



**Annual Fiscal Report**  
**California Community College**  
Reporting Year: 2018-2019  
**REVIEW**

Gavilan College  
5055 Santa Teresa Boulevard  
Gilroy, CA 95020

**General Information**

#	Question	Answer
1.	Confirm the correct college's report	<b>Confirmed</b>
2.	District Name:	<b>Gavilan Joint Community College District</b>
3.	a. Name of College Chief Business Officer (CBO) b. Title of College CBO c. Phone number of College CBO d. E-mail of College CBO e. Name of District CBO f. Title of District CBO g. Phone number of District CBO h. E-mail of District CBO	<b>Michael J. Renzi, JD</b> <b>Vice President Of Administrative Services</b> <b>408-848-4715</b> <b>mrenzi@gavilan.edu</b> <b>Michael J. Renzi, JD</b> <b>Vice President Of Administrative Services</b> <b>408-848-4715</b> <b>mrenzi@gavilan.edu</b>

**District Data (including single college organizations) Revenue**

4.	(Source: Unrestricted General Fund, CCFS 311 Annual, Revenues, Expenditures, and Fund Balance)
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		FY 16/17	FY 17/18	FY 18/19
	a. Total Unrestricted General Fund Revenues	\$ 35,163,158	\$ 37,882,339	\$ 34,260,305
	b. Other Unrestricted Financing Sources (Account 8900)	\$ 0	\$ 71,421	\$ 0
5.	(Source: Unrestricted General Fund, CCFS 311 Annual, Revenues, Expenditures, and Fund Balance)			
		FY 16/17	FY 17/18	FY 18/19
	a. Net (Adjusted) Unrestricted General Fund Beginning Balance	\$ 4,353,229	\$ 4,620,418	\$ 4,750,233
	b. Net Unrestricted General Fund Ending Balance, including transfers in/out	\$ 4,620,418	\$ 4,750,462	\$ 2,117,549

### Expenditures/Transfers (General Fund Expenditures/Operating Expenditures)

		FY 16/17	FY 17/18	FY 18/19
	(Source: Unrestricted General Fund, CCFS 311 Annual, Revenues, Expenditures, and Fund Balance)			
6.	a. Total Unrestricted General Fund Expenditures (including account 7000)	\$ 33,407,061	\$ 36,155,393	\$ 36,713,593
	b. Total Unrestricted General Fund Salaries and Benefits (accounts 1000, 2000, 3000)	\$ 25,157,427	\$ 28,064,688	\$ 28,650,815
	c. Other Unrestricted General Fund Outgo (6a - 6b)	\$ 8,249,634	\$ 8,090,705	\$ 8,062,778
	d. Unrestricted General Fund Ending Balance	\$ 4,620,426	\$ 4,750,460	\$ 2,117,549

### Liabilities

7.	Did the District borrow funds for cash flow purposes?	No	No	Yes
8.	Total Borrowing			
	a. Short-Term Borrowing (TRANS, etc)	\$ 0	\$ 0	\$ 7,200,000
	b. Long Term Borrowing (COPs, Capital Leases, other long-term borrowing):	\$ 13,915,000	\$ 0	\$ 38,000,000
9.		FY 16/17	FY 17/18	FY 18/19

	a. Did the district issue long-term debt instruments or other new borrowing (not G.O. bonds) during the fiscal year noted?	<b>Yes</b>	<b>No</b>	<b>No</b>
	b. What type(s)	<b>Lease Revenue Bonds, Clean Renewable Energy Bonds</b>		
	c. Total amount	<b>\$ 13,915,000</b>	<b>\$ 0</b>	<b>\$ 0</b>
10.	Debt Service Payments (General Fund/Operations)	FY 16/17 <b>\$ 0</b>	FY 17/18 <b>\$ 0</b>	FY 18/19 <b>\$ 0</b>

### Other Post Employment Benefits (OPEBs)

	(Source: <b>Most recent GASB 74/75 OPEB Actuarial Report</b> )	FY 18/19		
11.	a. Total OPEB Liability (TOL) for OPEB	<b>\$ 9,403,370</b>		
	b. Net OPEB Liability (NOL) for OPEB	<b>\$ 3,046,992</b>		
	c. Funded Ratio [Fiduciary Net Position (FNP/TOL)]	<b>67.6 %</b>		
	d. NOL as Percentage of OPEB Payroll	<b>16.9 %</b>		
	e. Service Cost (SC)	<b>\$ 101,139</b>		
	f. Amount of Contribution to Annual Service Cost, plus any additional funding of the Net OPEB Liability	<b>\$ 341,288</b>		
12.	Date of most recent GASB 74/75 OPEB Actuarial Report – use valuation date (mm/dd/yyyy)	<b>06/30/2019</b>		
13.	a. Has an irrevocable trust been established for OPEB liabilities?	<b>Yes</b>		
	b. Amount deposited into OPEB Irrevocable Reserve/Trust	FY 16/17 <b>\$ 532,032</b>	FY 17/18 <b>\$ 405,658</b>	FY 18/19 <b>\$ 538,460</b>
	c. Amount deposited into non-irrevocable Reserve specifically for OPEB	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>

d. OPEB Irrevocable Trust Balance as of fiscal year end

\$ 7,478,481

\$ 7,470,128

\$ 6,356,378

**Cash Position**

		FY 16/17	FY 17/18	FY 18/19
14.	Cash Balance at June 30 from Annual CCFS-311 Report (Combined Balance Sheet Total accounts 9100 through 9115)	\$ 9,569,067	\$ 5,345,124	\$ 15,115,512
15.	Does the district prepare cash flow projections during the year?	Yes		

**Annual Audit Information**

16.	<p>Date annual audit report for fiscal year was electronically submitted to accjc.org, along with the institution's response to any audit exceptions (mm/dd/yyyy)</p> <p><b>NOTE:</b> Audited financial statements are due to the ACCJC no later than 4/3/2020. A multi-college district may submit a single district audit report on behalf of all the colleges in the district.</p>	04/21/2020
17.	<p>Summarize Material Weaknesses and Significant Deficiencies from the annual audit report (enter n/a if not applicable):</p> <p><b>(1)According to California Code of Regulations, Title V, Section 58003.1 (f), all distance education and hybrid courses that do not qualify for other attendance accounting procedures such as weekly or daily census will follow the alternative attendance procedures. The weekly student contact hours reported for each class should be the product of the number of students actively enrolled at weekly census times the number of units of academic credit associated with the class. It was noted three weekly alternative attendance courses were not reported at the correct amount of Contact Hours. (2)According to California Code of Regulations, Title V, Section 58003.1 (e), the Actual Hours of Attendance procedure is based on an actual count of students present at each class meeting, and applies to certain types of courses, including open entry/open exit courses. Attendance for open entry/open exit courses is to be tracked based on actual minutes attended by individual students in the courses, dividing by 50 minutes to obtain contact hours, and then dividing by 525 hours to obtain the FTES for such courses. It was noted seven actual hours of attendance courses were not reported at the correct amount of contact hours due to human error. (3)According to California Code of Regulations, Title V, Section 58003.1 (e), the Actual Hours of Attendance procedure is based on an actual count of students present at each class meeting, and applies to certain types of courses, including open entry/open exit courses. Attendance for open entry/open exit courses is to be tracked based on actual minutes attended by individual students in the courses, dividing by 50 minutes to obtain contact hours, and then dividing by 525 hours to obtain the FTES for such courses. Six courses offered by the District were calculated based on a 60 minute contact hour instead of a 50 minute contact hour. Three courses offered by the District were calculated based on a 50 minute hour; however, these courses had excess time over the 50 minute hour that were converted using a 60 minute hour resulting in over calculation of these three courses. (4)According to California Code of Regulations, Title V, Section 58030, each district shall adopt procedures for retention of support documentation which</b></p>	

will enable an independent determination regarding the accuracy of tabulations submitted by the District to the Chancellor's Office as the basis of its claim for State support. The District was unable to produce the first census report for three courses tested and therefore did not follow its internal control procedures to ensure that each instructor had turned in the census reports supporting the FTES for the course as required per criteria described above. (5) According to California Code of Regulations, Title V, Section 58003.1, the units of full time equivalent student for apportionment purposes should be computed for courses based on type of course, the way the course is scheduled, and the length of the course. Pursuant to Title V, Section 58004, those procedures should be applied to the census day. Title 5, Section 58020, states for each course section census day, a separate tabulation is required for each of the course categories using a census day procedure which is then reported on the CCFS-320. Additionally in Title 5, Section 58020, Districts shall, according to procedures adopted by the governing board, clear the rolls of inactive enrollment. Inactive enrollment is defined as follows: As of each census day, any student who has (1) been identified as a no show, or (2) officially withdrawn from the course, or (3) been dropped from the course. A student shall be dropped if no longer participating in the course, except if there are extenuating circumstances. No longer participating includes, but is not limited to, excessive unexcused absences but must relate to nonattendance. Extenuating circumstances are verified cases of accidents, illness, other circumstances beyond the control of the student, and other conditions defined by the governing board and published in regulations. The drop date shall be the end of business of the day immediately preceding the census day. The District did not properly apply the above described criteria to three courses tested. (6) According to California Code of Regulations, Title V, Section 58003.1 (c), for credit courses scheduled to meet for five or more days and scheduled regularly with respect to the number of hours each scheduled day, but not scheduled continuously with the college's primary term established pursuant to subdivision (b), or scheduled during the summer or other intersession, the units of full time equivalent student (FTES), exclusive of independent study and cooperative work-experience education courses, shall be computed by multiplying the daily student contact hours of active enrollment as of the census days nearest to one-fifth of the length of the course by the number of days the course is scheduled to meet, and dividing by 525. It was noted three daily courses were not reported at the correct amount of contact hours due to human error. (7) Hybrid courses are a combination of distance education and classroom/laboratory instruction. If an entire hybrid course does not qualify to be on a basic attendance procedure (i.e. weekly, daily or actual attendance hour course) then alternative attendance accounting procedures will be applied to the hybrid course. When applying the weekly and daily attendance procedures to a Hybrid course the course must be regularly scheduled for both distance education and classroom/laboratory instruction. It was noted two daily course identified as hybrid courses that were not regularly scheduled for both the in person lecture and online portion of the courses. Therefore, the two hybrid courses should have been calculated using an alternative attendance accounting method. (8) According to California Code of Regulations, Title V, Section 55002 (3), a community college shall maintain a course outline of record in the official college files that describes the course, including the unit value, the expected number of contact hours for the course as a whole, and other relevant information. Scheduling of courses should be consistent with the total contact hours indicated in the approved course outline of record, with the exception of reasonable variances due to legitimate scheduling considerations such as schedule compression. Two weekly course offered by the District were listed in the course outline of record incorrectly as 18 week semester instead of the actual 16.7 week semester.

(1) An essential aspect of any organization's internal control over its financial reporting process is the ability to produce accurate and timely financial data in accordance with Generally Accepted Accounting Principles (GAAP). Accurate and timely financial reporting enables management and the Board to have a sound financial basis for decision making and meet required reporting requirements. The District's accounting closing process was not adequate to prepare financial statement in an efficient and timely

manner to meet the reporting requirements outlined in the education code. The District's audit was originally scheduled in October 2018 however; completion of the audit was delayed as the District was unable to provide adequate support and reconciliations for the financial statement balances. Final account reconciliations, supporting documentation, trial balances, and the required Annual Financial and Budget Report (311), were not available until February 2019. Additionally, adjustments, revised reconciliations, and updated analyses for numerous financial statement accounts were necessary based on inquiries throughout the audit process. The District will perform reconciliations, review and do account analysis on a regular basis to ensure accurate and timely financial reporting. For example, the District is currently up to date with fixed asset reconciliations through January 2019. The District will formally document the year-end closing process to include procedures, responsible parties, reviewers, and timelines to improve the efficiency and accuracy of the process. The District for 2018-19 has started a year-end calendar, listing individual's responsibilities and timelines for completion before year end close.

FY 18/19

(1)According to California Code of Regulations, Title V, Section 58003.1, weekly student contact hours reported for each class should be a product of the number of students actively enrolled at weekly census times the number of units of academic credit associated with the class. It was noted one weekly course was not calculated at correct amount of contact hours.(2)According to California Code of Regulations, Title V, Section 58003.1 (c), for credit courses scheduled to meet for five or more days and scheduled regularly with respect to the number of hours each scheduled day, but not scheduled conterminously with the college's primary term established pursuant to subdivision (b), or scheduled during the summer or other intersession, the units of full time equivalent student (FTES), exclusive of independent study and cooperative work-experience education courses, shall be computed by multiplying the daily student contact hours of active enrollment as of the census days nearest to one-fifth of the length of the course by the number of days the course is scheduled to meet, and dividing by 525. It was noted one course was not reported at the correct amount of contact hours due to human error.(3)According to California Code of Regulations, Title V, Section 58003.1 (f), all distance education and hybrid courses that do not qualify for other attendance accounting procedures such as weekly or daily census will follow the alternative attendance procedures. The weekly student contact hours reported for each class should be the product of the number of students actively enrolled at weekly census times the number of units of academic credit associated with the class. It was noted one weekly alternative attendance course was not reported at the correct amount of Contact Hours.(4)According to California Code of Regulations, Title V, Section 58003.1 (e), the Actual Hours of Attendance procedure is based on an actual count of students present at each class meeting, and applies to certain types of courses, including open entry/open exit courses. Attendance for open entry/open exit courses is to be tracked based on actual minutes attended by individual students in the courses, dividing by 50 minutes to obtain contact hours, and then dividing by 525 hours to obtain the FTES for such courses. It was noted two actual hours of attendance courses were not reported at the correct amount of contact hours due to human error.(5) According to California Code of Regulations, Title V, Section 55002 (3), a community college shall maintain a course outline of record in the official college files that describes the course, including the unit value, the expected number of contact hours for the course as a whole, and other relevant information. Scheduling of courses should be consistent with the total contact hours indicated in the approved course outline of record, with the exception of reasonable variances due to legitimate scheduling considerations such as schedule compression. One daily course offered by the District was listed in the course outline of the record incorrectly and therefore did not match the class schedule.

#### Other District Information

		FY 16/17	FY 17/18	FY 18/19
	a. Final Adopted Budget – budgeted Full Time Equivalent Students (FTES) (Annual Target)	5,350	5,520	5,350
	b. Actual Full Time Equivalent Students (FTES) from Annual CCFS 320	5,321	4,706	5,259
19.	Number of FTES shifted into the fiscal year, or out of the fiscal year	0	530	263
20.	a. During the reporting period, did the district settle any contracts with employee bargaining units?	Yes		
	b. Did any negotiations remain open?	No		
	c. Describe significant impacts of settlements. If any negotiations remain open over one year, describe length of negotiations, and issues	All contracts were settled.		

### College Data

21.	<b>NOTE:</b> For a single college district the information is the same that was entered into the District section of the report.			
		FY 16/17	FY 17/18	FY 18/19
	a. Final Adopted Budget – budgeted Full Time Equivalent Students (FTES) (Annual Target)	5,350	5,420	5,350
	b. Actual Full Time Equivalent Students (FTES) from Annual CCFS 320	5,321	4,706	5,259
22.	Final Unrestricted General Fund allocation from the District (for Single College Districts, use the number in 4a.)	\$ 35,163,158	\$ 37,882,339	\$ 34,260,305
23.	Final Unrestricted General Fund Expenditures (for Single College Districts, use the number in 6a.)	\$ 33,407,061	\$ 36,155,393	\$ 36,713,593
24.	Final Unrestricted General Fund Ending Balance (for Single College Districts, use the number in 6d.)	\$ 4,620,426	\$ 4,750,460	\$ 2,117,549

25.	What percentage of the Unrestricted General Fund prior year Ending Balance did the District permit the College to carry forward into the next year's budget?	FY 16/17 <b>100 %</b>	FY 17/18 <b>100 %</b>	FY 18/19 <b>100 %</b>
26.	USDE official cohort Student Loan Default Rate (FSLD) (3 year rate)	Cohort Year 2014 <b>19 %</b>	Cohort Year 2015 <b>17 %</b>	Cohort Year 2016 <b>15 %</b>
27.	<p>Were there any executive or senior administration leadership changes at the College during the fiscal year, including June 30? List for the College or for Single College District</p> <p>Please describe the leadership change(s)</p>	<p><b>Yes</b></p> <p><b>On June 30 Frederick Harris Vice President of Administrative Services and Kathleen Moberg Vice President of Student Services retired from the District. Denee Pescarmona was hired as Vice President of Academic Affairs on July 16, 2018.</b></p>		

Go To Question #: 2 **REVIEW/EDIT**

**The data included in this report are certified as a complete and accurate representation of the reporting college.**

**SUBMIT FINAL**

NOTE: Upon final submission, e-mail notifications and copies of the report will sent to:  
 CEO: Dr. Kathleen Rose [krose@gavilan.edu]  
 CBO: []

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