000.

In January 2025, the District issued General Obligation Bonds, Election of 2024, Series A-2 of the Measure HH bond authorization, which consisted of federally taxable serial bonds and term bonds with an initial par amount of \$150,000,000, and interest rates of 5.75% to 6.00% maturing through August 1, 2035. The outstanding balance as of June 30, 2025, was \$150,000,000.

The following table summarizes the outstanding General Obligation Bonds at June 30, 2025:

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding, July 1, 2024	Issued/ Accreted Interest	Redeemed	Bonds Outstanding, June 30, 2025
Election 2002, Series 2011	7/21/2011	8/1/2041	1.50%-6.69%	\$ 99,999,859	\$ 36,625,000	\$ 2,511,081	\$ -	\$ 39,136,081
Election 2002, Series 2013	7/17/2013	8/1/2024	1.00%-5.00%	103,705,000	20,000	-	(20,000)	-
Election 2006, Series 2016	11/3/2016	8/1/2034	3.00%-5.00%	122,005,000	60,795,000	-	(6,240,000)	54,555,000
2016 Refunding	11/3/2016	8/1/2028	3.00%-5.00%	504,030,000	103,470,000	-	(22,355,000)	81,115,000
2019 Refunding, Series A	10/16/2019	8/1/2043	1.94%-3.34%	437,965,000	261,600,000	-	(24,180,000)	237,420,000
2019 Refunding, Series B	10/16/2019	8/1/2041	2.41%-3.32%	255,470,000	195,635,000	-	-	195,635,000
2021 Refunding	12/08/2021	8/1/2041	0.50%-2.76%	523,210,000	501,070,000	-	(8,305,000)	492,765,000
2024 Refunding	2/7/2024	8/1/2043	4.00%-5.00%	167,895,000	167,895,000	-	-	167,895,000
Election 2024, Series A-1	1/23/25	8/1/2055	4.00%-5.00%	700,000,000	-	700,000,000	-	700,000,000
Election 2024, Series A-2	1/23/25	8/1/2035	5.75%-6.00%	150,000,000	-	150,000,000	-	150,000,000
					<u>\$ 1,327,110,000</u>	<u>\$ 852,511,081</u>	<u>\$ (61,100,000)</u>	<u>\$ 2,118,521,081</u>

Debt Service Requirements to Maturity

The bonds mature through fiscal year 2056 as follows:

Fiscal Year	Principal (Including Accreted Interest to date)	Accreted Interest	Current Interest to Maturity	Total
2026	\$ 63,655,000	\$ -	\$ 70,284,283	\$ 133,939,283
2027	68,325,000	-	67,295,912	135,620,912
2028	74,565,000	-	64,775,014	139,340,014
2029	81,855,000	-	62,036,269	143,891,269
2030	203,425,000	-	85,583,002	289,008,002
2031-2035	505,814,601	5,215,399	266,131,977	777,161,977
2036-2040	293,162,297	31,962,703	207,912,877	533,037,877
2041-2045	292,859,183	15,670,817	150,756,949	459,286,949
2046-2050	185,350,000	-	104,983,700	290,333,700
2051-2055	278,870,000	-	54,557,825	333,427,825
2056	70,640,000	-	1,766,000	72,406,000
Total	<u>\$ 2,118,521,081</u>	<u>\$ 52,848,919</u>	<u>\$ 1,136,083,808</u>	<u>\$ 3,307,453,808</u>

Early Retirement Incentive

The District has entered into an agreement to provide certain benefits to employees participating in the early retirement incentive plan. At June 30, 2025, the balance was paid in full.

Note 9 - Aggregate Net Other Postemployment Benefits (OPEB) Liability

For the fiscal year ended June 30, 2025, the District reported an aggregate net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense for the following plans:

OPEB Plan	Aggregate Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	\$ 31,813,423	\$ 8,716,806	\$ 16,822,592	\$ (1,803,774)
Medicare Premium Payment (MPP) Program	701,478	-	-	(138,200)
Total	<u>\$ 32,514,901</u>	<u>\$ 8,716,806</u>	<u>\$ 16,822,592</u>	<u>\$ (1,941,974)</u>

The details of each plan are as follows:

District Plan

Plan Administration

The District's governing board administers the Postemployment Benefits Plan (the Plan). The Plan is a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for eligible retirees and their spouses.

Management of the plan is vested in the District management. Management of the trustee assets is vested with the San Diego Community College District Retirement Board of Authority, which consists of appointed Plan members.

Plan Membership

At June 30, 2024, the valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	108
Active employees	<u>2,323</u>
Total	<u><u>2,431</u></u>

Retiree Health Benefit OPEB Trust

The Retiree Health Benefit OPEB Trust (the Trust) is an irrevocable governmental trust pursuant to Section 115 of the IRC for the purpose of funding certain postemployment benefits other than pensions. The Trust is administered by the San Diego Community College District Retirement Board of Authority as directed by the investment alternative choice selected by the District. The District retains the responsibility to oversee the management of the Trust, including the requirement that investments and assets held within the Trust continually adhere to the requirements of the California *Government Code* Section 53600.5 which specifies that the trustee's primary role is to preserve capital, to maintain investment liquidity, and to protect investment yield. As such, the District acts as the fiduciary of the Trust. The financial activity of the Trust has been discretely presented. Separate financial statements are not prepared for the Trust.

Benefits Provided

The District provides postemployment health care benefits for retired employees in accordance with negotiated contracts with the various bargaining units of the District. The District provides medical benefits to its employees through the Kaiser HMO, four United Healthcare HMO options, United Healthcare Signature Value Alliance, United Healthcare CA Select Plus PPO plan, and three United Healthcare Out of Area PPO options. The District also provides dental (Delta Dental) and vision (Vision Service Plan) benefits.

The District maintains the same medical plans for its early retirees (those under age 65) as for its active employees, as well as their Medicare counterparts for Medicare eligible retirees (age 65+) (United Healthcare Senior Advantage and Kaiser Senior Advantage). The District's share of retiree premium depends on classification, age, years of service (YOS) and the applicable cap. For the 2025 calendar year, the cap is \$1,788 per month.

Under the early retirement program instituted in 2003, the District pays medical premiums for five years (or until age 65, if later, for faculty.) Supervisory and Professional, and Office Technical employees may delay the five years of District-paid benefits until age 60 by participating in the District plan at their own expense during the deferral period. District-paid dental premiums are provided only to retirees with lifetime benefits.

For 2025, the District cap is \$1,788 per month and is assumed to grow at the medical trend rates shown in the Assumptions section of this report.

The District also pays Medicare Part B premiums for a small group of Lifetime Manager Retirees and their spouses. Survivor benefits are provided for the spouses of those retirees eligible for lifetime benefits. Benefits are paid for one year following the retiree's death and are limited to medical and dental premiums only.

Contributions

The contribution requirements of Plan members and the District are established and may be amended by the District and the District’s bargaining units. The voluntary contributions are based on projected pay-as-you-go financing requirements. For the measurement period ending June 30, 2025, the District contributed \$6,385,208, of which \$4,405,487 was used to fund the Trust, \$1,351,069 was used for current premiums, and \$628,652 represents the effect of the implicit rate subsidy.

Investment

Investment Policy

The Plan’s policy in regard to the allocation of invested assets is established and may be amended by the governing board by a majority vote of its members. It is the policy of the District to pursue an investment strategy that reduces risks through the prudent diversification for the portfolio across a broad selection of distinct asset classes. The Plan’s investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocation over short time spans. The following was the governing board’s adopted asset allocation policy as of June 30, 2025:

<u>Asset Class</u>	<u>Target Allocation</u>
Broad U.S. Equity	50%
U.S. Fixed	50%

Rate of Return

For the year ended June 30, 2025, the annual money-weighted rate of return on investments, net of investment expense, was 10.77%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability of the District

The District’s net OPEB liability of \$31,813,423 was measured as of June 30, 2025, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2024. The components of the net OPEB liability of the District at June 30, 2025, were as follows:

Total OPEB liability	\$ 45,413,795
Plan fiduciary net position	<u>(13,600,372)</u>
Net OPEB liability	<u>\$ 31,813,423</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>29.95%</u>

Actuarial Assumptions

The total OPEB liability as of June 30, 2025 was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2024 and rolling forward the total OPEB liability to June 30, 2025. The following assumptions were applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	3.00%
Investment rate of return	6.50%, net of OPEB plan investment expense
Discount rate	6.50%
Healthcare cost trend rates	7.00% for 2025, 5.40% for 2029, 5.25% for 2030-2034, 4.60% for 2035-2049, 4.50% for 2050-2064, 4.25% for 2065-2074, and 4.50% for 2070 and later years

The discount rate was based on the assumed long-term expected rate of return on plan assets.

Preretirement mortality rates for certificated employees were based on CalSTRS Experience Analysis (2015-2018), for classified mortality rates were based on CalPERS Experience Study (2000-2019), and for safety employees mortality rates were based on Public Agency Police and Fire from CalPERS Experience Study (2000-2019). Postretirement mortality rates for certificated employees who retired members and their beneficiaries were based on CalSTRS Experience Analysis (2015-2018), for classified employees mortality rates for healthy recipients were based on CalPERS Experience Study (2000-2019), and for safety employees mortality rates were based on Public Agency Police and Fire from CalPERS Experience Study (2000-2019).

The actuarial assumptions used in the June 30, 2024 valuation were based on the results of an actual experience as of that date.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. The calculated investment rate of return was set equal to the expected ten-year compound (geometric) real return plus inflation (rounded to the nearest 25 basis points, where appropriate). The best estimates of arithmetic real rates of return for each major asset class included in the OPEB Plan’s target asset allocation as of June 30, 2025, are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Broad U.S. Equity	4.40%
U.S. Fixed	1.80%

Discount Rate

The discount rate used to measure the total OPEB liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that the District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance, June 30, 2024	\$ 50,524,704	\$ 8,309,008	\$ 42,215,696
Service cost	3,126,608	-	3,126,608
Interest	2,264,890	-	2,264,890
Contributions - employer	-	6,385,208	(6,385,208)
Net investment income	-	893,311	(893,311)
Changes of assumptions	(8,522,686)	-	(8,522,686)
Benefit payments	(1,979,721)	(1,979,721)	-
Administrative expense	-	(7,434)	7,434
Net change in total OPEB liability	<u>(5,110,909)</u>	<u>5,291,364</u>	<u>(10,402,273)</u>
Balance, June 30, 2025	<u>\$ 45,413,795</u>	<u>\$ 13,600,372</u>	<u>\$ 31,813,423</u>

Changes of economic assumptions reflect a change in the discount rate changed from 4.30% in the previous valuation to 6.50% in the current valuation and a change in healthcare trend rate from 7.50% in the previous valuation to 7.00% in the current valuation.

There were no changes in benefit terms since the previous valuation.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

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

Discount Rate	Net OPEB Liability
1% decrease (5.50%)	\$ 35,068,108
Current discount rate (6.50%)	31,813,423
1% increase (7.50%)	29,342,118

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percent lower or higher than the current healthcare cost trend rate:

<u>Healthcare Cost Trend Rate</u>	<u>Net OPEB Liability</u>
1% decrease (6.00%)	\$ 27,031,441
Current healthcare cost trend rate (7.00%)	31,813,423
1% increase (8.00%)	37,399,630

Deferred Outflows/Inflows of Resources Related to OPEB

At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB for the following:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 2,601,618	\$ 4,292,702
Changes of assumptions	6,115,188	12,275,840
Net difference between projected and actual earnings on OPEB plan investments	-	254,050
Total	<u>\$ 8,716,806</u>	<u>\$ 16,822,592</u>

The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on OPEB plan investments will be amortized over a closed five-year period and will be recognized in OPEB expense in future years as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2026	\$ 128,635
2027	(165,942)
2028	(146,052)
2029	(70,691)
Total	<u>\$ (254,050)</u>

The deferred outflows/(inflows) of resources related to differences between expected and actual experience in the measurement of the total OPEB liability and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits as of the beginning of the measurement period. The EARSL for the measurement period is 6.8 years and will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2026	\$ (228,399)
2027	(656,581)
2028	(1,129,835)
2029	(1,129,834)
2030	(1,473,046)
Thereafter	(3,234,041)
Total	<u>\$ (7,851,736)</u>

Medicare Premium Payment (MPP) Program

Plan Description

The Medicare Premium Payment (MPP) Program is administered by the California State Teachers’ Retirement System (CalSTRS). The MPP Program is a cost-sharing multiple-employer other postemployment benefit plan (OPEB) established pursuant to Chapter 1032, Statutes 2000 (SB 1435). CalSTRS administers the MPP Program through the Teachers’ Health Benefits Fund (THBF).

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2023 annual actuarial valuation report, Medicare Premium Payment 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: <https://www.calstrs.com/forms-publications>.

Benefits Provided

The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the State Teachers Retirement Plan (STRP) Defined Benefit (DB) Program who were retired or began receiving a disability allowance prior to July 1, 2012 and were not eligible for premium free Medicare Part A. The payments are made directly to the Centers for Medicare and Medicaid Services (CMS) on a monthly basis.

The MPP Program is closed to new entrants as members who retire after July 1, 2012, are not eligible for coverage under the MPP Program.

The MPP Program is funded on a pay-as-you go basis from a portion of monthly District benefit payments. In accordance with California *Education Code* Section 25930, contributions that would otherwise be credited to the DB Program each month are instead credited to the MPP Program to fund monthly program and administrative costs. Total redirections to the MPP Program are monitored to ensure that total incurred costs do not exceed the amount initially identified as the cost of the program.

Net OPEB Liability and OPEB Expense

At June 30, 2025, the District reported a liability of \$701,478 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2023. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating entities, actuarially determined. The District's proportionate share for the measurement periods ending June 30, 2024 and June 30, 2023, was 0.2632% and 0.2767%, respectively, resulting in a net decrease in the proportionate share of 0.0135%.

For the year ended June 30, 2025, the District recognized OPEB expense of \$(138,200).

Actuarial Methods and Assumptions

The June 30, 2024 total OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2023, and rolling forward the total OPEB liability to June 30, 2024, using the assumptions listed in the following table:

Measurement Date	June 30, 2024
Valuation Date	June 30, 2023
Experience Study	July 1, 2007 through June 30, 2022
Actuarial Cost Method	Entry age normal
Investment Rate of Return	3.93%
Medicare Part A Premium Cost Trend Rate	5.00%
Medicare Part B Premium Cost Trend Rate	6.50%

For the valuation as of June 30, 2023, 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 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.

Assumptions were made about future participation (enrollment) into the MPP Program because CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' age increases. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility and are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 154 or an average of 0.12% of the potentially eligible population (132,333).

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2024, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the State Treasurer.

Discount Rate

As the MPP Program is funded on a pay-as-you-go basis, the OPEB plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, the MPP Program used the Bond Buyer's 20-Bond GO Index from Bondbuyer.com as of June 30, 2024, as the discount rate, which was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate as of June 30, 2024, was 3.93%, which is an increase of 0.28% from 3.65% as of June 30, 2023.

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

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

<u>Discount Rate</u>	<u>Net OPEB Liability</u>
1% decrease (2.93%)	\$ 756,876
Current discount rate (3.93%)	701,478
1% increase (4.93%)	652,763

Sensitivity of the District’s Proportionate Share of the Net OPEB Liability to Changes in the Medicare Costs Trend Rates

The following presents the District’s proportionate share of the net OPEB liability calculated using the current Medicare costs trend rates, as well as what the net OPEB liability would be if it were calculated using the Medicare costs trend rates that are one percent lower or higher than the current rates:

Medicare Costs Trend Rates	Net OPEB Liability
1% decrease (4.00% Part A and 5.50% Part B)	\$ 649,844
Current Medicare costs trend rates (5.00% Part A and 6.50% Part B)	701,478
1% increase (6.00% Part A and 7.50% Part B)	759,124

Note 10 - Risk Management

Property/Liability

The District is self-insured for losses arising from public liability, auto, and property claims. Self-insurance amounts are \$100,000 per individual claim for property and \$200,000 for auto and public liability. The District is covered for losses in excess of these amounts by outside insurance carriers.

The District maintains a Liability insurance policy for California whereby the District pays the first \$200,000 per occurrence with coverage up to \$75 million including excess liability with no self-retention between the coverage ranges of \$1 - \$10 million. The District also maintains a Crime policy with a deductible of \$2,500 with a \$5 million limit.

Health/Dental/Vision/Life

These programs are fully insured.

Student Accident

This program is fully insured and provides coverage for up to \$25,000 per accident.

Joint Powers Authority Risk Pools

During fiscal year ended June 30, 2025, the District contracted with the Statewide Association of Community Colleges (SWACC) Joint Powers Authority for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Claims Liabilities

The District establishes a liability for both reported and unreported events, which includes estimates of both future payments of losses and related claim adjustment expenses. The following represent the changes in approximate aggregate liabilities for the District from July 1, 2023 to June 30, 2025:

	<u>Workers' Compensation</u>
Liability Balance, July 1, 2023	\$ 8,339,978
Claims and changes in estimates	416,792
Claims payments	<u>(2,395,708)</u>
Liability Balance, June 30, 2024	6,361,062
Claims and changes in estimates	5,962,575
Claims payments	<u>(5,077,155)</u>
Liability Balance, June 30, 2025	<u>\$ 7,246,482</u>
Assets available to pay claims at June 30, 2025	<u>\$ 5,735,640</u>

Note 11 - Employee Retirement Systems

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), classified employees are members of the California Public Employees' Retirement System (CalPERS) Schools Pool Plan, and campus police employees are members of the California Public Employees' Retirement System (CalPERS) Safety Pool Plan or the California Public Employees' Retirement System (CalPERS) PERPA Safety Pool Plan.

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

<u>Pension Plan</u>	<u>Aggregate Net Pension Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Pension Expense</u>
CalSTRS	\$ 121,163,324	\$ 44,341,335	\$ 27,098,760	\$ 7,869,590
CalPERS - Schools Pool Plan	167,059,225	54,160,720	10,216,851	22,004,236
CalPERS - Safety Pool Plan	<u>1,012,373</u>	<u>795,513</u>	<u>702,462</u>	<u>(116,417)</u>
Total	<u>\$ 289,234,922</u>	<u>\$ 99,297,568</u>	<u>\$ 38,018,073</u>	<u>\$ 29,757,409</u>

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 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 may be found on the CalSTRS website under Publications at: <https://www.calstrs.com/forms-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% of final compensation for each year of credited service.

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program, and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the State is the sponsor of the STRP and obligor of the trust. In addition, the State is both an employer and non-employer contributing entity to the STRP.

The District contributes exclusively to the STRP Defined Benefit Program; thus disclosures are not included for other plans.

The STRP Defined Benefit Program provisions and benefits in effect at June 30, 2025, are summarized as follows:

	<u>On or before December 31, 2012</u>	<u>On or after January 1, 2013</u>
Hire date		
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

Required member, District, and State of California contribution rates are set by the California Legislature and Governor and are detailed in Teachers’ Retirement Law. The contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with California Assembly Bill 1469, employer contributions into CalSTRS will be increasing to a total of 19.10% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2025, are presented above, and the District’s total contributions were \$25,243,811.

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:

Total net pension liability, including State share:

District's proportionate share of net pension liability	\$ 121,163,324
State's proportionate share of net pension liability associated with the District	<u>55,590,150</u>
Total	<u>\$ 176,753,474</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 member districts and the State, as actuarially determined. The District’s proportionate share for the measurement periods of June 30, 2024 and June 30, 2023, was 0.1804% and 0.1871%, respectively, resulting in a net decrease in the proportionate share of 0.0067%.

For the year ended June 30, 2025, the District recognized pension expense of \$7,869,590. In addition, the District recognized pension expense and revenue of \$5,060,833, 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>
Pension contributions subsequent to measurement date	\$ 25,243,811	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	4,862,011	13,036,432
Differences between projected and actual earnings on pension plan investments	-	488,890
Differences between expected and actual experience in the measurement of the total pension liability	13,705,131	5,298,403
Changes of assumptions	<u>530,382</u>	<u>8,275,035</u>
Total	<u>\$ 44,341,335</u>	<u>\$ 27,098,760</u>

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

The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense in future years as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2026	\$ (8,122,445)
2027	9,782,443
2028	(798,128)
2029	<u>(1,350,760)</u>
Total	<u>\$ (488,890)</u>

The deferred outflows/(inflows) of resources related to the change in proportion and differences between contributions made and the District's proportionate share of contributions, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is seven years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2026	\$ (3,738,943)
2027	(1,835,316)
2028	(2,356,730)
2029	(96,368)
2030	1,542,875
Thereafter	<u>(1,027,864)</u>
Total	<u>\$ (7,512,346)</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, 2023, 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
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

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.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant as an input 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 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 for the year ended June 30, 2024, are summarized in the following table:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Public equity	38%	5.25%
Real estate	15%	4.05%
Private equity	14%	6.75%
Fixed income	14%	2.45%
Risk mitigating strategies	10%	2.25%
Inflation sensitive	7%	3.65%
Cash/liquidity	2%	0.05%

Discount Rate

The discount rate used to measure the total pension liability was 7.10%. 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% and assuming that contributions, benefit payments, and administrative expense occurred mid-year. 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.

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:

<u>Discount Rate</u>	<u>Net Pension Liability</u>
1% decrease (6.10%)	\$ 215,509,906
Current discount rate (7.10%)	121,163,324
1% increase (8.10%)	42,380,013

California Public Employees' Retirement System (CalPERS) - SEP**Plan Description**

Qualified employees are eligible to participate in the School Employer Pool (SEP) under 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 may be found on the CalPERS website under Forms and Publications at: <https://www.calpers.ca.gov/page/forms-publications>.

Benefits Provided

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

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

	<u>On or before December 31, 2012</u>	<u>On or after January 1, 2013</u>
Hire date		
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%	8.00%
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 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 contribution rates are expressed as a 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 \$28,259,000.

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

As of June 30, 2025, the District reported a liability for its proportionate share of the CalPERS net pension liability totaling \$167,059,225. 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 districts, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2024 and June 30, 2023, was 0.4674% and 0.4620%, respectively, resulting in a net increase in the proportionate share of 0.0054%.

For the year ended June 30, 2025, the District recognized pension expense of \$22,004,236. 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
Pension contributions subsequent to measurement date	\$ 28,259,000	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	1,714,387	9,021,214
Differences between projected and actual earnings on pension plan investments	6,489,286	-
Differences between expected and actual experience in the measurement of the total pension liability	14,005,474	1,195,637
Changes of assumptions	3,692,573	-
	<u>\$ 54,160,720</u>	<u>\$ 10,216,851</u>
Total		

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

The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense in future years as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2026	\$ (55,940)
2027	10,089,365
2028	(1,490,829)
2029	<u>(2,053,310)</u>
Total	<u>\$ 6,489,286</u>

The deferred outflows/(inflows) of resources related to the change in proportion and differences between contributions made and the District's proportionate share of contributions, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 3.9 years and will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2026	\$ 2,511,985
2027	3,026,676
2028	<u>3,656,922</u>
Total	<u>\$ 9,195,583</u>

Actuarial Methods and Assumptions

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, 2023, 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
Discount rate	6.90%
Investment rate of return	6.90%
Consumer price inflation	2.30%
Wage growth	Varies by entry age and service

The mortality table used 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:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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%)

Discount Rate

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

Discount Rate	Net Pension Liability
1% decrease (5.90%)	\$ 248,167,874
Current discount rate (6.90%)	167,059,225
1% increase (7.90%)	100,057,026

California Public Employees’ Retirement System (CalPERS) – Safety Pool Plan

Plan Description

Qualified employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Plan under CalPERS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The Public Agency Cost-Sharing Multiple-Employer Plan is comprised of a Miscellaneous Risk Pool and a Safety Risk Pool. The District sponsors one Safety Pool Plan (the Plan) for employees of the District Police Department. The Plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees’ Retirement Law.

Benefits Provided

The Plan provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members who must be sworn police officers and beneficiaries. Benefits are based on years of service credit, a benefit factor, and the member’s final compensation. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for employment-related disability benefits regardless of length of service and non-duty disability benefits after five years of service. Disability benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. The Post-Retirement Death Benefit is a one-time payment made to a retiree’s designated survivor or estate upon the retiree’s death. 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 Special Death Benefit is provided to an employee’s eligible survivors if the member dies while actively employed and the death is job-related. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

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

Hire date	On or before December 31, 2012	On or after January 1, 2013
Benefit formula	3% 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	2.4% - 3.0%	1.0% - 2.5%
Required employee contribution rate	14.50%	15.00%
Required employer contribution rate	14.72%	15.44%
Required unfunded liability payment to CalPERS	\$0	\$0

Contributions

Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are determined annually 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 contribution 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 \$639,017.

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

As of June 30, 2025, the District reported a liability for its proportionate share of the Safety Risk Pool net pension liability totaling \$1,012,373. 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 employers, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2024 and June 30, 2023, was 0.0139% and 0.0130%, respectively, resulting in a net increase in the proportionate share of 0.0009%.

For the year ended June 30, 2025, the District recognized pension expense of \$(116,417). 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>
Pension contributions subsequent to measurement date	\$ 639,017	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	-	699,776
Differences between projected and actual earnings on pension plan investments	48,934	-
Differences between expected and actual experience in the measurement of the total pension liability	82,619	2,686
Changes of assumptions	<u>24,943</u>	<u>-</u>
Total	<u>\$ 795,513</u>	<u>\$ 702,462</u>

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

The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2026	\$ (680)
2027	79,135
2028	(12,779)
2029	<u>(16,742)</u>
Total	<u>\$ 48,934</u>

The deferred outflows/(inflows) of resources related to the change in proportion and differences between contributions made and the District's proportionate share of contributions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 3.9 years and will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2026	\$ (321,571)
2027	(246,601)
2028	<u>(26,728)</u>
Total	<u>\$ (594,900)</u>

Actuarial Methods and Assumptions

Total pension liability for the Plan 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, 2023, 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
Discount rate	6.90%
Investment rate of return	6.90%
Consumer price inflation	2.30%
Wage growth	Varies by entry age and service

The mortality table used 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:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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%)

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. 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 Plan’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.

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:

<u>Discount Rate</u>	<u>Net Pension Liability</u>
1% decrease (5.90%)	\$ 1,604,977
Current discount rate (6.90%)	1,012,373
1% increase (7.90%)	527,706

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of \$11,224,811 (10.828% of annual payroll). Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

Social Security Alternative Plan

Plan Description

The Social Security Alternative plan is a single employer defined contribution plan covering most employees of the San Diego Community College District who are not eligible for membership in CalPERS, CalSTRS or another plan. Upon employment and any re-employment, part-time employees may become a member of the Social Security Alternative Plan. The Social Security Alternative Plan is an alternative plan to social security, and unit members would not contribute to social security under the Omnibus Budget Reconciliation Act of 1991.

Funding Policy

Contributions to the Social Security Alternative Plan are shared between the employee and the District. The District contributes 3.75% of eligible wages as defined under Internal Revenue Service regulations, and 3.75% of eligible wages are withheld from the employee’s checks for deposit under the plan. The District’s contribution to the Social Security Alternative Plan for the fiscal year ended June 30, 2025 were \$758,364.

The Social Security Alternative Plan is a qualified pension plan under the Internal Revenue Code 401 and is thereby exempt from all federal income and California franchise taxes.

Note 12 - Participation in Public Entity Risk Pools and Joint Powers Authorities

The District is a member of the Statewide Association of Community Colleges (SWACC) and Retiree Health Benefit Program Joint Powers Authority (JPA). The District pays annual premiums for its property liability, health, and workers' compensation coverage. The relationship between the District and the JPA is such that it is not a component unit of the District for financial reporting purposes.

The JPAs have budgeting and financial reporting requirements independent of member units and their financial statements are not presented in these financial statements; however, transactions between the JPAs and the District are included in these statements. Audited financial statements are available from the respective entities.

The District has appointed one Board member to the Governing Board of SWACC.

As of June 30, 2025, the District maintained \$71,210 in the JPA's Risk Management Fund.

Note 13 - Commitments and Contingencies

Grants

The District receives financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2025. Additionally, the District is currently working with the U.S. Department of Education regarding outstanding drawdowns in the amount of approximately \$7.7 million related to the COVID-19 Higher Education Emergency Relief Grants.

Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2025.

Construction Commitments

As of June 30, 2025, the District had committed under various capital expenditure purchase agreements for various projects totaling approximately \$1.34 billion to be funded through a combination of capital project apportionments from the California State Chancellor's Office and other capital and general sources.

Note 14 - Restatement

Change in Accounting Principle

As of June 30, 2025, the District adopted GASB Statement No. 101, *Compensated Absences*. The provisions of this standard modernize the types of leave that are considered a compensated absence and provides guidance for a consistent recognition and measurement of the compensated absence liability. Therefore, the current and noncurrent portions of compensated absences were increased by \$5,795,262 and \$49,951,019, respectively, as of July 1, 2024. The effect of this change in accounting principle is described in the following table:

Primary Government	
Net Position (Deficit) - Beginning, as previously reported on July 1, 2024	\$ (74,552,700)
Change in accounting principle - adoption of GASB Statement No. 101	<u>(55,746,281)</u>
Net Position - Beginning (Deficit), as restated on July 1, 2024	<u><u>\$ (130,298,981)</u></u>

Required Supplementary Information
June 30, 2025

San Diego Community College District

San Diego Community College District
Schedule of Changes in the District's Net OPEB Liability and Related Ratios
Year Ended June 30, 2025

	2025	2024	2023	2022	2021
Total OPEB Liability					
Service cost	\$ 3,126,608	\$ 2,393,847	\$ 1,699,711	\$ 2,368,534	\$ 2,533,668
Interest	2,264,890	2,019,593	1,876,295	1,541,220	1,593,707
Difference between expected and actual experience	-	2,627,287	-	-	-
Changes of assumptions	(8,522,686)	3,322,532	(452,955)	(14,085,091)	1,163,826
Benefit payments	(1,979,721)	(1,919,061)	(2,053,976)	(1,797,005)	(2,021,220)
Net change in total OPEB liability	(5,110,909)	8,444,198	1,069,075	(11,972,342)	3,269,981
Total OPEB Liability - Beginning	50,524,704	42,080,506	41,011,431	52,983,773	49,713,792
Total OPEB Liability - Ending (a)	<u>\$ 45,413,795</u>	<u>\$ 50,524,704</u>	<u>\$ 42,080,506</u>	<u>\$ 41,011,431</u>	<u>\$ 52,983,773</u>
Plan Fiduciary Net Position					
Contributions - employer	\$ 6,385,208	\$ 1,919,061	\$ 2,053,976	\$ 1,797,005	\$ 2,021,220
Net investment income	893,311	861,229	558,401	(950,702)	1,332,470
Benefit payments	(1,979,721)	(1,919,061)	(2,053,976)	(1,797,005)	(2,021,220)
Administrative expense	(7,434)	(10,034)	(9,849)	(10,588)	(16,967)
Net change in plan fiduciary net position	5,291,364	851,195	548,552	(961,290)	1,315,503
Plan Fiduciary Net Position - Beginning	8,309,008	7,457,813	6,909,261	7,870,551	6,555,048
Plan Fiduciary Net Position - Ending (b)	<u>\$ 13,600,372</u>	<u>\$ 8,309,008</u>	<u>\$ 7,457,813</u>	<u>\$ 6,909,261</u>	<u>\$ 7,870,551</u>
Net OPEB Liability - Ending (a) - (b)	<u>\$ 31,813,423</u>	<u>\$ 42,215,696</u>	<u>\$ 34,622,693</u>	<u>\$ 34,102,170</u>	<u>\$ 45,113,222</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	<u>29.95%</u>	<u>16.45%</u>	<u>17.72%</u>	<u>16.85%</u>	<u>14.85%</u>
Covered Payroll	<u>\$ 279,815,221</u>	<u>\$ 267,080,724</u>	<u>\$ 238,912,085</u>	<u>\$ 220,431,224</u>	<u>\$ 214,097,303</u>
Net OPEB Liability as a Percentage of Covered Payroll	<u>11.37%</u>	<u>15.81%</u>	<u>14.49%</u>	<u>15.47%</u>	<u>21.07%</u>
Measurement Date	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021

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

San Diego Community College District
Schedule of Changes in the District's Net OPEB Liability and Related Ratios
Year Ended June 30, 2025

	2020	2019	2018
Total OPEB Liability			
Service cost	\$ 2,253,692	\$ 1,016,369	\$ 986,766
Interest	1,705,646	2,160,432	2,094,028
Difference between expected and actual experience	-	-	-
Changes of assumptions	4,375,997	7,684,732	-
Benefit payments	(1,680,106)	(2,048,523)	(2,069,538)
Net change in total OPEB liability	6,655,229	8,813,010	1,011,256
Total OPEB Liability - Beginning	43,058,563	34,245,553	33,234,297
Total OPEB Liability - Ending (a)	\$ 49,713,792	\$ 43,058,563	\$ 34,245,553
Plan Fiduciary Net Position			
Contributions - employer	\$ 1,680,106	\$ 2,048,523	\$ 2,069,538
Net investment income	282,216	708,941	1,323,364
Benefit payments	(1,680,106)	(16,748,523)	(2,069,538)
Administrative expense	(12,843)	(16,610)	(500)
Net change in plan fiduciary net position	269,373	(14,007,669)	1,322,864
Plan Fiduciary Net Position - Beginning	6,285,675	20,293,344	18,970,480
Plan Fiduciary Net Position - Ending (b)	\$ 6,555,048	\$ 6,285,675	\$ 20,293,344
Net OPEB Liability - Ending (a) - (b)	\$ 43,158,744	\$ 36,772,888	\$ 13,952,209
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	13.19%	14.60%	59.26%
Covered Payroll	\$ 227,670,372	\$ 229,715,106	\$ 226,093,712
Net OPEB Liability as a Percentage of Covered Payroll	18.96%	16.01%	6.17%
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018

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

San Diego Community College District
Schedule of District Contributions for OPEB
Year Ended June 30, 2025

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Actuarially determined contribution	\$ 5,106,301	\$ 2,805,727	\$ 2,724,007	\$ 2,724,007	\$ 3,081,054
Contribution in relation to the actuarially determined contribution	<u>(1,979,721)</u>	<u>(1,919,061)</u>	<u>(2,053,976)</u>	<u>(1,322,689)</u>	<u>(1,487,723)</u>
Contribution deficiency (excess)	<u>\$ 3,126,580</u>	<u>\$ 886,666</u>	<u>\$ 670,031</u>	<u>\$ 1,401,318</u>	<u>\$ 1,593,331</u>
Covered payroll	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>
Contributions as a percentage of covered payroll	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>
			<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially determined contribution			\$ 3,052,870	\$ 1,575,911	\$ 1,775,405
Contribution in relation to the actuarially determined contribution			<u>(1,230,036)</u>	<u>(1,505,824)</u>	<u>(1,521,272)</u>
Contribution deficiency (excess)			<u>\$ 1,822,834</u>	<u>\$ 70,087</u>	<u>\$ 254,133</u>
Covered payroll			<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>
Contributions as a percentage of covered payroll			<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>

¹ Contributions are not made based on a measure of pay. Therefore, no measure of payroll is presented.

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

San Diego Community College District
 Schedule of OPEB Investment Returns
 Year Ended June 30, 2025

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Annual money-weighted rate of return, net of investment expense	<u>10.77%</u>	<u>11.54%</u>	<u>7.94%</u>	<u>(19.35%)</u>	<u>23.00%</u>
Measurement Date	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021
			<u>2020</u>	<u>2019</u>	<u>2018</u>
Annual money-weighted rate of return, net of investment expense			<u>3.90%</u>	<u>4.60%</u>	<u>6.50%</u>
Measurement Date			June 30, 2020	June 30, 2019	June 30, 2018

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

San Diego Community College District
Schedule of the District's Proportionate Share of the Net OPEB Liability – MPP Program
Year Ended June 30, 2025

Year ended June 30,	2025	2024	2023	2022
Proportion of the net OPEB liability	0.2632%	0.2767%	0.2729%	0.2871%
Proportionate share of the net OPEB liability	\$ 701,478	\$ 839,678	\$ 899,098	\$ 1,334,319
Covered payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Plan fiduciary net position as a percentage of the total OPEB liability	(1.02%)	(0.96%)	(0.94%)	(0.80%)
Measurement Date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021

¹As of June 30, 2012, active members are no longer eligible for future enrollment in the MPP Program; therefore, the covered payroll disclosure is not applicable.

Note : In the future, as data becomes available, ten years of information will be presented. Information is not available prior to June 30, 2022.

San Diego Community College District
Schedule of the District's Proportionate Share of the Net Pension Liability
Year Ended June 30, 2025

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
CalSTRS					
Proportion of the net pension liability	0.1804%	0.1871%	0.1819%	0.1910%	0.2000%
Proportionate share of the net pension liability	\$ 121,163,324	\$ 142,485,542	\$ 126,370,141	\$ 86,920,280	\$ 193,818,000
State's proportionate share of the net pension liability associated with the District	55,590,150	68,268,830	63,285,673	43,735,824	99,912,393
Total	<u>\$ 176,753,474</u>	<u>\$ 210,754,372</u>	<u>\$ 189,655,814</u>	<u>\$ 130,656,104</u>	<u>\$ 293,730,393</u>
Covered payroll	<u>\$ 128,329,236</u>	<u>\$ 120,367,277</u>	<u>\$ 112,162,961</u>	<u>\$ 109,768,167</u>	<u>\$ 115,389,550</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>94.42%</u>	<u>118.38%</u>	<u>112.67%</u>	<u>79.19%</u>	<u>167.97%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>84%</u>	<u>81%</u>	<u>81%</u>	<u>87%</u>	<u>72%</u>
Measurement Date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020
CalPERS - Schools Pool Plan					
Proportion of the net pension liability	0.4674%	0.4620%	0.5085%	0.5493%	0.5644%
Proportionate share of the net pension liability	\$ 167,059,225	\$ 167,222,557	\$ 174,972,930	\$ 111,697,035	\$ 173,175,281
Covered payroll	\$ 94,686,754	\$ 80,105,743	\$ 71,207,385	\$ 78,850,237	\$ 81,395,132
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>176.43%</u>	<u>208.75%</u>	<u>245.72%</u>	<u>141.66%</u>	<u>212.76%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>72%</u>	<u>70%</u>	<u>70%</u>	<u>81%</u>	<u>70%</u>
Measurement Date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020

San Diego Community College District
Schedule of the District's Proportionate Share of the Net Pension Liability
Year Ended June 30, 2025

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
CalSTRS					
Proportion of the net pension liability (asset)	0.2070%	0.2080%	0.2140%	0.2020%	0.2100%
Proportionate share of the net pension liability (asset)	\$ 186,954,120	\$ 191,166,560	\$ 197,907,200	\$ 163,779,231	\$ 139,938,870
State's proportionate share of the net pension liability (asset) associated with the District	101,996,777	109,452,333	117,081,181	93,250,321	74,012,037
Total	<u>\$ 288,950,897</u>	<u>\$ 300,618,893</u>	<u>\$ 314,988,381</u>	<u>\$ 257,029,552</u>	<u>\$ 213,950,907</u>
Covered payroll	<u>\$ 118,845,964</u>	<u>\$ 117,562,509</u>	<u>\$ 114,818,386</u>	<u>\$ 104,157,241</u>	<u>\$ 82,277,905</u>
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	<u>157.31%</u>	<u>162.61%</u>	<u>172.37%</u>	<u>157.24%</u>	<u>170.08%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>73%</u>	<u>71%</u>	<u>69%</u>	<u>70%</u>	<u>74%</u>
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
CalPERS - Schools Pool Plan					
Proportion of the net pension liability (asset)	0.5689%	0.5640%	0.5642%	0.5610%	0.5650%
Proportionate share of the net pension liability (asset)	\$ 165,801,646	\$ 150,380,156	\$ 134,682,269	\$ 110,824,235	\$ 83,290,413
Covered payroll	\$ 78,909,966	\$ 74,642,579	\$ 62,441,280	\$ 45,786,013	\$ 58,413,916
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	<u>210.11%</u>	<u>201.47%</u>	<u>215.69%</u>	<u>242.05%</u>	<u>142.59%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>70%</u>	<u>71%</u>	<u>72%</u>	<u>74%</u>	<u>79%</u>
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015

San Diego Community College District
Schedule of the District's Proportionate Share of the Net Pension Liability
Year Ended June 30, 2025

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
CalPERS - Safety Pool Plan					
Proportion of the net pension liability	0.0139%	0.0130%	0.0069%	0.0147%	N/A
Proportionate share of the net pension liability	\$ 1,012,373	\$ 973,594	\$ 477,375	\$ 517,029	N/A
Covered payroll	\$ 3,997,090	\$ 3,708,280	\$ 3,999,835	\$ 3,598,702	N/A
Proportionate share of the net pension liability as a percentage of its covered payroll	25.33%	26.25%	11.93%	14.37%	N/A
Plan fiduciary net position as a percentage of the total pension liability	77%	75%	76%	87%	N/A
Measurement Date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020

N/A: Information is not available for years prior to June 30, 2022.

San Diego Community College District
Schedule of the District's Proportionate Share of the Net Pension Liability
Year Ended June 30, 2025

	2020	2019	2018	2017	2016
CalPERS - Safety Pool Plan					
Proportion of the net pension liability	N/A	N/A	N/A	N/A	N/A
Proportionate share of the net pension liability	N/A	N/A	N/A	N/A	N/A
Covered payroll	N/A	N/A	N/A	N/A	N/A
Proportionate share of the net pension liability as a percentage of its covered payroll	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	N/A	N/A	N/A	N/A	N/A
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015

N/A: Information is not available for years prior to June 30, 2022.

San Diego Community College District
Schedule of the District Contributions for Pensions
Year Ended June 30, 2025

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
CalSTRS					
Contractually required contribution	\$25,243,811	\$ 24,510,884	\$ 22,990,150	\$ 18,977,973	\$ 17,727,559
Contributions in relation to the contractually required contribution	<u>(25,243,811)</u>	<u>(24,510,884)</u>	<u>(22,990,150)</u>	<u>(18,977,973)</u>	<u>(17,727,559)</u>
Contribution deficiency (excess)	<u>\$ -</u>				
Covered payroll	<u>\$ 132,166,550</u>	<u>\$ 128,329,236</u>	<u>\$ 120,367,277</u>	<u>\$ 112,162,961</u>	<u>\$ 109,768,167</u>
Contributions as a percentage of covered payroll	<u>19.10%</u>	<u>19.10%</u>	<u>19.10%</u>	<u>16.92%</u>	<u>16.15%</u>
CalPERS - Schools Pool Plan					
Contractually required contribution	\$ 28,259,000	\$ 25,262,426	\$ 20,322,827	\$ 16,313,612	\$ 16,321,999
Contributions in relation to the contractually required contribution	<u>(28,259,000)</u>	<u>(25,262,426)</u>	<u>(20,322,827)</u>	<u>(16,313,612)</u>	<u>(16,321,999)</u>
Contribution deficiency (excess)	<u>\$ -</u>				
Covered payroll	<u>\$ 104,469,501</u>	<u>\$ 94,686,754</u>	<u>\$ 80,105,743</u>	<u>\$ 71,207,385</u>	<u>\$ 78,850,237</u>
Contributions as a percentage of covered payroll	<u>27.050%</u>	<u>26.680%</u>	<u>25.370%</u>	<u>22.910%</u>	<u>20.700%</u>
CalPERS - Safety Pool Plan					
Contractually required contribution	\$ 639,017	\$ 579,578	\$ 506,551	\$ 559,177	N/A
Contributions in relation to the contractually required contribution	<u>(639,017)</u>	<u>(579,578)</u>	<u>(506,551)</u>	<u>(559,177)</u>	N/A
Contribution deficiency (excess)	<u>\$ -</u>				
Covered payroll	<u>\$ 4,138,711</u>	<u>\$ 3,997,090</u>	<u>\$ 3,708,280</u>	<u>\$ 3,999,835</u>	N/A
Contributions as a percentage of covered payroll	<u>15.440%</u>	<u>14.500%</u>	<u>13.660%</u>	<u>13.980%</u>	N/A

N/A: Information is not available for years prior to June 30, 2022.

San Diego Community College District
Schedule of the District Contributions for Pensions
Year Ended June 30, 2025

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
CalSTRS					
Contractually required contribution	\$ 19,731,613	\$ 19,348,123	\$ 16,964,270	\$ 14,444,153	\$ 11,176,072
Contributions in relation to the contractually required contribution	<u>(19,731,613)</u>	<u>(19,348,123)</u>	<u>(16,964,270)</u>	<u>(14,444,153)</u>	<u>(11,176,072)</u>
Contribution deficiency (excess)	<u>\$ -</u>				
Covered payroll	<u>\$ 115,389,550</u>	<u>\$ 118,845,964</u>	<u>\$ 117,562,509</u>	<u>\$ 114,818,386</u>	<u>\$ 104,157,241</u>
Contributions as a percentage of covered payroll	<u>17.10%</u>	<u>16.28%</u>	<u>14.43%</u>	<u>12.58%</u>	<u>10.73%</u>
CalPERS					
Contractually required contribution	\$ 16,051,934	\$ 14,252,718	\$ 11,592,739	\$ 8,671,845	\$ 5,424,269
Contributions in relation to the contractually required contribution	<u>(16,051,934)</u>	<u>(14,252,718)</u>	<u>(11,592,739)</u>	<u>(8,671,845)</u>	<u>(5,424,269)</u>
Contribution deficiency (excess)	<u>\$ -</u>				
Covered payroll	<u>\$ 81,395,132</u>	<u>\$ 78,909,966</u>	<u>\$ 74,642,579</u>	<u>\$ 62,441,280</u>	<u>\$ 45,786,013</u>
Contributions as a percentage of covered payroll	<u>19.721%</u>	<u>18.062%</u>	<u>15.531%</u>	<u>13.888%</u>	<u>11.847%</u>
CalPERS - Safety Pool Plan					
Contractually required contribution	N/A	N/A	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Contribution deficiency (excess)	<u>\$ -</u>				
Covered payroll	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Contributions as a percentage of covered payroll	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

N/A: Information is not available for years prior to June 30, 2022.

Note 1 - Purpose of Schedules

Schedule of Changes in the District's Net OPEB Liability and Related Ratios

This schedule presents information on the District's changes in the net OPEB liability, including beginning and ending balances, the Plan's fiduciary net position, and the net OPEB liability. In the future, as data becomes available, ten years of information will be presented.

- *Changes in Benefit Terms* - There were no changes in benefit terms since the previous valuation.
- *Changes of Assumptions* - Changes of economic assumptions reflect a change in the discount rate changed from 4.30% in the previous valuation to 6.50% in the current valuation and a change in healthcare trend rate from 7.50% in the previous valuation to 7.00% in the current valuation.

Schedule of District Contributions for OPEB

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

Schedule of OPEB Investment Returns

This schedule presents information on the annual money-weighted rate of return on OPEB plan investments. In future years, as data becomes available, ten years of information will be presented.

Schedule of the District's Proportionate Share of the Net OPEB Liability - MPP Program

This schedule presents information on the District's proportionate share of the net OPEB Liability – MPP Program and the plans' fiduciary net position. In the future, as data becomes available, ten years of information will be presented.

- *Changes in Benefit Terms* – There were no changes in the benefit terms since the previous valuation.
- *Changes of Assumptions* – The plan rate of investment return assumption was changed from 3.65% to 3.93% since the previous valuation. The Medicare Part A premium cost trend rate assumption was changed from 4.50% to 5.00%, while the Medicare Part B premium cost trend rate assumption was changed from 5.40% to 6.50% since the previous valuation.

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

This schedule presents information on the District's proportionate share of the net pension liability (NPL), the plans' fiduciary net position and, when applicable, the State's proportionate share of the NPL associated with the District.

- *Changes in Benefit Terms* – There were no changes in benefit terms for the CalSTRS or CalPERS plans since the previous valuations.
- *Changes of Assumptions* – There were no changes in economic assumptions for the CalSTRS or CalPERS plans since the previous valuations.

Schedule of District Contributions for Pensions

This schedule presents information on the District's required contribution, the amounts actually contributed, and any excess or deficiency related to the required contribution.

Supplementary Information
June 30, 2025

San Diego Community College District

San Diego Community College District was established in 1973, and is comprised of an area of approximately 196 square miles located in San Diego County. There were no changes in the boundaries of the District during the current year. The District’s 3 credit colleges are each accredited by the Accrediting Commission for Community and Junior Colleges Western Association of Schools and Colleges, and the noncredit College of Continuing Education is accredited by the Accrediting Commission for Schools Western Association of Schools and Colleges.

Board of Trustees as of June 30, 2025

Member	Office	Term Expires
Geysil Arroyo	President	2026
Craig Milgrim	Executive Vice President	2026
Mariah Jameson	Vice President for Legislative Advocacy	2028
Marichu Magaña, Psy.D.	Vice President for Institutional Effectiveness	2028
Maria Nieto Senour, Ph.D.	Vice President for Diversity, Equity, and Inclusion	2026

Administration as of June 30, 2025

Gregory A. Smith	Chancellor
Ricky Shabazz, Ed.D.	President, San Diego City College
Ashanti Hands, Ed.D.	President, San Diego Mesa College
P. Wesley Lundburg, Ph.D.	President, San Diego Miramar College
Tina M. King, Ed.D.	President, San Diego College of Continuing Education
Daniel J. Troy	Vice Chancellor, Finance and Business Services
Susan Topham, Ed.D.	Vice Chancellor, Educational Services
Joel L. A. Peterson, Ph.D.	Vice Chancellor, Operations, Enterprise Services, and Facilities
Jared Burns, Ph.D., J.D.	Vice Chancellor, People, Culture, and Technology Services
Laurie Coskey, Ed.D.	Vice Chancellor, Development and Entrepreneurship
Michelle Fischthal, DBA	Vice Chancellor, Institutional Innovation and Effectiveness
City College - John Parker, DBA	Vice President, Administrative Services
Mesa College - Lorenze Legaspi	Vice President, Administrative Services
Miramar College - Maria Battisti	Vice President, Administrative Services
College of Continuing Education - Jacqueline Sabanos	Vice President, Administrative Services
District Office - Nancy Lane	Associate Vice Chancellor, Finance and Business Services
District Office - Nahid Razi	Associate Vice Chancellor, Finance and Business Services

Auxiliary Organizations in Good Standing

- San Diego Community College Auxiliary Organization, established 1997
 - Master Agreement established June 18, 1997
 - P. Wesley Lundburg, Ph.D., President, San Diego Miramar College
 - San Diego City College Foundation, established 2014
 - Master Agreement established April 30, 2014
 - John Parker, Vice President, Administrative Services
 - San Diego Continuing Education Foundation, established 2014
 - Master Agreement established April 30, 2014
 - Jacqueline Sabanos, Vice President, Administrative Services
 - San Diego Mesa College Foundation, established 2014
 - Master Agreement established April 24, 2014
 - Lorenze Legaspi, Vice President, Administrative Services
 - San Diego Miramar College Foundation, established 2014
 - Master Agreement established March 14, 2014
 - Brett Bell, Vice President, Administrative Services

San Diego Community College District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Student Financial Assistance Cluster			
Federal Pell Grant Program	84.063		\$ 55,785,287
Federal Pell Grant Program Administrative Allowance	84.063		58,315
Federal Direct Student Loans	84.268		5,413,085
Federal Supplemental Educational Opportunity Grants (FSEOG)	84.007		1,865,100
Federal Work-Study Program	84.033		<u>1,503,533</u>
Subtotal Student Financial Assistance Cluster			<u>64,625,320</u>
TRIO Cluster			
STAR Student Support Services	84.042A		367,952
Upward Bound Program	84.047A		<u>336,954</u>
Subtotal TRIO Cluster			<u>704,906</u>
Passed through California Community Colleges Chancellor's Office Career and Technical Education Act (CTEA), Title I, Part C			
	84.048A	24-C01-070 G0335, G0336, G0327,	2,582,392
Perkins V Reserve Innovation Grant	84.048A	G0338, G0339	<u>185,254</u>
Subtotal			<u>2,767,646</u>
Passed through California Department of Education			
Adult Education: Integrated English Literacy and Civics Education (Section 243)	84.002A	14109	241,220
Adult Education: Adult Basic Education, English Language Acquisition, and ELCE (Section 231)	84.002A	14508	820,709
Adult Education: Adult Secondary Education (Section 231)	84.002A	13978	<u>111,169</u>
Subtotal			<u>1,173,098</u>
Passed through California Department of Rehabilitation			
College to Career Program	84.126A	32165	402,000
Workability III Program	84.126A	31405	461,389
Sub-Minimum Wage to Competitive Integrated Employment Project	84.126A	32404	<u>538,706</u>
Subtotal			<u>1,402,095</u>
Passed through San Diego State University Research Foundation			
HSI STEM; Title III, Part F Title V, Developing Effective Bilingual Educators with Resources	84.031C	D11425-02 SA00 A2 5A559C 7802	2,441
Title III, Hispanic Serving Institutions - STEM	84.031S	SA0000700	5,109
Title III, Inclusive City Achievement Network Project	84.031C		1,938,940
Title V, STEM Exito Project	84.031L		407,157
Title V, STEM Exito Project	84.031S		<u>591,991</u>
Subtotal			<u>2,945,638</u>

[1] Pass-Through Entity Identifying Number not available.

San Diego Community College District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number	Federal Expenditures
Asian American and Native American Pacific Islander-serving Institutions Program	84.382B		\$ 440,481
Dreamer Support Program	84.116Z		465,131
LGBTQIA+	84.116Z		316,992
IT Systems Upgrades and Modernization Project	84.116Z		185,679
Subtotal			<u>967,802</u>
Total U.S. Department of Education			<u>75,026,986</u>
U.S. Department of Agriculture			
SEEDS Scholars: Awareness, Preparation, and Training Program Passed through San Diego State University Foundation	10.223		34,873
Transnational Approaches to Sustainable Food Futures: Integrated High-Impact Learning Experiences and Pathways to Food Careers	10.223	2022-77040- 37620	<u>8,686</u>
Subtotal			<u>43,559</u>
Passed through California Department of Social Services			
Child and Adult Care Food Program	10.558	04389-CACFP-37- CC-CS	<u>87,911</u>
Total U.S. Department of Agriculture			<u>131,470</u>
U.S. Department of Labor			
Community Project Funding/Congressionally Directed Spending	17.289		<u>233,010</u>
Total U.S. Department of Labor			<u>233,010</u>
U.S. Department of the Treasury			
Passed through California Community Colleges Chancellor's Office COVID-19: SFRF Emergency Financial Assistance	21.027	[1]	<u>816,892</u>
Total U.S. Department of the Treasury			<u>816,892</u>
National Aeronautics and Space Administration (NASA)			
Passed through California Space Grant Consortium Opportunity for Community College Partnerships	43.008	[1]	<u>12,500</u>
Total National Aeronautics and Space Administration (NASA)			<u>12,500</u>
Research and Development Cluster			
National Science Foundation			
STEM: HSI Program	47.076		33,464
Zero Emission Vehicle Initiative to Support Future Automotive Technicians	47.076		42,051
Passed through the American Association of Geographers Computer and Information Science and Engineering	47.070	F7037-SDMC	47,604
U.S. Department of Health and Human Services			
Passed through The Regents of the University of California, San Diego			
Biomedical Research and Research Training	93.859	704575	<u>32,603</u>
Subtotal Research and Development Cluster			<u>155,722</u>

[1] Pass-Through Entity Identifying Number not available.

See Notes to Supplementary Information

San Diego Community College District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Veterans Affairs			
Veterans Outreach Program - Administration	64.117		\$ 23,392
Total U.S. Department of Veterans Affairs			<u>23,392</u>
U.S. Department of Health and Human Services			
Passed through California Community Colleges Chancellor's Office			
Temporary Assistance for Needy Families (TANF)	93.558	[1]	603,649
Passed through County of San Diego, Health and Human Services			
Agency, Eligibility Operations			
Temporary Assistance for Needy Families (TANF)	93.558	1601CATANF	64,667
Subtotal			<u>668,316</u>
Total U.S. Department of Health and Human Services			<u>668,316</u>
Corporation for National and Community Service (CNCS)			
AmeriCorps State and National	94.006		30,303
Total Corporation for National and Community Service (CNCS)			<u>30,303</u>
Total Federal Financial Assistance			<u>\$ 77,098,591</u>

[1] Pass-Through Entity Identifying Number not available.

San Diego Community College District
Schedule of Expenditures of State Awards
Year Ended June 30, 2025

Program	Program Revenues			Total Revenue	Program Expenditures
	Cash Received	Accounts Receivable	Unearned Revenue		
BFAP	\$ 2,894,815	\$ -	\$ 760,308	\$ 2,134,507	\$ 2,134,507
Cal Grant	5,954,290	1,233,182	135,422	7,052,050	7,052,050
California College Promise	4,580,774	-	1,636,833	2,943,941	2,943,941
CARE Program	910,416	-	128,500	781,916	781,916
Chafee	292,500	-	7,500	285,000	285,000
Extended Opportunity Programs and Services	6,406,786	-	503,816	5,902,970	5,902,970
Financial Aid Admin Allowance	1,000	186	-	1,186	1,186
Financial Aid Technology	321,290	-	275,367	45,923	45,923
Learning Aligned Employment Program	34,519	881	186	35,214	35,214
NextUp	1,359,341	-	196,874	1,162,467	1,162,467
Emergency Financial Assistance Supplemental	322,466	-	167,216	155,250	155,250
Student Success Completion Grant	5,083,703	2,919	88,631	4,997,991	4,997,991
Commission On Post	18,006	6,945	-	24,951	24,951
IEPI Grant	200,000	-	158,077	41,923	41,923
AB1725 Staff Diversity/Development	195,716	-	-	195,716	195,716
Disabled Students Program	7,898,159	-	660,700	7,237,459	7,237,459
Adult Education Block Grant	7,637,024	-	2,064,059	5,572,965	5,572,965
SD Early Middle College	94,178	-	-	94,178	94,178
Basic Skills	75,684	-	4,451	71,233	71,233
Instructional Equipment and Library Materials	4,616,922	-	2,842,315	1,774,607	1,774,607
Student Equity Plan	24,225,929	-	3,773,325	20,452,604	20,452,604
Nursing Education	181,305	-	-	181,305	181,305
Basic Needs	4,728,689	-	2,624,859	2,103,830	2,103,830
Strong Workforce Program	10,997,156	-	4,668,820	6,328,336	6,328,336
Strong Workforce Program Regional	1,594,752	1,615,990	-	3,210,742	3,210,742
Veterans Resource Center	5,969,897	-	3,350,397	2,619,500	2,619,500
Student Retention & Enrollment	2,179,604	-	966,857	1,212,747	1,212,747
Mental Health Program	2,911,823	-	1,380,641	1,531,182	1,531,182
State Schedule Maintenance	2,981,862	-	-	2,981,862	2,981,862

San Diego Community College District
Schedule of Expenditures of State Awards
Year Ended June 30, 2025

Program	Program Revenues			Total Revenue	Program Expenditures
	Cash Received	Accounts Receivable	Unearned Revenue		
AANHPI SAP	\$ 1,208,240	\$ -	\$ 840,316	\$ 367,924	\$ 367,924
CA CCAP STEM Academy Program	183,344	85,352	-	268,696	268,696
Ca Energy Comm - (ARFVTP)	-	1,043,288	-	1,043,288	1,043,288
Cal-Works	6,529,873	-	2,859,897	3,669,976	3,669,976
UMOJA	183,911	-	45,385	138,526	138,526
COVID-19 Recovery Block	10,458,966	-	4,943,676	5,515,290	5,515,290
Cultural Resp Pedagogy & Pract	662,663	-	28,777	633,886	633,886
Dream Resource Liaison Support	397,689	-	105,834	291,855	291,855
Equitable Placement & Compl	1,518,195	-	898,580	619,615	619,615
Homeless and Housing Insecurit	1,498,743	-	1,498,743	-	-
Common Course Numbering	2,739,129	-	2,537,679	201,450	201,450
Cal Fresh Chico	20,946	43,524	-	64,470	64,470
Gateway to College	700,251	-	75,408	624,843	624,843
Guided Pathways 17-18	1,506,802	-	1,094,061	412,741	412,741
Homeless & Housing Insecurities	1,277,141	-	688,509	588,632	588,632
LGBTQ	603,503	-	65,809	537,694	537,694
Math ESA/CCCP City	3,955,532	-	2,838,893	1,116,639	1,116,639
Pathway to Law (Cal Law)	99,000	-	11,747	87,253	87,253
Proposition 20 Lottery funds	2,283,147	1,501,851	-	3,784,998	5,575,962
Puente Program	291,500	-	263,739	27,761	27,761
SDSU-AI Ded	-	4,426	-	4,426	4,426
REACH Initiative	10,491	-	-	10,491	10,491
COYA-Pre-App Planning	71,679	96,433	-	168,112	168,112
RERP Regional Equity & Recover	24,477	-	24,477	-	-
Rising Scholars Network Grant	730,434	-	269,955	460,479	460,479
Student Transfer Achievement-Assoc Degr.	1,685,170	-	977,582	707,588	707,588
Systemwide Tech & Data Security	816,853	-	584,853	232,000	232,000
Wellness Vending Pilot Grant	25,247	-	25,247	-	-

San Diego Community College District
Schedule of Expenditures of State Awards
Year Ended June 30, 2025

Program	Program Revenues			Total Revenue	Program Expenditures
	Cash Received	Accounts Receivable	Unearned Revenue		
SD Workforce Partner Med & Fire	\$ 74,910	\$ 45,180	\$ -	\$ 120,090	\$ 120,090
A2MEND	30,000	-	30,000	-	-
Zero Textbook Cost Program	2,259,060	-	2,029,376	229,684	229,684
Child Dev-Food and Nutrition Program	4,627	-	-	4,627	4,627
Child Dev CSPP	827,390	114,875	-	942,265	942,265
Child Dev CCTR	499,449	-	-	499,449	499,449
AB110-CHILD DEV STIPEND	7,752	-	-	7,752	7,752
SB140 -CHILD DEV CCTR	74,395	-	-	74,395	74,395
AB131- Child Dev Stipend	122,240	-	-	122,240	122,240
Total state programs	\$ 148,051,355	\$ 5,795,032	\$ 49,133,697	\$ 104,712,690	\$ 106,503,654

San Diego Community College District
Schedule of Workload Measures for State General Apportionment Annual (Actual) Attendance
Year Ended June 30, 2025

CATEGORIES	Reported Data**	Audit Adjustments	Audited Data
A. Summer Intersession (Summer 2024 only)			
1. Noncredit*	1,126.53	-	1,126.53
2. Credit	2,629.79	-	2,629.79
B. Summer Intersession (Summer 2025 - Prior to July 1, 2025)			
1. Noncredit*	14.88	-	14.88
2. Credit	19.00	-	19.00
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	10,972.25	-	10,972.25
(b) Daily Census Contact Hours	1,698.45	-	1,698.45
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit*	3,003.61	-	3,003.61
(b) Credit	1,052.65	-	1,052.65
3. Alternative Attendance Accounting Procedure Courses			
(a) Weekly Census Procedure Courses	6,604.32	-	6,604.32
(b) Daily Census Procedure Courses	5,987.42	-	5,987.42
(c) Noncredit Independent Study/Distance Education Courses	5,840.01	-	5,840.01
D. Total FTES	38,948.91	-	38,948.91
SUPPLEMENTAL INFORMATION (Subset of Above Information)			
E. Inservice Training Courses (FTES)	1,457.26	-	1,457.26
F. Basic Skills Courses and Immigrant Education			
1. Noncredit*	5,525.94	-	5,525.94
2. Credit	491.31	-	491.31
CCFS-320 Addendum			
CDCP Noncredit FTES	7,379.80	-	7,379.80
Centers FTES			
1. Noncredit*	9,729.17	-	9,729.17
2. Credit	-	-	-

*Including Career Development and College Preparation (CDCP) FTES.

**The District's attendance numbers were revised on October 29, 2025.

San Diego Community College District
Reconciliation of *Education Code* Section 84362 (50% Law) Calculation
Year Ended June 30, 2025

	Object/TOP Codes	ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			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	\$ 45,668,927	\$ -	\$ 45,668,927	\$ 45,668,927	\$ -	\$ 45,668,927
Other	1300	52,422,451	-	52,422,451	52,422,451	-	52,422,451
Total Instructional Salaries		98,091,378	-	98,091,378	98,091,378	-	98,091,378
Noninstructional Salaries							
Contract or Regular	1200	-	-	-	32,775,425	-	32,775,425
Other	1400	-	-	-	2,505,866	-	2,505,866
Total Noninstructional Salaries		-	-	-	35,281,291	-	35,281,291
Total Academic Salaries		98,091,378	-	98,091,378	133,372,669	-	133,372,669
<u>Classified Salaries</u>							
Noninstructional Salaries							
Regular Status	2100	-	-	-	56,366,273	-	56,366,273
Other	2300	-	-	-	624,367	-	624,367
Total Noninstructional Salaries		-	-	-	56,990,640	-	56,990,640
Instructional Aides							
Regular Status	2200	8,025,483	-	8,025,483	7,977,302	-	7,977,302
Other	2400	1,067,568	-	1,067,568	1,067,568	-	1,067,568
Total Instructional Aides		9,093,051	-	9,093,051	9,044,870	-	9,044,870
Total Classified Salaries		9,093,051	-	9,093,051	66,035,510	-	66,035,510
Employee Benefits	3000	53,413,659	-	53,413,659	105,158,589	-	105,158,589
Supplies and Material	4000	-	-	-	2,815,525	-	2,815,525
Other Operating Expenses	5000	918,868	-	918,868	26,693,616	-	26,693,616
Equipment Replacement	6420	-	-	-	18,868	-	18,868
Total Expenditures Prior to Exclusions		161,516,956	-	161,516,956	334,094,777	-	334,094,777

San Diego Community College District
Reconciliation of *Education Code* Section 84362 (50% Law) Calculation
Year Ended June 30, 2025

	Object/TOP Codes	ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
		Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
<u>Exclusions</u>							
Activities to Exclude							
Instructional Staff - Retirees' Benefits and Retirement Incentives	5900	\$ 3,451,796	\$ -	\$ 3,451,796	\$ 3,451,796	\$ -	\$ 3,451,796
Student Health Services Above Amount Collected	6441	-	-	-	776,416	-	776,416
Student Transportation	6491	-	-	-	-	-	-
Noninstructional Staff - Retirees' Benefits and Retirement Incentives	6740	-	-	-	3,299,409	-	3,299,409
Objects to Exclude							
Rents and Leases	5060	-	-	-	3,351,907	-	3,351,907
Lottery Expenditures							
Academic Salaries	1000	-	-	-	-	-	-
Classified Salaries	2000	-	-	-	-	-	-
Employee Benefits	3000	-	-	-	-	-	-
Supplies and Materials	4000	-	-	-	-	-	-
Software	4100	-	-	-	-	-	-
Books, Magazines, and Periodicals	4200	-	-	-	-	-	-
Instructional Supplies and Materials	4300	-	-	-	-	-	-
Noninstructional Supplies and Materials	4400	-	-	-	-	-	-
Total Supplies and Materials		-	-	-	-	-	-

San Diego Community College District
 Reconciliation of *Education Code* Section 84362 (50% Law) Calculation
 Year Ended June 30, 2025

	Object/TOP Codes	ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
		Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Other Operating Expenses and Services	5000	\$ -	\$ -	\$ -	\$ 7,852,684	\$ -	\$ 7,852,684
Capital Outlay	6000						
Library Books	6300	-	-	-	-	-	-
Equipment	6400	-	-	-	-	-	-
Equipment - Additional	6410	-	-	-	-	-	-
Equipment - Replacement	6420	-	-	-	-	-	-
Total Equipment		-	-	-	-	-	-
Total Capital Outlay		-	-	-	-	-	-
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		3,451,796	-	3,451,796	18,732,212	-	18,732,212
Total for ECS 84362, 50% Law		\$ 158,065,160	\$ -	\$ 158,065,160	\$ 315,362,565	\$ -	\$ 315,362,565
% of CEE (Instructional Salary Cost/Total CEE)		50.12%		50.12%	100.00%		100.00%
50% of Current Expense of Education					\$ 157,681,283		\$ 157,681,283

San Diego Community College District
 Proposition 30 Education Protection Account (EPA) Expenditure Report
 Year Ended June 30, 2025

Activity Classification	Object Code	Unrestricted			
EPA Revenue:	8630	\$ 65,740,128			
Activity Classification	Activity Code	Salaries and Benefits (Obj 1000-3000)	Operating Expenses (Obj 4000-5000)	Capital Outlay (Obj 6000)	Total
Instructional Activities	1000-5900	\$ 65,740,128	\$ -	\$ -	\$ 65,740,128
Total Expenditures for EPA		\$ 65,740,128	\$ -	\$ -	\$ 65,740,128
Revenues Less Expenditures					\$ -

San Diego Community College District
Reconciliation of Governmental Funds to the Statement of Net Position
Year Ended June 30, 2025

Amounts reported for governmental activities in the Statement of Net Position are different because

Total fund balance and retained earnings		
General Funds	\$ 125,365,832	
Special Revenue Funds	6,362,258	
District auxiliary organization	506,743	
Capital Project Funds	901,790,818	
Debt Service Funds	160,697,094	
Proprietary Funds	(16,257,916)	
Internal Service Funds	31,351,331	
Fiduciary Fund	13,600,372	
Total fund balance and retained earnings - all District funds		\$ 1,223,416,532
Amounts held in trust on behalf of others (OPEB Trust)		(13,600,372)
The District's investment in the San Diego County treasury investment pool is reported at fair market value in the Statement of Net Position.		75,747
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is	1,892,696,835	
Accumulated depreciation is	(638,844,199)	
Less: Capital assets already recorded in proprietary funds	(63,795)	
Total capital assets, net		1,253,788,841
Lease receivables and deferred inflows of resources related to leases are reported in the Statement of Net Position, but were not reported on the District's CCFS-311 report.		
Lease receivables	67,063,199	
Deferred inflows of resources related to leases	(71,244,157)	
Total		(4,180,958)
Deferred outflows of resources represent a consumption of net position in a future period and is not reported in the District's funds. Deferred outflows of resources at year-end consist of:		
Deferred outflows of resources related to debt refunding	62,814,208	
Deferred outflows of resources related to OPEB	8,716,806	
Deferred outflows of resources related to pensions	99,297,568	
Total deferred outflows of resources		170,828,582
In governmental funds, unmatured interest on long-term liabilities is recognized in the period when it is due. On the government-wide statements, unmatured interest on long-term liabilities is recognized when it is incurred.		(33,214,250)

San Diego Community College District
 Reconciliation of Governmental Funds to the Statement of Net Position
 Year Ended June 30, 2025

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.

Long-term liabilities at year end consist of:

General obligation bonds	\$ (2,189,003,061)
Compensated absences	(83,071,057)
Aggregate net OPEB liability	(32,514,901)
Aggregate net pension liability	(289,234,922)

In addition, the District has issued 'capital appreciation' general obligation bonds. The accretion of interest unmatured on the general obligation bonds to date is	(22,686,224)
--	--------------

Total long-term liabilities	\$ (2,616,510,165)
-----------------------------	--------------------

Deferred inflows of resources represent an acquisition of net position in a future period and is not reported in the District's funds.

Deferred inflows of resources amount to and related to

Deferred inflows of resources related to debt refunding	(19,522,348)
Deferred inflows of resources related to OPEB	(16,822,592)
Deferred inflows of resources related to pensions	(38,018,073)

Total deferred inflows of resources	(74,363,013)
-------------------------------------	--------------

Total net position (deficit)	\$ (93,759,056)
------------------------------	-----------------

Note 1 - Purpose of Schedules

District Organization

This schedule provides information about the District's governing board members, administration members, and auxiliary organizations in good standing as of June 30, 2025.

Schedule of Expenditures of Federal Awards

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2025. The information 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). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

Summary of Significant Accounting Policies

Expenditures reported in the Schedule are reported on the modified accrual basis of accounting. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

Indirect Cost Rate

The District has not elected to use the 10% de minimis cost rate.

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 Community Colleges Chancellor's Office.

Schedule of Workload Measures for State General Apportionment Annual (Actual) Attendance

FTES 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 for making apportionments of State funds to community college districts. This schedule provides information regarding the attendance of students based on various methods of accumulating attendance data.

Reconciliation of *Education Code* Section 84362 (50% Law) Calculation

California *Education Code* Section 84362 requires the District to expend a minimum of 50% of the unrestricted General Fund monies on salaries of classroom instructors. This is reported annually to the California Community Colleges Chancellor's Office. This schedule provides a reconciliation of the amount reported to the California Community Colleges Chancellor's Office and the impact of any audit adjustments and/or corrections noted during the audit.

Proposition 30 Education Protection Account (EPA) Expenditure Report

This schedule provides information about the District's EPA revenues and summarized expenditures of EPA revenues.

Reconciliation of the Governmental Funds to the 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 government-wide full accrual basis financial statements required under GASB Statements No. 34 and No. 35 business-type activities reporting model.

Independent Auditor's Reports
June 30, 2025

San Diego Community College District



Independent Auditor’s 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 Diego Community College District
San Diego, California

We have audited, 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 (*Government Auditing Standards*), the financial statements of the business-type activities and fiduciary activities of San Diego Community College District (the District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements and have issued our report thereon dated January 22, 2026.

Adoption of New Accounting Standard

As discussed in Note 2 and Note 14 to the financial statements, the District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*, for the year ended June 30, 2025. Accordingly, a restatement has been made to the business-type activities net position as of July 1, 2024 to restate beginning net position. Our opinions are not modified with respect to this matter.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District’s 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 District’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 or significant deficiencies may exist that were not 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.

The image shows a handwritten signature in cursive script that reads "Eide Bailly LLP".

Ontario, California
January 22, 2026



Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance Required by the Uniform Guidance

To the Board of Trustees
San Diego Community College District
San Diego, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited San Diego Community College District's (the District) compliance with the types of compliance requirements identified as subject to audit 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 auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, San Diego Community College District complied, in all material respects, with the 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 (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's 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 the 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.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2025-001 and 2025-002. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the District's responses to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The District's responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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 a 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2025-001 and 2025-002 to be significant deficiencies.

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.

Government Auditing Standards requires the auditor to perform limited procedures on the District's responses to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The District's responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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.

Eide Bailly LLP

Ontario, California
January 22, 2026



Independent Auditor's Report on State Compliance

To the Board of Trustees
San Diego Community College District
San Diego, California

Report on State Compliance

Opinion on State Compliance

We have audited San Diego Community College District's (the District) compliance with the types of compliance requirements described in the 2024-2025 California Community Colleges Chancellor's Office *Contracted District Audit Manual* applicable to the state laws and regulations identified below for the year ended June 30, 2025.

In our opinion, San Diego Community College District complied, in all material respects, with the compliance requirements referred to above that are applicable to the state laws and regulations identified 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 (*Government Auditing Standards*), and the 2024-2025 California Community Colleges Chancellor's Office *Contracted District Audit Manual*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with 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 opinion. 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 identified below.

Auditor’s 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 2024-2025 California Community Colleges Chancellor’s Office *Contracted District Audit Manual* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District’s compliance with the requirements listed in the table below.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the 2024-2025 California Community Colleges Chancellor’s Office *Contracted District Audit Manual*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District’s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District’s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control over compliance. Accordingly, 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 that we identify 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 state laws and regulations applicable to the following:

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% Law)
Section 423	Apportionment for Activities Funded From Other Sources
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)
Section 430	Scheduled Maintenance Program
Section 431	Gann Limit Calculation

Section 444	Apprenticeship Related and Supplemental Instruction (RSI) Funds
Section 475	Disabled Student Programs and Services (DSPS)
Section 490	Proposition 1D and 51 State Bond Funded Projects
Section 491	Education Protection Account Funds
Section 492	Student Representation Fee
Section 494	State Fiscal Recovery Fund
Section 498	COVID-19 Recovery Block Grant Expenditures

The District received no funding through Proposition 1D and 51 State Bond Funded Projects; therefore, the compliance tests within this section were not applicable.

The purpose of this report on state compliance is solely to describe the results of our testing based on the requirements of the 2024-2025 California Community Colleges Chancellor's Office *Contracted District Audit Manual*. Accordingly, this report is not suitable for any other purpose.



Ontario, California
January 22, 2026

Schedule of Findings and Questioned Costs
June 30, 2025

San Diego Community College District

FINANCIAL STATEMENTS

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major programs:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	Yes
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a):	Yes

Identification of major programs:

Name of Federal Program or Cluster	Federal Financial Assistance Listing
Student Financial Assistance Cluster	84.063, 84.268, 84.007, 84.033
Career and Technical Education Act (CTEA), Title I, Part C	84.048A
Perkins V Reserve Innovation Grant	84.048A
HSI STEM; Title III, Part F	84.031C
Title V, Developing Effective Bilingual Educators with Resources	84.031S
Title III, Hispanic Serving Institutions - STEM	84.031C
Title III, Inclusive City Achievement Network Project	84.031L
Title V, STEM Exito Project	84.031S
Dollar threshold used to distinguish between type A and type B programs	\$2,312,958
Auditee qualified as low-risk auditee?	No

STATE COMPLIANCE

Type of auditor's report issued on compliance for state programs:	Unmodified
---	------------

None reported.

The following findings represent significant deficiencies in internal control over compliance and instances of noncompliance that are required to be reported by the Uniform Guidance.

2025-001 Special Tests and Provisions – Return of Title IV Funds

Federal Agency: U.S. Department of Education (ED)

Pass-Through Entity: Direct funded by the U.S. Department of Education (ED)

Program Name: Student Financial Assistance Cluster

Assistance Listing Numbers: 84.007, 84.033, 84.063, and 84.268

Award Identification Number: P007A230565, P007A240565, P007A240568, P007A244666, P033A230565, P033A230568, P033A234666, P033A240565, P033A240568, P033A244666, P063P230042, P063P230043, P063P230636, P063P240042, P063P240043, P063P240636, P268K240042, P268K240043, P268K240636, P268K250042, P268K250043, P268K250636

Award Year: 2024-2025

Criteria

34 CFR 668.22(a), 34 CFR 668.22(e), and 34 CFR 668.22(f)

When a recipient of Title IV assistance withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV aid earned by the student as of the student's withdrawal date.

The amount of Title IV assistance that is earned by the student is calculated by determining the percentage of aid earned by the student and applying the percentage to the total amount of Title IV assistance that was disbursed and that could have been disbursed to the student. If the total amount of Title IV assistance earned by the student is less than the amount that was disbursed to the student, or on his or her behalf, as of the date of the institution's determination that the student withdrew, the difference must be returned to the Title IV programs.

For programs measured in credit hours, the percentage of aid earned by the student is determined by dividing the total number of calendar days in the payment period or period of enrollment into the number of calendar days completed in that period as of the student's withdrawal date. The total number of calendar days in a payment period or period of enrollment includes all days within the period that the student was scheduled to complete, except that scheduled breaks of at least five consecutive days are excluded from the total number of calendar days in a payment period or period of enrollment and the number of calendar days completed in that period.

The unearned amount of Title IV assistance to be returned is calculated by subtracting the amount of title IV assistance earned by the student as calculated under paragraph (e)(1) of this section from the amount of title IV aid that was disbursed to the student as of the date of the institution's determination that the student withdrew.

Condition

Significant Deficiency in Internal Control over Compliance and Noncompliance – The following deficiencies were noted:

- 1 of 60 students' Return of Title IV calculation was calculated incorrectly for Miramar College (the College did not exclude the scheduled breaks from the total number of calendar days in the payment period or period of enrollment).
- 1 of 60 students' Return of Title IV calculation was calculated incorrectly for Mesa College (the College excluded scheduled breaks from the total number of calendar days in the payment period or period of enrollment when the courses in the program were offered in modules and did not have scheduled breaks of at least five consecutive days).
- 1 of 60 students' Return of Title IV funds was returned in the incorrect amount for Mesa College (the College had a transposition error in the institution's required amount to return).

Questioned Costs

There are no questioned costs associated with the condition identified.

Context

There were approximately 1,527 Return of Title IV calculations performed during the year ended June 30, 2025.

Effect

The District is not in compliance with the Federal Return of Title IV requirements described in the OMB *Compliance Supplement*.

Cause

The District's internal controls were not adequately designed to prevent erroneous information utilized in the calculations and to ensure funds are returned accurately.

Repeat Finding (Yes or No)

No.

Recommendation

The District should strengthen internal controls over the review of Return of Title IV calculations to ensure that calculations and funds returned are accurate.

Views of Responsible Officials and Corrective Action Plan

We concur. Management has revised its procedures for R2T4, as well as added additional monthly review to ensure compliance.

2025-002 Special Tests and Provisions – Enrollment Reporting

Federal Agency: U.S. Department of Education (ED)

Pass-Through Entity: Direct Funded by the U.S. Department of Education (ED)

Program Name: Student Financial Assistance Cluster

Assistance Listing Numbers: 84.007, 84.033, 84.063, and 84.268

Award Identification Number: P007A230565, P007A240565, P007A240568, P007A244666, P033A230565, P033A230568, P033A234666, P033A240565, P033A240568, P033A244666, P063P230042, P063P230043, P063P230636, P063P240042, P063P240043, P063P240636, P268K240042, P268K240043, P268K240636, P268K250042, P268K250043, P268K250636

Award Year: 2024-2025

Criteria

OMB Compliance Supplement, OMB No. 1845-0035 – Institutions are required to report enrollment information under the Pell grant and the Direct and FFEL loan programs via the National Student Loan Data System (NSLDS).

Institutions must review, update, and verify student enrollment statuses, program information, and effective dates that appear on the Enrollment Reporting Roster file or on the Enrollment Maintenance page of the NSLDS Professional Access (NSLDSFAP) website which the financial aid administrator can access for the auditor. The data on the institutions' Enrollment Reporting Roster, or Enrollment Maintenance page, is what NSLDS has as the most recently certified enrollment information. There are two categories of enrollment information: "Campus Level" and "Program Level," both of which need to be reported accurately and have separate record types. The NSLDS Enrollment Reporting Guide provides the requirements and guidance for reporting enrollment details using the NSLDS Enrollment Reporting Process.

Condition

Significant Deficiency in Internal Control over Compliance and Noncompliance – During testing over the NSLDS reporting requirements, the following deficiencies were noted:

- 27 of 60 students' effective dates were not accurately reported in NSLDS (date of change do not agree to effective dates).
 - 16 students from City College
 - 9 students from Mesa College
 - 2 students from Miramar College
- 6 of 60 students' enrollment statuses were not accurately reported on NSLDS (status per student accounts do not agree to status per NSLDS).
 - 4 students from City College
 - 2 students from Mesa College

Questioned Costs

There are no questioned costs associated with the condition identified.

Context

The District disbursed financial aid to approximately 14,730 students that required student enrollment and program enrollment reporting to NSLDS.

Effect

The District is not in compliance with the Federal enrollment reporting requirements described in the *OMB Compliance Supplement*.

Cause

The District did not report enrollment information for students under the Pell Grant and Direct Loan Programs via NSLDS timely or accurately.

- For the students with dates of change not agreeing to the effective dates.
 - The District's system automatically modified the withdrawal date to the beginning of the term for students who withdrew from all their classes.
- For the students with enrollment status not accurately reported, there was an error in reporting the enrollment status after the student had dropped all their classes for term.

Repeat Finding (Yes or No)

Yes, see 2024-003 in the Summary Schedule of Prior Audit Findings.

Recommendation

The District should implement a process to review, update, and verify student enrollment statuses, program information, and effective dates that appear on the Enrollment Reporting Roster file or on the Enrollment Maintenance page of the NSLDS Professional Access (NSLDSFAP) website.

Views of Responsible Officials and Corrective Action Plan

We concur. The District has filed a bug with IT to have this issue addressed and the programming fixed promptly. Corrections have already been made with NSLDS by the campuses.

None reported.

Except as specified in the previous sections of this report, summarized below is the current status of all audit findings reported in the prior year's Schedule of Findings and Questioned Costs.

Financial Statement Findings

2024-001 Financial Reporting and Closing Process

Criteria

The accounting system used to record the financial affairs of any community college district shall be in accordance with the definitions, instructions, and procedures published in the California Community Colleges *Budget and Accounting Manual* (BAM). Colleges are also required to present their financial statements in accordance with generally accepted accounting principles (GAAP).

Condition

Material Weakness - Year-end adjustments were identified during the audit that resulted in changes in certain accounts from the client prepared trial balance.

- Interest revenue for third and fourth quarter were not properly accrued, resulting in an understatement of interest revenue of approximately \$2.3 million.
- District management identified corrections to the fiscal year ended June 30, 2023, for balances of unearned revenues for grant revenues that should have been previously recognized. A restatement to government-wide net position was made.
- Certain grant balances were not properly deferred in the current year, resulting in a net overstatement of grant revenues of approximately \$4.6 million.
- Capital asset balances in the District's general ledger did not agree to agree to subsidiary ledgers by an overstatement of approximately \$7.3 million. We have proposed an adjustment to management to correct these to agree the general ledger with the capital asset detail subsidiary ledger.

Questioned Costs

There are no questioned costs associated with the condition identified.

Context

Account balances associated with the above mentioned accounts required adjustments in order to be in accordance with the BAM and GAAP.

Effect

Material adjustments to the general ledger, as well as a restatement to beginning net position, were proposed as a result of audit procedures. These adjustments, except for the proposed adjustment related to capital assets, were accepted by management to ensure the financial statements were presented in accordance with generally accepted accounting principles.

Cause

The oversight and monitoring controls over the closing process were not effective in preventing or detecting errors. Turnover in staff who oversaw the capital asset general and subsidiary ledger reconciliation contributed to this deficiency.

Recommendation

The District should establish policies and procedures to ensure account balances are fairly stated and reported in accordance with BAM and GAAP.

Current Status

Implemented.

Federal Awards Findings

2024-002

Activities Allowed or Unallowed and Allowable Costs

Material Weakness in Internal Control over Compliance and Material Noncompliance

Program Name: Career and Technical Education Act, Title I, Part C

Federal Assistance Listing Numbers: 84.048A

Federal Agency: U.S. Department of Education (ED)

Pass-Through Entity: California Community Colleges Chancellor's Office

Program Name: Title III, Hispanic Serving Institutions – STEM

Federal Assistance Listing Numbers: 84.031C

Federal Agency: U.S. Department of Education (ED)

Direct funded by the U.S. Department of Education (ED)

Program Name: HSI STEM and Articulation Program, Title III, Part F

Federal Assistance Listing Numbers: 84.031C

Federal Agency: U.S. Department of Education (ED)

Pass-Through Entity: San Diego State University Research Foundation

Program Name: Title III, Inclusive City Achievement Network Project

Federal Assistance Listing Numbers: 84.031L

Federal Agency: U.S. Department of Education (ED)

Direct funded by the U.S. Department of Education (ED)

Program Name: Title V, Developing Effective Bilingual Educators with Resources

Federal Assistance Listing Numbers: 84.031S

Federal Agency: U.S. Department of Education (ED)

Pass-Through Entity: San Diego State University Research Foundation

Program Name: Title V, STEM Exito Project
Federal Assistance Listing Numbers: 84.031S
Federal Agency: U.S. Department of Education (ED)
Direct funded by the U.S. Department of Education (ED)

Criteria

The Uniform Guidance states that allowable personnel costs charged to federal programs may include reasonable amounts for activities contributing and directly related to work under an agreement (2 CFR 200.430(i)(1)(i)). Charges to federal awards for salaries and wages must be based on records that accurately reflect the work performed (2 CFR 200.430(g)(1)).

Condition

Material Weakness in Internal Control over Compliance – Time-and-effort reporting, or another similar internal control activity to retroactively verify employee time spent on the program was not reviewed and approved or not performed for the year ending June 30, 2024. During testing over Activities Allowed or Unallowed and Allowable Cost requirements, the following deficiencies were noted:

- For the Career and Technical Education program, 14 out of 14 employees selected for testing do not have time-and-effort record reflecting the distribution of the employee’s salary and wages for the federal program.
- For the Title III and V programs, we noted the following –
 - 25 out of 30 employees selected for testing did not have time-and-effort record reflecting the distribution of the employee’s salary and wages for the federal program.
 - 5 out of 30 employees selected for testing had time-and-effort records, however, there were no evidence of review and approval. 2 of the 5 employees also had incomplete time-and-effort reports (i.e. only for half of the fiscal year, or a few months).

Questioned Costs

Career Technical Education – Basic Grants to States known questioned costs: \$749,547.
Higher Education Institutional Aid programs known questioned costs: \$1,431,770.

Context

The Career Technical Education program reference above had a total of \$2,355,332 in expenditures for the year ended June 30, 2024, of which \$1,108,453 were associated with salaries and benefits. There was a total population of 66 employees charged to the program in the fiscal year ended June 30, 2024.

The Title III and V programs referenced above had a total of \$2,865,454 in expenditures for the year ended June 30, 2024, of which \$2,248,191 associated with salaries and benefits. There was a total population of 148 employees charged to the program in the fiscal year ended June 30, 2024.

Effect

Without effective internal controls in place over personnel costs, the District risks noncompliance for program costs that could be material.

Cause

The District does not have policies and procedures in place to review personnel charges to identify the employee costs that should and should not be charged to the federal program referenced above.

Recommendation

The District should monitor personnel costs charged to federal programs in accordance with the Uniform Guidance. The District should review personnel costs on a regular basis to ensure that costs charged are supported by allowable activities directly related to the program. Additionally, adequate supporting documentation should be retained for personnel costs charged to the federal programs.

Current Status

Implemented.

2024-003 Special Tests and Provisions – Enrollment Reporting

Program Name: Student Financial Assistance Cluster

Federal Assistance Listing Numbers: 84.007, 84.033, 84.063, and 84.268

Federal Agency: U.S. Department of Education (ED)

Direct funded by the U.S. Department of Education (ED)

Significant Deficiency in Internal Control over Compliance and Noncompliance

Criteria

OMB *Compliance Supplement*, OMB No. 1845-0035 – Institutions are required to report enrollment information under the Pell grant and the Direct and FFEL loan programs via the National Student Loan Data System (NSLDS).

Institutions must review, update, and verify student enrollment statuses, program information, and effective dates that appear on the Enrollment Reporting Roster file or on the Enrollment Maintenance page of the NSLDS Professional Access (NSLDSFAP) website which the financial aid administrator can access for the auditor. The data on the institutions' Enrollment Reporting Roster, or Enrollment Maintenance page, is what NSLDS has as the most recently certified enrollment information. There are two categories of enrollment information: "Campus Level" and "Program Level", both of which need to be reported accurately and have separate record types. The NSLDS Enrollment Reporting Guide provides the requirements and guidance for reporting enrollment details using the NSLDS Enrollment Reporting Process.

Condition

Significant Deficiency in Internal Control over Compliance – The following deficiencies were noted:

- 2 of 60 students' effective dates were not accurately reported in NSLDS (status per student accounts do not agree to status per NSLDS) for Mesa College.
- 1 of 60 students' change in enrollment status was not reported in NSLDS for Mesa College.

Questioned Costs

There are no questioned costs associated with the condition identified.

Context

We tested a nonstatistical sample of 60 students of the approximately 1,159 students that required student enrollment and program enrollment reporting to NSLDS.

Effect

The District is not in compliance with the Federal enrollment reporting requirements described in the OMB *Compliance Supplement*.

Cause

The District did not report enrollment information for students under the Pell Grant and Direct Loan Programs via NSLDS accurately. The reporting extract from Campus Solutions was not properly reviewed and corrected before transmitting to the National Clearing House.

Recommendation

The District should implement a process to review, update, and verify student enrollment statuses, program information, and effective dates that appear on the Enrollment Reporting Roster file or on the Enrollment Maintenance page of the NSLDS Professional Access (NSLDSFAP) website.

Current Status

Not implemented. See current year finding 2025-002.

State Compliance Findings

None reported.