



See what's possible.

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**

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**AUDIT REPORT**

JUNE 30, 2025

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**  
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**JUNE 30, 2025**

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## INDEPENDENT AUDITORS' REPORT

The Board of Trustees  
San Mateo County Community College District  
San Mateo, California

### Report on Audit of Financial Statements

#### **Opinions**

We have audited the accompanying financial statements of the business-type activities, the fiduciary activities, and the discretely presented component unit of San Mateo County Community College District (the "District"), as of and for the year ended June 30, 2025, and the related notes to financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the fiduciary activities, and the discretely presented component unit of the 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Change in Accounting Principle**

As discussed in Note 1 to the financial statements, the District adopted GASB Statement No. 101, *Compensated Absences* which required a restatement of net position as of July 1, 2024. Our opinion is not modified with respect to this matter.

#### **Responsibilities of Management for the Financial Statements**

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

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

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

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

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2025, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*CWDL, Certified Public Accountants*

San Diego, California  
November 26, 2025

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

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**Introduction**

The San Mateo County Community College District ("District") was established in 1922, and operates three colleges: Cañada College located at 4200 Farm Hill Blvd. in Redwood City, the College of San Mateo located at 1700 W. Hillsdale Blvd. in San Mateo, and Skyline College at 3300 College Dr. in San Bruno. Located between San Francisco and the Silicon Valley, the District's colleges provide community college educational services to residents of the County of San Mateo, California. In total, the three Colleges of the District offer the first two years of college-level instruction in a wide variety of transfer programs as well as 145 career and technical education (CTE) programs to more than 32,500 students. Students can earn an Associate in Arts or Science degree or receive Certificates of Proficiency in their chosen fields. Additionally, Skyline College offers one of 41 baccalaureate programs in the California Community College System, where students can earn a Bachelor of Science degree in Respiratory Care. Distance education courses are available at all three colleges, as well as courses and programs serving concurrently enrolled students. Noncredit short courses offerings for a fee are available through the District's Community Education Program.

This section of the District's Annual Financial Report presents management's discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2025. The discussion and analysis are to be read in conjunction with the financial statements and the notes, which follow this section.

The annual report consists of three basic financial statements that provide information on the District as a whole:

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

Each one of these statements will be discussed in the following pages.

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

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**Economic Position of the District**

The District continues its community-supported status for the fifteenth consecutive year (since FY 2011-12). When the State sets the District's revenue limit (determining how many students the District is funded to serve) and deducts from the revenue limit local property taxes, student fees, funds received from the Education Protection Account, and an on-going allocation since FY 2015-16 for full-time faculty hiring, there is no need for State apportionment to sum to the revenue limit. This means that the District has more resources than it would normally receive as a revenue limit district and is no longer subject to the State's budgetary constraints for general apportionment resources. The District is firmly in community-supported status and anticipates receiving upwards of \$107 million in FY 2025-26 in excess of what the District would have received had it been subject to the revenue limit established by the State.

In addition to an increase in property taxes, the District continues to receive funds from the dissolution of Redevelopment Agencies (RDAs). As fewer property taxes divert to the RDAs, the District receives more revenue. The former RDAs are also slowly selling assets, which brings additional one-time resources to the District's coffers.

The District's revenues have steadily increased over the years; however, the impact of economic headwinds including, but not limited to, inflation and interest rates continue to affect the Bay Area real estate market. Given the District's community-supported status and its reliance on property taxes, which is dependent on assessed valuation (an economic lagging indicator), the District is anticipating lower property tax revenue increases in the out years and budgeting accordingly to ensure a balanced budget.<sup>1</sup> The FY 2025-26 Final Budget anticipates an increase of 4.8%, which is consistent with data from the Assessor's Office. For FY 2026-27 and FY 2027-28 the District is budgeting a conservative 4.75% and 4.5% respectively year-over-year increase in property taxes and will revise these assumptions accordingly as more information becomes available.

**Salaries and Benefits**

The expenditure projection for salaries includes annual increases for movement on step and column placements and longevity service increments. The FY 2025-26 budget includes negotiated salary adjustments (steps, COLA and/or column) for all employee groups and, effective January 1, 2026, the cost increase in health premium rates offset by negotiated medical caps paid by the District.<sup>2</sup>

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<sup>1</sup> <https://www.smcacre.gov/assessor/assessment-roll-summaries>

<sup>2</sup> <https://www.calpers.ca.gov/newsroom/calpers-news/2025/calpers-announces-health-plan-premiums-for-2026>

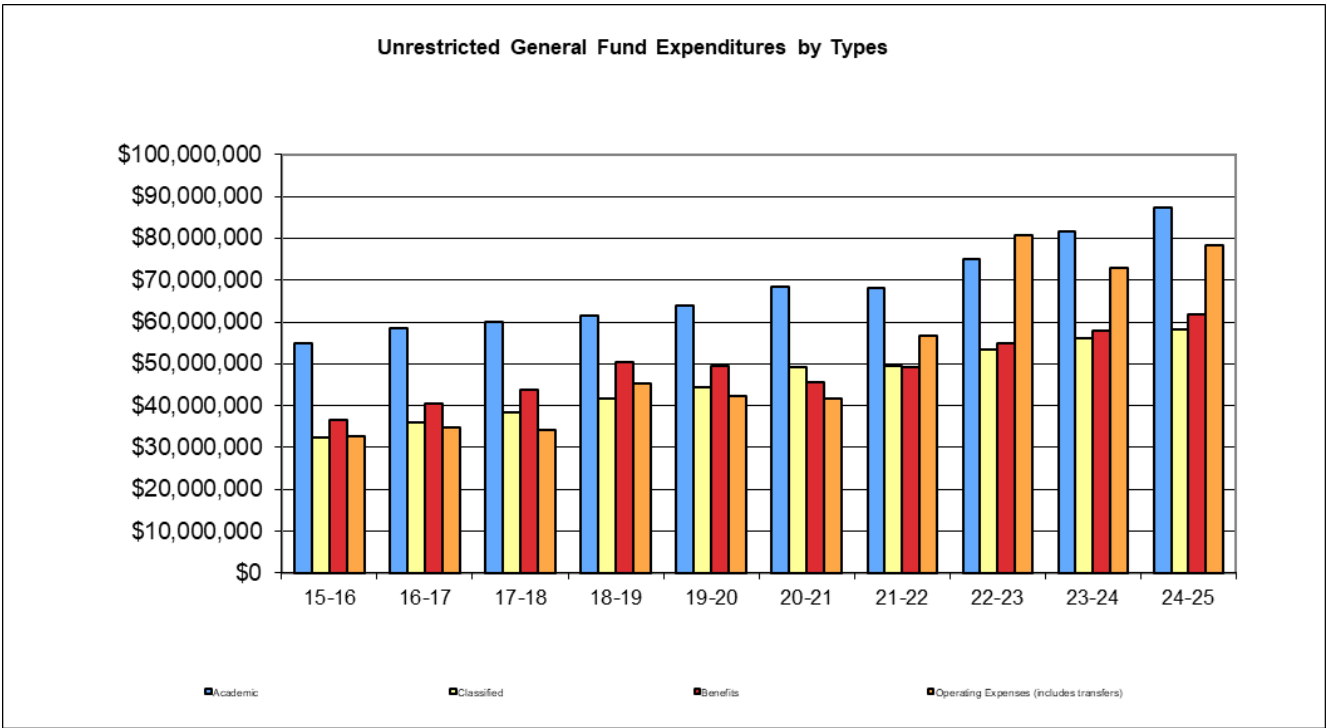


**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

**Salaries and Benefits, continued**

Since 2013, community colleges experienced continued increases to their employer STRS and PERS rates. When the State’s budget allowed, funding was allocated to mitigate the impact of these increases; however, the State’s budget, as in the recent prior years, provides no funding to mitigate the cost of rate increases. Although the rate for CalSTRS remained constant at 19.1%, the CalPERS rate increased .35% in FY 2025-26 from 27.05% to 27.40% and is estimated to increase to 28.2% by FY 2028-29 while CalSTRS is projected to remain at 19.1%. These increases provide continued challenges for districts as they grapple with long-term funding strategies and compliance with the 50% Law. The District's Workers' Compensation costs have remained low allowing the District to maintain its internal charge percentage at less than one percent (0.87%) of salaries. The unemployment insurance contribution rate has remained at 0.05%.

Below is a historical graphical depiction of unrestricted general fund expenditures by expenditure type:



**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

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**Other Postemployment Benefits**

To comply with Governmental Accounting Standards Board Statement 45, in FY 2009-10, the District began assessing an amount to cover the future retiree medical benefit costs for current employees. These charges appear as part of benefit expenses across all funds.

The District adopted Governmental Accounting Standards Board Statement 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions in FY 2016-17. This Statement replaced the requirements of Statements No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple- Employer Plans, for OPEB plans. Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, established new accounting and financial reporting requirements for OPEB plans.

GASB Statement 75 requires the liability of employers and non-employer contributing entities to employees for defined benefit OPEB (net OPEB liability) to be measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position. As a result of GASB Statement 75 implementation, the District was required to recognize all of the OPEB liability rather than amortize it over 30 years.

The District made no contribution in FY 2024-25 and withdrew \$2.5 million for pay-as-you go expenses from its Futuris Other Post-Employment Benefits (OPEB) Irrevocable Trust to partially offset the costs associated with its "pay-as-you-go" retiree benefit costs in FY 2024-25. The District contracted with Foster & Foster for a full actuarial study as of June 30, 2025. This recent study determined that the District has fully funded its OPEB liability of \$142.2 million. The fiduciary net position of the irrevocable trust on June 30, 2025 was \$161.5 million (or over 13.6% "over-funded").

Given this funding status, the District anticipates disbursing approximately \$7.5 million to fund its "pay-as-you-go" retiree benefit costs in FY 2025-26. Accordingly, the District anticipates withdrawing \$7.5 million from its Futuris Other Post-Employment Benefits (OPEB) Trust in FY 2025-26 to fund the afore-mentioned "pay-as-you-go" retiree benefit costs. The District also anticipates withdrawing \$10 million to reimburse itself for previously paid "pay-as-you-go" retiree benefit costs from the unrestricted general fund. Effective July 1, 2025, the District no longer charges itself for future OPEB benefits for current employees given this funding status. Effective FY 2020-21, this charge was 3% of payroll and prior to that this charge was 5% of payroll.

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

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**Capital Improvement Program Planning and Construction**

Capital improvement projects are funded by a combination of state, local, and general obligation bond funds.

The District continues to move forward with its multi-pronged approach regarding funding its capital improvement program. This approach includes the following:

- Short-Term: The Board of Trustees authorized the creation of a "bridge fund" and identified \$55.8 million in FY 2024-25, which carried over into FY 2025-26. All projects proposed to be funded with this resource will be presented for approval before utilizing this resource.
- Mid-Term: The District continues to explore the possibility of private financing for specific projects coupled with the possibility of seeking voter approval of a general obligation bond in 2026.
- Long-Term: The District's long-term strategy is to develop an on-going funding stream to self-fund its capital improvement needs.
  - In FY 2024-25, \$5.3 million one-time was identified to provide seed funding towards this initiative, which carried over into FY 2025-26.
  - Beginning in FY 2024-25, unspent site allocations were restricted to provide resources to this initiative through FY 2026-27. This restriction will be lifted if a college's efficiency (also known as load or productivity) experiences either a 5% year-over-year increase or reaches an efficiency factor of 500. This year-end exercise added \$.55 million to the Self-Funded CIP Initiative, bringing the available balance to \$5.85 million for FY 2025-26.
  - As mentioned earlier, beginning in FY 2025-26, the OPEB Irrevocable Trust will pay 100% of retiree "pay-as-you-go" benefits. Accordingly, the 3% Payroll Assessment with an estimated annual value of \$3.5 million will be allocated towards capital improvement needs. Additionally, the previously mentioned one-time reimbursement of \$10 million from the trust for previously district-paid retiree "pay-as-you-go" benefits will be made available in FY 2025-26 per the Board of Trustees approval from their meeting of July 30, 2025.
  - Beginning in FY 2026-27, the District's resource allocation model will allocate "excess" property taxes above \$100 million to this initiative. For example, as of the FY 2024-25 Second Principal Apportionment, the District was slightly over \$107 million into community-supported status, which would translate to an allocation of slightly over \$7 million.

In November 2014, voters in San Mateo County voted (66.4% favorable) to approve Measure H, a \$388 million bond measure that allows the District to advance the modernization/construction/reconstruction projects as envisioned in the 2015 Facilities Master Plan Amendment and approved by the Board of Trustees in January 2015. The District received its first Measure H bond issuance of \$127 million in June 2015 and the second and final issuance of \$261 million in December 2018. To date, the funds have generated interest of \$16.65 million, which increased the Measure H budget from \$388 million to \$404.65 million. As of June 30, 2025, the District has expended \$396,781,494 and committed \$3,089,118 of Measure H funds – 98.8% of the total budget. The District refunded (i.e., refinanced) \$188 million of General Obligation Bonds in spring 2021, which resulted in \$25 million in gross savings to taxpayers.

The following is a list of site-specific activities that have been recently completed or are currently in design, pre-construction, or construction phases. Construction dates listed reflect currently planned schedules as of June 30, 2025, but are subject to change.

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

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**Capital Improvement Program Planning and Construction, continued**



*Architectural Renderings of Cañada College Child Development Laboratory Center*

**Active Construction Project** – The following project is under construction:

- Building 13 Multiple Program Instructional Center (anticipated completion – Summer 2025)

**Projects in Planning** – The following projects are in the planning and design stage:

- Sports Fields Replacement
- Child Development Center

**Future State Capital Outlay Funded Project** – The following project has been submitted for future State Capital Outlay funding; however, the District may rescind the submission if matching funds are not identified:

- Building 3 Performing Arts Center Technology and Environmental Modernization (Initial Project Proposal – IPP) – Approved

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

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**Capital Improvement Program Planning and Construction, continued**

College of San Mateo



*Ribbon Cutting Ceremony for CSM Coastside Tenant Improvements*



*CSM Building 30 Football Team Lockers*

**Completed Project** – The following project was completed in FY 2024-25:

- CSM Coastside Education Center Tenant Improvements

**Active Construction Projects** – The following projects are under construction:

- Building 19 Emerging Technologies Facelift (anticipated completion – Fall 2025)
- Building 30 Football Team Lockers and New Baseball Modular (anticipated completion – Spring 2026)
- Building 36 Mechanical Engineering Project (anticipated completion – Fall 2025)

**Projects in Planning** – The following projects are in the planning and design stage:

- Buildings 1/3/12/14/16/18 Motor Control Center Replacement
- Building 9 Library Furniture Upgrade
- Building 9 Americans with Disabilities Ramp
- Building 36 Planetarium Equipment Upgrade
- Olympic Pool Replastering and Lighting Upgrade
- Beach Volleyball Project

**Future State Capital Outlay Funded Projects** – The following projects have been submitted for future State Capital Outlay funding; however, the District may rescind the submissions if matching funds are not identified:

- Building 8 Kinesiology Modernization (IPP) – Approved
- Building 19 Emerging Technologies Modernization (IPP) – Approved

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

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**Capital Improvement Program Planning and Construction, continued**



*Skyline College Building 2 Modernization*

**Active Construction Projects** – The following projects are under construction:

- Building 1 Social Science and Creative Arts Building Facelift Phase 2 (anticipated completion – Summer 2025)
- Building 2 Workforce and Economic Development Prosperity Center (anticipated completion –Fall 2026)
- Buildings 4/5 Audio Visual Equipment Upgrade (anticipated completion – Summer 2025)
- Distributed Antenna System (anticipated completion – Fall 2025)
- Sports Fields Replacement (anticipated completion – Fall 2025)

**Future State Capital Outlay Funded Projects** – The following projects have been submitted for future State Capital Outlay funding; however, the District may rescind the submissions if matching funds are not identified:

- Boiler Plant Replacement (FPP)
- Building 1 Visual and Performing Arts Modernization (IPP) – Approved
- Building 5 Learning Resource Center Technology and Environmental Modernization (IPP) - Approved

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

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**Capital Improvement Program Planning and Construction, continued**



*Architectural Rendering of Districtwide Student Housing at the College of San Mateo*

**Active Districtwide Projects** – The following projects are under construction:

- Districtwide Americans with Disabilities Act Signage Project (anticipated completion – Fall 2025)
- Districtwide Americans with Disabilities Act Transition Plan Implementation (ongoing)

**Project in Planning** – The following project is in the planning and design stage:

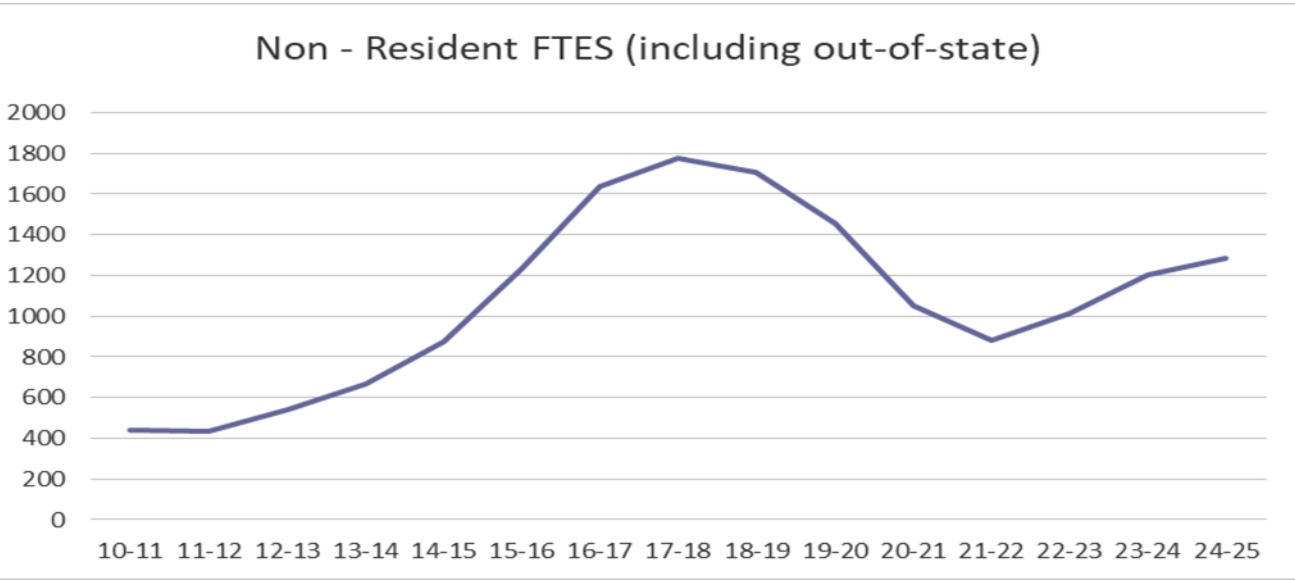
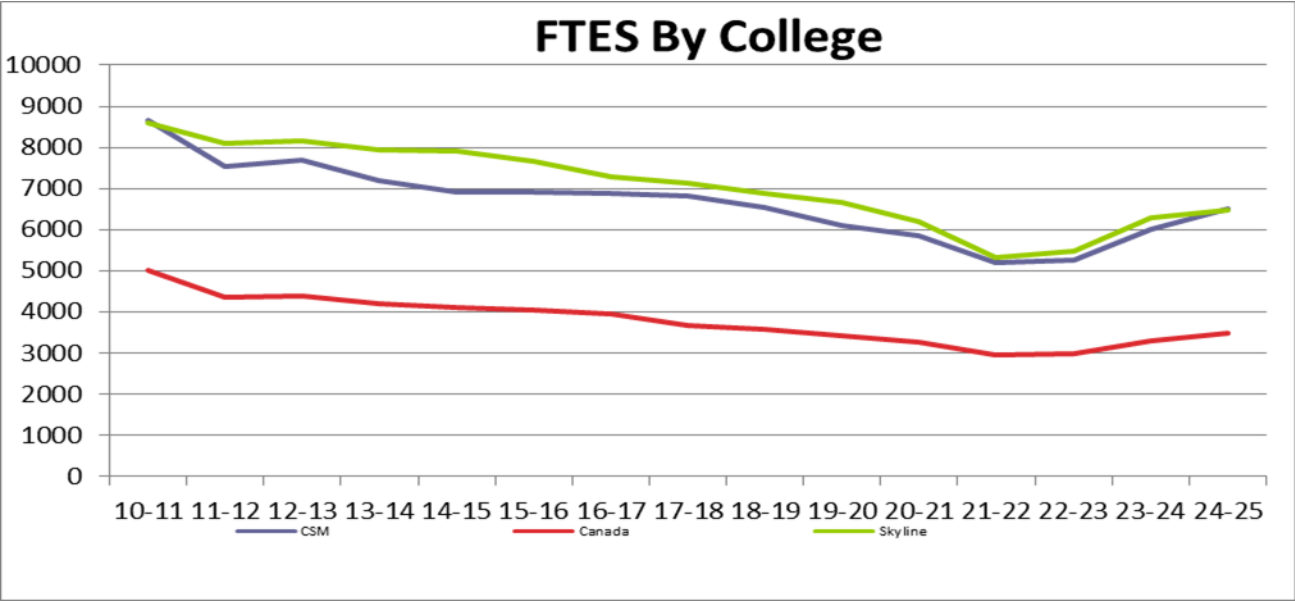
- Districtwide Student Housing at the College of San Mateo

**Enrollment**

For the District, enrollment is no longer the main driver of funding since property taxes and fees primarily determine its resource as a community-supported district. Historically, community college districts' enrollment increases when unemployment increases and decreases when the economy recovers. Accordingly, the District's enrollment declined for many years due to the improved economy in the Bay Area. In FY 2019-20, the District's resident enrollment decline accelerated because of the pandemic. The pandemic's impact on global mobility resulted in international student enrollment reverting to the level of FY 2014-15, a 50% decline. With the passage of SB893, which became effective January 1, 2023, the District is now able to use its revenue from the unrestricted general fund to remove financial barriers so students can pursue their education. As a result of this support, as well as, increased marketing, the District experienced an increase in enrollment beginning in Spring 2023 with continued enrollment growth in FY 2024-25. FY 2024-25 enrollment trended upwards at a year-over-year increase of 5.5%.

A historical graphical depiction illustrating Full Time Equivalent Students (FTES) enrolled in the District over the past fifteen years is provided on the next page.







**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

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**CalPERS and CalSTRS Pensions**

The District participates in the Public Employees Retirement System (CalPERS) and State Teachers Retirement System (CalSTRS). The District and the employee each pay a percentage of the employee's salary into one of these systems. The State of California contributes to these systems as well. The rates are set by the CalPERS Board for CalPERS and, pursuant to AB 1469, the legislation gives the CalSTRS Board limited authority to adjust employer contribution rates for CalSTRS. For several years, the employer rate for both systems increased significantly; however, CalSTRS has leveled while CalPERS continues to have increases as noted below.

Below is a chart illustrating the employer rates for the PERS and STRS Retirement Pensions as known and projected:

<b>Fiscal Year</b>	<b>Rates</b>	
	<b>CalPERS</b>	<b>CalSTRS</b>
2014-15	11.77%	8.88%
2015-16	11.85%	10.73%
2016-17	13.89%	12.58%
2017-18	15.53%	14.43%
2018-19	18.06%	16.28%
2019-20	19.72%	18.13%
2020-21	20.70%	16.15%
2021-22	22.91%	16.92%
2022-23	25.37%	16.92%
2023-24	26.68%	19.10%
2024-25	27.05%	19.10%
2025-26	26.81%	19.10%
2026-27*	26.90%	19.10%
2027-28*	27.80%	19.10%
2028-29*	27.40%	19.10%

*\*Estimates from School Services of California, Inc.*

The District's budget anticipates these increases; however, they provide continued challenges for districts as they grapple with long-term funding strategies including the impact to compliance with the 50% Law since the majority of employees in CalPERS are non-instructional.

Effective FY 2014-15, GASB Statement 68 required the District to record its share of the pension systems' total liabilities for retirement benefits. The rationale is that public employers have pooled to create these systems and thus are jointly responsible for any shortfall in the systems' reserves. Each of the systems have less funding than their actuarial studies determined is needed to provide benefits for current and future retirees.

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

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**CalPERS and CalSTRS Pensions, continued**

Below is a chart illustrating the effect of GASB Statement No. 68:

	<b>CalPERS</b>	<b>CalSTRS</b>	<b>Total</b>
Net Pension Liability	\$ 35,738,799,645	\$ 67,163,000,000	
SMCCCD Share	0.381%	0.103%	
SMCCCD Liability	\$ 136,001,845	\$ 69,448,663	\$ 205,450,508

Accordingly, the District's net position as of June 30, 2025, will reflect a decrease of \$15.6 million liability for a total of \$205.5 million. See Note 12 for additional details regarding the net pension liability under GASB Statement No. 68.

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

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**Statement of Net Position**

	2025	2024	Change
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>			
Current assets	\$ 421,127,928	\$ 436,387,656	\$ (15,259,728)
Non-current assets	840,161,514	846,953,221	(6,791,707)
Deferred outflows of resources	96,572,630	103,259,473	(6,686,843)
<b>Total Assets and Deferred Outflows of Resources</b>	<b>1,357,862,072</b>	<b>1,386,600,350</b>	<b>(28,738,278)</b>
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>			
Current liabilities	115,355,360	117,737,335	(2,381,975)
Non-current liabilities	1,154,433,911	1,175,751,401	(21,317,490)
Deferred inflows of resources	41,789,166	40,434,699	1,354,467
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>1,311,578,437</b>	<b>1,333,923,435</b>	<b>(22,344,998)</b>
<b>NET POSITION</b>			
Net investment in capital assets	53,561,590	30,965,190	22,596,400
Restricted	286,447,136	282,744,363	3,702,773
Unrestricted (deficit)	(293,725,091)	(261,032,638)	(32,692,453)
<b>Total Net Position</b>	<b>\$ 46,283,635</b>	<b>\$ 52,676,915</b>	<b>\$ (6,393,280)</b>

The Statement of Net Position above includes all assets and liabilities of the District using the accrual basis of accounting, which is similar to the accounting basis used by private companies. Net Position, the difference between total assets and total liabilities, is one way to measure the financial condition of the District.

- Cash and cash equivalents consist of cash in the Local Agency Investment Fund (LAIF) of the State Treasurer's Office, San Mateo County Investment Pool, proceeds from the District's general obligation bonds, institutional investment pool, and certificates of deposit with various banks.
- Accounts receivable primarily consists of revenues from local, state, and federal sources which were not received as of June 30, 2025.
- Inventories and other assets include prepaid expenses and bookstore inventories.
- Capital assets, net of depreciation, are the net historical value of land, buildings, construction in progress, and equipment less accumulated depreciation.
- Accounts payable and accrued liabilities consist of benefits, salaries, and amounts owed to local vendors which the District incurred but for which payments were not issued as of June 30, 2025.
- Unearned revenues represent cash received during FY 2024-25 from the State, Federal grants, and student fees which were not "earned" as of June 30, 2025.

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

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**Statement of Net Position, continued**

- Long-term liabilities include obligations to be paid over a period longer than one year. The current portion represents payments due within the next 12 months. The District has compensated absences payable and construction bonds payable in its long-term liabilities.
- According to the Governmental Accounting Standards Board, equity is to be reported as net position, rather than fund balance. The District's net position is classified as follows:
  - Net investment in capital assets, represents the District's total investment in capital assets, net of outstanding debt obligations related to those capital assets.
  - Restricted net position consists of both expendable and nonexpendable portions. Restricted expendable net position includes resources which the District is contractually obligated to expend in accordance with restrictions imposed by external third parties.
  - Unrestricted net position represents resources used for transactions relating to the educational and general operations of the District.

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

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

The Statement of Revenues, Expenses, and Changes in Net Position shown below consists of operating and non-operating results for the District. Operating revenues represent all revenues from "exchange" transactions, in which each party gives and receives essentially equal value. Non-operating revenues include State revenues, property tax revenues, investment earnings, certain Federal and State grants, entitlements, and donations.

	2025	2024	Change
<b>OPERATING REVENUES</b>			
Tuition and fees, net	\$ 20,175,293	\$ 18,941,550	\$ 1,233,743
Auxiliary enterprise sales and charges	14,498,387	12,167,466	2,330,921
Other sales and charges	158,849	140,234	18,615
Associated student sales	600,760	606,542	(5,782)
<b>Total Operating Revenues</b>	<b>35,433,289</b>	<b>31,855,792</b>	<b>3,577,497</b>
<b>OPERATING EXPENSES</b>			
Salaries and employee benefits	276,293,309	256,866,399	19,426,910
Supplies, materials, and other operating expenses and services	53,905,857	56,414,695	(2,508,838)
Student financial aid	35,475,370	30,106,990	5,368,380
Depreciation and amortization	41,519,374	41,187,946	331,428
<b>Total Operating Expenses</b>	<b>407,193,910</b>	<b>384,576,030</b>	<b>22,617,880</b>
<b>Operating Loss</b>	<b>(371,760,621)</b>	<b>(352,720,238)</b>	<b>(19,040,383)</b>
<b>NON-OPERATING REVENUES/(EXPENSES)</b>			
State apportionments	3,460,579	3,919,274	(458,695)
Local property taxes and taxes levied for other specific purposes	293,262,800	283,374,839	9,887,961
Federal grants and contracts, non-capital	23,798,966	21,192,925	2,606,041
State grants and contracts, non-capital	34,958,806	38,907,241	(3,948,435)
State taxes and other revenues	19,774,094	15,160,788	4,613,306
Investment income/(loss)	20,806,976	21,303,966	(496,990)
Interest expense on capital asset-related debt	(35,678,052)	(38,992,441)	3,314,389
Local grants and other non-operating income	22,479,755	23,577,322	(1,097,567)
<b>Total Non-Operating Revenues/(Expenses)</b>	<b>382,863,924</b>	<b>368,443,914</b>	<b>14,420,010</b>
<b>OTHER REVENUES/(EXPENSES) AND GAINS/(LOSSES)</b>			
State revenues, capital	3,688,109	9,588,743	(5,900,634)
Gain/(loss) on disposal of fixed assets	(16,161)	21,162	(37,323)
<b>Change in Net Position</b>	<b>14,775,251</b>	<b>25,333,581</b>	<b>(10,558,330)</b>
<b>NET POSITION, BEGINNING OF YEAR</b>	<b>52,676,915</b>	<b>27,343,334</b>	<b>25,333,581</b>
<b>PRIOR PERIOD ADJUSTMENT (NOTE 16)</b>	<b>(21,168,531)</b>	<b>-</b>	<b>(21,168,531)</b>
<b>NET POSITION, END OF YEAR</b>	<b>\$ 46,283,635</b>	<b>\$ 52,676,915</b>	<b>\$ (6,393,280)</b>

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

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**Statement of Revenues, Expenses, and Changes in Net Position, continued**

The following are explanatory remarks regarding the statement:

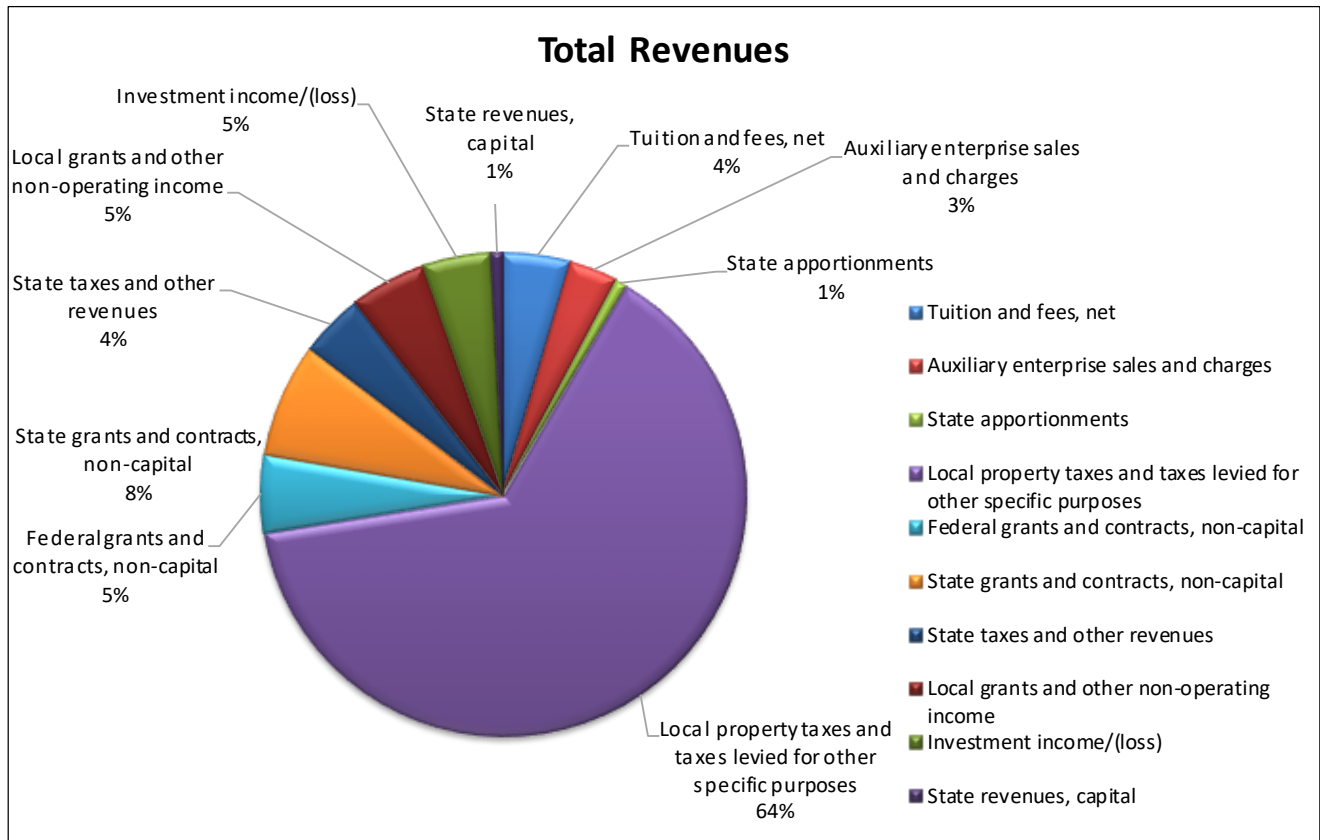
- Tuition and fees include enrollment, health, non-resident tuition, and other student fees, less scholarship discounts and allowances as defined by GASB Statement 35. SB893 allows the District to pay fees on behalf of students pursuant to Board Policies adopted by the Board of Trustees at their meeting of March 22, 2023, which amounted to \$9.5 million in FY 2024-25.
- Auxiliary enterprise sales and charges consist of bookstore and cafeteria sales, community and contract instruction, and fitness center income.
- Internal services include premiums and self-insurance charges for general liability and workers compensation.
- State apportionments, non-capital includes state apportionment, apprenticeship, and child development apportionment. (This is not to be confused with general apportionment as the District does not receive this type of revenue given its community-funded status.)
- Local property taxes and other non-operating revenues consist primarily of secured and unsecured taxes which are payable to the District in December and April of each year. The County of San Mateo collects the taxes on behalf of the District. Other non-operating revenues are State lottery revenue and miscellaneous local income.
- Federal and state grants and contract services are exchange transactions for which the District files applications, complies with individual spending restrictions, files expenditure reports, and/or enters into contracts.
- Net investment income (loss) includes interest from the San Mateo County Investment Pool managed by the County Treasurer, investments, bond proceeds, and the Local Agency Investment Fund (LAIF).
- State and local revenues - capital includes State scheduled maintenance funding and proceeds from the issuance of general obligation bonds issuance. These revenues relate mainly to construction activities.

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

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**Revenue by Sources**

Below is an illustration of District major revenues by source:



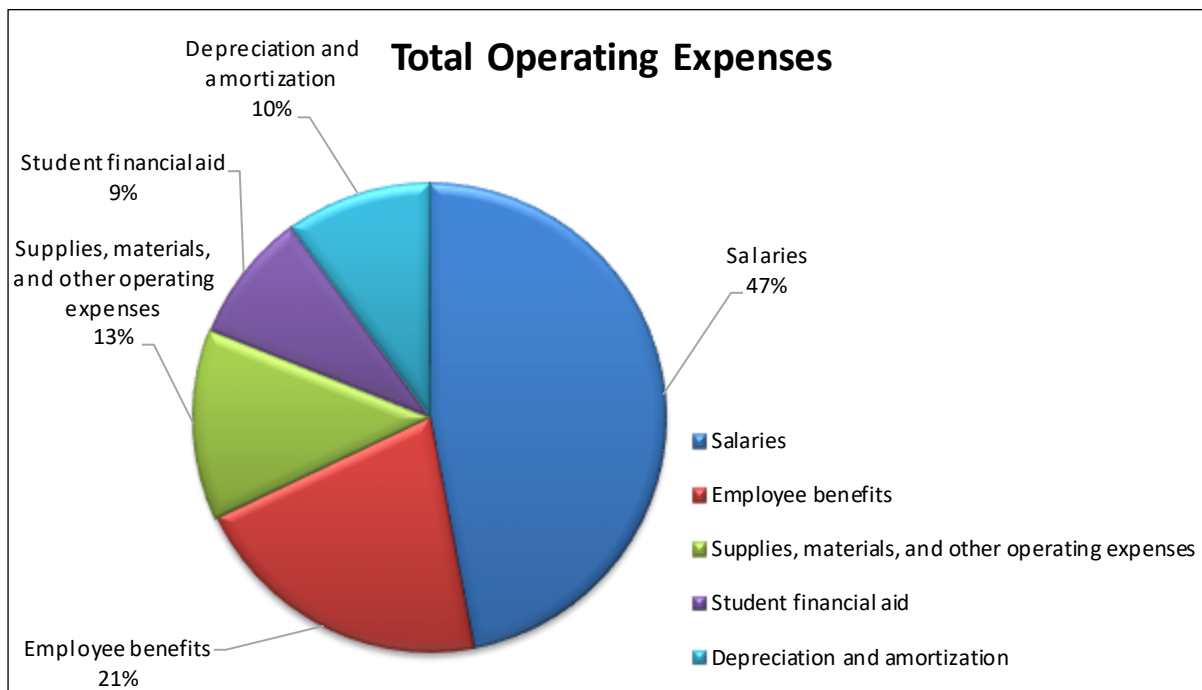
Year over year revenues changed mainly due to the following:

- Operating revenue experienced an increase due to an increase in tuition and fees as well as Auxiliary enterprises, specifically the Athletic Clubs, due to increasing memberships in the post-pandemic environment.
- Non-operating revenue increased mainly due to an increase in local property taxes.

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

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**Operating Expenses by Accounts**



The following are explanatory remarks regarding the above graph:

- Salaries and benefits expenses represent the largest percentage of the District's operating expenses.
- Supplies, materials, other operating expenses, services and utilities are the normal cost of operating expenses for exchange transactions.
- Student financial aid represents Federal and State direct aid to students.
- Depreciation of capital assets is computed and recorded using the straight-line method. The District maintains a capitalization threshold of \$5,000 for equipment and \$100,000 for building improvements. Useful lives of the assets are estimated as follows:
  - 5 to 20 years for equipment
  - 25 to 50 years for improvements
  - 25 to 50 years for buildings



**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

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**Cash Flows**

The Statement of Cash Flows shown below provides information about cash receipts and cash payments during the fiscal year. The statement also assists readers in understanding the District's ability to generate net cash flows and its ability to meet obligations as they come due and the District's need for assistance via external financing. The District has adopted the direct method, and under this method, data for cash flow present operating activities by major categories of gross receipts and gross payments as well as the resulting net amount. Additional explanatory information for the statement is as follows:

- The main cash receipts from operating activities consist of tuition, student fees, and auxiliary enterprise sales. Cash outlays include payment of salaries, benefits, supplies, and operating expenses.
- State apportionments, property taxes, and grants are the primary source of non-capital financing.
- For capital financing activities, the main sources are from special state apportionments and general obligation bond.
- Cash from investing activities consists of interest from the County Investment Pool, the institutional investments, general obligation bonds, and the Local Agency Investment Fund (LAIF).

Cash Provided by/(Used in)	2025	2024	Change
Operating activities	\$ (333,538,860)	\$ (331,752,792)	\$ (1,786,068)
Non-capital financing activities	338,503,565	309,489,051	29,014,514
Capital financing activities	(33,007,185)	(26,858,479)	(6,148,706)
Investing activities	20,806,976	24,308,788	(3,501,812)
Net Increase/(Decrease) in Cash and Investments	\$ (7,235,504)	\$ (24,813,432)	\$ 17,577,928

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

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**Economic Factors and the FY 2025-26 Budget**

Being community-supported, the District's revenues primarily consist of property tax revenues and student fees and are relatively predictable. The County Assessor's Office has stated that the combined roll's assessed valuation increased 4.8% countywide in FY 2025-26 over the prior year. Accordingly, the District has projected property tax revenues in FY 2025-26 to increase by 4.8%. This coupled with solid reserves to accommodate at least two months of operating expenses per district policy puts the District on solid financial footing. The District's community-supported status protects the District's budget from some of the State's budgetary challenges. The District is also aware that many outside circumstances including federal policy changes may not continue indefinitely. Given such, the District has planned accordingly and continues to build multi-year financial plans for balanced budgets through FY 2027-28.

**Contacting the District's Financial Management Office**

This financial report is designed to provide citizens, taxpayers, students, investors, and creditors with a general overview of the District's finances and to illustrate the District's accountability for funding it receives. Questions or concerns about this report or requests for additional financial information should be addressed to Peter Fitzsimmons, Chief Financial Officer, by phone at 650-358-6778 or by e-mail at [fitzsimmonsp@smccd.edu](mailto:fitzsimmonsp@smccd.edu).

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## **FINANCIAL SECTION**

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**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2025**

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**ASSETS**

Current Assets:

Cash and investments	\$ 192,968,609
Restricted investments	191,668,531
Accounts receivable, net	28,116,079
Inventory	4,005,659
Prepaid expenses	4,369,050
Total Current Assets	<u>421,127,928</u>

Non-current Assets:

Net OPEB asset	19,286,966
Right-to-use assets, net	2,592,307
Capital assets, net	817,956,056
Other non-current assets	326,185
Total Non-current Assets	<u>840,161,514</u>

**TOTAL ASSETS**

1,261,289,442

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred loss on refunding	11,462,135
Deferred outflows related to OPEB	19,938,863
Deferred outflows related to pensions	65,171,632

**TOTAL DEFERRED OUTFLOWS OF RESOURCES**

96,572,630

**LIABILITIES**

Current Liabilities:

Accounts payable and accrued liabilities	23,444,543
Interest payable	5,622,981
Unearned revenue	35,094,654
Compensated absences, current portion	4,556,046
Long-term debt, current portion	46,637,136
Total Current Liabilities	<u>115,355,360</u>

Non-current Liabilities:

Net pension liability	205,450,508
Compensated absences, non-current portion	28,703,168
Long-term debt, non-current portion	920,280,235
Total Non-current Liabilities	<u>1,154,433,911</u>

**TOTAL LIABILITIES**

1,269,789,271

**DEFERRED INFLOWS OF RESOURCES**

Deferred gain on refunding	3,319,938
Deferred inflows related to OPEB	16,021,122
Deferred inflows related to pensions	22,448,106

**TOTAL DEFERRED INFLOWS OF RESOURCES**

41,789,166

**NET POSITION**

Net investment in capital assets	53,561,590
Restricted for:	
Debt service	71,343,040
Capital projects	188,425,315
Educational programs	24,467,777
Other special purposes	2,211,004
Unrestricted (deficit)	(293,725,091)
<b>TOTAL NET POSITION</b>	<u>\$ 46,283,635</u>

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2025**

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**OPERATING REVENUES**

Tuition and fees, gross	\$ 26,387,340
Less: Scholarship discounts and allowances	(6,212,047)
Tuition and fees, net	20,175,293
Auxiliary enterprise sales and charges	
Bookstore	2,294,634
Cafeteria	263,814
Fitness center and community education	11,939,939
Other sales and charges	158,849
Associated student sales	600,760
<b>TOTAL OPERATING REVENUES</b>	<b>35,433,289</b>

**OPERATING EXPENSES**

Salaries	192,708,532
Employee benefits	83,584,777
Supplies, materials, and other operating expenses and services	53,905,857
Student financial aid	35,475,370
Depreciation and amortization	41,519,374
<b>TOTAL OPERATING EXPENSES</b>	<b>407,193,910</b>

**OPERATING LOSS**

(371,760,621)

**NON-OPERATING REVENUES/(EXPENSES)**

State apportionments	3,460,579
Local property taxes	225,549,162
Taxes levied for other specific purposes	67,713,638
State taxes and other revenues	19,774,094
Investment income/(loss)	20,806,976
Interest expense on capital asset-related debt	(35,678,052)
Grants and contracts, non-capital:	
Federal	23,798,966
State	34,958,806
Local grants and other non-operating income	22,479,755
<b>TOTAL NON-OPERATING REVENUES/(EXPENSES)</b>	<b>382,863,924</b>

**OTHER REVENUES/(EXPENSES) AND GAINS/(LOSSES)**

State revenues, capital	3,688,109
Gain/(loss) on disposal of fixed assets	(16,161)
<b>TOTAL OTHER REVENUES/(EXPENSES) AND GAINS/(LOSSES)</b>	<b>3,671,948</b>

**CHANGE IN NET POSITION**

14,775,251

**NET POSITION, BEGINNING OF YEAR**

52,676,915

**PRIOR YEAR ADJUSTMENT (NOTE 16)**

(21,168,531)

**NET POSITION, END OF YEAR**

\$ 46,283,635

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

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**CASH FLOWS FROM OPERATING ACTIVITIES**

Tuition and fees, net	\$ 20,175,293
Payments to vendors	(55,785,422)
Payments to or on behalf of employees	(278,425,780)
Payments to students	(34,760,947)
Auxiliary and other sales and charges	15,257,996
Net Cash Provided by/(Used in) Operating Activities	<u>(333,538,860)</u>

**CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES**

State apportionments	3,460,579
Federal grants and contracts	23,020,618
State grants and contracts	42,858,362
Property taxes - non-debt related	225,549,162
State taxes and other revenues	19,774,094
Local grants and other non-operating income	23,840,750
Net Cash Provided by/(Used in) Non-capital Financing Activities	<u>338,503,565</u>

**CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES**

Purchase of capital assets	(37,521,394)
State revenue, capital	3,688,109
Proceeds from sale/disposal of capital assets	29,961
Taxes levied for other specific purposes	67,713,638
Principal paid on leases	(956,980)
Principal paid on capital debt	(25,145,463)
Interest paid on capital debt	(40,815,056)
Net Cash Provided by/(Used in) Capital Financing Activities	<u>(33,007,185)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest from investments	20,806,976
Net Cash Provided by/(Used in) Investing Activities	<u>20,806,976</u>

**NET INCREASE/(DECREASE) IN CASH AND INVESTMENTS**

(7,235,504)

**CASH AND INVESTMENTS, BEGINNING OF YEAR**

391,872,644

**CASH AND INVESTMENTS, END OF YEAR**

\$ 384,637,140

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

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**RECONCILIATION OF OPERATING LOSS TO NET CASH  
PROVIDED BY/(USED IN) OPERATING ACTIVITIES**

Operating loss	\$ (371,760,621)
Adjustments to Reconcile Operating Loss to Net Cash	
Provided by/(Used in) Operating Activities:	
Depreciation and amortization	41,519,374
Changes in Assets, Liabilities and Deferred Inflows/Outflows of Resources:	
Accounts receivables, net	711,546
Inventory and prepaid expenses	568,259
Net OPEB asset	3,188,213
Deferred outflows related to OPEB and pensions	5,305,388
Accounts payable and accrued liabilities	(2,734,983)
Unearned revenue	2,877
Compensated absences	3,681,270
Net pension liability	(15,630,030)
Deferred inflows related to OPEB and pensions	1,609,847
Total Adjustments	38,221,761
<b>Net Cash Provided by/(Used in) Operating Activities</b>	<b>\$ (333,538,860)</b>

**CASH AND INVESTMENTS CONSIST OF THE FOLLOWING:**

Cash and investments	\$ 192,968,609
Restricted investments	191,668,531
<b>Total Cash and Investments</b>	<b>\$ 384,637,140</b>

**NON-CASH TRANSACTIONS:**

Amortization of premiums	\$ 2,341,658
Accretion of interest	\$ 22,306,083
Amortization of deferred (gain)/loss on refunding	\$ 1,126,075

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**  
**FIDUCIARY FUND**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2025**

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	<b>OPEB Trust Fund</b>
<b>ASSETS</b>	
Investments	\$ 161,760,016
<b>Total Assets</b>	<u>161,760,016</u>
<b>LIABILITIES</b>	
Accounts payable	<u>261,087</u>
<b>Total Liabilities</b>	<u>261,087</u>
<b>NET POSITION</b>	
Restricted	<u>161,498,929</u>
<b>Total Net Position</b>	<u>161,498,929</u>
<b>Total Liabilities and Net Position</b>	<u>\$ 161,760,016</u>



**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
FIDUCIARY FUND  
STATEMENT OF CHANGES IN NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2025**

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	<b>OPEB Trust Fund</b>
<b>OPERATING REVENUES</b>	
Local revenue	\$ 7,705,248
Investment income, net	15,572,853
<b>Total Operating Revenues</b>	<u>23,278,101</u>
<b>OPERATING EXPENSES</b>	
Retiree benefits	7,705,248
Withdrawal	2,530,030
<b>Total Operating Expenses</b>	<u>10,235,278</u>
<b>Net Change in Net Position</b>	13,042,823
<b>Net Position - Beginning of Year</b>	<u>148,456,106</u>
<b>Net Position - End of Year</b>	<u>\$ 161,498,929</u>

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**  
**DISCRETELY PRESENTED COMPONENT UNIT – EDUCATIONAL HOUSING CORPORATION**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2025**

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**ASSETS**

Cash and investments	\$	81,509
Due from District		102,497
<b>Total Assets</b>		<u>184,006</u>

**LIABILITIES**

Accounts payable		330,635
Rent security deposits		200,727
<b>Total Liabilities</b>		<u>531,362</u>

**NET ASSETS**

Net assets without donor restriction		<u>(347,356)</u>
<b>Total Net Assets</b>		<u>(347,356)</u>
<b>Total Liabilities and Net Assets</b>	\$	<u>184,006</u>

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
DISCRETELY PRESENTED COMPONENT UNIT – EDUCATIONAL HOUSING CORPORATION  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2025**

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**REVENUES**

Rental income	\$	2,595,017
Other local income		14,559
<b>Total Revenues</b>		<u>2,609,576</u>

**EXPENSES**

Operating expenses		1,216,620
Transfer to District		1,392,956
<b>Total Expenses</b>		<u>2,609,576</u>

**Net Change in Net Assets**

		-
<b>Net Assets - Beginning of Year</b>		<u>(347,356)</u>
<b>Net Assets - End of Year</b>	\$	<u>(347,356)</u>

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
DISCRETELY PRESENTED COMPONENT UNIT – EDUCATIONAL HOUSING CORPORATION  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2025**

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**CASH FLOW FROM OPERATING ACTIVITIES:**

Change in net assets	\$	-
Changes in assets and liabilities		
Accounts receivable		41
Accounts payable		(275,733)
Unearned rent		(12,710)
Rent security deposits		10,219
<b>Net Cash Provided By/(Used In) Operating Activities</b>		<u>(278,183)</u>
<b>Net Change in Cash and Investments</b>		(278,183)
<b>Cash and Investments, Beginning of Year</b>		<u>359,692</u>
<b>Cash and Investments, End of Year</b>	\$	<u>81,509</u>

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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**NOTE 1 - ORGANIZATION**

San Mateo County Community College District (the "District") was established in 1922 as a political subdivision of the State of California and is a comprehensive, public, two-year institution offering post-secondary educational services to residents of San Mateo County and surrounding areas. The District operates under a locally elected six-member Board of Trustees form of government, which establishes the policies by which the District operates. The Board must approve the annual budgets for the General Fund, special revenue funds, and capital project funds, but these budgets are managed at the department level. Currently, the District operates three college campuses located in the cities of San Mateo, San Bruno, and Redwood City, California. While the District is a political subdivision of the State of California, it is not a component unit of the State in accordance with the provisions of *Governmental Accounting Standards Board (GASB) Codification* Section (Cod. Sec.) 2100.101. The District is classified as a state instrumentality under *Internal Revenue Service (IRS) Code* Section 115.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Financial Reporting Entity

The decision to include potential component units in the reporting entity was made by applying the criteria set forth in accounting principles generally accepted in the United States of America and *GASB Cod. Sec. 2100*. The three criteria for requiring a legally separate, tax-exempt organization to be presented as a component unit are the "direct benefit" criterion, the "entitlement/ability to access" criterion, and the "significance" criterion. The District identified the following potential component units:

- San Mateo County Community College District Financing Corporation
- San Mateo County Community College Educational Housing Corporation
- San Mateo County Community Colleges Foundation

The San Mateo County Community College District Financing Corporation (the "Corporation") is a legally separate organization component unit of the District. The Corporation was formed to issue debt specifically for the acquisition and construction of capital assets for the District. The Board of Trustees of the Corporation is the same as the Board of Trustees of the District. The financial activity has been "blended" or consolidated within the financial statements as of the District as if the activity was the District's. This activity is accounted for in the District's COP Payment Fund and COP Construction Fund. Individually-prepared financial statements are not prepared for the Corporation.

The San Mateo County Community College Educational Housing Corporation (the "Housing Corp.") is a non-profit organization under *IRS Code* Section 501(c)(3). The Housing Corp. meets the criteria of the governing authority's ability to significantly influence operations and accountability for fiscal matters and the criteria for inclusion in the District's reporting entity. Its purpose is to operate staff and faculty housing. The financial activity of the Housing Corp. is reported as a separate discretely presented component unit. Individually prepared financial statements are not prepared for the Housing Corp.

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

Financial Reporting Entity, continued

The San Mateo County Community Colleges Foundation (the "Foundation") is a non-profit organization under *IRS Code* Section 501(c)(3). The District has determined that the Foundation does not meet the criteria of the governing authority's ability to significantly influence operations and accountability for fiscal matters and the criteria for inclusion in the District's report entity. It is dedicated to providing assistance to the students, faculty, and programs of the Colleges. The financial activity of the Foundation is not included in this report. Individually-prepared financial statements can be obtained from the Foundation at: <https://foundation.smccd.edu/>.

Basis of Presentation and Accounting

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

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

Cash and Investments

The District's cash and investments are considered to be unrestricted cash on hand, demand deposits, and short-term unrestricted investments with original maturities of three months or less from the date of acquisition. It also include unrestricted cash with county treasury balances for purposes of the Statement of Cash Flows. Restricted cash and investments represent balances restricted by external sources such as grants and contracts or specifically restricted for the repayment of capital debt or construction of capital assets. Fair values of cash in county treasury and state investment pools are determined by the program sponsors.

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 majority of each residing in the State of California. The District provides for an allowance for uncollectible accounts as an estimation of amounts that may not be received. This allowance is based upon a five-year average ratio over actual revenues. The allowance was estimated at \$416,167 as of June 30, 2025.

Inventory

Inventory consists primarily of bookstore merchandise and supplies held for resale at each of the colleges. Inventories are stated at lower of cost or market, utilizing the first in, first out method. The cost is recorded as an expense as the inventory is consumed.

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

Prepaid Expenses

Prepaid expenses represent payments made to vendors and others for services that will benefit periods beyond June 30.

Right-to-Use-Assets

The District has recorded right-to-use-assets as a result of implementing GASB Statements No. 87 and No 96. The right-to-use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right-to-use assets are amortized on a straight-line basis over the life of the related lease.

Capital Assets

Capital assets are long-lived assets of the District as a whole and include land, construction in progress, buildings and improvements, furniture, equipment and vehicles. The District maintains an initial unit cost capitalization threshold of \$5,000 for furniture, equipment and vehicles and \$100,000 for land, buildings and improvements. 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 of capital assets is computed and recorded utilizing the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 25 to 50 years; improvements, 25 to 50 years; furniture, equipment and vehicles, 5 to 10 years.

Other Non-current Assets

Other non-current assets pertain to loans made to District employees to purchase houses. All full-time employees who purchase a home and contribute at least 20 percent of the purchase price were eligible to receive loans of up to \$150,000 per employee. Repayment terms and interest rates are as follows: no payments due in years 1 through 5, payments of principal and interest in years 6-10, with final payment of any remaining balance, as well as shared appreciation, in year 10. Selling the property, withdrawing cash from the equity, or leaving the District's employment accelerates the due date of the loan. Interest is charged at 3 percent plus Eleventh District Cost of Funds Index (COFI) percent per year.

Unearned Revenue

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

Accounts Payable, Accrued Liabilities and Long-term Liabilities

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

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

Other Postemployment Benefits (OPEB)

For purpose of measuring the net OPEB liability/(asset), information about the fiduciary net position of the Other Postemployment Benefit Plan (the "Plan") and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and interest-earning investment contracts that are reported at cost. The Plan is included in the District's financial report and separately presented as a fiduciary fund. Separate financial statements are also prepared for the Plan and may be obtained by contacting the District.

Deferred Outflows/Inflows of Resources

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

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

Pensions

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

Compensated Absences

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



**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

Compensated Absences, continued

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

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

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

Net Position

GASB Statements No. 34 and No. 35 report equity as "Net Position" and represents the difference between assets and liabilities. The net position is classified according to imposed restrictions or availability of assets for satisfaction of District obligations according to the following net asset categories:

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

Restricted: Restricted expendable net position includes resources in which the District is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties. Nonexpendable restricted net position consists of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal. At June 30, 2025 there is no balance of nonexpendable restricted net position.

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

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

Net Position, continued

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

On-Behalf Payments

GASB Statement No. 24 requires that direct on-behalf payments for fringe benefits and salaries made by one entity to a third-party recipient for the employees of another legally separate entity be recognized as revenue and expenditures by the employer government. The State of California makes direct on-behalf payments for retirement benefits to the State Teachers' Retirement System on behalf of all Community Colleges in California. The government-wide conversion entries relating to the pension reporting requirements of GASB Statement No. 68 rely on Local Educational Agencies (LEAs) having recognized the State's on-behalf pension contribution in their funds. Prior to the issuance of GASB Statement No. 68, the District recorded this entry at the consolidation entry level for GASB Statement No. 35 business-type activity reporting.

Classification of Revenues and Expenses

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

Operating Revenues and Expenses

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

Non-operating Revenues and Expenses

Non-operating revenues include activities that have the characteristics of nonexchange transactions, such as property taxes, Pell grants, most federal, state and local grants and contracts and Federal appropriations, gifts and contributions, and other revenue sources described in *GASB Cod. Sec. Co5.101*, such as State appropriations and investment income. Interest expense on capital asset-related debt is a non-operating expense.

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. When known and measurable, these calculations and corrections are accrued in the year in which the measurements are generated.

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

Property Taxes

Secured property taxes attach as an enforceable lien on property as of January 1. The County Assessor is responsible for assessment of all taxable real property. Taxes are payable in two installments on November 1 and February 1 and become delinquent on December 10 and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31. The County of San Mateo bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received. San Mateo County is on the Teeter Plan, which means that the District receives the property taxes that are owed to the District, regardless of the taxes actually collected by the County.

The voters of the District passed General Obligation Bonds in 2001, 2005, and 2014 for the acquisition, construction, and remodeling of certain District property. As a result of the passage of the bonds, property taxes are assessed on the property within the District specifically for the repayment of the debts incurred. The taxes are billed and collected as noted above and remitted to the District.

Scholarships, Discounts, and Allowances

Student tuition and fee revenue is reported net of allowances and fee waivers approved by the Board of Governors through the California Promise Grant in the Statement of Revenues, Expenses, and Changes in Net Position. 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. To the extent that fee waivers and payments have been used to satisfy tuition and fee charges, the District has recorded an allowance.

Estimates

The preparation of the financial statement 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.

Interfund Activity

Interfund transfers and interfund receivables and payables are eliminated during the consolidation process in the Primary Government and Fiduciary Funds' financial statements, respectively.

Component Unit - Educational Housing Corporation Financial Statement Presentation

The Educational Housing Corporation (the "Housing Corp.") presents its financial statements in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification. Under these reporting requirements, the Corporation is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restriction and net assets with donor restriction.

The assets, liabilities, and net assets of the Housing Corp. are reported as unrestricted funds, which represent the portion of resources that are available for general purpose of the Housing Corp.'s operations.

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

Component Unit - Educational Housing Corporation Financial Statement Presentation, continued

Revenues and expenses are recorded when incurred in accordance with the accrual basis of accounting. Revenues are reported as increases in the unrestricted net assets classification unless use of the related assets is limited by donor-imposed restrictions.

Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law.

The Corporation is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the *Internal Revenue Code* and related *California Franchise Tax Codes*.

Adoption of New Accounting Standards

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

GASB Statement No. 101 – In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This statement is effective for periods beginning after December 15, 2023. The financial impact of this Statement is reflected in Notes 10 and 16.

GASB Statement No. 102 – In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of government financial statements with information about risks related to a government's vulnerabilities due to certain concentrations or constraints that is essential to their analyses for making decisions or assessing accountability. A government should disclose in notes to financial statements the information if the following criteria have been met; (a) a concentration or constraint is known to the government prior to the issuance of the financial statements and makes the reporting unit vulnerable to the risk of a substantial impact, (b) an event or events associated with the concentration or constraint that could cause a substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. This statement is effective for periods beginning after June 15, 2024.

Upcoming GASB Pronouncements

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

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

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

Upcoming GASB Pronouncements, continued

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

**NOTE 3 - CASH AND INVESTMENTS**

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; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security; and collateralized mortgage obligations.

Summary of cash and investments of the district as of June 30, 2025 consisted of the following:

	Primary Government	Fiduciary Funds	Educational Housing Corporation
Cash in County Treasury	\$ 347,213,535	\$ -	\$ -
Cash on hand and in banks	2,190,137	-	81,509
Cash in revolving	14,350	-	-
Cash and investments with fiscal agent	35,219,118	161,760,016	-
Total Cash and Investments	<u>\$ 384,637,140</u>	<u>\$ 161,760,016</u>	<u>\$ 81,509</u>

Cash in County Treasury

In accordance with *Education Code* Section 41001, the District maintains substantially all of its cash in the County Treasury. The District is considered to be an involuntary participant in an external investment pool. The District's investment in the pool is reported in the financial statements at amounts based upon the District's pro-rata share of the fair value by the County Treasurer for the entire 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.

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

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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**NOTE 3 - CASH AND INVESTMENTS, continued**

Cash in County Treasury, continued

The District's deposits in the fund are considered to be highly liquid. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool. The County Treasurer has indicated that there are no derivatives in the pool as of June 30, 2025.

Cash with Fiscal Agent

Cash with Fiscal Agent represents mutual funds to be used in the future. At June 30, 2025, the funds are held in various accounts recorded at fair value.

Custodial Credit Risk - Deposits and Certificate of Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned. The District does not have a deposit policy for custodial credit risk. The District limits custodial credit risk by ensuring uninsured balances are collateralized by the respective financial institution. Cash balances held in banks are insured up to \$250,000 by the Federal Deposit Insurance Corporation ("FDIC") and are collateralized by the respective financial institution. At June 30, 2025, the carrying amount of the District's cash in banks was \$2,225,137. The bank balance was fully insured. At June 30, 2025, certificates of deposits totaling \$324,017 were fully insured by the FDIC.

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

**NOTE 4 - INVESTMENTS - OPEB TRUST**

The District's OPEB Trust Fund (the "Trust"), a fiduciary fund, has adopted an internally developed investment policy that is governed by the standards established in the California Constitution. In addition, the Trust has written investment policies regarding the type of investments that may be made specifically for the Trust and the amount, which may be invested in any one financial institution or amounts that may be invested in long-term instruments. Management believes the Trust has complied with the provisions of statutes pertaining to the types of investments held, institutions in which deposits were made, and security requirements.

The fair values of the Trust's individual investments as of June 30, 2025 consisted of the following:

Mutual funds - fixed income	\$ 87,283,019
Mutual funds - domestic equities	55,325,061
Mutual funds - equity	11,889,323
Mutual funds - real estate	7,262,613
Total Investments - OPEB Trust	<u>\$ 161,760,016</u>

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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**NOTE 4 - INVESTMENTS - OPEB TRUST, continued**

During the fiscal year ended as of June 30, 2025, the Trust's investments (including gains and losses on investments bought and sold as well as held during the year) appreciated as follows:

Dividends and other	\$ 6,656,572
Realized gains, net	1,464,020
Unrealized gains, net	8,012,154
Investment fees	(559,893)
Total Investment Income, Net	<u>\$ 15,572,853</u>

Custodial Credit Risk

The *California Government Code* requires California banks and savings and loan associations to secure the Trust's deposits by pledging government securities as collateral. The market value of pledged securities must equal 110 percent of an agency's deposits. California law also allows financial institutions to secure an agency's deposits by pledging first trust deed mortgage notes having a value of 150 percent of an agency's total deposits and collateral is considered to be held in the name of the Trust. All cash held by financial institutions is entirely insured or collateralized.

Credit Risk

The Trust's investment policy requires all fixed income investments to be of investment grade quality or higher at purchase; that is, at the time of purchases, rated no lower than "BBB" by Standard and Poor's. The Trust Board, at their discretion, may impose a higher standard on an individual investment manager basis as circumstances or investment objectives dictate. At June 30, 2025, the Trust investments consisted of open-end mutual funds, therefore there are no credit ratings to disclose.

Interest Rate Risk

The Trust's investments consisted of open and closed-end mutual funds, therefore, there are no significant interest rate risk related to the investments held, as there are no maturities related to the mutual funds held.

Fair Value of Financial Instruments

The following methods and assumptions were used by the Trust to estimate the fair value of its financial instruments at June 30, 2025.

Fair Value Hierarchy

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

Level 1 – Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2 – Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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**NOTE 4 - INVESTMENTS - OPEB TRUST, continued**

Fair Value Hierarchy, continued

Level 3 – Significant unobservable inputs that reflect a company's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

Assets Recorded at Fair Value

The following table presents information about the District's assets measured at fair value on a recurring basis:

	June 30, 2025			
	Total	Level 1	Level 2	Level 3
OPEB Investments				
Mutual funds - fixed income	\$ 87,283,019	\$ 87,283,019	\$ -	\$ -
Mutual funds - domestic equities	55,325,061	55,325,061	-	-
Mutual funds - equity	11,889,323	11,889,323	-	-
Mutual funds - real estate	7,262,613	7,262,613	-	-
Total Investments - OPEB Trust	<u>\$ 161,760,016</u>	<u>\$ 161,760,016</u>	<u>\$ -</u>	<u>\$ -</u>

Mutual funds were valued at closing prices from securities exchanges and are classified as Level 1 investments.

During the year ended June 30, 2025, there were no significant transfers in or out of Level 1.

There were no assets or liabilities measured at fair value on a non-recurring basis at June 30, 2025.

**NOTE 5 - ACCOUNTS RECEIVABLE**

Accounts receivable for the District as of June 30, 2025, consisted primarily of inter-governmental grants, entitlements, interest, and other local sources. The accounts receivable are as follows:

Federal Government	
Categorical aid	\$ 2,094,026
State Government	
Categorical aid	1,862,775
Lottery	1,404,216
Local Sources	
Financial aid receivables	5,402,650
Student receivables	5,447,030
Other local sources	12,321,549
Subtotal	<u>28,532,246</u>
Less: Allowance for bad debt	<u>(416,167)</u>
Total Accounts Receivable, Net	<u>\$ 28,116,079</u>



**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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**NOTE 5 - ACCOUNTS RECEIVABLE, continued**

As of June 30, 2025, receivables from other local sources includes \$326,185 for loans made to District employees to purchase houses. All full-time employees who purchase a home and contribute at least 20 percent of the purchase price were eligible to receive loans of up to \$150,000 per employee. Repayment terms and interest rates are: no payments due in years 1 through 5, payments of principal and interest in years 6-10, with final payment of any remaining balance, as well as shared appreciation, in year 10. Selling the property, withdrawing cash from the equity, or leaving the District's employment accelerates the due date of the loan. Interest is charged at 3 percent plus Eleventh District Cost of Funds Index (COFI) percent per year. As of October 2024, this program is no longer offered to employees.

**NOTE 6 - RIGHT-TO-USE ASSETS**

The amount of right-to-use assets by major class of underlying lease assets as of June 30, 2025, are as follows:

	Balance July 01, 2024	Additions	Deductions	Balance June 30, 2025
Right-to-Use Assets				
Leased vehicles	\$ 446,304	\$ 18,047	\$ -	\$ 464,351
Leased equipment	1,051,746	-	-	1,051,746
Leased buildings	272,400	-	-	272,400
Leased - others	135,517	-	-	135,517
Leased software	3,274,272	437,261	-	3,711,533
Total Right-to-Use Assets	5,180,239	455,308	-	5,635,547
Less: Accumulated Amortization				
Leased vehicles	273,151	68,490	-	341,641
Leased equipment	397,682	103,273	-	500,955
Leased buildings	272,400	-	-	272,400
Leased - others	95,166	6,707	-	101,873
Leased software	1,033,523	792,848	-	1,826,371
Total Accumulated Amortization	2,071,922	971,318	-	3,043,240
Total Right-to-Use Assets, Net	\$ 3,108,317	\$ (516,010)	\$ -	\$ 2,592,307

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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**NOTE 7 - CAPITAL ASSETS**

Capital asset activity for the District consists of the following at June 30, 2025:

	Balance July 01, 2024	Additions	Deductions	Balance June 30, 2025
Capital Assets Not Being Depreciated				
Land	\$ 20,586,318	\$ -	\$ -	\$ 20,586,318
Construction in progress	91,336,994	34,494,770	295,965	125,535,799
Total Capital Assets Not Being Depreciated	111,923,312	34,494,770	295,965	146,122,117
Capital Assets Being Depreciated				
Land improvements	158,650,163	-	-	158,650,163
Buildings and improvements	978,543,755	295,965	271,304	978,568,416
Furniture, equipment and vehicles	45,327,362	3,026,624	176,647	48,177,339
Total Capital Assets Being Depreciated	1,182,521,280	3,322,589	447,951	1,185,395,918
Total Capital Assets	1,294,444,592	37,817,359	743,916	1,331,518,035
Less: Accumulated Depreciation				
Land improvements	84,177,004	7,433,328	-	91,610,332
Buildings and improvements	359,943,357	29,483,906	225,182	389,202,081
Furniture, equipment and vehicles	29,295,391	3,630,822	176,647	32,749,566
Total Accumulated Depreciation	473,415,752	40,548,056	401,829	513,561,979
Total Capital Assets, Net	\$ 821,028,840	\$ (2,730,697)	\$ 342,087	\$ 817,956,056

**NOTE 8 - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Accounts payable and accrued liabilities of the District as of June 30, 2025, consisted of the following:

Vendor invoices	\$ 2,050,623
Payroll related	8,159,515
Construction	10,305,449
Workers' compensation	2,926,000
Federal	2,956
Total Accounts Payable and Accrued Liabilities	<u>\$ 23,444,543</u>

The accounts payable of the Educational Housing Corporation and OPEB Trust Fund consists of local vendor payables.

**NOTE 9 - UNEARNED REVENUE**

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

State categorical aid	\$ 23,538,271
Student fees	4,773,343
Other local	6,783,040
Total Unearned Revenues	<u>\$ 35,094,654</u>

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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**NOTE 10 – LONG-TERM LIABILITIES**

The long-term liabilities activity for the year ended June 30, 2025, is as follows:

	Balance July 01, 2024	Adjustments (Note 16)	Adjusted Balance July 01, 2024	Additions	Deductions	Balance June 30, 2025	Due Within One Year
General obligation bonds	\$ 682,237,214	\$ -	\$ 682,237,214	\$ -	\$ 27,065,519	\$ 655,171,695	\$ 28,342,535
Unamortized premiums	28,293,967	-	28,293,967	-	2,341,658	25,952,309	2,341,658
Accreted Interest	282,659,588	-	282,659,588	22,306,083	21,884,481	283,081,190	15,022,535
Lease liability	935,776	-	935,776	18,047	175,441	778,382	171,961
Software leases	2,278,073	-	2,278,073	437,261	781,539	1,933,795	758,447
Net pension liability	221,080,538	-	221,080,538	-	15,630,030	205,450,508	-
Compensated absences	8,409,413	21,168,531	29,577,944	3,681,270	-	33,259,214	4,556,046
Total Long-Term Liabilities	\$ 1,225,894,569	\$ 21,168,531	\$ 1,247,063,100	\$ 26,442,661	\$ 67,878,668	\$ 1,205,627,093	\$ 51,193,182

General Obligation Bonds

2001A Capital Appreciation Bonds

On June 4, 2002, the District issued \$96,857,613 of General Obligation Bonds Series 2001A. The Bonds were issued to finance the acquisition, construction and modernization of certain District property and facilities. The Current Interest Bonds of \$53,335,000 were refunded during the fiscal year ended June 30, 2012. Capital Appreciation Bonds of \$18,045,613 mature September 1, 2016 through September 1, 2026 with interest accruing at an average 5.55% compounded semiannually each year and due upon maturity.

Unamortized premiums and accreted interest on the capital appreciation bonds were \$23,107 and \$8,357,819 at June 30, 2025, respectively.

The following is a schedule of future payments as of June 30, 2025 for the Series 2001A Capital Appreciation Bonds:

Year Ending June 30,	Principal	Interest	Total
2026	\$ 1,546,328	\$ 4,188,672	\$ 5,735,000
2027	1,571,080	4,608,920	6,180,000
Total	\$ 3,117,408	\$ 8,797,592	\$ 11,915,000

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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**NOTE 10 – LONG-TERM LIABILITIES, continued**

General Obligation Bonds, continued

2001B Capital Appreciation Bonds

On February 9, 2005, the District issued \$69,995,132 of General Obligation Bonds Series 2001B. The Bonds were issued to finance the acquisition, construction and modernization of certain District property and facilities. The Current Interest Bonds of \$22,375,000 were refunded during the fiscal years ended June 30, 2012 and 2015. Capital Appreciation Bonds of \$23,095,132 mature September 1, 2021 through September 1, 2028 with interest accreting at an average 4.78% compounded semiannually each year and due upon maturity.

Unamortized premiums and accreted interest on the capital appreciation bonds were \$155,900 and \$24,605,395 at June 30, 2025, respectively.

The following is a schedule of future payments as of June 30, 2025 for the Series 2001B Capital Appreciation Bonds:

Year Ending June 30,	Principal	Interest	Total
2026	\$ 2,107,112	\$ 3,492,888	\$ 5,600,000
2027	2,099,943	3,815,057	5,915,000
2028	5,220,190	10,344,810	15,565,000
2029	5,173,623	11,206,377	16,380,000
Total	<u>\$ 14,600,868</u>	<u>\$ 28,859,132</u>	<u>\$ 43,460,000</u>

2001C Capital Appreciation Bonds

On April 11, 2006, the District issued \$40,124,660 of General Obligation Bonds Series 2001C. The Bonds were issued to finance the acquisition, construction and modernization of certain District property and facilities. The Current Interest Bonds of \$7,500,000 were partially refunded during the fiscal year ended June 30, 2015 with the remaining bonds maturing during the year ended June 30, 2016. Capital Appreciation Bonds of \$25,469,660 mature September 1, 2016 through March 30, 2031 with interest accreting at an average 4.90% compounded semiannually each year and due upon maturity.

Unamortized premiums and accreted interest on the capital appreciation bonds were \$50,939 and \$28,291,971 at June 30, 2025, respectively.

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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**NOTE 10 - LONG TERM LIABILITIES, continued**

General Obligation Bonds, continued

2001C Capital Appreciation Bonds, continued

The following is a schedule of future payments as of June 30, 2025 for the Series 2001C Capital Appreciation Bonds:

Year Ending June 30,	Principal	Interest	Total
2026	\$ 887,729	\$ 1,407,271	\$ 2,295,000
2027	891,309	1,533,691	2,425,000
2028	2,167,359	4,052,641	6,220,000
2029	2,158,225	4,391,775	6,550,000
2030	2,151,998	4,743,002	6,895,000
2031	9,388,318	22,551,682	31,940,000
Total	<u>\$ 17,644,938</u>	<u>\$ 38,680,062</u>	<u>\$ 56,325,000</u>

2005A Capital Appreciation Bonds

On April 11, 2006, the District issued \$135,429,395 of General Obligation Bonds Series 2005A. The Bonds were issued to finance the acquisition, construction and modernization of certain District property and facilities. The Current Interest Bonds of \$61,795,000 matured during the fiscal year ended June 30, 2015. Capital Appreciation Bonds of \$73,634,395 mature September 1, 2015 through September 1, 2030 with interest accruing at an average 4.86% compounded semiannually each year and due upon maturity.

Unamortized premiums and accreted interest on the capital appreciation bonds were \$317,276 and \$41,742,324 at June 30, 2025, respectively.

2005A Capital Appreciation Bonds, continued

The following is a schedule of future payments as of June 30, 2025 for the Series 2005A Capital Appreciation Bonds:

Year Ending June 30,	Principal	Interest	Total
2026	\$ 4,477,326	\$ 7,097,674	\$ 11,575,000
2027	4,447,355	7,652,645	12,100,000
2028	4,406,150	8,238,850	12,645,000
2029	4,355,990	8,864,010	13,220,000
2030	4,316,481	9,513,519	13,830,000
2031	4,274,697	10,190,303	14,465,000
Total	<u>\$ 26,277,999</u>	<u>\$ 51,557,001</u>	<u>\$ 77,835,000</u>

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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**NOTE 10 - LONG TERM LIABILITIES, continued**

General Obligation Bonds, continued

2005B General Obligation Bonds

On December 12, 2006, the District issued \$332,570,194 of General Obligation Bonds Series 2005B. The Bonds were issued to finance the acquisition, construction and modernization of certain District property and facilities. The Current Interest Bonds of \$41,155,000 were partially refunded during the fiscal years ended June 30, 2012 and 2015. The remaining Current Interest Bonds of \$6,865,000 matured during the fiscal year ending June 30, 2017. Capital Appreciation Bonds of \$163,005,194 mature September 1, 2020 through September 1, 2038 with interest accruing at an average 4.58% compounded semiannually each year and due upon maturity.

Unamortized premiums and accreted interest on the capital appreciation bonds were \$1,847,098 and \$180,083,681 at June 30, 2025, respectively.

The following is a schedule of future payments as of June 30, 2025 for the Series 2005B Capital Appreciation Bonds:

Year Ending June 30,	Principal	Interest	Total
2026	\$ 6,004,040	\$ 7,995,960	\$ 14,000,000
2027	6,248,468	8,996,532	15,245,000
2028	6,486,883	10,073,117	16,560,000
2029	6,718,249	11,226,751	17,945,000
2030	6,946,687	12,468,313	19,415,000
2031-2035	53,814,067	120,255,933	174,070,000
2036-2039	50,637,088	148,607,912	199,245,000
Total	<u>\$ 136,855,482</u>	<u>\$ 319,624,518</u>	<u>\$ 456,480,000</u>

2012 General Obligation Refunding Bonds

On April 26, 2012, the District issued \$107,595,000 of 2012 General Obligation Refunding Bonds. Proceeds were used to refund portions of the outstanding Series 2001A General Obligation Bonds, Series 2001B General Obligation Bonds, and Series 2005B General Obligation Bonds. The 2012 Refunding Bonds are general obligations of the District payable solely from ad valorem property taxes. The 2012 Refunding Bonds mature through September 1, 2022 and bear interest at rates ranging from 2.00% to 5.00% with interest due annually on September 1. For financial reporting purposes, the refunded debt has been considered defeased and therefore removed from the District's financial statements. On June 30, 2021, \$42,925,000 of bonds outstanding are considered defeased.

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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**NOTE 10 - LONG TERM LIABILITIES, continued**

General Obligation Bonds, continued

2014A General Obligation Bonds

On May 27, 2015, the District issued \$127,000,000 of General Obligation Bonds Series 2014A. The Bonds were issued to finance the acquisition, construction and modernization of certain District property and facilities. The General Obligation Bonds Series 2014A mature September 1, 2016 through September 1, 2025 and bear interest at rates ranging from 3.00% to 5.00% with interest due semiannually on September 1 and March 1.

The premiums on the 2015 General Obligation Bonds Series 2014A were defeased during 2021 with the issuance of the 2021 General Obligation Refunding Bonds.

The following is a schedule of future payments as of June 30, 2025 for the Series 2014A General Obligation Bonds:

Year Ending				
June 30,	Principal	Interest	Total	
2026	\$ 790,000	\$ 19,750	\$ 809,750	
Total	\$ 790,000	\$ 19,750	\$ 809,750	

2014 General Obligation Refunding Bonds

On September 4, 2014, the District issued \$121,805,000 of 2014 General Obligation Refunding Bonds. Proceeds were used to refund portions of the outstanding Series 2001B General Obligation Bonds, Series 2001C General Obligation Bonds, and Series 2005B General Obligation Bonds. The 2014 Refunding Bonds are general obligations of the District payable solely from ad valorem property taxes. The 2014 Refunding Bonds mature September 1, 2015 through September 1, 2024 and bear interest at rates ranging from 2.00% to 5.00% with interest due annually on September 1. The 2014 Refunding Bonds have fully matured as of June 30, 2025.

2018 General Obligation Bonds Series 2018B

On October 30, 2018, the District issued \$261,000,000 of 2018 General Obligation Bonds Series 2018B. The Bonds were issued to finance the acquisition, construction, and modernization of certain District property and facilities. The 2018 General Obligation Bonds Series 2018B mature September 1, 2019 through September 1, 2045 and bear interest at rates ranging from 3.75% to 5.00% with interest due semiannually on September 1 and March 1.

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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**NOTE 10 - LONG TERM LIABILITIES, continued**

General Obligation Bonds, continued

2018 General Obligation Bonds Series 2018B, continued

Unamortized premiums on the 2018 General Obligation Bonds Series 2018B were \$20,424,102 as of June 30, 2025.

The following is a schedule of the future payments as of June 30, 2025 for the 2018B Refunding Bonds:

Year Ending June 30,	Principal	Interest	Total
2026	\$ 1,360,000	\$ 10,961,625	\$ 12,321,625
2027	2,170,000	10,873,375	13,043,375
2028	2,785,000	10,749,500	13,534,500
2029	3,455,000	10,593,500	14,048,500
2030	4,175,000	10,402,750	14,577,750
2031-2035	34,110,000	47,750,600	81,860,600
2036-2040	63,165,000	37,692,988	100,857,988
2041-2045	98,870,000	19,643,250	118,513,250
2046	25,675,000	641,875	26,316,875
Total	<u>\$ 235,765,000</u>	<u>\$ 159,309,463</u>	<u>\$ 395,074,463</u>

2018 General Obligation Refunding Bonds

On October 30, 2018, the District issued \$33,665,000 of 2018 General Obligation Refunding Bonds. Proceeds were used to refund portions of the outstanding principal amount of the District's 2014 General Obligation Refunding Bonds. The 2018 Refunding Bonds mature September 1, 2035 through September 1, 2038 and bear interest at rates ranging from 3.75% to 4.00% with interest due semiannually on September 1 and March 1.

Unamortized premiums on the 2018 Refunding Bonds were \$660,268 as of June 30, 2025.

The following is a schedule of the future payments as of June 30, 2025 for the 2018 Refunding Bonds:

Year Ending June 30,	Principal	Interest	Total
2026	\$ -	\$ 1,325,388	\$ 1,325,388
2027	-	1,325,388	1,325,388
2028	-	1,325,388	1,325,388
2029	-	1,325,388	1,325,388
2030	-	1,325,388	1,325,388
2031-2035	-	6,626,938	6,626,938
2036-2039	33,665,000	2,629,256	36,294,256
Total	<u>\$ 33,665,000</u>	<u>\$ 15,883,134</u>	<u>\$ 49,548,134</u>



**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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**NOTE 10 - LONG TERM LIABILITIES, continued**

General Obligation Bonds, continued

2018 General Obligation Bonds (2018 Forward Delivery Refunding Bonds)

On October 30, 2018, the District issued \$22,725,000 of 2018 General Obligation Bonds (2018 Forward Delivery Refunding Bonds). Proceeds were used to refund portions of the outstanding principal amount of the District's 2015 General Obligation Bonds Series 2014A. The 2019 Forward Delivery Refunding Bonds mature September 1, 2036 through September 1, 2040 and bear interest at 5.00% with interest due annually on September 1.

There was no accrued interest or sinking fund resources related to the new debt proceeds. Unamortized premiums on the 2018 Forward Delivery Bonds were \$2,028,146 as of June 30, 2025.

The following is a schedule of the future payments as of June 30, 2025 for the 2018 Forward Delivery Bonds:

Year Ending				
June 30,	Principal	Interest	Total	
2026	\$ -	\$ 1,136,250	\$ 1,136,250	
2027	-	1,136,250	1,136,250	
2028	-	1,136,250	1,136,250	
2029	-	1,136,250	1,136,250	
2030	-	1,136,250	1,136,250	
2031-2035	-	5,681,250	5,681,250	
2036-2040	17,105,000	4,096,125	21,201,125	
2041	5,620,000	140,500	5,760,500	
Total	\$ 22,725,000	\$ 15,599,125	\$ 38,324,125	

2021 General Obligation Refunding Bonds

On March 24, 2021, the District issued \$188,200,000 of 2021 General Obligation Refunding Bonds. Proceeds were used to refund portions of the outstanding principal amounts of the District's 2012 General Obligation Refunding Bonds, 2014 General Obligation Refunding Bonds and 2015 General Obligation Refunding Bonds. The 2021 Refunding Bonds mature September 1, 2021 through September 1, 2045 and bear interest at rates ranging from 0.15% to 2.86% with interest due semiannually on September 1 and March 1.

Unamortized premiums on the 2021 Refunding Bonds were \$445,473 as of June 30, 2025.

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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**NOTE 10 - LONG TERM LIABILITIES, continued**

General Obligation Bonds, continued

2021 General Obligation Refunding Bonds, continued

The following is a schedule of the future payments as of June 30, 2025 for the 2021 Refunding Bonds:

Year Ending June 30,	Principal	Interest	Total
2026	\$ 11,170,000	\$ 3,321,470	\$ 14,491,470
2027	12,140,000	3,203,502	15,343,502
2028	6,915,000	3,085,525	10,000,525
2029	7,160,000	2,977,631	10,137,631
2030	24,635,000	2,693,570	27,328,570
2031-2035	58,685,000	9,386,471	68,071,471
2036-2040	3,550,000	5,784,966	9,334,966
2041-2045	30,365,000	4,066,895	34,431,895
2046	9,110,000	132,960	9,242,960
Total	\$ 163,730,000	\$ 34,652,990	\$ 198,382,990

Leases

The District has entered into agreements to lease certain equipment. The lease agreements qualify as other than short-term leases under GASB Statements No. 87 and No 96 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception. The general terms are as follows:

Lease Type	Number of Contracts	Average Rate	Lease Terms	Average Annual Lease Payments
Equipment	2	4.00%	2/11/2019 - 11/17/2030	\$ 127,497
Building	1	4.00%	2/1/2019 - 1/31/2024	\$ 35,000
Vehicle	12	4.60%	8/20/2019 - 9/14/2027	\$ 92,462
Other	2	4.00%	1/1/2009 - 12/31/2030	\$ 9,780
Software	4	2.36%	10/17/2022 - 2/16/2028	\$ 311,941

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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**NOTE 10 - LONG TERM LIABILITIES, continued**

Leases, continued

Future minimum lease payments on noncancellable leases at June 30, 2025 are as follows:

Year Ending				
June 30,	Principal	Interest	Total	
2026	\$ 930,408	\$ 64,225	\$ 994,633	
2027	909,875	39,277	949,152	
2028	570,017	17,090	587,107	
2029	126,104	9,318	135,422	
2030	129,833	4,221	134,054	
2031	45,940	244	46,184	
Total	\$ 2,712,177	\$ 134,375	\$ 2,846,552	

**NOTE 11 - RISK MANAGEMENT**

Insurance Coverage

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the fiscal year ended June 30, 2025, the District contracted with Risk Strategies, Inc., an insurance broker, to manage the District's insurance claims. The District is self-insured for the first \$150,000. Settled claims have not exceeded this commercial coverage. The District has an Owner-Controlled Insurance Program (OCIP) that covers its capital projects over \$1 million.

Workers' Compensation

For the fiscal year ended June 30, 2025, the District contracted with AmWins for placement of excess workers' compensation insurance program. The District is self-insured for the first \$350,000.

Employee Medical Benefits

The District has contracted with the CalPERS to provide employee medical and surgical benefits. CalPERS is a shared risk pool comprised of nearly 2,500 employers and covers five regions (Bay Area, Other Northern California, Southern California, Other Southern California, and Out of State). Rates are set through an annual calculation process. The District pays a monthly contribution, which is placed in a common fund from which claim payments are made for all participating Districts. Claims are paid for all participants regardless of claims flow. The CalPERS Board of Directors has a right to return monies to a district subsequent to the settlement of all expenses and claims if a district withdraws from the pool. CalPERS requires the District to have a post-retirement medical benefit plan for CalPERS members.

The District records an estimated liability for indemnity torts and other claims against the District. Claims liabilities are based on estimates of the ultimate costs of reported claims (including future claim adjustment expenses) and an estimate for claims incurred, but not reported based on historical experience.

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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**NOTE 11 - RISK MANAGEMENT, continued**

Claim 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:

	Workers' Compensation
Liability Balance, July 1, 2023	\$ 3,183,000
Claims and changes in estimates	5,117,533
Claims payments	(5,034,533)
Liability Balance, June 30, 2024	3,266,000
Claims and changes in estimates	4,695,718
Claims payments	(5,035,718)
Liability Balance, June 30, 2025	\$ 2,926,000
Assets available to pay claims at June 30, 2025	\$ 8,121,881

**NOTE 12 - 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) and classified employees are members of the California Public Employees' Retirement System (CalPERS).

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

Pension Plan	Collective Net Pension Liability	Collective Deferred Outflows of Resources	Collective Deferred Inflows of Resources	Collective Pension Expense
CalSTRS	\$ 69,448,663	\$ 23,936,597	\$ 10,795,502	\$ 7,582,235
CalPERS	136,001,845	41,235,035	11,652,604	21,705,923
Total	\$ 205,450,508	\$ 65,171,632	\$ 22,448,106	\$ 29,288,158

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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**NOTE 12 - EMPLOYEE RETIREMENT SYSTEMS, continued**

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2023 annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

Benefits Provided

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

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

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

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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**NOTE 12 - EMPLOYEE RETIREMENT SYSTEMS, continued**

California State Teachers' Retirement System (CalSTRS), continued

Benefits Provided, continued

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

	STRP Defined Benefit Plan	
	On or before December 31, 2012	On or after January 1, 2013
Hire date		
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	10.21%	10.21%
Required employer contribution rate	19.10%	19.10%
Required state contribution rate	10.83%	10.83%

Contributions

The parameters for employer and state contribution rates for the DB Program are set by the California Legislature and the Governor and detailed in the Teachers' Retirement Law. Current contribution rates were established by California Assembly Bill 1469 (CalSTRS Funding Plan), which was passed into law in June 2014 and established a schedule of contribution rate increases shared among members, employers and the state to bring CalSTRS toward full funding by 2046. The contribution rates for each plan for the year ended June 30, 2025, are presented above and the District's total contributions were \$14,150,727.

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

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

District's proportionate share of the net pension liability	\$ 69,448,663
State's proportionate share of the net pension liability associated with the District	31,863,774
Total	<u>\$ 101,312,437</u>

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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**NOTE 12 - EMPLOYEE RETIREMENT SYSTEMS, continued**

California State Teachers' Retirement System (CalSTRS), continued

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

The net pension liability was measured as of June 30, 2024. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the state, actuarially determined. The District's proportionate share for the measurement period June 30, 2024 and June 30, 2023, respectively was 0.103 percent and 0.101 percent, resulting in an increase in the proportionate share of 0.002 percent.

For the year ended June 30, 2025, the District recognized pension expense of \$7,582,235. In addition, the District recognized revenue and corresponding expense of \$2,908,009 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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual earnings on plan investments	\$ -	\$ 283,740
Differences between expected and actual experience	7,856,424	3,038,871
Changes in assumptions	304,006	4,742,658
Net changes in proportionate share of net pension liability	1,625,440	2,730,233
District contributions subsequent to the measurement date	14,150,727	-
Total	<u>\$ 23,936,597</u>	<u>\$ 10,795,502</u>

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

Year Ending June 30,	Deferred Outflows/(Inflows) of Resources
2026	\$ (5,698,545)
2027	5,003,710
2028	(740,863)
2029	75,824
2030	690,881
Thereafter	(340,639)
Total	<u>\$ (1,009,632)</u>

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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**NOTE 12 - EMPLOYEE RETIREMENT SYSTEMS, continued**

California State Teachers' Retirement System (CalSTRS), continued

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2023, and rolling forward the total pension liability to June 30, 2024. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. 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
Investment rate of return / discount rate	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%
Payroll growth	3.25%
Postretirement benefit increases	2.00%

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



**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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**NOTE 12 - EMPLOYEE RETIREMENT SYSTEMS, continued**

California State Teachers' Retirement System (CalSTRS), continued

Actuarial Methods and Assumptions, continued

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

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

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

\*20- to 30-year geometric average.

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

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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**NOTE 12 - EMPLOYEE RETIREMENT SYSTEMS, continued**

California State Teachers’ Retirement System (CalSTRS), continued

Discount Rate

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

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

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Plan's net pension liability	\$ 123,526,446	\$ 69,448,663	\$ 24,291,470

California Public Employees Retirement System (CalPERS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2023 annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: <https://www.calpers.ca.gov/page/forms-publications>.

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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**NOTE 12 - EMPLOYEE RETIREMENT SYSTEMS, continued**

California Public Employees Retirement System (CalPERS), continued

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor, and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 55 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 62 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 5 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 55 (or 62 for members hired on or after January 1, 2013), and has at least 5 years of credited service. 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 below:

	School Employer Pool (CalPERS)	
	On or before December 31, 2012	On or after January 1, 2013
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%	7.00%
Required employer contribution rate	27.05%	27.05%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are determined through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2025 are as presented above and the total District contributions were \$21,544,284.

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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**NOTE 12 - EMPLOYEE RETIREMENT SYSTEMS, continued**

California Public Employees Retirement System (CalPERS), continued

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

As of June 30, 2025, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$136,001,845. 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 period June 30, 2024 and June 30, 2023, respectively was 0.381 percent and 0.399 percent, resulting in a decrease in the proportionate share of 0.018 percent.

For the year ended June 30, 2025, the District recognized pension expense of \$21,705,923. In addition, at June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual earnings on plan investments	\$ 5,282,885	\$ -
Differences between expected and actual experience	11,401,766	973,361
Changes in assumptions	3,006,100	-
Net changes in proportionate share of net pension liability	-	10,679,243
District contributions subsequent to the measurement date	21,544,284	-
Total	<u>\$ 41,235,035</u>	<u>\$ 11,652,604</u>

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

Year Ending June 30,	Deferred Outflows/(Inflows) of Resources
2026	\$ 2,925,147
2027	8,795,566
2028	(912,922)
2029	(2,769,644)
Total	<u>\$ 8,038,147</u>

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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**NOTE 12 - EMPLOYEE RETIREMENT SYSTEMS, continued**

California Public Employees Retirement System (CalPERS), continued

Actuarial Methods and Assumptions

Total pension liability 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
Investment rate of return / discount rate	6.90%
Consumer price inflation	2.30%
Wage growth	Varies by entry age and service

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

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

Asset Class*	Assumed Asset Allocation	Real Return Years 1 - 10**
Global Equity - Cap-weighted	30%	4.54%
Global Equity - Non-cap-weighted	12%	3.84%
Private Equity	13%	7.28%
Treasury	5%	0.27%
Mortgage-backed Securities	5%	0.50%
Investment Grade Corporates	10%	1.56%
High Yield	5%	2.27%
Emerging Market Debt	5%	2.48%
Private Debt	5%	3.57%
Real Assets	15%	3.21%
Leverage	-5%	-0.59%
Total	100%	

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

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

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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**NOTE 12 - EMPLOYEE RETIREMENT SYSTEMS, continued**

California Public Employees Retirement System (CalPERS), continued

Discount Rate

The discount rate used to measure the total pension liability was 6.90% and reflects the long-term expected rate of return for the Schools Pool Plan net of investment expenses and without reduction for administrative expenses. 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 Schools Pool Plan fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

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

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Plan's net pension liability	\$ 202,031,879	\$ 136,001,845	\$ 81,455,786

Plan Fiduciary Net Position

Detailed information about the STRP Defined Benefit and CalPERS School Employer Pool Plans' fiduciary net position are available in separate comprehensive annual financial reports. Copies of the CalSTRS and CalPERS annual financial reports may be obtained from CalSTRS and CalPERS.

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 \$6,433,868. 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.

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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**NOTE 13 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

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

OPEB Plan	Net OPEB Liability/(Asset)	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense/(Benefit)
District Plan	\$ (19,286,966)	\$ 19,938,863	\$ 16,021,122	\$ 880,271

Plan Description

In addition to the pension benefits described in Note 12, the District provides postemployment health care benefits (OPEB) for retired employees in accordance with negotiated contracts with the various bargaining units of the District. The Other Postemployment Benefit Plan (the "Plan") is a single-employer defined benefit healthcare plan administered by the District. The District provides the OPEB benefits through a single employer defined benefit OPEB plan. OPEB provisions are established and amended per contractual agreement with employee groups. The plan does issue separate financial statements, which are produced by the District and available upon request. The following is a description of the current retiree benefit plan:

Academic Employees

Employees of the District, upon meeting the years of District service requirement and the "Magic 75" which is employee's Age plus Years of District service, will qualify for retiree benefits as indicated in their union contract. Retiree Benefits package may differ depending on hire date. The years of District service required are 10 years if hired prior to September 8, 1993 and 20 years if hired on or after September 8, 1993.

CSEA & All Non-represented Employees

Employees of the District, upon meeting the years of District service requirement and the "Magic 75" which is employee's Age plus Years of District service, will qualify for retiree benefits as indicated in the collective bargaining agreement between the District and CSEA. Retiree Benefits package may differ depending on hire date. The years of District service required are 10 years if hired prior to July 1, 1992 and 20 years if hired on or after July 1, 1992.

AFSCME Employees

Employees of the District, upon meeting the years of District service requirement and the "Magic 75" which is employee's Age plus Years of District service, will qualify for retiree benefits as indicated in their union contract. Retiree Benefits package may differ depending on hire date. The years of District service required are 10 years if hired prior to July 1, 1992 and 20 years if hired on or after July 1, 1992.

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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**NOTE 13 - OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued**

Benefit Payments

The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. The Plan is included in the District's financial report and separately presented as a fiduciary fund. Separate financial statements are also prepared for the Plan and may be obtained by contacting the District.

During the year ended June 30, 2010, the District signed an irrevocable trust (the Trust) agreement. The District appointed a Board of Authority with authority to establish and amend investment allocations under the plan and make decisions on behalf of the District with respect to the Futuris Public Entity Investment Trust Program. The Benefit Trust Company was appointed as the custodian and trustee to administer the Futuris Public Entity Investment Trust.

Employees Covered by Benefit Term

The following is a table of plan participants as of the June 30, 2025 valuation:

	Number of Participants
Inactive Employees Receiving Benefits	659
Active Employees	1,100
Total	1,759

Contributions

*California Government Code* specifies that the District's contribution requirements for covered employees are established and may be amended by the Governing Board. Eligible employees are not permitted to make contributions to the Trust. The Plan administrator shall, on behalf of the employer, make all contributions to the Trustee. All contributions shall be paid to the Trustee for investment and reinvestment pursuant to the terms of the trust agreement. The District does not have contractually required contributions rates, but contributes in an amount sufficient to fully fund the Net OPEB obligation over a period not to exceed 30 years. The District did not make any contributions to the Trust during the year ended June 30, 2025. As of June 30, 2025, the District's OPEB liability is fully funded.

OPEB Plan Investments

The plan discount rate of 6.00% was determined using the following asset allocation and assumed rate of return:

Asset Class	Percentage of Portfolio	Assumed Gross Return
Fixed Income	50.00%	4.50%
Equities	50.00%	7.50%
Total	100.00%	



**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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**NOTE 13 - OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued**

OPEB Plan Investments, continued

Rolling periods of time for all asset classes in combination were used to appropriately reflect correlation between asset classes. This means that the average returns for any asset class do not necessarily reflect the averages over time individually, but reflect the return for the asset class for the portfolio average. Additionally, the historic 28-year real rates of return for each asset class along with the assumed long-term inflation assumption was used to set the discount rate. The investment return was offset by assumed investment expenses of 25 basis points. It was further assumed that contributions to the plan would be sufficient to fully fund the obligation over a period not to exceed 28 years.

Actuarial Assumptions

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

Valuation date	June 30, 2025
Measurement date	June 30, 2025
Actuarial cost methods	Entry age actuarial cost method
Inflation rate	2.50%
Investment rate of return	6.00%
Discount rate	6.00%
Healthcare cost trend rate	4.00%
Payroll increase	2.75%
Mortality	For certificated employees the 2020 CalSTRS mortality tables were used. For classified employees the 2021 CalPERS active mortality for miscellaneous and school employees were used.

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 13 - OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued**

Changes in the Net OPEB Liability/(Asset)

	Increase/(Decrease)		
	Total OPEB Liability (a)	Total Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (a) - (b)
Balance July 1, 2024	\$ 127,780,927	\$ 150,256,106	\$ (22,475,179)
Changes for the year:			
Service cost	3,913,438	-	3,913,438
Interest on TOL	7,579,941	-	7,579,941
Employer contributions	-	2,476,680	(2,476,680)
Change in assumptions	7,306,469	-	7,306,469
Expected investment income	-	8,868,552	(8,868,552)
Experience (gains)/losses	2,441,795	-	2,441,795
Investment gains/(losses)	-	7,268,091	(7,268,091)
Administrative expense	-	(559,893)	559,893
Expected benefit payments	(6,810,607)	(6,810,607)	-
Net changes	14,431,036	11,242,823	3,188,213
Balance June 30, 2025	\$ 142,211,963	\$ 161,498,929	\$ (19,286,966)

Fiduciary net position as a percentage of the total OPEB liability, at June 30, 2025 was 114 percent.

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

The following presents the net OPEB liability/(asset) calculated using the discount rate of 6.00 percent. The schedule also shows what the net OPEB liability/(asset) would be if it were calculated using a discount rate that is 1.00 percent lower (5.00 percent) and 1.00 percent higher (7.00 percent):

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
Net OPEB liability/(asset)	\$ (1,153,880)	\$ (19,286,966)	\$ (34,278,181)

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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**NOTE 13 - OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued**

Sensitivity of the Net OPEB Liability/(Asset) to Assumptions, continued

The following table presents the net OPEB liability/(asset) calculated using the healthcare cost trend rate of 4.00 percent. The schedule also shows what the net OPEB liability/(asset) would be if it were calculated using a health care cost trend rate that is 1.00 percent lower (3.00 percent) and 1.00 percent higher (5.00 percent):

	Healthcare Cost		
	1% Decrease (3.00%)	Trend Rate (4.00%)	1% Increase (5.00%)
Net OPEB liability/(asset)	\$ (36,561,261)	\$ (19,286,966)	\$ 2,259,481

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

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
Differences between projected and actual earnings on plan investments	\$ -	\$ 2,916,230
Differences between expected and actual experience	4,424,006	13,104,892
Change in assumptions	15,514,857	-
Total	<u>\$ 19,938,863</u>	<u>\$ 16,021,122</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense/(benefit) as follows:

Year Ending June 30,	Deferred Outflows/(Inflows) of Resources
2026	\$ 4,307,031
2027	(1,945,292)
2028	(1,868,617)
2029	(165,643)
2030	1,036,159
Thereafter	2,554,103
Total	<u>\$ 3,917,741</u>

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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**NOTE 14 - 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 General Fund or other applicable funds. 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.

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.

Construction Commitments

As of June 30, 2025, the District has \$26,101,549 in outstanding commitments on construction contracts. The projects are funded through a combination of general obligation bonds, capital project apportionments from the State Chancellor's Office and local resources.

**NOTE 15 - JOINT POWER AGREEMENTS**

The District participates in joint ventures under joint power agreements with the following joint powers authorities (JPAs): School Excess Liability Fund (SELF) and San Mateo County School Insurance Group (SMCSIG). There have been no significant reductions in insurance coverage from the prior year. The relationship between the District and the JPAs is such that the JPAs are not component units of the District for financial reporting purposes. The JPAs arrange for and provide property, liability, workers' compensation, dental, vision, and excess liability coverage for their members. Each member pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to its participation in the JPA. Settled claims have not exceeded commercial insurance coverage in any of the past three years.

Each JPA is governed by a board consisting of representatives from the members. The boards control the operations of the JPAs, including selection of management and approval of operating budgets, independent of any influence by the members beyond their representation on the boards. Each member pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to its participation in the JPA. The District's share of year end assets, liabilities, or fund equity is not calculated by the JPA's. Separately issued financial statements can be requested from each JPA.

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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**NOTE 15 - JOINT POWER AGREEMENTS, continued**

Condensed financial information of the JPAs for the most recent year available is as follows:

	SELF	SMCSIG
	June 30, 2024	June 30, 2024
Total assets	\$ 374,570,694	\$ 85,572,780
Total deferred outflows of resources	636,320	897,187
Total liabilities	263,508,895	38,309,693
Total deferred inflows of resources	57,023	1,167,640
Net position	<u>\$ 111,641,096</u>	<u>\$ 46,992,634</u>
Total revenues	\$ 218,911,380	\$ 90,813,314
Total expenses	145,846,362	79,027,242
Change in net position	<u>\$ 73,065,018</u>	<u>\$ 11,786,072</u>

**NOTE 16 - PRIOR PERIOD ADJUSTMENT**

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

Beginning Net Position - previously reported at June 30, 2024	\$ 52,676,915
Prior Period Adjustment:	
Change in accounting principle (GASB 101)	(21,168,531)
Beginning Net Position - as restated at June 30, 2024	<u>\$ 31,508,384</u>

**NOTE 17 - SUBSEQUENT EVENTS**

The District evaluated subsequent events from June 30, 2025 through November 26, 2025, the date the financial statements were issued. The District concluded that no subsequent events have occurred that would require recognition or disclosure in the financial statements.

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## **REQUIRED SUPPLEMENTARY INFORMATION**

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

	2025	2024	2023	2022
Total OPEB liability				
Service cost	\$ 3,913,438	\$ 3,808,699	\$ 3,569,573	\$ 3,278,810
Interest	7,579,941	7,310,754	7,648,219	7,482,831
Change in assumptions	7,306,469	-	5,293,185	3,363,426
Experience (gains)/losses	2,441,795	-	(10,307,214)	294,258
Benefit payments	(6,810,607)	(6,560,143)	(7,137,737)	(7,195,343)
Net change in total OPEB liability	14,431,036	4,559,310	(933,974)	7,223,982
Total OPEB liability, beginning of year	127,780,927	123,221,617	124,155,591	116,931,609
Total OPEB liability, end of year (a)	\$ 142,211,963	\$ 127,780,927	\$ 123,221,617	\$ 124,155,591
Plan fiduciary net position				
Employer contributions	\$ 2,476,680	\$ 7,232,369	\$ 7,116,798	\$ 7,195,343
Investment gains/(losses)	16,136,643	15,334,979	9,477,073	(28,763,797)
Administrative expense	(559,893)	(302,277)	(315,863)	(362,024)
Expected benefit payments	(6,810,607)	(9,232,369)	(7,116,798)	(7,195,343)
Change in plan fiduciary net position	11,242,823	13,032,702	9,161,210	(29,125,821)
Fiduciary trust net position, beginning of year	150,256,106	137,223,404	128,062,194	157,188,015
Fiduciary trust net position, end of year (b)	\$ 161,498,929	\$ 150,256,106	\$ 137,223,404	\$ 128,062,194
Net OPEB liability/(asset), ending (a) - (b)	\$ (19,286,966)	\$ (22,475,179)	\$ (14,001,787)	\$ (3,906,603)
Covered payroll	\$ 131,855,899	\$ 126,666,667	\$ 112,990,768	\$ 111,818,610
Plan fiduciary net position as a percentage of the total OPEB liability	114%	118%	111%	103%
Net OPEB liability/(asset) as a percentage of covered payroll	-15%	-18%	-12%	-3%

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

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

	2021	2020	2019	2018
Total OPEB liability				
Service cost	\$ 3,028,055	\$ 2,593,072	\$ 3,414,487	\$ 3,359,195
Interest	7,528,114	7,015,191	8,335,093	7,957,577
Change in assumptions	6,009,752	5,910,554	-	-
Experience (gains)/losses	(10,257,675)	293,734	(15,800,542)	-
Benefit payments	(7,359,503)	(7,409,326)	(7,432,730)	(7,222,945)
Net change in total OPEB liability	(1,051,257)	8,403,225	(11,483,692)	4,093,827
Total OPEB liability, beginning of year	117,982,866	109,579,641	121,063,333	116,969,506
Total OPEB liability, end of year (a)	\$ 116,931,609	\$ 117,982,866	\$ 109,579,641	\$ 121,063,333
Plan fiduciary net position				
Employer contributions	\$ 7,300,799	\$ 7,409,326	\$ 10,032,730	\$ 19,422,945
Investment gains/(losses)	29,190,781	5,930,257	5,948,263	6,028,034
Administrative expense	(524,625)	(450,368)	(419,134)	(376,812)
Expected benefit payments	(7,300,799)	(7,409,326)	(7,432,730)	(7,222,945)
Change in plan fiduciary net position	28,666,156	5,479,889	8,129,129	17,851,222
Fiduciary trust net position, beginning of year	128,521,859	123,041,970	114,912,841	97,061,619
Fiduciary trust net position, end of year (b)	\$ 157,188,015	\$ 128,521,859	\$ 123,041,970	\$ 114,912,841
Net OPEB liability/(asset), ending (a) - (b)	\$ (40,256,406)	\$ (10,538,993)	\$ (13,462,329)	\$ 6,150,492
Covered payroll	\$ 100,583,668	\$ 102,312,968	\$ 98,883,699	\$ 91,765,187
Plan fiduciary net position as a percentage of the total OPEB liability	134%	109%	112%	95%
Net OPEB liability/(asset) as a percentage of covered payroll	-40%	-10%	-14%	7%

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



**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**  
**SCHEDULE OF CONTRIBUTIONS - OPEB**  
**FOR THE YEAR ENDED JUNE 30, 2025**

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	2025	2024	2023	2022
Actuarially determined contribution	\$ 6,810,607	\$ 7,232,369	\$ 7,116,798	\$ 7,195,343
Contributions in relations to the actuarially determined contribution	6,810,607	7,232,369	7,116,798	7,195,343
Contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 131,855,899	\$ 126,666,667	\$ 112,990,768	\$ 111,818,610
Contribution as a percentage of covered-employee payroll	5.17%	5.71%	6.30%	6.43%

	2021	2020	2019	2018
Actuarially determined contribution	\$ 7,300,799	\$ 7,409,326	\$ 10,032,730	\$ 19,422,945
Contributions in relations to the actuarially determined contribution	7,300,799	7,409,326	10,032,730	19,422,945
Contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 100,583,668	\$ 102,312,968	\$ 98,883,699	\$ 91,765,187
Contribution as a percentage of covered-employee payroll	7.26%	7.24%	10.15%	21.17%

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

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**  
**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**FOR THE YEAR ENDED JUNE 30, 2025**

	Reporting Fiscal Year (Measurement Date)				
	2025 (2024)	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)
CalSTRS					
District's proportion of the net pension liability	0.103%	0.101%	0.105%	0.105%	0.097%
District's proportionate share of the net pension liability	\$ 69,448,663	\$ 76,626,209	\$ 72,971,682	\$ 47,851,412	\$ 94,163,889
State's proportionate share of the net pension liability associated with the District	31,863,774	36,714,434	36,544,432	24,077,476	48,541,103
Total	\$ 101,312,437	\$ 113,340,643	\$ 109,516,114	\$ 71,928,888	\$ 142,704,992
District's covered-employee payroll	\$ 67,831,387	\$ 68,947,435	\$ 59,688,310	\$ 59,069,331	\$ 51,023,000
District's proportionate share of the net pension liability as percentage of covered-employee payroll	102%	111%	122%	81%	185%
Plan fiduciary net position as a percentage of the total pension liability	84%	81%	81%	87%	72%

	Reporting Fiscal Year (Measurement Date)				
	2025 (2024)	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)
CalPERS					
District's proportion of the net pension liability	0.381%	0.399%	0.419%	0.445%	0.411%
District's proportionate share of the net pension liability	\$ 136,001,845	\$ 144,454,329	\$ 144,218,627	\$ 90,474,263	\$ 126,215,477
District's covered-employee payroll	\$ 75,226,844	\$ 76,479,018	\$ 64,181,104	\$ 65,073,512	\$ 56,870,000
District's proportionate share of the net pension liability as percentage of covered-employee payroll	181%	189%	225%	139%	222%
Plan fiduciary net position as a percentage of the total pension liability	72%	70%	70%	81%	70%

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**  
**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**FOR THE YEAR ENDED JUNE 30, 2025**

	Reporting Fiscal Year (Measurement Date)				
	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)
CalSTRS					
District's proportion of the net pension liability	0.099%	0.100%	0.093%	0.092%	0.105%
District's proportionate share of the net pension liability	\$ 89,111,000	\$ 91,965,000	\$ 85,792,000	\$ 74,125,000	\$ 70,426,000
State's proportionate share of the net pension liability associated with the District	48,616,000	52,654,000	50,754,000	42,202,000	37,248,000
Total	\$ 137,727,000	\$ 144,619,000	\$ 136,546,000	\$ 116,327,000	\$ 107,674,000
District's covered-employee payroll	\$ 53,033,000	\$ 53,265,000	\$ 47,739,000	\$ 45,675,000	\$ 48,554,000
District's proportionate share of the net pension liability as percentage of covered-employee payroll	168%	173%	180%	162%	145%
Plan fiduciary net position as a percentage of the total pension liability	73%	71%	69%	70%	74%

	Reporting Fiscal Year (Measurement Date)				
	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)
CalPERS					
District's proportion of the net pension liability	0.412%	0.397%	0.380%	0.370%	0.363%
District's proportionate share of the net pension liability	\$ 119,992,000	\$ 105,725,000	\$ 91,241,000	\$ 72,981,000	\$ 53,485,000
District's covered-employee payroll	\$ 57,027,000	\$ 52,301,000	\$ 48,676,000	\$ 44,332,000	\$ 40,172,000
District's proportionate share of the net pension liability as percentage of covered-employee payroll	210%	202%	187%	165%	133%
Plan fiduciary net position as a percentage of the total pension liability	70%	71%	72%	74%	79%

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**  
**SCHEDULE OF CONTRIBUTIONS - PENSIONS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

CalSTRS	Reporting Fiscal Year				
	2025	2024	2023	2022	2021
Statutorily required contribution	\$ 14,150,727	\$ 12,955,795	\$ 11,665,906	\$ 10,099,262	\$ 9,539,697
District's contributions in relation to the statutorily required contribution	14,150,727	12,955,795	11,665,906	10,099,262	9,539,697
District's contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 74,087,576	\$ 67,831,387	\$ 68,947,435	\$ 59,688,310	\$ 59,069,331
District's contributions as a percentage of covered-employee payroll	19.10%	19.10%	16.92%	16.92%	16.15%

CalPERS	Reporting Fiscal Year				
	2025	2024	2023	2022	2021
Statutorily required contribution	\$ 21,544,284	\$ 20,070,522	\$ 17,521,343	\$ 14,703,891	\$ 13,470,217
District's contributions in relation to the statutorily required contribution	21,544,284	20,070,522	17,521,343	14,703,891	13,470,217
District's contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 79,646,152	\$ 75,226,844	\$ 76,479,018	\$ 64,181,104	\$ 65,073,512
District's contributions as a percentage of covered-employee payroll	27.05%	26.68%	22.91%	22.91%	20.70%

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**  
**SCHEDULE OF CONTRIBUTIONS - PENSIONS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

CalSTRS	Reporting Fiscal Year				
	2020	2019	2018	2017	2016
Statutorily required contribution	\$ 9,250,546	\$ 8,821,372	\$ 7,433,405	\$ 6,005,598	\$ 4,900,874
District's contributions in relation to the statutorily required contribution	9,250,546	8,821,372	7,433,405	6,005,598	4,900,874
District's contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 51,023,000	\$ 54,185,000	\$ 51,514,000	\$ 47,739,000	\$ 45,675,000
District's contributions as a percentage of covered-employee payroll	18.13%	16.28%	14.43%	12.58%	10.73%

CalPERS	Reporting Fiscal Year				
	2020	2019	2018	2017	2016
Statutorily required contribution	\$ 11,215,354	\$ 10,306,432	\$ 8,137,083	\$ 6,760,065	\$ 5,252,004
District's contributions in relation to the statutorily required contribution	11,215,354	10,306,432	8,137,083	6,760,065	5,252,004
District's contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 56,870,000	\$ 57,061,000	\$ 52,393,000	\$ 48,676,000	\$ 44,332,000
District's contributions as a percentage of covered-employee payroll	19.72%	18.06%	15.53%	13.89%	11.85%

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**  
**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2025**

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**NOTE 1 - PURPOSE OF SCHEDULES**

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

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

- *Changes in Benefit Terms* – There were no changes in benefit terms since the previous valuation.
- *Changes of Assumptions* – There were no changes in economic assumptions since the previous valuation.

Schedule of Contributions – OPEB

This schedule presents information on the District's actuarially determined contribution, contributions in relation to the actuarially determined contribution, and any excess or deficiency related to the actuarially determined contribution. In the future, as data becomes available, 10 years of information will be presented.

Schedule of Proportionate Share of the Net Pension Liability

The Schedule of the District's Proportionate Share of the Net Pension Liability is presented to illustrate the elements of the District's Net Pension Liability.

- *Changes in Benefit Terms* – There were no changes in benefit terms since the previous valuation for CalSTRS. The required employer contribution rate changed from 26.68% to 27.05% since the previous valuation for CalPERS.
- *Changes of Assumptions* – Additional factors were considered in the actuarial valuation for CalSTRS namely the payroll growth rate and long-term expected rate of return based on 20- to 30-years geometric average. There were no changes in economic assumptions since the previous valuation for CalPERS.

Schedule of Contributions – Pensions

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

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## **SUPPLEMENTARY INFORMATION**

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**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**  
**DISTRICT ORGANIZATION**  
**JUNE 30, 2025**

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The San Mateo County Community College District (the "District") was established in 1922, and includes three college campuses located in San Mateo County. The District's boundaries have been and remain co-terminus with the borders of San Mateo County. The District's three colleges are each accredited by the Accrediting Commission for Community and Junior Colleges, and Western Association of Schools and Colleges. The District is governed by a board of trustees, comprised of five members elected from designated areas for four-year terms, and a student trustee elected to a one-year term.

**GOVERNING BOARD**

<b>MEMBER</b>	<b>OFFICE</b>	<b>TERM EXPIRES</b>
Mike Guingona	President	2026
Wayne Lee	Vice President	2028
Richard Holober	Trustee	2026
Dr. Lisa Petrides	Trustee	2028
John Pimentel	Trustee	2028
Michael Llanell-Vararaj	Student Trustee	2026

**DISTRICT ADMINISTRATION**

Melissa Moreno, J.D. <i>Chancellor</i>	Dr. Richard Storti <i>Executive Vice Chancellor of Administrative Services</i>
Dr. Aaron McVean <i>Vice Chancellor of Educational Services and Planning</i>	Peter Fitzsimmons <i>Chief Financial Officer</i>
Julie Johnson <i>Chief Human Resources Officer</i>	Daman Grewal <i>Chief Information Officer</i>
Michele Rudovsky <i>Chief Facilities Officer</i>	Kim Lopez <i>President, Cañada College</i>
Dr. Nathan Carter <i>President, Skyline College</i>	Dr. Manuel Alejandro Pérez <i>President, College of San Mateo</i>



**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2025**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-Through Grant Number	Total Program Expenditures
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<i>Direct Program</i>			
Student Financial Aid Cluster			
Federal Work Study Program	84.033	n/a	\$ 455,719
Federal Pell Grant	84.063	n/a	16,982,679
Federal Supplemental Educational Opportunity Grant	84.007	n/a	435,031
Federal Direct Student Loans	84.268	n/a	948,656
Subtotal Student Financial Aid Cluster			<u>18,822,085</u>
TRIO Cluster			
Student Support Services	84.042	n/a	805,877
Subtotal TRIO Cluster			<u>805,877</u>
Higher Education Institutional Aid			
Developing Hispanic Serving Institutions Title V	84.031S	n/a	1,756,252
<i>Passed through San Francisco State University</i>			
Asian American and Native American Pacific Islander-Serving Institutions	84.031L	S23-0002	365,612
Subtotal Higher Education Institutional Aid			<u>2,121,864</u>
<i>Passed through California Community Colleges Chancellor's Office</i>			
Career and Technical Education-Basic Grants to States (Perkins V)	84.048A	23-C01-370, 17652	797,283
Total U.S. Department of Education			<u>22,547,109</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<i>Passed through California Community Colleges Chancellor's Office</i>			
Temporary Assistance for Needy Families	93.558	[1]	84,986
<i>Passed through California Department of Education/CDTC</i>			
Child Care Development Cluster			
Child Care and Development Block Grant	93.575	22-23-4553CC, 22-23-4047SC, CCTR4318	37,739
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	CCTR4318	3,604
Subtotal Child Care Development Cluster			<u>41,343</u>
Total U.S. Department of Health and Human Services			<u>126,329</u>
<b>NATIONAL SCIENCE FOUNDATION</b>			
Research Cluster			
<i>Direct Program</i>			
Education and Human Resources	47.076	n/a	609,955
<i>Passed through San Francisco State University</i>			
Education and Human Resources	47.076	S22-0001	5,317
Subtotal Research Cluster			<u>615,272</u>
Total National Science Foundation			<u>615,272</u>
<b>U.S DEPARTMENT OF ENERGY</b>			
<i>Direct Program</i>			
Office of Science Financial Assistance Program	81.049	n/a	503,222
Total U.S. Department of Energy			<u>503,222</u>
<b>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</b>			
<i>Direct Program</i>			
AmeriCorps State and National	94.006	n/a	7,034
Total Corporation for National and Community Service			<u>7,034</u>
<b>Total Federal Programs</b>			<u>\$ 23,798,966</u>

n/a - Pass-through grant number not applicable.

[1] - Pass-through grant number not available.

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**  
**SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

Program	Program Revenues				Total Program Expenditures
	Cash Received*	Accounts Receivable	Deferred Revenue	Total Revenue	
AANHPI Student Achievement 23-24	\$ 362,424	\$ -	\$ 150,052	\$ 212,372	\$ 212,372
AANHPI Student Achievement 24-25	381,851	-	356,418	25,433	25,433
AANHPI Student Achievement Program	66,336	-	-	66,336	66,336
AB 77/DSPS	3,326,948	-	257,771	3,069,177	3,069,177
AB1725 Staff Diversity	451,200	-	273,163	178,037	178,037
AB602 FA Admin Allowance	851,881	-	-	851,881	851,881
Adult Ed Program - ACCEL 20-21	5,703	-	5,703	-	-
Adult Ed Program - ACCEL 22-23	148,033	-	-	148,033	148,033
Adult Ed Program - ACCEL 23-24	433,006	-	202,149	230,857	230,857
Adult Ed Program - ACCEL 24-25	620,681	-	504,688	115,993	115,993
Basic Needs Center 23-24	642,678	-	118,436	524,242	524,242
Basic Needs Center 24-25	746,143	-	508,592	237,551	237,551
Cabrillo CCD 22-23 Strong Workforce	148,802	460,880	-	609,682	609,682
Cabrillo CCD 23-24 Strong Workforce	439,616	437,310	-	876,926	876,926
Cabrillo CCD 24-25 Strong Workforce	204,602	-	200,071	4,531	4,531
CAI ECAP Skyline College	(121,824)	276,536	-	154,712	154,712
CAI VDM Apprenticeship Program	-	6,381	-	6,381	6,381
CAI VDM Pre-Apprenticeship Program	(12,965)	12,965	-	-	-
CAI XR Apprenticeship Program	(124,165)	222,015	-	97,850	97,850
CAI XR Pre - Apprenticeship Program	(174,100)	281,172	-	107,072	107,072
Cal Grant	1,984,866	34,914	-	2,019,780	2,019,780
Calif State Preschool Program CDE/CCTR CDSS	768,816	42,808	-	811,624	811,624
California College Promise 24-25	1,674,110	-	-	1,674,110	1,674,110
CalWORKs	456,990	-	68,114	388,876	388,876
Capital Outlay	3,545,571	-	-	3,545,571	3,545,571
CARE/EOP	387,740	-	95,277	292,463	292,463
CCCCO Financial Aid Technology	237,991	-	134,938	103,053	103,053
CDPH CalVaxGrant	6,795	-	-	6,795	6,795
Chafee Grant	62,500	-	-	62,500	62,500
Classified Prof Dev 1819, apport	19,462	-	-	19,462	19,462
Classified Summer Assistance Prog	13,441	18,514	-	31,955	31,956
Common Course Numbering	2,739,129	-	2,559,051	180,078	180,078
COVID-19 Recovery Block Grant	1,339,806	-	924,531	415,275	2,009,508
CRPP Innovative Best Practices	406,931	-	188,920	218,011	218,011
CSU Easy Bay Foundation	15,105	13,213	-	28,318	28,318
Culturally Competent Faculty PD	5,739	-	-	5,739	5,739
Dreamer Resource Liaisons 21-22	20,297	-	-	20,297	20,297
Dreamer Resource Liaisons 22-23	84,353	-	-	84,353	84,353
Dreamer Resource Liaisons 23-24	114,757	-	92,518	22,239	22,239
EEO Best Practices	206,215	-	206,215	-	-
ELL Healthcare Pathways Grant 23-24	613,986	-	543,461	70,525	70,525
Equitable Placement and Completion	835,357	-	427,327	408,030	408,030
Extended Opportunity Program	2,963,309	-	542,266	2,421,043	2,421,043
FCCC Program Pathways Mapper	-	347	-	347	347
Foster & Kinship Care Education	26,626	-	26,626	-	-
Guided Pathways 22-23	213,988	-	163,102	50,886	50,886
Immediate Action CalFresh Outreach	28,983	-	12,880	16,103	16,103
IT and Data Security Funding	400,000	-	242,458	157,542	157,542
Learning-Aligned Employment Program	(3,653)	3,653	-	-	-
LGBTQ+ Services 21-22	122,347	-	12,640	109,707	109,707
LGBTQ+ Services 23-24	171,776	-	144,192	27,584	27,584
LGBTQ+ Services 24-25	177,726	-	177,726	-	-
Local IT and Data Security Funding	298,331	-	202,036	96,295	96,295
Lottery - Prop 20 - Instr Materials	852,943	681,956	-	1,534,899	843,000
LSP Operational Services 21-22	5,764	-	4,639	1,125	1,125
Balance Forward	\$ 29,194,947	\$ 2,492,664	\$ 9,345,960	\$ 22,341,651	\$ 23,243,986

\*Cash received includes funds received in prior years.

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2025**

Program	Program Revenues				Total Program Expenditures
	Cash Received*	Accounts Receivable	Deferred Revenue	Total Revenue	
Balance Brought Forward	\$ 29,194,947	\$ 2,492,664	\$ 9,345,960	\$ 22,341,651	\$ 23,243,986
MESA CCCP/FSS	2,867,259	-	1,928,728	938,531	938,531
Middle Class Scholarship	28,010	-	-	28,010	28,010
NextUp	1,025,470	-	1,004,261	21,209	21,209
NextUp C/O	637,534	-	-	637,534	637,534
Nursing Enrollment and Retention	212	-	-	212	212
Nursing Enrollment Retention Grant	143,868	-	17,386	126,482	126,482
Reg Equity & Recovery Partnerships	33,483	-	3,153	30,330	30,330
Retention/Enrollment Outreach 22-23	65,419	-	-	65,419	65,419
Retention/Enrollment Outreach 23-24	410,178	-	369,863	40,315	40,315
Rising Scholars - Juvenile Justice	2,739,091	-	2,435,579	303,512	303,512
Rising Scholars Network	320,595	-	19,680	300,915	300,915
RSCCD Appren Demonstration Pathways	-	181	-	181	181
RSCCD CTE Data Unlocked Initiative	69,297	-	69,297	-	-
RSCCD RD Global Trade	(9,880)	9,880	-	-	-
San Mateo County Office of Education - QRIS	17,900	-	-	17,900	17,900
SBDC-HSUSPF GO-Biz TAEP	(20)	20	-	-	-
SCCCD IEPI PRT	200,000	-	102,000	98,000	98,000
SCCCD IEPI PRT Canada College	200,000	-	167,592	32,408	32,408
SFAA One-Time	297,719	-	104,739	192,980	192,980
SFSU Bay Area K-16 Collaborative	-	10,986	-	10,986	10,986
Strong Workforce Local CCCCCO 22-23	932,837	-	-	932,837	932,837
Strong Workforce Local CCCCCO 23-24	2,571,892	-	465,983	2,105,909	2,105,909
Strong Workforce Local CCCCCO 24-25	2,025,976	-	1,955,168	70,808	70,808
Student Basic Needs 21-22	89,818	-	-	89,818	89,818
Student Basic Needs 22-23	321,677	-	94,486	227,191	227,191
Student Basic Needs 23-24	727,155	-	492,350	234,805	234,805
Student Equity and Achievement Prog	7,186,231	-	595,597	6,590,634	7,136,506
Student Mental Health Services 23-24	276,934	-	1,420	275,514	275,514
Student Mental Health Services 24-25	614,797	-	272,532	342,265	342,265
Student Success Completion Grant	2,710,812	-	1,298	2,709,514	2,709,514
Student Transfer Achievement Reform	1,611,783	-	1,236,094	375,689	375,689
T-Com and Technology	3,654	-	3,654	-	-
Transfer Ed & Articulation-Seamless	117,053	-	36,699	80,354	80,354
UC Regents Puente MaS	97,000	-	97,000	-	-
UC Regents Puente Program	267,924	-	154,579	113,345	113,345
UC Regents Puente Program 24-25	320,000	-	320,000	-	-
UC Regents Puente Program CSM	7,938	-	7,938	-	-
Umoja Campus Program Grant	63,004	-	40,990	22,014	22,014
Umoja Campus Programs	285,875	-	6,295	279,580	279,580
Umoja Program 20-21	(16,000)	16,000	-	-	-
Undocumented Resource Liaisons 24-25	252,582	-	147,530	105,052	105,052
Veteran Resource Center 20-21	50,388	-	-	50,388	50,388
Veteran Resource Center 21-22	81,810	-	29,650	52,160	52,160
Veteran Resource Center 22-23	182,903	-	81,502	101,401	101,401
Veteran Resource Center 23-24	242,048	-	124,553	117,495	117,495
Veteran Resource Center 24-25	242,048	-	223,739	18,309	18,309
Veteran Resource Center One Time	71,447	-	38,065	33,382	33,382
Wellness Vending Machine Pilot	7,456	-	4,656	2,800	2,800
YEP	(15,000)	15,000	-	-	-
Zero Textbook Cost Grant - One Time	411,332	-	296,761	114,571	114,571
Zero Textbook Cost Grant Phase 1	35,061	-	30,749	4,312	4,312
Zero Textbook Cost Impact Grant	566,400	-	566,400	-	-
ZTC Acceleration Grant	598,600	-	558,207	40,393	40,393
ZTC Acceleration II Grant	140,000	-	140,000	-	-
Total	\$ 61,324,517	\$ 2,544,731	\$ 23,592,133	\$ 40,277,115	\$ 41,725,322

\*Cash received includes funds received in prior years.

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL APPORTIONMENT  
ANNUAL ATTENDANCE  
FOR THE YEAR ENDED JUNE 30, 2025**

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<b>CATEGORIES</b>	<b>Reported Data</b>	<b>Audit Adjustment</b>	<b>Audited Data</b>
<b>A. Summer Intersession (Summer 2024 only)</b>			
1. Noncredit	0.57	-	0.57
2. Credit	2,091.45	-	2,091.45
<b>B. Summer Intersession (Summer 2025 - Prior to July 1, 2025)</b>			
1. Noncredit	-	-	-
2. Credit	-	-	-
<b>C. Primary Terms (Exclusive of Summer Intersession)</b>			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	4,829.03	-	4,829.03
(b) Daily Census Contact Hours	411.38	-	411.38
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit	4.13	-	4.13
(b) Credit	868.53	-	868.53
3. Independent Study/Work Experience			
(a) Weekly Census Contact Hours	5,299.64	-	5,299.64
(b) Daily Census Contact Hours	1,544.18	-	1,544.18
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
<b>Total FTES</b>	<b>15,048.91</b>	<b>-</b>	<b>15,048.91</b>
<b>Supplemental Information (subset of above information)</b>			
<b>D. Basic Skills Courses and Immigrant Education</b>			
1. Credit	137.48	-	137.48
2. Noncredit	6.56	-	6.56
Total Basic Skills FTES	144.04	-	144.04

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
RECONCILIATION OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2025**

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

General fund	\$ 77,817,522	
Debt service fund	71,343,040	
Capital project funds	197,030,461	
Internal service funds	8,441,747	
Auxiliary funds	6,468,143	
Student financial aid fund	81,380	
Student activity funds	<u>1,879,144</u>	\$ 363,061,437

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

Capital assets	1,330,872,432	
Right-to-use-assets	5,635,547	
Accumulated depreciation and amortization	<u>(516,106,137)</u>	820,401,842

Unmatured Interest (5,622,981)

Net OPEB asset 19,286,966

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

Deferred loss on refunding	11,462,135
Deferred outflows related to OPEB	19,938,863
Deferred outflows related to pensions	65,171,632

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

General obligation bonds	655,171,695	
Unamortized premiums	25,952,309	
Accreted interest	283,081,190	
Compensated absences	33,259,214	
Lease liability	778,382	
Software leases	1,933,795	
Net pension liability	<u>205,450,508</u>	(1,205,627,093)

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

Deferred gain on refunding	(3,319,938)
Deferred inflows related to OPEB	(16,021,122)
Deferred inflows related to pensions	<u>(22,448,106)</u>

**Net Position Reported Within the Statement of Net Position** \$ 46,283,635

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

		Activity (ESCA) ECS 84362 A Instructional Salary Cost AC 0100-5900 & AC 6100			Activity (ECSB) ECS 84362 B Total CEE AC 0100-6799		
	Object/ TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
<u>Academic Salaries</u>							
Instructional Salaries							
Contract or Regular	1100	\$ 31,730,953	\$ -	\$ 31,730,953	\$ 31,730,953	\$ -	\$ 31,730,953
Other	1300	29,632,500	-	29,632,500	29,632,500	-	29,632,500
Total Instructional Salaries		61,363,453	-	61,363,453	61,363,453	-	61,363,453
Non-Instructional Salaries							
Contract or Regular	1200	-	-	-	22,036,774	-	22,036,774
Other	1400	-	-	-	3,816,159	-	3,816,159
Total Non-Instructional Salaries		-	-	-	25,852,933	-	25,852,933
Total Academic Salaries		61,363,453	-	61,363,453	87,216,386	-	87,216,386
<u>Classified Salaries</u>							
Non-Instructional Salaries							
Regular Status	2100	-	-	-	46,536,942	-	46,536,942
Other	2300	-	-	-	3,789,112	-	3,789,112
Total Non-Instructional Salaries		-	-	-	50,326,054	-	50,326,054
Instructional Aides							
Regular Status	2200	3,330,203	-	3,330,203	3,330,203	-	3,330,203
Other	2400	1,083,939	-	1,083,939	1,122,239	-	1,122,239
Total Instructional Aides		4,414,142	-	4,414,142	4,452,442	-	4,452,442
Total Classified Salaries		4,414,142	-	4,414,142	54,778,496	-	54,778,496
Employee Benefits	3000	26,019,451	-	26,019,451	60,095,809	-	60,095,809
Supplies and Materials	4000	-	-	-	2,448,273	-	2,448,273
Other Operating Expenses	5000	1,597,004	-	1,597,004	21,654,757	-	21,654,757
Equipment Replacement	6420	-	-	-	-	-	-
Total Expenditures Prior to Exclusions		93,394,050	-	93,394,050	226,193,721	-	226,193,721
<u>Exclusions</u>							
Activities to Exclude							
Instructional Staff-Retirees' Benefits and Incentives	5900	-	-	-	-	-	-
Student Health Svcs. Above Amount Collected	6441	-	-	-	640,616	-	640,616
Student Transportation	6491	-	-	-	330,553	-	330,553
Non-instructional Staff-Retirees' Benefits and Incentives	6740	-	-	-	-	-	-
Object to Exclude							
Rents and Leases	5060	-	-	-	115,106	-	115,106
Lottery Expenditures		-	-	-	-	-	-
Academic Salaries	1000	-	-	-	3,225,964	-	3,225,964
Classified Salaries	2000	-	-	-	-	-	-
Employee Benefits	3000	-	-	-	-	-	-
Supplies and Materials	4000	-	-	-	-	-	-
Software	4100	-	-	-	-	-	-
Books, Magazines & Periodicals	4200	-	-	-	-	-	-
Instructional Supplies & Materials	4300	-	-	-	-	-	-
Non-inst. Supplies & Materials	4400	-	-	-	-	-	-
Total Supplies and Materials		-	-	-	-	-	-
Other Operating Expenses and Services	5000	-	-	-	-	-	-
Capital Outlay	6000	-	-	-	-	-	-
Library Books	6300	-	-	-	-	-	-
Equipment	6400	-	-	-	-	-	-
Equipment - Additional	6410	-	-	-	-	-	-
Equipment - Replacement	6420	-	-	-	-	-	-
Total Equipment		-	-	-	-	-	-
Total Capital Outlay		-	-	-	-	-	-
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		\$ -	\$ -	\$ -	\$ 4,312,239	\$ -	\$ 4,312,239
Total for ECS 84362, 50% Law		\$ 93,394,050	\$ -	\$ 93,394,050	\$ 221,881,482	\$ -	\$ 221,881,482
Percent of CEE (Instructional Salary Cost/Total CEE)		42.09%	0.00%	42.09%	100.00%	0.00%	100.00%
50% of Current Expense of Education		\$ -	\$ -	\$ -	\$ 110,940,741	\$ -	\$ 110,940,741

See accompanying note to supplementary information.

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

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EPA Revenue	\$ 1,661,090
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Activity Classification	Activity Code	Salaries and Benefits	Operating Expenses	Capital Outlay	Total
		(Obj 1000-3000)	(Obj 4000-5000)	(Obj 6000)	
Instructional Activities	0100-5900	\$ 1,293,533	\$ -	\$ -	\$ 1,293,533
Media	6130	205,386	-	-	205,386
Custodial Services	6530	162,171	-	-	162,171
Total		\$ 1,661,090	\$ -	\$ -	\$ 1,661,090

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**  
**NOTE TO SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2025**

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**NOTE 1 - PURPOSE OF SCHEDULES**

District Organization

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

Schedule of Expenditures of Federal Awards

The Schedule of Expenditure of Federal Awards includes the federal award activity of the District, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-21, Cost Principles for Educational Institutions or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Schedule of Expenditures of State Awards

The accompanying Schedule of Expenditures of State Awards includes State grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented to comply with reporting requirements of the California Community College Chancellor's Office.

Schedule of Workload Measures for State General Apportionment – Annual Attendance

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

Reconciliation of Governmental Funds to the Statement of Net Position

This schedule provides the information necessary to reconcile the fund balances to the audited financial statements.

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

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

Education Protection Account (EPA) Expenditure Report

This schedule provides information about the District's EPA proceeds and summarizes how the EPA proceeds were spent.



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## **OTHER INDEPENDENT AUDITORS' REPORTS**

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

The Board of Trustees  
San Mateo County Community College District  
San Mateo, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities, the fiduciary activities and the discretely presented component unit of San Mateo County Community College District (the "District") as of and for the year ended June 30, 2025, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 26, 2025.

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



San Diego, California  
November 26, 2025



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

The Board of Trustees  
San Mateo County Community College District  
San Mateo, California

### **Report on Compliance for Each Major Federal Program**

#### ***Opinion on Each Major Federal Program***

We have audited San Mateo County Community College District's (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2025. The District's major federal programs are identified in the Summary of Auditors' Results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

#### ***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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

#### ***Responsibilities of Management for Compliance***

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

### ***Auditors' Responsibilities for the Audit of Compliance***

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

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

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

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

### **Report on Internal Control Over Compliance**

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*CWDL, Certified Public Accountants*

San Diego, California  
November 26, 2025



## **INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE FOR STATE PROGRAMS**

The Board of Trustees  
San Mateo County Community College District  
San Mateo, California

### **Report on State Compliance**

#### ***Opinion on State Compliance***

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

In our opinion, the District complied, in all material respects, with the laws and regulations of the State programs noted below that were audited for the year ended June 30, 2025.

#### ***Basis for Opinion***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the compliance requirements described in the 2024-25 California Community Colleges Chancellor's Office *Contracted District Audit Manual*. Our responsibilities under those standards and the compliance requirements are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on State compliance with the compliance requirements subject to audit in the 2024-25 California Community Colleges Chancellor's Office *Contracted District Audit Manual*. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

#### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's compliance with the requirements described in the 2024-25 California Community Colleges Chancellor's Office *Contracted District Audit Manual*.

### ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements listed in the table below has occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the 2024-25 California Community Colleges Chancellor's Office *Contracted District Audit Manual* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the State programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the 2024-25 California Community Colleges Chancellor's Office *Contracted District Audit Manual*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances; and
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the 2024-25 California Community Colleges Chancellor's Office *Contracted District Audit Manual*, but not for the purpose of expressing an opinion on the effectiveness of the District's internal controls over compliance. Accordingly, we express no such opinion; and

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



### **Compliance Requirements Tested**

In connection with the audit referred to above, we selected and tested transactions and records to determine the District's compliance with 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 Percent 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 – Propositions 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 Response Block Grant Expenditures

### **Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with 2024-25 California Community Colleges Chancellor's Office *Contracted District Audit Manual*, and which is described in the accompanying schedule of findings and questioned costs as finding #2025-001. Our opinion on each State program is not modified with respect to these matters.

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

### **Report on Internal Control over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified significant deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as finding #2025-001.

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing over State laws and regulations based on the requirements described in 2024-25 California Community Colleges Chancellor's Office *Contracted District Audit Manual*. Accordingly, this report is not suitable for any other purpose.



San Diego, California  
November 26, 2025

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## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

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**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**  
**SUMMARY OF AUDITORS' RESULTS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

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**FINANCIAL STATEMENTS**

Type of auditors' report issued:	<u>Unmodified</u>
Is a going concern emphasis-of-matter paragraph included in the auditors' report?	<u>No</u>
Internal control over financial reporting:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>None reported</u>
Non-compliance material to financial statements noted?	<u>No</u>

**FEDERAL AWARDS**

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

<u>Assistance Listing Numbers</u>	<u>Name of Federal Program or Cluster</u>
<u>84.033, 84.063, 84.007, 84.268</u>	<u>Student Financial Aid Cluster</u>
<u>84.042</u>	<u>TRIO Cluster</u>
<u>84.048A</u>	<u>Career and Technical Education-Basic Grants to States (Perkins V)</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 750,000</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

**STATE AWARDS**

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

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
FINANCIAL STATEMENT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2025**

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

**There were no financial statement findings identified during 2024-25.**

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2025**

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

**There were no federal award findings or questioned costs identified during 2024-25.**

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
STATE AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2025**

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

**FINDING #2025-001: STATE COMPLIANCE – SALARIES OF CLASSROOM INSTRUCTORS (50 PERCENT LAW) (30000)**

**Criteria**

*Education Code* Section 84362, commonly known as the 50 Percent Law, requires that a minimum of 50 percent of the district's Current Expense of Education (CEE) be expended during each fiscal year for "Salaries of Classroom Instructors."

**Condition**

The District failed to meet the required 50 percent minimum.

**Effect**

Less than 50 percent of the District's Current Expense of Education (CEE) was expended for salaries of classroom instructors, thereby the District is not in compliance with *Education Code* Section 84362.

**Cause**

The District expended more on non-instructional costs than instructional costs in the Current Expense of Education.

**Fiscal Impact**

None. The District is primarily funded from property taxes.

**Recommendation**

The District should come into compliance with the 50 Percent Law by expending a higher amount of the District's CEE for salaries of classroom instructors, or by reducing non-instructional costs.

**Repeat Finding**

Yes

**Views of Responsible Officials**

The District has submitted a multi-year plan to achieve compliance with the 50 Percent Law pursuant to Title 5 §59213 to the State Chancellor's Office on June 30, 2025.

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2025**

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This section presents findings and questioned costs identified in prior year audit related to financial statements, federal awards and state awards compliance.

**FINDING #2024-001: STATE COMPLIANCE – SALARIES OF CLASSROOM INSTRUCTORS (50 PERCENT LAW) (30000)**

**Criteria**

*Education Code* Section 84362, commonly known as the 50 Percent Law, requires that a minimum of 50 percent of the district's Current Expense of Education (CEE) be expended during each fiscal year for "Salaries of Classroom Instructors."

**Condition**

The District failed to meet the required 50 percent minimum.

**Effect**

Less than 50 percent of the District's Current Expense of Education (CEE) was expended for salaries of classroom instructors, thereby the District is not in compliance with *Education Code* Section 84362.

**Cause**

The District expended more on non-instructional costs than instructional costs in the Current Expense of Education.

**Fiscal Impact**

None. The District is primarily funded from property taxes.

**Recommendation**

The District should come into compliance with the 50 Percent Law by expending a higher amount of the District's CEE for salaries of classroom instructors, or by reducing non- instructional costs.

**Views of Responsible Officials**

As a matter of background, the Fifty-Percent Law was enacted in 1961. The mode of instruction and higher education, in general, has drastically changed over the last 63 years, including but not limited to:

- the establishment of academic senates, participatory governance, and collective bargaining;
- heightened focus on in-classroom supports for distance education, technology, open-educational resources, and smart classrooms; and
- the implementation of a variety of student success initiatives designed to support the ever-increasing diverse student needs to provide better access, persistence, and achievement with a focus on equity and basic needs.



**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2025**

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**FINDING #2024-001: STATE COMPLIANCE – SALARIES OF CLASSROOM INSTRUCTORS (50 PERCENT LAW) (30000), continued**

**Views of Responsible Officials, continued**

Additionally, the district is under increased pressure to comply with a variety of compliance initiatives such as:

- Equal Employment Opportunities
- Diversity, Equity, Inclusion, and Access (DEIA)
- Title IX regulations
- Financial aid fraud prevention
- Workplace violence prevention and other safety measures
- Corrective action plans as recommended by the district's internal performance auditor

The District prides itself for offering fair and equitable compensation, staff housing, tuition reimbursement, and generous professional development opportunities for faculty and staff while annually exceeding the FON by a large margin (e.g., Fall 2023 was 130.1 FTEF over the obligation) and consistently outperforming the majority of other districts in relation to the 75/25 Goal (e.g., the prior three-year average was 69%). Moreover, the district's strategic plan incorporates many "student-first" initiatives that support students, which based upon the current definition of the statute, are primarily considered non-instructional. The afore-mentioned has resulted in significant additional resources allocated to meet these initiatives – many of which fall on what is commonly referred to as the "wrong side" of the equation.

These resources are predominantly personnel-related that offer much-needed student-centric services to ensure the success of the students served by the district. This has ultimately resulted in the district's unrestricted general fund non-instructional headcount increasing while simultaneously experiencing significant enrollment declines.

Despite this, the district has implemented several strategies in an effort to comply with the Fifty-Percent Law while also continuing to provide the robust supports needed for students to be successful in this era. These strategies include, but are not limited to, the following:

- The district allocated \$.7 million on-going to convert part-time faculty to full-time faculty in 2020-21.
- The district allocated \$.6 million on-going to increase part-time faculty parity in 2020-21.
- The district allocated an additional \$1.5 million on-going to increase part-time faculty parity in 2021-22.
- The State allocated \$1.5 million on-going to increase the number of full-time faculty in 2021-22.
- Over the past couple years, the district has reduced its administrative overhead by decreasing the number of vice-chancellors from seven to two.
- Effective 2022-23, the district negotiated a new salary schedule with the faculty union to mirror the full-time faculty schedule in an effort to better define and achieve parity with both parties continued commitment to negotiate in good faith to reach agreed-upon parity goals.
- The district negotiated a 22.5% cost-of-living adjustment spread over three years for instructional part-time faculty towards parity goals, while classified staff, non-instructional part-time faculty, and full-time faculty received 15%; administrators received 13% during the same period; and the chancellor will receive 0% over the next three years.

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2025**

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**FINDING #2024-001: STATE COMPLIANCE – SALARIES OF CLASSROOM INSTRUCTORS (50 PERCENT LAW) (30000), continued**

**Views of Responsible Officials, continued**

- The district engages in regular conversations with the colleges about the supplementary guidance provided by the State Chancellor's Office pertaining to "Fine Tuning Your 50% Law Equation" found on their website.
- The district hired an independent subject-matter expert to review and analyze its lack of compliance with the 50% Law and to provide recommendations, which it has implemented.
- The district has negotiated part-time faculty employer-paid health and welfare benefits effective July 1, 2024.
- The district has revised its resource allocation model effective 2024-25, which should assist towards compliance.
- The district is prioritizing the exploration of strategies to right-size its workforce to better match enrollment trends.

The district closely monitors spending and the requirements of the Fifty-Percent Law and has proactively evaluated and continues to evaluate resources and spending options within its control (e.g., the disparate employer cost increases between STRS and PERS, is outside of the district's control and have posed a significant headwind on the district's ability to comply). Recent decisions demonstrate the district's current administration's commitment to reducing the compliance gap while not reducing much-needed student supports. As a result, compliance increased by .63% from 40.47% in 2022-23 to 41.10% in 2023-24.

The district strives to balance an antiquated regulation against the ever-increasing number of costly external mandates; the district's "student first" strategic plan, which recognizes the importance of non-instructional support; and the alignment with the Chancellor's Office's Vision for Success designed to advance student success and completion. It would be antithetical to the district's mission and indeed the mission of the entire system to stop allocating resources to support students to ensure they are successful inside and outside of the classroom. It is clear that the operating model for community colleges has changed significantly since the implementation of the Fifty-Percent Law over 60 years ago, as have the needs of the modern-day students that the district serves.

The district appreciates the opportunity to actively participate and advance meaningful statewide discussions on *Education Code* Section 84362 and *California Code of Regulations* Section 59204 given its stated goal for increased accountability and "radical" transparency. The district will continue to make every possible effort to comply with the Fifty Percent Law without impeding the district's "student-first" philosophy.

**Current Status**

See finding #2025-001.