

**GAVILAN JOINT COMMUNITY
COLLEGE DISTRICT**

ANNUAL FINANCIAL REPORT

JUNE 30, 2006

GAVILAN JOINT COMMUNITY COLLEGE DISTRICT

TABLE OF CONTENTS

JUNE 30, 2006

FINANCIAL SECTION

Independent Auditors' Report	2
Management's Discussions and Analysis	4
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

SUPPLEMENTARY INFORMATION

District Organization	39
Schedule of Expenditures of Federal Awards	40
Schedule of Expenditures of State Awards	41
Schedule of Workload Measures for State General Apportionment	42
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements	43
Note to Supplementary Information	44

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>	46
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133	48
Report on State Compliance	50

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Summary of Auditors' Results	53
Financial Statement Findings and Recommendations	54
Federal Awards Findings and Questioned Costs	54
State Awards Findings and Questioned Costs	54
Summary Schedule of Prior Audit Findings	54

ADDITIONAL SUPPLEMENTARY INFORMATION

Governmental Funds	
Balance Sheets	56
Statement of Revenues, Expenditures, and Changes in Fund Balance	58
Fiduciary Funds	
Balance Sheets	59
Statement of Changes in Due to Student Groups	60
General Fund Restricted	
Balance Sheets	61
Statement of Revenues, Expenditures, and Changes in Fund Balance	62
Note to Additional Supplementary Information	63

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 Gavilan Joint Community College District (the District) as of and for the years ended June 30, 2006 and 2005, as listed in the table of contents. These 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 opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Gavilan Joint Community College District as of June 30, 2006 and 2005, 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.

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 accounting principles generally accepted in the United States of America. 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 on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2006, 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 or 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 should be considered in assessing the results of our audit.

