Financial Statements
June 30, 2025

Santa Monica Community College District

Eide Bailly

Independent Auditor's Report

To the Board of Trustees
Santa Monica Community College District
Santa Monica, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and fiduciary activities of Santa Monica Community College District (the District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and fiduciary activities of Santa Monica Community College District, as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Adoption of New Accounting Standard

As discussed in Note 2 and Note 12 to the financial statements, the District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences,* for the year ended June 30, 2025. Accordingly, a restatement has been made to the business-type activities net position as of July 1, 2024 to restate beginning net position. Our opinions are not modified with respect to this matter.

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Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 19 and other required supplementary schedules as listed in the table of contents on pages 71 through 80 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information, including the Schedule of Expenditures of Federal Awards, as required by the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements*, *Cost Principles*, *and Audit Requirements for Federal Awards* (Uniform Guidance), and other supplementary information listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the Schedule of Expenditures of Federal Awards and other supplementary information listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2026 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Eide Bailly LLP

Ontario, California
January 23, 2026

INTRODUCTION

The following discussion and analysis provides an overview of the financial position and activities of the Santa Monica Community College District (the District) for the year ended June 30, 2025. This discussion has been prepared by management and should be read in conjunction with the financial statements and notes thereto which follow this section.

The Santa Monica Community College District's financial statements are presented in accordance with Governmental Accounting Standards Board (GASB) Statements No. 34 and 35 using the Business Type Activity (BTA) model. The California Community Colleges Chancellor's Office (CCCCO), through its Fiscal Standards and Accountability Committee, recommended that all community college districts use the reporting standards under the BTA model. To comply with the recommendation of the Chancellor's Office and to report in a manner consistent with other California community college districts, the District has adopted the BTA reporting model for its financial statements.

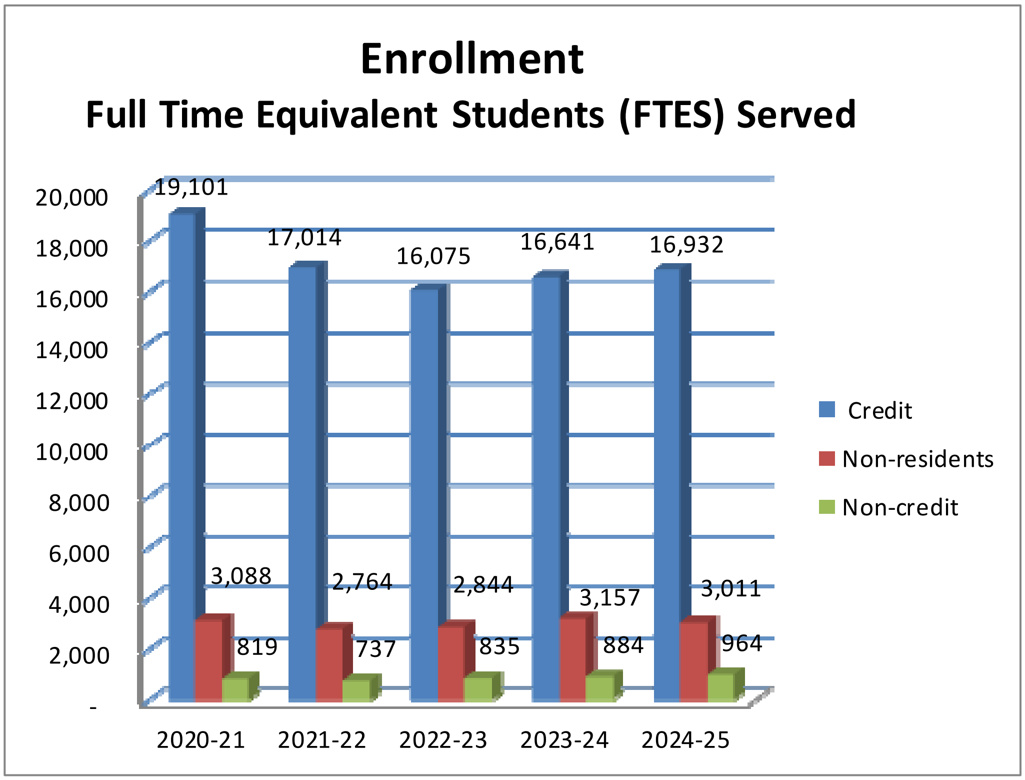
Prior year data is presented in Management's Discussion and Analysis to afford a comparative analysis of data.

Santa Monica Community College District is the preeminent educational, cultural, and economic development institution in the City of Santa Monica. The District offers programs of the highest quality for residents of Santa Monica, Malibu, and any students who continue with their higher education studies. The District offers programs of remediation and reentry; provides exemplary programs for seniors; offers cultural and arts programs of national distinction; delivers programs of exceptional depth in professional training, job training and workforce development; and provides fee-based community service programs of personal interest.

SELECTED HIGHLIGHTS

- The District's primary funding sources are State Apportionment, received from the State of California, and fees generated by serving non-resident students. The primary of both of these funding sources is how many Full-Time Equivalent Students (FTES) the District serves. During 2024-2025, total FTES reported increased from 20,682 in the prior year to 20,913 (approximately 1.1%).

- The following table reflects historical FTES served by the District.



- The funding formula to determine the Apportionment allocation for each District is the Student-Centered Funding Formula (SCFF). The SCFF calculates Apportionment to be distributed to three main factors: base allocation (enrollment) - 70%, supplemental allocation (number of students receiving financial aid) – 20%, and the student success allocation (number of student success outcome achieved) – 10%. The original SCFF legislation contained a hold harmless provision that stated that through the 2021-2022 fiscal year, Districts will be funded at either the amount calculated under SCFF or at an amount calculated at the 2017-2018 funding level, plus COLA, whichever is greater. The State's 2022-2023 Enacted Budget includes a modified hold harmless provision where starting in 2025-2026, Districts would continue to receive funding at the greater of the 2024-2025 calculated amount, referred to as the "funding floor" without further COLA increases, or the amount calculated under the SCFF. For 2025-2026, the District's total computational revenue will be lower than the funding floor. As such, the District will not be receiving the COLA increase approved in the 2025-2026 State Budget of 2.3% or $3,881,028.

- As reported to the State Chancellor's Office on the Annual Financial and Budget Report (CCFS-311), the District ended the 2024-2025 fiscal year with an Unrestricted General Fund balance of $23,529,795 or 10.05% of total expenditures and transfers. This represents a $3,624,166 decrease in fund balance from the prior year.

- During 2024-2025, the District continued to make significant progress on general obligation bond funded construction projects. First, the Math and Science Building project located on the Main Campus reached completion and was open for classes in Spring 2025. Second, the construction of the new Art Complex project, which started in October 2023, is nearly 70% complete and completion is expected by March 2026. Third, the Gender-Neutral Restroom Building project on the Main Campus is under construction with a target completion date of December 2026. Other projects in progress include the Tennis & Pickle Ball Athletic Facility at Bundy Campus and small renovations at Corsair Field and Stadium.

- On November 8, 2022, the District's voters successfully passed Measure SMC allowing for the issuance of $375 Million in general obligation bonds. As of June 30, 2025, the District has not issued any bond under Measure SMC.

STATEMENT OF NET POSITION

The Statement of Net Position presents the assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position of the District as of the end of the fiscal year and is prepared using the accrual basis of accounting, which is similar to the accounting basis used by most private-sector organizations. The Statement of Net Position is a point-of-time financial statement whose purpose is to present to the readers a fiscal snapshot of the District.

From the data presented, readers of the Statement of Net Position are able to determine the assets available to continue the operations of the District. Readers are also able to determine how much the District owes vendors and employees. Finally, the Statement of Net Position provides a picture of the net position and their availability for expenditure by the District.

The difference between total assets and deferred outflows of resources, and total liabilities and deferred inflows of resources (net position) is one indicator of the current financial condition of the District; the change in net position is an indicator of whether the overall financial condition has improved or worsened during the year. Assets and liabilities are generally measured using current values. One notable exception is capital assets, which are stated at historical cost less accumulated depreciation and amortization.

The Net Position is divided into three major categories. The first category, net investment in capital assets, which is the equity amount in property, plant and equipment owned by the District. The second category, restricted net position, which is equity that must be spent for purposes as determined by external entities and/or donors that have placed time or purpose restrictions on the use. The final category, unrestricted net position, which is available to the District for any lawful purpose of the District.

The Statement of Net Position as of June 30, 2025 and June 30, 2024 are summarized below:

	2025	2024*	Change
Assets			
Cash, cash equivalents, and investments	$ 336,645,206	$ 365,316,929	$ (28,671,723)
Accounts receivable	16,292,778	24,919,425	(8,626,647)
Other current assets	2,322,701	3,443,886	(1,121,185)
Capital assets, net	750,428,706	756,051,228	(5,622,522)
Total assets	1,105,689,391	1,149,731,468	(44,042,077)
Deferred Outflows of Resources	111,767,702	129,344,642	(17,576,940)
Liabilities			
Accounts payable and accrued liabilities	77,425,464	102,673,117	(25,247,653)
Current portion of long-term liabilities	42,442,184	33,076,205	9,365,979
Noncurrent portion of long-term liabilities	1,107,069,488	1,130,825,447	(23,755,959)
Total liabilities	1,226,937,136	1,266,574,769	(39,637,633)
Deferred Inflows of Resources	53,167,701	53,519,303	(351,602)
Net Position (Deficit)			
Net investment in capital assets	239,189,292	234,670,529	4,518,763
Restricted	69,723,997	67,507,758	2,216,239
Unrestricted deficit	(371,561,033)	(343,196,249)	(28,364,784)
Total net position (deficit)	$ (62,647,744)	$ (41,017,962)	$ (21,629,782)

* Amounts have not been restated for the effects of the implementation of GASB Statement No. 101. See Note 12 for further information.

- Approximately 92.4% of the cash, cash equivalents, and investments balance is deposited with or in the process of being transferred to, the Los Angeles County Investment Pool. The remaining balance consists of deposits with various financial institutions.

  Cash, cash equivalents, and investments decreased primarily due to increases in expenditures and construction project expenses.

- Capital assets, net of accumulated depreciation and amortization, decreased due to the depreciation of construction projects placed into service in the current year. Refer to the "Capital Asset" and "Long-term Liabilities" portion of the Management Discussion and Analysis for further details.

- Deferred outflows of resources related to pensions decreased primarily due to the District's proportionate share of the pension plans, as well as changes of assumptions and differences between the projected and actual earnings for CalSTRS and CalPERS.

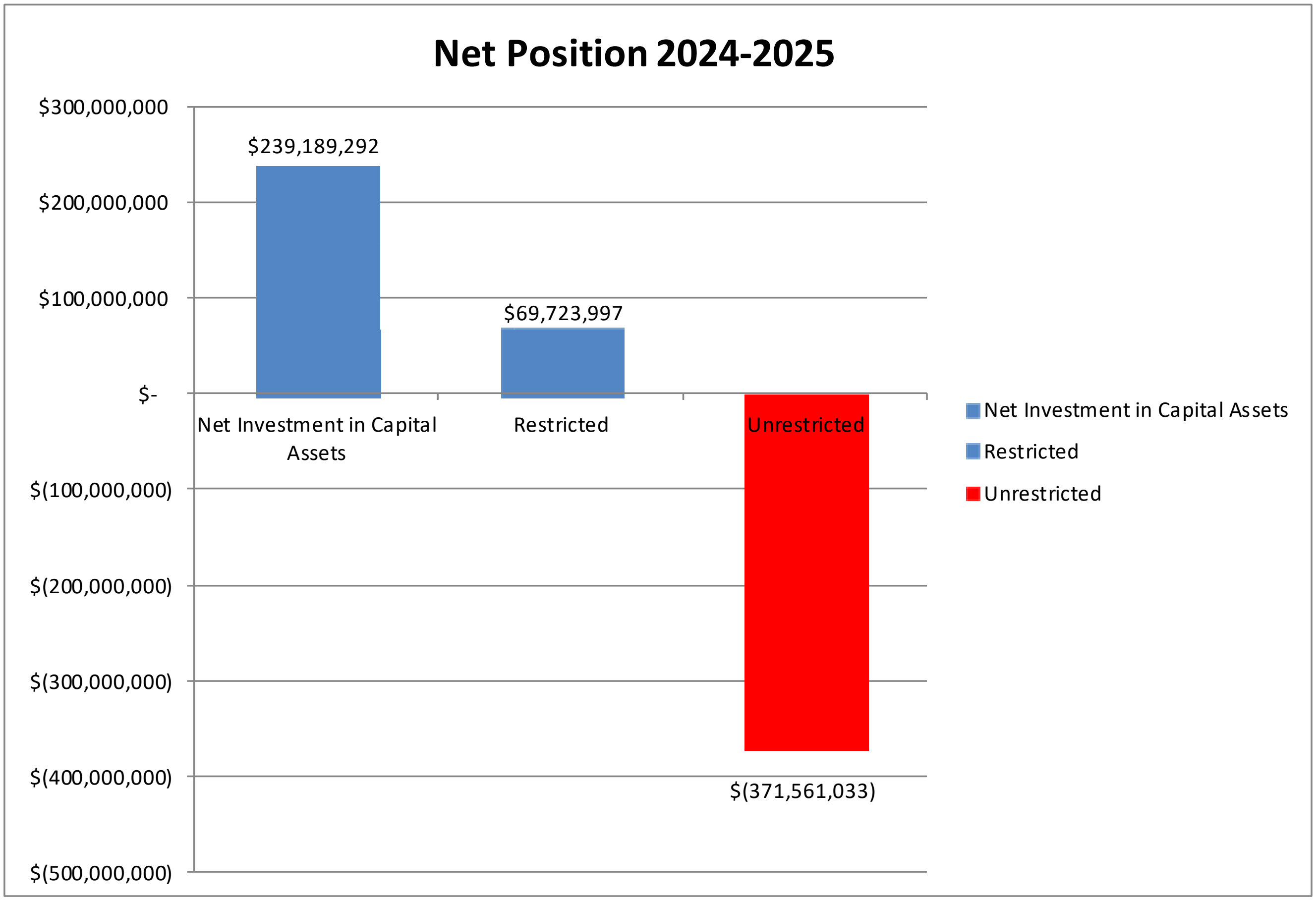
- Accounts payable and accrued liabilities decreased primarily related to reduction of unspent grant monies and return of unspent funds for Learning Aligned Employment Program (LEAP) that were booked as liabilities in 2023-2024.

- Noncurrent portion of long-term liabilities decreased as a result of a decrease in pension liabilities due to the Statewide actuarial reports at June 30, a decrease in the OPEB liabilities, a decrease in General Obligations bonds for scheduled debt service payments, offset by an increase in compensated absences as a result of the adoption of GASB 101.

- In 2014-2015, the District implemented GASB Statements No. 68 and No. 71, which were issued with the "primary objective to improve accounting and financial reporting by State and local governments for pensions." The statement requires the District to reflect on the financial statements its proportional share of the Statewide pension funds' unfunded liability, CalSTRS and CalPERS, by recording deferred outflows of resources, net pension liability, and deferred inflows of resources. Deferred outflows of resources represent contributions made during the fiscal year that are removed from expenses and are recorded as deferred outflows of resources. This amount will be recognized as a reduction of the net pension liability in the subsequent year. The liability of employers and non-employers contributing to employees for benefits provided through a defined benefit pension plan is recorded as net pension obligation. Deferred inflows of resources represent an acquisition of net assets by the District that is applicable to a future reporting period. The deferred inflows of resources result from the difference between the estimated and actual return on pension plan investments. This amount is deferred and amortized over five years.

Net Pension Liability is categorized as follows:

Santa Monica College Net Pension Liability	
Pension Fund	**Net Liability**
CalSTRS	**$79,330,896**
CalPERS	**$97,300,957**
CalPERS Safety	**$6,208,339**
Total	**$182,840,192**



STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION

Net position as presented on the Statement of Net Position is based on the activities presented in the Statement of Revenues, Expenses, and Change in Net Position. The purpose of this statement is to present the operating and non-operating revenues earned (whether received or not) by the District, the operating and non-operating expenses incurred (whether paid or not) by the District, and any other revenues, expenses, gains and/or losses earned or incurred by the District. Thus, this Statement represents the net results of the District's operations. Generally, operating revenues are earned for providing goods and services to the various customers and constituencies of the District. Operating expenses are those expenses incurred to acquire or produce the goods and services to fulfill the mission of the District. Non-operating revenues are those received or pledged for which goods and services are not provided. For example, State appropriations are non-operating because they are provided by the legislature to the District without the legislature directly receiving commensurate goods and services for those revenues.

A comparison between fiscal years 2024-2025 and 2023-2024 is provided on the following page.

The Statement of Revenues, Expenses and Changes in Net Position for the years ended June 30, 2025 and June 30, 2024 are summarized below:

	2025	2024*	Change
Operating Revenues			
Tuition and fees, net	$ 51,415,336	$ 47,000,684	$ 4,414,652
Grants and contracts, noncapital	38,779,124	36,570,066	2,209,058
Auxiliary sales and charges	1,910,350	1,952,967	(42,617)
Total operating revenues	92,104,810	85,523,717	6,581,093
Operating Expenses			
Salaries and benefits	249,154,787	245,781,303	3,373,484
Supplies, services, equipment, and maintenance	43,905,312	42,995,495	909,817
Student financial aid	60,802,766	50,256,137	10,546,629
Depreciation and amortization	33,103,003	33,016,027	86,976
Total operating expenses	386,965,868	372,048,962	14,916,906
Operating loss	(294,861,058)	(286,525,245)	(8,335,813)
Nonoperating Revenues (Expenses)			
State apportionments, noncapital	116,932,966	118,319,011	(1,386,045)
Property taxes	92,046,404	95,120,742	(3,074,338)
Student financial aid grants	59,759,274	49,057,389	10,701,885
State taxes and other revenues	20,288,592	15,217,561	5,071,031
Net interest expense	(11,103,787)	(9,002,916)	(2,100,871)
Other nonoperating revenues	13,536,606	11,187,756	2,348,850
Total nonoperating revenues (expenses)	291,460,055	279,899,543	11,560,512
Other Revenues			
State and local capital income	7,444,085	19,318,196	(11,874,111)
Change in net position (deficit)	$ 4,043,082	$ 12,692,494	$ (8,649,412)

* Expenses for the year ended June 30, 2024 were not restated for the effects of the implementation of GASB Statement No. 101. See Note 12 for further information.

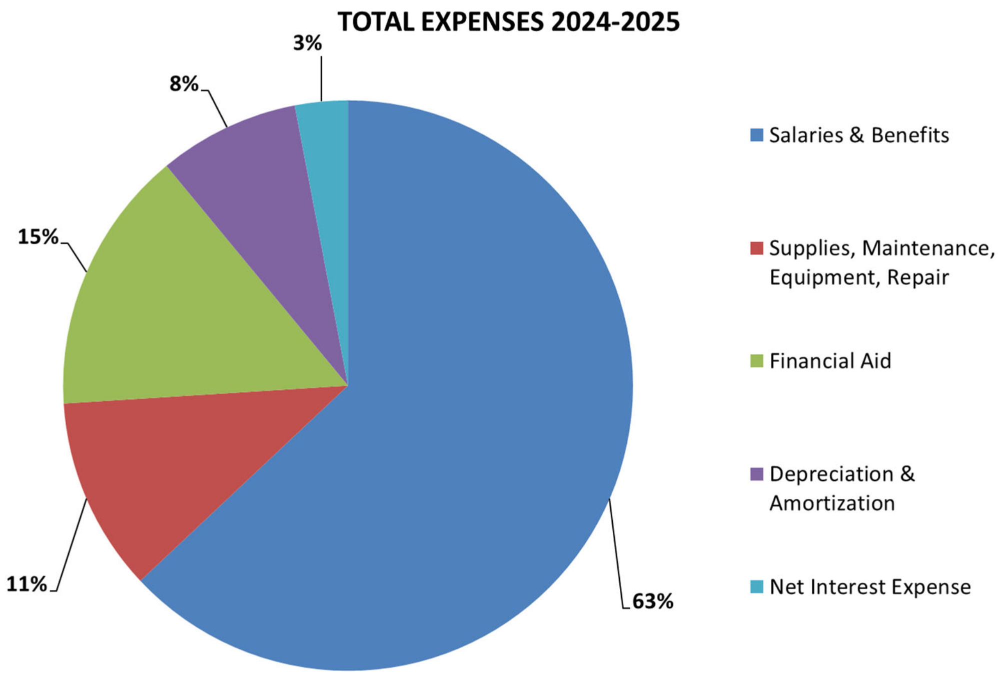
- Tuition and fees increased primarily due to the increase in non-resident tuition.

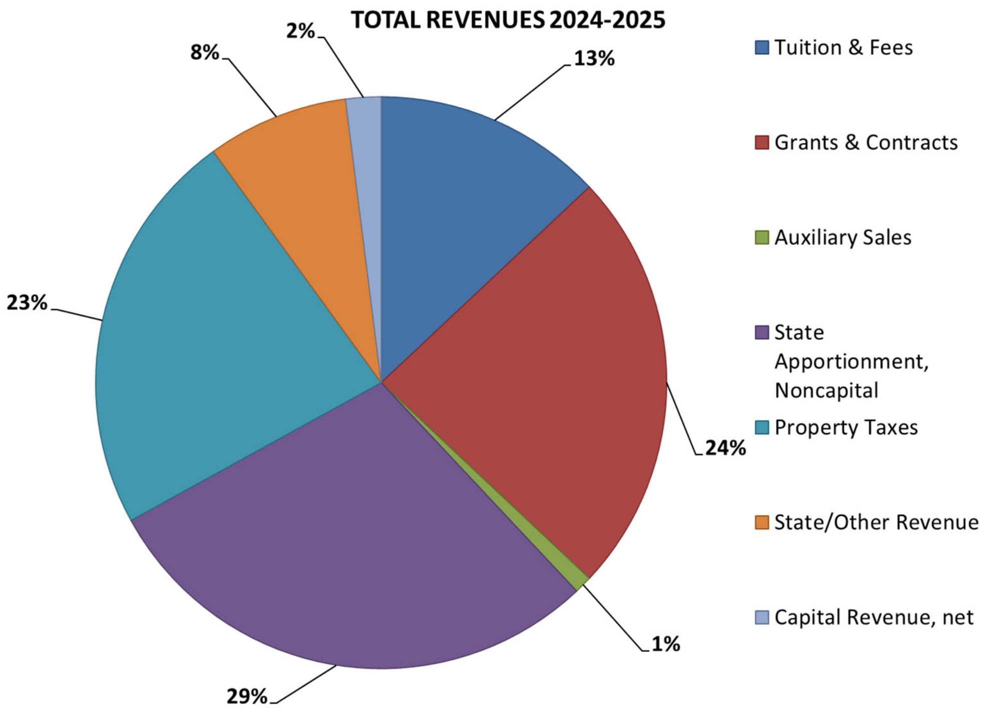
- Total salaries and benefit expense increased primarily due to salary increases for step and longevity for all employee groups.

- Services and maintenance expenditures increased primarily due to an increase in utilities costs, insurance costs and expenditures related to increasing on-ground instruction and activities.

- Net interest expense increased primarily due to the change in fair market value.

The following charts reflect the revenue and expenditures of all funds combined:





STATEMENT OF FUNCTIONAL EXPENSE

Operating expenses are reported by natural classification in the Statement of Revenues, Expenses, and Changes in Net Position. A schedule of expenses by function is shown below:

	Salaries	Employee Benefits	Supplies, Materials, Equipment, and Other Expenses and Services	Student Financial Aid	Depreciation and Amortization	Total
Instructional activities	$ 76,479,555	$ 29,907,251	$ 1,418,468	$ -	$ -	$107,805,274
Academic support	11,419,716	4,043,914	334,000	-	-	15,797,630
Student services	41,091,091	15,138,116	7,067,755	-	-	63,296,962
Plant operations and maintenance	8,552,711	5,086,033	5,510,076	-	-	19,148,820
Instructional support services	25,017,006	20,134,714	6,899,070	-	-	52,050,790
Community services and economic development	1,517,135	666,791	793,684	-	-	2,977,610
Ancillary services and auxiliary operations	6,568,971	2,595,856	3,751,965	124,209	-	13,041,001
Student aid	-	-	-	60,678,557	-	60,678,557
Physical property and related acquisitions	651,224	284,703	18,130,294	-	-	19,066,221
Unallocated depreciation and amortization	-	-	-	-	33,103,003	33,103,003
Total	$171,297,409	$ 77,857,378	$ 43,905,312	$ 60,802,766	$ 33,103,003	$386,965,868

STATEMENT OF CASH FLOWS

The Statement of Cash Flows provides information about cash receipts and cash payments during the fiscal year. This statement also helps users assess the District's ability to generate positive cash flows, meet obligations as they come due and the need for external financing.

The Statement of Cash Flows is divided into five parts. The first part reflects operating cash flows and shows the net cash used by the operating activities of the District. The second part details cash received for non-operating, non-investing and non-capital financing purposes. The third part shows cash flows from capital and related financing activities. This part reflects the cash used for the acquisition and construction of capital and related items. The fourth part provides information from investing activities and the amount of interest received. The last section reconciles the net cash used by operating activities to the operating loss reflected on the Statement of Revenues, Expenses, and Changes in Net Position located on page 21 of the financial statements.

	2025	2024*	Change
Net Cash Flows from			
Operating activities	$ (257,491,652)	$ (239,877,974)	$ (17,613,678)
Noncapital financing activities	232,275,802	225,282,484	6,993,318
Capital financing activities	(20,511,046)	(34,620,949)	14,109,903
Investing activities	17,055,173	17,543,971	(488,798)
Change in Cash and Cash Equivalents	(28,671,723)	(31,672,468)	3,000,745
Cash and Cash Equivalents, Beginning of Year	365,316,929	396,989,397	(31,672,468)
Cash and Cash Equivalents, End of Year	$ 336,645,206	$ 365,316,929	$ (28,671,723)

* Cash flows from operating activities for the year ended June 30, 2024 were not restated for the effects of the implementation of GASB Statement No. 101. See Note 12 for further information.

- Cash receipts from operating activities are from student tuition, Federal, State, and Local grants and contracts, and auxiliary operation sales. Uses of cash from operating activities consist of payments to employees, vendors and students.

- Non-capital financing activities represent cash receipts from State apportionment, property taxes, State taxes, other State revenue and grants and gifts for other than capital purposes.

- Cash flows from capital and related financing activities represent local revenue for capital purposes, tax revenue for payment of capital debt, purchase of capital assets and principal and interest payments on capital debt.

- Cash from investing activities includes interest earnings through the Los Angeles County Investment Pool and other investment activity.

DISTRICT'S FIDUCIARY RESPONSIBILITY

The District is the trustee or fiduciary for certain amounts held in trust for retiree OPEB benefits. The District's fiduciary activities are reported in a separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position. These activities are excluded from the District's other financial statements because the District cannot use these assets to finance operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Capital Assets

As of June 30, 2025, the District has governmental capital assets of $1.1 billion, consisting of land, buildings and building improvements, construction in progress, vehicles, office and instructional equipment, right-to-use leased assets with an accumulated depreciation and amortization of $338.4 million for net governmental capital assets. Net additions to capital assets in 2024-2025 consisted mainly of site improvements and construction in progress as a result of the passage of Measure AA and Measure V. The following major projects added significantly to the capital assets of the District in the form of site improvements and construction in process: New Art Complex; and Math and Science Classroom Addition. It is important to recognize that all valuations are based on historical cost as required by generally accepted accounting principles (GAAP). For example, the 38 acres of the main campus would have a significantly greater value today than is reflected in the capital asset listing below.

Note 6 in the financial statements provides additional information on capital assets. A summary of capital assets is presented below.

	Balance, July 1, 2024	Additions	Deductions	Balance, June 30, 2025
Capital Assets				
Land and construction in progress	$ 239,035,605	$ 26,367,490	$ (3,569,327)	$ 261,833,768
Buildings and improvements	764,922,324	3,539,693	-	768,462,017
Furniture and equipment	38,716,716	1,142,625	-	39,859,341
Right-to-use leased land improvements	18,658,798	-	-	18,658,798
Right-to-use leased building and improvements	195,978	-	(195,978)	-
Subtotal capital assets	1,061,529,421	31,049,808	(3,765,305)	1,088,813,924
Accumulated depreciation and amortization	(305,478,193)	(33,103,003)	195,978	(338,385,218)
Total capital assets, net	$ 756,051,228	$ (2,053,195)	$ (3,569,327)	$ 750,428,706

Long-Term Liabilities

At June 30, 2025, the District had approximately $1.1 billion in long-term liabilities: $49.7 million from compensated absences, $167.6 million from GASB Statement No. 75, other postemployment healthcare benefit liability, $731.6 million from General Obligation Bonds, $17.7 million from GASB 87 leases, and $182.8 million from GASB Statements No. 68 and No. 71, pension liability.

The General Obligation Bonds were issued to fund various projects related to construction, purchase and renovation of instructional facilities, laboratories, centers, administrative facilities and parking structures. Debt payments on the bonds will be funded through property tax receipts collected over the term of the bonds.

Notes 7, 8, and 10 in the financial statements provide additional information on long-term liabilities. A summary of long-term liabilities is presented below.

	2025	2024*	Net Change
General obligation bonds	$ 731,644,875	$ 760,771,238	$ (29,126,363)
Aggregate net OPEB liability	167,566,774	168,376,918	(810,144)
Aggregate net pension liability	182,840,192	196,218,682	(13,378,490)
Leases	17,732,121	18,037,589	(305,468)
Compensated absences	49,727,710	19,221,488	30,506,222
Supplemental employee retirement plan	-	1,275,737	(1,275,737)
Total long-term liabilities	$ 1,149,511,672	$ 1,163,901,652	$ (14,389,980)
Amount due within one year	$ 42,442,184	$ 33,076,205	$ 9,365,979

*Amounts have not been restated for the effects of the implementation of GASB Statement No. 101. See Note 12 for further information.

BUDGET FOR THE FUTURE – UNRESTRICTED GENERAL FUND – 2025-2026

In this section, the District highlights some of the major budgetary assumptions presented in the 2025-2026 Adopted Budget to assist the reader in understanding the long-term fiscal stability of the Institution.

Student-Centered Funding Formula

In 2018-2019, the State adopted the Student-Centered Funding Formula (SCFF), the methodology the State will use to allocate funding to community college districts. The formula calculates funding based on three main factors: Base Allocation (enrollment) – 70%, Supplemental Allocation (number of low-income students served measured by financial aid distribution) – 20% and Student Success (number of student success outcomes achieved) – 10%. The original SCFF legislation contained a hold harmless provision which stated that through the 2021-2022 fiscal year districts will be funded at either the amount calculated under SCFF or at an amount calculated at the 2017-2018 funding level, plus COLA, whichever is greater. The Governor's 2022-2023 Enacted Budget includes a modified hold harmless provision where starting 2025-2026, Districts would continue to receive funding at the greater of the 2024-2025, referred to as the "funding floor" without further COLA increases, or the amount calculated under the SCFF.

For 2025-2026 Adopted Budget, the District's total computational revenue will be lower than the funding floor. As such, the District will not be receiving the COLA increase approved in the 2025-2026 State Budget of 2.3%, or $3,881,028.

Linking Budget and Planning

The District Planning and Advisory Council (DPAC) is the District's primary planning body and is responsible for developing the annual Master Plan for Education Update, overseeing long-term planning efforts, reviewing the Vision, Mission, Values and Goals, assessing the College planning process and developing new Strategic Initiatives.

For 2025-2026, the following Action Plans were developed by DPAC and have been approved by the Superintendent/President to be included in the Proposed Adopted Budget:

Develop a Climate Action Plan

Budget: $13,000

Purpose/Goal of Action Plan: The Climate Action Plan shall establish a framework for achieving the climate and sustainability goals that the college and Chancellor's office have committed to, and that state and local laws require. The plan will also help the District to reduce costs, improve building occupant comfort, reduce liabilities, decrease equity gaps, address student's basic needs, provide environmental literacy, and drive enrollment. Flexibility within the plan will allow departments to choose the pace and actions they will take to meet goals and laws, and will provide for unforeseen changes, while maintaining integrity of the proposal's visions and goals. The plan will include the need for an Integrated Energy Master Plan and staff to achieve goals.

Campus Safety – Conduct a Comprehensive College-wide Safety Audit to Create a Strong Campus Safety Culture.

Budget: $10,000 Unrestricted General Fund and $25,000 Capital Outlay Fund

Purpose/Goal of Action Plan: The Campus Safety plan shall conduct a comprehensive college-wide safety audit to create a strong campus safety culture. The audit is essential for enhancing campus safety and will foster a proactive safety culture which includes key initiatives on target safety training, improved emergency communications, clear safety framework, tabletop exercises, continuous training, safety culture and date drive improvement.

Additional information regarding the District Planning and Advisory Council and the Annual Action Plans for 2025-2026 can be found at:
https://admin.smc.edu/administration/governance/district-planning-policies/dpac-members-reports.php

Major Assumptions

The major revenue assumptions include a one-time reimbursement for prior years' cost of maintenance and operations from KCRW Foundation of $1,195,141, projected lower interest <$491,040>, lower reimbursement for Part-time Faculty Office Hours due to a change in reimbursement percentage from 90% to 32% of claim and reduction in hourly instruction <$2,802,100>. Additionally, funding from the Recovery Block Grant for student fee forgiveness was included in previous years, and for fiscal year 2025-2026, cash received was for the prior year receivable resulting in lower revenue of <$3,393,130>. The net effect of all changes in revenues has resulted in a projected increase in total revenues of $5,445,233 or 2.36% from the prior-year actuals.

The major expenditure assumptions include projected increases related to step and longevity increases of $1,583,310, current employee and retiree health and welfare benefits of $2,335,002, inclusion of vacancy list of 13 positions vital to ongoing operations and student success of $562,966, insurance and utilities increases of $590,158, reduction in hourly instruction and non-instruction of <$611,808>, ending of the SRP incentive payment <$1,390,407> and full-year effect of hiring and termination <$3,145,877>. The net effect of all changes in expenditures has resulted in a projected increase in total expenditures of approximately $1,016,590 or 0.43% compared with prior year actuals. The breakdown of expenditures is as follows: 91.1% on salaries and benefits, 4.6% on contracts and services, 3.9% insurance and utilities, 0.3% on supplies, and 0.1% on transfers/financial aid.

The net effect of the projected changes in revenue and expenditures will result in a projected structural deficit of <$11,539,465> and projected operating deficit, including one-time items of <$10,085,989>, resulting in a projected ending Unrestricted General Fund Balance of $13,443,806 including designated reserves, or 5.72% of total expenditures and transfers.

Closing

In light of the changes and challenges at both the Local and State level, the District needs to be mindful of keeping its reserves at a level that is financially sound in 2025-2026 and for future years. In order to explore new and innovative ideas that can help to ensure a fiscally sound reserve, while maintaining the Board budgeting principles, the District is actively engaged in the budget planning through a shared governance process. This process, along with the District's enrollment management and revenue generating efforts, should allow the District to maintain a fund balance that is financially sound.

CONTACT THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact Christopher M. Bonvenuto, Vice President of Business and Administration via phone by calling (310) 434-4000 or by email at businessservices@smc.edu.

Assets	
Cash and cash equivalents	$ 25,638,649
Investments	311,006,557
Accounts receivable	16,292,778
Prepaid expenses	1,757,337
Inventories	565,364
Capital assets not being depreciated or amortized	261,833,768
Capital assets, net of accumulated depreciation and amortization	488,594,938
Total assets	1,105,689,391
Deferred Outflows of Resources	
Deferred outflows of resources related to debt refunding	22,850,039
Deferred outflows of resources related to OPEB	25,150,205
Deferred outflows of resources related to pensions	63,767,458
Total deferred outflows of resources	111,767,702
Liabilities	
Accounts payable	29,081,623
Accrued interest payable	9,798,400
Unearned revenue	38,545,441
Long-term liabilities	
Long-term liabilities other than OPEB and pensions, due within one year	42,442,184
Long-term liabilities other than OPEB and pensions, due in more than one year	756,662,522
Aggregate net other postemployment benefits (OPEB) liability	167,566,774
Aggregate net pension liability	182,840,192
Total liabilities	1,226,937,136
Deferred Inflows of Resources	
Deferred inflows of resources related to OPEB	31,721,881
Deferred inflows of resources related to pensions	21,445,820
Total deferred inflows of resources	53,167,701
Net Position (Deficit)	
Net investment in capital assets	239,189,292
Restricted for	
Debt service	37,194,659
Capital projects	13,781,822
Educational programs	14,779,827
Other activities	3,967,689
Unrestricted deficit	(371,561,033)
Total net position (deficit)	$ (62,647,744)

Operating Revenues	
Tuition and fees	$ 63,734,826
Less: Scholarship discounts and allowances	(12,319,490)
Net tuition and fees	51,415,336
Grants and contracts, noncapital	
Federal	4,442,539
State	32,696,795
Local	1,639,790
Total grants and contracts, noncapital	38,779,124
Auxiliary enterprise sales and charges	
Bookstore	1,910,350
Total operating revenues	92,104,810
Operating Expenses	
Salaries	171,297,409
Employee benefits	77,857,378
Supplies, materials, and other operating expenses and services	40,408,113
Student financial aid	60,802,766
Equipment, maintenance, and repairs	3,497,199
Depreciation and amortization	33,103,003
Total operating expenses	386,965,868
Operating Loss	(294,861,058)
Nonoperating Revenues (Expenses)	
State apportionments, noncapital	116,932,966
Local property taxes, levied for general purposes	40,780,140
Taxes levied for other specific purposes	51,266,264
Federal and State financial aid grants	59,759,274
State taxes and other revenues	20,288,592
Investment income, net	16,144,159
Interest expense on capital related debt	(28,234,592)
Investment income on capital asset-related debt, net	986,646
Other nonoperating revenues	13,536,606
Total nonoperating revenues (expenses)	291,460,055
Loss Before Other Revenues	(3,401,003)
Other Revenues	
State revenues, capital	5,083,189
Local revenues, capital	2,360,896
Total other revenues	7,444,085
Change In Net Position (Deficit)	4,043,082
Net Position (Deficit), Beginning of Year, as previously reported	(41,017,962)
Adjustment (Note 12)	(25,672,864)
Net Position (Deficit), Beginning of Year, as restated	(66,690,826)
Net Position (Deficit), End of Year	$ (62,647,744)

Operating Activities	
Tuition and fees	$ 51,255,451
Federal, state, and local grants and contracts, noncapital	38,916,760
Auxiliary sales	1,910,350
Payments to or on behalf of employees	(244,489,195)
Payments to vendors for supplies and services	(44,282,252)
Payments to students for scholarships and grants	(60,802,766)
Net cash flows from operating activities	(257,491,652)
Noncapital Financing Activities	
State apportionments	114,598,655
Federal and state financial aid grants	43,048,389
Property taxes - nondebt related	40,780,140
State taxes and other apportionments	20,192,944
Other nonoperating	13,655,674
Net cash flows from noncapital financing activities	232,275,802
Capital Financing Activities	
Purchase of capital assets	(23,764,399)
State revenue, capital	5,083,189
Local revenue, capital	2,360,896
Property taxes - related to capital debt	51,266,264
Principal paid on capital debt	(31,800,468)
Interest paid on capital debt	(24,643,174)
Interest received on capital asset-related debt	986,646
Net cash flows from capital financing activities	(20,511,046)
Investing Activities	
Change in fair market value of cash in county treasury	5,673,464
Interest received from investments	11,381,709
Net cash flows from investing activities	17,055,173
Change In Cash and Cash Equivalents	(28,671,723)
Cash and Cash Equivalents, Beginning of Year	365,316,929
Cash and Cash Equivalents, End of Year	$ 336,645,206

Reconciliation of Net Operating Loss to Net Cash Flows from Operating Activities	
Operating Loss	$ (294,861,058)
Adjustments to reconcile operating loss to net cash flows from operating activities	
Depreciation and amortization expense	33,103,003
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources	
Accounts receivable	(380,662)
Inventories	73,381
Prepaid expenses	1,047,804
Deferred outflows of resources related to OPEB	12,235,481
Deferred outflows of resources related to pensions	3,832,737
Accounts payable	(1,918,136)
Unearned revenue	358,413
Compensated absences	4,833,358
Supplemental employee retirement plan	(1,275,737)
Aggregate net OPEB liability	(810,144)
Aggregate net pension liability	(13,378,490)
Deferred inflows of resources related to OPEB	17,458
Deferred inflows of resources related to pensions	(369,060)
Total adjustments	37,369,406
Net cash flows from operating activities	$ (257,491,652)
Cash and Cash Equivalents Consist of the Following:	
Cash in banks	$ 25,638,649
Cash in county treasury	311,006,557
Total cash and cash equivalents	$ 336,645,206
Noncash Transactions	
Amortization of deferred outflows of resources related to debt refunding	$ 1,508,722
Amortization of debt premiums	$ 2,132,675
Accretion of interest on capital appreciation bonds	$ 4,501,312

	Retiree OPEB Trust
Assets	
Investments	$ 11,362,762
Net Position	
Restricted for postemployment benefits other than pensions	$ 11,362,762

	Retiree OPEB Trust
Additions	
District contributions	$ 6,275,431
Interest and Investment income	1,249,242
Total additions	7,524,673
Deductions	
Benefit payments	6,275,431
Administrative expenses	7,880
Total deductions	6,283,311
Change in Net Position	1,241,362
Net Position - Beginning of Year	10,121,400
Net Position - End of Year	$ 11,362,762

Note 1 - Organization

Santa Monica Community College District (the District) was established in 1929 as a political subdivision of the State of California and is a comprehensive, public, two-year institution offering educational services to residents of the surrounding area. The District operates under a locally elected seven-member Board of Trustees form of government, which establishes the policies and procedures 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 one college and several locations within Los Angeles County. While the District is a political subdivision of the State of California, it is legally separate and is independent of other State and local governments, and it is not a component unit of the State in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 61. The District is classified as a Public Educational Institution under *Internal Revenue Code* Section 115 and is, therefore, exempt from Federal taxes.

Financial Reporting Entity

The District has adopted accounting policies to determine whether certain organizations, for which the District is financially accountable, should be reported as component units based on the nature and significance of their relationship with the District, as defined by accounting principles generally accepted in the United States of America and established by the Governmental Accounting Standards Board (GASB). The District identified no component units that met the criteria listed above.

Based upon the application of the criteria listed above, the following three potential component units have been excluded from the District's reporting entity:

- Santa Monica College Foundation - The Foundation is a separate not-for-profit corporation created for the benefit of the District and its students and organized for educational purposes. The Board of Directors are elected by their own Board and independent of any District Board of Trustee's appointments. The Board is responsible for approving its own budget, accounting and finance related activities.

- KCRW Foundation - The Foundation is a separate not-for-profit corporation which has an affiliation in the District's KCRW-FM radio station. The Board of Directors are elected by their own Board and independent of any District Board of Trustee's appointments. The Board is responsible for approving its own budget, accounting and finance related activities.

- Madison Project Foundation - The Foundation is a separate not-for-profit corporation incorporated for the purpose of programming, presenting, and producing for the general public performances and productions for Madison Theatre. The Board of Directors are elected by their own Board and independent of any District Board of Trustee's appointments. The Board is responsible for approving its own budget, accounting and financial related activities.

Separate financial statements for the three foundations can be obtained through the District office.

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting

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

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. For the District, operating revenues consist primarily of student fees, noncapital grants and contracts, and auxiliary activities through the bookstore.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include State apportionments, property taxes, Federal and State grants, entitlements, and donations. Property tax revenue is recognized in the fiscal year received. State apportionment revenue is earned based upon criteria set forth from the California Community Colleges Chancellor's Office and includes reporting of full-time equivalent students (FTES) attendance. The corresponding apportionment revenue is recognized in the period the FTES are generated. Revenue from Federal and State grants and entitlements are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements may include time and/or purpose requirements.

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

Cash and Cash Equivalents

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

Investments

Investments are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value, including money market investments and participating interest-earning investment contracts with original maturities greater than one year, are stated at cost or amortized cost.

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

Accounts Receivable

Accounts receivables include amounts due from the Federal, State and/or local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the District's grants and contracts. Accounts receivable also consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff. The District does not record an allowance for uncollectible accounts because collectability of the receivables from such sources is probable. When receivables are determined to be uncollectible, a direct write-off is recorded.

Prepaid Expenses

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

Inventories

Inventories consist primarily of bookstore merchandise. Inventories are stated at cost, utilizing the weighted average method lower of cost or market. The cost is recorded as an expense as the inventory is consumed rather than when purchased.

Capital Assets, Depreciation, and Amortization

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

Depreciation is computed using the straight-line method with half-year conventions. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 50 years; improvements, 20 years; equipment, 10 years; vehicles, 8 years; and technology 5 years.

Right-to-use leased assets are recognized at the lease commencement date and represent the District's right to use an underlying asset for the lease term. Right-to-use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the leased asset into service. Right-to-use leased assets are amortized over the shorter of the lease term or useful life of the underlying asset using the straight-line method.

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

Compensated Absences

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

Sick leave is accumulated without limit for each employee based upon negotiated contracts. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are not paid for any sick leave balance at termination of employment or at any other time. Therefore, only the portion of accumulated sick leave that is more likely than not to be used by the employee for paid leave is recognized as a liability in the District's financial statements. Retirement credit for unused sick leave is applicable to all classified members who retire after January 1, 1999. At retirement, each member will receive 0.004 year of service credit for each day of unused sick leave. Retirement credit for unused sick leave is applicable to all academic employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full time. The portion of sick leave that is more likely than not to be settled through conversion to service credit for employee retirement plans is not included in the District's liability for compensated absences.

Debt Premiums

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

Deferred Outflows of Resources and Deferred Inflows of Resources

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

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

Lease Liabilities

Lease liabilities represent the District's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments expected to be made during the lease term. The present value of lease payments is discounted based on a borrowing rate determined by the District.

Pensions

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

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the aggregate net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District Plan and the CalSTRS Medicare Premium Payment (MPP) Program and additions to/deductions from the District Plan and the MPP's fiduciary net position have been determined on the same basis as they are reported by the District Plan and the MPP. For this purpose, the District Plan and the MPP recognize benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost. The aggregate net OPEB liability is funded through payments for benefits and is reported within the fund the employees' salaries are charged.

Unearned Revenue

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

Noncurrent Liabilities

Noncurrent liabilities include general obligation bonds, compensated absences, supplemental employee retirement plan, leases, aggregate net OPEB liability, and aggregate net pension liability with maturities greater than one year.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position related to net investment in capital assets consists of capital assets, net of accumulated depreciation and amortization, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. The District has related debt outstanding as of June 30, 2025. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The financial statements report $69,723,997 of restricted net position, and the fiduciary fund financial statements report $11,362,762 of restricted net position.

Operating and Nonoperating Revenues and Expenses

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

- **Operating revenues** - Operating revenues include activities that have the characteristics of exchange transactions such as tuition and fees, net of scholarship discounts and allowances, noncapital Federal, State, and local grants and contracts, and sales and services of auxiliary enterprises.

- **Nonoperating revenues** - Nonoperating revenues include activities that have the characteristics of nonexchange transactions such as State apportionments, property taxes, investment income, and other revenue sources defined by GASB.

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

- **Operating expenses** - Operating expenses are necessary costs to provide the services of the District and include employee salaries and benefits, supplies, operating expenses, and student financial aid.

- **Nonoperating expenses** - Nonoperating expenses include interest expense and other expenses not directly related to the services of the District.

State Apportionments

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

Property Taxes

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 Los Angeles bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

The voters of the District passed a General Obligation Bond in 2002, 2004, 2008, 2016 and 2022 for the acquisition, construction, and remodeling of certain District property. As a result of the passage of the Bond, property taxes are assessed on the property within the District specifically for the repayment of the debt incurred. The taxes are assessed, billed, and collected by the County of Los Angeles and remitted to the District.

Scholarship Discounts and Allowances

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

Financial Assistance Programs

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

Estimates

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

Interfund Activity

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

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

Adoption of New Accounting Standard

Implementation of GASB Statement No. 101

As of June 30, 2025, the District adopted GASB Statement No. 101, *Compensated Absences*. The provisions of this standard modernize the types of leave that are considered a compensated absence and provides guidance for a consistent recognition and measurement of the compensated absence liability. The effect of the implementation of this standard on beginning net position is disclosed in Note 12.

Implementation of GASB Statement No. 102

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

Note 3 - Deposits and Investments

Policies and Practices

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

Investment in County Treasury

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

General Authorizations

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

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

Authorized Under Debt Agreements

Investments of debt proceeds held by bond trustees are governed by provisions of the debt agreements rather than the general provisions of the California *Government Code*. These provisions allow for the acquisition of investment agreements with maturities of up to 30 years.

Summary of Deposits and Investments

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

	Primary Government	Fiduciary Fund
Cash on hand and in banks	$ 22,547,875	$ -
Cash in revolving	25,000	-
Cash with fiscal agent	3,065,774	-
Investments	311,006,557	11,362,762
Total deposits and investments	$ 336,645,206	$ 11,362,762

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by primarily investing in the Los Angeles County Investment Pool and mutual funds.

Investment Type	Fair Value	Weighted Average Maturity in Days	Credit Rating
Los Angeles County investment pool	$ 311,006,557	556	Not rated
Mutual funds	11,362,762	No maturity	Not rated
Total	$ 322,369,319		

Credit Risk

The risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investments in the Los Angeles County Investment Pool and mutual funds are not required to be rated, nor have they been rated as of June 30, 2025.

Deposits and Investments

Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California *Government Code* requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits. As of June 30, 2025, the District's bank balance of approximately $27.3 million was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

Investments

This is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. As of June 30, 2025, the District's investment balance of approximately $10.9 million was exposed to custodial credit risk because it was uninsured, unregistered, and held by the brokerage firm which is also the counterparty for the securities. The District does not have a policy limiting the amount of securities that can be held by counterparties.

Note 4 - Fair Value Measurements

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

- Level 1 - Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

- Level 2 - Observable inputs, other than Level 1 prices, such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.

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

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

		Fair Value Measurements Using		
Investment Type	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Mutual funds	$ 11,362,762	$ 11,362,762	$ -	$ -

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

Note 5 - Accounts Receivable

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

	Primary Government
Federal Government	
Categorical aid	$ 1,992,420
State Government	
Apportionment	6,519,539
Categorical aid	881,459
Lottery	1,652,592
Local Sources	
Interest	2,287,578
Student fees	72,078
Other local sources	2,887,112
Total	$ 16,292,778

Note 6 - Capital Assets

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

	Balance, July 1, 2024	Additions	Deductions	Balance, June 30, 2025
Capital Assets Not Being Depreciated or Amortized				
Land	$ 73,411,915	$ -	$ -	$ 73,411,915
Construction in progress	165,623,690	26,367,490	(3,569,327)	188,421,853
Total capital assets not being depreciated or amortized	239,035,605	26,367,490	(3,569,327)	261,833,768
Capital Assets Being Depreciated and Amortized				
Buildings and improvements	764,922,324	3,539,693	-	768,462,017
Furniture and equipment	38,716,716	1,142,625	-	39,859,341
Right-to-use leased land improvements	18,658,798	-	-	18,658,798
Right-to-use leased buildings and improvements	195,978	-	(195,978)	-
Total capital assets being depreciated and amortized	822,493,816	4,682,318	(195,978)	826,980,156
Total capital assets	1,061,529,421	31,049,808	(3,765,305)	1,088,813,924
Less Accumulated Depreciation and Amortization				
Buildings and improvements	(272,408,737)	(30,610,832)	-	(303,019,569)
Furniture and equipment	(31,440,880)	(1,916,649)	-	(33,357,529)
Right-to-use leased land improvements	(1,506,090)	(502,030)	-	(2,008,120)
Right-to-use leased buildings and improvements	(122,486)	(73,492)	195,978	-
Total accumulated depreciation and amortization	(305,478,193)	(33,103,003)	195,978	(338,385,218)
Total capital assets, net	$ 756,051,228	$ (2,053,195)	$ (3,569,327)	$ 750,428,706

Note 7 - Long-Term Liabilities Other than OPEB and Pensions

Summary

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

	Balance, July 1, 2024, as Restated	Additions	Deductions	Balance, June 30, 2025	Due in One Year
General obligation bonds	$ 736,547,041	$ 4,501,312	$ (31,495,000)	$ 709,553,353	$ 34,620,000
Bond premium	24,224,197	-	(2,132,675)	22,091,522	-
Leases	18,037,589	-	(305,468)	17,732,121	239,400
Compensated absences	44,894,352	4,833,358	-	49,727,710	7,582,784
Supplemental employee retirement plan	1,275,737	-	(1,275,737)	-	-
Total	$ 824,978,916	$ 9,334,670	$ (35,208,880)	$ 799,104,706	$ 42,442,184

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

Description of Long-Term Liabilities

Payments on the general obligation bonds are made by the bond interest and redemption fund with local property tax revenues. Payments on leases are made by the fund which receives the benefit of the underlying leased asset. The supplemental employee retirement plan liabilities will be paid by the general fund.

Remaining Outstanding Bonded Debt

Measure U

On March 5, 2002, at an election held within the boundaries of the District, the voters authorized bonds to be sold in the amount of $160,000,000. Proceeds from the sale of the bonds were used to finance the construction, acquisition, furnishing and equipping of District facilities.

Series B 2004 bonds were issued on May 13, 2004 for $21,675,000 of current interest bonds and $324,971 of capital appreciation bonds. Interest rates range from 3.00% to 5.00% payable semiannually on May 1 and November 1. The bonds were issued with maturity dates from May 1, 2006 through May 1, 2029. Prior to the applicable maturity date, each bond will accrete interest on the principal component. The principal balance outstanding at June 30, 2025 was $3,597,928.

Series A 2007 bonds were issued on January 31, 2007 for $11,999,987 of capital appreciation bonds. Interest rates range from 4.20% to 4.74% payable semiannually on August 1 and February 1. The bonds were issued with maturity dates from August 1, 2015 through August 1, 2031. Prior to the applicable maturity date, each bond will accrete interest on the principal component. The principal balance outstanding at June 30, 2025 was $7,837,894.

Series E 2010 bonds were issued on January 26, 2010 for $10,998,993 of capital appreciation bonds. Interest rates range from 3.92% to 5.70% payable semiannually on August 1 and February 1. The bonds were issued with maturity dates from August 1, 2016 through August 1, 2026. Prior to the applicable maturity date, each bond will accrete interest on the principal component. The principal balance outstanding at June 30, 2025 was $5,469,723.

Refunding Series A 2013 bonds were issued on June 5, 2013 for $108,405,000 of current interest bonds. The bonds were issued to effect an advance refunding of a portion of the District's outstanding general obligation bonds. Interest rates range from 2.00% to 5.00% payable semiannually on August 1 and February 1. The bonds were issued with maturity dates from August 1, 2013 through August 1, 2030. The principal balance outstanding at June 30, 2025 was $8,060,000

Measure S

On November 2, 2004, at an election held within the boundaries of the District, the voters' authorized bonds to be sold in the amount of $135,000,000. Proceeds from the sale of the bonds were used to finance the construction, acquisition, furnishing and equipping of District facilities.

Series C 2009 bonds were issued on March 24, 2009 for $30,885,000 of current interest bonds and $26,112,857 capital appreciation bonds. Interest rate ranges from 4.50% to 6.60% payable semiannually on August 1 and February 1. The Bonds were issued with maturity dates from August 1, 2012 through August 1, 2029. Prior to the applicable maturity date, each bond will accrete interest on the principal component. The principal balance outstanding at June 30, 2025 was $49,205,975.

Measure AA

On November 4, 2008, at an election held within the boundaries of the District, the voters authorized bonds to be sold in the amount of $295,000,000. Proceeds from the sale of the bonds were used to finance the construction, acquisition, furnishing and equipping of District facilities.

Series B 2014 bonds were issued on October 30, 2014 for $121,100,000 of current interest bonds and $23,895,829 capital appreciation bonds. Interest rates range from 1.00% to 5.00% payable semiannually on August 1 and February 1. The bonds were issued with maturity dates from August 1, 2015 through August 1, 2044. The principal balance outstanding at June 30, 2025 was $12,106,833.

Series C 2017 bonds were issued on March 30, 2017 for $45,000,000 of current interest bonds. Interest rates range from 3.65% to 5.00% payable semiannually on August 1 and February 1. The bonds were issued with maturity dates from August 1, 2026 through August 1, 2037. The principal balance outstanding at June 30, 2025 was $45,000,000.

Series C-1 2017 bonds were issued on March 30, 2017 for $5,000,000 of federally taxable current interest bonds. Interest rates range from 1.38% to 3.21% payable semiannually on August 1 and February 1. The bonds were issued with maturity dates from August 1, 2018 through August 1, 2026. The principal balance outstanding at June 30, 2025 was $680,000.

Series A 2018 Crossover Refunding bonds were issued on April 18, 2018 for $69,360,000 of current interest bonds. The bonds were issued to effect an advance refunding of a portion of the District's outstanding Series A-1 general obligation bonds on the crossover date of August 1, 2020. Interest rates range from 2.72% to 3.94% payable semiannually on August 1 and February 1. The bonds were issued with maturity dates from August 1, 2021 through August 1, 2034. The principal balance outstanding at June 30, 2025 was $63,855,000.

Measure V

On November 4, 2016, at an election held within the boundaries of the District, the voters authorized bonds to be sold in the amount of $345,000,000. Proceeds from the sale of the bonds were used to finance the construction, acquisition, furnishing, and equipping of District facilities.

Series A 2018 bonds were issued on April 18, 2018 for $180,000,000 of current interest bonds. Interest rates range from 3.65% to 5.00% payable semiannually on August 1 and February 1. The bonds were issued with maturity dates from August 1, 2020 through August 1, 2047. The principal balance outstanding at June 30, 2025 was $158,395,000.

Refunding Series A 2020 bonds were issued on December 22, 2020 for $201,495,000 of current interest bonds. The bonds were issued to effect an advance refunding of a portion of the District's outstanding general obligation bonds. The interest rates range from 0.20% to 2.80% payable semiannually on August 1 and February 1. The bonds were issued with maturity dates from August 1, 2021 through August 1, 2044. The principal balance outstanding at June 30, 2025 was $193,335,000.

Series B 2022 bonds were issued on May 11, 2022 for $50,000,000 of current interest bonds. Interest rates range from 3.41% to 5.00% payable semiannually on August 1 and February 1. The bonds were issued with maturity dates from August 1, 2023 through August 1, 2045. The principal balance outstanding at June 30, 2025 was $48,500,000.

Series B-1 2022 bonds were issued on May 11, 2022 for $115,000,000 of current interest bonds. Interest rates range from 2.93% to 4.72% payable semiannually on August 1 and February 1. The bonds were issued with maturity dates from August 1, 2024 through August 1, 2042. The principal balance outstanding at June 30, 2025 was $113,510,000.

The outstanding general obligation bonded debt is as follows:

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding, July 1, 2024	Accreted Interest	Redeemed	Bonds Outstanding, June 30, 2025
2004, B	5/13/04	5/1/29	3.00-5.00%	$ 21,999,971	$ 3,384,988	$ 212,940	$ -	$ 3,597,928
2007, A	1/31/07	8/1/31	4.20-4.74%	11,999,987	8,785,002	437,892	(1,385,000)	7,837,894
2010, E	1/26/10	8/1/26	3.92-5.70%	10,998,993	7,619,471	365,252	(2,515,000)	5,469,723
Subtotal 2002 Measure U Election				44,998,951	19,789,461	1,016,084	(3,900,000)	16,905,545
2009, C	3/24/09	8/1/29	4.50-6.60%	56,997,857	55,856,670	3,299,305	(9,950,000)	49,205,975
Subtotal 2004 Measure S Election				56,997,857	55,856,670	3,299,305	(9,950,000)	49,205,975
2014, B	10/30/14	8/1/44	1.00-5.00%	144,995,829	13,840,910	185,923	(1,920,000)	12,106,833
2017, C	3/30/17	8/1/37	3.65-5.00%	45,000,000	45,000,000	-	-	45,000,000
2017, C-1	3/30/17	8/1/26	1.38-3.21%	5,000,000	1,090,000	-	(410,000)	680,000
Subtotal 2008 Measure AA Election				194,995,829	59,930,910	185,923	(2,330,000)	57,786,833
2018, A	4/18/18	8/1/47	3.65-5.00%	180,000,000	159,065,000	-	(670,000)	158,395,000
2022, B	5/11/22	8/1/45	3.41-5.00%	50,000,000	48,500,000	-	-	48,500,000
2022, B-1	5/11/22	8/1/42	2.93-4.72%	115,000,000	115,000,000	-	(1,490,000)	113,510,000
Subtotal 2016 Measure V Election				345,000,000	322,565,000	-	(2,160,000)	320,405,000
2013, A	6/5/13	8/1/30	2.00-5.00%	108,405,000	15,450,000	-	(7,390,000)	8,060,000
2018, A	4/18/18	8/1/34	2.72-3.94%	69,360,000	68,130,000	-	(4,275,000)	63,855,000
2020, A	12/22/20	8/1/44	0.20-2.80%	201,495,000	194,825,000	-	(1,490,000)	193,335,000
Subtotal Refunding Bonds				379,260,000	278,405,000	-	(13,155,000)	265,250,000
Subtotal General Obligation Bonds					736,547,041	4,501,312	(31,495,000)	709,553,353
Premium on Bonds					24,224,197	-	(2,132,675)	22,091,522
					$ 760,771,238	$ 4,501,312	$ (33,627,675)	$ 731,644,875

Debt Service Requirements to Maturity

The bonds mature through 2048 as follows:

Fiscal Year	Principal (Including accreted interest to date)	Accreted Interest	Current Interest to Maturity	Total
2026	$ 34,166,334	$ 453,666	$ 23,111,022	$ 57,731,022
2027	37,048,836	1,496,164	22,416,064	60,961,064
2028	34,674,819	2,440,181	21,881,581	58,996,581
2029	36,349,391	3,235,609	21,333,428	60,918,428
2030	37,500,038	3,489,962	20,650,199	61,640,199
2031-2035	132,287,463	337,537	90,860,911	223,485,911
2036-2040	159,226,472	553,528	62,970,477	222,750,477
2041-2045	182,480,000	-	30,407,129	212,887,129
2046-2048	55,820,000	-	2,854,250	58,674,250
Total	$ 709,553,353	$ 12,006,647	$ 296,485,061	$ 1,018,045,061

Supplemental Employee Retirement Plan (SERP)

On June 2, 2020, the District adopted a one-time SERP for the following employees: full-time and part-time faculty. To be eligible for early retirement benefits, the employee must have been at least 55 years of age, have five or more years of District service, and been resigned from District employment by June 30, 2020. In exchange for early retirement, the District contributed 75% of the 2019-20 annual salary for full-time faculty, or 75% of calendar year 2019 District earnings for part-time faculty. The District had 64 employees that enrolled in the SERP. The remaining obligation was paid in full as of June 30, 2025.

On September 1, 2020, the District adopted a one-time SERP for the following employees: permanent classified employees (including confidential classified employees), classified manager and administrators, and academic administrators with the exception of senior administrative staff. To be eligible for early retirement benefits, the employee must have been at least 55 years of age, have five or more years of District service, and been resigned from District employment by September 30, 2020. In exchange for early retirement, the District will contribute 75% of calendar year 2019 District earnings. The District had 33 employees that enrolled in the SERP. The remaining obligation was paid in full as of June 30, 2025.

Leases

The District has entered into agreements to lease various facilities. The District's liability for lease agreements is summarized below:

Leases	Balance, July 1, 2024	Additions	Deductions	Balance, June 30, 2025
Santa Monica Airport lease II	$ 76,583	$ -	$ (76,583)	$ -
Madison Site lease	17,961,006	-	(228,885)	17,732,121
Total	$ 18,037,589	$ -	$ (305,468)	$ 17,732,121

Santa Monica Airport Lease II

The District entered an agreement to lease facilities space with a term that extends to March 2025. Under the terms of the lease, the District paid monthly payments of $8,319, increasing 4.00% annually. The District paid total principal and interest costs of $77,865. At June 30, 2025, the lease agreement expired and, accordingly, the District did not recognize a right-to-use leased asset or liability related to this agreement. During the fiscal year, the District recorded $73,492 in amortization expense and $1,282 in interest expense for the right to use of the facilities. District used a discount rate of 4.00% based on the estimated incremental borrowing rate for financing over a similar time period.

Madison Site Lease

The District entered a ground lease agreement with a term that extends to August 2058. Under the terms of the lease, the District pays annual payments that increase every five years by the aggregate cost-of-living adjustment for community colleges over the prior five years as approved each year by the State legislature. The District paid total principal and interest costs of $1,011,495. At June 30, 2025, the District has recognized a right to use asset, net of accumulated amortization, of $16,650,678 and a lease liability of $17,732,121 related to this agreement. During the fiscal year, the District recorded $502,030 in amortization expense and $782,610 in interest expense for the right to use of the facilities. District used a discount rate of 4.50% based on the estimated incremental borrowing rate for financing over a similar time period.

The District's liability on lease agreements is summarized below:

Fiscal Year	Principal	Interest	Total
2026	$ 239,400	$ 772,095	$ 1,011,495
2027	250,398	761,097	1,011,495
2028	261,901	749,594	1,011,495
2029	273,933	737,562	1,011,495
2030	286,517	724,978	1,011,495
2031-2035	1,642,543	3,414,932	5,057,475
2036-2040	2,056,128	3,001,347	5,057,475
2041-2045	2,573,851	2,483,624	5,057,475
2046-2050	3,221,936	1,835,539	5,057,475
2051-2055	4,033,206	1,024,269	5,057,475
2056-2058	2,892,308	142,176	3,034,484
Total	$ 17,732,121	$ 15,647,213	$ 33,379,334

Note 8 - Aggregate Net Other Postemployment Benefits (OPEB) Liability

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

OPEB Plan	Aggregate Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	$ 167,107,486	$ 25,150,205	$ 31,721,881	$ 11,508,017
Medicare Premium Payment (MPP) Program	459,288	-	-	(65,222)
Total	$ 167,566,774	$ 25,150,205	$ 31,721,881	$ 11,442,795

The details of each plan are as follows:

District Plan

Plan Administration

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

Management of the plan is vested in the District management. Management of the trustee assets is vested with the California Employers' Retiree Benefit Trust Fund.

Plan Membership

At June 30, 2023, the valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	615
Active employees	897
Total	1,512

Retiree Health Benefit OPEB Trust

The Santa Monica Community College District's Retiree Health Benefit OPEB Trust (the Trust) is an irrevocable governmental trust pursuant to Section 115 of the IRC for the purpose of funding certain postemployment benefits other than pensions. The Trust is administered by the District's Governing Board as directed by the investment alternative choice selected by the District. The District retains the responsibility to oversee the management of the Trust, including the requirement that investments and assets held within the Trust continually adhere to the requirements of the California *Government Code* Section 53600.5 which specifies that the trustee's primary role is to preserve capital, to maintain investment liquidity, and to protect investment yield. As such, the District acts as the fiduciary of the Trust. The financial activity of the Trust has been discretely presented.

Benefits Provided

The Plan provides medical, dental, and vision insurance benefits to eligible retirees and their dependents. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the Plan. The District's governing board has the authority to establish and amend the benefit terms as contained within the negotiated labor agreements.

Contributions

The contribution requirements of the Plan members and the District are established and may be amended by the District, the Faculty Association (FA), the local California Service Employees Association (CSEA), the Police Officers' Association (POA), and unrepresented groups. The voluntary contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined feasible by District management and the District's Governing Board. For the measurement period of June 30, 2024, the District contributed $5,622,622 to the Plan, all of which was used for current premiums.

Investment

Investment Policy

The Plan's policy in regard to the allocation of invested assets is established and may be amended by the governing board by a majority vote of its members. It is the policy of the District to pursue an investment strategy that reduces risks through the prudent diversification for the portfolio across a broad selection of distinct asset classes. The Plan's investment policy discourages the use of cash equivalents, expect for liquidity purposes, and aims to refrain from dramatically shifting asset class allocation over short time spans. The following was the governing board's adopted asset allocation policy as of June 30, 2024:

Asset Class	Target Allocation
Equities	49%
Fixed income	23%
Real estate investment trusts	20%
Commodities	3%
Treasury Inflation Protected Securities (TIPS)	5%

Rate of Return

For the measurement period of June 30, 2024, the annual money-weighed rate of return on investments, net of investment expense, was 10.93%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability of the District

The District's net OPEB liability $167,107,486 was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2023. The components of the net OPEB liability of the District at June 30, 2024, were as follows:

Total OPEB liability	$ 177,228,886
Plan fiduciary net position	(10,121,400)
Net OPEB liability	$ 167,107,486
Plan fiduciary net position as a percentage of the total OPEB liability	5.71%

Actuarial Assumptions

The total OPEB liability as of June 30, 2024 was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2023 and rolling forward the total OPEB liability to June 30, 2024. The following assumptions were applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	2.75%
Investment rate of return	4.24%
Healthcare cost trend rate	4.00%

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

Mortality rates were based on the 2020 CalSTRS Mortality Table for certificated employees and the 2021 CalPERS Active Mortality for Miscellaneous Employees Table for classified employees. Mortality rates vary by age and sex. (Unisex mortality rates are not often used as individual OPEB benefits do not depend on the mortality table used.) If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reduction. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actual experience study as of June 2023.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2024, (see the discussion of the Plan's investment policy) are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Equities	7.25%
Fixed income	4.25%
Real estate investment trusts	7.25%
Commodities	7.25%
Treasury Inflation Protected Securities (TIPS)	3.00%

Discount Rate

The discount rate used to measure the total OPEB liability was 4.24%. The projection of cash flows used to determine the discount rate assumed that the District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance, June 30, 2023	$ 176,976,580	$ 9,124,172	$ 167,852,408
Service cost	6,475,457	-	6,475,457
Interest	7,046,948	-	7,046,948
Difference between expected and actual experience	204,002	-	204,002
Contributions - employer	-	5,622,622	(5,622,622)
Expected investment income	-	615,851	(615,851)
Differences between projected and actual earnings on OPEB plan investments	-	389,403	(389,403)
Changes of assumptions	(7,851,479)	-	(7,851,479)
Benefit payments	(5,622,622)	(5,622,622)	-
Administrative expense	-	(8,026)	8,026
Net change in total OPEB liability	252,306	997,228	(744,922)
Balance, June 30, 2024	$ 177,228,886	$ 10,121,400	$ 167,107,486

Changes of economic assumptions reflect a change in the discount rate from 3.97% to 4.24% since the previous valuation. There were no changes to benefit terms since the previous valuation.

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

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

Discount Rate	Net OPEB Liability
1% decrease (3.24%)	$ 194,312,981
Current discount rate (4.24%)	167,107,486
1% increase (5.24%)	145,268,379

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

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

Healthcare Cost Trend Rate	Net OPEB Liability
1% decrease (3.00%)	$ 139,916,860
Current healthcare cost trend rate (4.00%)	167,107,486
1% increase (5.00%)	201,087,146

Deferred Outflows/Inflows of Resources Related to OPEB

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	$ 6,275,431	$ -
Differences between expected and actual experience	463,228	6,721,116
Changes of assumptions	18,225,302	25,000,765
Net difference between projected and actual earnings on OPEB plan investments	186,244	-
Total	$ 25,150,205	$ 31,721,881

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2026	$ 8,492
2027	327,051
2028	(71,851)
2029	(77,448)
Total	$ 186,244

The deferred outflows/(inflows) of resources related to differences between expected and actual experience in the measurement of the total OPEB liability and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits as of the beginning of the measurement period. The EARSL for the measurement period is 7 years and will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2026	$ 1,698,085
2027	(634,689)
2028	(5,884,211)
2029	(5,480,056)
2030	(1,639,979)
Thereafter	(1,092,501)
Total	$ (13,033,351)

Medicare Premium Payment (MPP) Program

Plan Description

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

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

Benefits Provided

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

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

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

Net OPEB Liability and OPEB Expense

At June 30, 2025, the District reported a liability of $459,288 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2023. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating entities, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2024 and June 30, 2023, was 0.1723% and 0.1729%, respectively, resulting in a net decrease in the proportionate share of 0.0006%.

For the year ended June 30, 2025, the District recognized OPEB expense of $(65,222).

Actuarial Methods and Assumptions

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

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

For the valuation as of June 30, 2023, CalSTRS uses a generational mortality assumption, which is based off generational mortality tables that reflect expected future improvements in mortality and includes a base table and a projection table. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among members. The projection table reflects the expected annual reduction in mortality rates at each age. The current mortality assumption uses a base year of 2023, and projected improvement is based on the MP–2021 Ultimate Projection Scale.

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

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

Discount Rate

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

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

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

Discount Rate	Net OPEB Liability
1% decrease (2.93%)	$ 495,560
Current discount rate (3.93%)	459,288
1% increase (4.93%)	427,392

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

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

Medicare Costs Trend Rates	Net OPEB Liability
1% decrease (4.00% Part A and 5.50% Part B)	$ 425,481
Current Medicare costs trend rates (5.00% Part A and 6.50% Part B)	459,288
1% increase (6.00% Part A and 7.50% Part B)	497,032

Note 9 - Participation in Public Entity Risk Pools and Joint Powers Authorities

Joint Powers Agreement

The Santa Monica Community College District participates in three joint powers agreement (JPA) entities; the Alliance of Schools for Cooperative Insurance Programs (ASCIP); the Southern California Community College District Joint Powers Agency (SCCCD-JPA); and the Statewide Association of Community Colleges (SWACC). The relationship between the District and the JPAs is such that none of the JPAs are a component unit of the District for financial reporting purposes, as explained below.

ASCIP provides its members with high quality, high value employee benefit programs and related services. Payments transferred to funds maintained under the JPA are expensed when earned. Claim liabilities of the JPA are recomputed periodically by an actuary to produce current estimates that reflect trend and claim lag time.

SCCCD JPA provides workers' compensation and retiree health insurance coverage for its seven member districts. Payments transferred to funds maintained under the JPA are expensed when earned. SCCCD JPA has self-funded their workers' compensation coverage since inception as a joint banking pool, and accordingly, does not transfer risk between members. District administrators are of the opinion that the procedures for accumulating and maintaining reserves are sufficient to cover future contingencies under potential workers' compensation claims.

SWACC provides liability and property insurance for approximately nineteen community colleges. SWACC is governed by a Board comprised of a member of each of the participating districts. The board controls the operations of SWACC, including selection of management and approval of members. Each member shares surpluses and deficits proportionately to its participation in SWACC.

Separate financial statements for each JPA may be obtained from the respective entity.

Note 10 - Employee Retirement Systems

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Academic employees are members of the California State Teachers' Retirement System (CalSTRS), classified employees are members of the California Public Employees' Retirement System (CalPERS) Schools Pool Plan, campus police employees are members of the California Public Employees' Retirement System (CalPERS) Safety Pool Plan.

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

Pension Plan	Aggregate Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	$ 79,330,896	$ 32,526,048	$ 18,993,985	$ 5,857,337
CalPERS - Schools Pool Plan	97,300,957	29,402,941	2,350,533	14,951,266
CalPERS - Safety Pool Plan	6,208,339	1,838,469	101,302	365,934
Total	$ 182,840,192	$ 63,767,458	$ 21,445,820	$ 21,174,537

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

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

Benefits Provided

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

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

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

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

Hire date	On or before December 31, 2012	On or after January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	10.205%
Required employer contribution rate	19.10%	19.10%
Required State contribution rate	10.828%	10.828%

Contributions

Required member, District, and State of California contribution rates are set by the California Legislature and Governor and are detailed in Teachers' Retirement Law. The contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with California Assembly Bill 1469, employer contributions into CalSTRS will be increasing to a total of 19.10% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2025, are presented above, and the District's total contributions were $16,195,043.

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:

Total net pension liability, including State share:	
District's proportionate share of net pension liability	$ 79,330,896
State's proportionate share of net pension liability associated with the District	36,397,288
Total	$ 115,728,184

The net pension liability was measured as of June 30, 2024. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating member districts and the State, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2024 and June 30, 2023, was 0.1181% and 0.1169%, respectively, resulting in a net increase in the proportionate share of 0.0012%.

For the year ended June 30, 2025, the District recognized pension expense of $5,857,337. In addition, the District recognized pension expense and revenue of $3,313,547 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
Pension contributions subsequent to measurement date	$ 16,195,043	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	7,010,395	9,786,768
Differences between projected and actual earnings on pension plan investments		320,097
Differences between expected and actual experience in the measurement of the total pension liability	8,973,346	3,469,095
Changes of assumptions	347,264	5,418,025
Total	$ 32,526,048	$ 18,993,985

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2026	$ (5,318,118)
2027	6,404,991
2028	(522,570)
2029	(884,400)
Total	$ (320,097)

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2026	$ (1,911,633)
2027	(311,837)
2028	(1,478,587)
2029	(168,189)
2030	1,682,412
Thereafter	(155,049)
Total	$ (2,342,883)

Actuarial Methods and Assumptions

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

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant as an input to the process. The actuarial investment rate of return assumption was adopted by the board in January 2024 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS' independent consulting actuary reviews the return assumption for reasonableness based on the most current capital market assumptions. The assumed asset allocation and best estimates of the expected rates of return for each major asset class for the year ended June 30, 2024, are summarized in the following table:

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

Discount Rate

The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return of 7.10% 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:

Discount Rate	Net Pension Liability
1% decrease (6.10%)	$ 141,103,705
Current discount rate (7.10%)	79,330,896
1% increase (8.10%)	27,748,037

California Public Employees' Retirement System (CalPERS) - SEP

Plan Description

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

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

Benefits Provided

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

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

Hire date	On or before December 31, 2012	On or after January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	8.00%
Required employer contribution rate	27.05%	27.05%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contribution rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2025, are presented above and the total District contributions were $14,894,307.

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

As of June 30, 2025, the District reported a liability for its proportionate share of the CalPERS net pension liability totaling $97,300,957. The net pension liability was measured as of June 30, 2024. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating districts, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2024 and June 30, 2023, was 0.2723% and 0.2788%, respectively, resulting in a net decrease in the proportionate share of 0.0065%.

For the year ended June 30, 2025, the District recognized pension expense of $14,951,266. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 14,894,307	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	421,109	1,654,153
Differences between projected and actual earnings on pension plan investments	3,779,582	-
Differences between expected and actual experience in the measurement of the total pension liability	8,157,263	696,380
Changes of assumptions	2,150,680	-
Total	$ 29,402,941	$ 2,350,533

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2026	$ (32,581)
2027	5,876,388
2028	(868,309)
2029	(1,195,916)
Total	$ 3,779,582

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2026	$ 4,271,687
2027	2,732,823
2028	1,374,009
Total	$ 8,378,519

Actuarial Methods and Assumptions

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

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

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

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

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity - cap-weighted	30%	4.54%
Global equity - non-cap-weighted	12%	3.84%
Private equity	13%	7.28%
Treasury	5%	0.27%
Mortgage-backed securities	5%	0.50%
Investment grade corporates	10%	1.56%
High yield	5%	2.27%
Emerging market debt	5%	2.48%
Private debt	5%	3.57%
Real assets	15%	3.21%
Leverage	-5%	-0.59%

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (5.90%)	$ 144,541,384
Current discount rate (6.90%)	97,300,957
1% increase (7.90%)	58,276,605

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

Plan Description

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

Benefits Provided

The Plan provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members, who must be sworn police officers and beneficiaries. Benefits are based on years of service credit, a benefit factor, and the member's final compensation. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for employment-related disability benefits regardless of length of service and non-duty disability benefits after five years of service. Disability benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. The Post-Retirement Death Benefit is a one-time payment made to a retiree's designated survivor or estate upon the retiree's death. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The Special Death Benefit is provided to an employee's eligible survivors if the member dies while actively employed and the death is job-related. The cost-of-living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

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

Hire date	On or before December 31, 2012	On or after January 1, 2013
Benefit formula	3% at 55	2.7% at 57
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	57
Monthly benefits as a percentage of eligible compensation	2.4% - 3.0%	2.4% - 3.0%
Required employee contribution rate	9.00%	12.75%
Required employer contribution rate	24.960%	14.720%
Required unfunded liability payment to CalPERS	$ 473,241	$ 7,542

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are determined annually through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contribution rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2025, are presented above and the total District contributions were $859,249.

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

As of June 30, 2025, the District reported a net pension liability for its proportionate share of the Safety Risk Pool net pension liability totaling $6,208,339. The net pension liability was measured as of June 30, 2024. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2024 and June 30, 2023 was 0.0852% and 0.0842%, respectively, resulting in a net increase in the proportionate share of 0.0010%.

For the year ended June 30, 2025, the District recognized pension expense of $365,934. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 859,249	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	19,521	84,828
Differences between projected and actual earnings on pension plan investments	300,083	-
Differences between expected and actual experience in the measurement of the total pension liability	506,655	16,474
Changes of assumptions	152,961	-
Total	$ 1,838,469	$ 101,302

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2026	$ (4,175)
2027	485,294
2028	(78,362)
2029	(102,674)
Total	$ 300,083

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2026	$ 227,023
2027	273,092
2028	77,720
Total	$ 577,835

Actuarial Methods and Assumptions

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

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

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

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

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity - cap-weighted	30%	4.54%
Global equity - non-cap-weighted	12%	3.84%
Private equity	13%	7.28%
Treasury	5%	0.27%
Mortgage-backed securities	5%	0.50%
Investment grade corporates	10%	1.56%
High yield	5%	2.27%
Emerging market debt	5%	2.48%
Private debt	5%	3.57%
Real assets	15%	3.21%
Leverage	-5%	-0.59%

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. 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:

Discount Rate	Net Pension Liability
1% decrease (5.90%)	$ 9,842,462
Current discount rate (6.90%)	6,208,339
1% increase (7.90%)	3,236,138

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 $7,349,378 (10.828% of annual payroll). Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

Note 11 - Commitments and Contingencies

Grants

The District receives financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2025.

Litigation

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

Construction Commitments

As of June 30, 2025, the District had approximately $30.7 million in commitments with respect to unfinished capital projects. The projects are funded through a combination of general obligation bonds and capital project apportionments from the California Community Colleges Chancellor's Office.

Note 12 - Restatement

Change in Accounting Principle

As of June 30, 2025, the District adopted GASB Statement No. 101, *Compensated Absences*. The provisions of this standard modernize the types of leave that are considered a compensated absence and provides guidance for a consistent recognition and measurement of the compensated absence liability. Therefore, the current and noncurrent portions of compensated absences were increased by $7,256,913 and $18,415,951, respectively, as of July 1, 2024. The effect of this change in accounting principle is described in the following table:

Primary Government	
Net Position (Deficit) - Beginning, as previously reported on July 1, 2024	$ (41,017,962)
Change in accounting principle - adoption of GASB Statement No. 101	(25,672,864)
Net Position (Deficit) - Beginning, as restated on July 1, 2024	$ (66,690,826)

Required Supplementary Information
June 30, 2025

Santa Monica Community College District

	2025	2024	2023	2022	2021
Total OPEB Liability					
Service cost	$ 6,475,457	$ 6,176,475	$ 8,127,245	$ 8,953,512	$ 5,795,480
Interest	7,046,948	6,711,237	5,413,008	5,395,376	6,084,407
Difference between expected and actual experience	204,002	(4,471,096)	54,634	(8,660,201)	(139,553)
Changes of assumptions	(7,851,479)	638,745	(32,695,346)	13,194,796	35,913,407
Benefit payments	(5,622,622)	(5,247,767)	(5,294,556)	(5,287,086)	(4,712,032)
Net change in total OPEB liability	252,306	3,807,594	(24,395,015)	13,596,397	42,941,709
Total OPEB Liability - Beginning	176,976,580	173,168,986	197,564,001	183,967,604	141,025,895
Total OPEB Liability - Ending (a)	$ 177,228,886	$176,976,580	$173,168,986	$197,564,001	$183,967,604
Plan Fiduciary Net Position					
Contributions - employer	$ 5,622,622	$ 5,247,767	$ 5,294,556	$ 5,287,086	$ 4,712,032
Expected investment income	615,851	578,854	668,526	543,907	528,729
Differences between projected and actual earnings on OPEB plan investments	389,403	(24,778)	(1,990,587)	1,596,276	(260,187)
Benefit payments	(5,622,622)	(5,247,767)	(5,294,556)	(5,287,086)	(4,712,032)
Administrative expense	(8,026)	(7,415)	(8,335)	(7,575)	(6,466)
Net change in plan fiduciary net position	997,228	546,661	(1,330,396)	2,132,608	262,076
Plan Fiduciary Net Position - Beginning	9,124,172	8,577,511	9,907,907	7,775,299	7,513,223
Plan Fiduciary Net Position - Ending (b)	$ 10,121,400	$ 9,124,172	$ 8,577,511	$ 9,907,907	$ 7,775,299
Net OPEB Liability - Ending (a) - (b)	$ 167,107,486	$167,852,408	$164,591,475	$187,656,094	$176,192,305
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	5.71%	5.16%	4.95%	5.02%	4.23%
Covered Employee Payroll	$ 137,055,704	$126,349,850	$111,739,086	$ 97,376,906	$ 95,739,112
Net OPEB Liability as a Percentage of Covered Employee Payroll	121.93%	132.85%	147.30%	192.71%	184.03%
Measurement Date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020

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

	2020	2019	2018
Total OPEB Liability			
Service cost	$ 6,105,492	$ 3,195,698	$ 2,729,563
Interest	5,714,585	3,877,120	5,953,537
Difference between expected and actual experience	1,804,887	-	-
Changes of assumptions	-	38,386,338	-
Benefit payments	(4,570,707)	(4,110,488)	(3,573,461)
Net change in total OPEB liability	9,054,257	41,348,668	5,109,639
Total OPEB Liability - Beginning	131,971,638	90,622,970	85,513,331
Total OPEB Liability - Ending (a)	$141,025,895	$131,971,638	$ 90,622,970
Plan Fiduciary Net Position			
Contributions - employer	$ 4,570,707	$ 4,110,488	$ 3,573,461
Expected investment income	307,557	283,932	629,498
Differences between projected and actual earnings on OPEB plan investments	132,507	240,674	-
Benefit payments	(4,570,707)	(4,110,488)	(3,573,461)
Administrative expense	(6,033)	(5,909)	(5,279)
Net change in plan fiduciary net position	434,031	518,697	624,219
Plan Fiduciary Net Position - Beginning	7,079,192	6,560,495	5,936,276
Plan Fiduciary Net Position - Ending (b)	$ 7,513,223	$ 7,079,192	$ 6,560,495
Net OPEB Liability - Ending (a) - (b)	$133,512,672	$124,892,446	$ 84,062,475
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	5.33%	5.36%	7.24%
Covered Employee Payroll	$ 95,906,429	$ 89,704,765	$ 88,956,668
Net OPEB Liability as a Percentage of Covered Employee Payroll	139.21%	139.23%	94.50%
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017

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

	2025	2024	2023	2022	2021
Annual money-weighted rate of return, net of investment expense	10.93%	6.37%	-13.43%	27.43%	3.49%
Measurement Date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020

	2020	2019	2018
Annual money-weighted rate of return, net of investment expense	5.78%	7.91%	9.99%
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017

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

Year ended June 30,	2025	2024	2023	2022	2021
Proportion of the net OPEB liability	0.1723%	0.1729%	0.1673%	0.1863%	0.2199%
Proportionate share of the net OPEB liability	$ 459,288	$ 524,510	$ 551,195	$ 742,946	$ 931,992
Covered payroll	N/A[1]	N/A[1]	N/A[1]	N/A[1]	N/A[1]
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A[1]	N/A[1]	N/A[1]	N/A[1]	N/A[1]
Plan fiduciary net position as a percentage of the total OPEB liability	-1.02%	-0.96%	-0.94%	-0.80%	-0.71%
Measurement Date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020

Year ended June 30,	2020	2019	2018
Proportion of the net OPEB liability	0.2046%	0.2171%	0.1025%
Proportionate share of the net OPEB liability	$ 762,047	$ 831,079	$ 431,393
Covered payroll	N/A[1]	N/A[1]	N/A[1]
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A[1]	N/A[1]	N/A[1]
Plan fiduciary net position as a percentage of the total OPEB liability	-0.81%	-0.40%	0.01%
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017

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

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

	2025	2024	2023	2022	2021
CalSTRS					
Proportion of the net pension liability	0.1181%	0.1169%	0.1115%	0.1239%	0.1262%
Proportionate share of the net pension liability	$ 79,330,896	$ 89,004,509	$ 77,471,604	$ 56,391,618	$ 122,311,981
State's proportionate share of the net pension liability associated with the District	36,397,288	42,644,563	38,797,476	28,374,075	63,051,841
Total	$ 115,728,184	$ 131,649,072	$ 116,269,080	$ 84,765,693	$ 185,363,822
Covered payroll	$ 81,348,932	$ 73,452,126	$ 66,692,157	$ 59,052,489	$ 67,322,725
Proportionate share of the net pension liability as a percentage of its covered payroll	97.52%	121.17%	116.16%	95.49%	181.68%
Plan fiduciary net position as a percentage of the total pension liability	84%	81%	81%	87%	72%
Measurement Date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020
CalPERS - Schools Pool Plan					
Proportion of the net pension liability	0.2723%	0.2788%	0.2781%	0.2795%	0.2996%
Proportionate share of the net pension liability	$ 97,300,957	$ 100,920,991	$ 95,683,947	$ 56,832,241	$ 91,930,297
Covered payroll	$ 53,784,127	$ 50,960,438	$ 43,195,827	$ 36,686,623	$ 42,834,506
Proportionate share of the net pension liability as a percentage of its covered payroll	180.91%	198.04%	221.51%	154.91%	214.62%
Plan fiduciary net position as a percentage of the total pension liability	72%	70%	70%	81%	70%
Measurement Date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020

	2020	2019	2018	2017	2016
CalSTRS					
Proportion of the net pension liability	0.1157%	0.1270%	0.1256%	0.1300%	0.1454%
Proportionate share of the net pension liability	$ 104,474,234	$ 116,762,335	$ 116,112,075	$ 105,165,413	$ 97,899,000
State's proportionate share of the net pension liability associated with the District	56,997,669	66,851,898	68,690,922	59,868,794	51,777,779
Total	$ 161,471,903	$ 183,614,233	$ 184,802,997	$ 165,034,207	$ 149,676,779
Covered payroll	$ 64,156,210	$ 65,674,109	$ 63,740,755	$ 66,704,529	$ 61,600,000
Proportionate share of the net pension liability as a percentage of its covered payroll	162.84%	177.79%	182.16%	157.66%	158.93%
Plan fiduciary net position as a percentage of the total pension liability	73%	71%	69%	70%	74%
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
CalPERS - Schools Pool Plan					
Proportion of the net pension liability	0.2868%	0.3041%	0.3142%	0.3087%	0.3072%
Proportionate share of the net pension liability	$ 83,586,461	$ 81,077,355	$ 74,998,103	$ 60,962,426	$ 45,285,610
Covered payroll	$ 39,761,328	$ 40,775,604	$ 39,418,152	$ 36,460,615	$ 33,980,000
Proportionate share of the net pension liability as a percentage of its covered payroll	210.22%	198.84%	190.26%	167.20%	133.27%
Plan fiduciary net position as a percentage of the total pension liability	70%	71%	72%	74%	79%
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015

	2025	2024	2023	2022	2021
CalPERS - Safety Pool Plan					
Proportion of the net pension liability	0.0852%	0.0842%	0.0842%	0.0862%	0.0738%
Proportionate share of the net pension liability	$ 6,208,339	$ 6,293,182	$ 5,783,388	$ 3,024,218	$ 4,919,902
Covered payroll	$ 1,922,645	$ 1,937,287	$ 1,851,102	$ 1,637,794	$ 1,845,603
Proportionate share of the net pension liability as a percentage of its covered payroll	322.91%	324.85%	312.43%	184.65%	266.57%
Plan fiduciary net position as a percentage of the total pension liability	77%	75%	76%	87%	73%
Measurement Date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020

	2020	2019	2018	2017	2016
CalPERS - Safety Pool Plan					
Proportion of the net pension liability	0.0707%	0.0685%	0.0663%	0.0652%	0.0602%
Proportionate share of the net pension liability	$ 4,416,271	$ 4,017,624	$ 3,961,254	$ 3,375,206	$ 2,480,980
Covered payroll	$ 1,666,887	$ 1,583,133	$ 1,619,385	$ 1,393,007	$ 1,338,476
Proportionate share of the net pension liability as a percentage of its covered payroll	264.94%	253.78%	244.61%	242.30%	185.36%
Plan fiduciary net position as a percentage of the total pension liability	73%	71%	72%	70%	77%
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015

	2025	2024	2023	2022	2021
CalSTRS					
Contractually required contribution	$ 16,195,043	$ 15,537,646	$ 14,029,356	$ 11,284,313	$ 9,536,977
Contributions in relation to the contractually required contribution	(16,195,043)	(15,537,646)	(14,029,356)	(11,284,313)	(9,536,977)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 84,790,801	$ 81,348,932	$ 73,452,126	$ 66,692,157	$ 59,052,489
Contributions as a percentage of covered payroll	19.10%	19.10%	19.10%	16.92%	16.15%
CalPERS - Schools Pool Plan					
Contractually required contribution	$ 14,894,307	$ 14,349,605	$ 12,928,663	$ 9,896,164	$ 7,594,131
Contributions in relation to the contractually required contribution	(14,894,307)	(14,349,605)	(12,928,663)	(9,896,164)	(7,594,131)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 55,062,133	$ 53,784,127	$ 50,960,438	$ 43,195,827	$ 36,686,623
Contributions as a percentage of covered payroll	27.050%	26.680%	25.370%	22.910%	20.700%
CalPERS - Safety Pool Plan					
Contractually required contribution	$ 859,249	$ 763,721	$ 756,053	$ 693,133	$ 594,592
Contributions in relation to the contractually required contribution	(859,249)	(763,721)	(756,053)	(693,133)	(594,592)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 1,959,301	$ 1,922,645	$ 1,937,287	$ 1,851,102	$ 1,637,794
Contributions as a percentage of covered payroll	43.85%	39.72%	39.03%	37.44%	36.30%

	2020	2019	2018	2017	2016
CalSTRS					
Contractually required contribution	$ 11,512,186	$ 10,444,631	$ 9,476,774	$ 8,018,587	$ 7,157,396
Contributions in relation to the contractually required contribution	(11,512,186)	(10,444,631)	(9,476,774)	(8,018,587)	(7,157,396)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 67,322,725	$ 64,156,210	$ 65,674,109	$ 63,740,755	$ 66,704,529
Contributions as a percentage of covered payroll	17.10%	16.28%	14.43%	12.58%	10.73%
CalPERS - Schools Pool Plan					
Contractually required contribution	$ 8,447,393	$ 7,181,691	$ 6,332,859	$ 5,474,393	$ 4,319,489
Contributions in relation to the contractually required contribution	(8,447,393)	(7,181,691)	(6,332,859)	(5,474,393)	(4,319,489)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 42,834,506	$ 39,761,328	$ 40,775,604	$ 39,418,152	$ 36,460,615
Contributions as a percentage of covered payroll	19.721%	18.062%	15.531%	13.888%	11.847%
CalPERS - Safety Pool Plan					
Contractually required contribution	$ 562,493	$ 467,958	$ 407,109	$ 387,467	$ 331,257
Contributions in relation to the contractually required contribution	(562,493)	(467,958)	(407,109)	(387,467)	(331,257)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 1,845,603	$ 1,666,887	$ 1,583,133	$ 1,619,385	$ 1,393,007
Contributions as a percentage of covered payroll	30.48%	28.07%	25.72%	23.93%	23.78%

Note 1 - Purpose of Schedules

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

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

- *Changes in Benefit Terms* - There were no changes in the benefit terms since the previous valuation.
- *Changes of Assumptions* – The discount rate changed from 3.97% to 4.24% since the previous valuation.

Schedule of OPEB Investment Returns

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

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

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

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

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

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

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

Schedule of District Contributions for Pensions

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

Supplementary Information
June 30, 2025

Santa Monica Community College District

Established in 1929, Santa Monica College is the preeminent educational, cultural, and economic development institution in the City of Santa Monica. The College offers programs of the highest quality for Santa Monica, Malibu, and other students who continue on with their higher education studies; offers programs of remediation and reentry; is a leading community provider of programs for seniors; offers cultural and arts programs of national distinction; delivers programs of exceptional depth in professional training, job training and workforce development; and provides fee-based community services programs of personal interest. The District's college accredited by the Accrediting Commission for Community and Junior Colleges, Western Association of Schools and Colleges, which is one of six regional associations that accredit public and private schools, colleges, and universities in the United States. There were no changes in the boundaries of the District during the current year.

Board of Trustees as of June 30, 2025

Member	Office	Term Expires
Dr. Nancy Greenstein	Chair	2026
Dr. Sion Roy	Vice-Chair	2026
Dr. Luis Barrera Castanon	Member	2026
Anastasia Foster	Member	2028
Dr. Tom Peters	Member	2026
Dr. Margaret Quinones-Perez	Member	2028
Rob Rader	Member	2028
Sophia Manavi	Student Trustee	2026

Administration as of June 30, 2025

Dr. Kathryn E. Jeffery	Superintendent/President
Jason Beardsley	Vice President, Academic Affairs
Chris Bonvenuto	Vice President, Business and Administration
Michael Tuitasi	Vice President, Student Affairs
Teresita Rodriguez	Vice President, Enrollment Management
Sherri Lee-Lewis	Vice President, Human Resources
Donald Girard	Senior Director, Government Relations and Institutional Communications

Auxiliary Organizations in Good Standing

The District did not identify any auxiliary organizations in good standing.

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Student Financial Assistance Cluster			
Federal Supplemental Educational Opportunity Grants (FSEOG)	84.007		$ 862,500
FSEOG Administrative Allowance	84.007		36,180
Federal Work-Study Program	84.033		514,246
Federal Work-Study Program Administrative Allowance	84.033		28,020
Federal Pell Grant Program	84.063		35,556,370
Federal Pell Grant Program Administrative Allowance	84.063		37,690
Federal Direct Student Loans	84.268		7,479,001
Subtotal Student Financial Assistance Cluster			44,514,007
Hispanic Serving Institutions: Articulation Program	84.031C		925,455
Navigating the Pathway to Success	84.031S		411,195
Subtotal			1,336,650
Child Care Access Means Parents in School (CCAMPIS)	84.335A		384,406
Passed through California Department of Education			
Workforce Innovation and Opportunity Act	84.002A	14508/14109	251,176
Passed through California Community Colleges Chancellor's Office			
Career and Technical Education Act, Perkins Title I, Part C	84.048A	24-C01-780	1,176,014
Total U.S. Department of Education			47,662,253
U.S. Department of Agriculture			
Passed through Chico State Enterprises			
SNAP Cluster			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	A22-0055-8039	132,597
Subtotal SNAP Cluster			132,597
Passed through Westside Food Bank			
Local Food Purchase Assistance Program	10.182	[1]	9,807
Total U.S. Department of Agriculture			142,404
National Science Foundation			
Research and Development Cluster			
Expanding the Cell Science and Immunological Testing Workforce	47.076		94,152
H.S.I. STEM Education Program	47.076		251,001
Subtotal Research and Development Cluster			345,153
U.S. Department of Commerce			
Passed through AltaSea at the Port of Los Angeles			
AltaSea Ocean STEM Pathways	11.469	SMC-NOA2022	131,676
Total U.S. Department of Commerce			131,676
U.S. Department of Homeland Security			
Passed through Westside Food Bank			
Emergency Food and Shelter Program	97.024	[1]	4,455
Total U.S. Department of Homeland Security			4,455
U.S. Department of Health and Human Services			
Passed through California Community Colleges Chancellor's Office			
Temporary Assistance for Needy Families (TANF)	93.558	[1]	68,731
Total U.S. Department of Health and Human Services			68,731
Total Federal Financial Assistance			$ 48,354,672

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

Program	Program Revenues				Program Expenditures
	Cash Received	Accounts Receivable	Unearned Revenue	Total Revenue	
General Fund					
Adult Education Block Grant	$ 781,299	$ -	$ 243,605	$ 537,694	$ 537,694
Award for Innovation in Higher Education	152,966	-	-	152,966	152,966
Basic Needs Centers Staffing and Support	1,249,036	-	585,421	663,615	663,615
Basic Needs Food and Housing	1,076,396	-	568,776	507,620	507,620
California College Promise	150,630	-	150,630	-	-
CalWORKS	617,019	-	213,276	403,743	403,743
Classified Professional Development	87,065	-	85,898	1,167	1,167
College Career Access Pathways	2,346	-	238	2,108	2,108
Common Course Numbering	913,043	-	868,063	44,980	44,980
Cooperative Agencies Resources for Education (CARE)	94,918	-	7,203	87,715	87,715
COVID-19 State Block Grant	12,178,884	-	6,968,619	5,210,265	5,210,265
Culturally Responsive Pedagogy and Innovative Best Practices	274,388	-	226,097	48,291	48,291
DDT USC Sea Grant	20,247	3,402	-	23,649	23,649
Disabled Student Program and Services (DSPS)	3,008,531	-	-	3,008,531	3,008,531
Dream Resource Liaison Support	280,972	-	99,456	181,516	181,516
Equal Employment Opportunities (EEO)	292,697	-	1,415	291,282	291,282
Equal Employment Opportunity - Faculty and Staff Diversity	497,100	-	427,461	69,639	69,639
Equal Employment Opportunity - Best Practices	28,918	-	-	28,918	28,918
Equitable Placement Completion Grant	743,557	-	-	743,557	743,557
Extended Opportunity Program and Services (EOPS)	1,572,881	-	64,292	1,508,589	1,508,589
Financial Aid Technology (On-Going)	88,467	-	21,882	66,585	66,585
Guided Pathways	100,382	-	-	100,382	100,382
LGBTQ+ Funding	421,778	-	390,400	31,378	31,378
Local Systemwide and Technology Data Ongoing	545,466	-	545,466	-	-
Mental Health Support Allocation	619,133	-	146,626	472,507	472,507

Program	Program Revenues Cash Received	Accounts Receivable	Unearned Revenue	Total Revenue	Program Expenditures
General Fund (continued)					
NextUp Program	$ 2,142,857	$ -	$ 1,459,362	$ 683,495	$ 683,495
Nursing Education	185,775	-	52,079	133,696	133,696
Nursing Education (One-Time)	15,907	-	-	15,907	15,907
Physical Plant and Instructional Support	820,939	-	750,906	70,033	70,033
Retention and Enrollment Outreach	425,591	-	9,263	416,328	416,328
Rising Scholars Network Program	173,812	-	81,545	92,267	92,267
SFAA Financial Aid BFAP	970,494	-	86,598	883,896	883,896
SFAA Financial Aid BFAP (One-Time)	307,224	-	59,204	248,020	248,020
Strong Workforce Program (SWP)	2,609,843	-	1,014,368	1,595,475	1,595,475
Strong Workforce Program (SWP) - Regional	657,538	448,831	-	1,106,369	1,106,369
Student Equity Achievement Program (SEAP)	14,135,842	-	1,360,588	12,775,254	12,775,254
Student Transfer and Achievement	565,217	-	453,976	111,241	111,241
Systemwide Technology and Data Security One time	300,000	-	126,216	173,784	173,784
Transfer and Articulation Seamless Transfer	37,068	-	-	37,068	37,068
UMOJA	597,612	-	224,004	373,608	373,608
Veteran Resource Center	434,262	-	331,367	102,895	102,895
Zero Textbook	152,162	-	71,860	80,302	80,302
Zero Text Cost Program Acceleration	550,883	-	451,998	98,885	98,885
Capital Project Fund					
Physical Plant and Instructional Support	4,717,583	-	3,260,967	1,456,616	1,456,616
Reinvigorating Santa Monica College Library	500,000	-	-	500,000	500,000
Student Financial Aid Fund					
Cal Grant BOGG	4,063,862	426,726	-	4,490,588	4,490,588
California College Promise	4,547,740	-	2,510,139	2,037,601	2,037,601
Chafee Grant	142,500	2,500	-	145,000	145,000
Disaster Relief Emergency Student Financial Aid	29,846	-	41	29,805	29,805
Emergency Action Plan - Financial Aid	27,153	-	-	27,153	27,153
Middle School Scholarship	11,753	-	6,163	5,590	5,590
Student Success Completion Grant	14,575,234	-	5,449,568	9,125,666	9,125,666
Total state programs	$ 79,496,816	$ 881,459	$ 29,375,036	$ 51,003,239	$ 51,003,239

CATEGORIES	Revised Reported Data**	Audit Adjustments	Audited Data
A. Summer Intersession (Summer 2024 only)			
1. Noncredit*	119.26	-	119.26
2. Credit Standardized	1,783.77	-	1,783.77
B. Summer Intersession (Summer 2025 - Prior to July 1, 2025)			
1. Noncredit*	-	-	-
2. Credit Standardized	-	-	-
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(c) Standardized Census Contact Hours	15,027.54	-	15,027.54
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit*	678.50	-	678.50
(b) Credit	126.44	-	126.44
3. Alternative Attendance Accounting Procedure Courses			
(c) Noncredit Independent Study/Distance Education Courses	166.22	-	166.22
D. Total FTES	17,901.73	-	17,901.73
SUPPLEMENTAL INFORMATION (Subset of Above Information)			
E. In-Service Training Courses (FTES)	-	-	-
F. Basic Skills Courses and Immigrant Education			
1. Noncredit*	279.52	-	279.52
2. Credit	7.73	-	7.73
CCFS-320 Addendum			
CDCP Noncredit FTES	334.56	-	334.56
Centers FTES			
1. Noncredit*	-	-	-
2. Credit	1,285.30	-	1,285.30

*Including Career Development and College Preparation (CDCP) FTES.
**Annual report revised as of November 3, 2025.

	Object/TOP Codes	ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110 Reported Data	Audit Adjustments	Revised Data	ECS 84362 B Total CEE AC 0100 - 6799 Reported Data	Audit Adjustments	Revised Data
Academic Salaries							
Instructional Salaries							
Contract or Regular	1100	$ 36,552,311	$ -	$ 36,552,311	$ 36,552,311	$ -	$ 36,552,311
Other	1300	34,688,047	-	34,688,047	34,688,047	-	34,688,047
Total Instructional Salaries		71,240,358	-	71,240,358	71,240,358	-	71,240,358
Noninstructional Salaries							
Contract or Regular	1200	-	-	-	17,284,508	-	17,284,508
Other	1400	-	-	-	5,257,182	-	5,257,182
Total Noninstructional Salaries		-	-	-	22,541,690	-	22,541,690
Total Academic Salaries		71,240,358	-	71,240,358	93,782,048	-	93,782,048
Classified Salaries							
Noninstructional Salaries							
Regular Status	2100	-	-	-	36,918,473	-	36,918,473
Other	2300	-	-	-	1,292,834	-	1,292,834
Total Noninstructional Salaries		-	-	-	38,211,307	-	38,211,307
Instructional Aides							
Regular Status	2200	4,500,542	-	4,500,542	4,500,542	-	4,500,542
Other	2400	387,432	-	387,432	387,432	-	387,432
Total Instructional Aides		4,887,974	-	4,887,974	4,887,974	-	4,887,974
Total Classified Salaries		4,887,974	-	4,887,974	43,099,281	-	43,099,281
Employee Benefits	3000	32,639,956	-	32,639,956	69,618,719	-	69,618,719
Supplies and Material	4000	-	-	-	632,441	-	632,441
Other Operating Expenses	5000	-	-	-	18,835,033	-	18,835,033
Equipment Replacement	6420	-	-	-	118,957	-	118,957
Total Expenditures Prior to Exclusions		108,768,288	-	108,768,288	226,086,479	-	226,086,479

		ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
	Object/TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Exclusions							
Activities to Exclude							
Instructional Staff - Retirees' Benefits and Retirement Incentives	5900	$ 3,033,810	$ -	$ 3,033,810	$ 3,033,810	$ -	$ 3,033,810
Student Health Services Above Amount Collected	6441	-	-	-	-	-	-
Student Transportation	6491	-	-	-	1,450,241	-	1,450,241
Noninstructional Staff - Retirees' Benefits and Retirement Incentives	6740	-	-	-	4,551,028	-	4,551,028
Objects to Exclude							
Rents and Leases	5060	-	-	-	1,602,240	-	1,602,240
Lottery Expenditures							-
Academic Salaries	1000	-	-	-	-	-	-
Classified Salaries	2000	-	-	-	-	-	-
Employee Benefits	3000	-	-	-	-	-	-
Supplies and Materials	4000	-	-	-	-	-	-
Software	4100	-	-	-	-	-	-
Books, Magazines, and Periodicals	4200	-	-	-	-	-	-
Instructional Supplies and Materials	4300	-	-	-	-	-	-
Noninstructional Supplies and Materials	4400	-	-	-	-	-	-
Total Supplies and Materials		-	-	-	-	-	-

		ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
	Object/TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Other Operating Expenses and Services	5000	$ -	$ -	$ -	$ 4,148,825	$ -	$ 4,148,825
Capital Outlay	6000						
Library Books	6300	-	-	-	-	-	-
Equipment	6400	-	-	-	-	-	-
Equipment - Additional	6410	-	-	-	-	-	-
Equipment - Replacement	6420	-	-	-	-	-	-
Total Equipment		-	-	-	-	-	-
Total Capital Outlay		-	-	-	-	-	-
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		3,033,810	-	3,033,810	14,786,144	-	14,786,144
Total for ECS 84362, 50% Law		$105,734,478	$ -	$105,734,478	$211,300,335	$ -	$211,300,335
% of CEE (Instructional Salary Cost/Total CEE)		50.04%		50.04%	100.00%		100.00%
50% of Current Expense of Education					$105,650,168		$105,650,168

Activity Classification	Object Code				Unrestricted
EPA Revenues:	8630				$ 29,462,887
Activity Classification	Activity Code	Salaries and Benefits (Obj 1000-3000)	Operating Expenses (Obj 4000-5000)	Capital Outlay (Obj 6000)	Total
Instructional Activities	1000-5900	$ 29,462,887	$ -	$ -	$ 29,462,887
Total Expenditures for EPA		$ 29,462,887	$ -	$ -	$ 29,462,887
Revenues Less Expenditures					$ -

Amounts reported for governmental activities in the Statement of Net Position are different because		
Total fund balance		
General Funds	$ 41,375,396	
Special Revenue Funds	16,969,925	
Capital Project Funds	190,211,706	
Debt Service Funds	46,993,059	
Fiduciary Funds	11,362,762	
Total fund balance - all District funds		$ 306,912,848
Amounts held in trust on behalf of others (Retiree OPEB Trust)		(11,362,762)
The District's investment in the Los Angeles County Investment Pool is reported at fair market value in the statement of Net Position.		(7,916,465)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is	1,088,813,924	
Accumulated depreciation and amortization is	(338,385,218)	
Total capital assets, net		750,428,706
Deferred outflows of resources represent a consumption of net position in a future period and is not reported in the District's funds. Deferred outflows of resources at year-end consist of:		
Deferred outflows of resources related to debt refunding	22,850,039	
Deferred outflows of resources related to OPEB	25,150,205	
Deferred outflows of resources related to pensions	63,767,458	
Total deferred outflows of resources		111,767,702
In governmental funds, unmatured interest on long-term liabilities is recognized in the period when it is due. On the financial statements, unmatured interest on long-term liabilities is recognized when it is incurred.		(9,798,400)

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
General obligation bonds	$ (688,158,423)	
Leases	(17,732,121)	
Compensated absences	(49,727,710)	
Aggregate net other postemployment benefits (OPEB) liability	(167,566,774)	
Aggregate net pension liability	(182,840,192)	
In addition, the District has issued 'capital appreciation' general obligation bonds. The accretion of interest unmatured on the general obligation bonds to date is	(43,486,452)	
Total long-term liabilities		$ (1,149,511,672)
Deferred inflows of resources represent an acquisition of net position in a future period and is not reported in the District's funds. Deferred inflows of resources amount to and related to:		
Deferred inflows of resources related to OPEB	(31,721,881)	
Deferred inflows of resources related to pensions	(21,445,820)	
Total deferred inflows of resources		(53,167,701)
Total net position (deficit)		$ (62,647,744)

Note 1 - Purpose of Schedules

District Organization

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

Schedule of Expenditures of Federal Awards (SEFA)

Basis of Presentation
The accompanying Schedule of Expenditures of Federal Awards (the SEFA) includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2025. The information is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements*, *Cost Principles*, *and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

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

Indirect Cost Rate
The District has elected to use the 10% de minimis cost rate.

Schedule of Expenditures of State Awards

The accompanying Schedule of Expenditures of State Awards includes the state grant activity of the District and is presented on the modified accrual basis of accounting. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. The information in this schedule is presented to comply with reporting requirements of the California Community Colleges Chancellor's Office.

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

FTES is a measurement of the number of students attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis for making apportionments of State funds to community college districts. This schedule provides information regarding the attendance of students based on various methods of accumulating attendance data.

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

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

Proposition 30 Education Protection Account (EPA) Expenditure Report

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

Reconciliation of Governmental Funds to the Statement of Net Position

This schedule provides a reconciliation of the adjustments necessary to bring the District's internal fund financial statements, prepared on a modified accrual basis, to full accrual basis financial statements required under GASB Statements No. 34 and No. 35 business-type activities reporting model.

Independent Auditor's Reports
June 30, 2025

Santa Monica Community College District

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Trustees
Santa Monica Community College District
Santa Monica, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the business-type activities and fiduciary activities of Santa Monica Community College District (the District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 23, 2026.

Adoption of New Accounting Standard

As discussed in Note 2 and Note 12 to the financial statements, the District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences,* for the year ended June 30, 2025. Accordingly, a restatement has been made to the business-type activities net position as of July 1, 2024 to restate beginning net position. Our opinions are not modified with respect to this matter.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Eide Bailly LLP

Ontario, California
January 23, 2026

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

To the Board of Trustees
Santa Monica Community College District
Santa Monica, California

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Santa Monica Community College District's (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the District's major federal program for the year ended June 30, 2025. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Santa Monica Community College District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2025.

Basis for Opinion on the Major Federal Program

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

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

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Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2025-001. Our opinion on the major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the noncompliance finding identified in our compliance 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

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

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2025-001 to be a significant deficiency.

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

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the internal control over compliance finding identified in our compliance 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.

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

Eide Bailly LLP

Ontario, California
January 23, 2026

Independent Auditor's Report on State Compliance

To the Board of Trustees
Santa Monica Community College District
Santa Monica, California

Report on State Compliance

Opinion on State Compliance

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

In our opinion, Santa Monica Community College District complied, in all material respects, with the compliance requirements referred to above that are applicable to the state laws and regulations identified below that were audited for the year ended June 30, 2025.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), and the 2024-2025 California Community Colleges Chancellor's Office *Contracted District Audit Manual*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

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Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements listed in the table below has occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the 2024-2025 California Community Colleges Chancellor's Office *Contracted District Audit Manual* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements listed in the table below.

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

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

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

Compliance Requirements Tested

In connection with the audit referred to above, we selected and tested transactions and records to determine the District's compliance with state laws and regulations applicable to the following:

Section 411	SCFF Data Management Control Environment
Section 412	SCFF Supplemental Allocation Metrics
Section 413	SCFF Success Allocation Metrics
Section 421	Salaries of Classroom Instructors (50% Law)
Section 423	Apportionment for Activities Funded From Other Sources
Section 424	Student Centered Funding Formula Base Allocation: FTES
Section 425	Residency Determination for Credit Courses
Section 426	Students Actively Enrolled
Section 427	Dual Enrollment (CCAP)
Section 430	Scheduled Maintenance Program
Section 431	Gann Limit Calculation

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

The District reports no Apportionment for Activities Funded From Other Sources; therefore, the compliance tests within this section were not applicable.

The District reports no Apprenticeship Related and Supplemental Instruction (RSI) Funds; therefore, the compliance tests within this section were not applicable.

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

Eide Bailly LLP

Ontario, California
January 23, 2026

Schedule of Findings and Questioned Costs
June 30, 2025

Santa Monica Community College District

FINANCIAL STATEMENTS

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

FEDERAL AWARDS

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

Identification of major program:

Name of Federal Program or Cluster	Federal Financial Assistance Listing
Student Financial Assistance Cluster	84.007, 84.033, 84.063, 84.268

Dollar threshold used to distinguish between type A and type B programs:	$1,450,640
Auditee qualified as low-risk auditee?	Yes

STATE COMPLIANCE

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

None reported.

The following finding represents a significant deficiency in internal control over compliance and an instance of noncompliance including questioned costs that is required to be reported by the Uniform Guidance.

2025-001 **Special Tests and Provisions – Return to Title IV**

Federal Agency: U.S. Department of Education (ED)
Pass-Through Entity: Direct Funded by the U.S. Department of Education (ED)
Program Name: Student Financial Assistance Cluster
Assistance Listing Number: 84.007, 84.033, 84.063, and 84.268
Award Identification Number: P063P241178
Award Year: 2024-2025

Criteria
34 CFR section 668.173(b)
Return of Title IV funds are required to be deposited or transferred into the Student Financial Aid (SFA) account or electronic fund transfers initiated to ED as soon as possible, but no later than 45 days after the date the institution determines that the student withdrew.

Condition
Significant Deficiency in Internal Control over Compliance and Noncompliance – During our testing of Return to Title IV calculations, we noted that for two of the sixty Return to Title IV calculations, the District returned the required funds later than 45 days after the withdrawal determination date.

Questioned Costs
There are no questioned costs associated with this finding.

Context
We tested a non-statistical sample of 60 Return to Title IV calculations of a total of 726 calculations performed by the District during the 2025 fiscal year.

Effect
Without proper monitoring of the Return to Title IV calculations, the District is at risk of noncompliance with the above referenced criteria.

Cause
The District's internal controls did not ensure that documentation of the withdrawal determination dates for Return to Title IV calculations was maintained within the District's records. This resulted in instances in which the return of funds was not completed within the required time frame.

Repeat Finding (Yes or No)
No.

Recommendation
The District should implement procedures to ensure that the date the institution determined a student withdrew from all classes is accurately recorded and retained in each student's file. The District should also improve controls over the review of the calculations to ensure funds are returned in a timely manner.

Views of Responsible Officials and Corrective Action Plan
Responsible Officials:
Associate Dean, Financial Aid & Scholarships,
Director of Financial Aid & Scholarships

Enhanced data on source reports
The Associate Dean of Financial Aid & Scholarships, Director of Financial Aid & Scholarships, and System Specialist worked with the MIS (IT) Department to enhance information provided on the reports used by Financial Aid staff to facilitate identifying student withdrawals and initiating the calculation process. Enhanced report will cut down on the need to manually check student information as the Specialist is processing students. New data elements on the report include course and class section information, start and end week, number of units by course, drop date field and the instructor e-mail.

Increase frequency of generating the student withdrawal report.
The System Specialist has scheduled on their calendar to run the student withdrawal report every week to ensure that the withdrawals are identified in a timely manner and the calculations and returns are completed within the 45-day window.

Redistributed department workload; Specialist focused on withdrawal determination/calculation.
The Associate Dean has tasked additional office support to assist the System Specialist in the communication follow up with the impacted students, freeing up the System Specialist's workload to concentrate fully on the withdrawal determination and calculation completion.

Monthly review by Associate Dean to confirm adjustments completed for student withdrawals.
The Associate Dean will request a monthly report to review and ensure that the calculations and aid adjustments are completed for each student who has withdrawn. This process update will put in place internal checks and balances over the review of the calculations to ensure financial aid funding is returned in a timely manner.

The Associate Dean, or their designee, will sign-off that they have reviewed the report each month and file a copy.

None reported.

There were no audit findings reported in the prior year's Schedule of Findings and Questioned Costs.