

**GAVILAN JOINT COMMUNITY  
COLLEGE DISTRICT**

---

ANNUAL FINANCIAL REPORT

---

**JUNE 30, 2009**

# GAVILAN JOINT COMMUNITY COLLEGE DISTRICT

## TABLE OF CONTENTS

JUNE 30, 2009

---

### ***FINANCIAL SECTION***

Independent Auditors' Report	2
Management's Discussions and Analysis	4
Basic Financial Statements	
Statements of Net Assets	12
Statements of Revenues, Expenses, and Changes in Net Assets	13
Statements of Cash Flows	14
Notes to Financial Statements	16

### ***REQUIRED SUPPLEMENTARY INFORMATION***

Schedule of Other Postemployment Benefits (OPEB) Funding Progress	39
---	----

### ***SUPPLEMENTARY INFORMATION***

District Organization	41
Schedule of Expenditures of Federal Awards	42
Schedule of Expenditures of State Awards	43
Schedule of Workload Measures for State General Apportionment - Annual (Actual) Attendance	44
Reconciliation of Annual Financial and Budget Report (CCFS-311) with Fund Financial Statements	45
Notes to Supplementary Information	46

### ***INDEPENDENT AUDITORS' REPORTS***

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	48
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133	50
Report on State Compliance	52

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

Summary of Auditors' Results	55
Financial Statement Findings and Recommendations	56
Federal Awards Findings and Questioned Costs	56
State Awards Findings and Questioned Costs	56
Summary Schedule of Prior Audit Findings	56

# GAVILAN JOINT COMMUNITY COLLEGE DISTRICT

## TABLE OF CONTENTS

JUNE 30, 2009

---

### *ADDITIONAL SUPPLEMENTARY INFORMATION*

Governmental Funds	
Balance Sheets	58
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	59
Statement of Revenues, Expenditures, and Changes in Fund Balance	60
Reconciliation of the Governmental Funds Changes in Fund Balances to the District-Wide Statement of Activities	61
Fiduciary Funds	
Balance Sheets	62
Statement of Changes in Due to Student Groups	63
General Fund Restricted	
Balance Sheets	64
Statement of Revenues, Expenditures, and Changes in Fund Balance	65
Note to Additional Supplementary Information	66

---

---

***FINANCIAL SECTION***

---

---



## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Gavilan Joint Community College District  
Gilroy, California

We have audited the accompanying basic financial statements of the business-type activities of Gavilan Joint Community College District (the District) as of and for the years ended June 30, 2009 and 2008, as listed in the Table of Contents. These basic financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of Gavilan Joint Community College District as of June 30, 2009 and 2008, and the respective changes in financial position and cash flows, for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in the Notes to the Financial Statements, the accompanying financial statements reflect certain changes required as a result of the implementation of Governmental Accounting Standards Board (GASB) Statement No. 45 for the year ended June 30, 2009.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2009, 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, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and is important for assessing the results of our audit.

The Management's Discussion and Analysis, as listed in the Table of Contents, is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. This supplementary information is the responsibility of the District's management. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information listed in the table of contents, including the Schedule of Expenditures of Federal Awards, which is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The Additional Supplementary Information on pages 58 through 66 has been presented at the request of District management for purposes of additional analysis. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Vannink, Trine, Day & Co, LLP

Fresno, California  
December 17, 2009

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### *USING THIS ANNUAL REPORT*

The purpose of this annual report is to provide readers with information about the activities programs and financial condition of the Gavilan Joint Community College District (the District) as of June 30, 2009. The report consists of three basic financial statements: the Statement of Financial Position, Statement of Revenues, Expenses, and Changes in Net Assets, and Statement of Cash Flows and provides information about the District as a whole. This section of the annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2009. Please read it in conjunction with the District's financial statements, which immediately follow this section. Responsibility for the completeness and accuracy of this information rests with the District management.

### *OVERVIEW OF THE FINANCIAL STATEMENTS*

The Gavilan Joint Community College District's financial statements are presented in accordance with Governmental Accounting Standards Board Statements No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments and No. 35, Basic Financial Statements - and Management Discussion and Analysis - for Public College and Universities. These statements allow for the presentation of financial activity and results of operations which focuses on the District as a whole. The entity-wide financial statements present the overall results of operations whereby all of the District's activities are consolidated into one total versus the traditional presentation by fund type. The focus of the Statement of Net Assets is designed to be similar to the bottom line results of the District. This statement combines and consolidates current financial resources with capital assets and long-term obligations. The Statement of Revenues, Expenses, and Changes in Net Assets focuses on the costs of the District's operational activities with revenues and expenses categorized as operating and nonoperating, and expenses are reported by natural classification. The Statement of Cash Flows provides an analysis of the sources and uses of cash within the operations of the District.

The California Community Colleges System's Office has recommended that all State community colleges follow the Business Type Activity (BTA) model for financial statement reporting purposes.



# GAVILAN JOINT COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2009

### FINANCIAL HIGHLIGHTS OF THE PAST YEAR

The fiscal year ending June 30, 2009, provided Gavilan College with enough resources to stabilize the Budget and to make a number of improvements in achieving the goals of the Strategic Plan and the Educational Master Plan. Through its Strategic Plan, Gavilan College has positioned itself to expand and take advantage of the additional growth opportunities. Revenue available for program enhancements was used to provide additional staff and equipment in order to offer a consistent quality education to the communities served by the District. As a cautionary note, over the long term the District recognizes that Gavilan College will need to be diligent in its efforts to achieve the ever-increasing level of FTES required to generate additional revenues.

### THE DISTRICT AS A WHOLE

#### Net Assets

The District's net assets were \$25.7 million, \$26.8 million, and \$23.9 million for the fiscal years ended June 30, 2009, June 30, 2008, and June 30, 2007, respectively. Of this amount, \$0.9 million, \$1.5 million, and \$2.8 million were unrestricted as of June 30, 2009, 2008, and 2007, respectively. Restricted net assets are reported separately to show legal constraints from debt covenants and enabling legislation that limit the College Board's ability to use those net assets for day-to-day operations. Our analysis below focuses on the net assets (Table 1) and change in net assets (Table 2) of the District's governmental activities.

**Table 1**

(Amounts in thousands)	Governmental Activities for the Fiscal Year				
	2009	2008	Change	2007	Change
Current and other assets	\$ 24,912	\$ 65,717	\$ (40,805)	\$ 28,717	\$ 37,000
Capital assets	81,444	44,017	37,427	29,102	14,915
<b>Total Assets</b>	<b>106,356</b>	<b>109,734</b>	<b>(3,378)</b>	<b>57,819</b>	<b>51,915</b>
Current liabilities	6,097	8,064	(1,967)	8,059	5
Long-term obligations	74,535	74,835	(300)	25,845	48,990
<b>Total Liabilities</b>	<b>80,632</b>	<b>82,899</b>	<b>(2,267)</b>	<b>33,904</b>	<b>48,995</b>
Net assets					
Invested in capital assets, net of related debt	17,866	16,697	1,169	1,233	15,464
Restricted	6,916	8,677	(1,761)	19,865	(11,188)
Unrestricted	942	1,461	(519)	2,817	(1,356)
<b>Total Net Assets</b>	<b>\$ 25,724</b>	<b>\$ 26,835</b>	<b>\$ (1,111)</b>	<b>\$ 23,915</b>	<b>\$ 2,920</b>

The \$0.9 million in unrestricted net assets of governmental activities represents the *accumulated* results of all past years' operations. It means that if we had to pay off all of our bills *today* including all of our non-capital liabilities (compensated absences as an example), we would have \$0.9 million left.



# GAVILAN JOINT COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2009

### Changes in Net Assets

The results of this year's operations for the District as a whole are reported in the *Statement of Revenues, Expenses, and Changes in Net Assets*. Table 2 takes the information from the Statement and rearranges them slightly so you can see our total revenues for the year.

**Table 2**

(Amounts in thousands)	Governmental Activities for the Fiscal Year				
	2009	2008	Change	2007	Change
<b>Revenues</b>					
Operating revenues:					
Tuition and fees	\$ 1,419	\$ 1,648	\$ (229)	\$ 1,727	\$ (79)
Non-operating revenues:					
State apportionment	11,593	11,681	(88)	11,080	601
Grants and contracts - Federal	5,533	3,656	1,877	3,054	602
Grants and contracts - State and local	4,442	4,045	397	3,817	228
Property taxes	18,024	17,343	681	15,525	1,818
State taxes and other revenue	1,689	5,902	(4,213)	5,647	255
Other revenues	2,383	1,453	930	1,259	194
<b>Total Revenues</b>	<u>45,083</u>	<u>45,728</u>	<u>(645)</u>	<u>42,109</u>	<u>3,619</u>
<b>Expenses</b>					
Salaries	21,731	20,299	1,432	17,818	2,481
Employee benefits	6,718	6,670	48	5,861	809
Supplies, materials and other operating expenses and services	12,664	11,944	720	12,364	(420)
Depreciation	1,464	1,009	455	707	302
Other non-operating expenses	3,617	2,886	731	1,609	1,277
<b>Total Expenses</b>	<u>46,194</u>	<u>42,808</u>	<u>3,386</u>	<u>38,359</u>	<u>4,449</u>
<b>Change in Net Assets</b>	<u>\$ (1,111)</u>	<u>\$ 2,920</u>	<u>\$ (4,031)</u>	<u>\$ 3,750</u>	<u>\$ (830)</u>

### Governmental Activities

As reported in the *Statement of Revenues, Expenses and Changes in Net Assets*, the cost of all of our governmental activities this year was \$46 million. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only \$18 million because the cost was paid by those who benefited from the programs or by other governments and organizations who subsidized certain programs with grants and contributions (\$1.4 million). We paid for the remaining "public benefit" portion of our governmental activities with other revenues, like interest and general entitlements.

# GAVILAN JOINT COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**JUNE 30, 2009**

---

### *FUNCTIONAL EXPENSES*

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

**Table 3**

**Year ended June 30, 2009**

	Salaries	Employee Benefits	Supplies, Materials, and Other Expenses & Services	Equipment, Maintenance and Repairs	Depreciation	Total
Instructional Activities	\$ 8,913,615	\$2,597,705	\$ 1,398,558	\$ -	\$ -	\$12,909,878
Academic Support	4,384,066	1,332,483	526,905	-	-	6,243,454
Student Services	3,905,694	1,197,651	2,340,159	-	-	7,443,504
Plant Operations and Maintenance	748,340	342,118	6,261,847	-	-	7,352,305
Institutional Support Services	2,919,163	1,000,328	824,125	-	-	4,743,616
Community Services and Economic Development	528,850	161,731	317,256	-	-	1,007,837
Ancillary Services and Auxiliary Operations	331,112	86,054	312,601	-	-	729,767
Interest Expense on Debt	-	-	3,616,690	-	-	3,616,690
Physical Property and Related Acquisitions	-	-	235,174	447,715	-	682,889
Unallocated Depreciation	-	-	-	-	1,463,877	1,463,877
<b>Total</b>	<u>\$21,730,840</u>	<u>\$6,718,070</u>	<u>\$ 15,833,315</u>	<u>\$ 447,715</u>	<u>\$ 1,463,877</u>	<u>\$46,193,817</u>

# GAVILAN JOINT COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2009

**Table 4**

**Year ended June 30, 2008**

	Salaries	Employee Benefits	Supplies, Materials, and Other Expenses & Services	Equipment, Maintenance and Repairs	Depreciation	Total
Instructional Activities	\$ 8,732,879	\$2,962,046	\$ 2,255,246	\$ 815,103	\$ -	\$14,765,274
Academic Support	3,520,651	1,140,455	876,230	168,798	-	5,706,134
Student Services	3,623,382	1,080,884	359,975	129,768	-	5,194,009
Plant Operations and Maintenance	848,011	354,452	3,555,960	1,375,254	-	6,133,677
Institutional Support Services	2,589,454	877,436	1,439,027	245,673	-	5,151,590
Community Services and Economic Development	718,853	174,486	310,624	5,634	-	1,209,597
Ancillary Services and Auxiliary Operations	265,526	89,900	75,314	43,012	-	473,752
Interest Expense on Debt	-	-	2,429,247	-	-	2,429,247
Physical Property and Related Acquisitions	-	-	744,429	450	-	744,879
Unallocated Depreciation	-	-	-	-	1,009,023	1,009,023
<b>Total</b>	<b>\$20,298,756</b>	<b>\$6,679,659</b>	<b>\$ 12,046,052</b>	<b>\$ 2,783,692</b>	<b>\$ 1,009,023</b>	<b>\$42,817,182</b>

**Table 5**

**Year ended June 30, 2007**

	Salaries	Employee Benefits	Supplies, Materials, and Other Expenses & Services	Equipment, Maintenance and Repairs	Depreciation	Total
Instructional Activities	\$ 8,029,838	\$2,740,823	\$ 2,141,768	\$ 447,004	\$ -	\$13,359,433
Academic Support	2,469,452	742,298	669,094	132,931	-	4,013,775
Student Services	3,434,000	912,816	524,127	89,009	-	4,959,952
Plant Operations and Maintenance	635,408	254,495	3,688,996	2,412,022	-	6,990,921
Institutional Support Services	2,212,467	839,726	1,536,730	114,694	-	4,703,618
Community Services and Economic Development	369,328	92,477	234,323	1,925	-	698,052
Ancillary Services and Auxiliary Operations	667,975	284,654	106,825	42,050	-	1,101,503
Interest Expense on Debt	-	-	1,380,100	-	-	1,380,100
Physical Property and Related Acquisitions	-	-	452,045	-	-	452,045
Unallocated Depreciation	-	-	-	-	707,292	707,292
<b>Total</b>	<b>\$17,818,468</b>	<b>\$5,867,288</b>	<b>\$ 10,734,008</b>	<b>\$ 3,239,635</b>	<b>\$ 707,292</b>	<b>\$38,366,691</b>

# GAVILAN JOINT COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2009

---

### *THE DISTRICT'S FUNDS*

As the District completed this year, our governmental funds reported a combined fund balance of \$20.8 million, which is a decrease of \$39.6 million from last year.

The primary reasons for these changes are:

1. Our General Fund decreased by \$0.9 million.
2. Our Special Revenues Funds remained stable this year.
3. Our Debt Service Funds decreased due to the contribution made to fund the General Obligations Bonds.
4. The Measure E Construction Fund decreased by \$36.9 million due to ongoing construction projects.

### *General Fund Budgetary Highlights*

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. The final amendment to the budget was adopted on August 11, 2009.

### *CAPITAL ASSEST AND DEBT ADMINISTRATION*

#### *Capital Assets*

At June 30, 2009, the District had \$81.4 million in a broad range of capital assets, including land, buildings, and furniture and equipment. This amount represents a net increase (including additions, deductions and depreciation) of \$37.4 million, or 85 percent, from last year, predominately due to ongoing Measure E projects.

**Table 6**

(Amounts in thousands)	Fixed Assets for the Fiscal Year				
	2009	2008	Change	2007	Change
Land	\$ 27,653	\$ 351	\$ 27,302	\$ 351	\$ -
Work in Progress	17,082	8,354	8,728	12,771	(4,417)
Land Improvements	866	866	-	866	-
Building and Improvements	45,633	43,438	2,195	23,531	19,907
Equipment and vehicles	4,050	3,554	496	3,121	433
<b>Total</b>	<b>95,284</b>	<b>56,563</b>	<b>38,721</b>	<b>40,640</b>	<b>15,923</b>
Less Accumulated Depreciation	(13,840)	(12,546)	(1,294)	(11,537)	(1,009)
<b>Net Total</b>	<b>\$ 81,444</b>	<b>\$ 44,017</b>	<b>\$ 37,427</b>	<b>\$ 29,103</b>	<b>\$ 14,914</b>

The District is in the construction phase for bond renovation projects. Many capital projects are planned to continue through the 2009-10 year.

# GAVILAN JOINT COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2009

---

### Long-Term Obligations

At the end of this year, the District had \$75.4 million in debt outstanding. The long-term obligations consisted of:

**Table 7**

(Amounts in thousands)	Debt for the Fiscal Year				
	2009	2008	Changes	2007	Changes
General obligation bonds	\$ 74,835	\$ 75,845	\$ (1,010)	\$ 27,470	\$ 48,375
Compensated absences	575	509	66	476	33
<b>Total</b>	<b>\$ 75,410</b>	<b>\$ 76,354</b>	<b>\$ (944)</b>	<b>\$ 27,946</b>	<b>\$ 48,408</b>

We present more detailed information regarding our long-term liabilities in the Notes to Financial Statements.

### ***SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2008-09 ARE NOTED BELOW:***

The most significant accomplishment of fiscal year 2008-2009 was the continued collaborative process used in a number of District projects including: campus renovation, an Enterprise Resource Planning (ERP) system, and the purchase of rights to real property in Coyote Valley and San Benito County. On March 2, 2004, the electorate within the District's geographic boundaries approved a general obligation bond known as Measure E. The value of the Bond is for 108 million dollars. The bond proceeds are being utilized by the District to plan, design and construct a number of projects, primarily in the areas of infrastructure development and upgrades along with modernization of existing District facilities including technology upgrades. The bond proceeds have also been used to purchase property in both Coyote Valley and in San Benito County.

Other accomplishments included finalizing a multi year agreement with the Gavilan College Faculty Association (GCFA) (tentatively) and with the California School Employee Association (CSEA). In spite of a tight budget year, the District was able to continue to fund employee health benefit packages.

In addition, as a carryover from FY 2007-2008, the Accrediting Commission for Community and Junior Colleges (of the Western Associations of Schools and Colleges) took action to reaffirm the six-year accreditation of Gavilan College. The Accrediting Commission reached its decision after a review of the institution's Self-Study Report (available at <http://www.gavlan.edu/accreditation/>) and the report of the evaluation team which visited Gavilan College in March, 2007.

### ***ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES***

In considering the District Budget for the 2009-10 year, the District Board and management used the following criteria for estimating unrestricted general fund revenues:

In fiscal year 2009-10 it is expected that Gavilan College's base revenue of \$27,300,000 million will decrease from that of fiscal year 2008-09 by a net of approximately \$527,440. The 2009-10 adopted budget is based on zero growth revenue and zero COLA.

# **GAVILAN JOINT COMMUNITY COLLEGE DISTRICT**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2009**

---

The District budget for expenditures was based on a negotiated multiple year agreement with the Gavilan College Faculty Association (GCFA) and the California School Employees Association (CSEA).

### ***CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT***

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Director of Business Services, at Gavilan Joint Community College District, 5055 Santa Teresa Blvd, Gilroy, California, 95020, or e-mail at [scheu@gavilan.edu](mailto:scheu@gavilan.edu).

# GAVILAN JOINT COMMUNITY COLLEGE DISTRICT

## STATEMENTS OF NET ASSETS JUNE 30, 2009 AND 2008

	June 30, 2009	June 30, 2008
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 225,682	\$ 156,142
Investments	1,245,575	3,099,148
Restricted investments	13,596,095	58,362,491
Accounts receivable, net	4,716,441	2,652,066
Student loans receivable, net	453,751	104,975
Prepaid expenses	1,400	963,833
Prepaid debt issuance costs	34,382	34,382
<b>Total Current Assets</b>	<b>20,273,326</b>	<b>65,373,037</b>
<b>Noncurrent Assets:</b>		
Prepaid debt issuance costs	310,040	344,422
Net Plan Asset-OPEB Trust investments	4,328,656	-
Nondepreciable capital assets	44,734,976	8,705,220
Depreciable capital assets	50,548,880	47,857,814
Less: Accumulated depreciation	(13,839,934)	(12,545,763)
<b>Total Noncurrent Assets</b>	<b>86,082,618</b>	<b>44,361,693</b>
<b>TOTAL ASSETS</b>	<b>106,355,944</b>	<b>109,734,730</b>
<b>LIABILITIES</b>		
<b>Current Liabilities:</b>		
Accounts payable	2,328,218	3,131,701
Accrued interest payable	1,504,628	1,654,419
Deferred revenue	1,147,578	1,222,033
Amounts held in custody on behalf of others	241,604	537,238
Long-term liabilities - current portion	874,744	1,519,336
<b>Total Current Liabilities</b>	<b>6,096,772</b>	<b>8,064,727</b>
<b>Noncurrent Liabilities:</b>		
Long-term liabilities - noncurrent portion	74,535,000	74,835,000
<b>Total Noncurrent Liabilities</b>	<b>74,535,000</b>	<b>74,835,000</b>
<b>TOTAL LIABILITIES</b>	<b>80,631,772</b>	<b>82,899,727</b>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	17,865,574	16,696,742
Restricted for:		
Debt service	6,507,883	8,119,775
Capital projects	194,252	378,147
Educational programs	214,530	179,758
Unrestricted	941,933	1,460,581
<b>Total Net Assets</b>	<b>\$ 25,724,172</b>	<b>\$ 26,835,003</b>

The accompanying notes are an integral part of these financial statements.

# GAVILAN JOINT COMMUNITY COLLEGE DISTRICT

## STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS FOR THE YEARS ENDED JUNE 30, 2009 AND 2008

	June 30, 2009	June 30, 2008
<b>OPERATING REVENUES</b>		
Tuition and Fees	\$ 2,536,705	\$ 2,872,972
Less: Scholarship discount and allowance	(1,117,993)	(1,224,562)
Net tuition and fees	1,418,712	1,648,410
<b>TOTAL OPERATING REVENUES</b>	1,418,712	1,648,410
<b>OPERATING EXPENSES</b>		
Salaries	21,730,840	20,298,756
Employee benefits	6,718,070	6,669,659
Supplies, materials, and other operating expenses and services	12,664,340	11,943,571
Depreciation	1,463,877	1,009,023
<b>TOTAL OPERATING EXPENSES</b>	42,577,127	39,921,009
<b>OPERATING LOSS</b>	(41,158,415)	(38,272,599)
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
State apportionments, noncapital	11,593,394	11,680,835
Grants and Contracts, noncapital:		
Federal	5,533,203	3,656,443
State	3,701,373	3,248,796
Local	497,281	109,973
Local property taxes, levied for general purposes	18,223,729	17,342,877
State taxes and other revenues	1,489,741	5,901,693
Investment income	544,834	1,452,671
Interest expense on capital related debt	(3,616,690)	(2,429,247)
Other non-operating revenues and expenses	1,836,301	(456,926)
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	39,803,166	40,507,115
<b>INCOME (LOSS) BEFORE OTHER REVENUES AND EXPENSES</b>	(1,355,249)	2,234,516
<b>OTHER REVENUES AND EXPENSES</b>		
State revenues, capital	234,758	338,296
Local revenues, capital	9,660	346,953
<b>TOTAL OTHER REVENUES AND EXPENSES</b>	244,418	685,249
<b>CHANGE IN NET ASSETS</b>	(1,110,831)	2,919,765
<b>NET ASSETS, BEGINNING OF YEAR</b>	26,835,003	23,915,238
<b>NET ASSETS, END OF YEAR</b>	\$ 25,724,172	\$ 26,835,003

The accompanying notes are an integral part of these financial statements.



**GAVILAN JOINT COMMUNITY COLLEGE DISTRICT**

**STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008**

	<u>June 30, 2009</u>	<u>June 30, 2008</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Tuition and fees	\$ 1,632,454	\$ 1,709,631
Non-capital grants and contracts	(380,706)	6,626,111
Local grants and contracts	(295,634)	143,582
Payments to suppliers	(14,617,306)	(13,069,769)
Payments to/(on behalf of) employees	(27,743,527)	(27,274,240)
<b>Net Cash Used by Operating Activities</b>	<u>(41,404,719)</u>	<u>(31,864,685)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State apportionments	12,228,805	12,658,477
Other nonoperating	1,509,689	(242,766)
Property taxes	14,467,048	13,491,457
State taxes and other apportionments	9,731,857	5,901,693
<b>Net Cash Provided by Noncapital Financing Activities</b>	<u>37,937,399</u>	<u>31,808,861</u>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>		
Purchase of capital assets	(38,797,160)	(16,164,025)
State revenue, capital projects	234,758	338,296
Local revenue, capital projects	9,660	346,953
Property tax collections for debt obligations	3,557,387	3,851,420
Deferred cost on issuance	34,382	34,382
Proceeds from issuance of General Obligation Bonds	-	50,000,000
Principal paid on capital debt	(1,010,000)	(1,625,000)
Interest paid on capital debt	(3,766,481)	(1,345,688)
<b>Net Cash Provided (Used) by Capital Financing Activities</b>	<u>(39,737,454)</u>	<u>35,436,338</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received from investments	983,001	1,353,721
<b>Net Cash Provided by Investing Activities</b>	<u>983,001</u>	<u>1,353,721</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(42,221,773)	36,734,235
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	61,617,781	24,883,546
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 19,396,008</u>	<u>\$ 61,617,781</u>

The accompanying notes are an integral part of these financial statements.

# GAVILAN JOINT COMMUNITY COLLEGE DISTRICT

## STATEMENTS OF CASH FLOWS, Continued FOR THE YEARS ENDED JUNE 30, 2009 AND 2008

---

### RECONCILIATION OF NET OPERATING REVENUES TO NET CASH USED BY OPERATING ACTUALS

	<u>June 30, 2009</u>	<u>June 30, 2008</u>
Operating loss	\$ (41,158,415)	\$ (31,257,387)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation expense	1,463,877	1,009,023
Changes in assets and liabilities:		
(Increase)/decrease in accounts receivables	(1,499,042)	(239,338)
(Increase)/decrease in prepaids and deferred issuance costs	962,433	(880,592)
Increase/(decrease) in accounts payable and accrued liabilities	(803,483)	(575,944)
Increase/(decrease) in deferred revenue	(74,455)	(64,029)
Increase in funds held for others	(295,634)	143,582
Total Adjustments	<u>(246,304)</u>	<u>(607,298)</u>
<b>Net Cash Flows From Operating Activities</b>	<u><u>\$ (41,404,719)</u></u>	<u><u>\$ (31,864,685)</u></u>

The accompanying notes are an integral part of these financial statements.

# GAVILAN JOINT COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2009 AND 2008**

---

### NOTE 1 - ORGANIZATION

The Gavilan Joint Community College District (the District) is a political subdivision of the State of California and provides educational services to the local residents of Santa Clara and San Benito Counties. The District operates under a locally elected eight-member Board of Trustees form of government. The District consists of one community college located in Gilroy, California and two offsite campuses located in the cities of Hollister and Morgan Hill. While the District is a political subdivision of the State of California, it is legally separate and is independent of other State and local governments, and it is not a component unit of the State in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 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. 14, *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. The three components used to determine the presentation are: providing a "direct benefit"; the "environment and ability to access/influence reporting," and the "significance" criterion. As defined by accounting principles generally accepted in the United States of America and established by the Governmental Accounting Standards Board, the financial reporting entity consists of the primary government and the District. The District has no component units.

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities as defined by GASB Statements No. 34 and No. 35 as amended by GASB Statements No. 37, No. 38, and No. 39. This presentation provides a comprehensive entity-wide perspective of the District's assets, liabilities, activities, and cash flows and replaces the fund group perspective previously required. Accordingly, the District's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All material intra-agency and intra-fund transactions have been eliminated.

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are classified as operating revenues. These transactions are recorded on the accrual basis when the exchange takes place. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year.

# GAVILAN JOINT COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009 AND 2008

---

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include State apportionments, property taxes, certain grants, entitlements, and donations are classified as nonoperating revenue. Federal and State grants received to provide direct grants to students are classified as nonoperating revenues because the District does not generally receive any direct benefit from the grants and are recognized in the fiscal year in which all eligibility requirements are satisfied. Eligibility requirements may include time and/or purpose requirements. Property tax revenue is recognized in the fiscal year received. State apportionment revenue is earned based upon criteria set forth from the Community Colleges System's Office and includes reporting of full-time equivalent student (FTES) attendance. The corresponding apportionment revenue is recognized in the period the FTES are generated.

Operating expenses are costs incurred to provide instructional services including support costs, auxiliary services, and depreciation of capital assets. All other expenses not meeting this definition are reported as nonoperating. Expenses are recorded on the accrual basis as they are incurred, when goods are received, or services are rendered.

The accounting policies of the District conform to accounting principles generally accepted in the United States of America (US GAAP) as applicable to colleges and universities, as well as those prescribed by the California Community Colleges System's Office. The District reports are based on all applicable GASB pronouncements, as well as applicable FASB pronouncements issued on or before November 30, 1989, unless those pronouncements conflict or contradict GASB pronouncements. The District has not elected apply FASB pronouncements after that date. When applicable, certain prior year amounts have been reclassified to conform to current year presentation. The budgetary and financial accounts of the District are maintained in accordance with the State System's Office's *Budget and Accounting Manual*.

The financial statements are presented in accordance with the reporting model as prescribed in GASB Statement No. 34, *Basic Financial Statements and Management's Discussions and Analysis for State and Local Governments*, and GASB Statement No. 35, *Basic Financial Statements and Management's Discussions and Analysis for Public Colleges and Universities*, as amended by GASB Statements No. 37 and No. 38. The business-type activities model followed by the District requires the following components of the District's financial statements:

- Management's Discussion and Analysis
- Basic Financial Statements for the District as a whole including:
  1. Statement of Net Assets
  2. Statement of Revenues, Expenses, and Changes in Net Assets
  3. Statement of Cash Flows
- Notes to the Financial Statements

### **Cash and Cash Equivalents**

The District's cash and cash equivalents are considered to be unrestricted cash on hand, demand deposits, and short-term unrestricted investments with original maturities of three months or less from the date of acquisition. Cash equivalents also include unrestricted cash with county treasury balances for purposes of the statement of cash flows. Restricted cash and cash equivalents represented balances restricted by external sources such as grants and contracts or specifically restricted for the repayment of capital debt.

# **GAVILAN JOINT COMMUNITY COLLEGE DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009 AND 2008**

---

### **Investments**

Investments held at June 30, 2009 and 2008, with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost. Fair values of investments in county and State investment pools are determined by the program sponsor.

### **Accounts Receivable**

Accounts receivable include amounts due from the Federal, State and /or local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the District's grants and contracts. Accounts receivable also consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty and staff, the majority of each residing in the State of California.

### **Prepaid Expenses**

Prepaid expenses represent amounts paid in advance of receiving goods or services. The District has the option of reporting an expenditure in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to report the expenditures when incurred.

### **Capital Assets and Depreciation**

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

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings 25 to 50 years; improvements, 20 to 50 years; equipment, 5 to 20 years; vehicles, 5 to 10 years.

### **Accrued Liabilities and Long-term Obligations**

All payables, accrued liabilities, and long-term obligations are reported in the entity-wide financial statements.

### **Deferred Issuance Costs**

In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable business-type activities statement of net assets. Bond issuance costs are deferred and amortized over the life of the bonds using the straight line method.

# GAVILAN JOINT COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009 AND 2008

---

### Compensated Absences

Accumulated unpaid employee vacation benefits are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide financial statements. 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.

Sick leave is accumulated without limit for each employee at the rate of one day for each month worked. 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, credit for unused sick leave is applicable to all classified school members who retire after January 1, 1999. At retirement, each member will receive .004 year of service credit for each day of unused sick leave. Credit for unused sick leave is applicable to all certificated and classified 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.

### Deferred Revenue

Deferred revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period or when resources are received by the District prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Deferred revenues include (1) amounts received for tuition and fees prior to the end of the fiscal year that are related to the subsequent fiscal year and (2) amounts received from Federal and State grants received before the eligibility requirements are met are recorded as deferred revenue.

### Net Assets

GASB Statements No. 34 and No. 35 reports equity as "Net Assets." Net assets are classified according to imposed restrictions or availability of assets for satisfaction of District obligations according to the following net asset categories:

**Invested in Capital Assets, Net of Related Debt:** Capital Assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.

**Restricted - Nonexpendable:** Net assets whose use by the District has been externally restricted in perpetuity such as Endowment funds where future investment earnings may be used for the donor stipulated purpose. The District has no nonexpendable net assets.

**Restricted - Expendable:** Net assets whose use by the District is subject to externally imposed constraints that can be fulfilled by actions of the District pursuant to those constraints or by the passage of time. Net assets may be restricted for capital projects, debt repayment, and/or educational programs.

# GAVILAN JOINT COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008

---

**Unrestricted:** Net assets that are not subject to externally imposed constraints. Unrestricted net assets may be designed for specific purposes by action of the Board of Trustees or may otherwise be limited by contractual agreements with outside parties. Substantially all unrestricted net assets are designated for educational and general operations of the District.

When both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first and the unrestricted resources when they are needed.

### State Apportionments

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

### On Behalf Payments

GASB Statement No. 24 requires direct on-behalf payments for fringe benefits and salaries made by one entity to a third party recipient for the employees for another legally separate entity be recognized as revenues and expenditures by the employer entity. The State of California makes direct on-behalf payments to the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) on behalf of all community colleges in California.

### Estimates

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

### Property Taxes

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on November 1 and February 1 and become delinquent on December 10 and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31. The Counties of Santa Clara and San Benito bill and collect the taxes on behalf of the District. Local property tax revenues are recorded when received.

The voters of the District passed a General Obligation Bond in 2004 for the acquisition, construction, and remodeling of District capital assets. As a result of the passage of the Bond, property taxes are assessed on the property within the District specifically for the repayment of the debt incurred. The taxes are billed and collected as noted above and remitted to the District when collected. The property tax revenue received for the repayment of the bonds for the year ended June 30, 2008, was \$0.0121 per \$100 of assessed property valuation.

# GAVILAN JOINT COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008

---

### **Scholarship Discounts and Allowances**

Student tuition and fee revenue is reported net of scholarship discounts and allowances in the Statement of Revenues, Expenditures, and Changes in Net Assets. Scholarship discounts and allowances represent the difference between stated charges for enrollment fees and the amount that is paid by students or third parties making payments on the students' behalf. To the extent that fee waivers and discounts have been used to satisfy tuition and fee charges, the District has recorded a scholarship discount and allowance.

### **Federal Financial Assistance Programs**

The District participates in federally funded Pell Grants, SEOG Grants, Federal Work-Study, and Stafford Loan programs, as well as other programs funded by the Federal government. Financial aid to students is either reported as operating expenses or scholarship allowances, which reduce revenues. The amount reported as operating expense represents the portion of aid that was provided to the student in the form of cash. These programs are audited in accordance with the Single Audit Act Amendments of 1996, and the U.S. Office of Management and Budget's revised Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and the related *Compliance Supplement*.

### **Interfund Activity**

Interfund transfers and interfund receivables and payables are eliminated during the consolidation process in the entity-wide financial statements.

### **Changes in Accounting Principles**

In July 2004, GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. This Statement requires local governmental employers who provide other postemployment benefits (OPEB) as part of the total compensation offered to employees to recognize the expense and related liabilities (assets) in the entity-wide financial statements of net assets and activities. This Statement established standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information (RSI) in the financial reports of State and local government employers.

This Statement provided for prospective implementation – that is that employers set the beginning OPEB obligation at zero as of the beginning of the initial year. The District has implemented the provision of the Statement for the fiscal year ended June 30, 2009. The District had an annual required contribution (ARC) of \$509,881 for the year June 30, 2009, and made actual contributions of \$574,017. As the actual contributions were in excess of the current year ARC and the District has assets with a fair value of \$4,328,656, this entire amount is reflected as a Net Plan Asset - OPEB on the District's financial statements.

In July 2004, GASB issued Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*. The standards in the Statement apply for OPEB trust funds included in the financial reports of plan sponsors or employers, as well as the stand-alone financial reports of OPEB plans or the public employee retirement systems, or other third parties, that administer them. This Statement also provides requirements for reporting of OPEB funds by administrators of multiple-employer OPEB plans when the fund used to accumulate assets and pay benefits or premiums when due is not a trust fund. The District has implemented the provisions of this Statement for the fiscal year ended June 30, 2009.



# GAVILAN JOINT COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009 AND 2008

---

### **New Accounting Pronouncements**

In March 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Classifications*. The objectives of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The requirements of this Statement are effective for the financial statements for periods beginning after June 15, 2010. The District does not anticipate a significant impact in reporting as a result of this Statement as fund financial information is not reported.

In April 2009, the GASB issued GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to incorporate the hierarchy of generally accepted accounting principles (GAAP) for State and local governments into the GASB authoritative literature. The "GAAP hierarchy" consists of the sources of accounting principles used in the preparation of financial statements for State and local governmental entities that are presented in conformity with GAAP and the framework for selecting those principles. GASB Statement No. 55 is effective immediately.

In April 2009, the GASB issued GASB Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statement on Auditing Standards*. The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance presented in the AICPA's Statements on Auditing Standards. This Statement addresses three issues not included in the authoritative literature that establishes accounting principles: related party transactions, going concern considerations, and subsequent events. The presentation of principles used in the preparation of financial statements is more appropriately included in accounting and financial reporting standards rather than auditing literature. GASB Statement No. 56 is effective immediately.

### **Comparative Financial Information**

Comparative financial information for the prior year has been presented for additional analysis; certain amounts presented in the prior year data may have been reclassified in order to be consistent with the current year's presentation.

## **NOTE 3 - DEPOSITS AND INVESTMENTS**

### **Policies and Practices**

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

# GAVILAN JOINT COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009 AND 2008

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

### General Authorizations

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

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

### Summary of Deposits and Investments

Deposits and investments as of June 30, 2009 and 2008, are classified in the accompanying financial statements as follows:

	2009	2008
Governmental activities	\$ 19,321,804	\$ 61,072,600
Fiduciary funds	74,204	545,181
Total Deposits and Investments	\$ 19,396,008	\$ 61,617,781

# GAVILAN JOINT COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009 AND 2008

Deposits and investments as of June 30, 2009 and 2008, consist of the following:

	2009	2008
Cash on hand and in banks	\$ 150,744	\$ 144,442
Cash in revolving	11,700	11,700
Investments	19,233,564	61,461,639
Total Deposits and Investments	<u>\$ 19,396,008</u>	<u>\$ 61,617,781</u>

### Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Pool and having the Pool purchase a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

### Segmented Time Distribution

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following schedules that show the distribution of the District's investments by maturity as of June 30, 2009 and 2008:

#### June 30, 2009

Investment Type	Fair Value	12 Months or Less	13 - 24 Months	25 - 60 Months	More Than 60 Months
Mutual Funds	\$ 4,267,486	\$ 4,267,486	\$ -	\$ -	\$ -
County Pool	14,966,078	14,966,078	-	-	-
Total	<u>\$ 19,233,564</u>	<u>\$ 19,233,564</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

#### June 30, 2008

Investment Type	Fair Value	12 Months or Less	13 - 24 Months	25 - 60 Months	More Than 60 Months
Mutual Funds	\$ 4,729,429	\$ 4,729,429	\$ -	\$ -	\$ -
County Pool	56,732,210	56,732,210	-	-	-
Total	<u>\$ 61,461,639</u>	<u>\$ 61,461,639</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

### 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. 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.

# GAVILAN JOINT COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009 AND 2008

### June 30, 2009

Investment Type	Fair Value	Minimum Legal Rating	Rating as of Year End		
			AAA	Aa	Unrated
Mutual Funds	\$ 4,267,486	N/A			\$ 4,267,486
County Pool	14,966,078	N/A	-	-	14,966,078
Total	<u>\$ 19,233,564</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,233,564</u>

### June 30, 2008

Investment Type	Fair Value	Minimum Legal Rating	Rating as of Year End		
			AAA	Aa	Unrated
Mutual Funds	\$ 4,729,429	N/A			\$ 4,729,429
County Pool	56,732,210	N/A	-	-	56,732,210
Total	<u>\$ 61,461,639</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61,461,639</u>

N/A - Not applicable

### Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond the stipulated by the California Government code. Investments in any one issuer that represent five percent or more of the total investments are as follows:

### June 30, 2009

Issuer	Investment Type	Reported Amount
Union Bank of California	Mutual Funds	<u>\$ 4,267,486</u>

### June 30, 2008

Issuer	Investment Type	Reported Amount
Union Bank of California	Mutual Funds	<u>\$ 4,729,429</u>

# GAVILAN JOINT COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009 AND 2008

---

### Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 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, 2009, none of the District's bank balance was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

### NOTE 4 - ACCOUNTS RECEIVABLES

Receivables at June 30, 2009 and 2008, consisted of intergovernmental grants, entitlements, interest, and other local sources. All receivables are considered collectible in full.

	<u>June 30, 2009</u>	<u>June 30, 2008</u>
Federal Government		
Categorical aid	\$ 565,909	\$ 223,020
State Government		
Apportionment	1,812,549	786,885
Categorical aid	809,226	101,457
Lottery	337,663	281,779
Other state sources	176,545	131,120
Local Government		
Interest	63,682	501,849
Student receivables	453,751	104,975
Other local sources	950,867	625,956
Total	<u>\$ 5,170,192</u>	<u>\$ 2,757,041</u>

**GAVILAN JOINT COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009 AND 2008**

**NOTE 5 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2009, was as follows:

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
<b>Capital Assets Not Being Depreciated</b>				
Land	\$ 350,809	\$ 27,302,193	\$ -	\$ 27,653,002
Construction in progress	8,354,411	10,839,743	2,112,180	17,081,974
Total Capital Assets Not Being Depreciated	<u>8,705,220</u>	<u>38,141,936</u>	<u>2,112,180</u>	<u>44,734,976</u>
<b>Capital Assets Being Depreciated</b>				
Land improvements	865,502	-	-	865,502
Buildings and improvements	43,437,601	2,195,379	-	45,632,980
Furniture and equipment	3,289,280	495,687	-	3,784,967
Vehicles	265,431	-	-	265,431
Total Capital Assets Being Depreciated	<u>47,857,814</u>	<u>2,691,066</u>	<u>-</u>	<u>50,548,880</u>
Total Capital Assets	<u>56,563,034</u>	<u>40,833,002</u>	<u>2,112,180</u>	<u>95,283,856</u>
<b>Less Accumulated Depreciation</b>				
Land improvements	607,136	15,944	-	623,080
Buildings and improvements	9,526,491	935,693	-	10,462,184
Furniture and equipment	2,219,419	330,785	-	2,550,204
Vehicles	192,717	11,749	-	204,466
Total Accumulated Depreciation	<u>12,545,763</u>	<u>1,294,171</u>	<u>-</u>	<u>13,839,934</u>
Net Capital Assets	<u>\$ 44,017,271</u>	<u>\$ 39,538,831</u>	<u>\$ 2,112,180</u>	<u>\$ 81,443,922</u>

Depreciation expense for the year was \$1,294,171.

**GAVILAN JOINT COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009 AND 2008**

Capital asset activity for the fiscal year ended June 30, 2008, was as follows:

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
<b>Capital Assets Not Being Depreciated</b>				
Land	\$ 350,809	\$ -	\$ -	\$ 350,809
Construction in progress	12,771,479	15,375,891	19,792,959	8,354,411
Total Capital Assets Not Being Depreciated	<u>13,122,288</u>	<u>15,375,891</u>	<u>19,792,959</u>	<u>8,705,220</u>
<b>Capital Assets Being Depreciated</b>				
Land improvements	865,502	-	-	865,502
Buildings and improvements	23,530,745	19,906,856	-	43,437,601
Furniture and equipment	2,907,229	382,051	-	3,289,280
Vehicles	213,604	51,827	-	265,431
Total Capital Assets Being Depreciated	<u>27,517,080</u>	<u>20,340,734</u>	<u>-</u>	<u>47,857,814</u>
Total Capital Assets	<u>40,639,368</u>	<u>35,716,625</u>	<u>19,792,959</u>	<u>56,563,034</u>
<b>Less Accumulated Depreciation</b>				
Land improvements	567,268	39,868	-	607,136
Buildings and improvements	8,812,687	713,804	-	9,526,491
Furniture and equipment	1,976,150	243,269	-	2,219,419
Vehicles	180,635	12,082	-	192,717
Total Accumulated Depreciation	<u>11,536,740</u>	<u>1,009,023</u>	<u>-</u>	<u>12,545,763</u>
Net Capital Assets	<u>\$ 29,102,628</u>	<u>\$ 34,707,602</u>	<u>\$ 19,792,959</u>	<u>\$ 44,017,271</u>

Depreciation expense for the year was \$1,009,023.

**NOTE 6 - PREPAID EXPENSES AND OTHER ASSETS**

Prepaid expenditures at June 30, 2009 and 2008, consisted of the following:

	June 30, 2009	June 30, 2008
Prepaid debt issuance costs - unamortized	\$ 344,422	\$ 378,804
Escrow deposit on land purchase	-	900,000
Other	1,400	63,833
Total	<u>\$ 345,822</u>	<u>\$ 1,342,637</u>

# GAVILAN JOINT COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009 AND 2008

---

### NOTE 7 - ACCOUNTS PAYABLE

Accounts payable at June 30, 2009 and 2008, consisted of the following:

	<u>June 30, 2009</u>	<u>June 30, 2008</u>
Salaries and benefits	\$ 710,857	\$ 184,802
Apportionment	4,360	29,340
Accrued interest	1,504,628	1,654,419
Vendor	1,613,001	2,917,559
Total	<u>\$ 3,832,846</u>	<u>\$ 4,786,120</u>

### NOTE 8 - DEFERRED REVENUE

Deferred revenue at June 30, 2009 and 2008, consisted of the following:

	<u>June 30, 2009</u>	<u>June 30, 2008</u>
State categorical aid	\$ 306,565	\$ 646,596
Deferred enrollment	430,249	326,083
Deferred foreign tuition	92,825	22,540
Deferred parking	12,200	25,020
Deferred use fee	17,807	-
Deferred income	129,067	-
Deferred kids	13,796	22,034
Deferred health	56,940	45,750
Deferred STAR	51,834	41,487
Deferred C/S	4,484	-
Unapplied financial aid payments	31,811	-
Other local	-	92,523
Total	<u>\$ 1,147,578</u>	<u>\$ 1,222,033</u>

### NOTE 9 - INTERFUND TRANSACTIONS

#### Interfund Receivables and Payables (Due To/Due From)

Balances owing between funds at year-end were for temporary loans and interfund cost changes. Interfund balances at June 30, 2009 and 2008, have been eliminated in the consolidation process.



**GAVILAN JOINT COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2009 AND 2008**

---

**Interfund Operating Transfers**

Operating transfers between funds of the District are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use restricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Operating transfers between funds of the District have been eliminated in the consolidation process.

**NOTE 10 - LONG-TERM OBLIGATIONS**

**Summary**

The changes in the District's long-term obligations for the fiscal year ended June 30, 2009, consisted of the following:

	Balance Beginning of Year	Additions	Deductions	Balance End of Year	Due in One Year
<b>Bonds Payable</b>					
General obligation bond -2004A	\$25,845,000	\$ -	\$ 135,000	\$25,710,000	\$ 195,000
General obligation bond -2004C	50,000,000	-	875,000	49,125,000	105,000
<b>Total Bonds Payable</b>	<u>75,845,000</u>	<u>-</u>	<u>1,010,000</u>	<u>74,835,000</u>	<u>300,000</u>
<b>Other Liabilities</b>					
Compensated absences	509,336	574,744	509,336	574,744	574,744
<b>Total Other Liabilities</b>	<u>509,336</u>	<u>574,744</u>	<u>509,336</u>	<u>574,744</u>	<u>574,744</u>
<b>Total Long-Term Obligations</b>	<u>\$76,354,336</u>	<u>\$ 574,744</u>	<u>\$1,519,336</u>	<u>\$75,409,744</u>	<u>\$ 874,744</u>

Payments on the bonds are made by the Bond Interest and Redemption Fund with local property taxes. The accrued vacation obligation is paid by the fund for which the employee's salary is charged.

**Description of Debt**

General obligation bonds were approved by a local election in 2004. The total amount approved by the voters was \$108,000,000. At June 30, 2009, \$80,000,000 had been issued and \$74,835,000 was outstanding. Interest rates on the bonds are from 2.00 - 5.00 percent for the 2004, Series A bonds and 3.03 - 4.66 percent for the 2004, Series C bonds issued during the 2007-08 fiscal year.

**GAVILAN JOINT COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009 AND 2008**

---

**Debt Maturity**

2004, Series A

<u>Fiscal Year End</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
2010	\$ 195,000	\$ 1,317,263	\$ 1,512,263
2011	265,000	1,310,681	1,575,681
2012	335,000	1,301,738	1,636,738
2013	415,000	1,289,175	1,704,175
2014	500,000	1,272,575	1,772,575
2015-2019	3,985,000	5,969,988	9,954,988
2020-2024	7,485,000	4,654,632	12,139,632
2025-2029	12,530,000	2,197,150	14,727,150
Total	<u>\$ 25,710,000</u>	<u>\$ 19,313,202</u>	<u>\$ 45,023,202</u>

2004, Series C

<u>Fiscal Year End</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
2010	\$ 105,000	\$ 2,293,844	\$ 2,398,844
2011	170,000	2,289,644	2,459,644
2012	225,000	2,282,844	2,507,844
2013	300,000	2,273,844	2,573,844
2014	385,000	2,261,844	2,646,844
2015-2019	3,365,000	11,006,420	14,371,420
2020-2024	6,385,000	10,029,220	16,414,220
2025-2029	10,660,000	8,114,864	18,774,864
2030-2033	27,530,000	3,402,183	30,932,183
Total	<u>\$ 49,125,000</u>	<u>\$ 43,954,707</u>	<u>\$ 93,079,707</u>

**Accumulated Unpaid Employee Vacation**

The long-term portion of accumulated unpaid employee vacation for the District at June 30, 2009, amounted to \$574,744.

# GAVILAN JOINT COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2009 AND 2008**

### Summary

The changes in the District's long-term obligations for the fiscal year ended June 30, 2008, consisted of the following:

	Balance Beginning of Year	Additions	Deductions	Balance End of Year	Due in One Year
<b>Bonds Payable</b>					
General obligation bond -2004A	\$ 27,470,000	\$ -	\$ 1,625,000	\$ 25,845,000	\$ 135,000
General obligation bond -2004C	-	50,000,000	-	50,000,000	875,000
<b>Total Bonds Payable</b>	<u>27,470,000</u>	<u>50,000,000</u>	<u>1,625,000</u>	<u>75,845,000</u>	<u>1,010,000</u>
<b>Other Liabilities</b>					
Compensated absences	476,238	509,336	476,238	509,336	509,336
<b>Total Other Liabilities</b>	<u>476,238</u>	<u>509,336</u>	<u>476,238</u>	<u>509,336</u>	<u>509,336</u>
<b>Total Long-Term Obligations</b>	<u>\$ 27,946,238</u>	<u>\$ 50,509,336</u>	<u>\$ 2,101,238</u>	<u>\$ 76,354,336</u>	<u>\$ 1,519,336</u>

Payments on the bonds are made by the Bond Interest and Redemption Fund with local property taxes. The accrued vacation obligation is paid by the fund for which the employee's salary is charged.

### Description of Debt

General obligation bonds were approved by a local election in 2004. The total amount approved by the voters was \$108,000,000. At June 30, 2008, \$80,000,000 had been issued and \$75,845,000 was outstanding. Interest rates on the bonds are from 2.00 - 5.00 percent for the 2004, Series A bonds and 3.03 - 4.66 percent for the 2004, Series C bonds issued during the 2007-08 fiscal year.

### Debt Maturity

#### 2004, Series A

<u>Fiscal Year End</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
2009	\$ 135,000	\$ 1,321,313	\$ 1,456,313
2010	195,000	1,317,263	1,512,263
2011	265,000	1,310,681	1,575,681
2012	335,000	1,301,738	1,636,738
2013	415,000	1,289,175	1,704,175
2014-2018	3,485,000	6,118,644	9,603,644
2019-2023	6,635,000	5,006,901	11,641,901
2024-2028	11,355,000	2,802,425	14,157,425
2029	3,025,000	166,375	3,191,375
<b>Total</b>	<u>\$ 25,845,000</u>	<u>\$ 20,634,515</u>	<u>\$ 46,479,515</u>

**GAVILAN JOINT COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009 AND 2008**

2004, Series C

<u>Fiscal Year End</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
2009	\$ 875,000	\$ 1,300,271	\$ 2,175,271
2010	105,000	2,293,844	2,398,844
2011	170,000	2,289,644	2,459,644
2012	225,000	2,282,844	2,507,844
2013	300,000	2,273,844	2,573,844
2014-2018	2,840,000	11,120,020	13,960,020
2019-2023	5,715,000	10,296,870	16,011,870
2024-2028	9,725,000	8,568,320	18,293,320
2029-2033	30,045,000	4,829,321	34,874,321
Total	<u>\$ 50,000,000</u>	<u>\$ 45,254,978</u>	<u>\$ 95,254,978</u>

**Accumulated Unpaid Employee Vacation**

The long-term portion of accumulated unpaid employee vacation for the District at June 30, 2008, amounted to \$509,336.

**NOTE 11 - POSTEMPLOYMENT HEALTH CARE PLAN AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) OBLIGATION**

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

**Plan Description**

The Gavilan Plan (the Plan) is a single-employer defined benefit healthcare plan administered by Gavilan Joint Community College District. The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Membership of the Plan consists of approximately 85 retirees and beneficiaries currently receiving benefits and approximately 230 active plan members. The Plan is presented in these financial statements as the Debt Service Fund.

**Funding Policy**

The contribution requirements of plan members and the District are established and may be amended by the District and the District's bargaining units. The required contribution is based on projected pay-as-you-go financing requirements with an additional amount to prefund benefits as determined annually through agreements between the District and the bargaining units. For fiscal year 2008-2009, the District contributed \$574,017 to the Plan, all of which was used for current premiums (approximately 93 percent of total premiums). Plan members receiving benefits contributed \$41,365, or approximately 7.0 percent of total premiums.

# GAVILAN JOINT COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009 AND 2008

---

### **Annual OPEB Cost and Net OPEB Obligation**

The District's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the payments of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial accrued liabilities (UAAL) (or funding costs) over a period not to exceed 30 years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the District's net OPEB obligation to the Plan:

### **Funding Status and Funding Progress**

Actuarial valuation of an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information, follows the notes to the financial statements and presents multi-year trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. Since this is the first year of implementation, only the current year information is presented.

### **Actuarial Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive Plan (the Plan as understood by the employer and the Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the Plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial values of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2008, actuarial valuation, the Projected Unit Credit method was used. The actuarial assumptions included a 7.0 percent investment rate of return (net of administrative expenses), based on the Plan being funded in an irrevocable employee benefit trust fund invested in a long-term fixed income portfolio. Healthcare cost trend rates ranged from an initial 9.0 percent to an ultimate rate of 5.0 percent. The cost trend rate used for the Dental and Vision Programs was 5.0 percent. The UAAL is being amortized at a level dollar method. The remaining amortization period at July 1, 2008, was 30 years. The actuarial value of assets was \$5,299,464 in this actuarial valuation.

# GAVILAN JOINT COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009 AND 2008

---

### NOTE 12 - RISK MANAGEMENT

#### Joint Powers Authority Risk Pools

During fiscal year ending June 30, 2009, the District contracted with the Bay Area Community College and Northern California Community College Pool Joint Powers Authority for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

#### Workers' Compensation

For fiscal year 2009, the District participated in the Northern California Community College Pool (NCCCP) public risk pool. The intent of the public risk pool is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the pool. 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 pool. Each participant pays its workers' compensation premium based on its individual rate. Total 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 insures 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.

### NOTE 13 - EMPLOYEE RETIREMENT SYSTEMS

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

#### CalSTRS

##### Plan Description

The District contributes to CalSTRS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalSTRS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and survivor benefits to beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, 7919 Folsom Blvd., Sacramento, CA 95826.

# **GAVILAN JOINT COMMUNITY COLLEGE DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009 AND 2008**

---

### **Funding Policy**

Active members are required to contribute 8.0 percent of their salary while the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2008-2009 was 8.25 percent of annual payroll. The contribution requirements of the plan members are established by State statute. The District's total contributions to CalSTRS for the fiscal years ended June 30, 2009, 2008, and 2007, were \$945,705, \$885,423, and \$773,797, respectively, and equal 100 percent of the required contributions for each year.

### **CalPERS**

#### **Plan Description**

The District contributes to the School Employer Pool under CalPERS a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and survivor benefits to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Laws. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95811.

#### **Funding Policy**

Active plan members are required to contribute seven percent of their salary (seven percent of monthly salary over \$133.33 if the member participates in Social Security), and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The District's contribution rate to CalPERS for fiscal year 2008-2009 was 9.428 percent of covered payroll. The District's contributions to CalPERS for fiscal years ending June 30, 2009, 2008, and 2007, were \$751,025, \$669,155, and \$602,494, respectively, and equaled 100 percent of the required contributions for each year.

#### **Tax Deferred Annuity/Social Security**

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by social security or an alternative plan. The District has elected to use a Tax Deferred Annuity (TDA) as its alternative plan. An employee is required to contribute 7.5 percent of his or her gross earnings to the pension plan.

#### **On Behalf Payments**

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS which amounted to \$517,788, \$484,783, and \$423,666, for the years ending June 30, 2009, 2008, and 2007, respectively, (4.517 percent) of salaries subject to CalSTRS. These amounts have been reflected in the financial statements as a component of state revenue and employee benefit expense.

# GAVILAN JOINT COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009 AND 2008

---

### NOTE 14 - COMMITMENTS AND CONTINGENCIES

#### Grants

The District receives financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2009.

#### Litigation

The District is not currently a party to any legal proceedings.

#### Construction Commitments

As of June 30, 2009, the District had the following commitments with respect to the unfinished capital projects:

<u>Capital Projects</u>	<u>Remaining Construction Commitment</u>	<u>Expected Date of Completion</u>
Social Science	\$ 4,170,999	June 2011
Security/Maintenance	\$ 1,053,629	November 2009
Cosmetology/Business	\$ 4,435,100	June 2010

### NOTE 15 - PARTICIPATION IN PUBLIC ENTITY RISK POOLS

The District is a member of the Bay Area Community College District (BACCD) public entity pool and the Northern California Community College Pool (NCCCP) public entity risk pool. The District pays annual premiums for its property liability and worker's compensation coverage. The relationship between the District and the pools is such that they are not component units of the District for financial reporting purposes.

The pools 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 pools and the District are included in these statements. Audited financial statements are available from the respective entities.

The District has appointed one member to the Governing Board of BACCD and NCCCP.

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

During the year ended June 30, 2009, the District made payments of \$151,860 and \$362,717 to BACCD and NCCCP, respectively.



---

---

***REQUIRED SUPPLEMENTARY INFORMATION***

---

---

**GAVILAN JOINT COMMUNITY COLLEGE DISTRICT**

**SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS (OPEB)  
 FUNDING PROGRESS  
 FOR THE YEAR ENDED JUNE 30, 2009**

---

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)</b>	<b>Unfunded AAL (UAAL) (b - a)</b>	<b>Funded Ratio (a / b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll ((b - a) / c)</b>
July 1, 2008	\$ 4,328,656	\$ 10,489,000	\$ 6,160,344	41.27%	\$ 14,777,481	41.69%

---

---

***SUPPLEMENTARY INFORMATION***

---

---

# GAVILAN JOINT COMMUNITY COLLEGE DISTRICT

## DISTRICT ORGANIZATION

**JUNE 30, 2009**

---

The Gavilan Joint Community College District was established on July 1, 1963. The District operations cover virtually all of San Benito County and the Southern part of Santa Clara County which includes the Morgan Hill Unified School District, the Gilroy Unified School District, and the San Benito County Joint Union High School District. There were no changes in the boundaries of the District during the current year. The District's college is accredited by the Western Association of Schools and Junior Colleges.

### BOARD OF TRUSTEES

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
Debra Smith	President	2010
Kent Child	Vice President	2010
Tom Breen , Esq.	Clerk	2012
Mike Davenport	Trustee	2012
Mark Dover	Trustee	2012
Laura Perry, Esq.	Trustee	2010
Elvira Zaragoza Robinson, Esq.	Trustee	2010
Jovana McGraw	Student Trustee	2010

### ADMINISTRATION

Dr. Steven Kinsella	Superintendent/President
Dr. Victor Krimsley	Interim Vice President of Instructional Services
John Pruitt	Vice President of Student Services
Joseph Keeler	Vice President of Administrative Services
Sherrean Carr	Dean of Technical and Public Services
Fran Lozano	Dean of Liberal Arts and Sciences
Ron Hannon	Dean of Physical Education and Athletics
Fran Lopez	Associate Dean, Disabled Student Programs and Services
Rachel Perez	Associate Dean, Community Outreach and Grants Management
Anne Ratto	Associate Dean, Extended Opportunity Programs and Services/CalWORKS
Susan Cheu	Director, Business Services
Shairon Zingsheim	Director, Human Resources

See accompanying note to supplementary information.

**GAVILAN JOINT COMMUNITY COLLEGE DISTRICT**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2009**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Entitlements	
		Current Year	Prior Year
<b>U.S. DEPARTMENT OF EDUCATION</b>			
TRIO Staff Training Program	84.042A	\$ 233,280	\$ -
Student Financial Aid Cluster:			
Pell Grant	84.063	3,451,908	-
Federal Work Study Program	84.033	103,585	-
Academic Competitiveness Grant	84.375	20,989	750
FSEOG	84.007	26,750	17,925
Subtotal Student Financial Aid Cluster		<u>3,603,232</u>	<u>18,675</u>
Higher Education Grants:			
Higher Education - STEM	84.031C	751,009	-
Passed through Hartnell Community College:			
Title V - Higher Education	84.031S	442,123	-
Subtotal Higher Education Grants		<u>1,193,132</u>	<u>-</u>
Passed through California Department of Education (CDE):			
Vocational and Applied Technology	84.048	84,584	(3,179)
Title I, Part C - Migrant Education	84.011	175,719	-
State Vocational Rehabilitation Services	84.126A	192,813	-
Subtotal U.S. Department of Education		<u>5,482,760</u>	<u>15,496</u>
<b>U.S. DEPARTMENT AGRICULTURE</b>			
Passed through California Department of Education (CDE):			
Child and Adult Care Food Program	10.558	34,947	-
Total Expenditures of Federal Awards		<u>\$5,517,707</u>	<u>\$ 15,496</u>

See accompanying note to supplementary information.

Entitlements	Program Revenues			
Total Entitlement	Cash Received	Accounts Receivable	Total Revenue	Program Expenditures
\$ 233,280	\$ 222,326	\$ 10,954	\$ 233,280	\$ 233,280
3,451,908	3,321,416	130,492	3,451,908	3,451,908
103,585	79,588	23,997	103,585	103,585
21,739	21,047	692	21,739	21,739
44,675	41,275	3,400	44,675	44,675
<u>3,621,907</u>	<u>3,463,326</u>	<u>158,581</u>	<u>3,621,907</u>	<u>3,621,907</u>
751,009	653,073	97,936	751,009	751,009
442,123	330,317	111,806	442,123	442,123
<u>1,193,132</u>	<u>983,390</u>	<u>209,742</u>	<u>1,193,132</u>	<u>1,193,132</u>
81,405	24,780	56,625	81,405	81,405
175,719	90,379	85,340	175,719	175,719
192,813	148,146	44,667	192,813	192,813
<u>5,498,256</u>	<u>4,932,347</u>	<u>565,909</u>	<u>5,498,256</u>	<u>5,498,256</u>
34,947	34,947	-	34,947	34,947
<u>\$ 5,533,203</u>	<u>\$ 4,967,294</u>	<u>\$ 565,909</u>	<u>\$ 5,533,203</u>	<u>\$ 5,533,203</u>

**GAVILAN JOINT COMMUNITY COLLEGE DISTRICT**

**SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2009**

Program	Program Entitlements		
	Current Year	Prior Year	Total Entitlement
TANF	\$ 27,315	\$ -	\$ 27,315
Financial Aid - BFAP	199,250	-	199,250
EOPS	558,312	-	558,312
CARE	195,236	-	195,236
DSPS	626,411	61,920	688,331
Cal Works	212,546	-	212,546
Matriculation - Credit	477,009	-	477,009
Matriculation - Non Credit	20,170	-	20,170
Matriculation - Non Credit Carryover	14,871	-	14,871
Matriculation - Carryover July-September	167,292	-	167,292
Staff Diversity	10,898	-	10,898
HRDAC	1,900	-	1,900
Basic Skills 08/09	-	-	-
Basic Skills 07/08	94,661	-	94,661
Basic Skills 06/07	111,677	-	111,677
Articulation	2,852	-	2,852
Instructional Equipment On Going	100,000	-	100,000
Cal Grant B & C	281,110	-	281,110
California High School Exit Exam	73,251	-	73,251
MESA	108,619	-	108,619
TTIP- Planning	36,036	-	36,036
Hollister Floor Carpeting	100,000	-	100,000
MTBE Removal from Water	134,757	-	134,757
Campus Compact Grant	5,000	-	5,000
Economic Work Force Dev - Charles River	83,427	-	83,427
CTC Apprenticeship	237,299	-	237,299
General Child Care	205,311	-	205,311
CDC Preschool Grant	84,138	-	84,138
Capacity Grant-RN 08/09	73,798	-	73,798
Capacity Grant-RN 07/08	49,232	-	49,232
CTE Comm. Collaborative Project	7,316	-	7,316
<b>Total State Programs</b>	<b>\$ 4,299,694</b>	<b>\$ 61,920</b>	<b>\$ 4,361,614</b>

See accompanying note to supplementary information.

Program Revenues					Total
Cash	Accounts	Deferred	Accounts	Total	Program
Received	Receivable	Revenue	Payable	Revenue	Expenditures
\$ 20,659	\$ 6,656	\$ -	\$ -	\$ 27,315	\$ 27,315
189,098	21,126	10,974	-	199,250	199,250
496,284	70,788	8,760	-	558,312	558,312
157,565	37,671	-	-	195,236	195,236
636,601	102,766	51,036	-	688,331	1,822,739
142,286	70,260	-	-	212,546	212,546
415,157	61,852	-	-	477,009	477,009
15,314	5,856	1,000	-	20,170	20,170
30,915	-	16,044	-	14,871	14,871
167,292	-	-	-	167,292	167,292
9,627	1,271	-	-	10,898	10,898
14,671	-	12,771	-	1,900	1,900
102,979	3,881	106,860	-	-	-
108,325	-	13,664	-	94,661	94,661
111,677	-	-	-	111,677	111,677
4,000	-	1,148	-	2,852	2,852
92,000	8,000	-	-	100,000	117,853
260,063	21,047	-	-	281,110	281,110
73,251	-	-	-	73,251	73,251
106,795	43,820	41,996	-	108,619	108,619
33,154	2,882	-	-	36,036	36,036
100,000	-	-	-	100,000	-
-	134,757	-	-	134,757	134,757
-	5,000	-	-	5,000	5,000
70,077	13,350	-	-	83,427	83,427
68,000	169,299	-	-	237,299	237,299
205,311	-	-	-	205,311	205,311
84,138	-	-	-	84,138	84,138
89,879	26,231	42,312	-	73,798	73,798
49,232	-	-	-	49,232	49,232
4,603	2,713	-	-	7,316	7,316
<u>\$ 3,858,953</u>	<u>\$ 809,226</u>	<u>\$ 306,565</u>	<u>\$ -</u>	<u>\$ 4,361,614</u>	<u>\$ 5,413,875</u>



**GAVILAN JOINT COMMUNITY COLLEGE DISTRICT**

**SCHEDULE OF WORKLOAD MEASURES FOR STATE  
GENERAL APPORTIONMENT - ANNUAL (ACTUAL) ATTENDANCE  
AS OF JUNE 30, 2009**

<b>CATEGORIES</b>	<u>Reported Data</u>	<u>Audit Adjustments</u>	<u>Audited Data</u>
<b>A. Summer Intersession - 2008 Only</b>			
1. Noncredit	148.35	-	148.35
2. Credit	213.12	-	213.12
<b>B. Summer Intersession - 2009</b>			
1. Noncredit	-	-	-
2. Credit	-	-	-
<b>C. Primary Terms</b>			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	3,644.27	-	3,644.27
(b) Daily Census Contact Hours	94.27	-	94.27
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit	528.05	-	528.05
(b) Credit	731.58	-	731.58
3. Independent Study/Work Experience			
(a) Weekly Census Contact Hours	258.67	-	258.67
(b) Daily Census Contact Hours	41.25	-	41.25
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
<b>D. Total FTES</b>	<u>5,659.56</u>	<u>-</u>	<u>5,659.56</u>
<b>E. Basic Skills courses and Immigrant Education (FTES)</b>			
1. Noncredit	192.94	-	192.94
2. Credit	835.79	-	835.79
	<u>1,028.73</u>	<u>-</u>	<u>1,028.73</u>

See accompanying note to supplementary information.

# GAVILAN JOINT COMMUNITY COLLEGE DISTRICT

## RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT (CCFS-311) WITH FUND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

---

Summarized below are the fund balance reconciliations between the Annual Financial and Budget Report (CCFS-311) and the fund financial statements.

	<u>Measure E Bond Construction</u>	<u>Other Debt Service Retiree Benefits</u>
FUND BALANCE		
Balance, June 30, 2009, (CCFS-311)	\$ 11,066,504	\$ 4,880,589
Increase/(decrease) in:		
Cash in county treasury	190,148	-
Investments	-	(530,867)
Balance, June 30, 2009	<u>11,256,652</u>	<u>4,349,722</u>
Audited Financial Statement	<u>\$ 11,256,652</u>	<u>\$ 4,349,722</u>

See accompanying note to supplementary information.

# GAVILAN JOINT COMMUNITY COLLEGE DISTRICT

## NOTES TO SUPPLEMENTARY INFORMATION JUNE 30, 2009

---

### NOTE 1 - PURPOSE OF SCHEDULES

#### **District Organization**

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

#### **Schedule of Expenditures of Federal Awards**

The accompanying schedule of expenditures of Federal awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the United States Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

#### **Schedule of Expenditures of State Awards**

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

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

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, including restricted categorical funding, are made to community college districts. This schedule provides information regarding the annual attendance measurements of students throughout the District.

#### **Reconciliation of Annual Financial and Budget Report (CCFS-311) with Fund Financial Statements**

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Form CCFS-311 to the District's internal fund financial statements.

---

---

***INDEPENDENT AUDITORS' REPORTS***

---

---



**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  
Gavilan Joint Community College District  
Gilroy, California

We have audited the financial statements of the business-type activities of Gavilan Joint Community College District (the District) for the years ended June 30, 2009 and 2008, and have issued our report thereon dated December 17, 2009. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audits, we considered Gavilan Joint Community College District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Gavilan Joint Community College District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Gavilan Joint Community College District's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether Gavilan Joint Community College District's financial statements are free of 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 audits 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*.

This report is intended solely for the information and use of the Board of Trustees, District Management, the California Community Colleges System's Office, and the District's Federal and State awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

*Vannink, Trine, Day & Co, LLP*

Fresno, California  
December 17, 2009



**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO  
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Trustees  
Gavilan Joint Community College District  
Gilroy, California

**Compliance**

We have audited the compliance of Gavilan Joint Community College District (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major Federal programs for the year ended June 30, 2009. Gavilan Joint Community College District's major Federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major Federal programs is the responsibility of Gavilan Joint Community College District's management. Our responsibility is to express an opinion on Gavilan Joint Community College District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about Gavilan Joint Community College District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Gavilan Joint Community College District's compliance with those requirements.

In our opinion, Gavilan Joint Community College District complied, in all material respects, with the requirements referred to above that are applicable to each of its major Federal programs for the year ended June 30, 2009.

## Internal Control Over Compliance

The management of Gavilan Joint Community College District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to Federal programs. In planning and performing our audit, we considered Gavilan Joint Community College District's internal control over compliance with the requirements that could have a direct and material effect on a major Federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Gavilan Joint Community College District's internal control over compliance.

A *control deficiency* in a district's internal control over compliance 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 noncompliance with a type of compliance requirement of a Federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a Federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a Federal program that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material noncompliance with a type of compliance requirement of a Federal program will not be prevented or detected by the District's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Trustees, District Management, the California Community Colleges System's Office, and the District's Federal and State awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

*Vannink, Trine, Day & Co., LLP*

Fresno, California  
December 17, 2009





## REPORT ON STATE COMPLIANCE

Board of Trustees  
Gavilan Joint Community College District  
Gilroy, California

We have audited the compliance of Gavilan Joint Community College District (the District) with the types of compliance requirements described in Section 400 of the California State System's Office's *California Community College District Audit Manual (CDAM)* that are applicable to community colleges in the State of California. The specific requirements are described below.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America and the standards for financial and compliance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements with State laws and regulations have occurred. An audit includes examining, on a test basis, evidence about Gavilan Joint Community College District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Gavilan Joint Community College District's compliance with those requirements.

### General Directive

Section 424: MIS Implementation - State General Apportionment Funding System

### Administration

Section 435: Open Enrollment

Section 437: Student Fees - Instructional Materials and Health Fees

### Apportionments

Section 423: Apportionment of Instructional Service Agreements/Contracts

Section 425: Residency Determination for Credit Courses

Section 427: Concurrent Enrollment of K-12 Students in Community College Credit Courses

Section 432: Enrollment Fee

Section 426: Students Actively Enrolled

## **Fiscal Operations**

Section 421: Salaries of Classroom Instructors (50% Law)  
Section 431: Gann Limit Calculation

## **Student Services**

Section 428: Use of Matriculation Funds  
Section 433: CalWORKs - Use of State and Federal TANF Funding

## **Facilities**

Section 434: Scheduled Maintenance Program

In our opinion, Gavilan Joint Community College District complied, in all material respects, with the aforementioned requirements for the year ended June 30, 2009.

This report is intended solely for the information of the Board of Trustees, District Management, the California Community Colleges System's Office, the California Department of Finance, and the California Department of Education and is not intended to be and should not be used by anyone other than these specified parties.

*Vannik, Trini, Day & Co., LLP*

Fresno, California  
December 17, 2009

---

---

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

---

---

**GAVILAN JOINT COMMUNITY COLLEGE DISTRICT**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009**

---

**SUMMARY OF AUDITORS' RESULTS**

---

**FINANCIAL STATEMENTS**

Type of auditors' report issued:	<u>Unqualified</u>
Internal control over financial reporting:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>None reported</u>
Noncompliance material to financial statements noted?	<u>No</u>

**FEDERAL AWARDS**

Internal control over major programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>None reported</u>
Type of auditors' report issued on compliance for major programs:	<u>Unqualified</u>
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)	<u>No</u>
Identification of major programs:	

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
<u>84.063, 84.033, 84.375,</u>	<u>Student Financial Aid Cluster</u>
<u>84.007</u>	
<u>84.031S, 84.031C</u>	<u>Higher Education Grants, Title V and STEM</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 300,000</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

**STATE AWARDS**

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

**GAVILAN JOINT COMMUNITY COLLEGE DISTRICT**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009**

---

**FINANCIAL STATEMENT FINDINGS**

---

None noted.

---

**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

---

None noted.

---

**STATE AWARD FINDINGS AND QUESTIONED COSTS**

---

None noted.

---

**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS**

---

There were no audit findings reported in the prior year's schedules of Financial Statement Findings, Federal Award Findings and Questioned Costs, or State Award Findings and Questioned Costs.

---

---

*ADDITIONAL SUPPLEMENTARY INFORMATION*

---

---

**GAVILAN JOINT COMMUNITY COLLEGE DISTRICT**

**GOVERNMENTAL FUNDS  
BALANCE SHEETS  
JUNE 30, 2009**

	<b>General Unrestricted Fund 100</b>	<b>General Restricted Funds 240, 260, 270</b>	<b>Child Development Fund 720</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 27,500	\$ -	\$ -
Investments	1,306,315	(258,190)	(17,994)
Accounts receivable, net	2,810,099	1,372,307	46,767
Student loans receivable, net	453,751	-	-
Due from other funds	729,931	29,500	96,025
Prepaid expenses	1,400	-	-
<b>Total Assets</b>	<b>\$ 5,328,996</b>	<b>\$ 1,143,617</b>	<b>\$ 124,798</b>
<b>LIABILITIES AND FUND EQUITY</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 1,217,213	\$ 348,914	\$ 5,088
Due to other funds	881,156	738	119,710
Deferred revenue	553,744	579,435	-
<b>Total Liabilities</b>	<b>2,652,113</b>	<b>929,087</b>	<b>124,798</b>
<b>FUND EQUITY</b>			
Fund Balances			
Reserved			
Revolving cash	11,000	-	-
Prepaid expenses	1,400	-	-
Locally restricted	-	214,530	-
Unreserved			
Designated	20,000	-	-
Undesignated	2,644,483	-	-
<b>Total Fund Equity</b>	<b>2,676,883</b>	<b>214,530</b>	<b>-</b>
<b>Total Liabilities and Fund Equity</b>	<b>\$ 5,328,996</b>	<b>\$ 1,143,617</b>	<b>\$ 124,798</b>

The accompanying notes are an integral part of these financial statements.

<b>Bond Interest and Redemption Fund 210</b>	<b>Debt Service Fund 920</b>	<b>Capital Projects Fund 340</b>	<b>Property Development Capital Projects Fund 430</b>	<b>Measure E Bond Construction Fund 600</b>	<b>Total Governmental Funds (Memorandum Only)</b>
\$ -	\$ 63,238	\$ -	\$ -	\$ -	\$ 90,738
2,151,510	4,267,486	155,569	(29,771)	11,656,141	19,231,066
6,651	18,998	257,613	-	49,411	4,561,846
-	-	-	-	-	453,751
-	-	8,055	29,969	776,410	1,669,890
-	-	-	-	-	1,400
<u>\$ 2,158,161</u>	<u>\$ 4,349,722</u>	<u>\$ 421,237</u>	<u>\$ 198</u>	<u>\$ 12,481,962</u>	<u>\$ 26,008,691</u>
\$ -	\$ -	\$ -	\$ 198	\$ 595,511	\$ 2,166,924
-	-	226,985	-	629,799	1,858,388
-	-	-	-	-	1,133,179
-	-	226,985	198	1,225,310	5,158,491
-	-	-	-	-	11,000
-	-	-	-	-	1,400
-	-	-	-	-	214,530
-	-	-	-	-	20,000
2,158,161	4,349,722	194,252	-	11,256,652	20,603,270
<u>2,158,161</u>	<u>4,349,722</u>	<u>194,252</u>	<u>-</u>	<u>11,256,652</u>	<u>20,850,200</u>
<u>\$ 2,158,161</u>	<u>\$ 4,349,722</u>	<u>\$ 421,237</u>	<u>\$ 198</u>	<u>\$ 12,481,962</u>	<u>\$ 26,008,691</u>



**GAVILAN JOINT COMMUNITY COLLEGE DISTRICT**

**GOVERNMENTAL FUNDS  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
JUNE 30, 2009**

---

**Amounts Reported for Governmental Activities in the Statement  
of Net Assets are Different Because:**

<b>Total Fund Balance - All District Funds</b>	<b>\$ 20,850,200</b>
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.	
The cost of capital assets is	\$95,283,856
Accumulated depreciation is	<u>(13,839,934)</u> 81,443,922
Expenditures relating to issuance of debt are not recognized in modified accrual basis, but should be recognized in the accrual basis as prepaid expenditures.	344,422
In governmental funds, unmatured interest on long-term obligations are recognized in the period when it is due. On the government-wide statements, unmatured interest on long-term debt is recognized when it is incurred.	(1,504,628)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.	
Long-term liabilities at year end consist of:	
Bonds payable	74,835,000
Compensated absences (vacations)	<u>574,744</u> (75,409,744)
<b>Total Net Assets</b>	<b><u>\$ 25,724,172</u></b>

The accompanying notes are an integral part of these financial statements.

**GAVILAN JOINT COMMUNITY COLLEGE DISTRICT**

**GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2009**

	<b>General Fund Unrestricted Fund 100</b>	<b>General Fund Restricted Funds 240, 260, 270</b>	<b>Child Development Fund 720</b>
<b>REVENUES</b>			
Federal revenues	\$ -	\$ 1,979,934	\$ 34,947
State revenues	12,343,428	3,837,409	289,449
Local revenues	16,835,900	1,139,402	275,879
<b>Total Revenues</b>	<u>29,179,328</u>	<u>6,956,745</u>	<u>600,275</u>
<b>EXPENDITURES</b>			
Current Expenditures			
Academic salaries	11,217,543	2,187,831	-
Classified salaries	5,322,714	2,276,584	567,945
Employee benefits	5,168,208	1,284,271	229,434
Books and supplies	563,201	350,916	24,304
Services and operating expenditures	5,872,118	931,433	11,897
Capital outlay	266,505	796,134	219
Debt service - principal	-	-	-
Debt service - interest and other	-	-	-
<b>Total Expenditures</b>	<u>28,410,289</u>	<u>7,827,169</u>	<u>833,799</u>
<b>EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES</b>	<u>769,039</u>	<u>(870,424)</u>	<u>(233,524)</u>
<b>OTHER FINANCING SOURCES/(USES)</b>			
Operating transfers in	322,034	1,515,333	233,524
Operating transfers out	(2,010,604)	(8,220)	-
Other sources	6,460	-	-
Other uses	-	(601,916)	-
<b>Total Other Financing Sources/(Uses)</b>	<u>(1,682,110)</u>	<u>905,197</u>	<u>233,524</u>
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES AND OTHER USES</b>	<u>(913,071)</u>	<u>34,773</u>	<u>-</u>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	3,589,954	179,757	-
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 2,676,883</u>	<u>\$ 214,530</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

<b>Bond Interest and Redemption Fund 210</b>	<b>Debt Service Fund 920</b>	<b>Capital Projects Fund 340</b>	<b>Property Development Capital Projects Fund 430</b>	<b>Measure E Bond Construction Fund 600</b>	<b>Total Governmental Fund (Memorandum Only)</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,014,881
18,583	-	234,758	-	-	16,723,627
3,557,387	(405,328)	3,732	(1,499)	934,938	22,340,411
<u>3,575,970</u>	<u>(405,328)</u>	<u>238,490</u>	<u>(1,499)</u>	<u>934,938</u>	<u>41,078,919</u>
-	-	-	-	-	13,405,374
-	-	-	-	42,724	8,209,967
-	-	-	-	18,404	6,700,317
-	-	-	-	15,151	953,572
550	5,503	205,149	193,477	9,624,989	16,845,116
-	-	105	-	28,374,205	29,437,168
1,010,000	-	-	-	-	1,010,000
3,766,481	-	-	-	-	3,766,481
<u>4,777,031</u>	<u>5,503</u>	<u>205,254</u>	<u>193,477</u>	<u>38,075,473</u>	<u>80,327,995</u>
<u>(1,201,061)</u>	<u>(410,831)</u>	<u>33,236</u>	<u>(194,976)</u>	<u>(37,140,535)</u>	<u>(39,249,076)</u>
-	-	-	194,976	217,138	2,483,005
-	-	(217,138)	-	-	(2,235,962)
-	-	-	-	-	6,460
-	-	-	-	-	(601,916)
<u>-</u>	<u>-</u>	<u>(217,138)</u>	<u>194,976</u>	<u>217,138</u>	<u>(348,413)</u>
(1,201,061)	(410,831)	(183,902)	-	(36,923,397)	(39,597,489)
3,359,222	4,760,553	378,154	-	48,180,049	60,447,689
<u>\$ 2,158,161</u>	<u>\$ 4,349,722</u>	<u>\$ 194,252</u>	<u>\$ -</u>	<u>\$ 11,256,652</u>	<u>\$ 20,850,200</u>

**GAVILAN JOINT COMMUNITY COLLEGE DISTRICT**

**GOVERNMENTAL FUNDS  
RECONCILIATION OF THE GOVERNMENTAL FUNDS CHANGES IN FUND  
BALANCES TO THE DISTRICT-WIDE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2009**

---

**Total Net Change in Fund Balances - Governmental Funds** **\$ (39,597,489)**  
**Amounts Reported for Governmental Activities in the Statement of  
 Activities are Different Because:**

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures, however, for governmental activities, those costs are shown in the Statement of Net Assets and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities.

This is the amount by which capital outlays exceeds depreciation in the period.

Depreciation expense	\$(1,294,171)	
Capital outlays	<u>38,720,828</u>	37,426,657

Bond issuance costs are recognized in the governmental funds when debt is issued, however they are recorded as other assets and amortized over the term of the bond on the District-Wide Statement of Net Assets and Statement of Revenues, Expenses and Changes in Net Assets. (34,382)

In the Statement of Activities, compensated absences is measured by the amount incurred during the year in the governmental funds, however, expenditures for this item is measured by the amount of financial resources used (essentially, the amounts actually paid). This year vacation earned was more than the amounts used. (65,408)

Unmatured interest on long-term obligations are recognized in the period when it is due in governmental fund. On the governmental-wide statements, unmaturred interest on long-term obligations are recognized in the period when it is incurred. 149,791

Repayment of debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets and does not affect the Statement of Activities. 1,010,000

**Change in Net Assets of Governmental Activities** **\$ (1,110,831)**

The accompanying notes are an integral part of these financial statements.

**GAVILAN JOINT COMMUNITY COLLEGE DISTRICT**

**FIDUCIARY FUNDS  
BALANCE SHEETS  
JUNE 30, 2009**

	<b>Associated Students Government Fund 470</b>	<b>Student Center Fund 660</b>	<b>Student Financial Aid Fund 480</b>	<b>Total</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 133,390	\$ 990	\$ 564	\$ 134,944
Investments	133,365	(173,718)	(20,387)	(60,740)
Accounts receivable, net	2,411	634	151,550	154,595
Due from other funds	-	203,395	-	203,395
<b>Total Assets</b>	<u>\$ 269,166</u>	<u>\$ 31,301</u>	<u>\$ 131,727</u>	<u>\$ 432,194</u>
<b>LIABILITIES AND FUND EQUITY</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 27,562	\$ 2,005	\$ 131,727	\$ 161,294
Due to other funds	-	14,897	-	14,897
Deferred revenue	-	14,399	-	14,399
Due to student groups	241,604	-	-	241,604
<b>Total Liabilities</b>	<u>\$ 269,166</u>	<u>\$ 31,301</u>	<u>\$ 131,727</u>	<u>\$ 432,194</u>

The accompanying notes are an integral part of these financial statements.

**GAVILAN JOINT COMMUNITY COLLEGE DISTRICT**

**FIDUCIARY FUNDS  
STATEMENTS OF CHANGES IN DUE TO STUDENT GROUPS  
FOR THE YEAR ENDED JUNE 30, 2009**

	<b>Associated Students Trust</b>	<b>Student Center Fund</b>	<b>Student Financial Aid</b>	<b>Total</b>
<b>REVENUES</b>				
Federal revenues	\$ -	\$ -	\$ 3,518,322	\$ 3,518,322
Local revenues	135,695	47,951	-	183,646
<b>Total Revenues</b>	<u>135,695</u>	<u>47,951</u>	<u>3,518,322</u>	<u>3,701,968</u>
<b>EXPENDITURES</b>				
Current Expenditures				
Classified salaries	-	50,091	-	50,091
Employee benefits	-	17,753	-	17,753
Books and supplies	42,045	-	-	42,045
Services and operating expenditures	56,338	55,098	6,309	117,745
Capital outlay	9,911	-	-	9,911
<b>Total Expenditures</b>	<u>108,294</u>	<u>122,942</u>	<u>6,309</u>	<u>237,545</u>
<b>EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES</b>	<u>27,401</u>	<u>(74,991)</u>	<u>3,512,013</u>	<u>3,464,423</u>
<b>OTHER FINANCING SOURCES/(USES)</b>				
Operating transfers in	-	74,991	-	74,991
Operating transfers out	-	(322,034)	-	(322,034)
Other uses	(1,000)	-	(3,512,013)	(3,513,013)
<b>Total Other Financing Sources/(Uses)</b>	<u>(1,000)</u>	<u>(247,043)</u>	<u>(3,512,013)</u>	<u>(3,760,056)</u>
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES AND OTHER USES</b>	26,401	(322,034)	-	(295,633)
<b>DUE TO STUDENT GROUPS, BEGINNING</b>	215,203	322,034	-	537,237
<b>DUE TO STUDENT GROUPS, ENDING</b>	<u>\$ 241,604</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 241,604</u>

The accompanying notes are an integral part of these financial statements.

**GAVILAN JOINT COMMUNITY COLLEGE DISTRICT**

**GENERAL FUND RESTRICTED**

**BALANCE SHEETS**

**JUNE 30, 2009**

	<b>Instructional Equipment Fund 24</b>	<b>Parking Fund 26</b>	<b>Restricted Fund 27</b>	<b>General Restricted Funds 240, 260, 270</b>
<b>ASSETS</b>				
Investments	\$ 130,995	\$ 86,012	\$ (475,197)	\$ (258,190)
Accounts receivable, net	10,882	-	1,361,425	1,372,307
Due from other funds	-	-	29,500	29,500
<b>Total Assets</b>	<b>\$ 141,877</b>	<b>\$ 86,012</b>	<b>\$ 915,728</b>	<b>\$ 1,143,617</b>
<b>LIABILITIES AND FUND EQUITY</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ 1,159	347,755	\$ 348,914
Due to other funds	-	-	738	738
Deferred revenue	-	12,200	567,235	579,435
<b>Total Liabilities</b>	<b>-</b>	<b>13,359</b>	<b>915,728</b>	<b>929,087</b>
<b>FUND EQUITY</b>				
Fund Balances				
Reserved	141,877	72,653	-	214,530
<b>Total Fund Equity</b>	<b>141,877</b>	<b>72,653</b>	<b>-</b>	<b>214,530</b>
<b>Total Liabilities and Fund Equity</b>	<b>\$ 141,877</b>	<b>\$ 86,012</b>	<b>\$ 915,728</b>	<b>\$ 1,143,617</b>

The accompanying notes are an integral part of these financial statements.

**GAVILAN JOINT COMMUNITY COLLEGE DISTRICT**

**GENERAL FUND RESTRICTED  
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2009**

	<b>Instructional Equipment Fund 24</b>	<b>Parking Fund 26</b>	<b>General Fund Restricted Fund 27</b>
<b>REVENUES</b>			
Federal revenues	\$ -	\$ -	\$ 1,979,934
State revenues	136,036	-	3,701,373
Local revenues	-	166,633	972,769
<b>Total Revenues</b>	<u>136,036</u>	<u>166,633</u>	<u>6,654,076</u>
<b>EXPENDITURES</b>			
Current Expenditures			
Academic salaries	-	-	2,187,831
Classified salaries	-	83,277	2,193,307
Employee benefits	-	37,839	1,246,432
Books and supplies	68,440	3,186	279,290
Services and operating expenditures	-	24,879	906,554
Capital outlay	49,413	862	745,859
<b>Total Expenditures</b>	<u>117,853</u>	<u>150,043</u>	<u>7,559,273</u>
<b>EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES</b>	<u>18,183</u>	<u>16,590</u>	<u>(905,197)</u>
<b>OTHER FINANCING SOURCES/(USES)</b>			
Operating transfers in	-	-	1,515,333
Operating transfers out	-	-	(8,220)
Other uses	-	-	(601,916)
<b>Total Other Financing Sources/(Uses)</b>	<u>-</u>	<u>-</u>	<u>905,197</u>
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES AND OTHER USES</b>	<u>18,183</u>	<u>16,590</u>	<u>-</u>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>123,694</u>	<u>56,063</u>	<u>-</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 141,877</u>	<u>\$ 72,653</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.



---

<b>General Fund</b>	
<b>Restricted</b>	
<b>Funds 240, 260, 270</b>	
\$	1,979,934
	3,837,409
	1,139,402
	<u>6,956,745</u>
	2,187,831
	2,276,584
	1,284,271
	350,916
	931,433
	796,134
	<u>7,827,169</u>
	<u>(870,424)</u>
	1,515,333
	(8,220)
	<u>(601,916)</u>
	<u>905,197</u>
	34,773
	179,757
\$	<u><u>214,530</u></u>

# **GAVILAN JOINT COMMUNITY COLLEGE DISTRICT**

## **NOTE TO ADDITIONAL SUPPLEMENTARY INFORMATION JUNE 30, 2009**

---

### **NOTE 1 - PURPOSE OF SCHEDULES**

#### **Fund Financial Statements**

The accompanying financial statements report the governmental, proprietary, and fiduciary fund activities of Gavilan Joint Community College District and are presented on the modified accrual basis of accounting. Therefore, some amounts presented in these financial statements may differ from amounts presented in, or used in, the preparation of the basic financial statements. The information is not a required component of the financial statements in accordance with GASB Statements No. 34 and No. 35 and is presented at the request of the District management.