



See what's possible.

**GAVILAN JOINT COMMUNITY COLLEGE DISTRICT**

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**AUDIT REPORT**

JUNE 30, 2025

**GAVILAN JOINT COMMUNITY COLLEGE DISTRICT**  
**TABLE OF CONTENTS**  
**JUNE 30, 2025**

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Independent Auditors' Report	1
Management's Discussion and Analysis	4

**FINANCIAL SECTION**

Basic Financial Statements:

Primary Government	
Statement of Net Position	14
Statement of Revenues, Expenses, and Changes in Net Position	15
Statement of Cash Flows	16
Fiduciary Fund	
Statement of Net Position	18
Statement of Changes in Net Position	19
Notes to Financial Statements	20

**REQUIRED SUPPLEMENTARY INFORMATION**

Schedule of Changes in the Net OPEB Liability/(Asset) and Related Ratios	54
Schedule of OPEB Investment Returns	56
Schedule of the District's Proportionate Share of the Net Pension Liability	57
Schedule of District Contributions - Pensions	59
Note to Required Supplementary Information	61

**SUPPLEMENTARY INFORMATION**

Organizational Structure	62
Schedule of Expenditures of Federal Awards	63
Schedule of Expenditures of State Awards	64
Schedule of Workload Measures for State General Apportionment - Annual/Actual Attendance	65
Reconciliation of the Education Code Section 84362 (50 Percent Law) Calculation	66
Details of the Education Protection Account Expenditures	67
Reconciliation of Governmental Funds to the Statement of Net Position	68
Note to Supplementary Information	69

**GAVILAN JOINT COMMUNITY COLLEGE DISTRICT**  
**TABLE OF CONTENTS**  
**JUNE 30, 2025**

---

**OTHER INDEPENDENT AUDITORS' REPORTS**

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	71
Independent Auditors' Report on Compliance for Each Major Federal Program; and Report on Internal Control over Compliance Required by the Uniform Guidance	73
Independent Auditors' Report on State Compliance and on Internal Control over Compliance for State Programs	76

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Summary of Auditors' Results	80
Financial Statement Findings	81
Federal Award Findings and Questioned Costs	82
State Award Findings and Questioned Costs	83
Summary Schedule of Prior Audit Findings	84



## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Gavilan Joint Community College District  
Gilroy, California

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

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

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

#### ***Basis for Opinions***

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

#### ***Change in Accounting Principle***

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

#### ***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

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

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

### ***Required Supplementary Information***

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

### **Supplementary Information**

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

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 4, 2026, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



San Diego, California

February 4, 2026

**GAVILAN JOINT COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

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**OVERVIEW OF THE FINANCIAL STATEMENTS**

Gavilan Joint Community College District's (the "District") financial statements are presented in accordance with Governmental Accounting Standards Board (GASB) Statements No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, and GASB Statement 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 focus on the District's Primary Government. The government-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 Position 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 liabilities. The Statement of Revenues, Expenses, and Changes in Net Position focuses on the costs of the District's operational activities with revenues and expenses categorized as operating and non-operating, 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 Chancellor's Office has recommended that all State community colleges follow the Business-Type Activity (BTA) model for financial statement reporting purposes.

**FINANCIAL AND ATTENDANCE HIGHLIGHTS**

The management's discussion and analysis of the District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2025, including comparative information for the year ended June 30, 2024. The intent of this analysis is to look at the District's financial performance. To provide a complete understanding of the District's financial standing, this analysis should be read in conjunction with the entire Independent Auditors' Report, particularly the District's financial statements beginning on page 14 and the notes to financial statements beginning on page 20. Responsibility for the completeness and accuracy of this information rests with the District's management.

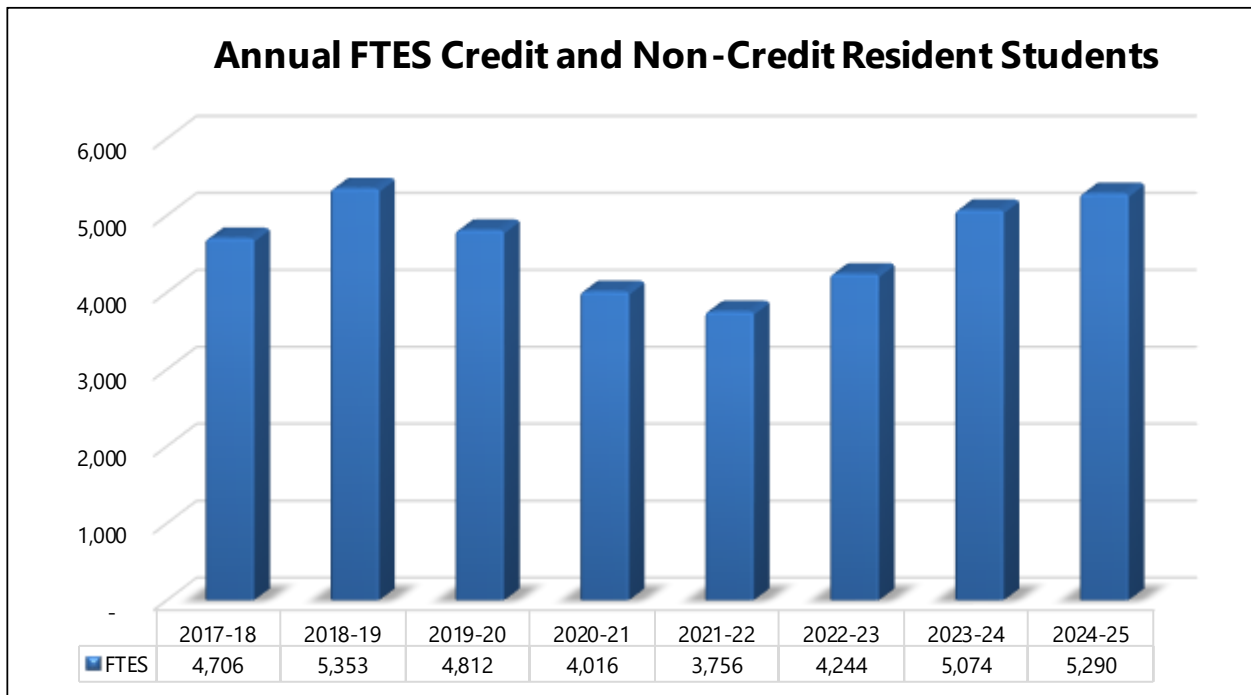
The District was originally established in 1919 as San Benito County Junior College. It operated under this title until 1963, when a new community college district was formed that included both San Benito and southern Santa Clara Counties. Successful passage of a local bond in 1966 provided the needed funds to construct the present campus at Santa Teresa Boulevard and Castro Valley Road in Gilroy, California. In 2004, a general obligation (GO) bond for \$108 million was passed to allow for modernization and the purchase of land in Coyote Valley and San Benito County. In 2018, another GO bond was passed for \$248 million that will provide a new campus footprint in San Benito County and several building projects on the Gilroy campus. After years of planning and construction, on November 20, 2024, the District celebrated its ribbon-cutting ceremony of the Hollister campus. This event marked a significant milestone in expanding higher education opportunities in San Benito County. The Hollister campus opened its doors to students in January 2025.

**GAVILAN JOINT COMMUNITY COLLEGE DISTRICT  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

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**FINANCIAL AND ATTENDANCE HIGHLIGHTS, continued**

The District’s primary funding source is apportionment received from the State of California through the Student Centered Funding Formula (SCFF). Apportionment funding through the SCFF is based on 70% for Full-Time Equivalent Students (FTES), 20% for Supplemental metrics, and 10% for Student Success metrics. During the fiscal year 2024-25, total reported resident FTES were 5,290 as compared to 5,074 in the fiscal year 2023-24. During the fiscal year 2024-25, the District remained dedicated to its mission of providing accessible and affordable education to our community. With the use of COVID Block Grant, the District waived fees for tuition, health fees, and parking fees for all students. This decision aimed at reducing financial burdens on students and increasing their access to educational opportunities. This aligns with its core values and goals, fostering a more inclusive and supportive learning environment. See below chart for a historical perspective on the changes in FTES over the past 8 fiscal years.



**GAVILAN JOINT COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

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**THE DISTRICT AS A WHOLE**

The annual report consists of three basic financial statements that provide information on the District as a whole and will be discussed below:

- The Statement of Net Position – page 14
- The Statement of Revenues, Expenses, and Changes in Net Position – page 15
- The Statement of Cash Flows – page 16

**Statement of Net Position**

The statement of net position presents the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the District as of the end of the fiscal year and is prepared using the accrual basis of accounting, which is similar to the accounting method used by most private-sector organizations. From the data presented, readers of the statement of net position are able to determine the assets available to continue the operations of the District. Readers are also able to determine how much the District owes vendors and employees. Finally, the statement of net position provides a picture of the net position and its availability for expenditure by the District.

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

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

**GAVILAN JOINT COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

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**THE DISTRICT AS A WHOLE, continued**

**Statement of Net Position, continued**

The statement of net position as of June 30, 2025 and 2024, is summarized below:

<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>2025</b>	<b>2024</b>	<b>Change</b>
Current assets	\$ 165,256,820	\$ 215,020,641	\$ (49,763,821)
Non-current assets	215,744,074	169,879,570	45,864,504
Deferred outflows of resources	17,566,767	17,073,688	493,079
<b>Total Assets and Deferred Outflows of Resources</b>	<b>398,567,661</b>	<b>401,973,899</b>	<b>(3,406,238)</b>
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>			
Current liabilities	43,809,709	52,822,620	(9,012,911)
Non-current liabilities	271,042,836	287,753,164	(16,710,328)
Deferred inflows of resources	9,398,224	7,524,913	1,873,311
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>324,250,769</b>	<b>348,100,697</b>	<b>(23,849,928)</b>
<b>NET POSITION</b>			
Net investment in capital assets	59,265,921	41,057,802	18,208,119
Restricted	32,665,420	26,130,946	6,534,474
Unrestricted	(17,614,449)	(13,315,546)	(4,298,903)
<b>Total Net Position</b>	<b>\$ 74,316,892</b>	<b>\$ 53,873,202</b>	<b>\$ 20,443,690</b>

Fiscal year ended 2024-25 compared to 2023-24:

- Total assets and deferred outflows of resources decreased approximately \$3.4 million, a 0.9% decrease from the prior year. This is largely due to the decrease in cash related to the bond funds, off-set by the increase in capital assets during the year.
- Long-term liabilities (including current portion) decreased by \$15.2 million, a 5.1% decrease from the prior year. This balance is mostly comprised of the long-term portion of the District's GO Bonds, as well as pension liabilities associated with State Teachers' Retirement System (STRS) and Public Employees' Retirement System (PERS). The decrease is primarily driven by the redemption of Measure E, Series C GO bonds.

**GAVILAN JOINT COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

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**THE DISTRICT AS A WHOLE, continued**

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

Changes in total net position are presented on the statement of revenues, expenses, and changes in net position. The purpose of this statement is to present the operating and non-operating revenues earned whether received or not by the District, the operating and non-operating expenses incurred whether paid or not by the District, and any other revenues, expenses, gains and/or losses earned or incurred by the District. Thus, this statement presents the District's results of operations.

Generally, operating revenues are earned for providing goods and services to the various customers and constituencies of the District. Operating expenses are those expenses incurred to acquire or produce the goods and services provided in return for the operating revenues and to fulfill the mission of the District. Non-operating revenues are those received or pledged for which goods and services are not provided; for example, state appropriations while budgeted for operations, are considered non-operating revenue according to generally accepted accounting principles because they are provided by the legislature to the District without the legislature directly receiving commensurate goods and services for those revenues.

The statement of revenues, expenses, and changes in net position for the year ended June 30, 2025 and 2024, is summarized below:

	<b>2025</b>	<b>2024</b>	<b>Change</b>
<b>OPERATING REVENUES</b>			
Tuition and fees, net	\$ 3,760,714	\$ 3,150,665	\$ 610,049
Grants and contracts, noncapital	18,116,674	24,269,065	(6,152,391)
Other operating revenue	-	256,511	(256,511)
<b>Total Operating Revenues</b>	<u>21,877,388</u>	<u>27,676,241</u>	<u>(5,798,853)</u>
<b>OPERATING EXPENSES</b>			
Salaries and employee benefits	46,161,993	42,034,874	4,127,119
Supplies, materials, and other operating expenses	14,365,489	15,937,851	(1,572,362)
Student financial aid	12,884,794	13,269,400	(384,606)
Depreciation and amortization	4,282,253	4,069,425	212,828
<b>Total Operating Expenses</b>	<u>77,694,529</u>	<u>75,311,550</u>	<u>2,382,979</u>
<b>Operating Loss</b>	<u>(55,817,141)</u>	<u>(47,635,309)</u>	<u>(8,181,832)</u>
<b>NON-OPERATING REVENUES/(EXPENSES)</b>			
State apportionments, noncapital	17,048,990	17,522,107	(473,117)
Local property taxes	47,740,647	44,981,341	2,759,306
State taxes and other revenues, noncapital	4,891,891	1,728,666	3,163,225
Federal and State financial aid grants	8,197,575	7,733,828	463,747
Interest and investment income/(loss), net	(338,431)	1,043,742	(1,382,173)
Other non-operating revenues	1,006,020	752,729	253,291
<b>Total Non-Operating Revenues/(Expenses)</b>	<u>78,546,692</u>	<u>73,762,413</u>	<u>4,784,279</u>
<b>OTHER REVENUES/(EXPENSES)</b>			
State revenues, capital	-	43,035	(43,035)
<b>Change in Net Position</b>	<u>22,729,551</u>	<u>26,170,139</u>	<u>(3,440,588)</u>
<b>NET POSITION, BEGINNING OF YEAR</b>	<u>53,873,202</u>	<u>27,703,063</u>	<u>26,170,139</u>
<b>PRIOR PERIOD ADJUSTMENTS (SEE NOTE 13)</b>	<u>(2,285,861)</u>	<u>-</u>	<u>(2,285,861)</u>
<b>NET POSITION, END OF YEAR</b>	<u>\$ 74,316,892</u>	<u>\$ 53,873,202</u>	<u>\$ 20,443,690</u>

**GAVILAN JOINT COMMUNITY COLLEGE DISTRICT  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

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**THE DISTRICT AS A WHOLE, continued**

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

Fiscal year ended 2024-25 compared to 2023-24:

- Salaries and employee benefits increased by approximately \$4.1 million or 9.8%. The main drivers for the increase were the decrease in the net pension liability as of June 30, 2025, the filling of open positions during the year and a negotiated COLA of .07% with a one-time \$1,500 payment.
- Student financial aid payments decreased by approximately \$0.4 million or 2.9%. This decline is primarily attributable to the following factors:
  - The conclusion of the District’s Gavilan Tuition Program (Gav 4 Free) reduced participation in a program that had previously encouraged higher levels of student engagement with financial aid processes. While the program was in effect, it was associated with increased completion of financial aid applications, which contributed to higher aid disbursements.
  - Broader external factors affecting student willingness to apply for federal financial assistance may have contributed to lower application and participation rates. Changes in the external environment and heightened sensitivity around federal programs may have influenced student behavior, resulting in fewer students pursuing available financial aid resources.
- Total non-operating revenue increased due to an increase in local property taxes and State taxes in the fiscal year 2024-25.

**Expenditures by Activity**

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

Functional Classifications	Salaries	Employee Benefits	Supplies, Materials, and Other Operating Expenses	Student Financial Aid	Depreciation and Amortization	Total
Instructional activities	\$ 16,013,805	\$ 5,237,562	\$ 3,230,938	\$ -	\$ -	\$ 24,482,305
Academic support	3,375,899	1,355,137	807,077	-	-	5,538,113
Student services	5,566,732	2,018,773	1,009,967	-	-	8,595,472
Operations and maintenance of plant	1,219,545	557,513	3,291,556	-	-	5,068,614
Institutional support services	4,350,787	1,582,804	3,168,428	-	-	9,102,019
Community services and economic development	1,404,653	394,779	661,802	-	-	2,461,234
Ancillary services and auxiliary operations	1,780,888	697,498	1,006,342	-	-	3,484,728
Physical property and related acquisitions	452,286	153,332	1,189,378	-	-	1,794,996
Student financial aid	-	-	-	12,884,794	-	12,884,794
Depreciation and amortization	-	-	-	-	4,282,253	4,282,253
<b>Total</b>	<b>\$ 34,164,595</b>	<b>\$ 11,997,398</b>	<b>\$ 14,365,488</b>	<b>\$ 12,884,794</b>	<b>\$ 4,282,253</b>	<b>\$ 77,694,528</b>

**GAVILAN JOINT COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

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**THE DISTRICT AS A WHOLE, continued**

**Statement of Cash Flows**

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

- Operating activities consist of cash receipts from tuition and fees, grants and contracts, and cash payments for salaries, benefits, supplies, utilities, and other items related to the instructional program.
- Noncapital financing activities are primarily state apportionment and property taxes.
- Capital financing activities consist of purchases of capital assets (land, buildings, and equipment) and bond interest payments and receipts from federal and state grants for capital purposes, as well as property tax revenue for bond repayments.
- Cash from investing activities is interest earned on investments through the Santa Clara County Investment Pool.

<b>CASH PROVIDED BY/(USED IN)</b>	<b>2025</b>	<b>2024</b>	<b>Change</b>
Operating activities	\$ (61,126,852)	\$ (38,493,398)	\$ (22,633,454)
Noncapital financing activities	60,268,018	51,120,382	9,147,636
Capital and related financing activities	(51,029,345)	26,693,631	(77,722,976)
Investing activities	7,941,504	6,949,594	991,910
<b>Net Increase/(Decrease) in Cash and Equivalents</b>	<b>(43,946,675)</b>	<b>46,270,209</b>	<b>(90,216,884)</b>
<b>CASH AND EQUIVALENTS, BEGINNING OF YEAR</b>	<b>201,320,143</b>	<b>155,049,934</b>	<b>46,270,209</b>
<b>CASH AND EQUIVALENTS, END OF YEAR</b>	<b>\$ 157,373,468</b>	<b>\$ 201,320,143</b>	<b>\$ (43,946,675)</b>

**GAVILAN JOINT COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

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**CAPITAL ASSETS AND RIGHT-TO-USE ASSETS**

As of June 30, 2025, the District had approximately \$215.4 million invested in capital assets and right-to-use assets, net of accumulated depreciation and amortization. Total capital assets and right-to-use assets of \$274.8 million consist of land, construction in progress, buildings and improvements, equipment and vehicles, right-to-use leased assets, and right-to-use subscription-based IT arrangements. These assets have accumulated depreciation and amortization of \$59.5 million. In fiscal year 2024-25, there were total capital assets and right-to-use assets net additions in the amount of \$48.8 million, which primarily include costs for the Hollister campus and San Benito campus projects, and depreciation/amortization expense of \$4.3 million.

	<b>2025</b>	<b>2024</b>	<b>Change</b>
Capital assets not being depreciated	\$ 60,398,904	\$ 82,368,188	\$ (21,969,284)
Capital assets being depreciated	209,526,478	137,529,923	71,996,555
Less: Accumulated depreciation	(55,075,641)	(51,711,570)	(3,364,071)
Right-to-use assets	4,915,085	4,780,741	134,344
Less: Accumulated amortization	(4,393,776)	(3,380,533)	(1,013,243)
<b>Total Capital Assets and Right-to-Use Assets, Net</b>	<b>\$ 215,371,050</b>	<b>\$ 169,586,749</b>	<b>\$ 45,784,301</b>

We present more detailed information about our capital assets and right-to-use assets in Note 7 to financial statements.

**LONG-TERM LIABILITIES**

At June 30, 2025, the District had \$286.2 million in outstanding long-term liabilities compared to \$301.5 million at June 30, 2024.

	<b>2025</b>	<b>2024</b>	<b>Change</b>
General obligation bonds	\$ 229,425,000	\$ 244,740,000	\$ (15,315,000)
Bond premium	14,069,773	14,371,262	(301,489)
Lease liability	446,924	469,557	(22,633)
Subscription-based IT arrangements	126,654	1,004,578	(877,924)
Compensatory time	4,983,275	1,143,117	3,840,158
Net OPEB liability/(asset)	(102,728)	738,794	(841,522)
Net pension liability	37,221,978	39,022,643	(1,800,665)
<b>Total Long-term Liabilities</b>	<b>\$ 286,170,876</b>	<b>\$ 301,489,951</b>	<b>\$ (15,319,075)</b>
Amounts Due Within One Year	\$ 15,230,768	\$ 13,736,787	\$ 1,493,981

We present more detailed information about our long-term liabilities in Note 8 to financial statements.

At June 30, 2025, the District has an aggregate net other postemployment benefit (OPEB) asset of \$102,728 versus net OPEB liability of \$738,794 last year, a decrease of \$841,522, or 113.9%.

At June 30, 2025, the District has an aggregate net pension liability of \$37,221,978 versus \$39,022,643 last year, a decrease of \$1,800,665, or 4.6%.

# GAVILAN JOINT COMMUNITY COLLEGE DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2025

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## BUDGETARY HIGHLIGHTS

The economic position of the Gavilan Joint Community College District remains closely tied to the State of California, with the majority of funding derived from Proposition 98 under the Student-Centered Funding Formula (SCFF). In FY2025-26, the SCFF is in its eighth year of implementation. The formula determines funding based on a three-year FTES (Full-Time Equivalent Student) average and includes base, supplemental, and student success allocations.

Gavilan College benefited from the Emergency Conditions Allowance (ECA), which protected funding at 2018-19 FTES levels during the pandemic. However, the ECA expired at the end of FY2023-24. As a result, FY2024-25 funding reflects the transition to a funding model based on two years of 2018-19 FTES levels and one year of actual 2023-24 FTES levels, with full reliance on actual FTES averages beginning in FY2025-26. Gavilan College has seen growth in enrollment, aligning with pre-pandemic enrollment levels.

The Board of Trustees adopted the FY2025-26 final budget on September 9, 2025. Key assumptions and highlights included:

- **Cost of Living Adjustment (COLA):** The budget incorporates the 2.3% COLA provided by the state for FY2025-26.
- **Non-Resident Tuition:** Tuition is set at \$359 per unit, generating approximately \$638,552 in revenue from non-resident students.
- **Compensation and Benefits:** Personnel expenditures remain a significant portion of the budget, accounting for approximately 77% of unrestricted general fund expenditures. A 3.5% negotiated salary increase was included for FY2024-25. Employer contributions to PERS increased to 27.40% (from 27.05%), while STRS remained at 19.10%.
- **Reserves:** Unrestricted general fund reserves are projected to remain at 24%, far exceeding the Government Finance Officers Association (GFOA) recommended minimum of 17%.

## ECONOMIC FACTORS

The fiscal landscape for the Gavilan Joint Community College District in FY2025-26 is significantly shaped by California's state budget, which addresses a projected deficit of \$2.9 billion. Despite this shortfall, the state has maintained core funding for community colleges, reflecting a commitment to higher education even amid financial constraints. The enacted state budget totals \$231.9 billion in General Fund spending, an 8% increase from the prior fiscal year. Proposition 98 funding, which guarantees a minimum level of funding for K-12 schools and community colleges, is set at \$114.6 billion for FY2025-26. This allocation underscores the state's dedication to sustaining educational funding levels despite economic challenges. The budget also includes a 2.3% ongoing Cost of Living Adjustment (COLA) for community colleges to help offset inflationary pressures and operational costs.

**GAVILAN JOINT COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

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**ECONOMIC FACTORS, continued**

With the expiration of the Emergency Conditions Allowance in FY2023-24, Gavilan's funding will now transition toward full reliance on the actual three-year FTES average by FY2025-26. For FY2024-25, the District's funding calculation reflects two years at 2018-19 FTES levels and one year of actual 2023-24 FTES. To support funding stability and improve enrollment, the District has set an FTES target of 5,290, consistent with pre-pandemic levels. The expiration of the Emergency Conditions Allowance necessitates proactive efforts to mitigate potential revenue declines.

The District is exploring several strategies to achieve growth and enhance enrollment. These include continuing to expand dual enrollment programs with local high schools and increasing enrollments in public safety training and the jail education program.

California's broader economic outlook, coupled with the transition away from the Emergency Conditions Allowance, poses challenges but also opportunities for innovation and growth. Gavilan College's commitment to prudent fiscal management, alongside its focus on enrollment growth and operational efficiency, positions the District to navigate these challenges successfully while continuing to meet its mission of providing high-quality education to the community.

**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 Gavilan Joint Community College District, attention Marilyn Morikang, Vice President of Administrative Services, 5055 Santa Teresa Blvd., Gilroy, California 95050.

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## **FINANCIAL SECTION**

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**GAVILAN JOINT COMMUNITY COLLEGE DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2025**

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<b>ASSETS</b>	
Current Assets:	
Cash and equivalents	\$ 157,373,468
Accounts receivable, net	7,856,592
Long-term receivable, current portion	22,525
Prepaid expenses	4,235
Total Current Assets	<u>165,256,820</u>
Non-current Assets:	
Long-term receivable, non-current portion	270,296
Net OPEB asset	102,728
Right-to-use assets, net	521,309
Capital assets, net	214,849,741
Total Non-current Assets	<u>215,744,074</u>
<b>TOTAL ASSETS</b>	<u><b>381,000,894</b></u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred loss on refunding	3,669,951
Deferred outflows related to OPEB	444,740
Deferred outflows related to pensions	13,452,076
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u><b>17,566,767</b></u>
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts payable and accrued expenses	8,814,216
Interest payable	4,003,782
Unearned revenue	15,760,943
Long-term debt, current portion	15,230,768
Total Current Liabilities	<u>43,809,709</u>
Non-current Liabilities:	
Net pension liability	37,221,978
Long-term debt, non-current portion	233,820,858
Total Non-current Liabilities	<u>271,042,836</u>
<b>TOTAL LIABILITIES</b>	<u><b>314,852,545</b></u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred gain on refunding	2,129,818
Deferred inflows related to OPEB	1,864,929
Deferred inflows related to pensions	5,403,477
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u><b>9,398,224</b></u>
<b>NET POSITION</b>	
Net investment in capital assets	59,265,921
Restricted for:	
Debt service	18,273,916
Capital projects	12,316,941
Educational programs	1,718,329
Other special purpose	356,234
Total Restricted	<u>32,665,420</u>
Unrestricted	<u>(17,614,449)</u>
<b>TOTAL NET POSITION</b>	<u><b>\$ 74,316,892</b></u>

The notes to financial statements are an integral part of this statement.

**GAVILAN JOINT COMMUNITY COLLEGE DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2025**

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<b>OPERATING REVENUES</b>	
Tuition and fees, gross	\$ 5,853,037
Less: Scholarship discounts and allowances	(2,092,323)
Tuition and fees, net	<u>3,760,714</u>
Grants and contracts, noncapital:	
Federal	3,588,666
State	14,330,329
Local	197,679
<b>TOTAL OPERATING REVENUES</b>	<u>21,877,388</u>
<b>OPERATING EXPENSES</b>	
Salaries	34,164,595
Employee benefits	11,997,398
Supplies, materials, and other operating expenses	14,365,489
Student financial aid	12,884,794
Depreciation and amortization	4,282,253
<b>TOTAL OPERATING EXPENSES</b>	<u>77,694,529</u>
<b>OPERATING LOSS</b>	<u>(55,817,141)</u>
<b>NON-OPERATING REVENUES/(EXPENSES)</b>	
State apportionments, noncapital	17,048,990
Local property taxes, noncapital	29,123,542
Local property taxes on capital related debt	18,617,105
State taxes and other revenues, noncapital	4,891,891
Federal and State financial aid grants	8,197,575
Interest and investment income/(loss), noncapital	7,918,979
Interest expense on capital related debt	(9,013,217)
Interest and investment income/(loss) on capital related debt	755,807
Other non-operating revenues	1,006,020
<b>TOTAL NON-OPERATING REVENUES/(EXPENSES)</b>	<u>78,546,692</u>
<b>CHANGE IN NET POSITION</b>	22,729,551
<b>NET POSITION, BEGINNING OF YEAR</b>	53,873,202
<b>PRIOR PERIOD ADJUSTMENTS (SEE NOTE 13)</b>	(2,285,861)
<b>NET POSITION, END OF YEAR</b>	<u>\$ 74,316,892</u>

**GAVILAN JOINT COMMUNITY COLLEGE DISTRICT  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2025**

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**CASH FLOWS FROM OPERATING ACTIVITIES**

Tuition and fees, net	\$ 3,760,714
Grants and contracts	22,560,513
Payments to or on behalf of employees	(49,811,652)
Payments to vendors for supplies and services	(24,751,633)
Payment to students	(12,884,794)
Net Cash Provided by/(Used in) Operating Activities	<u>(61,126,852)</u>

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

State apportionments	17,048,990
Local property taxes	29,123,542
State taxes and other revenues	4,891,891
Federal and State financial aid grants	8,197,575
Other non-operating revenues	1,006,020
Net Cash Provided by/(Used in) Noncapital Financing Activities	<u>60,268,018</u>

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Net purchase and sale of capital assets	(48,781,308)
Proceeds from debt issuance	30,265,000
Local property taxes on capital related debt	18,617,105
Interest earned on capital related debt	755,807
Principal paid on capital debt	(43,207,346)
Interest paid on capital debt	(8,678,603)
Net Cash Provided by/(Used in) Capital and Related Financing Activities	<u>(51,029,345)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Change in fair market value of cash in county treasury	3,222,129
Investment income/(loss)	4,719,375
Net Cash Provided by/(Used in) Investing Activities	<u>7,941,504</u>

**NET INCREASE/(DECREASE) IN CASH AND EQUIVALENTS**

<b>NET INCREASE/(DECREASE) IN CASH AND EQUIVALENTS</b>	(43,946,675)
<b>CASH AND EQUIVALENTS, BEGINNING OF YEAR</b>	<u>201,320,143</u>
<b>CASH AND EQUIVALENTS, END OF YEAR</b>	<u>\$ 157,373,468</u>

**GAVILAN JOINT COMMUNITY COLLEGE DISTRICT  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2025**

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**RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY/  
(USED IN) OPERATING ACTIVITIES**

Operating Loss	\$ (55,817,141)
Adjustments to Reconcile Operating Loss to Net Cash Provided by/(Used in) Operating Activities:	
Depreciation and amortization	4,282,253
Changes in Assets, Deferred Outflows of Resources, Liabilities and Deferred Inflows of Resources:	
Accounts receivable, net	5,787,682
Prepaid expenses	29,464
Deferred outflows related to pensions	(912,935)
Deferred outflows related to OPEB	(74,945)
Accounts payable and accrued liabilities	(10,415,608)
Unearned revenue	(1,343,843)
Compensated absences	141,195
Net OPEB liability	(745,802)
Net pension liability	(1,800,665)
Deferred inflows related to pensions	(540,721)
Deferred inflows related to OPEB	284,214
Total Adjustments	<u>(5,309,711)</u>
<b>Net Cash Flows From Operating Activities</b>	<u>\$ (61,126,852)</u>

**NONCASH TRANSACTIONS**

Amortization of deferred loss on refunding	\$ 494,801
Amortization of debt premiums	\$ 691,671

**GAVILAN JOINT COMMUNITY COLLEGE DISTRICT  
 FIDUCIARY FUND  
 STATEMENT OF NET POSITION  
 JUNE 30, 2025**

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	Retiree OPEB Trust
<b>ASSETS</b>	
Investments	\$ 7,710,540
<b>TOTAL ASSETS</b>	<u>\$ 7,710,540</u>
<b>NET POSITION</b>	
Restricted for other postemployment benefits (OPEB)	\$ 7,710,540
<b>TOTAL NET POSITION</b>	<u>\$ 7,710,540</u>

**GAVILAN JOINT COMMUNITY COLLEGE DISTRICT  
 FIDUCIARY FUND  
 STATEMENT OF CHANGES IN NET POSITION  
 FOR THE YEAR ENDED JUNE 30, 2025**

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	Retiree OPEB Trust
<b>ADDITIONS</b>	
District contributions	\$ 597,296
Net unrealized gains/(losses) in fair value of investments	745,992
<b>TOTAL ADDITIONS</b>	<u>1,343,288</u>
<b>DEDUCTIONS</b>	
Benefit payments	597,296
Administrative expenses	6,301
<b>TOTAL DEDUCTIONS</b>	<u>603,597</u>
<b>CHANGE IN NET POSITION</b>	739,691
<b>NET POSITION, BEGINNING OF YEAR</b>	<u>6,970,849</u>
<b>NET POSITION, END OF YEAR</b>	<u>\$ 7,710,540</u>

**GAVILAN JOINT COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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**NOTE 1 – ORGANIZATION**

Gavilan Joint Community College District (the "District") was originally established as San Benito County Junior College in 1919. The District was established in 1963 as a political subdivision of the State of California and is a comprehensive, public, two-year institution offering educational services to residents of the surrounding area. The District operates under a locally elected seven-member Board of Trustees form of government, which establishes the policies and procedures by which the District operates. The Board must approve the annual budgets for the general fund, special revenue funds, and capital project funds, but these budgets are managed at the department level. Currently, the District operates one college in Gilroy, California serving students within Santa Clara and San Benito Counties. While the District is a political subdivision of the State of California, it is legally separate and is independent of other state and local governments, and it is not a component unit of the state in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 61. The District is classified as a Public Educational Institution under *Internal Revenue Code* Section 115 and is, therefore, exempt from federal taxes.

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

**Financial Reporting Entity**

The District has adopted accounting policies 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, as defined by accounting principles generally accepted in the United States of America (GAAP) and established by GASB. The District identified no component units that met the criteria listed above.

The District has analyzed the financial and accountability relationship with the Gavilan College Educational Foundation (the "Foundation") in conjunction with GASB Statement No. 61 criteria. The Foundation is a separate, not for profit organization, and the District does provide and receive direct benefits to and from the Foundations. However, it has been determined that all criteria under GASB Statement No. 61 has not been met to require inclusion of the Foundation's financial statements into the District's annual report. Information on the Foundation may be requested through the Foundation office.

**Basis of Accounting**

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

**GAVILAN JOINT COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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

**Basis of Accounting, continued**

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

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

**Cash and Equivalents**

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

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

**Investments**

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

**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 District provides for an allowance for uncollectible accounts as an estimation of amounts that may not be received. The allowance was estimated at \$295,693 as of June 30, 2025.

**Long-term Receivable**

The District records long-term receivable arising from financed purchase agreements at the contractual amount due. Collections are recognized as payments are received, with amounts due within one year classified as current and the remainder reported as non-current on the statement of net position.

**Prepaid Expenses**

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

**GAVILAN JOINT COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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

**Capital Assets and Right-to-Use Assets**

Capital assets are stated at cost at the date of acquisition. The District's capitalization policy includes all items with a unit cost of \$5,000 (for equipment) and an estimated useful life of greater than one year. Buildings, renovations to buildings, infrastructure, and land improvements that cost more than \$5,000, significantly increase the value, or extend the useful life of the structure, are capitalized. Routine repair and maintenance costs are charged to operating expenses in the year in which the expense is incurred.

Depreciation of equipment and vehicles, facilities, and other physical properties is provided using the straight-line method over the estimated useful lives of the respective assets, or in the case of assets acquired under capital leases, the shorter of the lease term or useful life. Costs for construction in progress are capitalized when incurred.

Depreciation of capital assets is computed and recorded utilizing 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; and vehicles, 5 to 10 years.

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

The District records the value of right-to-use leased assets based on the underlying leased asset in accordance with GASB Statement No. 87, *Leases*. The right-to-use leased asset is amortized each year for the term of the contract or useful life of the underlying asset.

The District records the value of right-to-use subscription-based IT assets based on the underlying subscription asset in accordance with GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The right-to-use subscription-based IT asset is amortized each year for the term of the contract or useful life of the underlying asset.

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

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

**GAVILAN JOINT COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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

**Compensated Absences, continued**

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

Sick leave is accumulated without limit for each employee based upon negotiated contracts. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. However, retirement credit for unused sick leave is applicable to all classified school members who retire after January 1, 1999. At retirement, each member will receive .004 year of service credit for each day of unused sick leave. Retirement credit for unused sick leave is applicable to all employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full time.

**Bond Premiums**

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

**Deferred Outflows of Resources and Deferred Inflows of Resources**

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

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

**Leases**

The District recognizes a lease liability and a right-to-use leased asset in the government-wide financial statements. The District measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The right-to-use leased asset is initially measured as the initial amount of the lease liability, plus certain initial direct costs. Subsequently, the right-to-use leased asset is amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

**GAVILAN JOINT COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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

**Subscription-based IT Arrangements**

The District recognizes a subscription-based IT arrangement liability and a right-to-use subscription-based IT asset in the government-wide financial statements. The District measures the subscription-based IT arrangement liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription-based IT arrangement liability is reduced by the principal portion of subscription payments made. The right-to-use subscription-based IT asset is initially measured as the initial amount of the subscription-based IT arrangement liability, plus certain initial direct costs. Subsequently, the right-to-use subscription-based IT asset is amortized on a straight-line basis over the subscription term or useful life of the underlying asset.

**Pensions**

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

**Other Postemployment Benefits (OPEB)**

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

**Accounts Payable, Accrued Expenses and Long-term Liabilities**

All payables, accrued expenses, interest payable and long-term liabilities are reported in the primary government and fiduciary fund financial statements. In general, accounts payable, accrued expenses and interest payable that, once incurred, are paid in a timely manner and in full, from current financial resources are reported as liabilities of the District. Long-term liabilities include general obligation bonds, including bond premiums, leases, subscription-based IT arrangements, compensated absences, and the aggregate net pension liability with maturities greater than one year.

**Unearned Revenue**

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

**GAVILAN JOINT COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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

**Net Position**

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position related to net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report \$32,665,420 of restricted net position.

**Operating and Non-Operating Revenues and Expenses**

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

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

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

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

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

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

**State Apportionments**

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

**GAVILAN JOINT COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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

**Property Taxes**

Secured property taxes attach as an enforceable lien on property as of January 1. The County Assessor is responsible for assessment of all taxable real property. Taxes are payable in two installments on November 1 and February 1 and become delinquent on December 10 and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31. The County of Santa Clara bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

The voters of the District passed a General Obligation Bonds in 2004 and 2018 for the acquisition, construction, and remodeling of certain District properties. As a result of the passage of the bonds, property taxes are assessed on the property within the District specifically for the repayment of the debt incurred. The taxes are assessed, billed, and collected as noted above and remitted to the District when collected.

**Scholarship Discounts and Allowances**

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

**Financial Assistance Programs**

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

**Estimates**

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

**Interfund Activity**

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund activity within the primary government has been eliminated in the consolidation process of the basic financial statements.

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

**GAVILAN JOINT COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025**

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

**Adoption of New Accounting Standards**

The following GASB Pronouncements were adopted by the District during the year ended June 30, 2025:

**GASB Statement No. 101** – In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The financial impact of this Statement is reflected in Notes 8 and 13.

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

**Upcoming GASB Pronouncements**

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

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

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

**GAVILAN JOINT COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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**NOTE 3 – CASH AND INVESTMENT**

**Summary of Cash and Investment**

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

	Primary Government	Fiduciary Fund
Cash on hand and in banks	\$ 3,367,124	\$ -
Cash in revolving	27,200	-
Cash in county treasury	153,979,144	-
Investments	-	7,710,540
Total Cash and Equivalents and Investments	\$ 157,373,468	\$ 7,710,540

**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, collateralized mortgage obligations; and the county investment pool.

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

**GAVILAN JOINT COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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**NOTE 3 – CASH AND INVESTMENTS, continued**

**General Authorizations**

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

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

**Interest Rate Risk**

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

Information about the sensitivity of the fair values of the District's investments to interest rate risk and credit risk is provided by the following schedule that shows the distribution of the District's investment by maturity and credit rating:

Investment Type	Fair Value	Weighted Average Days to Maturity	Credit Rating
Mutual Funds	\$ 7,710,540	N/A	Not rated
Santa Clara County Investment Pool	153,979,144	415	Aaa
Total	<u>\$ 161,689,684</u>		

**GAVILAN JOINT COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025**

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**NOTE 3 – CASH AND INVESTMENTS, continued**

**Credit Risk**

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. As of June 30, 2025, the Santa Clara County Investment Pool was rated Aaa by Moody's Investors Service. Mutual funds are not required to be rated.

**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% 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% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits. As of June 30, 2025, the District's bank balance was fully insured and/or collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

*Investments* - This is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. As of June 30, 2025, the District's investment balance of \$7,710,540 was exposed to custodial credit risk because it was uninsured, unregistered and held by the brokerage firm which is also the counterparty for these securities. The District's investment policy limits the amount of securities that can be held by counterparties to no more than 10% of total investments in one issuer for commercial paper, mutual funds and money market mutual funds and 30% for Banker's Acceptance.

**NOTE 4 – FAIR VALUE MEASUREMENTS**

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

- Level 1 - Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.
- Level 2 - Observable inputs, other than Level 1 prices, such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.

**GAVILAN JOINT COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025**

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**NOTE 4 – FAIR VALUE MEASUREMENTS, continued**

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

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

Investment Type	Fair Value	Level 1 Inputs
Mutual Funds	\$ 7,710,540	\$ 7,710,540

Mutual funds have been valued as Level 1 using a market approach, which uses prices and other relevant information generated by market transactions involving identical or comparable assets or group of assets.

During the year ended June 30, 2025, there were no significant transfers in or out of Level 1.

**NOTE 5 – ACCOUNTS RECEIVABLE**

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

	Primary Government
Federal Government	
Categorical aid	\$ 1,262,713
State Government	
Categorical aid	59,073
Lottery	393,178
Local Sources	
Interest	191,467
Other local sources	1,866,182
Subtotal	3,772,613
Student receivables	4,379,672
Less: Allowance for bad debt	(295,693)
Total Accounts Receivable, Net	\$ 7,856,592

**GAVILAN JOINT COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 6 – LONG-TERM RECEIVABLE**

In November 2013, the District sold portables to Gilroy Unified School District at fair market value under a financed purchase agreement. Payments of \$22,525 are received annually over an initial 25-year period. Future payments will be received as follows:

Year Ending	Principal
June 30,	
2026	\$ 22,525
2027	22,525
2028	22,525
2029	22,525
2030	22,525
2031-2035	112,625
2036-2039	67,571
<b>Total</b>	<b>\$ 292,821</b>

**NOTE 7 – CAPITAL ASSETS AND RIGHT-TO-USE ASSETS**

Capital assets and right-to-use assets activities for the District for the year ended June 30, 2025, were as follows:

	Balance July 1, 2024	Adjustments (Note 13)	Adjusted Balance July 1, 2024	Additions	Deductions	Balance June 30, 2025
Capital Assets Not Being Depreciated						
Land	\$ 28,354,202	\$ -	\$ 28,354,202	\$ -	\$ -	\$ 28,354,202
Construction in progress	54,013,986	388,855	54,402,841	49,082,927	71,441,066	32,044,702
Total Capital Assets Not Being Depreciated	82,368,188	388,855	82,757,043	49,082,927	71,441,066	60,398,904
Capital Assets Being Depreciated						
Site improvements	15,711,810	-	15,711,810	6,182,959	-	21,894,769
Buildings and improvements	109,370,296	857,108	110,227,404	61,941,662	-	172,169,066
Equipment and vehicles	12,447,817	-	12,447,817	3,014,826	-	15,462,643
Total Capital Assets Being Depreciated	137,529,923	857,108	138,387,031	71,139,447	-	209,526,478
Total Capital Assets	219,898,111	1,245,963	221,144,074	120,222,374	71,441,066	269,925,382
Less: Accumulated Depreciation						
Site improvements	5,341,322	-	5,341,322	820,771	-	6,162,093
Buildings and improvements	35,311,603	-	35,311,603	2,213,545	-	37,525,148
Equipment and vehicles	11,058,645	-	11,058,645	329,755	-	11,388,400
Total Accumulated Depreciation	51,711,570	-	51,711,570	3,364,071	-	55,075,641
Capital Assets, Net	168,186,541	1,245,963	169,432,504	116,858,303	71,441,066	214,849,741
Right-to-Use Assets						
Leased sites	566,046	-	566,046	-	-	566,046
Leased equipment	34,194	-	34,194	-	-	34,194
Subscription-based IT assets	4,180,501	134,344	4,314,845	-	-	4,314,845
Total Right-to-Use Assets	4,780,741	134,344	4,915,085	-	-	4,915,085
Less: Accumulated Amortization						
Leased sites	163,098	-	163,098	19,188	-	182,286
Leased equipment	13,678	-	13,678	6,829	-	20,507
Subscription-based IT assets	3,203,757	95,061	3,298,818	892,165	-	4,190,983
Total Accumulated Amortization	3,380,533	95,061	3,475,594	918,182	-	4,393,776
Right-to-Use Assets, Net	1,400,208	39,283	1,439,491	(918,182)	-	521,309
Total Capital Assets and Right-to-Use Assets, Net	\$ 169,586,749	\$ 1,285,246	\$ 170,871,995	\$ 115,940,121	\$ 71,441,066	\$ 215,371,050

**GAVILAN JOINT COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025**

**NOTE 8 – LONG-TERM DEBT**

The changes in the District's long-term debt during the year ended June 30, 2025 consisted of the following:

	Balance July 1, 2024	Adjustments (Note 13)	Adjusted Balance July 1, 2024	Additions	Deductions	Balance June 30, 2025	Due Within One Year
General obligation bonds	\$ 244,740,000	\$ -	\$ 244,740,000	\$ 30,265,000	\$ 45,580,000	\$ 229,425,000	\$ 13,270,000
Bond premiums	14,371,262	-	14,371,262	3,293,235	3,594,724	14,069,773	1,314,501
Lease liability	469,557	-	469,557	-	22,633	446,924	23,314
Subscription-based IT arrangements	1,004,578	20,024	1,024,602	-	897,948	126,654	124,625
Compensated absences	1,143,117	3,698,963	4,842,080	141,195	-	4,983,275	498,328
Total Long-term Debt	\$ 261,728,514	\$ 3,718,987	\$ 265,447,501	\$ 33,699,430	\$ 50,095,305	\$ 249,051,626	\$ 15,230,768

**Description of Long-Term Debt**

Payments on the general obligation bonds are to be made by the Bond Interest and Redemption Fund with local property tax collections. The compensated absences will be paid by the fund for which the employee worked. Lease liability and subscription-based IT arrangements will be paid by the General Fund.

**General Obligation Bonds**

A summary of outstanding general obligation bonds as of June 30, 2025 follows:

Description	Issue Date	Maturity Date	Interest Rate	Original Issue	Balance July 1, 2024	Additions	Redeemed	Balance June 30, 2025	Due Within One Year
2012 Series B (Measure E)	4/2012	8/2028	2.00-4.00%	\$ 11,800,000	\$ 125,000	\$ -	\$ 125,000	\$ -	\$ -
2015 Series C (Measure E)	8/2015	8/2032	3.00-5.00%	42,320,000	36,055,000	-	34,360,000	1,695,000	1,695,000
2017 Refunding (Measure E)	12/2017	8/2035	2.00-5.00%	27,045,000	23,680,000	-	1,010,000	22,670,000	1,105,000
2018 Series A (Measure X)	4/2019	8/2035	4.00%	26,600,000	17,225,000	-	-	17,225,000	85,000
2018 Series A-1 (Measure X)	4/2019	8/2025	2.45-2.85%	11,400,000	2,015,000	-	1,010,000	1,005,000	1,005,000
2018 Series B (Measure X)	10/2020	8/2050	3.00-4.00%	40,000,000	33,510,000	-	1,100,000	32,410,000	-
2018 Series B-1 (Measure X)	10/2020	8/2050	0.43-3.10%	65,000,000	59,860,000	-	1,000,000	58,860,000	2,095,000
2020 Refunding (Measure E)	10/2020	8/2028	0.41-1.83%	15,000,000	12,270,000	-	2,075,000	10,195,000	2,345,000
2018 Series C (Measure X)	6/2024	8/2050	4.00-5.00%	60,000,000	60,000,000	-	4,900,000	55,100,000	4,480,000
2025 Refunding (Measure E)	5/2025	8/2032	5.00%	30,265,000	-	30,265,000	-	30,265,000	460,000
Total General Obligation Bonds					\$ 244,740,000	\$ 30,265,000	\$ 45,580,000	\$ 229,425,000	\$ 13,270,000

**2004 General Obligation Bonds – Measure E**

On March 2, 2004, the District voters authorized the issuance and sale of general obligation bonds totaling \$108,000,000. Proceeds from the sale of the bonds will be used to finance the construction, acquisition, and modernization of certain property and District facilities.

In April 2012, the District issued \$11,800,000 of General Obligation Refunding Bonds, 2012 Series B. The Bonds were issued to partially refund the 2004 Series A General Obligation Bonds and to pay the costs of issuance associated with the Bonds. The 2012 Series B Refunding Bonds mature through August 2028. Interest ranges from 2.00% to 4.00% payable semi-annually on February 1 and August 1.

In August 2015, the District issued \$42,320,000 of General Obligation Refunding Bonds, 2015 Series C. The Bonds were issued to partially refund the District's outstanding General Obligation Bonds, 2004 Series C and to pay the costs of issuance associated with the Bonds. The Bonds mature through August 2032. Interest rates range from 3.00% to 5.00% payable semi-annually on February 1 and August 1.

**GAVILAN JOINT COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025**

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**NOTE 8 – LONG-TERM DEBT, continued**

**General Obligation Bonds, continued**

2004 General Obligation Bonds – Measure E, continued

In December 2017, the District issued \$27,045,000 of 2017 General Obligation Refunding Bonds. The Bonds were issued to partially refund the District’s outstanding General Obligation Bonds, 2004 Series A and 2004 Series D Bonds, and to pay the costs of issuance associated with the Bonds. The Bonds mature through August 2035. Interest rates range from 2.00% to 5.00% payable semi-annually on February 1 and August 1.

In October 2020, the District issued \$15,000,000 of 2020 General Obligation Refunding Bonds. The Bonds were issued to partially refund the District’s outstanding 2012 General Obligation Refunding Bonds and to pay the costs of issuance associated with the Bonds. The Bonds mature through August 2028. Interest rates range from 0.41% to 1.83% payable semi-annually on February 1 and August 1.

In May 2025, the District issued \$30,265,000 of 2025 General Obligation Refunding Bonds. The Bonds were issued to partially refund the District’s outstanding 2015 Series C General Obligation Refunding Bonds and to pay the costs of issuance associated with the Bonds. The Bonds mature through August 2032. Interest rate of 5.00% payable semi-annually on February 1 and August 1.

The 2004 Election General Obligation Bonds (Measure E) mature through fiscal year 2036 as follows:

Year Ending June 30,	Principal	Interest	Total
2026	\$ 5,605,000	\$ 1,487,751	\$ 7,092,751
2027	5,190,000	2,500,358	7,690,358
2028	5,620,000	2,331,977	7,951,977
2029	6,070,000	2,142,214	8,212,214
2030	6,850,000	1,926,475	8,776,475
2031-2035	33,155,000	4,255,575	37,410,575
2036	2,335,000	70,050	2,405,050
Total	\$ 64,825,000	\$ 14,714,400	\$ 79,539,400

2018 General Obligation Bonds – Measure X

On November 6, 2018, the District voters authorized the issuance and sale of general obligation bonds totaling \$248,000,000. Proceeds from the sale of the bonds will be used to finance the construction, acquisition, and modernization of certain property and District facilities.

In April 2019, the District issued \$26,600,000 of General Obligation Bonds, 2018 Series A, and \$11,400,000 of General Obligation Bonds, 2018 Series A-1. The Bonds were issued to finance or to reimburse expenditures made for the acquisition, construction, modernization, and equipping of District sites and facilities; retire all of the District’s 2017 Lease Agreements; make certain regularly scheduled lease payments with respect to the District’s Series 2016A Lease Revenue Bonds as they become due; and pay the costs of issuing the Bonds. The 2018 Series A and Series A-1 Bonds mature through August 2035 and August 2025, respectively. Interest rates range from 2.45% to 4.00% payable semi-annually on March 1 and September 1.

**GAVILAN JOINT COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025**

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**NOTE 8 – LONG-TERM DEBT, continued**

**General Obligation Bonds, continued**

2018 General Obligation Bonds – Measure X, continued

In October 2020, the District issued \$40,000,000 of General Obligation Bonds, 2018 Series B, and \$65,000,000 of General Obligation Bonds, 2018 Series B-1. The Bonds were issued to finance or to reimburse expenditures made for the acquisition, construction, modernization, and equipping of District sites and facilities; retire all of the District's 2017 Lease Agreements; make certain regularly scheduled lease payments with respect to the District's Series 2016A Lease Revenue Bonds maturing on and after June 1, 2022; and pay the costs of issuing the Bonds. The 2018 Series B and Series B-1 Bonds mature through August 2050. Interest rates range from 0.43% to 4.00% payable semi-annually on February 1 and August 1.

In June 2024, the District issued \$60,000,000 of General Obligation Bonds, 2018 Series C. The Bonds were issued to finance the acquisition, construction, modernization, and equipping of District sites and facilities; retire all of the District's 2017 Lease Agreements; make certain regularly scheduled lease payments with respect to the District's Series 2016A Lease Revenue Bonds maturing on and after June 1, 2022; and pay the costs of issuing the Bonds. The 2018 Series C Bonds mature through August 2050. Interest rates range from 4.00% to 5.00% payable semi-annually on February 1 and August 1.

The 2018 Election General Obligation Bonds (Measure X) mature through fiscal year 2051 as follows:

Year Ending June 30,	Principal	Interest	Total
2026	\$ 7,665,000	\$ 6,082,408	\$ 13,747,408
2027	6,000,000	5,806,064	11,806,064
2028	4,055,000	5,542,864	9,597,864
2029	2,905,000	5,380,664	8,285,664
2030	3,175,000	5,294,764	8,469,764
2031-2035	20,850,000	24,544,656	45,394,656
2036-2040	22,850,000	20,790,510	43,640,510
2041-2045	33,710,000	15,918,826	49,628,826
2046-2050	50,775,000	8,176,312	58,951,312
2051	12,615,000	438,116	13,053,116
Total	<u>\$ 164,600,000</u>	<u>\$ 97,975,184</u>	<u>\$ 262,575,184</u>

**Lease Liability**

Airport Lease

The District entered into an agreement to lease facilities at the San Martin Airport for 29.5 years (354 months), beginning January 1, 2016. Under the terms of the lease, the District pays the monthly payments of \$2,369, which amounted to total principal and interest costs of \$28,429. The annual interest rate charged on the lease is 2.86%. At June 30, 2025, the District has recognized a right-to-use asset net of accumulated amortization of \$383,760 and a lease liability of \$432,617 related to this agreement. During the fiscal year 2024-25, the District recorded \$19,188 in amortization expense and \$12,618 in interest expense for the right-to-use of the facilities.

**GAVILAN JOINT COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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**NOTE 8 – LONG-TERM DEBT, continued**

**Lease Liability, continued**

Pitney Bowes Lease

The District entered into an agreement to lease postage machines for 5 years (60 months), beginning in July 2022. Under the terms of the lease, the District pays the monthly payments of \$615, which amounted to total principal and interest costs of \$7,375. The annual interest rate charged on the lease is 3.01%. At June 30, 2025, the District has recognized a right-to-use asset net of accumulated amortization of \$13,687 and a lease liability of \$14,307 related to this agreement. During the fiscal year 2024-25, the District recorded \$6,829 in amortization expense and \$543 in interest expense for the right-to-use of the machines.

The following is a summary of future payments for lease liability:

Year Ending June 30,	Principal	Interest	Total
2026	\$ 23,314	\$ 12,495	\$ 35,809
2027	24,001	11,808	35,809
2028	17,225	11,204	28,429
2029	17,724	10,705	28,429
2030	18,237	10,191	28,428
2031-2035	99,428	42,717	142,145
2036-2040	114,693	27,452	142,145
2041-2045	132,302	9,842	142,144
<b>Total</b>	<b>\$ 446,924</b>	<b>\$ 136,414</b>	<b>\$ 583,338</b>

**Subscriptions-Based IT Arrangements (SBITAs)**

The District entered into various SBITAs for the use of various software. At June 30, 2025, the District has recognized right-to-use subscription-based IT assets net of accumulated amortization of \$123,862 and SBITA liabilities of \$126,654 related to these agreements. During the fiscal year 2024-25, the District recorded \$892,165 in amortization expense. The District is required to make total principal and interest payments of \$127,673 through August 2026. The subscriptions have discount rates between 0.28% and 2.85%.

The remaining principal and interest payment requirements for the SBITAs as of June 30, 2025, are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	\$ 124,625	\$ 1,018	\$ 125,643
2027	2,029	1	2,030
<b>Total</b>	<b>\$ 126,654</b>	<b>\$ 1,019</b>	<b>\$ 127,673</b>

**GAVILAN JOINT COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025**

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**NOTE 9 – OTHER POSTEMPLOYMENT BENEFIT (OPEB)**

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

OPEB Plan	Net OPEB Liability/(Asset)	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense/(Benefit)
District Plan	\$ (102,728)	\$ 444,740	\$ 1,864,929	\$ (536,533)

**Plan Administration**

The District’s governing board administers the Postemployment Benefits Plan (the “Plan”). The Plan is a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for eligible retirees and their spouses. Management of the plan is vested in the District management. Management of the trustee assets is vested with the Retiree Health Benefit Program Trust.

Retiree Health Benefit OPEB Trust

The District’s Retiree Health Benefit OPEB Trust (the “Trust”) is an irrevocable governmental trust pursuant to *Internal Revenue Code* Section 115 for the purpose of funding certain postemployment benefits other than pensions. The Trust is administered by the District’s Governing Board as directed by the investment alternative choice selected by the District. The District retains the responsibility to oversee the management of the Trust, including the requirement that investments and assets held within the Trust continually adhere to the requirements of the *California Government Code* Section 53600.5 which specifies that the trustee’s primary role is to preserve capital, to maintain investment liquidity, and to protect investment yield. As such, the District acts as the fiduciary of the Trust. The financial activity of the Trust has been discretely presented. The League issues a publicly available financial reports that can be requested on the California Community College League’s website at: <https://cleague.org/district-services/retiree-health-benefits-jpa>.

**Plan Membership**

At June 30, 2025, the valuation date, the Plan membership consisted of the following:

	Number of Participants
Inactive Employees Receiving Benefits	126
Active Employees	214
Total	340

**Benefits Provided**

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

**GAVILAN JOINT COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025**

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**NOTE 9 – OTHER POSTEMPLOYMENT BENEFIT (OPEB), continued**

**Contributions**

The contribution requirements of Plan members and the District are established and may be amended by the District, the Gavilan College Faculty Association (GCFA), the local California Service Employees Association (CSEA), and unrepresented groups. Voluntary contributions based on projected pay-as-you-go financing requirements, and any additional amounts to prefund benefits with the District, GCFA, CSEA, and the unrepresented groups are based on availability of funds. For the measurement period of June 30, 2025, the District paid \$597,296 to the Plan, all of which was used for current premiums.

**Investment Policy**

The Plan’s policy in regard to the allocation of invested assets is established and may be amended by the governing board by a majority vote of its members. It is the policy of the District to pursue an investment strategy that reduces risks through the prudent diversification for the portfolio across a broad selection of distinct asset classes. The Plan’s investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocation over short time spans. The following was the governing board’s adopted asset allocation policy as of June 30, 2025:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
<b>Balanced Fund:</b>	<b>96%</b>	
Global equities	47%	N/A
Natural resources	3%	N/A
Investment grade bonds	34%	N/A
Inflation assets	8%	N/A
High yield bonds	5%	N/A
Bank loans	3%	N/A
<b>Liquidity Plus Fund:</b>	<b>4%</b>	
Cash and short-term bonds	80%	N/A
investment grade bonds	10%	N/A
TIPS	5%	N/A
High yield bonds	3%	N/A
Bank loans	2%	N/A
	100%	5%

**Rate of Return**

For the year ended June 30, 2025, the annual money-weighted rate of return on investments, net of investment expense was 10.61%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**GAVILAN JOINT COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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**NOTE 9 – OTHER POSTEMPLOYMENT BENEFIT (OPEB), continued**

**Net OPEB Liability/(Asset) of the District**

The District's net OPEB liability/(asset) of \$(102,728) was measured as of June 30, 2025, and the total OPEB liability used to calculate the net OPEB liability/(asset) was determined by an actuarial valuation as of June 30, 2025. The components of the net OPEB liability/(asset) of the District at June 30, 2025, were as follows:

Total OPEB liability	\$ 7,607,812
Plan fiduciary net position	7,710,540
Net OPEB liability/(asset)	<u>\$ (102,728)</u>

Plan fiduciary net position as a percentage of the total OPEB liability 101.35%

**Actuarial Assumptions**

The total OPEB liability as of June 30, 2025 was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2025 and rolling forward the total OPEB liability to June 30, 2025. The following assumptions were applied to all periods included in the measurement, unless otherwise specified:

Valuation date	June 30, 2025
Measurement date	June 30, 2025
Fiscal year	July 1st to June 30th
Actuarial cost methods	Entry age normal cost method
Inflation rate	2.50%
Investment rate of return	5.00%
Salary increase	2.80% per year plus merit increases based on the 2021 CalPERS pension plan valuation.
Healthcare cost trend rate	8.00% for 2025, decreasing to an ultimate rate of 4.50%.

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

Mortality rates were based on the SOA Pub-2016 General Mortality Table fully generational using Scale MP-2021 for PERS retirees and SOA Pub-2016 Teachers Mortality Table fully generational using Scale MP-2021 for STRS retirees. Mortality rates vary by age and sex. If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reduction. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.

The actuarial assumptions used in the June 30, 2025, valuation were based on the results of an actual experience study as of June 2025.

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**GAVILAN JOINT COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025**

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**NOTE 9 – OTHER POSTEMPLOYMENT BENEFIT (OPEB), continued**

**Actuarial Assumptions, continued**

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2025, (see the discussion of the Plan’s investment policy) are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
<b>Balanced Fund:</b>	<b>96%</b>	
Global equities	47%	N/A
Natural resources	3%	N/A
Investment grade bonds	34%	N/A
Inflation assets	8%	N/A
High yield bonds	5%	N/A
Bank loans	3%	N/A
<b>Liquidity Plus Fund:</b>	<b>4%</b>	
Cash and short-term bonds	80%	N/A
investment grade bonds	10%	N/A
TIPS	5%	N/A
High yield bonds	3%	N/A
Bank loans	2%	N/A
	100%	5%

**Discount Rate**

The discount rate used to measure the total OPEB liability was 5.00%. The projection of cash flows used to determine the discount rate assumed that the District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**GAVILAN JOINT COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025**

**NOTE 9 – OTHER POSTEMPLOYMENT BENEFIT (OPEB), continued**

**Changes in the Net OPEB Liability/(Asset)**

	Increase/(Decrease)		
	Total OPEB Liability	Total Fiduciary Net Position	Net OPEB Liability/(Asset)
	(a)	(b)	(a) - (b)
Balance July 1, 2024 (Measurement Date)	\$ 7,613,923	\$ 6,970,849	\$ 643,074
Changes for the year:			
Service cost	341,716	-	341,716
Interest	402,193	-	402,193
Employer contributions	-	597,296	(597,296)
Experience (gains)/losses	(384,764)	-	(384,764)
Changes of benefit terms	82,572	-	82,572
Changes of assumptions	149,468	-	149,468
Investment gains/(losses)	-	745,992	(745,992)
Administrative expense	-	(6,301)	6,301
Benefit payments	(597,296)	(597,296)	-
Net change	(6,111)	739,691	(745,802)
Balance June 30, 2025 (Measurement Date)	\$ 7,607,812	\$ 7,710,540	\$ (102,728)

**Changes in the Net OPEB Liability/(Asset), continued**

Change of assumptions reflect a change in the discount rate from 5.25% to 5.00% since the previous valuation. There were no changes in benefit terms since the previous valuation.

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

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

	Current		
	1% Decrease (4.00%)	Discount Rate (5.00%)	1% Increase (6.00%)
Net OPEB liability/(asset)	\$ 372,521	\$ (102,728)	\$ (541,643)

**Sensitivity of the Net OPEB Liability/(Asset) to Changes in the Healthcare Cost Trend Rate**

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

	Current Healthcare		
	1% Decrease (7.00%)	Cost Trend Rate (8.00%)	1% Increase (9.00%)
Net OPEB liability/(asset)	\$ (623,628)	\$ (102,728)	\$ 487,382

**GAVILAN JOINT COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025**

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**NOTE 9 – OTHER POSTEMPLOYMENT BENEFIT (OPEB), continued**

**Deferred Outflows/Inflows of Resources Related to OPEB**

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual earnings on plan investments	\$ -	\$ 313,989
Differences between expected and actual experience	29,280	1,258,740
Change of assumptions	415,460	292,200
Total	<u>\$ 444,740</u>	<u>\$ 1,864,929</u>

**Deferred Outflows/Inflows of Resources Related to OPEB, continued**

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

Year Ending June 30,	Deferred Outflows/(Inflows) of Resources
2026	\$ (254,693)
2027	(451,143)
2028	(438,538)
2029	(176,587)
2030	(75,165)
Thereafter	(24,063)
Total	<u>\$ (1,420,189)</u>

**GAVILAN JOINT COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025**

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**NOTE 10 – EMPLOYEE RETIREMENT SYSTEMS**

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

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

Pension Plan	Collective Net Pension Liability	Collective Deferred Outflows of Resources	Collective Deferred Inflows of Resources	Collective Pension Expense
CalSTRS	\$ 14,619,164	\$ 6,486,670	\$ 3,761,434	\$ 883,348
CalPERS	22,602,814	6,965,406	1,642,043	3,430,206
Total	\$ 37,221,978	\$ 13,452,076	\$ 5,403,477	\$ 4,313,554

The details of each plan are as follows:

**California State Teachers' Retirement System (CalSTRS)**

**Plan Description**

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

**Plan Description, continued**

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

**Benefits Provided**

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

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

**GAVILAN JOINT COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025**

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**NOTE 10 – EMPLOYEE RETIREMENT SYSTEMS, continued**

**Benefits Provided, continued**

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

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

	STRP Defined Benefit Plan	
	On or before December 31, 2012	On or after January 1, 2013
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	10.21%
Required employer contribution rate	19.10%	19.10%
Required state contribution rate	10.83%	10.83%

**Contributions**

The parameters for employer and state contribution rates for the DB Program are set by the California Legislature and the Governor and detailed in the Teachers’ Retirement Law. Current contribution rates were established by California Assembly Bill 1469 (CalSTRS Funding Plan), which was passed into law in June 2014 and established a schedule of contribution rate increases shared among members, employers and the state to bring CalSTRS toward full funding by 2046. The contribution rates for each plan for the year ended June 30, 2025, are presented above, and the District’s total contributions were \$3,928,140.

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

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

District's proportionate share of the net pension liability	\$ 14,619,164
State's proportionate share of the net pension liability associated with the District	6,707,425
Total	\$ 21,326,589

**GAVILAN JOINT COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025**

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**NOTE 10 – EMPLOYEE RETIREMENT SYSTEMS, continued**

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

The net pension liability was measured as of June 30, 2024. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District’s proportionate share for the measurement period June 30, 2024 and June 30, 2023, respectively was 0.022 percent and 0.021 percent, resulting in an increase of 0.001% in the proportionate share.

For the year ended June 30, 2025, the District recognized pension expense of \$883,348. In addition, the District recognized pension expense and revenue of \$612,145 for support provided by the State. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual earnings on plan investments	\$ -	\$ 59,727
Differences between expected and actual experience	1,653,800	639,691
Changes in assumptions	63,994	998,346
Net changes in proportionate share of net pension liability	840,736	2,063,670
District contributions subsequent to the measurement date	3,928,140	-
Total	<u>\$ 6,486,670</u>	<u>\$ 3,761,434</u>

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

Year Ending June 30,	Deferred Outflows/(Inflows) of Resources
2026	\$ (1,498,995)
2027	719,131
2028	(559,407)
2029	62,641
2030	145,432
Thereafter	(71,706)
Total	<u>\$ (1,202,904)</u>

**GAVILAN JOINT COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025**

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**NOTE 10 – EMPLOYEE RETIREMENT SYSTEMS, continued**

**Actuarial Methods and Assumptions**

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

Valuation date	June 30, 2023
Measurement date	June 30, 2024
Experience study	July 1, 2007, through June 30, 2022
Actuarial cost method	Entry age normal
Investment rate of return / discount rate	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%
Payroll growth	3.25%
Postretirement benefit increases	2.00%

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

The long-term investment rate of return assumption was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class/strategy. Expected real rates of return are net of our 2.75% inflation assumption and are derived from best-estimate ranges of 20- to 30-year geometrically linked expected returns. These best-estimate ranges were developed using capital market assumptions from CalSTRS investment staff and investment consultants as inputs to the process.

**GAVILAN JOINT COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025**

**NOTE 10 – EMPLOYEE RETIREMENT SYSTEMS, continued**

**Actuarial Methods and Assumptions, continued**

The actuarial investment rate of return assumption was adopted by the board in January 2024 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS' independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. The assumed asset allocation and best estimates of the expected rates of return for each major asset class/strategy as of June 30, 2024, are summarized in the following table:

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

\*20- to 30-year geometric average.

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

**Discount Rate**

The discount rate used to measure the total pension liability was 7.10%, which was unchanged from the prior fiscal year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers are made at statutory contribution rates in accordance with the rate increases as disclosed in the plan description and contribution information.

Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return of 7.10% and assume that contributions, benefit payments and administrative expenses occur midyear. Based on those assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Plan's net pension liability	\$ 26,002,709	\$ 14,619,164	\$ 5,113,431

**GAVILAN JOINT COMMUNITY COLLEGE DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2025**

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**NOTE 10 – EMPLOYEE RETIREMENT SYSTEMS, continued**

**California Public Employees' Retirement System (CalPERS)**

**Plan Description**

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

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

**Benefits Provided**

CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor, and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 55 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 62 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or age 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost-of-living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

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

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

**GAVILAN JOINT COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025**

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**NOTE 10 – EMPLOYEE RETIREMENT SYSTEMS, continued**

**Contributions**

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contribution rates are expressed as a percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2025, are presented above, and the total District contributions were \$3,639,735.

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

As of June 30, 2025, the District reported net pension liability for its proportionate share of the CalPERS net pension liability totaling \$22,602,814. The net pension liability was measured as of June 30, 2024. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2024 and June 30, 2023, was 0.063%. There is no change in the proportionate share.

For the year ended June 30, 2025, the District recognized pension expense of \$3,430,206. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual earnings on plan investments	\$ 877,989	\$ -
Differences between expected and actual experience	1,894,915	161,768
Changes in assumptions	499,599	-
Net changes in proportionate share of net pension liability	53,168	1,480,275
District contributions subsequent to the measurement date	3,639,735	-
Total	<u>\$ 6,965,406</u>	<u>\$ 1,642,043</u>

**GAVILAN JOINT COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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**NOTE 10 – EMPLOYEE RETIREMENT SYSTEMS, continued**

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

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

Year Ending June 30,	Deferred Outflows/(Inflows) of Resources
2026	\$ 615,781
2027	1,591,414
2028	(259,050)
2029	(264,517)
Total	<u>\$ 1,683,628</u>

**Actuarial Methods and Assumptions**

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

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

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

**GAVILAN JOINT COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025**

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**NOTE 10 – EMPLOYEE RETIREMENT SYSTEMS, continued**

**Actuarial Methods and Assumptions, continued**

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

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

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

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

**Discount Rate**

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

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

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Plan's net pension liability	\$ 33,576,669	\$ 22,602,814	\$ 13,537,537

**GAVILAN JOINT COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025**

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**NOTE 10 – EMPLOYEE RETIREMENT SYSTEMS, continued**

**On Behalf Payments**

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of \$1,354,350. Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

**NOTE 11 – JOINT POWERS AUTHORITY RISK POOLS**

The District participates in two Joint Powers Agreement (JPA) entities: the Statewide Association of Community Colleges Joint Powers Authority (SWACCJPA) and the Northern California Community College Pool (NCCCP).

SWACCJPA provides excess property and general liability excess coverages up to \$250,000,000 and \$25,000,000, respectively. The District is self-insured for claims up to \$10,000.

NCCCP provides coverage up to the statutory limits for workers' compensation claim. The District is no self-insured for workers' compensation claims.

Each JPA is governed by a board consisting of a representative from each member district. The governing board controls the operations of its JPA, including the selection of management and the approval of operating budgets independent of any influence by the members beyond their representation on the governing boards.

**NOTE 11 – JOINT POWERS AUTHORITY RISK POOLS, continued**

Each JPA is independently accountable for its fiscal matters. Budgets are not subject to any approval other than that of the respective governing boards. Member districts share surpluses and deficits proportionately to their participation in the JPA.

The relationships between the District and the JPAs are such that none of the JPAs is a component unit of the District for financial reporting purposes.

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

**GAVILAN JOINT COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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**NOTE 12 – COMMITMENTS AND CONTINGENCIES**

**Grants**

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

**Litigation**

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

**Construction Commitments**

As of June 30, 2025, the District had approximately \$48.6 million in commitments with respect to unfinished capital projects. The projects are funded through a combination of general obligation bonds and capital project apportionments from the California State Chancellor’s Office.

**NOTE 13 – PRIOR PERIOD ADJUSTMENTS**

Beginning net position has decreased by \$3,531,824, primarily due to prior period adjustments related to the implementation of GASB 101, *Compensated Absences*, for \$3,698,963 offset by various beginning balance correction, as follows:

Beginning Net Position - previously reported at June 30, 2024	\$ 53,873,202
Prior Period Adjustments:	
Change in accounting principle (GASB 101)	(3,698,963)
Correction to right-to-use subscription-based IT assets	134,344
Correction to accumulated amortization	(95,061)
Correction to subscription-based IT arrangements	(20,024)
Correction to net OPEB liability (MPP)	95,720
Error correction on beginning net position	52,160
Total Prior Period Adjustments	<u>(3,531,824)</u>
Beginning Net Position - as restated at June 30, 2024	<u>\$ 50,341,378</u>

**NOTE 14 – SUBSEQUENT EVENTS**

The District evaluated subsequent events from June 30, 2025 through February 4, 2026, the date the financial statements were issued. The District concluded that no subsequent events have occurred that would require recognition or disclosure in the financial statements.

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## **REQUIRED SUPPLEMENTARY INFORMATION**

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

	2025	2024	2023	2022
Total OPEB liability				
Service cost	\$ 341,716	\$ 317,762	\$ 304,392	\$ 296,980
Interest	402,193	374,082	541,781	546,517
Changes of benefit terms	82,572	-	(56,757)	-
Experience (gains)/losses	(384,764)	39,040	(812,764)	(203,047)
Changes of assumptions	149,468	239,041	168,632	-
Benefit payments	(597,296)	(568,644)	(723,714)	(707,605)
Net change in total OPEB liability	(6,111)	401,281	(578,430)	(67,155)
Total OPEB liability, beginning of year	7,613,923	7,212,642	7,791,072	7,858,227
Total OPEB liability, end of year (a)	\$ 7,607,812	\$ 7,613,923	\$ 7,212,642	\$ 7,791,072
Plan fiduciary net position				
Employer contributions	\$ 597,296	\$ 568,644	\$ 723,714	\$ 707,605
Investment gains/(losses)	745,992	722,532	468,480	(797,671)
Administrative expense	(6,301)	(8,505)	(8,350)	(8,971)
Expected benefit payments	(597,296)	(568,644)	(723,714)	(707,605)
Change in plan fiduciary net position	739,691	714,027	460,130	(806,642)
Fiduciary trust net position, beginning of year	6,970,849	6,256,822	5,796,692	6,603,334
Fiduciary trust net position, end of year (b)	\$ 7,710,540	\$ 6,970,849	\$ 6,256,822	\$ 5,796,692
Net OPEB liability/(asset), ending (a) - (b)	\$ (102,728)	\$ 643,074	\$ 955,820	\$ 1,994,380
Covered payroll	\$ 20,315,135	\$ 19,144,808	\$ 18,623,354	\$ 17,710,444
Plan fiduciary net position as a percentage of the total OPEB liability	101.35%	91.55%	86.75%	74.40%
Net OPEB liability/(asset) as a percentage of covered payroll	-0.51%	3.36%	5.13%	11.26%
Measurement date	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022

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

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

	2021	2020	2019*	2018*
Total OPEB liability				
Service cost	\$ 374,184	\$ 369,880	\$ 341,288	\$ 321,697
Interest	638,922	654,615	674,127	629,553
Changes of benefit terms	-	-	(579,293)	-
Experience (gains)/losses	(685,614)	(388,289)	(145,333)	-
Changes of assumptions	(779,205)	-	164,035	-
Benefit payments	(871,928)	(857,708)	(681,101)	(624,011)
Net change in total OPEB liability	(1,323,641)	(221,502)	(226,277)	327,239
Total OPEB liability, beginning of year	9,181,868	9,403,370	9,629,647	8,983,917
Total OPEB liability, end of year (a)	\$ 7,858,227	\$ 9,181,868	\$ 9,403,370	\$ 9,311,156
Plan fiduciary net position				
Employer contributions	\$ 871,928	\$ 857,708	\$ 101,139	\$ 1,147,044
Investment gains/(losses)	1,180,249	285,515	437,321	618,236
Administrative expense	(9,360)	(9,448)	(5,867)	-
Expected benefit payments	(2,071,928)	(857,708)	(2,701,139)	(624,011)
Change in plan fiduciary net position	(29,111)	276,067	(2,168,546)	1,141,269
Fiduciary trust net position, beginning of year	6,632,445	6,356,378	8,524,924	6,328,859
Fiduciary trust net position, end of year (b)	\$ 6,603,334	\$ 6,632,445	\$ 6,356,378	\$ 7,470,128
Net OPEB liability/(asset), ending (a) - (b)	\$ 1,254,893	\$ 2,549,423	\$ 3,046,992	\$ 1,841,028
Covered payroll	\$ 17,152,972	\$ 18,533,812	\$ 17,993,992	\$ 16,532,000
Plan fiduciary net position as a percentage of the total OPEB liability	84.03%	72.23%	67.60%	80.23%
Net OPEB liability/(asset) as a percentage of covered payroll	7.32%	13.76%	16.93%	11.14%
Measurement date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018

\*An actuarial determination of the total OPEB liability with a measurement period ending on June 30, 2018 was not prepared. Therefore, the beginning balances for the fiscal year 2019 does not agree to the ending balances for fiscal year 2018.

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

**GAVILAN JOINT COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF OPEB INVESTMENT RETURNS  
FOR THE YEAR ENDED JUNE 30, 2025**

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	2025	2024	2023	2022
Annual money-weighted rate or return, net of investment expense	10.61%	11.41%	7.94%	-12.22%
Measurement Date	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022
	2021	2020	2019	2018
Annual money-weighted rate or return, net of investment expense	20.20%	4.40%	5.90%	7.00%
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018

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

**GAVILAN JOINT COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
FOR THE YEAR ENDED JUNE 30, 2025**

	Reporting Fiscal Year (Measurement Date)				
	2025 (2024)	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)
CalSTRS					
District's proportion of the net pension liability	0.022%	0.021%	0.021%	0.022%	0.024%
District's proportionate share of the net pension liability	\$ 14,619,164	\$ 16,242,884	\$ 14,380,978	\$ 9,955,121	\$ 23,340,474
State's proportionate share of the net pension liability associated with the District	6,707,425	7,782,422	7,201,938	5,009,031	12,032,017
Total	\$ 21,326,589	\$ 24,025,306	\$ 21,582,916	\$ 14,964,152	\$ 35,372,491
District's covered-employee payroll	\$ 16,068,016	\$ 12,464,728	\$ 11,647,027	\$ 16,531,053	\$ 13,010,784
District's proportionate share of the net pension liability as percentage of covered-employee payroll	91%	130%	123%	60%	179%
Plan fiduciary net position as a percentage of the total pension liability	84%	81%	81%	87%	72%

	Reporting Fiscal Year (Measurement Date)				
	2025 (2024)	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)
CalPERS					
District's proportion of the net pension liability	0.063%	0.063%	0.067%	0.073%	0.077%
District's proportionate share of the net pension liability	\$ 22,602,814	\$ 22,779,759	\$ 22,950,347	\$ 14,764,616	\$ 23,486,440
District's covered-employee payroll	\$ 12,370,259	\$ 10,802,799	\$ 10,089,450	\$ 10,242,720	\$ 10,871,026
District's proportionate share of the net pension liability as percentage of covered-employee payroll	183%	211%	227%	144%	216%
Plan fiduciary net position as a percentage of the total pension liability	72%	70%	70%	81%	70%

**GAVILAN JOINT COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
FOR THE YEAR ENDED JUNE 30, 2025**

	Reporting Fiscal Year (Measurement Date)				
	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)
CalSTRS					
District's proportion of the net pension liability	0.026%	0.026%	0.024%	0.024%	0.024%
District's proportionate share of the net pension liability	\$ 23,616,411	\$ 23,895,820	\$ 22,195,200	\$ 19,411,440	\$ 16,157,760
State's proportionate share of the net pension liability associated with the District	12,884,329	13,444,491	13,119,823	10,881,561	8,702,245
Total	\$ 36,500,740	\$ 37,340,311	\$ 35,315,023	\$ 30,293,001	\$ 24,860,005
District's covered-employee payroll	\$ 15,101,069	\$ 13,933,853	\$ 12,811,971	\$ 12,011,603	\$ 11,430,158
District's proportionate share of the net pension liability as percentage of covered-employee payroll	156%	171%	173%	162%	141%
Plan fiduciary net position as a percentage of the total pension liability	73%	71%	69%	70%	74%

	Reporting Fiscal Year (Measurement Date)				
	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)
CalPERS					
District's proportion of the net pension liability	0.079%	0.079%	0.069%	0.070%	0.073%
District's proportionate share of the net pension liability	\$ 23,008,658	\$ 21,138,544	\$ 16,479,490	\$ 13,904,044	\$ 10,745,532
District's covered-employee payroll	\$ 10,872,993	\$ 10,380,227	\$ 8,756,034	\$ 8,487,347	\$ 8,155,186
District's proportionate share of the net pension liability as percentage of covered-employee payroll	212%	204%	188%	164%	132%
Plan fiduciary net position as a percentage of the total pension liability	70%	71%	72%	74%	79%

**GAVILAN JOINT COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF DISTRICT CONTRIBUTIONS – PENSIONS  
FOR THE YEAR ENDED JUNE 30, 2025**

CaISTRS	Reporting Fiscal Year				
	2025	2024	2023	2022	2021
Statutorily required contribution	\$ 3,928,140	\$ 3,068,991	\$ 2,380,763	\$ 1,970,677	\$ 2,669,765
District's contributions in relation to the statutorily required contribution	3,928,140	3,068,991	2,380,763	1,970,677	2,669,765
District's contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 20,566,178	\$ 16,068,016	\$ 12,464,728	\$ 11,647,027	\$ 16,531,053
District's contributions as a percentage of covered-employee payroll	19.10%	19.10%	19.10%	16.92%	16.15%

CaPERS	Reporting Fiscal Year				
	2025	2024	2023	2022	2021
Statutorily required contribution	\$ 3,639,735	\$ 3,300,385	\$ 2,740,670	\$ 2,311,493	\$ 2,120,243
District's contributions in relation to the statutorily required contribution	3,639,735	3,300,385	2,740,670	2,311,493	2,120,243
District's contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 13,455,582	\$ 12,370,259	\$ 10,802,799	\$ 10,089,450	\$ 10,242,720
District's contributions as a percentage of covered-employee payroll	27.05%	26.68%	25.37%	22.91%	20.70%

**GAVILAN JOINT COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF DISTRICT CONTRIBUTIONS – PENSIONS  
FOR THE YEAR ENDED JUNE 30, 2025**

CaSTRS	Reporting Fiscal Year				
	2020	2019	2018	2017	2016
Statutorily required contribution	\$ 2,224,844	\$ 2,458,454	\$ 2,010,655	\$ 1,611,746	\$ 1,288,845
District's contributions in relation to the statutorily required contribution	2,224,844	2,458,454	2,010,655	1,611,746	1,288,845
District's contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 13,010,784	\$ 15,101,069	\$ 13,933,853	\$ 12,811,971	\$ 12,011,603
District's contributions as a percentage of covered-employee payroll	17.10%	16.28%	14.43%	12.58%	10.73%

CaPERS	Reporting Fiscal Year				
	2020	2019	2018	2017	2016
Statutorily required contribution	\$ 2,143,875	\$ 1,963,880	\$ 1,612,153	\$ 1,216,038	\$ 1,005,496
District's contributions in relation to the statutorily required contribution	2,143,875	1,963,880	1,612,153	1,216,038	1,005,496
District's contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 10,871,026	\$ 10,872,993	\$ 10,380,227	\$ 8,756,034	\$ 8,487,347
District's contributions as a percentage of covered-employee payroll	19.72%	18.06%	15.53%	13.89%	11.85%

**GAVILAN JOINT COMMUNITY COLLEGE DISTRICT  
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2025**

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**NOTE 1 – PURPOSE OF SCHEDULES**

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

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

- *Changes in Benefit Terms* - There were no changes in the benefit terms since the previous valuation.
- *Changes of Assumptions* - The investment rate of return/discount rate changed from 5.25% to 5.00% since the previous valuation.

**Schedule of OPEB Investment Returns**

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

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

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

- *Changes in Benefit Terms* - There were no changes in benefit terms since the previous valuation for CalSTRS. The required employer contribution rate changed from 26.68% to 27.05% since previous valuation for CalPERS.
- *Changes of Assumptions* - Additional factors were considered in the actuarial valuation for CalSTRS namely the payroll growth rate and long-term expected rate of return based on 20- to 30-year geometric average. There were no changes in economic assumptions since previous valuation for CalPERS.

**Schedule of District Contributions – Pensions**

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

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## **SUPPLEMENTARY INFORMATION**

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**GAVILAN JOINT COMMUNITY COLLEGE DISTRICT  
ORGANIZATIONAL STRUCTURE  
JUNE 30, 2025**

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Gavilan Joint Community College District (the "District") was established in 1963. The District's boundaries covers virtually all of San Benito County and the southern portion of Santa Clara County. There were no changes in the boundaries of the District during the current year. The District's college is accredited by the Accrediting Commission for Community and Junior Colleges, Western Association of Schools and Colleges, which is one of six regional associations that accredit public and private schools, colleges, and universities in the United States.

**GOVERNING BOARD**

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<b>NAME</b>	<b>OFFICE</b>	<b>TERM EXPIRES</b>
Rachel Perez	President	2028
Alicia Cortez	Vice President	2028
Kathy Chavez-Napoli	Clerk	2026
Jeanie Wallace	Trustee	2026
Irma C. González	Trustee	2026
Dr. Gabriel Gutierrez	Trustee	2026
Lorena Tariba	Trustee	2028
Josh Williams	Student Trustee	2025

**ADMINISTRATION**

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Dr. Pedro Avila  
*Superintendent/President*

Dr. Renee Craig-Marius  
*Executive Vice President, Educational  
Programs and Services*

Marilyn Morikang  
*Vice President, Administrative Services*

Dr. Moaty Fayek  
*Vice President, Academic Affairs*

Lucy Alvarez  
*Director of Human Resources*

**AUXILIARY ORGANIZATIONS IN GOOD STANDING**

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<b>AUXILIARY NAME</b>	<b>DIRECTOR'S NAME</b>	<b>ESTABLISHMENT AND MASTER AGREEMENT DATE</b>
Gavilan College Educational Foundation	Tony Marados <i>Board President</i>	Established in 1994 with a master operating agreement revised July 1, 2020.

**GAVILAN JOINT COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2025**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Program Expenditures
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<i>Direct Program</i>			
Student Financial Assistance Cluster:			
Federal Pell Grant Program	84.063	n/a	\$ 7,027,570
Federal Direct Student Loans	84.268	n/a	88,838
Federal Supplemental Educational Opportunity Grant (FSEOG)	84.007	n/a	123,959
Federal Work Study (FWS)	84.033	n/a	92,909
Subtotal Student Financial Assistance Cluster			<u>7,333,276</u>
Hispanic-Serving Institutions STEM and Articulation Programs	84.031C	n/a	1,107,679
Developing Hispanic-Serving Institutions (DHSI) Program	84.031S	n/a	1,327,938
Rehabilitation Services Vocational Rehabilitation Grants to States	84.126	n/a	338,637
<i>Passed through California Community Colleges Chancellor's Office</i>			
Career and Technical Education-Basic Grants to States (Perkins V)	84.048A	24-C01-440	431,290
Total U.S. Department of Education			<u>10,538,820</u>
<b>NATIONAL SCIENCE FOUNDATION</b>			
<i>Direct Program</i>			
STEM Education	47.076	n/a	71,903
<i>Passed through San José State University</i>			
STEM Education	47.076	21-2000-6382-GCC	36,550
Total National Science Foundation			<u>108,453</u>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<i>Direct Program</i>			
Supplemental Nutrition Assistance Program (SNAP) Cluster:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (Fresh Success)	10.561	n/a	331,902
Total U.S. Department of Agriculture			<u>331,902</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<i>Direct Program</i>			
Temporary Assistance for Needy Families (TANF)	93.558	n/a	50,112
Total U.S. Department of Health and Human Services			<u>50,112</u>
<b>Total Federal Programs</b>			<u>\$ 11,029,287</u>

n/a - Pass-through entity identifying number not applicable.

**GAVILAN JOINT COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2025**

	Program Revenues				
	Accounts			Total Revenue	Program Expenditures
	Cash Received	Receivable/ (Payable)	Deferred Income		
Adult Education Block Grant	\$ 1,995,274	\$ -	\$ 216,564	\$ 1,778,710	\$ 1,778,710
Basic Needs Center	644,489	-	275,727	368,762	368,762
Board Financial Aid Program (BFAP 2%)	69,783	-	54,537	15,246	15,246
California College Promise	940,189	-	705,051	235,138	235,138
CalWorks State Welfare Reform	588,897	-	305,470	283,427	283,427
CARE	276,677	-	12,612	264,065	264,065
College Rapid Rehousing Funds	693,809	-	248,684	445,125	445,125
Common Course Numbering System	913,043	-	913,043	-	-
COVID-19 Recovery Block Grant	1,100,875	-	266,357	834,518	834,518
Culturally Competent Faculty PD	49,385	-	49,385	-	-
Disabled Student Program & Services	1,554,956	-	321,954	1,233,002	1,233,002
Disaster Relief Emergency SFA	39,112	-	39,112	-	-
ELL Healthcare Pathways	333,538	-	145,389	188,149	188,149
EOPS	1,181,572	-	4,613	1,176,959	1,176,959
Equal Employment Opp Best Practices	107,282	-	2,627	104,655	104,655
Equal Employment Opportunity	405,848	-	344,190	61,658	61,658
Equitable Placement & Completion	369,884	-	296,171	73,713	73,713
Financial Aid Technology	213,063	-	69,873	143,190	143,190
Full Time Faculty Hiring	601,108	-	-	601,108	601,108
GAIN	117,850	29,150	-	147,000	147,000
Guided Pathways	80,971	-	32,502	48,469	48,469
IEPI Partnership Resource FY24	200,000	-	47,073	152,927	152,927
Learning-Aligned Employment Program	35,419	-	-	35,419	35,419
LGBTQ+ Support Funding	146,857	-	123,033	23,824	23,824
Library Services Platform	5,472	-	5,472	-	-
Lottery Prop 20	1,144,916	208,767	-	1,353,683	478,095
Mental Health Support	291,563	-	112,153	179,410	179,410
MESA Grant	1,270,340	-	927,713	342,627	342,627
NextUp Grant	225,936	-	31,858	194,078	194,078
Regional Equity & Recovery Partnership	79,685	29,923	-	109,608	109,608
Retention & Enrollment Outreach	781,351	-	656,223	125,128	125,128
Rising Scholars Network	245,752	-	-	245,752	245,752
RN Enrollment Growth	193,073	-	65,456	127,617	127,617
S.F.A.A.	416,880	-	3,062	413,818	413,818
Seamless Transfer of Ethnic Studies	41,915	-	21,296	20,619	20,619
Strong Workforce Local	1,433,148	(6)	696,036	737,106	737,106
Strong Workforce Regional R8	549,385	-	281,153	268,232	268,232
Student Equity & Achievement	3,160,285	-	841,264	2,319,021	2,319,021
Student Food and Housing Support	332,001	-	138,629	193,372	193,372
Student Success Completion Grant	2,049,691	-	637,907	1,411,784	1,411,784
Student Transfer Achievement Reform	565,217	-	471,940	93,277	93,277
Systemwide Tech & Data Security	1,168,627	-	702,671	465,956	465,956
Undocumented Resources Liaisons	146,503	-	46,337	100,166	100,166
Veteran Resource Center	73,265	-	7,031	66,234	66,234
Water Pathway Grant	210,363	-	166,373	43,990	43,990
Zero Textbook Cost Program	511,622	-	455,384	56,238	56,238
<b>Total</b>	<b>\$ 27,556,871</b>	<b>\$ 267,834</b>	<b>\$ 10,741,925</b>	<b>\$ 17,082,780</b>	<b>\$ 16,207,192</b>

**GAVILAN JOINT COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL APPORTIONMENT –  
ANNUAL/ACTUAL ATTENDANCE  
FOR THE YEAR ENDED JUNE 30, 2025**

<b>CATEGORIES</b>	Reported Data	Audit Adjustments	Audited Data
<b>A. Summer Intersession (Summer 2024 only)</b>			
1. Noncredit*	97.49	-	97.49
2. Credit	354.06	-	354.06
<b>B. Summer Intersession (Summer 2025 - Prior to July 1, 2025)</b>			
1. Noncredit*	0.29	-	0.29
2. Credit	188.51	-	188.51
<b>C. Primary Terms (Exclusive of Summer Intersession)</b>			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	988.42	-	988.42
(b) Daily Census Contact Hours	18.44	-	18.44
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit*	375.43	-	375.43
(b) Credit	872.65	-	872.65
3. Alternative Attendance Accounting Procedure Courses			
(a) Weekly Census Contact Hours	1,843.04	-	1,843.04
(b) Daily Census Contact Hours	304.13	-	304.13
(c) Noncredit Independent Study/Distance Education Courses	247.73	-	247.73
<b>D. Total FTES</b>	5,290.19	-	5,290.19
<b>Supplemental Information (subset of above information)</b>			
<b>E. In-service Training Courses</b>	248.54	-	248.54
<b>F. Basic Skills Courses and Immigrant Education</b>			
1. Noncredit*	679.61	-	679.61
2. Credit*	264.09	-	264.09
Total Basic Skills FTES	943.70	-	943.70
<b>CCFS 320 Addendum</b>			
CDCP Noncredit FTES	358.07	-	358.07

\*Including Career Development and College Preparation (CDCP) FTES

**GAVILAN JOINT COMMUNITY COLLEGE DISTRICT  
RECONCILIATION OF THE EDUCATION CODE SECTION 84362 (50 PERCENT LAW) CALCULATION  
FOR THE YEAR ENDED JUNE 30, 2025**

	Object/ TOP Codes	Activity (ESCA) ECS 84362 A Instructional Salary Cost AC 0100-5900 & AC 6100			Activity (ECSB) ECS 84362 B Total CEE AC 0100-6799		
		Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
<u>Academic Salaries</u>							
Instructional Salaries							
Contract or Regular	1100	\$ 6,474,169	\$ -	\$ 6,474,169	\$ 6,474,169	\$ -	\$ 6,474,169
Other	1300	6,779,835	-	6,779,835	6,779,835	-	6,779,835
Total Instructional Salaries		13,254,004	-	13,254,004	13,254,004	-	13,254,004
Non-Instructional Salaries							
Contract or Regular	1200	-	-	-	2,845,267	-	2,845,267
Other	1400	-	-	-	599,775	-	599,775
Total Non-Instructional Salaries		-	-	-	3,445,042	-	3,445,042
Total Academic Salaries		13,254,004	-	13,254,004	16,699,046	-	16,699,046
<u>Classified Salaries</u>							
Non-Instructional Salaries							
Regular Status	2100	-	-	-	6,847,668	-	6,847,668
Other	2300	-	-	-	556,953	-	556,953
Total Non-Instructional Salaries		-	-	-	7,404,621	-	7,404,621
Instructional Aides							
Regular Status	2200	706,182	-	706,182	706,182	-	706,182
Other	2400	217,013	-	217,013	217,013	-	217,013
Total Instructional Aides		923,195	-	923,195	923,195	-	923,195
Total Classified Salaries		923,195	-	923,195	8,327,816	-	8,327,816
Employee Benefits	3000	5,870,020	-	5,870,020	11,015,204	-	11,015,204
Supplies and Materials	4000	-	-	-	502,490	-	502,490
Other Operating Expenses	5000	2,702,356	-	2,702,356	7,963,231	-	7,963,231
Equipment Replacement	6420	-	-	-	-	-	-
Total Expenditures Prior to Exclusions		22,749,575	-	22,749,575	44,507,787	-	44,507,787
<u>Exclusions</u>							
Activities to Exclude							
Inst. Staff-Retirees' Benefits and Incentives	5900	-	-	-	223,735	-	223,735
Std. Health Svcs. Above Amount Collected	6441	-	-	-	-	-	-
Student Transportation	6491	-	-	-	-	-	-
Non-inst.Staff-Retirees' Benefits and Incentives	6740	-	-	-	-	-	-
Object to Exclude							
Rents and Leases	5060	-	-	-	135,672	-	135,672
Lottery Expenditures							
Academic Salaries	1000	-	-	-	436,542	-	436,542
Classified Salaries	2000	-	-	-	-	-	-
Employee Benefits	3000	-	-	-	146,459	-	146,459
Supplies and Materials	4000	-	-	-	-	-	-
Software	4100	-	-	-	-	-	-
Books, Magazines & Periodicals	4200	-	-	-	-	-	-
Instructional Supplies & Materials	4300	-	-	-	-	-	-
Non-inst. Supplies & Materials	4400	-	-	-	-	-	-
Total Supplies and Materials		-	-	-	-	-	-
Other Operating Expenses and Services	5000	-	-	-	405,845	-	405,845
Capital Outlay	6000	-	-	-	-	-	-
Library Books	6300	-	-	-	-	-	-
Equipment	6400	-	-	-	-	-	-
Equipment - Additional	6410	-	-	-	-	-	-
Equipment - Replacement	6420	-	-	-	-	-	-
Total Equipment		-	-	-	-	-	-
Total Capital Outlay		-	-	-	-	-	-
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		\$ -	\$ -	\$ -	\$ 1,348,253	\$ -	\$ 1,348,253
Total for ECS 84362, 50% Law		\$ 22,749,575	\$ -	\$ 22,749,575	\$ 43,159,534	\$ -	\$ 43,159,534
Percent of CEE (Instructional Salary Cost/Total CEE)		52.71%	0.00%	52.71%	100.00%	0.00%	100.00%
50% of Current Expense of Education		\$ -	\$ -	\$ -	\$ 21,579,767	\$ -	\$ 21,579,767

**GAVILAN JOINT COMMUNITY COLLEGE DISTRICT  
 DETAILS OF THE EDUCATION PROTECTION ACCOUNT EXPENDITURES  
 FOR THE YEAR ENDED JUNE 30, 2025**

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EPA Revenue	\$ 8,664,927
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Activity Classification	Activity Code	Salaries and Benefits	Operating Expenses	Capital Outlay	Total
		(Obj 1000-3000)	(Obj 4000-5000)	(Obj 6000)	
Instructional Activities	0100-5900	\$ 8,664,927	\$ -	\$ -	\$ 8,664,927
Total		\$ 8,664,927	\$ -	\$ -	\$ 8,664,927

**GAVILAN JOINT COMMUNITY COLLEGE DISTRICT  
RECONCILIATION OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2025**

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**Total Fund Balance - District Funds Included in the Reporting Entity**

General Funds	\$ 22,577,575	
Debt Service Fund	18,273,916	
Capital Project Funds	98,740,030	
Special Revenue Funds	356,234	
Proprietary Funds	711,381	
Total fund balances as reported in the CCFS-311		\$ 140,659,136

Capital and right-to-use assets recorded within the statement of net position not included in the District fund financial statements:

Capital assets	\$ 269,925,382	
Accumulated depreciation	(55,075,641)	
Right-to-use assets	4,915,085	
Accumulated amortization	(4,393,776)	
		215,371,050

Net OPEB Asset 102,728

Long-term Receivable 292,821

Unmatured Interest (4,003,782)

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

Deferred loss on refunding		3,669,951
Deferred outflows related to OPEB		444,740
Deferred outflows related to pensions		13,452,076

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

General obligation bonds	\$ (229,425,000)	
Bond premiums	(14,069,773)	
Compensated absences	(4,983,275)	
Lease liability	(446,924)	
Subscription-based IT arrangements	(126,654)	
Net pension liability	(37,221,978)	
		(286,273,604)

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

Deferred gain on refunding		(2,129,818)
Deferred inflows related to OPEB		(1,864,929)
Deferred inflows related to pensions		(5,403,477)

**Net Assets Reported Within the Statement of Net Position** **\$ 74,316,892**

**GAVILAN JOINT COMMUNITY COLLEGE DISTRICT  
NOTE TO SUPPLEMENTARY INFORMATION  
JUNE 30, 2025**

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**NOTE 1 – PURPOSE OF SCHEDULES**

**Organizational Structure**

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

**Schedule of Expenditures of Federal Awards**

Basis of Presentation

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

Summary of Significant Accounting Policies

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

Indirect Cost Rate

The District has elected not to use the 10% de minimis cost rate.

**Schedule of Expenditures of State Awards**

The accompanying Schedule of Expenditures of State Awards includes the state grant activity of the District and is presented on the modified accrual basis of accounting. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. The information in this schedule is presented to comply with reporting requirements of the California State Chancellor'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 students attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis for making apportionments of State funds to community college districts. This schedule provides information regarding the attendance of students based on various methods of accumulating attendance data.

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

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

**GAVILAN JOINT COMMUNITY COLLEGE DISTRICT  
NOTE TO SUPPLEMENTARY INFORMATION  
JUNE 30, 2025**

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**NOTE 1 – PURPOSE OF SCHEDULES, continued**

**Details of the Education Protection Account Expenditures**

This schedule provides information about the District's EPA revenue and summarizes the expenditures of EPA funds.

**Reconciliation of Governmental Funds to the Statement of Net Position**

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

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## **OTHER INDEPENDENT AUDITORS' REPORTS**

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

Board of Trustees  
Gavilan Joint Community College District  
Gilroy, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities and the fiduciary activities of Gavilan Joint Community College District (the "District") as of and for the year ended June 30, 2025, and the related notes to financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 4, 2026.

**Report on Internal Control Over Financial Reporting**

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

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

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

## **Report on Compliance and Other Matters**

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

## **Purpose of This Report**

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

*CWDL, Certified Public Accountants*

San Diego, California

February 4, 2026



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

Board of Trustees  
Gavilan Joint Community College District  
Gilroy, California

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

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

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

***Basis for Opinion on Each Major Federal Program***

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

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

***Responsibilities of Management for Compliance***

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

## ***Auditors' Responsibilities for the Audit of Compliance***

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

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

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

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

### **Report on Internal Control Over Compliance**

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

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

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

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

*CWDL, Certified Public Accountants*

San Diego, California  
February 4, 2026



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

Board of Trustees  
Gavilan Joint Community College District  
Gilroy, California

### **Report on State Compliance**

#### ***Opinion on State Compliance***

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

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

#### ***Basis for Opinion***

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

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

#### ***Responsibilities of Management for Compliance***

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

## ***Auditors' Responsibilities for the Audit of Compliance***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances; and
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *2024-25 California Community Colleges Chancellor's Office Contracted District Audit Manual*, but not for the purpose of expressing an opinion on the effectiveness of the District's internal controls over compliance. Accordingly, we express no such opinion.

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

## **Compliance Requirements Tested**

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

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

## **Report on Internal Control over Compliance**

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

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

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

**Purpose of this Report**

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

*CWDL, Certified Public Accountants*

San Diego, California  
February 4, 2026

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

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**GAVILAN JOINT COMMUNITY COLLEGE DISTRICT  
SUMMARY OF AUDITORS' RESULTS  
FOR THE YEAR ENDED JUNE 30, 2025**

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**FINANCIAL STATEMENTS**

Type of auditors' report issued:	<u>Unmodified</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>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, <i>Uniform Administrative     Requirements, Costs Principles, and Audit Requirements for Federal Awards</i>	<u>No</u>
Identification of major programs:	

<u>Assistance Listing Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.007, 84.033 84.063, 84.268	Student Financial Assistance Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 750,000</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>Unmodified</u>

**GAVILAN JOINT COMMUNITY COLLEGE DISTRICT  
FINANCIAL STATEMENT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2025**

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

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

**GAVILAN JOINT COMMUNITY COLLEGE DISTRICT  
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2025**

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

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

**GAVILAN JOINT COMMUNITY COLLEGE DISTRICT  
STATE AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2025**

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

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

**GAVILAN JOINT COMMUNITY COLLEGE DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2025**

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This section presents findings and questioned costs identified in prior year audit related to financial statements, federal awards and state awards compliance.

**FINDING #2024-001 – SECTION 494 – STATE FISCAL RECOVERY FUND**

**Criteria or Specific Requirements**

The SFRF Emergency Financial Assistance Grants Policies and Procedures manual, issued by the California Community College Chancellor's Office (the Chancellor's Office), states that districts are required to submit quarterly reporting to the Chancellor's Office regarding the number of students awarded and the amount expended during the quarter.

**Condition**

We tested the quarterly report submissions for the State Fiscal Recovery Fund and noted that the report covering the period from July 1, 2023 to September 30, 2023 was not submitted to the Chancellor's Office.

**Questioned Costs**

None noted.

**Context**

The District is required to submit four quarterly reports to the Chancellor's Office summarizing the number of students who were issued awards during the quarter as well as the dollar amount of those awards.

**Effect**

The District did not submit all of the required quarterly reports for the State Fiscal Recovery Fund to the Chancellor's Office.

**Cause**

The District's internal controls and system processes were not effective to identify reporting submission requirements for the program and ensure timely submission of those reports to the Chancellor's Office.

**Recommendation**

The District should establish procedures and system processes to ensure that reporting requirements related to the program are being met in accordance with requirements set forth by the California Community Colleges Chancellor's Office.

**Views of Responsible Officials and Corrective Action Plan**

The District acknowledges the audit finding regarding the missed quarterly report submission for the State Fiscal Recovery Fund (SFRF) Emergency Financial Assistance Grants program. The District recognizes the importance of adhering to reporting requirements established by the California Community Colleges Chancellor's Office and has taken immediate corrective actions to address this deficiency.

Historically, financial reporting for certain grants, including the SFRF program, was managed by individual department grant managers as part of their routine responsibilities for grant management. This decentralized approach led to gaps in internal controls and oversight.

**GAVILAN JOINT COMMUNITY COLLEGE DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2025**

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**FINDING #2024-001 – SECTION 494 – STATE FISCAL RECOVERY FUND, continued**

**Views of Responsible Officials and Corrective Action Plan, continued**

To enhance accountability and ensure compliance with all reporting requirements moving forward, the District has implemented a centralized review and approval process for all grant-related reporting. Under this new procedure:

- All grant reports are to be reviewed by Fiscal Services for accuracy and completeness.
- Reports will be submitted only after receiving final approval from the Vice President of Administrative Services.
- A tracking mechanism has been established to monitor reporting deadlines to prevent delays.

This corrective action plan aims to strengthen internal controls, ensure timely compliance with reporting requirements, and align with the Chancellor's Office expectations.

We are committed to continuously improving our processes to prevent similar issues in the future and will monitor this new system closely to ensure its effectiveness.

**Current Status**

Implemented.