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**GROSSMONT-CUYAMACA
COMMUNITY COLLEGE DISTRICT**

AUDIT REPORT
JUNE 30, 2025 AND 2024

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Grossmont-Cuyamaca Community College District
El Cajon, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities, fiduciary activities and the discretely presented component unit of the Grossmont-Cuyamaca Community College District (the "District") as of and for the years ended June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, fiduciary activities and the discretely presented component unit of the District as of June 30, 2025 and 2024, and the respective changes in financial position and, where applicable, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Change in Accounting Principle

As discussed in Note 2 to the financial statements, the District adopted GASB Statement No. 101, *Compensated Absences*, which required a restatement of net position as of July 1, 2024. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP), 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 misstatements, 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.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 12, 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.



San Diego, California

January 12, 2026

**GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025 AND 2024**

The Grossmont-Cuyamaca Community College District (the "District") consists of two separately accredited colleges, Cuyamaca and Grossmont, supported by a District Office. Total factored resident and non-resident full-time equivalent students (FTES) for 2024-25 was 17,139.

The following discussion and analysis provide an overview of the financial position and activities of the District for the years ended June 30, 2025 and 2024. Please read it in conjunction with the financial statements and notes thereto which follow this section. Responsibility for the completeness and accuracy of this information rests with the District management.

FINANCIAL HIGHLIGHT

- Net position increased by \$11.3 million from the prior year. The increase is primarily attributable to an increase in local property taxes during 2024-25.

OVERVIEW OF THE FINANCIAL STATEMENTS

The District was required to implement the reporting standards of Governmental Accounting Standards Board (GASB) Statement No. 61. This adoption changed the format and the content of the District's basic financial statements. The District is following the Business-Type Activity (BTA) model. Rather than issuing fund-type financial statements, these Statements require the following components to be included in the District's financial statements:

- Management's Discussion and Analysis
- Basic financial statements including Statements of Net Position, Statements of Revenues, Expenses, and Changes in Net Position, and Statements of Cash Flows for the District as a whole
- Notes to Financial Statements

Additionally, fund balance is referred to as Net Position, and the Statements of Cash Flows are presented using the direct method.

The basic financial statements are designed to provide readers with a broad overview of the District's finances, using accounting methods similar to those used by private sector companies. These statements offer short-term and long-term financial information about the District's activities.

**GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025 AND 2024**

OVERVIEW OF THE FINANCIAL STATEMENTS, continued

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 using the accrual basis of accounting, which is comparable to that used by most private-sector institutions. Net position is the difference between assets and liabilities which is one way to measure the financial health of the district. The net asset data allows readers to determine the resources available to continue the operations of the district.

The Net Position of the district consists of three major categories:

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

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

	2025	2024	Change
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Current assets	\$ 273,422,746	\$ 289,192,175	\$ (15,769,429)
Non-current assets	430,139,946	420,109,394	10,030,552
Deferred outflows of resources	57,501,962	59,424,013	(1,922,051)
Total Assets and Deferred Outflows of Resources	761,064,654	768,725,582	(7,660,928)
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
Current liabilities	67,821,021	86,155,774	(18,334,753)
Non-current liabilities	553,513,905	549,307,169	4,206,736
Deferred inflows of resources	37,309,678	42,191,436	(4,881,758)
Total Liabilities and Deferred Inflows of Resources	658,644,604	677,654,379	(19,009,775)
NET POSITION			
Net investment in capital assets	42,859,491	36,806,368	6,053,123
Restricted	110,911,363	88,007,606	22,903,757
Unrestricted	(51,350,804)	(33,742,771)	(17,608,033)
Total Net Position	\$ 102,420,050	\$ 91,071,203	\$ 11,348,847

The District's total assets and deferred outflows decreased by \$7.7 million or 1.0% from the previous year. The decrease was primarily related to decreases in cash and cash equivalents and accounts receivable, offset by the increases in capital assets and right-to-use assets during 2024-25. Total liabilities and deferred inflows of resources decreased by \$19.0 million or 2.8% from the previous year.

**GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025 AND 2024**

OVERVIEW OF THE FINANCIAL STATEMENTS, continued

Statement of Revenues, Expenses, and Changes in Net Position

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

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

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

	2025	2024	Change
OPERATING REVENUES			
Tuition and fees, net	\$ 9,304,809	\$ 9,400,090	\$ (95,281)
Grants and contracts	137,247,732	141,145,370	(3,897,638)
Internal service sales and charges	377,609	348,337	29,272
Total Operating Revenues	146,930,150	150,893,797	(3,963,647)
OPERATING EXPENSES			
Salaries and employee benefits	150,950,779	147,714,094	3,236,685
Supplies, materials, and other operating expenses and services	86,387,966	92,930,890	(6,542,924)
Student aid	57,256,047	54,898,295	2,357,752
Depreciation	11,488,058	12,159,727	(671,669)
Total Operating Expenses	306,082,850	307,703,006	(1,620,156)
Operating Income/(Loss)	(159,152,700)	(156,809,209)	(2,343,491)
NON-OPERATING REVENUES/(EXPENSES)			
State apportionments, non-capital	81,631,033	81,895,630	(264,597)
Local property taxes	94,613,607	82,506,522	12,107,085
State taxes and other revenues	6,644,270	14,482,865	(7,838,595)
Investment income/(loss)	13,361,122	14,034,457	(673,335)
Interest expense, net	(14,418,108)	(14,729,024)	310,916
Other financing sources/(uses)	149,207	(109,205)	258,412
Local grants and other non-operating income	1,808,337	2,162,484	(354,147)
Total Non-Operating Revenues/(Expenses)	183,789,468	180,243,729	3,545,739
OTHER REVENUES			
State and local revenues, capital	(3,404,445)	2,562,105	(5,966,550)
Changes in Net Position	21,232,323	25,996,625	(4,764,302)
NET POSITION, BEGINNING OF YEAR	91,071,203	76,068,872	15,002,331
PRIOR PERIOD ADJUSTMENT (NOTE 13)	(9,883,476)	(10,994,294)	1,110,818
NET POSITION, END OF YEAR	\$ 102,420,050	\$ 91,071,203	\$ 11,348,847

**GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025 AND 2024**

OVERVIEW OF THE FINANCIAL STATEMENTS, continued

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

The Statements of Revenues, Expenses, and Changes in Net Position reflects an increase in the net position of \$11.3 million at the end of the year. The non-operating revenues/(expenses) increased by 3.2 million, and the fiscal year 2024-25 statement shows an operating loss of \$149.2 million.

Statement of Cash Flows

The Statement of Cash Flows provides additional information about the district's financial results by reporting its major sources and uses of cash. This information assists readers in assessing the District's ability to generate revenue, meet its obligations as they come due, and evaluate its need for external financing. The statement is divided into several parts. The first part deals with operating cash flows and shows the net cash used by the operating activities of the institution. The second section reflects cash flows from non-capital financing activities and shows the sources and uses of those funds. The third section deals with cash flows from capital and related financing activities. This section deals with cash flows from investing activities. This section reflects the cash received and spent for short-term investments and any interest paid or received on those investments.

Cash Provided by/(Used in)	2025	2024	Change
Operating activities	\$ (164,218,194)	\$ (156,231,819)	\$ (7,986,375)
Non-capital financing activities	184,171,293	171,952,395	12,218,898
Capital financing activities	(46,021,292)	(54,321,581)	8,300,289
Investing activities	14,107,251	16,159,423	(2,052,172)
Net Increase/(Decrease) in Cash and Cash Equivalents	\$ (11,960,942)	\$ (22,441,582)	\$ 10,480,640

District's Fiduciary Responsibility

The District is the trustee, or fiduciary, for certain amounts held on behalf of students, clubs and donors for student loans and scholarships. The District's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position. These activities are excluded from the District's other financial statements because we 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.

**GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025 AND 2024**

OVERVIEW OF THE FINANCIAL STATEMENTS, continued

Capital Assets and Right-to-Use Assets

As of June 30, 2025, the District had approximately \$601.0 million invested in capital assets and right-to-use assets. Capital assets consist of land, land improvements, buildings and improvements, construction in progress, furniture and equipment that met the capitalization threshold recommended by GASB Statement No. 61, while right-to-use assets consist of subscription-based IT arrangements. These assets have accumulated depreciation and amortization of \$170.9 million, leaving a net asset amount of \$430.1 million.

Note 5 to the financial statements provides detail information on capital assets. A summary of capital assets and right-to-use assets, and changes therein is presented below:

	2025	2024*	Change
Capital Assets not being depreciated	\$ 29,375,083	\$ 129,062,107	\$ (99,687,024)
Capital Assets being depreciated	567,065,713	457,350,240	109,715,473
Accumulated depreciation	(170,081,578)	(160,202,069)	(9,879,509)
Right-to-use assets	4,581,042	-	4,581,042
Accumulated amortization	(800,314)	-	(800,314)
Total Capital Assets and Right-to-Use Assets, Net	\$ 430,139,946	\$ 426,210,278	\$ 3,929,668

*Restated (Note 13)

Total net capital assets increased by \$10.0 million or 2.4% from the previous year.

Long-term Liabilities

Note 6 to the financial statements provides additional information on long-term liabilities. A summary of long-term liabilities as of 2025 and 2024 is presented below:

	2025	2024*	Change
Compensated absences	\$ 20,544,205	\$ 21,304,954	\$ (760,749)
Net OPEB liability	9,184,018	9,213,738	(29,720)
Net pension liability	106,796,778	113,876,966	(7,080,188)
Other long-term liabilities	431,230,954	436,786,011	(5,555,057)
Total Long-term Liabilities	\$ 567,755,955	\$ 581,181,669	\$ (13,425,714)

*Restated (Note 13)

**GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025 AND 2024**

ECONOMIC FACTORS THAT MAY AFFECT THE FUTURE

The major economic factors that impact the District and all California community college districts' financial conditions are directly related to the overall economic, budgetary, and fiscal condition of the State of California and any legislation that impacts the funding of all community colleges in the state.

Beginning with the 2018-19 budget year, the State implemented the Student Centered Funding Formula (SCFF) to distribute funds to community college districts across the state. The new formula calculates funding using three allocations:

- FTES allocation that reflects student enrollment
- A supplemental allocation based on the number of low-income students
- A student success allocation based on the number of students who meet specified student success metrics, including completion of a degree or certificate

The State budget contains a hold harmless provision to fund districts at the 2017-18 funding level plus any COLA effective through the 2024-25 budget year to allow district's across the state time to adjust to the new funding formula and not have their apportionment negatively impacted if there are changes in enrollment, number of low income students served, or success factors since the implementation of the student centered funding formula.

Beginning in the 2025-26 budget year a district's 2024-25 funding level will become a minimum funding level provided annually; however, COLA will not be applied to this minimum funding level. A district will only receive additional funding over this minimum funding level if its FTES enrollment or the State's SCFF funding rates result in a higher revenue amount calculated through the SCFF.

After a historic decline in enrollment during the pandemic, the District's FTES in FY 2024-25 continue to increase. The District's FTES increased by 30.5% in the last three fiscal years, but still 5.7% below pre pandemic level. Due to this increase, 2024-25 SCFF funding is based on the SCFF calculation and the District is out of hold harmless.

The District's goals and priorities place a strong focus on student access, equity, and success. These three factors are in line with the components of the Student Centered Funding Formula. The Resident FTES goal for FY 2025-26 is 5% increase from prior year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Vice Chancellor, Business Services, at Grossmont-Cuyamaca Community College District, 8800 Grossmont College Drive, El Cajon, California 92020-1799.

FINANCIAL SECTION

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT

STATEMENTS OF NET POSITION

JUNE 30, 2025 AND 2024

	2025	2024
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 256,887,855	\$ 268,848,797
Accounts receivable, net	16,366,940	20,341,833
Inventory	1,545	1,545
Due from other funds	24,649	-
Prepaid expenses	141,757	-
Total Current Assets	<u>273,422,746</u>	<u>289,192,175</u>
Non-current Assets:		
Right-to-use assets, net	3,780,728	-
Capital assets, net	426,359,218	420,109,394
Total Non-current Assets	<u>430,139,946</u>	<u>420,109,394</u>
TOTAL ASSETS	<u>703,562,692</u>	<u>709,301,569</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on refunding	3,888,644	4,093,310
Deferred outflows related to OPEB	19,700,016	20,578,430
Deferred outflows related to pensions	33,913,302	34,752,273
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>57,501,962</u>	<u>59,424,013</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 761,064,654</u></u>	<u><u>\$ 768,725,582</u></u>
LIABILITIES		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 9,262,914	\$ 13,412,433
Interest payable	4,019,924	4,301,409
Unearned revenue	40,296,133	51,901,280
Due to other funds	-	650,512
Compensated absences, current portion	4,132,663	-
Long-term liabilities, current portion	10,109,387	15,890,140
Total Current Liabilities	<u>67,821,021</u>	<u>86,155,774</u>
Non-current Liabilities:		
Compensated absences, non-current portion	16,411,542	5,320,594
Net OPEB liability	9,184,018	9,213,738
Net pension liability	106,796,778	113,876,966
Long-term liabilities, non-current portion	421,121,567	420,895,871
Total Non-current Liabilities	<u>553,513,905</u>	<u>549,307,169</u>
TOTAL LIABILITIES	<u>621,334,926</u>	<u>635,462,943</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred gain on refunding	604,250	906,374
Deferred Inflows related to OPEB	21,616,955	23,715,731
Deferred inflows related to pensions	15,088,473	17,569,331
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>37,309,678</u>	<u>42,191,436</u>
NET POSITION		
Net investment in capital assets	42,859,491	36,806,368
Restricted for:		
Debt service	32,424,828	23,093,612
Capital projects	76,632,219	62,648,943
Other special purposes	1,854,316	2,265,051
Unrestricted	<u>(51,350,804)</u>	<u>(33,742,771)</u>
TOTAL NET POSITION	<u>102,420,050</u>	<u>91,071,203</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u><u>\$ 761,064,654</u></u>	<u><u>\$ 768,725,582</u></u>

**GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024**

	2025	2024
OPERATING REVENUES		
Tuition and fees, gross	\$ 22,168,330	\$ 20,238,288
Less: Scholarship discounts and allowances	(12,863,521)	(10,838,198)
Tuition and fees, net	9,304,809	9,400,090
Grants and contracts		
Federal	44,416,602	41,731,784
State	92,831,130	99,413,586
Internal service sales and charges	377,609	348,337
TOTAL OPERATING REVENUES	146,930,150	150,893,797
OPERATING EXPENSES		
Salaries	108,872,564	102,605,359
Employee benefits	42,078,215	45,108,735
Supplies, materials, and other operating expenses and services	86,387,966	92,930,890
Student aid	57,256,047	54,898,295
Depreciation and amortization	11,488,058	12,159,727
TOTAL OPERATING EXPENSES	306,082,850	307,703,006
OPERATING LOSS	(159,152,700)	(156,809,209)
NON-OPERATING REVENUES/(EXPENSES)		
State apportionments, non-capital	81,631,033	81,895,630
Local property taxes	94,613,607	82,506,522
State taxes and other revenues	6,644,270	14,482,865
Investment income/(loss)	13,361,122	14,034,457
Interest expense, net	(14,418,108)	(14,729,024)
Other financing sources/(uses)	149,207	(109,205)
Local grants and other non-operating income/(loss)	1,808,337	2,162,484
TOTAL NON-OPERATING REVENUES/(EXPENSES)	183,789,468	180,243,729
INCOME BEFORE OTHER REVENUES/(EXPENSES), GAINS/(LOSSES)	24,636,768	23,434,520
OTHER REVENUES/(EXPENSES), GAINS/(LOSSES)		
State revenues, capital	204,072	437,139
Gain/(loss) on disposal of fixed assets	(4,354,646)	-
Local revenues, capital	746,129	2,124,966
TOTAL OTHER REVENUES/(EXPENSES), GAINS/(LOSSES)	(3,404,445)	2,562,105
CHANGES IN NET POSITION		
NET POSITION, BEGINNING OF YEAR	21,232,323	25,996,625
PRIOR YEAR ADJUSTMENT (NOTE 13)	91,071,203	76,068,872
NET POSITION, END OF YEAR	(9,883,476)	(10,994,294)
	\$ 102,420,050	\$ 91,071,203

**GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024**

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees, net	\$ 9,304,809	\$ 9,400,090
Grants and contracts	129,617,478	132,254,454
Payments to or on behalf of employees	(155,582,801)	(152,108,812)
Payments to vendors for supplies and services	(90,679,242)	(100,849,566)
Payments to students	(57,256,047)	(45,276,322)
Internal service sales and charges	377,609	348,337
Net Cash Provided by/(Used in) Operating Activities	<u>(164,218,194)</u>	<u>(156,231,819)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
State apportionments	81,631,033	81,895,630
Local property taxes	94,613,607	82,506,522
State taxes and other revenues	6,644,270	14,482,865
Local grants and other non-operating income/(loss)	1,808,337	2,162,484
Other financing sources/(uses)	(525,954)	(9,095,106)
Net Cash Provided by/(Used in) Non-capital Financing Activities	<u>184,171,293</u>	<u>171,952,395</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Purchase of capital assets	(21,292,214)	(24,919,867)
State revenues for capital purpose	204,072	437,139
Principal paid on capital debt	(27,469,894)	(18,798,128)
Interest paid on capital debt	2,536,744	(11,040,725)
Net Cash Provided by/(Used in) Capital Financing Activities	<u>(46,021,292)</u>	<u>(54,321,581)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	14,107,251	16,159,423
Net Cash Provided by/(Used in) Investing Activities	<u>14,107,251</u>	<u>16,159,423</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	(11,960,942)	(22,441,582)
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>268,848,797</u>	<u>291,290,379</u>
	<u>\$ 256,887,855</u>	<u>\$ 268,848,797</u>

**GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024**

RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY/ (USED IN) OPERATING ACTIVITIES	2025	2024
Operating loss	\$ (159,152,700)	\$ (147,187,236)
Adjustments to Reconcile Operating Loss to Net Cash Provided by/ (Used in) Operating Activities:		
Depreciation and amortization	11,488,058	12,159,727
Changes in Assets and Liabilities:		
Accounts receivables, net	3,974,893	(2,700,797)
Prepaid expenses	(141,757)	93,116
Deferred outflows of resources	1,717,385	(21,302,459)
Accounts payable and accrued liabilities	(4,149,519)	(8,011,792)
Unearned revenue	(11,605,147)	(6,190,119)
Compensated absences	5,340,135	507,988
Net pension liability	(7,080,188)	(1,135,697)
Net OPEB liability	(29,720)	(4,022,135)
Deferred inflows of resources	(4,579,634)	21,557,585
Total Adjustments	(5,065,494)	(9,044,583)
Net Cash Flows From Operating Activities	\$ (164,218,194)	\$ (156,231,819)

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2025

	Trust Funds		
	Scholarship and Loan Trust Fund	District Trust Fund	OPEB Trust Fund
ASSETS			
Cash and cash equivalents	\$ 324,182	\$ 972,787	\$ -
Investments	-	-	13,265,437
Accounts receivable, net	-	8,124	-
Due from other funds	-	1,838	-
Total Assets	\$ 324,182	\$ 982,749	\$ 13,265,437
LIABILITIES			
Accounts payable	\$ -	\$ 16,846	\$ -
Due to other funds	25,255	2,270	-
Total Liabilities	25,255	19,116	-
NET POSITION			
Restricted	298,927	963,633	13,265,437
Total Net Position	298,927	963,633	13,265,437
Total Liabilities and Net Position	\$ 324,182	\$ 982,749	\$ 13,265,437

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2024

	Trust Funds		
	Scholarship and Loan Trust Fund	District Trust Fund	OPEB Trust Fund
ASSETS			
Cash and cash equivalents	\$ 254,497	\$ 1,050,641	\$ -
Investments	-	-	12,022,810
Due from other funds	-	13,183	-
Total Assets	\$ 254,497	\$ 1,063,824	\$ 12,022,810
LIABILITIES			
Accounts payable	\$ -	\$ 13,859	\$ -
Due to other funds	-	19,601	-
Total Liabilities	-	33,460	-
NET POSITION			
Restricted	254,497	1,030,364	12,022,810
Total Net Position	254,497	1,030,364	12,022,810
Total Liabilities and Net Position	\$ 254,497	\$ 1,063,824	\$ 12,022,810

**GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 20, 2025**

	Trust Funds		
	Scholarship and Loan Trust Fund	District Trust Fund	OPEB Trust Fund
ADDITIONS			
Operating revenues	\$ 226,775	\$ 262,281	\$ -
Interest and investment earnings	-	416,091	1,281,922
Total Additions	226,775	678,372	1,281,922
DEDUCTIONS			
Operating expenses	-	670,927	39,295
Other outgo	182,345	74,176	-
Total Deductions	182,345	745,103	39,295
Net Changes in Net Position	44,430	(66,731)	1,242,627
Beginning of Year	254,497	1,030,364	12,022,810
End of Year	\$ 298,927	\$ 963,633	\$ 13,265,437

**GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 20, 2024**

	Trust Funds		
	Scholarship and Loan Trust Fund	District Trust Fund	OPEB Trust Fund
ADDITIONS			
Operating revenues	\$ 355,861	\$ 273,030	\$ -
Interest and investment earnings	6,691	355,597	1,062,640
Total Additions	362,552	628,627	1,062,640
DEDUCTIONS			
Operating expenses	-	490,965	34,124
Other outgo	359,818	114,025	-
Total Deductions	359,818	604,990	34,124
Net Changes in Net Position	2,734	23,637	1,028,516
Beginning of Year	251,763	1,006,727	10,994,294
End of Year	\$ 254,497	\$ 1,030,364	\$ 12,022,810

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
DISCRETELY PRESENTED COMPONENT UNIT
FOUNDATION FOR GROSSMONT AND CUYAMACA COLLEGES
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2025 AND 2024

	2025	2024
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 45,180,650	\$ 47,363,517
Investments	5,524,703	4,114,534
Beneficial interest in CCCS endowment	1,133,720	1,061,716
Accounts receivable	672,260	604,778
Due from related entities	44,022	121,191
Total current assets	<u>52,555,355</u>	<u>53,265,736</u>
Non-current assets:		
Equipment	5,704	5,704
Accumulated depreciation	<u>(5,704)</u>	<u>(5,704)</u>
Total non-current assets	-	-
Total Assets	<u><u>\$ 52,555,355</u></u>	<u><u>\$ 53,265,736</u></u>
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 6,650,095	\$ 3,458,133
Accrued payroll liabilities	190,848	191,075
Due to related entities	44,022	121,191
Compensated absences	249,811	212,249
Total Liabilities	<u>7,134,776</u>	<u>3,982,648</u>
NET ASSETS		
Net assets without donor restrictions	2,122,715	2,058,622
Net assets with donor restrictions	<u>43,297,864</u>	<u>47,224,466</u>
Total Net Assets	<u>45,420,579</u>	<u>49,283,088</u>
Total Liabilities and Net Assets	<u><u>\$ 52,555,355</u></u>	<u><u>\$ 53,265,736</u></u>

**GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
DISCRETELY PRESENTED COMPONENT UNIT
FOUNDATION FOR GROSSMONT AND CUYAMACA COLLEGES
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025**

	Net Assets	Net Assets	
	Without Donor	With Donor	
	Restrictions	Restrictions	Total
SUPPORT AND REVENUE			
Categorical allowances	\$ -	\$ 48,112,329	\$ 48,112,329
Contract education and services	-	50	50
Contributions	-	2,140,767	2,140,767
Interest Income	-	1,109,734	1,109,734
Net investment income	-	530,923	530,923
Special events	-	75,129	75,129
Other local revenue	189,327	-	189,327
Operational indirect offset	-	606,303	606,303
GCCCD support	-	334,697	334,697
Scholarships	-	169,154	169,154
Net assets released from restrictions	456,245	(456,245)	-
Total Support and Revenue	645,572	52,622,841	53,268,413
OPERATING EXPENSES			
Program services	565,826	56,031,064	56,596,890
Management and general	15,653	518,379	534,032
Total Operating Expenses	581,479	56,549,443	57,130,922
Changes in Net Assets	64,093	(3,926,602)	(3,862,509)
Net Assets - Beginning of Year	2,058,622	47,224,466	49,283,088
Net Assets - End of Year	\$ 2,122,715	\$ 43,297,864	\$ 45,420,579

**GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
DISCRETELY PRESENTED COMPONENT UNIT
FOUNDATION FOR GROSSMONT AND CUYAMACA COLLEGES
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024**

	Net Assets	Net Assets	
	Without Donor	With Donor	
	Restrictions	Restrictions	Total
SUPPORT AND REVENUE			
Categorical allowances	\$ -	\$ 53,315,547	\$ 53,315,547
Contract education and services	-	14,403	14,403
Contributions	-	769,602	769,602
Interest Income	-	1,004,274	1,004,274
Net investment income	-	437,674	437,674
Special events	-	169,411	169,411
Other local revenue	84,072	-	84,072
Operational indirect offset	-	412,358	412,358
GCCCD support	-	334,697	334,697
Scholarships	-	157,015	157,015
Net assets released from restrictions	376,975	(376,975)	-
Total Support and Revenue	461,047	56,238,006	56,699,053
OPERATING EXPENSES			
Program services	565,826	39,464,858	40,030,684
Management and general	15,653	471,672	487,325
Total Operating Expenses	581,479	39,936,530	40,518,009
Changes in Net Assets	(120,432)	16,301,476	16,181,044
Net Assets - Beginning of Year	2,179,054	30,922,990	33,102,044
Net Assets - End of Year	\$ 2,058,622	\$ 47,224,466	\$ 49,283,088

**GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
DISCRETELY PRESENTED COMPONENT UNIT
FOUNDATION FOR GROSSMONT AND CUYAMACA COLLEGES
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024**

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ (3,862,509)	\$ 16,181,044
Reconciliation to net cash provided by/(used in) operating activities:		
(Average)/decrease in operating assets	77,169	(84,795)
due from related entities		
Effect on changes in:		
Accounts payable	3,191,962	(51,643)
Accrued payroll liabilities	(227)	34,657
Compensated absences	37,562	(10,759)
Due to related entities	(77,169)	84,461
Net Cash Provided by/(Used in) Operating Activities	(633,212)	16,152,965
 CASH FLOWS FROM INVESTING ACTIVITIES		
Net (gains)/losses on investments	(1,477,651)	1,256,024
Net gain/(losses) on FCCC endowment	(72,004)	(67,115)
Net Cash Provided by/(Used in) Investing Activities	(1,549,655)	1,188,909
Net Increase/(Decrease) in Cash and Cash Equivalents	(2,182,867)	17,341,874
Cash and Cash Equivalents - Beginning of Year	47,363,517	30,021,643
Cash and Cash Equivalents - End of Year	\$ 45,180,650	\$ 47,363,517

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

NOTE 1 – ORGANIZATION

The Grossmont-Cuyamaca Community College District (the "District") was established in 1961 as a political subdivision of the State of California and provides post-secondary educational services to residents of the surrounding area. The District operates under a locally elected four-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 two colleges located in El Cajon, California: Grossmont College and Cuyamaca College. While the District is a political subdivision of the State of California, it is not a component unit of the state in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 39.

Financial Reporting Entity

The District has adopted GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*. This statement amends GASB Statement No. 61, *The Financial Reporting Entity*, to provide additional guidance to determine whether certain organizations, for which the District is not financially accountable, should be reported as component units based on the nature and significance of their relationship with the District.

In evaluating how to define the District for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in generally accepted accounting principles and GASB Statement No. 61 and Statement No. 39. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the Board of Trustee's ability to exercise oversight responsibility. A second criterion used in evaluating potential component units is the scope of public service. A third criterion used to evaluate potential component units is the existence of special financing relationships, regardless of the whether the District is able to exercise oversight responsibilities.

The Foundation for Grossmont and Cuyamaca Colleges (the "Foundation") is a legally separate, tax exempt organization that is considered a component unit of the District. The Foundation receives grant funding for the benefit of the District and the District exercises significant control over the expenditures and operations of the Foundation. The Foundation is reported as a discretely presented component unit because of the difference in the reporting model. The Foundation reports its results of operations under the Not-for-Profit Entities Topic of the Financial Accounting Standards Board (FASB). As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the District's financial reporting entity for these differences.

The Foundation is a separate, not-for-profit corporation. Its Board of Directors is appointed independent of any District Board of Trustee appointments. Its Board is responsible for approving their own budgets and accounting and financing related activities.

Separate financial statements for the Foundation may be obtained through the District.

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

NOTE 1 – ORGANIZATION, continued

Joint Powers Agencies and Public Entity Risk Pools

The District is associated with a joint power agency (JPA). This organization does not meet the criteria for inclusion as component units of the District. The JPA is the Alliance of Schools for Cooperative Insurance Programs (ASCP).

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

GASB released Statement No. 34, *"Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments"* in June 1999, which released Statement No. 35, *"Basis Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities,"* which applies the new reporting standards of GASB Statement No. 34 to public colleges and universities. The GASB then amended those statements in June 2001 with the issuance of GASB Statements No. 37 and No. 38. The District adopted and applied these new standards beginning in 2001-02 as required. In May 2002, the GASB released Statement No. 39, *"Determining Whether Certain Organizations Are Component Units,"* which amends GASB Statement No. 14, paragraphs 41 and 42, to provide guidance for determining and reporting whether certain organizations are component units. In 2010, GASB 61 was enacted to amend GASB Statement Nos. 14, 34 and 35. The District adopted and applied this standard for the 2018-19 fiscal year as required.

The District now follows the financial statement presentation required by GASB Statements No. 39 and 61. This presentation provides a comprehensive, entity-wide perspective of the District's assets, cash flows, and replaces the fund-group perspective previously required.

B. Basis of Accounting

For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities (BTA). Accordingly, the District's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. All material intra-agency transactions have been eliminated.

The District records revenues when earned and expenses when a liability is incurred regardless of the timing of the related cash flow. It has also elected to apply all Financial Accounting Standards Board (FASB) pronouncements issued before November 30, 1989, unless FASB conflicts with budgetary and financial accounts of the District are recorded and maintained in accordance with the Chancellor's Office's *Budget and Accounting Manual*.

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

C. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the District considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Funds invested in the county treasurer's investment pool are considered cash equivalents.

D. Investments

In accordance with GASB Statement No. 72, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments are reported at fair value.

E. Accounts Receivable

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

F. 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.

G. Inventory

Inventory, primarily bookstore merchandise, is carried at the lower of cost or market using the first-in, first-out (FIFO) method.

H. Capital Assets

Capital assets are recorded at cost at the date of acquisition, or fair market value at the date of donation in the case of gifts. Capitalized equipment includes all items with a unit cost of \$5,000 or more, and an estimated useful life of greater than one year. Renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the asset are capitalized. Routine repairs and maintenance are charged as operating expense in the year in which the expense was incurred.

Depreciation of capitalized assets is computed using the straight-line method over the estimated useful lives of the assets, generally 50 years for buildings, 15 years for portable buildings, 10 years for land improvements, 8 years for most equipment and vehicles, and 3 years for technology equipment such as computers.

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

I. Accounts Payable and Accrued Liabilities

In general, accounts payables and accrued liabilities once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds.

J. Unearned Revenue

Unearned revenue include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period. Unearned revenue also include amounts received from grant and contract sponsors that have not yet been earned.

K. Compensated Absences

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

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

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

Sick leave is accumulated without limit for each employee based upon negotiated contracts. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. Therefore, the value of accumulated sick leave is not recognized as a liability in the District's financial statements. However, retirement credit for unused sick leave is applicable to all classified school members who retire after January 1, 1999. At retirement, each member will receive 0.004 year of service credit for each day of unused sick leave. Retirement credit for unused sick leave is applicable to all employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full time.

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

L. Long-Term Liabilities

Bond premiums and discounts are amortized over the life of the bonds using the effective-interest method. Bonds payable are reported net of the applicable bond premium or discount.

M. Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability/(asset), deferred outflows/inflows of resources related to OPEB, and OPEB expense/(benefit), information about the fiduciary net position of the District OPEB Plan and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the District OPEB Plan. For this purpose, the District OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

N. Net Pension Liability

For purposes of measuring the net pension liability and 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.

O. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period(s), and as such, will not be recognized as an outflow of resources (expense/expenditures) until then. The District has three items that qualify for reporting in this category, which are the deferred loss on refunding, deferred pension contributions and deferred outflows related to OPEB.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and as such, will not be recognized as an inflow of resources (revenue) until that time. The District reports deferred inflows of resources for deferred gain on bond refunding, pension-related items and OPEB-related items.

A deferred gain/(loss) on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter life of the refunded or refunding debt.

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

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

O. Deferred Outflows/Inflows of Resources, continued

Changes in proportion and differences between District contributions and proportionate share of pension contributions, the District's proportionate share of the net difference between projected and actual earnings on pension plan investments, changes in assumptions, and the differences between the District's expected and actual experience are reported as deferred inflows of resources or deferred outflows of resources in the government-wide statement of net position. These amounts are amortized over the estimated service lives of the pension plan participants.

Differences between projected and actual earnings on OPEB plan investments, changes in assumptions, and the differences between the District's expected and actual experience, are reported as deferred inflows of resources or deferred outflows of resources in the government-wide statement of net position. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided OPEB through the OPEB plan.

P. Net Position

The District's Net Position is classified as follows:

- *Net investment in capital assets* – This represents the District's total investment in capital assets, net of associated outstanding debt obligations. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component invested in capital assets, net of related debt.
- *Restricted net position – expendable* – Restricted expendable net position include resources that the District is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.
- *Restricted net position – nonexpendable* – Nonexpendable restricted net position consist of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.
- *Unrestricted net position* – Unrestricted net position represent resources derived from student tuition and fees, state apportionments, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the District, and may be used at the discretion of the governing board to meet current expenses for any purpose. Although the governing board may designate these funds for special purposes, the funds remain unrestricted.

When an expense is incurred that can be paid using either restricted or unrestricted funds, the District's policy is to utilize available restricted resources, followed by unrestricted resources.

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Q. Classification of Revenues and Expenses

Classification of Revenues

The District has classified its revenues as either operating or non-operating. Certain significant revenue streams relied upon for operations are recorded as non-operating revenues, as defined by GASB Statement No. 61, including state appropriations, local property taxes and investment income. Revenues are classified per the following criteria:

- Operating Revenues – Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances, (3) most federal, state and local contracts and federal appropriations, and (4) interest on institutional student loans.
- Non-operating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, most federal, state and local grants, and other revenue sources described in GASB Statement No. 61, such as state appropriations and investment income.

Classification of Expenses

Nearly all of the District's expenses are from exchange transactions and are classified as either operating or non-operating 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.
- Non-Operating Expenses – Non-operating expenses include interest expenses and other expenses not directly related to the services of the District.

R. Scholarship Discounts and Allowances

Student tuition and fee revenue are reported net of 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 goods and services provided by the District and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as pell grants, and other federal, state or nongovernmental programs, are recorded as operating revenues in the district's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the District has recorded a scholarship discount and allowance.

S. State Apportionments

Certain current year apportionments from the state are based on various financial and statistical information of the previous year. Any prior year corrections due to the recalculation in February of the subsequent year and are recorded in the District's financial records when received.

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

T. On-Behalf Payments

GASB Statement No. 24 requires that direct on-behalf payments for fringe benefits and salaries made by one entity to a third-party recipient for the employees of another, legally separate entity be recognized as revenue and expenditures by the employer government. The State of California makes direct on-behalf payments for retirement benefits to the State Teachers' on behalf of all Community Colleges in California. 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.

U. Property Taxes

Secured property taxes attach as an enforceable lien on property as of January 1st. Taxes are payable in two installments on November 1st and February 1st and become delinquent if paid after December 10th and April 10th. Unsecured property taxes are payable in one installment on or before August 31st. The respective counties bill and collect the taxes for the District.

Secured property taxes are recorded as revenue when apportioned in the fiscal year of the levy. The counties apportion secured property tax revenue in accordance with the alternate method of distribution prescribed by Section 4705 of the California Revenue and Taxation Code. This alternate method provides for crediting each applicable fund with its total secured taxes upon completion of the secured tax roll, approximately October 1st of each year.

V. Interfund Activity

Exchange transactions between funds of the District are reported as revenues and expenses within the statement of revenues, expenses, and changes in net position. Flows of cash or goods from one fund to another without a requirement for repayment are recognized as interfund transfers within the District's fund financial statements. Amounts owing between funds for both exchange and non-exchange transactions are recorded as interfund receivables and payables within the District's fund financial statements. Interfund transfers and interfund receivables and payables are eliminated during the consolidation process in the entity-wide financial statements.

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

W. Adoption of New Accounting Standards

The following Governmental Accounting Standards Board (GASB) Pronouncements were adopted by the District during the year ended June 30, 2025:

GASB Statement No. 101 – In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The financial impact of this Statement is reflected in Notes 6 and 13.

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

X. Upcoming GASB Pronouncements

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

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

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

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

NOTE 3 – CASH AND CASH EQUIVALENTS

Summary of Cash and Cash Equivalents

Cash and cash equivalents as of June 30, 2025, consist of the following:

	Primary Government	Fiduciary Funds
Cash on hand and in banks	\$ 38,665,929	\$ 1,296,969
Cash with fiscal agent	-	13,265,437
Cash in county treasury	218,221,926	-
Total Cash and Cash Equivalents	<u>\$ 256,887,855</u>	<u>\$ 14,562,406</u>

Cash and cash equivalents as of June 30, 2024, consist of the following:

	Primary Government	Fiduciary Funds
Cash on hand and in banks	\$ 48,999,766	\$ 1,305,138
Cash with fiscal agent	-	12,022,810
Cash in county treasury	223,213,893	-
FMV adjustment to cash in county treasury	(3,364,862)	-
Total Cash and Cash Equivalents	<u>\$ 268,848,797</u>	<u>\$ 13,327,948</u>

Policies and Practices

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

Cash in County Treasury – The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (*Education Code Section 41001*). In fiscal year 2024-25, the cash in county treasury is recorded at cost, which approximates fair value. In fiscal year 2023-24, the fair market 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 market 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.

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

NOTE 3 – CASH AND CASH EQUIVALENTS, continued

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.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair market value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair market value to changes in market interest rates. The District manages its exposure to interest rate risk by primarily investing in the San Diego County Investment Pool and in other investment agreements.

Specific Identification

Information about the sensitivity of the fair market values of the District's investments to market interest rate fluctuations is indicated by the following schedule that shows the distribution of the District's investment by maturity as of June 30, 2025:

Investment or Deposit Type	Fair Market Value	Maturity
San Diego County Investment Pool	\$ 218,221,926	562 Days

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

NOTE 3 – CASH AND CASH EQUIVALENTS, continued

Credit Risk

Credit risk is 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 investment in the County pool is not required to be rated, nor has it been rated as of June 30, 2025. Presented below is the minimum rating required by the *California Government Code*, the District's investment policy, or debt agreements, and the actual rating as of the year-end for each investment type.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. 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 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2025, the District's bank balance of \$39,482,301 was not exposed to custodial credit risk because the first \$250,000 deposited per bank was covered under the Federal Deposit Insurance Corporation (FDIC) insurance limit, and the remaining balance was collateralized with securities held by the pledging financial institution's trust department or agency.

NOTE 4 – ACCOUNTS RECEIVABLE

Accounts receivable consist of the following at June 30, 2025:

	Primary Government
Federal	\$ 755,652
State	4,991,762
Local	<u>10,619,526</u>
Total	<u>\$ 16,366,940</u>

Accounts receivable consist of the following at June 30, 2024:

	Primary Government
Federal	\$ 1,257,831
State	6,425,238
Local	<u>12,658,764</u>
Total	<u>\$ 20,341,833</u>

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

NOTE 5 – CAPITAL ASSETS AND RIGHT-TO-USE ASSETS

Capital asset and right-to-use assets activity for the year ended June 30, 2025, is summarized below:

	Balance	Adjusted Balance			Balance	
	July 1, 2024	Restatement	July 1, 2024	Additions	Deductions	June 30, 2025
Capital Assets Not Being Depreciated						
Land	\$ 1,818,942	\$ -	\$ 1,818,942	\$ -	\$ 1,818,942	
Construction in progress	125,355,677	1,887,488	127,243,165	14,519,222	114,206,246	27,556,141
Total Capital Assets Not Being Depreciated	127,174,619	1,887,488	129,062,107	14,519,222	114,206,246	29,375,083
Capital Assets Being Depreciated						
Land improvements	70,031,421	1,469,831	71,501,252	3,960	-	71,505,212
Buildings and improvements	372,211,965	(7,753,136)	364,458,829	110,189,249	808,235	473,839,843
Furniture and equipment	11,855,183	9,534,976	21,390,159	330,499	-	21,720,658
Total Capital Assets Being Depreciated	454,098,569	3,251,671	457,350,240	110,523,708	808,235	567,065,713
Total Capital Assets	581,273,188	5,139,159	586,412,347	125,042,930	115,014,481	596,440,796
Less: Accumulated Depreciation						
Land improvements	36,679,088	(817,310)	35,861,778	2,331,399	-	38,193,177
Buildings and improvements	114,846,277	(7,696,431)	107,149,846	7,452,823	808,235	113,794,434
Furniture and equipment	9,638,429	7,552,016	17,190,445	903,522	-	18,093,967
Total Accumulated Depreciation	161,163,794	(961,725)	160,202,069	10,687,744	808,235	170,081,578
Capital Assets, Net	420,109,394	6,100,884	426,210,278	114,355,186	114,206,246	426,359,218
Right-to-Use Assets						
Subscription-based IT arrangements	-	-	-	4,581,042	-	4,581,042
Total Right-to-Use Assets	-	-	-	4,581,042	-	4,581,042
Less: Accumulated Amortization						
Subscription-based IT arrangements	-	-	-	800,314	-	800,314
Total Accumulated Amortization	-	-	-	800,314	-	800,314
Right-to-Use Assets, Net	-	-	-	3,780,728	-	3,780,728
Capital Assets and Right-to-Use Assets, Net	\$ 420,109,394	\$ 6,100,884	\$ 426,210,278	\$ 118,135,914	\$ 114,206,246	\$ 430,139,946

Capital asset activity for the year ended June 30, 2024, is summarized below:

	Balance	Balance		
	July 1, 2023	Additions	Deductions	June 30, 2024
Capital Assets Not Being Depreciated				
Land	\$ 1,818,942	\$ -	\$ -	\$ 1,818,942
Construction in progress	113,215,425	12,140,252	-	125,355,677
Total Capital Assets Not Being Depreciated	115,034,367	12,140,252	-	127,174,619
Capital Assets Being Depreciated				
Land improvements	71,486,152	-	1,454,731	70,031,421
Buildings and improvements	372,117,779	94,186	-	372,211,965
Furniture and equipment	10,515,544	1,691,135	351,496	11,855,183
Total Capital Assets Being Depreciated	454,119,475	1,785,321	1,806,227	454,098,569
Total Capital Assets	569,153,842	13,925,573	1,806,227	581,273,188
Less: Accumulated Depreciation				
Land improvements	34,222,452	3,911,367	1,454,731	36,679,088
Buildings and improvements	107,356,343	7,489,934	-	114,846,277
Furniture and equipment	9,231,499	758,426	351,496	9,638,429
Total Accumulated Depreciation	150,810,294	12,159,727	1,806,227	161,163,794
Capital Assets, Net	\$ 418,343,548	\$ 1,765,846	\$ -	\$ 420,109,394

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

NOTE 6 – LONG-TERM LIABILITIES

Summary

The changes in the District's long-term liabilities for the 2025 fiscal year consisted of the following:

	Balance		Adjusted Balance			Balance		Due Within One Year
	July 1, 2024	Restatement	July 1, 2024	Additions	Deductions	June 30, 2025		
General obligation bonds	\$ 416,857,997	\$ -	\$ 416,857,997	\$ 19,678,741	\$ 26,095,059	\$ 410,441,679	\$ 8,174,941	
Bond premium	19,928,014	-	19,928,014	-	2,140,280	17,787,734	1,123,329	
Compensated absences	5,320,594	15,984,360	21,304,954	-	760,749	20,544,205	4,132,663	
Subscription-based IT arrangements	-	-	-	4,581,042	1,579,501	3,001,541	811,117	
Net OPEB liability	9,213,738	-	9,213,738	-	29,720	9,184,018	-	
Net pension liability	113,876,966	-	113,876,966	-	7,080,188	106,796,778	-	
Total Long-term Liabilities	\$ 565,197,309	\$ 15,984,360	\$ 581,181,669	\$ 24,259,783	\$ 37,685,497	\$ 567,755,955	\$ 14,242,050	

The changes in the District's long-term liabilities for the 2024 fiscal year consisted of the following:

	Balance			Balance		Due Within One Year
	July 1, 2023	Additions	Deductions	June 30, 2024		
General obligation bonds	\$ 428,038,434	\$ 7,929,563	\$ 19,110,000	\$ 416,857,997	\$ 13,395,000	
Bond premium	22,423,154	-	2,495,140	19,928,014	2,495,140	
Compensated absences	4,812,606	507,988	-	5,320,594	-	
Net OPEB liability	13,235,873	-	4,022,135	9,213,738	-	
Net pension liability	115,012,663	-	1,135,697	113,876,966	-	
Total Long-term Liabilities	\$ 583,522,730	\$ 8,437,551	\$ 26,762,972	\$ 565,197,309	\$ 15,890,140	

Description of Debt

Payments on the general obligation bonds are made by the bond interest and redemption fund with local property tax collections. The General Fund makes payments for the general obligation bonds, retiree health benefits and the supplemental employee retirement plan. An accrued compensated absence will be paid by the fund for which the employee worked.

Original issuance premiums and issuance costs are amortized over the life of the bonds as a component of interest expense on the bonds.

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

NOTE 6 – LONG-TERM LIABILITIES, continued

General Obligations Bonded Debt

The outstanding general obligations bonded debt as of June 30, 2025 is as follows:

	Balance July 1, 2024	Additions	Redeemed	Balance June 30, 2025	Due Within One Year
GO Bonds, Series 2008C	\$ 124,432,997	\$ 19,678,741	\$ 12,700,059	\$ 131,411,679	\$ 6,359,941
GO Bonds, Series 2013 Refunding	425,000	-	425,000	-	-
GO Bonds, Series 2018 Refunding	11,970,000	-	11,970,000	-	-
GO Bonds, Series 2018B	115,450,000	-	-	115,450,000	-
GO Bonds, Series 2021C	100,000,000	-	-	100,000,000	-
GO Bonds, Series 2021 Refunding	64,580,000	-	1,000,000	63,580,000	1,815,000
Total General Obligation Bonds	\$ 416,857,997	\$ 19,678,741	\$ 26,095,059	\$ 410,441,679	\$ 8,174,941

2008 Series C General Obligation Bonds

During May 2008, the District issued, from the November 2002 election, the General Obligation Bonds, Series 2008C, in the amount of \$52,000,377. The bonds issued included \$52,000,377 in Capital Appreciation Bonds. The Capital Appreciation Bonds have a maturing principal and interest balance of \$154,840,000. The bonds mature beginning on August 1, 2025 through August 1, 2031, with interest yields ranging from 5.06 percent to 6.50 percent.

The general obligation bonds, Series 2008C, mature through 2032 as follows:

Year Ending June 30,	Principal	Interest	Total
2026	\$ 6,359,941	\$ 12,700,059	\$ 19,060,000
2027	6,250,810	13,719,190	19,970,000
2028	8,065,739	12,944,261	21,010,000
2029	7,948,408	14,031,592	21,980,000
2030	7,852,423	15,222,578	23,075,001
2031-2032	15,523,057	34,221,943	49,745,000
Accretion	79,411,301	(79,411,301)	-
Total	\$ 131,411,679	\$ 23,428,322	\$ 154,840,001

2013 General Obligation Refunding Bonds

During August 2013, the District issued the 2013 General Obligation Refunding Bonds, in the amount of \$5,470,000. The bonds mature beginning on August 1, 2014 through August 1, 2025, with interest yields ranging from 2.00 percent to 4.00 percent.

The general obligation bonds, Series 2013 Refunding, matured in fiscal year 2024-25.

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

NOTE 6 – LONG-TERM LIABILITIES, continued

General Obligations Bonded Debt, continued

2018 Series B General Obligation Bonds

During June 2018, the District issued, from the November 2012 election, the General Obligation Bonds, Series 2018B, in the amount of \$126,000,000. The bonds mature beginning on August 1, 2018 through August 1, 2047, with interest yields ranging from 3.00 percent to 5.00 percent.

The general obligation bonds, Series 2018B, mature through 2048 as follows:

Year Ending June 30,	Principal	Accrued Interest	Total
2026	\$ -	\$ 5,296,600	\$ 5,296,600
2027	-	5,296,600	5,296,600
2028	-	5,296,600	5,296,600
2029	-	5,296,600	5,296,600
2030	-	5,296,600	5,296,600
2031-2035	5,320,000	26,042,000	31,362,000
2036-2040	19,295,000	23,081,375	42,376,375
2041-2045	43,245,000	15,728,875	58,973,875
2046-2048	47,590,000	2,964,000	50,554,000
Total	\$ 115,450,000	\$ 94,299,250	\$ 209,749,250

2018 General Obligation Refunding Bonds

During June 2018, the District issued the 2018 General Obligation Refunding Bonds, in the amount of \$82,275,000. The bonds mature beginning on August 1, 2018 through August 1, 2024, with interest yields ranging from 3.00 percent to 5.00 percent.

The general obligation bonds, 2018 Refunding, matured in fiscal year 2024-25.

2021 Series C General Obligation Bonds

During May 2021, the District issued, from the November 2012 election, the General Obligation Bonds, Series 2021C, in the amount of \$100,000,000. The bonds mature beginning on August 1, 2030 through August 1, 2050, with interest yields ranging from 1.78 percent to 4.00 percent.

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

NOTE 6 – LONG-TERM LIABILITIES, continued

General Obligations Bonded Debt, continued

2021 Series C General Obligation Bonds, continued

The general obligation bonds, Series 2021C, mature through 2051 as follows:

Year Ending June 30,	Principal	Accrued Interest	Total
2026	\$ -	\$ 2,763,700	\$ 2,763,700
2027	-	2,763,700	2,763,700
2028	-	2,763,700	2,763,700
2029	-	2,763,700	2,763,700
2030	-	2,763,700	2,763,700
2031-2035	1,680,000	13,693,700	15,373,700
2036-2040	4,670,000	13,068,100	17,738,100
2041-2045	9,815,000	11,754,200	21,569,200
2046-2050	58,425,000	8,011,919	66,436,919
2051	25,410,000	301,744	25,711,744
Total	\$ 100,000,000	\$ 60,648,163	\$ 160,648,163

2021 General Obligation Refunding Bonds

During May 2021, the District issued the 2021 General Obligation Refunding Bonds, in the amount of \$67,645,000. The bonds mature beginning on August 1, 2021 through August 1, 2043, with interest yields ranging from 0.08 percent to 3.02 percent.

The 2021 general obligation refunding bonds mature through 2044, respectively, as follows:

Year Ending June 30,	Principal	Accrued Interest	Total
2026	\$ 1,815,000	\$ 1,579,278	\$ 3,394,278
2027	2,225,000	1,558,155	3,783,155
2028	2,675,000	1,525,450	4,200,450
2029	2,665,000	1,483,216	4,148,216
2030	3,030,000	1,431,503	4,461,503
2031-2035	16,160,000	6,128,049	22,288,049
2036-2040	18,315,000	3,897,718	22,212,718
2041-2044	16,695,000	1,028,160	17,723,160
Total	\$ 63,580,000	\$ 18,631,529	\$ 82,211,529

Compensated Absences

The liability for compensated absences consists of unused vacation and sick leave that is expected to be used in future periods or paid upon termination, in accordance with employee collective bargaining agreements and District policy.

At June 30, 2025 and 2024, the liability recorded for compensated absences was \$20,544,205 and \$5,320,594, respectively.

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

The District provides postemployment health care benefits for retired employees in accordance with negotiated contracts with the various bargaining units of the District.

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

OPEB Plan	Net OPEB Liability/(Asset)	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense/(Benefit)
District Plan	\$ 9,184,018	\$ 19,700,016	\$ 21,616,955	\$ 247,525

Plan Description

The District provides postemployment health care benefits in accordance with District employment contracts to all employees and their eligible dependents who retire from the District until attaining age 65 with at least ten years in service. When the retiree attains age 65, all postemployment benefits cease. The District contributes 100 percent of the amount of the benefit premium costs incurred by retirees and their dependents.

Benefits Provided

The eligibility requirements and benefits provided by the Plan are described below.

Benefit Types Provided	Faculty	Classified	Administrators Association	Confidential & Chancellor's Cabinet
Duration of Benefits	Medical and Dental To age 65			
Required Service	15 years	15 years	10 years	15 years
Minimum Age	55	55	55	55
Dependent Coverage	Yes	Yes	Yes	Yes
District Contribution %	100%	100%	100%	100%
District Cap	None	None	None	None

Plan Membership

Membership of the Plan consisted of the following:

	Number of Participants
Inactive Employees Receiving Benefits	50
Active Employees	577
Total	627

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

Net OPEB Liability/(Asset)

The Grossmont-Cuyamaca Community College District's net OPEB liability/(asset) of \$9,184,018 and \$9,213,738 was measured as of June 30, 2024 and 2023 and was determined by an actuarial valuation as of June 30, 2023.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Valuation date	June 30, 2023
Measurement date	June 30, 2024
Fiscal year	July 1st to June 30th
Actuarial cost methods	Entry age normal cost method
Inflation rate	2.50%
Investment rate of return / discount rate	4.75%
Salary Increase	2.75%
Healthcare cost trend rate	4.00%

The plan discount rate of 4.75% was determined using the following asset allocation and assumed rate of return:

Asset Class	Percentage of Portfolio	Assumed Gross Return
All Equities	15%	7.545%
All Fixed Income	80%	4.250%
Short-Term Government Fixed	5%	3.000%
Total	100%	

Rolling periods of time for all asset classes in combination we used to appropriately reflect correlation between asset classes. This means that the average returns for any asset class do not necessarily reflect the averages over time individually but reflect the return for the asset class for the portfolio average.

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

Changes in Net OPEB Liability/(Asset)

	Increase/(Decrease)		
	Total OPEB Liability (a)	Total Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (a) - (b)
	\$ 20,208,032	\$ 10,994,294	\$ 9,213,738
Balance July 1, 2023 (Measurement Date)			
Changes for the year:			
Service cost	1,040,970	-	1,040,970
Interest	960,784	-	960,784
Employer contributions	-	1,002,958	(1,002,958)
Expected investment income	-	521,419	(521,419)
Investment gains/(losses)	-	541,221	(541,221)
Administrative expense	-	(34,124)	34,124
Expected benefit payments	(1,002,958)	(1,002,958)	-
Net change	998,796	1,028,516	(29,720)
Balance June 30, 2024 (Measurement Date)	\$ 21,206,828	\$ 12,022,810	\$ 9,184,018

The Grossmont-Cuyamaca Community College District has invoked Paragraph 244 of GASB Statement No. 75 for the transition due to cost constraints. Consequently, in order to determine the beginning total OPEB liability, a "roll-back" technique has been used.

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

For the fiscal year ended June 30, 2025, the District recognized OPEB expense of \$247,525. At June 30, 2025, the District reported deferred outflows of resources related to OPEB and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual earnings on plan investments	\$ 99,549	\$ -
Differences between expected and actual experience	977,674	20,676,187
Change in assumptions	17,125,186	940,768
District contributions subsequent to the measurement date	1,497,607	-
Total	\$ 19,700,016	\$ 21,616,955

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

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

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

Year Ending June 30,	Deferred Outflows/(Inflows) of Resources
2026	\$ (252,255)
2027	(42,967)
2028	(449,428)
2029	(425,721)
2030	(317,480)
Thereafter	(1,926,695)
Total	\$ (3,414,546)

Sensitivity of the Net OPEB Liability/(Asset) to Changes in the Discount Rate

The following presents the net OPEB liability/(asset) of the District, as well as what the District's net OPEB liability/(asset) would be if it were calculated using a discount rate that is one percentage point lower (3.75 percent) or one percentage point higher (5.75 percent) than the current discount rate:

	Current		
	1% Decrease (3.75%)	Discount Rate (4.75%)	1% Increase (5.75%)
Net OPEB liability/(asset)	\$ 10,587,466	\$ 9,184,018	\$ 7,868,894

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

The following presents the net OPEB liability/(asset) of the District, as well as what the District's net OPEB liability/(asset) would be if it were calculated using a healthcare cost trend rate that is one percentage point lower (3.00 percent) or one percentage point higher (5.00 percent) than the current healthcare cost trend rate:

	Healthcare Cost		
	1% Decrease (3.00%)	Trend Rate (4.00%)	1% Increase (5.00%)
Net OPEB liability/(asset)	\$ 7,035,107	\$ 9,184,018	\$ 11,682,911

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

NOTE 8 – PENSION PLANS

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

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

Pension Plan	Collective Net Pension Liability	Collective Deferred Outflows of Resources	Collective Deferred Inflows of Resources	Collective Pension Expense
CalSTRS	\$ 47,010,700	\$ 15,367,489	\$ 9,303,160	\$ 2,051,679
CalPERS	59,786,078	18,545,813	5,785,313	8,540,855
Total	\$ 106,796,778	\$ 33,913,302	\$ 15,088,473	\$ 10,592,534

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

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

Benefits Provided

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

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program, and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP.

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

NOTE 8 – PENSION PLANS, continued

California State Teachers' Retirement System (CalSTRS), continued

Benefits Provided, continued

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

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

Contributions

The parameters for employer and state contribution rates for the DB Program are set by the California Legislature and the Governor and detailed in the Teachers' Retirement Law. Current contribution rates were established by California Assembly Bill 1469 (CalSTRS Funding Plan), which was passed into law in June 2014 and established a schedule of contribution rate increases shared among members, employers and the state to bring CalSTRS toward full funding by 2046. The contribution rates for each plan for the year ended June 30, 2025, are presented above and the District's total contributions were \$9,808,038.

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

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

District's proportionate share of the net pension liability	\$ 47,010,700
State's proportionate share of the net pension liability associated with the District	21,569,002
Total	\$ 68,579,702

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

NOTE 8 – PENSION PLANS, continued

California State Teachers' Retirement System (CalSTRS), continued

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

The net pension liability was measured as of June 30, 2024. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2024 and June 30, 2023, respectively was 0.070 percent and 0.071 percent, resulting in a decrease of 0.001 percent in the proportionate share.

For the year ended June 30, 2025, the District recognized pension expense of \$2,051,679. In addition, the District recognized pension expense and revenue of \$1,968,469 for support provided by the State. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual earnings on plan investments	\$ -	\$ 192,065
Differences between expected and actual experience	5,318,113	2,057,052
Changes in assumptions	205,786	3,210,366
Net changes in proportionate share of net pension liability	35,552	3,843,677
District contributions subsequent to the measurement date	9,808,038	-
Total	\$ 15,367,489	\$ 9,303,160

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

Year Ending June 30,	Deferred Outflows/(Inflows) of Resources
2026	\$ (5,687,802)
2027	2,841,543
2028	(919,677)
2029	(214,856)
2030	467,666
Thereafter	(230,583)
Total	\$ (3,743,709)

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

NOTE 8 – PENSION PLANS, continued

California State Teachers' Retirement System (CalSTRS), continued

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
Investment rate of return / discount rate	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%
Payroll growth	3.25%
Postretirement benefit increases	2.00%

CalSTRS uses a generational mortality assumption, which is based off generational mortality tables that reflect expected future improvements in mortality and includes a base table and a projection table. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among 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 investment rate of return assumption was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class/strategy. Expected real rates of return are net of our 2.75% inflation assumption and are derived from best-estimate ranges of 20- to 30-year geometrically linked expected returns. These best-estimate ranges were developed using capital market assumptions from CalSTRS investment staff and investment consultants as inputs to the process.

The actuarial investment rate of return assumption was adopted by the board in January 2024 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS' independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions.

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

NOTE 8 – PENSION PLANS, continued

California State Teachers' Retirement System (CalSTRS), continued

Actuarial Methods and Assumptions, continued

The assumed asset allocation and best estimates of the expected rates of return for each major asset class/strategy as of June 30, 2024, are summarized in the following table:

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

*20 to 30 year geometric average.

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

Discount Rate

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

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

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Plan's net pension liability	\$ 83,616,653	\$ 47,010,700	\$ 16,443,211

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

NOTE 8 – PENSION PLANS, continued

California Public Employees' Retirement System (CalPERS)

Plan Description

Qualified employees are eligible to participate in the School Employer Pool (SEP) under the California Public Employees' Retirement System (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 55 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 62 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 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 provisions and benefits in effect at June 30, 2025, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before	On or after
Hire date	December 31, 2012	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	1.10% - 2.50%	1.00% - 2.50%
Required employee contribution rate	7.00%	7.00%
Required employer contribution rate	27.05%	27.05%

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

NOTE 8 – PENSION PLANS, continued

California Public Employees' Retirement System (CalPERS), continued

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 the 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 contributions 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 \$9,506,571.

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

At June 30, 2025, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$59,786,078. The net pension liability was measured as of June 30, 2024. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2024 and June 30, 2023, respectively was 0.167 percent and 0.166 percent, resulting in a net increase in the proportionate share of 0.001 percent.

For the year ended June 30, 2025, the District recognized pension expense of \$8,540,855. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual earnings on plan investments	\$ 2,322,344	\$ -
Differences between expected and actual experience	5,012,188	427,887
Changes in assumptions	1,321,474	-
Net changes in proportionate share of net pension liability	383,236	5,357,426
District contributions subsequent to the measurement date	9,506,571	-
Total	\$ 18,545,813	\$ 5,785,313

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

NOTE 8 – PENSION PLANS, continued

California Public Employees' Retirement System (CalPERS), continued

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

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

Year Ending June 30,	Deferred Outflows/(Inflows) of Resources
2026	\$ 754,937
2027	3,431,557
2028	(293,549)
2029	(639,016)
Total	\$ 3,253,929

Actuarial Methods and Assumptions

Total pension liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2022, and rolling forward the total pension liability to June 30, 2024. The financial reporting actuarial valuation as of June 30, 2022, used the following methods and assumptions, applied to all prior periods included in the measurement:

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

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

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

NOTE 8 – PENSION PLANS, continued

California Public Employees' Retirement System (CalPERS), continued

Actuarial Methods and Assumptions, continued

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

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

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

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

Discount Rate

The discount rate used to measure the total pension liability was 6.90 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the School Employer Pool fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

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

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Plan's net pension liability	\$ 88,812,720	\$ 59,786,078	\$ 35,807,764

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

NOTE 8 – PENSION PLANS, continued

On-Behalf Payments

The District was the recipient of on-behalf payments made by the State of California to CalSTRS for education. These payments consist of state general fund contributions of approximately \$4,355,169 to CalSTRS. 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.

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS and CalSTRS financial reports.

NOTE 9 – 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 as of 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 was committed under various capital expenditure purchase agreements for bond and capital outlay projects totaling \$12,618,220.

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

NOTE 10 – RISK MANAGEMENT

Property and Liability

The District is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year ending June 30, 2025, the District contracted with the Alliance of Schools for Cooperative Insurance Programs (ASCP) Joint Powers Authority (JPA) for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been significant reduction in coverage from the prior year.

Workers' Compensation

For fiscal year 2024-25, the District participated in the ASCP JPA, an insurance purchasing pool. The intent of the JPA is to achieve the benefit of reduced premium for the District by virtue of its grouping and representation with other participants in the JPA. The workers' compensation experience of the participating districts is calculated as one experience, and a common premium rate is applied to all districts in the JPA. Each participant pays its workers' compensation premium based on its individual rate. The savings are then calculated, and each participant's individual performance is compared to the overall saving. A participant will then either receive money from or be required to contribute to the "equity-pooling fund." This "equity pooling" arrangement ensures that each participant shares equally in the overall performance of the JPA. Participation in the JPA is limited to K-12 and community college districts that can meet the JPA's selection criteria.

Participation in Public Entity Risk Pools and JPAs

The District pays annual premiums for its property, liability and workers' compensation coverage. The relationship between the District and the JPA is such that it is not a component unit of the District for financial reporting purposes. The JPAs have budgeting and financial reporting requirements independent of member units and their financial statements are not presented in these financial statements; however, transactions between the JPAs and the District are included in these statements. Audited financial statements are available from the respective entities.

The District's share of year-end assets, liabilities, or fund equity has not been calculated.

NOTE 11 – RELATED PARTY TRANSACTIONS

The District provides categorical allowances to the Foundation for Grossmont and Cuyamaca Colleges (the "Foundation") and also receives support from the Foundation. During the fiscal year ended June 30, 2025, categorical allowances paid to the Foundation totaled \$47,636,939.

The District receives awards of financial support for various programs and general support from the Foundation for Grossmont and Cuyamaca Colleges in accordance with donor instructions. During the fiscal year ended June 30, 2025, the Foundation provided \$503,851 in scholarships and other aid to the students of Grossmont and Cuyamaca Colleges.

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

NOTE 12 – FUNCTIONAL EXPENSES

	Instructional Salaries and Benefits	Non-Instructional Salaries and Benefits	Supplies, Materials, and Other Operating Expenses and Services	Depreciation	Student Financial Aid	Total
Instructional Activities	\$ 71,916,999	\$ 3,103,602	\$ 2,713,104	\$ -	\$ -	\$ 77,733,705
Instructional Admin & Governance	-	4,765,902	1,514,477	-	-	6,280,379
Instructional Support Services	128,859	4,913,463	301,218	-	-	5,343,540
Admissions and Records	-	2,064,029	29,800	-	-	2,093,829
Students Counseling and Guidance	-	9,534,725	84,383	-	-	9,619,108
Student Services	-	16,610,867	4,778,685	-	-	21,389,552
Operation and Maintenance of Plant	-	5,766,581	7,012,679	-	-	12,779,260
Planning, Policy Making and Coordination	-	4,116,139	802,397	-	-	4,918,536
Institutional Support Services	-	23,348,678	14,196,204	-	-	37,544,882
Ancillary Services and Auxiliary Operations	-	4,680,935	55,807,639	-	-	60,488,574
Transfers, Student Aid and Other Outgo	-	-	9,139,878	-	47,263,549	56,403,427
Depreciation and Amortization	-	-	-	11,488,058	-	11,488,058
Total	\$ 72,045,858	\$ 78,904,921	\$ 96,380,464	\$ 11,488,058	\$ 47,263,549	\$ 306,082,850

NOTE 13 – PRIOR PERIOD ADJUSTMENT

During fiscal year 2024–25, the District implemented GASB Statement No. 101, Compensated Absences. This Statement establishes a new accounting model for compensated absences, requiring governments to recognize a liability when (1) the leave is attributable to services already rendered and (2) it is more likely than not that the leave will be used for time off or otherwise paid/settled. The District elected to measure its compensated absences liability using the days-used approach, which estimates expected future leave usage based on historical experience and current pay rates.

Implementation of GASB 101 required the District to remove previously recognized liabilities calculated under the vesting method (GASB 16) and replace them with liabilities determined under the new standard. As a result, the District's beginning net position for governmental activities as of July 1, 2024, was restated by \$(15,984,360).

Further restatement was for the adjustment to net capital assets amounting \$6,100,884. Restatements to the beginning net position for governmental activities were as follows:

Net Position - Beginning Balance, as previously reported at June 30, 2024	\$ 91,071,203
Change in accounting principle (GASB 101)	(15,984,360)
Adjustment to net capital assets	6,100,884
Net Position - Ending Balance, as restated at June 30, 2024	<u>\$ 81,187,727</u>

NOTE 14 – SUBSEQUENT EVENTS

The District evaluated subsequent events from June 30, 2025 through January 12, 2026, the date the financial statements were issued. The District concluded that no subsequent events have occurred that would require recognition or disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY/(ASSET) AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2025

	2025	2024	2023	2022
Total OPEB liability				
Service cost	\$ 1,040,970	\$ 1,298,742	\$ 1,263,982	\$ 1,743,641
Interest	960,784	1,120,573	1,072,834	1,325,005
Change in assumptions	-	20,418,492	-	(1,383,488)
Experience gains/(losses)	-	(24,652,379)	-	948,573
Benefit payments	(1,002,958)	(1,417,156)	(1,281,150)	(2,681,527)
Change in benefit terms	-	(210,460)	-	-
Net change in total OPEB liability	998,796	(3,442,188)	1,055,666	(47,796)
Total OPEB liability, beginning of year	20,208,032	23,650,220	22,594,554	22,642,350
Total OPEB liability, end of year (a)	\$ 21,206,828	\$ 20,208,032	\$ 23,650,220	\$ 22,594,554
Plan fiduciary net position				
Employer contributions	\$ 1,002,958	\$ 1,417,156	\$ 1,281,150	\$ 1,338,530
Expected investment income	521,419	493,910	565,185	596,743
Investment gains/(losses)	541,221	118,527	(2,032,332)	1,046,467
Administrative expense	(34,124)	(32,490)	(34,280)	(32,234)
Expected benefit payments	(1,002,958)	(1,417,156)	(1,281,150)	(1,338,530)
Change in plan fiduciary net position	1,028,516	579,947	(1,501,427)	1,610,976
Fiduciary trust net position, beginning of year	10,994,294	10,414,347	11,915,774	10,304,798
Fiduciary trust net position, end of year (b)	\$ 12,022,810	\$ 10,994,294	\$ 10,414,347	\$ 11,915,774
Net OPEB liability/(asset), ending (a) - (b)	\$ 9,184,018	\$ 9,213,738	\$ 13,235,873	\$ 10,678,780
Covered payroll	\$ 74,880,353	\$ 70,868,926	\$ 61,375,314	\$ 60,558,412
Plan fiduciary net position as a percentage of the total OPEB liability	57%	54%	44%	53%
Net OPEB liability/(asset) as a percentage of covered payroll	12%	13%	22%	18%

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

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY/(ASSET) AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2025

	2021	2020	2019	2018
Total OPEB liability				
Service cost	\$ 1,696,974	\$ 1,490,799	\$ 1,450,899	\$ 1,412,067
Interest	1,240,698	1,126,096	1,066,054	1,002,616
Change in assumptions	-	-	-	-
Experience gains/(losses)	-	879,576	-	-
Benefit payments	-	(1,570,987)	(1,432,394)	(1,287,136)
Change in benefit terms	(1,676,349)	-	-	-
Net change in total OPEB liability	1,261,323	1,925,484	1,084,559	1,127,547
Total OPEB liability, beginning of year	21,381,027	19,455,543	18,370,984	17,243,437
Total OPEB liability, end of year (a)	\$ 22,642,350	\$ 21,381,027	\$ 19,455,543	\$ 18,370,984
Plan fiduciary net position				
Employer contributions	\$ 1,418,300	\$ 2,457,999	\$ 4,111,819	\$ 1,287,136
Expected investment income	572,451	507,743	384,449	309,802
Investment gains/(losses)	58,603	215,136	(178,949)	-
Administrative expense	(25,029)	(22,265)	(16,639)	(12,769)
Expected benefit payments	(1,785,460)	(1,257,999)	(1,432,394)	(1,287,136)
Change in plan fiduciary net position	238,865	1,900,614	2,868,286	297,033
Fiduciary trust net position, beginning of year	10,065,933	8,165,319	5,297,033	5,000,000
Fiduciary trust net position, end of year (b)	\$ 10,304,798	\$ 10,065,933	\$ 8,165,319	\$ 5,297,033
Net OPEB liability/(asset), ending (a) - (b)	\$ 12,337,552	\$ 11,315,094	\$ 11,290,224	\$ 13,073,951
Covered payroll	\$ 61,218,676	\$ 62,995,659	\$ 57,604,264	\$ 55,300,832
Plan fiduciary net position as a percentage of the total OPEB liability	46%	47%	42%	29%
Net OPEB liability/(asset) as a percentage of covered payroll	20%	18%	20%	24%

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

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CONTRIBUTIONS – OPEB
FOR THE YEAR ENDED JUNE 30, 2025

	2025	2024	2023	2022
Actuarially determined contribution	\$ 1,182,765	\$ 1,002,958	\$ 1,417,156	\$ 1,281,150
Contributions in relations to the actuarially determined contribution	1,497,607	1,417,379	652,639	633,258
Contribution deficiency/(excess)	<u>\$ (314,842)</u>	<u>\$ (414,421)</u>	<u>\$ 764,517</u>	<u>\$ 647,892</u>
 Covered-employee payroll	 \$ 74,880,353	 \$ 70,868,926	 \$ 61,375,314	 \$ 60,558,412
Contribution as a percentage of covered-employee payroll	2.00%	2.00%	1.06%	1.05%
	2021	2020	2019	2018
Actuarially determined contribution	\$ 1,338,530	\$ 1,676,349	\$ 1,570,987	\$ 1,432,394
Contributions in relations to the actuarially determined contribution	612,187	1,384,965	1,609,329	1,334,470
Contribution deficiency/(excess)	<u>\$ 726,343</u>	<u>\$ 291,384</u>	<u>\$ (38,342)</u>	<u>\$ 97,924</u>
 Covered-employee payroll	 \$ 61,218,676	 \$ 62,995,659	 \$ 57,604,264	 \$ 55,300,832
Contribution as a percentage of covered-employee payroll	1.00%	2.20%	2.79%	2.41%

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

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2025

	Reporting Fiscal Year (Measurement Date)				
	2025 (2024)	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)
CalSTRS					
District's proportion of the net pension liability	0.070%	0.071%	0.075%	0.076%	0.082%
District's proportionate share of the net pension liability	\$ 47,010,700	\$ 53,775,086	\$ 51,983,803	\$ 34,451,550	\$ 79,855,960
State's proportionate share of the net pension liability associated with the District	21,569,002	25,765,622	26,033,641	17,335,044	41,165,423
Total	\$ 68,579,702	\$ 79,540,708	\$ 78,017,444	\$ 51,786,594	\$ 121,021,383
District's covered-employee payroll	\$ 48,575,513	\$ 43,645,497	\$ 42,864,243	\$ 41,238,186	\$ 42,971,180
District's proportionate share of the net pension liability as percentage of covered-employee payroll	97%	123%	121%	84%	186%
Plan fiduciary net position as a percentage of the total pension liability	84%	81%	81%	87%	72%
CalPERS					
District's proportion of the net pension liability	0.167%	0.166%	0.183%	0.204%	0.206%
District's proportionate share of the net pension liability	\$ 59,786,078	\$ 60,101,880	\$ 63,028,860	\$ 41,571,397	\$ 63,250,475
District's covered-employee payroll	\$ 33,385,570	\$ 28,802,412	\$ 28,147,582	\$ 29,348,734	\$ 29,681,177
District's proportionate share of the net pension liability as percentage of covered-employee payroll	179%	209%	224%	142%	213%
Plan fiduciary net position as a percentage of the total pension liability	72%	70%	70%	81%	70%

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2025

	Reporting Fiscal Year (Measurement Date)				
	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)
CalSTRS					
District's proportion of the net pension liability	0.082%	0.080%	0.082%	0.082%	0.086%
District's proportionate share of the net pension liability	\$ 74,032,471	\$ 73,832,729	\$ 75,403,816	\$ 66,629,046	\$ 57,953,356
State's proportionate share of the net pension liability associated with the District	40,389,981	42,274,723	44,608,623	37,963,313	30,650,854
Total	\$ 114,422,452	\$ 116,107,452	\$ 120,012,439	\$ 104,592,359	\$ 88,604,210
District's covered-employee payroll	\$ 44,821,050	\$ 45,819,953	\$ 45,436,293	\$ 41,800,976	\$ 39,959,032
District's proportionate share of the net pension liability as percentage of covered-employee payroll	165%	161%	166%	159%	145%
Plan fiduciary net position as a percentage of the total pension liability	73%	71%	70%	70%	74%
CalPERS					
District's proportion of the net pension liability	0.200%	0.198%	0.199%	0.200%	0.201%
District's proportionate share of the net pension liability	\$ 58,154,530	\$ 52,862,109	\$ 47,516,098	\$ 39,444,287	\$ 29,581,605
District's covered-employee payroll	\$ 27,841,153	\$ 26,190,427	\$ 25,295,960	\$ 24,031,545	\$ 22,440,294
District's proportionate share of the net pension liability as percentage of covered-employee payroll	209%	202%	188%	164%	132%
Plan fiduciary net position as a percentage of the total pension liability	70%	71%	72%	74%	79%

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CONTRIBUTIONS – PENSIONS
FOR THE YEAR ENDED JUNE 30, 2025

	Reporting Fiscal Year				
	2025	2024	2023	2022	2021
CalSTRS					
Statutorily required contribution	\$ 9,808,038	\$ 9,277,923	\$ 8,336,290	\$ 7,252,630	\$ 6,659,967
District's contributions in relation to the statutorily required contribution	9,808,038	9,277,923	8,336,290	7,252,630	6,659,967
District's contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 51,350,984	\$ 48,575,513	\$ 43,645,497	\$ 42,864,243	\$ 41,238,186
District's contributions as a percentage of covered-employee payroll	19.10%	19.10%	19.10%	16.92%	16.15%
CalPERS					
Statutorily required contribution	\$ 9,506,571	\$ 8,907,270	\$ 7,307,172	\$ 6,448,611	\$ 6,075,188
District's contributions in relation to the statutorily required contribution	9,506,571	8,907,270	7,307,172	6,448,611	6,075,188
District's contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 35,144,440	\$ 33,385,570	\$ 28,802,412	\$ 28,147,582	\$ 29,348,734
District's contributions as a percentage of covered-employee payroll	27.05%	26.68%	25.37%	22.91%	20.70%

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CONTRIBUTIONS – PENSIONS
FOR THE YEAR ENDED JUNE 30, 2025

	Reporting Fiscal Year				
	2020	2019	2018	2017	2016
CalSTRS					
Statutorily required contribution	\$ 7,790,675	\$ 7,296,867	\$ 6,611,819	\$ 5,707,621	\$ 4,485,245
District's contributions in relation to the statutorily required contribution	7,790,675	7,296,867	6,611,819	5,707,621	4,485,245
District's contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 42,971,180	\$ 44,821,050	\$ 45,819,953	\$ 45,436,293	\$ 41,800,976
District's contributions as a percentage of covered-employee payroll	18.13%	16.28%	14.43%	12.56%	10.73%
CalPERS	Reporting Fiscal Year				
	2020	2019	2018	2017	2016
Statutorily required contribution	\$ 5,853,425	\$ 5,028,669	\$ 4,067,635	\$ 3,537,565	\$ 2,847,017
District's contributions in relation to the statutorily required contribution	5,853,425	5,028,669	4,067,635	3,537,565	2,847,017
District's contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 29,681,177	\$ 27,841,153	\$ 26,190,427	\$ 25,295,960	\$ 24,031,545
District's contributions as a percentage of covered-employee payroll	19.72%	18.06%	15.53%	13.98%	11.85%

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2025

NOTE 1 – PURPOSE OF THE SCHEDULE

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

This schedule presents information on the District's changes in the net OPEB liability/(asset), including beginning and ending balances, the plan's fiduciary net position, and the net OPEB liability/(asset). In the future, as data becomes available, ten years of information will be presented. There were no changes in benefit terms or assumptions in the current year.

Changes in Benefit Terms

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

Changes of Assumptions

There were no changes in assumptions since the previous valuations.

Schedule of Contributions – OPEB

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

Schedule of Proportionate Share of the Net Pension Liability

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

Changes in Benefit Terms

The required employer contribution rate for CalPERS increased from 26.68% to 27.05% for CalPERS, while there were no changes in benefit terms since the previous valuations for CalSTRS.

Changes of Assumptions

Additional factors were considered in the actuarial valuation for CalSTRS namely the payroll growth rate and long-term expected rate of return based on 20 to 30 years geometric average. There were no changes in assumptions since previous valuation for CalPERS.

Schedule of Contributions – 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

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT

DISTRICT ORGANIZATION

JUNE 30, 2025

The Grossmont-Cuyamaca Community College District (the "District") is located in the eastern area in San Diego County, California. The District was organized in 1961 with Grossmont College located in El Cajon. In 1978, Cuyamaca College was completed to serve students in the Rancho San Diego area of the District under the laws of the State of California. Both colleges are fully accredited by the Accrediting Commission for Community and Junior Colleges of the Western Association of Schools and Colleges. The District operates under a locally elected four-member Board form a government. There have been no changes in the District's boundaries during the year.

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Debbie Justeson	President	December 2026
Julie Schorr	Vice President	December 2028
Elena Adams	Clerk	December 2028
Brad Monroe	Trustee	December 2026
Desiree Klaar	Trustee	November 2026*

DISTRICT ADMINISTRATION

Lynn Ceresino Neault, Ed.D.

Chancellor

Pamela Luster, Ed.D.
Interim President, Grossmont College

Jessica Robinson, Ed.D.
President, Cuyamaca College

Sahar Abushaban
Vice Chancellor - Business Services

Melissa Richerson
Vice Chancellor - Human Resources

AUXILIARY ORGANIZATIONS IN GOOD STANDING

AUXILIARY NAME	DIRECTOR'S NAME	ESTABLISHMENT AND MASTER AGREEMENT DATE
Foundation for Grossmont and Cuyamaca Colleges	Sally Cox, Chief Executive Officer	Organized as an auxiliary organization on March 1, 2000. Has a master agreement dated January 1, 2020.

**Trustee Desiree Klaar vacated her seat as of July 31, 2025.*

**GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Program Expenditures	District Auxiliary Passthrough
U.S. DEPARTMENT OF EDUCATION				
<i>Direct Programs</i>				
Student Financial Assistance Cluster				
Federal Supplemental Education Opportunity	84.007	P007A175284	\$ 1,957,733	\$ -
Direct Loans	84.268	P268K141140	2,446,827	-
Federal Work-Study Program	84.033	P063P111140	245,318	-
Federal Pell Grant	84.063	P033A150399	34,815,665	-
Federal Supplemental Educational Opportunity Grants (FSEOG)	84.007	*	118,137	-
Total Student Financial Assistance Cluster			39,583,680	-
TRIO Cluster				
TRIO-Educational Opportunity Centers	84.066A	*	229,365	229,365
Total TRIO Cluster			229,365	229,365
<i>Passed through the California Community Colleges Chancellor's Office</i>				
Career and Technical Education				
Career and Technical Education – Basic Grants to States (Perkins V)	84.048	*	676,652	-
Total Career and Technical Education			676,652	-
Total U.S. Department of Education			40,489,697	229,365
U.S. DEPARTMENT OF TREASURY				
<i>Passed through the California Community Colleges Chancellor's Office</i>				
State Fiscal Recovery Funds	21.027	*	2,181,837	-
Total U.S. Department of Treasury			2,181,837	-
U.S. DEPARTMENT OF AGRICULTURE				
<i>Passed through the California Department of Education</i>				
Child and Adult Care Food Program	10.558	*	63,012	-
Total U.S. Department of Agriculture			63,012	-
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES				
<i>Direct Programs</i>				
Public Health Emergency Preparedness	93.069	*	743,934	743,934
Foster Care - Title IV-E	93.658	*	334,040	334,040
Head Start	93.600	*	466,256	34,089
Temporary Assistance for Needy Families (TANF)	93.558	*	128,918	-
Total U.S. Department of Health & Human Services			1,673,148	1,112,063
U.S. DEPARTMENT OF VETERAN'S AFFAIRS				
<i>Direct Programs</i>				
Veteran's Education	64.000	*	8,908	-
Total U.S. Department of Veteran's Affairs			8,908	-
Total Federal Expenditures			\$ 44,416,602	\$ 1,341,428

* Pass-through identifying number is not applicable or not available

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2025

Program	Program Revenues				Total Program Expenditures	Auxiliary Passthrough
	Cash Received	Accounts Receivable	Deferred Revenue	Total Revenue		
2021 Immediate Action Budget Package	\$ 390,157	\$ -	\$ 165,967	\$ 224,190	\$ 224,190	\$ 1,403
A2MEND	15,673	-	14,027	1,646	1,646	-
AB104 Adult Ed	10,276,029	-	-	10,276,029	10,276,029	10,276,029
AB1705 Equitable Placement	795,908	-	522,834	273,074	273,074	-
AB19 CA College Promise	2,130,776	-	489,408	1,641,368	1,641,368	-
AB705 Honorarium	2,763	-	2,763	-	-	-
Audubon in Action	10,000	-	10,000	-	-	-
Basic Needs Centers and Support Staff	2,801,382	-	1,676,469	1,124,913	1,124,914	163,857
Basic Skills 23/24	681,113	-	-	681,113	68,113	-
Basic Skills 24/25	1,056,152	-	988,768	67,384	67,384	-
Board of Governors Grant - BFAP	1,233,084	-	292,202	940,882	940,882	-
CAFYES (NextUp)	985,524	-	380,720	604,804	604,804	-
CalWORKS	3,001,329	-	1,324,944	1,676,385	1,676,385	14,198
CC SWP Counselor Institute	55,438	-	-	55,438	55,438	41,886
CC/MiraCosta Region Netlabs	37,005	-	29,869	7,136	7,136	-
CCCCO COVID-19 Block Grant - State	2,749,817	-	-	2,749,817	2,749,817	-
CDC AB131 Stipends	309,394	-	246,380	63,014	63,013	-
CDC Reserve Activity Acct	34,543	-	-	34,543	79,482	-
Classified Profile Development Block Grant	78,001	-	78,001	-	-	-
College Futures Foundation	298,883	-	257,340	41,543	41,543	-
Common Course Numbering	1,826,086	-	1,772,353	53,733	53,733	-
Cooperative Agencies Resources for Education (CARE)	1,107,221	-	381,099	726,122	726,122	-
Culturally Responsive Pedagogy & Practices (CRPP)						
Innovative Best Practices (IBP) Grants	333,647	-	48,837	284,810	284,810	108,363
Disabled Students Programs & Services (DSPS)	4,362,035	-	1,176,368	3,185,667	3,185,667	-
Dream Resource Liaison Allocation	462,216	-	206,071	256,145	256,145	-
Enrollment Growth & Retention	190,692	-	47,484	143,208	143,208	136,889
Ethnic Studies Transfer Allocation	34,548	-	4,126	30,422	30,422	-
Extended Opportunity Program (EOPS)	4,744,833	-	1,581,579	3,163,254	3,163,254	-
Faculty Institute	175,000	-	120,018	54,982	54,982	43,839
Financial Aid Technology	131,059	-	-	131,059	131,059	-
Foster Care Education (State portion)	750,886	-	71,459	679,427	679,427	679,427
General Child Care	1,316,270	96,032	112,396	1,299,906	1,299,906	-
Golden State Education & Training Program	1,225	-	1,225	-	-	-
Guided Pathways	525,295	-	221,588	303,707	303,707	188,958
Homeless and Housing Insecurity Program	1,611,095	-	1,398,504	212,591	212,591	-
IEPI Partnership Resource Team	464,858	-	221,917	242,941	242,942	-
Job Placement Case Management (SWP)	145,124	-	-	145,124	145,124	-
K-12 Strong Workforce	20,635,431	-	1,361,250	19,274,181	19,274,181	19,274,181
K-16 Border Region Collaborative	7,013,789	-	1,632,119	5,381,670	5,381,670	5,381,670
Learning Aligned Employment Program	121	-	-	121	121	-
LGBTQ+ Allocation	383,802	-	355,086	28,716	28,716	-
LSP Operational Services	5,726	-	5,726	-	-	-
Mental Health Support Allocation	1,265,277	-	769,236	496,041	496,041	-
MESA	1,205,212	-	901,562	303,650	303,649	32,778
Middle College HS	264,368	-	264,368	-	-	-
Prop 20 Lottery Funds	1,475,729	-	-	1,475,729	690,711	-
Puente Project	225,000	-	224,908	92	92	-
Regional Collaboration & Coordination	1,354,123	-	-	1,354,123	1,354,123	1,354,123
Regional Equity and Recovery Partnership	57,517	-	44,812	12,705	12,705	-
Report Streamlining Pilot Program	20,000	-	192,561	(172,561)	72,122	57,784
Rising Scholars Network	600,836	-	359,937	240,899	240,898	-
Staff Development	1,977	-	-	1,977	1,977	-
Staff Diversity	367,914	-	266,026	101,888	101,888	-
Student Retention and Outreach Allocation	1,700,679	-	1,368,098	332,581	332,581	-
Strong Workforce 22/23	114,582	-	-	114,582	114,582	41,938
Strong Workforce 23/24	2,480,058	(10,270)	180,698	2,289,090	2,289,090	1,209,704
Strong Workforce 24/25	9,663,832	-	2,432,636	7,231,196	7,231,196	7,178,859
Student Equity	3,781,705	-	1,479,536	2,302,169	2,302,169	-
Student Success & Support	5,426,848	-	199,136	5,227,712	5,227,712	8,043
Student Success Completion Grant	7,273,838	-	1,467,294	5,806,544	5,806,544	-
Student Transfer Achievement Reform Act	1,127,206	-	1,070,704	56,502	56,502	-
SWP College-Based Marketing	116,609	-	-	116,609	116,609	-
SWP Dual Enrollment	-	-	-	-	-	-
Technology & Data Security	175,000	-	599,786	(424,786)	584,497	-
Temp Assistance to Needy Families-TANF (State 50%)	67,036	61,880	-	128,916	128,916	-
Umoja Campus Programs	343,071	-	288,095	54,976	54,976	-
Veteran Resource Center Allocation	1,185,873	-	830,750	355,123	355,123	101,582
Wellness Vending Machine Pilot	15,000	-	9,488	5,512	5,512	-
Zero Textbook Cost	2,532,927	-	2,113,132	419,796	419,796	-
Total	\$ 116,006,147	\$ 147,642	\$ 32,261,660	\$ 83,892,130	\$ 83,793,016	\$ 46,295,511

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL APPORTIONMENT
FOR THE YEAR ENDED JUNE 30, 2025

CATEGORIES	Reported Data	Audit Adjustments	Audited Data
A. Summer Intersession (Summer 2024 only)			
1. Noncredit	1.18	-	1.18
2. Credit	476.49	-	476.49
B. Summer Intersession (Summer 2025 - Prior to July 1, 2025)			
1. Noncredit	-	-	-
2. Credit	1,351.71	-	1,351.71
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	6,169.39	-	6,169.39
(b) Daily Census Contact Hours	412.24	-	412.24
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit	84.48	-	84.48
(b) Credit	515.97	-	515.97
3. Independent Study/Work Experience			
(a) Weekly Census Contact Hours	4,085.90	-	4,085.90
(b) Daily Census Contact Hours	3,315.74	-	3,315.74
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
D. Total FTES	16,413.10	-	16,413.10
E. Basic Skills Courses and Immigrant Education			
1. Credit	767.85	-	767.85
2. Noncredit	12.12	-	12.12
Total Basic Skills FTES	779.97	-	779.97

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF EDUCATION CODE SECTION 84362 (50 PERCENT LAW) CALCULATION
FOR THE YEAR ENDED JUNE 30, 2025

		Object/ TOP Codes	Activity (ESCA) ECS 84362 A Instructional Salary Cost AC 0100-5900 & AC 6100			Activity (ECSB) ECS 84362 B Total CEE AC 0100-6799		
			Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
<u>Academic Salaries</u>								
Instructional Salaries		1100	\$ 25,325,298	\$ -	\$ 25,325,298	\$ 25,238,139	\$ -	\$ 25,238,139
Contract or Regular		1300	22,596,415	-	22,596,415	23,018,334	-	23,018,334
Other								
Total Instructional Salaries			47,921,713	-	47,921,713	48,256,473	-	48,256,473
Non-Instructional Salaries		1200	-	-	-	9,162,085	-	9,162,085
Contract or Regular		1400	-	-	-	818,954	-	818,954
Total Non-Instructional Salaries			-	-	-	9,981,039	-	9,981,039
Total Academic Salaries			47,921,713	-	47,921,713	58,237,512	-	58,237,512
<u>Classified Salaries</u>								
Non-Instructional Salaries		2100	-	-	-	23,506,634	-	23,506,634
Regular Status		2300	-	-	-	875,144	-	875,144
Total Non-Instructional Salaries			-	-	-	24,381,778	-	24,381,778
Instructional Aides		2200	2,390,325	-	2,390,325	2,642,625	-	2,642,625
Regular Status		2400	272,823	-	272,823	380,820	-	380,820
Total Instructional Aides			2,663,148	-	2,663,148	3,023,445	-	3,023,445
Total Classified Salaries			2,663,148	-	2,663,148	27,405,223	-	27,405,223
Employee Benefits		3000	21,932,690	-	21,932,690	41,809,359	-	41,809,359
Supplies and Materials		4000	-	-	-	1,042,271	-	1,042,271
Other Operating Expenses		5000	-	-	-	16,210,850	-	16,210,850
Equipment Replacement		6420	-	-	-	-	-	-
Total Expenditures Prior to Exclusions			72,517,551	-	72,517,551	144,705,215	-	144,705,215
<u>Exclusions</u>								
Activities to Exclude								
Instructional Staff-Retirees' Benefits and Retirement Incentives		5900	382,383	-	382,383	382,383	-	382,383
Student Health Services Above Amount Collected		6441	-	-	-	-	-	-
Student Transportation		6491	-	-	-	8,935	-	8,935
Noninstructional Staff-Retirees' Benefits and Retirement Incentives		6740	-	-	-	1,142,198	-	1,142,198
Object to Exclude								
Rents and Leases		5060	-	-	-	273,439	-	273,439
Lottery Expenditures			-	-	-	-	-	-
Academic Salaries		1000	-	-	-	2,072,469	-	2,072,469
Classified Salaries		2000	-	-	-	-	-	-
Employee Benefits		3000	-	-	-	1,012,976	-	1,012,976
Supplies and Materials		4000	-	-	-	-	-	-
Software		4100	-	-	-	-	-	-
Books, Magazines & Periodicals		4200	-	-	-	-	-	-
Instructional Supplies & Materials		4300	-	-	-	-	-	-
Noninstructional Supplies & Materials		4400	-	-	-	-	-	-
Total Supplies and Materials			-	-	-	-	-	-
Other Operating Expenses and Services		5000	-	-	-	-	-	-
Capital Outlay		6000						
Library Books		6300	-	-	-	-	-	-
Equipment		6400						
Equipment - Additional		6410	-	-	-	-	-	-
Equipment - Replacement		6420	-	-	-	-	-	-
Total Equipment			-	-	-	-	-	-
Total Capital Outlay			-	-	-	-	-	-
Other Outgo		7000	-	-	-	-	-	-
Total Exclusions			\$ 382,383	\$ -	\$ 382,383	\$ 4,892,400	\$ -	\$ 4,892,400
Total for ECS 84362, 50% Law			\$ 72,135,168	\$ -	\$ 72,135,168	\$ 139,812,815	\$ -	\$ 139,812,815
Percent of CEE (Instructional Salary Cost/Total CEE)			51.59%	0.00%	51.59%	100.00%	0.00%	100.00%
50% of Current Expense of Education			\$ -	\$ -	\$ -	\$ 69,906,408	\$ -	\$ 69,906,408

**GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF THE EDUCATION PROTECTION ACCOUNT EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2025**

EPA Revenue	\$ 27,958,113
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Activity Classification	Activity Code	Salaries and Benefits	Operating Expenses	Capital Outlay	Total
		(Obj 1000-3000)	(Obj 4000-5000)	(Obj 6000)	
Instructional Activities	0100-5900	\$ 27,958,113	\$ -	\$ -	\$ 27,958,113
Total		\$ 27,958,113	\$ -	\$ -	\$ 27,958,113

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2025

Total Fund Equity - District Funds Included in the Reporting Entity

General Fund	\$ 67,420,715
Debt Service Fund	32,424,828
Special Revenue Funds	2,031,186
Capital Project Funds	117,298,324
Internal Service Fund	3,310,845
Student Financial Aid Fund	(176,870)
Other Funds	<u>1,554,671</u>
	\$ 223,863,699

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

Capital assets	\$ 596,440,796
Accumulated depreciation	(170,081,578)
Right-to-use assets	4,581,042
Accumulated amortization	<u>(800,314)</u>

Unmatured interest (4,019,924)

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

Deferred loss on refunding	3,888,644
Deferred outflows related to OPEB	19,700,016
Deferred outflows related to pensions	33,913,302

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

General obligation bonds	\$ 410,441,679
Bond premiums	17,787,734
Compensated absences	20,544,205
Subscription-based IT arrangements	3,001,541
Net OPEB liability	9,184,018
Net pension liability	<u>106,796,778</u>
	(567,755,955)

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

Deferred gain on refunding	(604,250)
Deferred inflows related to OPEB	(21,616,955)
Deferred inflows related to pensions	<u>(15,088,473)</u>

Net Position Reported Within the Statements of Net Position \$ 102,420,050

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION

JUNE 30, 2025

NOTE 1 – PURPOSE OF THE SCHEDULE

District Organization

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

Schedule of Expenditures of Federal Awards

This schedule includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2025. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (the Uniform Guidance)*.

Expenditures reported on this schedule are reported on the modified accrual basis of accounting. 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.

The District has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Schedule of Expenditures of State Awards

The accompanying Schedule of Expenditures of State Awards includes 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 financial statements.

Schedule of Workload Measures for State General Apportionment

Full-Time Equivalent Students (FTES) is a measurement of the number of pupils attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of state funds are made to community college districts. This schedule provides information regarding the attendance of students throughout the District.

Reconciliation of the ECS 84362 (50 Percent Law) Calculation

This schedule reports any audit adjustments made to the reported date to ensure that a minimum of 50 percent of the District's current expense of education is expended for salaries of classroom instructors.

Reconciliation of the Education Protection Account Expenditures

This schedule provides the information necessary to reconcile the Education Protection Account Expenditures reported on the Form CCFS-311 to the audited financial statements.

Reconciliation of Governmental Funds to the Statement of Net Position

This schedule provides a reconciliation of the adjustments necessary to bring the District's fund financial statements, prepared on a modified accrual basis, to the accrual basis required under GASB Statement No. 35.

OTHER INDEPENDENT AUDITORS' REPORTS

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

Board of Trustees
Grossmont-Cuyamaca Community College District
El Cajon, California

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the business-type activities, fiduciary activities and the discretely presented component unit of the Grossmont-Cuyamaca Community College District (the "District"), as of and for the year ended June 30, 2025, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 12, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of financial statements, we considered the District's internal control over financial reporting (internal control) to determine the 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 entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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 determination of financial statement amounts. 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CWDL, Certified Public Accountants

San Diego, California

January 12, 2026

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

Board of Trustees
Grossmont-Cuyamaca Community College District
El Cajon, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

CWDL, Certified Public Accountants

San Diego, California
January 12, 2026

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

Board of Trustees
Grossmont-Cuyamaca Community College District
El Cajon, California

Report on State Compliance

Opinion on State Compliance

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

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the programs noted below that were audited for the year ended June 30, 2025.

Basis for Opinion

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances, and to test and report on internal control over compliance in accordance with the 2024-25 California Community Colleges Chancellor's Office *Contracted District Audit Manual* but not for the purpose of expressing an opinion on the effectiveness of the District's internal 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 material noncompliance with the requirements listed below that we identified during the audit.

Procedures Performed

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

Section 411 – SCFF Data Management Control Environment
Section 412 – SCFF Supplemental Allocation Metrics
Section 413 – SCFF Success Allocation Metrics
Section 421 – Salaries of Classroom Instructors (50 Percent Law)
Section 423 – Apportionment for Activities Funded From Other Sources
Section 424 – Student Centered Funding Formula Base Allocation: FTES
Section 425 – Residency Determination for Credit Courses
Section 426 – Students Actively Enrolled
Section 427 – Dual Enrollment (CCAP)
Section 430 – Scheduled Maintenance Program
Section 431 – Gann Limit Calculation
Section 444 – Apprenticeship Related and Supplemental Instruction (RSI) Funds
Section 475 – Disabled Student Programs and Services (DSPS)
Section 490 – Propositions 1D and 51 State Bond Funded Projects
Section 491 – Education Protection Account Funds
Section 492 – Student Representation Fee
Section 494 – State Fiscal Recovery Fund
Section 498 – COVID-19 Response Block Grant Expenditures

Report on Internal Control over Compliance

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

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

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

Purpose of this Report

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

CWDL, Certified Public Accountants

San Diego, California

January 12, 2026

**SCHEDULE OF FINDINGS AND
QUESTIONED COSTS**

**GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2025**

FINANCIAL STATEMENTS

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

FEDERAL AWARDS

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

<u>Federal Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.007, 84.033, 84.063, 84.268	Student Financial Assistance Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	\$ 1,332,498
Auditee qualified as low-risk auditee?	No

STATE AWARDS

Internal control over State programs:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None reported
Type of auditors' report issued on compliance for State programs:	Unmodified

**GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2025**

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

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

**GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025**

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

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

**GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
STATE AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025**

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

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

**GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2025**

This section identifies the audit findings and questioned related to the basic financial statements, federal awards or state awards for prior year.

FINDING #2024-001 – INTERNAL CONTROLS OVER CREDIT CARDS

Criteria or Specific Requirement: It's imperative for the District to maintain adequate controls over its credit cards, and ensure proper preapproval over expenditures are preserved. All transactions made on an employee's credit card should accompany a receipt which the employee acknowledges the purchase with review from the employee's supervisor and/or college administrator. These records should be maintained at the District's accounting department to substantiate the payment of the credit card balance.

Condition / Context: During our testing of credit cards, we noted 6 out of 25 instances in which support was never received at the District office. Additionally, we noted two (2) instances in which purchases were reviewed over 4 months after the employee made the purchase.

Questioned Costs: None.

Cause: Inadequate controls to ensure that all credit card receipts/approvals are maintained at the District's accounting/purchasing department.

Effect: Potential for unallowable purchases to be made without a proper review process.

Recommendation: We noted that the District has already begun to change the policy for employee credit cards to ensure that all purchases made with the District's credit cards are properly reviewed and submitted for payment. In fiscal year 2024-25, employees will be able to obtain digital statements, adjust the accounting string, and expedite the approval process to align with the payments made for each statement. All records will be housed in the District's accounting/purchasing department for review as necessary.

Corrective Action Plan: The District is working on introducing a tiered approval structure for all P-Card transactions based on department hierarchy. Develop and implement mandatory training for all P-Card holders and approvers covering the new policy, compliance standards, and transaction procedures. Strengthen Reconciliation Procedures by establishing a clear process for monthly P-Card statement reconciliation, including documented evidence of approval. Implement periodic internal audits to monitor compliance with the revised P-Card policy and identify any noncompliance or misuse.

Upon successful implementation of this corrective action plan, we expect a clearer and more efficient approval process for P-Card transactions. An increased visibility and transparency in procurement card activity, improved compliance with regulatory and organizational policies and greater accountability and oversight in the use of PCards.

Current Status: Implemented.

**GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2025**

FINDING #2024-002 – EMPLOYMENT ELIGIBILITY VERIFICATION FORMS (I-9)

Criteria or Specific Requirement: The I-9 form, also known as the Employment Eligibility Verification, is a mandatory document used in the United States to verify the identity and employment authorization of individuals hired for employment. Employers must complete this form for every new hire (citizens and non-citizens) to confirm that they are legally authorized to work in the U.S. All employees hired after November 6, 1986 are required to complete an I-9 form and the District should complete Section 2. These files should be maintained at all times.

Condition / Context: During our testing of payroll, we noted 14 out of 25 instances in which the employee's I-9 files were not stored on-site and were unable to be provided.

Questioned Costs: No questioned costs associated with this finding.

Cause: Inadequate controls over the central housing of employee I-9 files. Effect: Potential for missing I-9's that can be subject to a government audit by the U.S. Department of Homeland Security.

Recommendation: We recommend that all I-9's be maintained on-site for as long as the employee is with the District. If housed off-site, the documents should be readily available for review.

Corrective Action Plan: The District will create a list of all active employees and verify if Form I-9 and corresponding documentations are on file.

- o For employees hired pre-2017 audit paper I-9 documents will be in a file cabinet in Building 38J
- o For employees hired post-2017 audit paper I-9 documents will be in Workday (HR/Finance System)

The HR Office will scan and save all paper Form I-9s to individual employee electronic SkySite files (pre 2017). The HR Office will upload all digital Form I-9s to individual employee SkySite files (post 2017). For employees hired during the COVID-19 pandemic, verify if I-9 supporting documentation is on file. If not, HR will contact employees to submit required documentation.

For employees without a Form I-9 on file OR without supporting documentation on file, HR staff will require the submission of required documentation.

Current Status: Implemented.

**GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2025**

FINDING #2024-003 – INTERNAL CONTROLS OVER FEDERAL AWARDS

Federal Agency: U.S. Department of Education

Federal Program Title: Student Financial Assistance Cluster

Assistance Listing Number: 84.007, 84.033, 84.063 and 84.268

Award Period: July 1, 2023 to June 30, 2024

Type of Finding: Significant Deficiency in Internal Control over Compliance and Noncompliance

Criteria or Specific Requirement: In accordance with 2 CFR 200.303, nonfederal entities must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Condition / Context: During our audit procedures, we noted instances where students are overpaid student financial aid due to changes in student units. The amounts reported to the Common Origination and Disbursement system were correctly reported resulting in the overpayment being disbursed from the District's funds. The District is paying students based on census enrollment and not adjusting for any changes in enrollment.

Questioned Costs: None.

Cause: Inadequate controls over student information changes allowing the institution to identify changes in enrollment and adjust financial aid accordingly.

Effect: Overpayment by the District where the District must use funds from the General Fund to cover the overpayment.

Recommendation: We recommend the institution review its processes over student information changes and ensure that students are being awarded the proper amount of financial aid based on enrollment at the time of disbursement to prevent having to cover overpayments through the General Fund.

Corrective Action Plan: These initial Pell overpayments were incurred in the "early" Pell disbursements that occurred a week before the semester started and the first two weeks of the semester. The enrollment was reported correctly, but part of the issue was the current FA system (SAM) was not programmed to adjust the amount disbursed based on the student's current enrollment at the time of disbursement. For the Spring 2024 semester, testing was done on SAM to disburse aid based on current enrollment for the early Spring 2024 disbursements. This change reduced the amount in overpayments if students drop below 1/2 time for the semester, or withdrew completely.

In addition, the Financial Aid Office transitioned from SAM to the Colleague Financial Aid System (starting in 202425). Colleague is already programmed to disburse aid based on current enrollment status, so this will not be a recurring issue in the future.

**GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2025**

FINDING #2024-003 – INTERNAL CONTROLS OVER FEDERAL AWARDS, continued

Early Disbursement and Overpayment Notes:

- For Fall 2023 semester, the first early Pell disbursement was based on 25% of a student's semester award based on full-time enrollment. If a student is currently enrolled ½-time or higher when this disbursement is processed, they will receive the 25% award amount. If a student is enrolled in less than ½-time status (.5 units to 5.5 units), they will receive a \$500 Pell disbursement to account for the lower Pell grant award for less than ½-time students.
- For Spring 2024 semester, after testing in SAM, we were able to disburse the early disbursements based on the current enrollment before Census which lowered the overpayment amount significantly.
- We understand students add/drop courses through the first two weeks of the semester. The final Pell grant award for the semester is adjusted to the student's enrollment status on Census day. Students who are ½-time or higher at Census will not be a Pell overpayment for the semester since their Pell grant award will be at 50% or higher.
- For students who were enrolled at ½-time or higher at the time the early disbursement was processed, but then dropped to less than ½-time or withdrew completely by Census day, they will be considered a Pell overpayment.
 - o These types of overpayments are unavoidable.
 - o Example: Currently, if a student is scheduled a \$500 disbursement for the early 25% disbursement, and is enrolled ½ time, they will receive \$500. With the change to actual enrollment (1/2 time for this case), the student will receive \$250 instead of \$500. If the student drops below 1/2-time or withdraws completely by census, the highest overpayment amount will be \$250 instead of \$500.

Current Status: Implemented.

**GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2025**

FINDING #2024-004 – SPECIAL TESTS AND PROVISIONS: RETURN OF TITLE IV FUNDS

Federal Agency: U.S. Department of Education

Federal Program Title: Student Financial Assistance Cluster

Assistance Listing Number: 84.007, 84.033, 84.063 and 84.268

Award Period: July 1, 2023 to June 30, 2024

Type of Finding: Significant Deficiency in Internal Control over Compliance and Noncompliance

Criteria or Specific Requirement: In accordance with 34 CFR 668.22(j), An institution that is not required to take attendance must determine the withdrawal date for a student who withdraws without providing notification to the institution no later than 30 days after the end of the earlier of the (1) payment period or period of enrollment, (2) academic year in which the student withdrew, or (3) educational program from which the student withdrew.

Condition / Context: During our audit procedures, we noted that all forms for Fall 2024 and Spring 2024 were completed in after the end of each term, outside of the 30 day limit. Additionally, all forms appeared to have used the same drop date, regardless of the students actual drop date determination.

Questioned Costs: None.

Cause: Inadequate controls over the R2T4 process.

Effect: A lack of internal controls can result in noncompliance with provisions of the various programs within the Student Financial Assistance Cluster.

Repeat Finding: Yes.

Recommendation: We recommend the Colleges reinforce their review processes related to student drops and review all activity level controls to ensure compliance with the various requirements of the Student Financial Assistance Cluster.

Corrective Action Plan: Due to a sudden and unanticipated staffing shortage, R2T4 calculations were performed beyond the required timeframe. A staff member has been hired and one of their main tasks is to do R2T4 Calculations. We reached out to the faculty to get the last day of academic related engagement. In cases where we are unable to get the last day of academic related engagement, the federal guidelines allow schools to use the midpoint of the payment period for the R2T4 calculations.

All policies and procedures relating to R2T4 processing have been reviewed and updated, and a review of all prior year calculations will be performed as well, to ensure compliance. Additional staff have been hired and trained in the process, and calculations are being performed. Adequate and trained staff will ensure that all required calculations are performed accurately, and according to required timelines.

In addition, the Financial Aid Office has transitioned from SAM to the Colleague Financial Aid System (starting in 2024-25) which will provide a more automated and integrated process, with enhanced internal controls.

Current Status: Implemented.