Financial Statements
June 30, 2024

Gavilan Joint Community College District

CPAs & BUSINESS ADVISORS

Independent Auditor's Report

To the Board of Trustees
Gavilan Joint Community College District
Gilroy, California

Report on the Audit of the Financial Statements

Opinions

We have audited the 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, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and fiduciary activities of Gavilan Joint Community College District as of June 30, 2024, 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 *(Government Auditing Standards)*. Our responsibilities under those standards are further described in the Auditor's 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 misstatement, 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.

Auditor's 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 auditor's 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 on pages 4 through 14 and other required supplementary schedules as listed in the table of contents on pages 61 through 67 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, including the Schedule of Expenditures of Federal Awards, as required by 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), and other supplementary information listed in the table of contents, 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. The 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 Schedule of Expenditures of Federal Awards and other supplementary information listed in the table of contents are 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 December 2, 2024 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.

Eide Bailly LLP

Rancho Cucamonga, California
December 2, 2024

OVERVIEW OF THE FINANCIAL STATEMENTS

Gavilan Joint Community College District's 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 No. 35, *Basic Financial Statements - and Management Discussion and Analysis - for Public College and Universities*. These statements allow for the presentation of financial activity and results of operations which focuses on the District as a whole. The 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 nonoperating, and expenses are reported by natural classification. The statement of cash flows provides an analysis of the sources and uses of cash within the operations of the District.

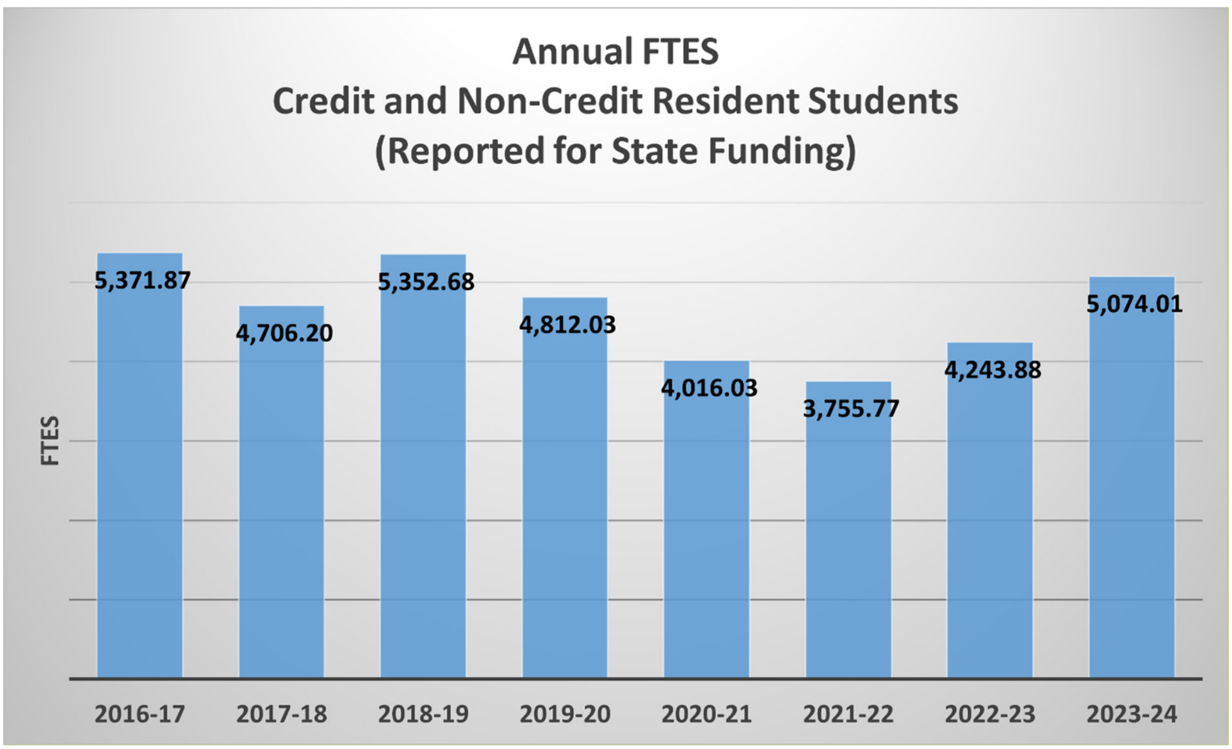
The California Community Colleges Chancellor's Office has recommended that all state community colleges follow the Business-Type Activity (BTA) model for financial statement reporting purposes.

FINANCIAL AND ATTENDANCE HIGHLIGHTS

The discussion and analysis of the Gavilan Joint Community College District's financial performance provides an overall review of the district's financial activities for the fiscal year ended June 30, 2024, including comparative information for the year ended June 30, 2023. The intent of the "Management Discussion and 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 Auditor's Report, particularly the District's financial statements beginning on page 15 and the notes to the basic financial statements beginning on page 21. Responsibility for the completeness and accuracy of this information rests with District 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 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 20th, 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 is scheduled to open its doors to students in January 2025.

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 2023-24 fiscal year, total reported resident FTES were 5,074 as compared to 4,244 in the 2022-23 fiscal year. During the fiscal year 2023/24, 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.



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 15
- The Statement of Revenues, Expenses, and Changes in Net Position – page 16
- The Statement of Cash Flows – page 17

THE DISTRICT AS A WHOLE

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 expendable 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.

The statement of net position as of June 30, 2024 and 2023, is summarized below:

Table 1

	2024	2023	Change
Assets			
Cash and investments	$ 201,320,143	$ 155,049,934	$ 46,270,209
Receivables, net	13,959,620	10,664,449	3,295,171
Other current assets	33,699	27,364	6,335
Capital assets, net	169,586,749	135,020,437	34,566,312
Total assets	384,900,211	300,762,184	84,138,027
Deferred Outflows of Resources	17,073,688	15,705,598	1,368,090
Liabilities			
Accounts payable and accrued liabilities	39,085,833	29,470,694	9,615,139
Current portion of long-term liabilities	13,736,787	12,001,714	1,735,073
Noncurrent portion of long-term liabilities	287,753,164	237,190,685	50,562,479
Total liabilities	340,575,784	278,663,093	61,912,691
Deferred Inflows of Resources	7,524,913	10,101,626	(2,576,713)
Net Position			
Net investment in capital assets	41,057,802	30,942,908	10,114,894
Restricted	26,130,946	20,203,824	5,927,122
Unrestricted deficit	(13,315,546)	(23,443,669)	10,128,123
Total net position	$ 53,873,202	$ 27,703,063	$ 26,170,139

Fiscal year ended 2024 compared to 2023:

- Total assets and deferred outflows of resources increased approximately $88.2 million, a 28% increase from the prior year. This is largely due to the increase in Cash from the issuance of the Measure X Series C general obligation bonds in the amount of $60 million in FY24.

- Long-term liabilities increased by $52.3 million, a 21% increase from the prior year. This balance is mostly comprised of the long-term portion of the District's General Obligation Bonds, as well as the liabilities associated with the OPEB and pension liabilities associated with STRS and PERS. The increase is primarily driven by the issuance of the Measure X, Series C general obligation bonds.

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 nonoperating revenues earned whether received or not by the District, the operating and nonoperating 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. Nonoperating revenues are those received or pledged for which goods and services are not provided; for example, state appropriations while budgeted for operations, are considered nonoperating 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.

Table 2

	2024	2023	Change
Operating Revenues			
Tuition and fees, net	$ 3,150,665	$ 2,200,407	$ 950,258
Grants and contracts, noncapital	24,269,065	14,908,514	9,360,551
Auxiliary sales and charges	256,511	252,542	3,969
Total operating revenues	27,676,241	17,361,463	10,314,778
Operating Expenses			
Salaries and benefits	42,034,874	35,975,190	6,059,684
Supplies, services, equipment, and maintenance	15,937,851	9,144,893	6,792,958
Student financial aid	13,269,400	11,149,504	2,119,896
Depreciation and amortization	4,069,425	3,976,521	92,904
Total operating expenses	75,311,550	60,246,108	15,065,442
Operating loss	(47,635,309)	(42,884,645)	(4,750,664)
Nonoperating Revenues (Expenses)			
State apportionments, noncapital	17,522,107	13,238,871	4,283,236
Property taxes	44,981,341	43,567,612	1,413,729
Student financial aid grants	7,733,828	8,936,518	(1,202,690)
State revenues	1,728,666	2,085,042	(356,376)
Net investment income (expense)	1,043,742	(5,281,131)	6,324,873
Other nonoperating revenues	752,729	716,732	35,997
Total nonoperating revenue (expense)	73,762,413	63,263,644	10,498,769
Other revenues	43,035	2,557,493	(2,514,458)
Change in net position	$ 26,170,139	$ 22,936,492	$ 3,233,647

Fiscal year ended 2024 compared to 2023:

- Salaries and benefits increased by approximately $6.1 million or 16.8%. The main drivers for the increase was the increase in the pension liabilities as of June 30, 2024, the filling of open positions during the year, a negotiated COLA of 7.22%, and an additional step added to all salary schedules of 2%.

- Student aid payments increased by approximately $2.1 million or 19.0%. This growth is primarily attributable to the following factors:

  - COVID Block Grant: Approximately $1.3 million was allocated to the tuition-assistance program in FY24. This expenditure was not present in FY23.
  - HEERF Institutional Funds: Around $800,000 in Higher Education Emergency Relief Fund (HEERF) institutional funds were used to provide meal cards, offering students assistance to address food insecurity.
  - EOPS Aid Increase: Aid provided through the Extended Opportunity Programs and Services (EOPS) rose significantly, from $37,000 in FY23 to $226,000 in FY24.

- Total nonoperating revenue increased due to an increase in investment income in the 2023-2024 year. This increase was caused by the fair market value of adjustment of the District's cash in county treasury balances and increased interest rates offered by the Santa Clara County Treasurer's Office.

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:

Table 3

Year ended June 30, 2024:

	Salaries and Employee Benefits	Supplies, Materials, and Other Operating Expenses and Services	Student Financial Aid	Equipment, Maintenance, and Repairs	Depreciation and Amortization	Total
Instructional activities	$ 18,663,783	$ 2,827,014	$ -	$ 65,489	$ -	$ 21,556,286
Instructional administration	3,390,611	374,512	-	12,341	-	3,777,464
Instructional support services	942,879	19,828	-	3,173	-	965,880
Student services	7,301,988	1,699,912	-	129,964	-	9,131,864
Plant operations and maintenance	1,421,871	1,828,905	-	44,130	-	3,294,906
Planning, policymaking, and coordinations	585,143	353,247	-	69	-	938,459
Institutional support services	5,046,210	1,713,243	-	96,519	-	6,855,972
Community services	1,672,973	1,465,822	-	17,525	-	3,156,320
Ancillary services and auxiliary operations	2,464,729	928,643	-	39,949	-	3,433,321
Student aid	-	-	13,269,400	-	-	13,269,400
Physical property and related acquisitions	544,687	531,678	-	3,785,888	-	4,862,253
Unallocated depreciation and amortization	-	-	-	-	4,069,425	4,069,425
Total	$ 42,034,874	$ 11,742,804	$ 13,269,400	$ 4,195,047	$ 4,069,425	$ 75,311,550

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 enrollment 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.

Table 4

	2024	2023	Change
Net Cash Flows from			
Operating activities	$ (38,493,398)	$ (36,666,189)	$ (1,827,209)
Noncapital financing activities	51,120,382	49,696,193	1,424,189
Capital financing activities	26,693,631	(359,162)	27,052,793
Investing activities	6,949,594	1,163,284	5,786,310
Change in Cash and Cash Equivalents	46,270,209	13,834,126	32,436,083
Cash and Cash Equivalents, Beginning of Year	155,049,934	141,215,808	13,834,126
Cash and Cash Equivalents, End of Year	$ 201,320,143	$ 155,049,934	$ 46,270,209

Capital Assets

As of June 30, 2024, the District had approximately $169.6 million invested in net capital assets. Total capital assets of $224.7 million consist of land, construction in progress, buildings and improvements, vehicles, equipment, right-to-use leased assets, and right-to-use subscription IT assets. These assets have accumulated depreciation and amortization of $55.1 million. In fiscal year 2023-2024, there were capital asset net additions in the amount of $38.6 million, which primarily includes costs for the San Benito Campus Project, and depreciation/amortization expense of $4.1 million. We present more detailed information regarding our capital assets, leased assets, and subscription IT assets in Note 7 of the financial statements.

Table 5

	2024	2023	Change
Land and construction in progress	$ 82,368,188	$ 48,119,803	$ 34,248,385
Buildings and improvements, net	84,429,181	83,708,227	720,954
Equipment and vehicles, net	1,389,172	948,411	440,761
Right-to-use leased assets, net	423,464	449,491	(26,027)
Right-to-use subscription IT assets, net	976,744	1,794,505	(817,761)
Total capital assets, net	$ 169,586,749	$ 135,020,437	$ 34,566,312

Long-Term Liabilities including OPEB and Pensions

At June 30, 2024, the District had $301.5 million in outstanding long-term liabilities compared to $249.2 million at June 30, 2023. We present more detailed information regarding our long-term liabilities in Notes 9, 10, and 12 to the financial statements.

Table 6

	Balance, July 1, 2024	Additions	Deletions	Balance, June 30, 2024
Bonds and premiums	$ 207,352,937	$ 63,531,366	$ (11,773,041)	$ 259,111,262
Aggregate net OPEB liability	1,058,138	-	(319,344)	738,794
Aggregate net pension liability	37,331,325	1,691,318	-	39,022,643
Leases	491,552	-	(21,995)	469,557
Subscription-based IT arrangements	1,806,557	189,901	(991,880)	1,004,578
Other liabilities	1,151,890	191,427	(200,200)	1,143,117
Total long-term liabilities	$ 249,192,399	$ 65,604,012	$ (13,306,460)	$ 301,489,951
Amount due within one year				$ 13,736,787

At June 30, 2024, the District has an aggregate net other postemployment benefit liability (OPEB) of $738,794 compared to $1,058,138 at June 30, 2023, a net decrease of $319,344 or 30.2%.

At June 30, 2024, the District has an aggregate net pension liability of $39,022,643 compared to $37,331,325 at June 30, 2023, a net increase of $1,691,318 or 4.5%.

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 FY2024-25, the SCFF is in its seventh 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 tremendous growth in enrollment, aligning with pre-pandemic enrollment levels.

The **Board of Trustees** adopted the FY2024-25 final budget on **September 10, 2024**. Key assumptions and highlights included:

- **Cost of Living Adjustment (COLA):** The budget incorporates the **1.07% COLA** provided by the state for FY2024-25.
- **Non-Resident Tuition:** Tuition is set at **$359 per unit**, generating approximately **$396,413** in revenue from non-resident students.
- **Compensation and Benefits:** Personnel expenditures remain a significant portion of the budget, accounting for approximately **80% of unrestricted general fund expenditures**. A 0.0**7% negotiated salary increase** was included for FY2024-25. Employer contributions to **PERS increased to 27.05%** (from 26.68%), while **STRS remained at 19.10%**.
- **Reserves:** Unrestricted general fund reserves are projected to remain at **37%**, 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 FY2024-25 is significantly shaped by California's state budget, which addresses a projected deficit of $45 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 $211.5 billion in General Fund spending, a 6% decrease 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 $109.1 billion for FY2024-25. This allocation underscores the state's dedication to sustaining educational funding levels despite economic challenges. The budget also includes a 1.07% ongoing Cost of Living Adjustment (COLA) for community colleges to help offset inflationary pressures and operational costs.

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 5,074, 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 expanding dual enrollment programs with local high schools, increasing enrollments in public safety training and the jail education program, and continuing the Gav Free Tuition Program, which has proven effective in attracting and retaining students.

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.

Assets	
Cash and cash equivalents	$ 9,193,934
Investments	192,126,209
Accounts receivable	10,989,865
Student receivables, net	2,654,409
Prepaid expenses	33,699
Long-term accounts receivable, due within one year	22,525
Long-term accounts receivable, due in more than one year	292,821
Capital assets not depreciated or amortized	82,368,188
Capital assets, net of accumulated depreciation and amortization	87,218,561
Total assets	384,900,211
Deferred Outflows of Resources	
Deferred outflows of resources related to debt refunding	4,164,752
Deferred outflows of resources related to OPEB	369,795
Deferred outflows of resources related to pensions	12,539,141
Total deferred outflows of resources	17,073,688
Liabilities	
Accounts payable	19,229,824
Accrued interest payable	2,751,223
Unearned revenue	17,104,786
Long-term liabilities	
Long-term liabilities other than OPEB and pensions, due within one year	13,736,787
Long-term liabilities other than OPEB and pensions, due in more than one year	247,991,727
Aggregate net other postemployment benefits (OPEB) liability	738,794
Aggregate net pension liability	39,022,643
Total liabilities	340,575,784
Deferred Inflows of Resources	
Deferred inflows of resources related to OPEB	1,580,715
Deferred inflows of resources related to pensions	5,944,198
Total deferred inflows of resources	7,524,913
Net Position	
Net investment in capital assets	41,057,802
Restricted for	
Debt service	16,841,456
Capital projects	8,937,298
Other activities	352,192
Unrestricted deficit	(13,315,546)
Total net position	$ 53,873,202

Operating Revenues	
Tuition and fees	$ 5,188,842
Less: Scholarship discounts and allowances	(2,038,177)
Net tuition and fees	3,150,665
Grants and contracts, noncapital	
Federal	7,043,170
State	16,674,716
Local	551,179
Total grants and contracts, noncapital	24,269,065
Auxiliary enterprise sales and charges	
Other enterprise	256,511
Total operating revenues	27,676,241
Operating Expenses	
Salaries	31,307,481
Employee benefits	10,727,393
Supplies, materials, and other operating expenses and services	11,742,804
Student financial aid	13,269,400
Equipment, maintenance, and repairs	4,195,047
Depreciation and amortization	4,069,425
Total operating expenses	75,311,550
Operating Loss	(47,635,309)
Nonoperating Revenues (Expenses)	
State apportionments, noncapital	17,522,107
Local property taxes, levied for general purposes	26,333,792
Taxes levied for other specific purposes	18,647,549
Federal and state financial aid grants	7,733,828
State taxes and other revenues	1,728,666
Investment income, net	6,817,376
Interest expense on capital related debt	(6,118,912)
Investment income on capital asset-related debt, net	345,278
Other nonoperating revenue	752,729
Total nonoperating revenues (expenses)	73,762,413
Income Before Other Revenues	26,127,104
Other Revenues	
State revenues, capital	43,035
Change In Net Position	26,170,139
Net Position, Beginning of Year	27,703,063
Net Position, End of Year	$ 53,873,202

Operating Activities	
Tuition and fees	$ 2,736,117
Federal, state, and local grants and contracts, noncapital	26,108,741
Payments to or on behalf of employees	(41,651,816)
Payments to vendors for supplies and services	(12,673,551)
Payments to students for scholarships and grants	(13,269,400)
Auxiliary sales	256,511
Net cash flows from operating activities	(38,493,398)
Noncapital Financing Activities	
State apportionments	15,302,316
Federal and state financial aid grants	7,733,828
Property taxes - nondebt related	26,333,792
State taxes and other apportionments	1,707,891
Other nonoperating	42,555
Net cash flows from noncapital financing activities	51,120,382
Capital Financing Activities	
Purchase of capital assets	(37,269,489)
Proceeds from capital debt	60,000,000
State revenue, capital	43,035
Property taxes - related to capital debt	18,647,549
Principal paid on capital debt	(11,873,875)
Interest paid on capital debt	(3,066,649)
Interest received on capital asset-related debt	213,060
Net cash flows from capital financing activities	26,693,631
Investing Activities	
Change in fair market value of cash in county treasury	1,655,334
Interest received from investments	5,294,260
Net cash flows from investing activities	6,949,594
Change In Cash and Cash Equivalents	46,270,209
Cash and Cash Equivalents, Beginning of Year	155,049,934
Cash and Cash Equivalents, End of Year	$ 201,320,143

Reconciliation of net operating loss to net cash flows from operating activities	
Operating Loss	$ (47,635,309)
Adjustments to reconcile operating loss to net cash flows from operating activities	
Depreciation and amortization expense	4,069,425
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources	
Receivables, net	(1,523,148)
Prepaid expenses	(6,335)
Deferred outflows of resources related to OPEB	211,903
Deferred outflows of resources related to pensions	(2,074,794)
Accounts payable	6,730,096
Unearned revenue	2,948,276
Compensated absences	191,427
Early retirement incentive	(200,200)
Aggregate net OPEB liability	(319,344)
Aggregate net pension liability	1,691,318
Deferred inflows of resources related to OPEB	(364,657)
Deferred inflows of resources related to pensions	(2,212,056)
Total adjustments	9,141,911
Net cash flows from operating activities	$ (38,493,398)
Cash and Cash Equivalents Consist of the Following:	
Cash in banks	$ 9,193,934
Cash in county treasury	192,126,209
Total cash and cash equivalents	$ 201,320,143
Noncash Transactions	
Amortization of deferred outflows of resources related to debt refunding	$ 494,801
Amortization of debt premiums	$ 913,041
Recognition of subscription based IT arrangement liabilities arising from obtaining right-to-use subscription IT assets	$ 189,901

	Retiree OPEB Trust
Assets	
Investments	$ 6,970,849
Net Position	
Restricted for postemployment benefits other than pensions	$ 6,970,849

	Retiree OPEB Trust
Additions	
District contributions	$ 568,644
Interest and investment income	251,682
Net realized and unrealized gains	470,849
Total additions	1,291,175
Deductions	
Benefit payments	568,644
Administrative expenses	8,504
Total deductions	577,148
Change in Net Position	714,027
Net Position - Beginning of Year	6,256,822
Net Position - End of Year	$ 6,970,849

Note 1 - Organization

Gavilan College was originally established as San Benito County Junior College in 1919. Gavilan Joint Community College District (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 and established by the Governmental Accounting Standards Board (GASB). The District has identified no component units.

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. Fiduciary activities are excluded from the primary government financial statements. 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 accounting principles generally accepted in the United States of America 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.

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, 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 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 Cash Equivalents

The District's cash and cash 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. Cash equivalents also include cash with county treasury balances for purposes of the statement of cash flows.

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.

The District's investment in the 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 are not required to be categorized within the fair value hierarchy.

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 has recorded an allowance for uncollectible accounts. This allowance is based upon management's estimates and analysis. The allowance was estimated at $295,693 for the year ended June 30, 2024.

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.

Capital Assets, Depreciation, and Amortization

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

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

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, 2024.

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 liability for this benefit is reported on the government-wide financial statements.

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

Debt Premiums

Debt 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 for OPEB and pension related items.

Leases

The District recognizes a lease liability and an intangible 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.

Subscription-based IT Arrangements

The District recognizes a subscription-based IT arrangement liability and an intangible right-to-use subscription IT asset (subscription 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 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 IT asset is amortized on a straight-line basis over the shorter of the subscription term or useful life of the underlying asset. The amortization period varies from two to five years.

Pensions

For purposes of measuring the aggregate 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 (the 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.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the aggregate net OPEB liability, deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District OPEB Plan and the CalSTRS Medicare Premium Payment (MPP) Program and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the District Plan and the MPP. For this purpose, the District Plan and the MPP recognize 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 will be paid primarily by the General Fund.

Unearned Revenue

Unearned revenues arise 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.

Noncurrent Liabilities

Noncurrent liabilities include general obligation bonds, leases, subscription-based IT arrangements, early retirement incentive, compensated absences, aggregate net OPEB liability, and aggregate net pension liability with maturities greater than one year.

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 and amortization, 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 $26,130,946 of restricted net position, and the fiduciary fund financial statements report $6,970,849 of restricted net position.

Operating and Nonoperating Revenues and Expenses

Classification of Revenues - The District has classified its revenues as either operating or nonoperating. Certain significant revenue streams relied upon for operation are classified as nonoperating 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.

- **Nonoperating revenues** - Nonoperating 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.

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

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

- **Nonoperating expenses** - Nonoperating 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.

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 General Obligation Bonds in 2002 and 2018 for the acquisition, construction, and remodeling of certain District property. As a result of the passage of the Bond, property taxes are assessed on the property within the District specifically for the repayment of the debt incurred. The taxes are 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 scholarship discounts 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* Part 200, *Uniform Administrative Requirements*, *Cost Principles*, *and Audit Requirements for Federal Awards***.**

Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates, 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 and fiduciary funds has been eliminated respectively in the consolidation process of the basic financial statements. Balances owing between the primary government and the fiduciary funds are not eliminated in the consolidation process.

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 and fiduciary funds have been eliminated respectively in the consolidation process of the basic financial statements. Balances transferred between the primary government and the fiduciary funds are not eliminated in the consolidation process.

Adoption of New Accounting Standard

Implementation of GASB Statement No. 100

As of July 1, 2023, the District adopted GASB Statement No. 100, *Accounting Changes and Error Corrections*. The implementation of this standard requires additional presentation and disclosure requirements for accounting changes and error corrections. There was not a significant effect on the District's financial statements as a result of the implementation of the standard.

Note 3 - Deposits and Investments

Policies and Practices

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

Investment in County Treasury

In accordance with the California Community Colleges' *Budget and Accounting Manual*, the District maintains substantially all of its cash in the County Treasury as part of the common investment pool. The District is considered to be the involuntary participant in an external investment pool. 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.

General Authorizations

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

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

Summary of Deposits and Investments

Deposits and investments as of June 30, 2024, consist of the following:

	Primary Government	Fiduciary Fund
Cash on hand and in banks	$ 9,166,734	$ -
Cash in revolving	27,200	-
Investments	192,126,209	6,970,849
Total deposits and investments	$ 201,320,143	$ 6,970,849

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 Maturity in Days	Credit Rating
Mutual funds	$ 6,970,849	No maturity	Not rated
Santa Clara County Investment Pool	192,126,209	548	Aaa
Total	$ 199,097,058		

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.

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 agency. 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, 2024, the District's bank balance of approximately $9.7 million was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

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, 2024, the District's investment balance of $6,470,849 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 generally accepted accounting principles. 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.

- 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, 2024:

Investment Type	Fair Value	Level 1 Inputs
Mutual funds	$ 6,970,849	$ 6,970,849

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

Note 5 - Accounts Receivable

Accounts receivable as of June 30, 2024, consisted of the following:

	Primary Government
Federal Government	
Categorical aid	$ 3,279,237
State Government	
Apportionment	4,411,966
Categorical aid	950,355
Lottery	352,678
Local Sources	
Interest	1,060,325
Other local sources	935,304
Total	$ 10,989,865
Student receivables	$ 2,950,102
Less: allowance for bad debt	(295,693)
Student receivables, net	$ 2,654,409

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:

Fiscal Year	Primary Government
2025	$ 22,525
2026	22,525
2027	22,525
2028	22,525
2029	22,525
2030-2034	112,625
2035-2039	90,096
Total	$ 315,346

Note 7 - Capital Assets

Capital asset activity for the District for the year ended June 30, 2024, was as follows:

	Balance, July 1, 2023	Additions	Deductions	Balance, June 30, 2024
Capital Assets Not Being Depreciated or Amortized				
Land	$ 28,354,202	$ -	$ -	$ 28,354,202
Construction in progress	19,765,601	37,735,880	(3,487,495)	54,013,986
Total capital assets not being depreciated or amorized	48,119,803	37,735,880	(3,487,495)	82,368,188
Capital Assets Being Depreciated and Amortized				
Site improvements	15,645,849	65,961	-	15,711,810
Buildings and improvements	105,917,267	3,453,029	-	109,370,296
Equipment and vehicles	11,769,356	678,461	-	12,447,817
Right-to-use leased sites	566,046	-	-	566,046
Right-to-use leased equipment	34,194	-	-	34,194
Right-to-use subscription IT assets	4,404,629	189,901	(414,029)	4,180,501
Total capital assets being depreciated or amortized	138,337,341	4,387,352	(414,029)	142,310,664
Total capital assets	186,457,144	42,123,232	(3,901,524)	224,678,852
Less Accumulated Depreciation and Amortization				
Site improvements	(4,584,181)	(757,141)	-	(5,341,322)
Buildings and improvements	(33,270,708)	(2,040,895)	-	(35,311,603)
Equipment and vehicles	(10,820,945)	(237,700)	-	(11,058,645)
Right-to-use leased sites	(143,910)	(19,188)	-	(163,098)
Right-to-use leased equipment	(6,839)	(6,839)	-	(13,678)
Right-to-use subscription IT assets	(2,610,124)	(1,007,662)	414,029	(3,203,757)
Total accumulated depreciation and amortization	(51,436,707)	(4,069,425)	414,029	(55,092,103)
Total capital assets, net	$ 135,020,437	$ 38,053,807	$ (3,487,495)	$ 169,586,749

Note 8 - Long-Term Liabilities other than OPEB and Pensions

Summary

The changes in the District's long-term liabilities other than OPEB and pensions during the year ended June 30, 2024, consisted of the following:

	Balance, July 1, 2023	Additions	Deductions	Balance, June 30, 2024	Due in One Year
General obligation bonds	$ 195,600,000	$ 60,000,000	$ (10,860,000)	$ 244,740,000	$ 12,795,000
Bond premium	11,752,937	3,531,366	(913,041)	14,371,262	-
Leases	491,552	-	(21,995)	469,557	22,643
Subscription-based IT arrangements	1,806,557	189,901	(991,880)	1,004,578	919,144
Compensated absences	951,690	191,427	-	1,143,117	-
Early retirement incentive	200,200	-	(200,200)	-	-
Total	$ 210,802,936	$ 63,912,694	$ (12,987,116)	$ 261,728,514	$ 13,736,787

Description of Long-Term Liabilities

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 liability will be paid by the fund for which the employee worked. Leases, subscription-based IT arrangements and the early retirement incentive will be paid by the General Fund.

General Obligation Bonds

2002 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.

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 0.407% to 1.826% payable semi-annually on February 1 and August 1.

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.

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 0.427% 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.

Debt Maturity

General Obligation Bonds

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding Beginning of Year	Issued	Redeemed	Bonds Outstanding End of Year
4/2012	8/1/2028	2.00%-4.00%	$ 11,800,000	$ 245,000	$ -	$ (120,000)	$ 125,000
8/2015	8/1/2032	3.00%-5.00%	42,320,000	37,420,000	-	(1,365,000)	36,055,000
12/2017	8/1/2035	2.00%-5.00%	27,045,000	24,610,000	-	(930,000)	23,680,000
4/2019	8/1/2035	4.00%	26,600,000	17,225,000	-	-	17,225,000
4/2019	8/1/2025	2.45%-2.85%	11,400,000	3,025,000	-	(1,010,000)	2,015,000
10/2020	8/1/2050	3.00%-4.00%	40,000,000	36,460,000	-	(2,950,000)	33,510,000
10/2020	8/1/2050	0.427%-3.103%	65,000,000	62,330,000	-	(2,470,000)	59,860,000
10/2020	8/1/2028	0.407%-1.826%	15,000,000	14,285,000	-	(2,015,000)	12,270,000
6/2024	8/1/2050	4.00%-5.00%	60,000,000	-	60,000,000	-	60,000,000
				$ 195,600,000	$ 60,000,000	$ (10,860,000)	$ 244,740,000

Debt Service Requirements to Maturity

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

Fiscal Year	Principal	Current Interest to Maturity	Total
2025	$ 4,785,000	$ 2,885,373	$ 7,670,373
2026	5,145,000	2,730,720	7,875,720
2027	5,555,000	2,556,043	8,111,043
2028	6,005,000	2,358,220	8,363,220
2029	6,475,000	2,135,719	8,610,719
2030-2034	39,585,000	5,326,763	44,911,763
2035-2036	4,580,000	149,975	4,729,975
Total	$ 72,130,000	$ 18,142,813	$ 90,272,813

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

Fiscal Year	Principal	Current Interest to Maturity	Total
2025	$ 8,010,000	$ 5,071,280	$ 13,081,280
2026	7,665,000	5,944,236	13,609,236
2027	6,000,000	5,674,465	11,674,465
2028	4,055,000	5,461,764	9,516,764
2029	2,905,000	5,337,715	8,242,715
2030-2034	19,025,000	26,097,660	45,122,660
2035-2039	22,760,000	21,193,051	43,953,051
2040-2044	30,850,000	16,503,599	47,353,599
2045-2049	46,955,000	9,087,887	56,042,887
2050-2051	24,385,000	861,411	25,246,411
Total	$ 172,610,000	$ 101,233,068	$ 273,843,068

Leases

The District has entered into agreements to lease facilities and equipment. The District's liability for the lease agreements is summarized below:

Leases	Balance, July 1, 2023	Additions	Deductions	Balance, June 30, 2024
Airport Lease	$ 463,792	$ -	$ (15,365)	$ 448,427
Pitney Bowes Lease	27,760	-	(6,630)	21,130
Total	$ 491,552	$ -	$ (21,995)	$ 469,557

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, 2024, the District has recognized a right to use asset of $566,046 and a lease liability of $448,427 related to this agreement. During the fiscal year, the District recorded $19,188 in amortization expense and $13,064 in interest expense for the right to use of the facilities.

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, 2024, the District has recognized a right to use asset of $34,194 and a lease liability of $21,130 related to this agreement. During the fiscal year, the District recorded $6,839 in amortization expense and $745 in interest expense for the right to use of the machines.

The District's liability on the lease agreements is summarized below:

Fiscal Year	Principal	Interest	Total
2025	$ 22,643	$ 13,161	$ 35,804
2026	23,309	12,494	35,803
2027	23,996	11,808	35,804
2028	17,225	11,204	28,429
2029	17,724	10,705	28,429
2030-2034	96,627	45,517	142,144
2035-2039	111,463	30,681	142,144
2040-2044	128,577	13,568	142,145
2045	27,993	435	28,428
Total	$ 469,557	$ 149,573	$ 619,130

Early Retirement Incentive

In 2019, The Board of Trustees approved the District's Supplemental Early Retirement Plan (SERP). Each participating employee was at least 60 years of age, worked full time for at least 10 years, and the SERP was based on a one-time payment of 65% of the employee's last annual salary. The benefits will be paid through annuities by the District. At June 30, 2024, the liability for the SERP was paid in full.

Subscriptions-Based IT Arrangements (SBITAs)

The District entered into various SBITAs for the use of various software. At June 30, 2024, the District has recognized right-to-use subscriptions IT assets of $4,180,501 and SBITA liabilities of $1,004,578 related to these agreements. During the fiscal year, the District recorded $1,007,662 in amortization expense. The District is required to make total principal and interest payments of $1,009,466 through August 2026. The subscriptions have discount rates between 0.28% and 2.85%.

The remaining principal and interest payment requirements for the SBITA obligation debt as of June 30, 2024, are as follows:

Fiscal Year	Principal	Interest	Total
2025	$ 919,144	$ 4,119	$ 923,263
2026	84,237	768	85,005
2027	1,197	1	1,198
Total	$ 1,004,578	$ 4,888	$ 1,009,466

Note 9 - Aggregate Net Other Postemployment Benefit (OPEB) Liability

For the year ended June 30, 2024, the District reported an aggregate net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense for the following plans:

OPEB Plan	Aggregate Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	$ 643,074	$ 369,795	$ 1,580,715	$ (465,500)
Medicare Premium Payment (MPP) Program	95,720	-	-	(6,598)
Total	$ 738,794	$ 369,795	$ 1,580,715	$ (472,098)

The details of each plan are as follows:

District Plan

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.

Plan Membership

At June 30, 2023, the valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	129
Active employees	221
Total	350

Retiree Health Benefit OPEB Trust

The Gavilan Joint Community College District Retiree Health Benefit OPEB Trust (the Trust) is an irrevocable governmental trust pursuant to Section 115 of the IRC 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://ccleague.org/district-services/retiree-health-benefits-jpa.

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.

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, 2024, the District paid $568,644 to the Plan, all of which was used for current premiums.

Investment

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, expect 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, 2024:

Asset Class	Target Allocation
Global Equities	47%
Natural Resources	3%
Investment Grade Bonds	34%
Infaltion Assets	8%
High Yield Bonds	5%
Bank Loans	3%

Rate of Return

For the year ended June 30, 2024, the annual money-weighted rate of return on investments, net of investment expense was 11.41%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability of the District

The District's net OPEB liability of $643,074 was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2023. The components of the net OPEB liability of the District at June 30, 2024, were as follows:

Total OPEB liability	$ 7,613,923
Plan fiduciary net position	(6,970,849)
Net OPEB liability	$ 643,074
Plan fiduciary net position as a percentage of the total OPEB liability	91.55%

Actuarial Assumptions

The total OPEB liability as of June 30, 2024 was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2023 and rolling forward the total OPEB liability to June 30, 2024. The following assumptions were applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50 percent
Salary increases	2.80 percent, average, including inflation
Discount rate	5.25 percent
Investment rate of return	5.25 percent, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	8.00 percent for 2025, decreasing to an ultimate rate of 4.50 percent

The discount rate was based on using a building-block method in which future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class.

Mortality rates were based on the SOA Pub-2010 General Mortality Table fully generational using Scale MP-2021 for PERS retirees and SOA Pub-2010 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, 2023 valuation were based on the results of an actual experience study as of June 30, 2023.

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, 2024, (see the discussion of the Plan's investment policy) are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Global Equities	5.25%
Natural Resources	5.25%
Investment Grade Bonds	5.25%
Infaltion Assets	5.25%
High Yield Bonds	5.25%
Bank Loans	5.25%

Discount Rate

The discount rate used to measure the total OPEB liability was 5.25%. 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.

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance, June 30, 2023	$ 7,212,642	$ 6,256,822	$ 955,820
Service cost	317,762	-	317,762
Interest	374,082	-	374,082
Difference between expected and actual experience	39,040	-	39,040
Contributions - employer	-	568,644	(568,644)
Net investment income	-	722,532	(722,532)
Changes of assumptions	239,041	-	239,041
Benefit payments	(568,644)	(568,644)	-
Administrative expense	-	(8,505)	8,505
Net change in total OPEB liability	401,281	714,027	(312,746)
Balance, June 30, 2024	$ 7,613,923	$ 6,970,849	$ 643,074

Changes of assumptions reflect a change in the healthcare trend rate from an initial rate of 7.00%, decreasing to an ultimate rate of 4.50% to an initial rate of 8.00%, decreasing to an ultimate rate of 4.50%, and the discount rate was changed from 5.16% to 5.25% since the previous valuation.

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

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

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

Discount Rate	Net OPEB Liability
1% decrease (4.25%)	$ 1,135,091
Current discount rate (5.25%)	643,074
1% increase (6.25%)	187,040

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

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percent lower or higher than the current healthcare costs trend rates:

Healthcare Cost Trend Rates	Net OPEB Liability
1% decrease (7.00%, decreasing to an ultimate rate of 3.50%)	$ 20,085
Current healthcare cost trend rates (8.00%, decreasing to an ultimate rate of 4.50%	643,074
1% increase (9.00%, decreasing to an ultimate rate of 5.50%)	1,354,766

Deferred Outflows/Inflows of Resources Related to OPEB

At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB for the following:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 34,160	$ 1,190,221
Changes of assumptions	335,635	389,601
Net difference between projected and actual earnings on OPEB plan investments	-	893
Total	$ 369,795	$ 1,580,715

The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on OPEB plan investments will be amortized over a closed five-year period and will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2025	$ 8,947
2026	160,466
2027	(91,453)
2028	(78,853)
Total	$ (893)

The deferred outflows/(inflows) of resources related to differences between expected and actual experience in the measurement of the total OPEB liability and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits as of the beginning of the measurement period. The EARSL for the measurement period is 8 years and will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2025	$ (309,711)
2026	(309,710)
2027	(339,941)
2028	(168,536)
2029	(172,729)
Thereafter	90,600
Total	$ (1,210,027)

Medicare Premium Payment (MPP) Program

Plan Description

The Medicare Premium Payment (MPP) Program is administered by the California State Teachers’ Retirement System (CalSTRS). The MPP Program is a cost-sharing multiple-employer other postemployment benefit plan (OPEB) established pursuant to Chapter 1032, Statutes 2000 (SB 1435). CalSTRS administers the MPP Program through the Teachers’ Health Benefits Fund (THBF).

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2022 annual actuarial valuation report, Medicare Premium Payment 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 MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the State Teachers Retirement Plan (STRP) Defined Benefit (DB) Program who were retired or began receiving a disability allowance prior to July 1, 2012 and were not eligible for premium free Medicare Part A. The payments are made directly to the Centers for Medicare and Medicaid Services (CMS) on a monthly basis.

The MPP Program is closed to new entrants as members who retire after July 1, 2012, are not eligible for coverage under the MPP Program.

The MPP Program is funded on a pay-as-you go basis from a portion of monthly District benefit payments. In accordance with California *Education Code* Section 25930, contributions that would otherwise be credited to the DB Program each month are instead credited to the MPP Program to fund monthly program and administrative costs. Total redirections to the MPP Program are monitored to ensure that total incurred costs do not exceed the amount initially identified as the cost of the program.

Net OPEB Liability and OPEB Expense

At June 30, 2024, the District reported a liability of $95,720 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2022. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating entities, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2023 and June 30, 2022, was 0.0315% and 0.0311%, respectively, resulting in a net increase in the proportionate share of 0.0004%.

For the year ended June 30, 2024, the District recognized OPEB expense of $(6,598).

Actuarial Methods and Assumptions

The June 30, 2023 total OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2022, and rolling forward the total OPEB liability to June 30, 2023, using the assumptions listed in the following table:

Measurement Date	June 30, 2023
Valuation Date	June 30, 2022
Experience Study	July 1, 2015 through June 30, 2018
Actuarial Cost Method	Entry age normal
Investment Rate of Return	3.65%
Medicare Part A Premium Cost Trend Rate	4.50%
Medicare Part B Premium Cost Trend Rate	5.40%

For the valuation as of June 30, 2022, CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table, issued by the Society of Actuaries.

Assumptions were made about future participation (enrollment) into the MPP Program because CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' age increases. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility and are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 179 or an average of 0.13% of the potentially eligible population (138,780).

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2023, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the State Treasurer.

Discount Rate

As the MPP Program is funded on a pay-as-you-go basis, the OPEB plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, the MPP Program used the Bond Buyer's 20-Bond GO Index from Bondbuyer.com as of June 30, 2023, as the discount rate, which was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate as of June 30, 2023, was 3.65%, which is an increase of 0.11% from 3.54% as of June 30, 2022.

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

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

Discount Rate	Net OPEB Liability
1% decrease (2.65%)	$ 104,028
Current discount rate (3.65%)	95,720
1% increase (4.65%)	88,497

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Medicare Costs Trend Rates

The following presents the District's proportionate share of the net OPEB liability calculated using the current Medicare costs trend rates, as well as what the net OPEB liability would be if it were calculated using the Medicare costs trend rates that are one percent lower or higher than the current rates:

Medicare Costs Trend Rates	Net OPEB Liability
1% decrease (3.50% Part A and 4.40% Part B)	$ 88,072
Current Medicare costs trend rates (4.50% Part A and 5.40% Part B)	95,720
1% increase (5.50% Part A and 6.40% Part B)	104,355

Note 10 - 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.

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 Gavilan Joint Community College 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.

Note 11 - 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, 2024, the District reported its proportionate share of net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Aggregate Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	$ 16,242,884	$ 4,924,800	$ 3,620,636	$ 1,461,589
CalPERS	22,779,759	7,614,341	2,323,562	2,312,255
Total	$ 39,022,643	$ 12,539,141	$ 5,944,198	$ 3,773,844

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2022, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that may 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% 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.

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

The STRP Defined Benefit Program provisions and benefits in effect at June 30, 2024, are summarized as follows:

Hire date	On or before December 31, 2012	On or after 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%	10.205%
Required employer contribution rate	19.10%	19.10%
Required State contribution rate	10.828%	10.828%

Contributions

Required member, District, and State of California contribution rates are set by the California Legislature and Governor and are detailed in Teachers' Retirement Law. The contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with California Assembly Bill 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2024, are presented above, and the District's total contributions were $3,068,991.

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

At June 30, 2024, 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:

Total net pension liability, including State share:	
District's proportionate share of net pension liability	$ 16,242,884
State's proportionate share of net pension liability associated with the District	7,782,422
Total	$ 24,025,306

The net pension liability was measured as of June 30, 2023. 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 and the State, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2023 and June 30, 2022, was 0.0213% and 0.0207%, respectively, resulting in a net increase in the proportionate share of 0.0006%.

For the year ended June 30, 2024, the District recognized pension expense of $1,461,589. In addition, the District recognized pension expense and revenue of $1,058,624 for support provided by the State. At June 30, 2024, 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
Pension contributions subsequent to measurement date	$ 3,068,991	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	415,808	2,751,560
Differences between projected and actual earnings on pension plan investments	69,526	-
Differences between expected and actual experience in the measurement of the total pension liability	1,276,423	869,076
Changes of assumptions	94,052	-
Total	$ 4,924,800	$ 3,620,636

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.

The deferred outflows/(inflows) of resources related to the difference between projected and actual earning on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2025	$ (511,014)
2026	(800,847)
2027	1,316,073
2028	65,314
Total	$ 69,526

The deferred outflows/(inflows) of resources related to the change in proportion and differences between contributions made and the District's proportionate share of contributions, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is seven years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2025	$ (749,856)
2026	(567,107)
2027	(546,462)
2028	(279,933)
2029	38,817
Thereafter	270,188
Total	$ (1,834,353)

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, 2022, and rolling forward the total pension liability to June 30, 2023. The financial reporting actuarial valuation as of June 30, 2022, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2022
Measurement date	June 30, 2023
Experience study	July 1, 2015 through June 30, 2018
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table, issued by the Society of Actuaries.

The long-term expected rate of return on pension 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 pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant as an input to the process. The actuarial investment rate of return assumption was adopted by the board in January 2020 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. Best estimates of expected 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2023, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Public equity	38%	5.25%
Real estate	15%	4.05%
Private equity	14%	6.75%
Fixed income	14%	2.45%
Risk mitigating strategies	10%	2.25%
Inflation sensitive	7%	3.65%
Cash/liquidity	2%	0.05%

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	$ 27,246,142
Current discount rate (7.10%)	16,242,884
1% increase (8.10%)	7,103,396

California Public Employees' Retirement System (CalPERS)

Plan Description

Qualified employees are eligible to participate in the School Employer Pool (SEP) under 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, 2022, annual actuarial valuation report, and the Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that may 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 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 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 School Employer Pool provisions and benefits in effect at June 30, 2024, are summarized as follows:

Hire date	On or before December 31, 2012	On or after 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%	8.00%
Required employer contribution rate	26.68%	26.68%

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, 2024, are presented above, and the total District contributions were $3,300,385.

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

As of June 30, 2024, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $22,779,759. The net pension liability was measured as of June 30, 2023. 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, 2023 and June 30, 2022, was 0.0629% and 0.0667%, respectively, resulting in a net decrease in the proportionate share of 0.0038%.

For the year ended June 30, 2024, the District recognized pension expense of $2,312,255. At June 30, 2024, 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
Pension contributions subsequent to measurement date	$ 3,300,385	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	-	1,973,699
Differences between projected and actual earnings on pension plan investments	2,433,204	-
Differences between expected and actual experience in the measurement of the total pension liability	831,298	349,863
Changes of assumptions	1,049,454	-
Total	$ 7,614,341	$ 2,323,562

The deferred outflow 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.

The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2025	$ 453,887
2026	268,895
2027	1,634,700
2028	75,722
Total	$ 2,433,204

The deferred outflows/(inflows) of resources related to the change in proportion and differences between contributions made and the District's proportionate share of contributions, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 3.8 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2025	$ (370,377)
2026	(76,941)
2027	4,508
Total	$ (442,810)

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2022, and rolling forward the total pension liability to June 30, 2023. The financial reporting actuarial valuation as of June 30, 2022, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2022
Measurement date	June 30, 2023
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	6.90%
Investment rate of return	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.

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	Long-Term Expected Real Rate of Return
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%)

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:

Discount Rate	Net Pension Liability
1% decrease (5.90%)	$ 32,933,643
Current discount rate (6.90%)	22,779,759
1% increase (7.90%)	14,387,805

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 $1,244,810 (10.828% of annual payroll). 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 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 is 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, 2024.

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, 2024.

Construction Commitments

As of June 30, 2024, the District had approximately $157.8 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.

Required Supplementary Information
June 30, 2024

Gavilan Joint Community College District

	2024	2023	2022	2021
Total OPEB Liability				
Service cost	$ 317,762	$ 304,392	$ 296,980	$ 374,184
Interest	374,082	541,781	546,517	638,922
Changes of benefit terms	-	(56,757)	-	-
Difference between expected and actual experience	39,040	(812,764)	(203,047)	(685,614)
Changes of assumptions	239,041	168,632	-	(779,205)
Benefit payments	(568,644)	(723,714)	(707,605)	(871,928)
Net change in total OPEB liability	401,281	(578,430)	(67,155)	(1,323,641)
Total OPEB Liability - Beginning	7,212,642	7,791,072	7,858,227	9,181,868
Total OPEB Liability - Ending (a)	$ 7,613,923	$ 7,212,642	$ 7,791,072	$ 7,858,227
Plan Fiduciary Net Position				
Contributions - employer	$ 568,644	$ 723,714	$ 707,605	$ 871,928
Net investment income	722,532	468,480	(797,671)	1,180,249
Benefit payments	(568,644)	(723,714)	(707,605)	(2,071,928)
Administrative expense	(8,505)	(8,350)	(8,971)	(9,360)
Net change in plan fiduciary net position	714,027	460,130	(806,642)	(29,111)
Plan Fiduciary Net Position - Beginning	6,256,822	5,796,692	6,603,334	6,632,445
Plan Fiduciary Net Position - Ending (b)	$ 6,970,849	$ 6,256,822	$ 5,796,692	$ 6,603,334
Net OPEB Liability - Ending (a) - (b)	$ 643,074	$ 955,820	$ 1,994,380	$ 1,254,893
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	91.55%	86.75%	74.40%	84.03%
Covered Payroll	$ 19,144,808	$ 18,623,354	$ 17,710,444	$ 17,152,972
Net OPEB Liability as a Percentage of Covered Payroll	3.36%	5.13%	11.26%	7.32%
Measurement Date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021

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

	2020	2019*	2018
Total OPEB Liability			
Service cost	$ 369,880	$ 341,288	$ 321,697
Interest	654,615	674,127	629,553
Changes of benefit terms	-	(579,293)	-
Difference between expected and actual experience	(388,289)	(145,333)	-
Changes of assumptions	-	164,035	-
Benefit payments	(857,708)	(681,101)	(624,011)
Net change in total OPEB liability	(221,502)	(226,277)	327,239
Total OPEB Liability - Beginning	9,403,370	9,629,647	8,983,917
Total OPEB Liability - Ending (a)	$ 9,181,868	$ 9,403,370	$ 9,311,156
Plan Fiduciary Net Position			
Contributions - employer	$ 857,708	$ 101,139	$ 1,147,044
Net investment income	285,515	437,321	618,236
Benefit payments	(857,708)	(2,701,139)	(624,011)
Administrative expense	(9,448)	(5,867)	-
Net change in plan fiduciary net position	276,067	(2,168,546)	1,141,269
Plan Fiduciary Net Position - Beginning	6,356,378	8,524,924	6,328,859
Plan Fiduciary Net Position - Ending (b)	$ 6,632,445	$ 6,356,378	$ 7,470,128
Net OPEB Liability - Ending (a) - (b)	$ 2,549,423	$ 3,046,992	$ 1,841,028
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	72.23%	67.60%	80.23%
Covered Payroll	$ 18,533,812	$ 17,993,992	$ 16,532,000
Net OPEB Liability as a Percentage of Covered Payroll	13.76%	16.93%	11.14%
Measurement Date	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.

	2024	2023	2022	2021	2020
Annual money-weighted rate of return, net of investment expense	11.41%	7.94%	-12.22%	20.20%	4.40%
Measurement Date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020

	2019	2018
Annual money-weighted rate of return, net of investment expense	5.90%	7.00%
Measurement Date	June 30, 2019	June 30, 2018

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

Year ended June 30,	2024	2023	2022	2021	2020
Proportion of the net OPEB liability	0.0315%	0.0311%	0.0329%	0.0420%	0.0463%
Proportionate share of the net OPEB liability	$ 95,720	$ 102,318	$ 131,156	$ 177,850	$ 172,261
Covered payroll	N/A[1]	N/A[1]	N/A[1]	N/A[1]	N/A[1]
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A[1]	N/A[1]	N/A[1]	N/A[1]	N/A[1]
Plan fiduciary net position as a percentage of the total OPEB liability	(0.96%)	(0.94%)	(0.80%)	(0.71%)	(0.81%)
Measurement Date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019

Year ended June 30,	2019	2018
Proportion of the net OPEB liability	0.0459%	0.0434%
Proportionate share of the net OPEB liability	$ 175,533	$ 191,880
Covered payroll	N/A[1]	N/A[1]
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A[1]	N/A[1]
Plan fiduciary net position as a percentage of the total OPEB liability	(0.40%)	0.01%
Measurement Date	June 30, 2018	June 30, 2017

[1] As of June 30, 2012, active members are no longer eligible for future enrollment in the MPP Program; therefore, the covered payroll disclosure is not applicable.

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

	2024	2023	2022	2021	2020
CalSTRS					
Proportion of the net pension liability	0.0213%	0.0207%	0.0219%	0.0241%	0.0261%
Proportionate share of the net pension liability	$ 16,242,884	$ 14,380,978	$ 9,955,121	$ 23,340,474	$ 23,616,411
State's proportionate share of the net pension liability associated with the District	7,782,422	7,201,938	5,009,031	12,032,017	12,884,329
Total	$ 24,025,306	$ 21,582,916	$ 14,964,152	$ 35,372,491	$ 36,500,740
Covered payroll	$ 12,464,728	$ 11,647,027	$ 16,531,053	$ 13,010,784	$ 15,101,069
Proportionate share of the net pension liability as a percentage of its covered payroll	130.31%	123.47%	60.22%	179.39%	156.39%
Plan fiduciary net position as a percentage of the total pension liability	81%	81%	87%	72%	73%
Measurement Date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
CalPERS					
Proportion of the net pension liability	0.0629%	0.0667%	0.0726%	0.0765%	0.0789%
Proportionate share of the net pension liability	$ 22,779,759	$ 22,950,347	$ 14,764,616	$ 23,486,440	$ 23,008,658
Covered payroll	$ 10,802,799	$ 10,089,450	$ 10,242,720	$ 10,871,026	$ 10,872,993
Proportionate share of the net pension liability as a percentage of its covered payroll	210.87%	227.47%	144.15%	216.05%	211.61%
Plan fiduciary net position as a percentage of the total pension liability	70%	70%	81%	70%	70%
Measurement Date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019

	2019	2018	2017	2016	2015
CalSTRS					
Proportion of the net pension liability	0.0255%	0.0240%	0.0240%	0.0240%	0.0250%
Proportionate share of the net pension liability	$ 23,895,820	$ 22,195,200	$ 19,411,440	$ 16,157,760	$ 14,609,250
State's proportionate share of the net pension liability associated with the District	13,444,491	13,119,823	10,881,561	8,702,245	8,896,441
Total	$ 37,340,311	$ 35,315,023	$ 30,293,001	$ 24,860,005	$ 23,505,691
Covered payroll	$ 13,933,853	$ 12,811,971	$ 12,011,603	$ 11,430,158	$ 7,708,655
Proportionate share of the net pension liability as a percentage of its covered payroll	171.49%	173.24%	161.61%	141.36%	189.52%
Plan fiduciary net position as a percentage of the total pension liability	71%	69%	70%	74%	77%
Measurement Date	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
CalPERS					
Proportion of the net pension liability	0.0793%	0.0690%	0.0704%	0.0729%	0.0726%
Proportionate share of the net pension liability	$ 21,138,544	$ 16,479,490	$ 13,904,044	$ 10,745,532	$ 8,241,868
Covered payroll	$ 10,380,227	$ 8,756,034	$ 8,487,347	$ 8,155,186	$ 6,798,379
Proportionate share of the net pension liability as a percentage of its covered payroll	203.64%	188.21%	163.82%	131.76%	121.23%
Plan fiduciary net position as a percentage of the total pension liability	71%	72%	74%	79%	83%
Measurement Date	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

	2024	2023	2022	2021	2020
CalSTRS					
Contractually required contribution	$ 3,068,991	$ 2,380,763	$ 1,970,677	$ 2,669,765	$ 2,224,844
Contributions in relation to the contractually required contribution	(3,068,991)	(2,380,763)	(1,970,677)	(2,669,765)	(2,224,844)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 16,068,016	$ 12,464,728	$ 11,647,027	$ 16,531,053	$ 13,010,784
Contributions as a percentage of covered payroll	19.10%	19.10%	16.92%	16.15%	17.10%
CalPERS					
Contractually required contribution	$ 3,300,385	$ 2,740,670	$ 2,311,493	$ 2,120,243	$ 2,143,875
Contributions in relation to the contractually required contribution	(3,300,385)	(2,740,670)	(2,311,493)	(2,120,243)	(2,143,875)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 12,370,259	$ 10,802,799	$ 10,089,450	$ 10,242,720	$ 10,871,026
Contributions as a percentage of covered payroll	26.680%	25.370%	22.910%	20.700%	19.721%

	2019	2018	2017	2016	2015
CalSTRS					
Contractually required contribution	$ 2,458,454	$ 2,010,655	$ 1,611,746	$ 1,288,845	$ 1,014,998
Contributions in relation to the contractually required contribution	(2,458,454)	(2,010,655)	(1,611,746)	(1,288,845)	(1,014,998)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 15,101,069	$ 13,933,853	$ 12,811,971	$ 12,011,603	$ 11,430,158
Contributions as a percentage of covered payroll	16.28%	14.43%	12.58%	10.73%	8.88%
CalPERS					
Contractually required contribution	$ 1,963,880	$ 1,612,153	$ 1,216,038	$ 1,005,496	$ 959,947
Contributions in relation to the contractually required contribution	(1,963,880)	(1,612,153)	(1,216,038)	(1,005,496)	(959,947)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 10,872,993	$ 10,380,227	$ 8,756,034	$ 8,487,347	$ 8,155,186
Contributions as a percentage of covered payroll	18.062%	15.531%	13.888%	11.847%	11.771%

Note 1 - Purpose of Schedules

Schedule of Changes in the District's Net OPEB Liability and Related Ratios

This schedule presents information on the District's changes in the net OPEB liability, including beginning and ending balances, the Plan's fiduciary net position, and the net 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* – Changes of assumptions reflect a change in the healthcare trend rate from an initial rate of 7.00%, decreasing to an ultimate rate of 4.50% to an initial rate of 8.00%, decreasing to an ultimate rate of 4.50%, and a change in the discount rate from 5.16% to 5.25% 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 OPEB Liability - MPP Program

This schedule presents information on the District's proportionate share of the net OPEB Liability – MPP Program and the plans' fiduciary net position. 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 plan rate of investment return assumption was changed from 3.54% to 3.65% since the previous valuation.

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

This schedule presents information on the District's proportionate share of the net pension liability (NPL), the Plans' fiduciary net 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 for the CalSTRS or CalPERS plans since the previous valuations.
- *Changes of Assumptions* – There were no changes in economic assumptions for the CalSTRS or CalPERS plans since the previous valuations.

Schedule of the District Contributions for Pensions

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

Supplementary Information
June 30, 2024

Gavilan Joint Community College District

Gavilan Joint Community College 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.

Board of Trustees as of June 30, 2024

Member	Office	Term Expires
Jeanie Wallace	President	2026
Rachel Perez	Vice President	2024
Alicia Cortez	Clerk	2024
Kathy Chavez-Napoli	Trustee	2026
Irma C. González	Trustee	2026
Dr. Gabriel Gutierrez	Trustee	2026
Patricia Mondragón	Trustee	2024
Britney Chavez	Student Trustee	2025

Administration as of June 30, 2024

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

Gavilan College Educational Foundation, established 1994
Master Operating Agreement revised July 1, 2020
Tony Marandos, Board President

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number	Federal Expenditures	Amounts Passed through to Subrecipients
U.S. Department of Education				
Student Financial Assistance Cluster				
Federal Pell Grant Program	84.063		$ 6,238,892	$ -
Federal Direct Student Loans	84.268		101,072	-
Federal Supplemental Educational Opportunity Grants (FSEOG)	84.007		138,082	-
Federal Work-Study Program	84.033		72,589	-
Subtotal Student Financial Assistance Cluster			6,550,635	-
COVID-19: Higher Education Emergency Relief Funds, Student Aid Portion	84.425E		943,053	-
COVID-19: Higher Education Emergency Relief Funds, Institutional Portion	84.425F		3,536,553	-
Subtotal			4,479,606	-
Enacting Servingness	84.031C		833,997	39,412
Juntos Avanzamos - Mobilizing Gavilan's Ethos of Care	84.031S		521,084	-
Inclusive Network for Increasing College Involvement and Opportunity	84.031S		125,619	-
Subtotal			1,480,700	39,412
Passed through California Department of Rehabilitation				
State Vocational Rehabilitation Services	84.126A	31143	388,687	-
Passed through California Community Colleges Chancellor's Office				
Career and Technical Education Act (CTEA), Title I, Part C	84.048A	23-C01-440	143,029	-
Total U.S. Department of Education			13,042,657	39,412
U.S. Department of Veteran's Affairs				
Survivors and Dependents Educational Assistance	64.117		1,267	-
Total U.S. Department of Veteran's Affairs			1,267	-
U.S. Department of the Treasury				
Passed through California Community Colleges Chancellor's Office				
COVID-19: Coronavirus State and Local Fiscal Recovery Funds	21.027	[1]	428,000	-
Total U.S. Department of the Treasury			428,000	-
U.S. Department of Agriculture				
Passed through The Foundation for California Community Colleges				
SNAP Cluster				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	2467	327,200	-
Subtotal SNAP Cluster			327,200	-
Total U.S. Department of Agriculture			327,200	-
U.S. Department of Health and Human Services				
Passed through California Community Colleges Chancellor's Office				
Temporary Assistance for Needy Families (TANF)	93.558	[1]	52,547	-
Total U.S. Department of Health and Human Services			52,547	-
Total Federal Financial Assistance			$ 13,851,671	$ 39,412

[1] Pass-Through Entity Identifying Number not available.

See Note to Supplementary Information

Program	Program Revenues: Cash Received	Accounts Receivable	Unearned Revenue/ Accounts Payable	Total Revenue	Program Expenditures
Adult Education	$ 1,928,449	$ -	$ 207,621	$ 1,720,828	$ 1,720,828
Basic Needs Center	593,755	-	406,148	187,607	187,607
Cal Grant A	24,750	-	-	24,750	24,750
Cal Grant B	802,474	-	-	802,474	802,474
Cal Grant C	557	-	-	557	557
California College Promise Grant	768,514	-	446,769	321,745	321,745
CalWorks State	514,516	-	267,016	247,500	247,500
CARE	328,607	-	12,368	316,239	316,239
Classified PD-Chancellor	23,537	-	23,537	-	-
Covid-19 Recovery Block Grant	2,518,675	-	1,100,875	1,417,800	1,417,800
Culturally Competent Faculty PD	49,385	-	49,385	-	-
Dream Resource Liaison Support	159,415	-	71,784	87,631	87,631
DSPS	1,221,633	-	300,561	921,072	921,072
ELL Healthcare Pathways	248,773	-	148,680	100,093	100,093
EOPS	1,254,666	-	30,747	1,223,919	1,223,919
Equal Employment Opportunity	295,735	-	268,862	26,873	26,873
Equal Employment Opportunity Best Practices	132,537	-	107,282	25,255	25,255
Equitable Placement and Completion	395,283	-	369,884	25,399	25,399
Financial Aid Technology	228,101	-	169,136	58,965	58,965
Guided Pathways	156,081	-	80,971	75,110	75,110
Learning Aligned Employment Program	1,072,117	-	1,048,128	23,989	23,989
LGBTQ+ Support Funding	98,024	-	96,764	1,260	1,260
Local/Systemwide Technology and Data Security	1,219,040	-	1,168,627	50,413	50,413
Mental Health Support	311,190	-	112,691	198,499	198,499

See Note to Supplementary Information

Program	Program Revenues: Cash Received	Accounts Receivable	Unearned Revenue/ Accounts Payable	Total Revenue	Program Expenditures
MESA Grant	$ 1,137,648	$ -	$ 850,947	$ 286,701	$ 286,701
Next Up Grant	229,594	-	27,958	201,636	201,636
Nursing Enrollment and Retention Grant	178,927	-	118,320	60,607	60,607
Rapid Rehousing	710,585	-	269,154	441,431	441,431
Regional Equity and Recovery Partnerships	103,865	-	45,063	58,802	58,802
Retention and Enrollment Outreach	1,074,293	-	781,350	292,943	292,943
Seamless Transfer of Ethnic Studies	48,695	-	41,915	6,780	6,780
Strong Workforce Program Local	1,852,805	-	737,111	1,115,694	1,115,694
Strong Workforce Program Regional	306,044	911,767	-	1,217,811	1,217,811
Student Equity and Achievement Program	3,035,082	-	1,039,423	1,995,659	1,995,659
Student Financial Aid Administration (SFAA)	248,663	-	116,846	131,817	131,817
Student Food and Housing Support	468,246	-	332,001	136,245	136,245
Student Success Completion Grant	1,533,027	-	582,599	950,428	950,428
Student Transfer Achievement Reform	565,217	-	565,217	-	-
Veteran Resource Center	71,808	-	9,825	61,983	61,983
Water Resources Management Apprenticeship Training Program	-	38,588	-	38,588	38,588
Zero Textbook Cost	192,998	-	191,622	1,376	1,376
Total state programs	$ 26,103,311	$ 950,355	$ 12,197,187	$ 14,856,479	$ 14,856,479

CATEGORIES	Reported Data	Audit Adjustments	Audited Data
A. Summer Intersession (Summer 2023 only)			
1. Noncredit*	88.16	-	88.16
2. Credit	495.46	-	495.46
B. Summer Intersession (Summer 2024 - Prior to July 1, 2024)			
1. Noncredit*	-	-	-
2. Credit	200.48	-	200.48
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	886.36	-	886.36
(b) Daily Census Contact Hours	37.71	-	37.71
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit*	470.03	-	470.03
(b) Credit	735.13	-	735.13
3. Alternative Attendance Accounting Procedure Courses			
(a) Weekly Census Procedure Courses	1,852.26	-	1,852.26
(b) Daily Census Procedure Courses	251.56	-	251.56
(c) Noncredit Independent Study/Distance Education Courses	56.86	-	56.86
D. Total FTES	5,074.01	-	5,074.01
SUPPLEMENTAL INFORMATION (Subset of Above Information)			
E. In-Service Training Courses (FTES)	181.72	-	181.72
F. Basic Skills Courses and Immigrant Education			
1. Noncredit*	284.56	-	284.56
2. Credit	118.33	-	118.33
CCFS-320 Addendum			
CDCP Noncredit FTES	273.08	-	273.08

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

	Object/TOP Codes	ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110 Reported Data	Audit Adjustments	Revised Data	ECS 84362 B Total CEE AC 0100 - 6799 Reported Data	Audit Adjustments	Revised Data
Academic Salaries							
Instructional Salaries							
Contract or Regular	1100	$ 6,377,015	$ -	$ 6,377,015	$ 6,377,015	$ -	$ 6,377,015
Other	1300	6,206,556	-	6,206,556	6,206,556	-	6,206,556
Total Instructional Salaries		12,583,571	-	12,583,571	12,583,571	-	12,583,571
Noninstructional Salaries							
Contract or Regular	1200	-	-	-	2,512,799	-	2,512,799
Other	1400	-	-	-	496,881	-	496,881
Total Noninstructional Salaries		-	-	-	3,009,680	-	3,009,680
Total Academic Salaries		12,583,571	-	12,583,571	15,593,251	-	15,593,251
Classified Salaries							
Noninstructional Salaries							
Regular Status	2100	-	-	-	6,210,830	-	6,210,830
Other	2300	-	-	-	503,830	-	503,830
Total Noninstructional Salaries		-	-	-	6,714,660	-	6,714,660
Instructional Aides							
Regular Status	2200	602,374	-	602,374	603,183	-	603,183
Other	2400	157,193	-	157,193	157,193	-	157,193
Total Instructional Aides		759,567	-	759,567	760,376	-	760,376
Total Classified Salaries		759,567	-	759,567	7,475,036	-	7,475,036
Employee Benefits	3000	3,642,959	-	3,642,959	10,370,734	-	10,370,734
Supplies and Material	4000	-	-	-	408,272	-	408,272
Other Operating Expenses	5000	2,551,481	-	2,551,481	6,610,707	-	6,610,707
Equipment Replacement	6420	-	-	-	-	-	-
Total Expenditures Prior to Exclusions		19,537,578	-	19,537,578	40,458,000	-	40,458,000

		ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
	Object/TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
<u>Exclusions</u>							
Activities to Exclude							
Instructional Staff - Retirees' Benefits and Retirement Incentives	5900	$ -	$ -	$ -	$ 609,285	$ -	$ 609,285
Student Health Services Above Amount Collected	6441	-	-	-	-	-	-
Student Transportation	6491	-	-	-	-	-	-
Noninstructional Staff - Retirees' Benefits and Retirement Incentives	6740	-	-	-	-	-	-
Objects to Exclude							
Rents and Leases	5060	-	-	-	340,096	-	340,096
Lottery Expenditures							-
Academic Salaries	1000	-	-	-	-	-	-
Classified Salaries	2000	-	-	-	-	-	-
Employee Benefits	3000	-	-	-	-	-	-
Supplies and Materials	4000	-	-	-	-	-	-
Software	4100	-	-	-	-	-	-
Books, Magazines, and Periodicals	4200	-	-	-	-	-	-
Instructional Supplies and Materials	4300	-	-	-	-	-	-
Noninstructional Supplies and Materials	4400	-	-	-	-	-	-
Total Supplies and Materials		-	-	-	-	-	-

		ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
	Object/TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Other Operating Expenses and Services	5000	$ -	$ -	$ -	$ 1,205,609	$ -	$ 1,205,609
Capital Outlay	6000						
Library Books	6300	-	-	-	-	-	-
Equipment	6400	-	-	-	-	-	-
Equipment - Additional	6410	-	-	-	-	-	-
Equipment - Replacement	6420	-	-	-	-	-	-
Total Equipment		-	-	-	-	-	-
Total Capital Outlay		-	-	-	-	-	-
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		-	-	-	2,154,990	-	2,154,990
Total for ECS 84362, 50% Law		$ 19,537,578	$ -	$ 19,537,578	$ 38,303,010	$ -	$ 38,303,010
% of CEE (Instructional Salary Cost/Total CEE)		51.01%		51.01%	100.00%		100.00%
50% of Current Expense of Education					$ 19,151,505		$ 19,151,505

Activity Classification	Object Code			Unrestricted	
EPA Revenues:	8630				$ 4,374,404
Activity Classification	Activity Code	Salaries and Benefits (Obj 1000-3000)	Operating Expenses (Obj 4000-5000)	Capital Outlay (Obj 6000)	Total
Instructional Activities	1000-5900	$ 4,374,404	$ -	$ -	$ 4,374,404
Total Expenditures for EPA		$ 4,374,404	$ -	$ -	$ 4,374,404
Revenues Less Expenditures					$ -

Amounts reported for governmental activities in the Statement of Net Position are different because		
Total fund balance		
General Funds	$ 21,450,125	
Special Revenue Funds	318,770	
Capital Project Funds	136,828,996	
Debt Service Funds	19,592,679	
Proprietary Funds	473,073	
Internal Service Funds	(137)	
Total fund balance - all District funds		$ 178,663,506
In governmental funds, long-term receivables are recognized in the period when it is received. On the government-wide statements, long-term receivables are recognized when they are incurred.		315,346
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is	224,678,852	
Accumulated depreciation and amortization is	(55,092,103)	
Total capital assets, net		169,586,749
Deferred outflows of resources represent a consumption of net position in a future period and is not reported in the District's funds. Deferred outflows of resources at year-end consist of:		
Deferred outflows of resources related to debt refunding	4,164,752	
Deferred outflows of resources related to OPEB	369,795	
Deferred outflows of resources related to pensions	12,539,141	
Total deferred outflows of resources		17,073,688
In governmental funds, unmatured interest on long-term liabilities is recognized in the period when it is due. On the government-wide statements, unmatured interest on long-term liabilities is recognized when it is incurred.		(2,751,223)

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
General obligation bonds	$ (259,111,262)	
Leases	(469,557)	
Subscription-based IT arrangements	(1,004,578)	
Compensated absences	(1,143,117)	
Aggregate net other postemployment benefits (OPEB) liability	(738,794)	
Aggregate net pension liability	(39,022,643)	
Total long-term liabilities		$ (301,489,951)
Deferred inflows of resources represent an acquisition of net position in a future period and is not reported in the District's funds. Deferred inflows of resources amount to and related to		
Deferred inflows of resources related to OPEB	(1,580,715)	
Deferred inflows of resources related to pensions	(5,944,198)	
Total deferred inflows of resources		(7,524,913)
Total net position		$ 53,873,202

Note 1 - Purpose of Schedules

District Organization

This schedule provides information about the District's governing board members, administration members, and auxiliary organizations in good standing as of June 30, 2024.

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, 2024. 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, except for subrecipient expenses, which are recorded on the cash basis. 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.

Indirect Cost Rate
The District has not elected 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

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 *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 California Community Colleges Chancellor's Office. This schedule provides a reconciliation of the amount reported to the California Community Colleges Chancellor's Office and the impact of any audit adjustments and/or corrections noted during the audit.

Proposition 30 Education Protection Account (EPA) Expenditure Report

This schedule provides information about the District's EPA revenues 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 business-type activities reporting model.

Independent Auditor's Reports
June 30, 2024

Gavilan Joint Community College District

Independent Auditor's 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*

To the 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 (*Government Auditing Standards*), the 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, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 2, 2024.

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. However, material weaknesses or significant deficiencies may exist that have not been 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.

Eide Bailly LLP

Rancho Cucamonga, California
December 2, 2024

Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance Required by the Uniform Guidance

To the 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 identified as subject to audit 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, 2024. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Gavilan Joint Community College District complied, in all material respects, with the 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, 2024.

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 (*Government Auditing Standards*); 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 Auditor's 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.

Auditor's 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 the 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 a 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 Auditor's 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, 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.

Eide Bailly LLP

Rancho Cucamonga, California
December 2, 2024

CPAs & BUSINESS ADVISORS

Independent Auditor's Report on State Compliance

To the 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 described in the 2023-2024 California Community Colleges Chancellor's Office *Contracted District Audit Manual* applicable to the state laws and regulations listed in the table below for the year ended June 30, 2024.

In our opinion, Gavilan Joint Community College District complied, in all material respects, with the compliance requirements referred to above that are applicable to the state laws and regulations identified below that were audited for the year ended June 30, 2024.

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 (*Government Auditing Standards*), and the 2023-2024 California Community Colleges Chancellor's Office *Contracted District Audit Manual*. Our responsibilities under those standards are further described in the Auditor's 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 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 opinion. 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 identified below.

Auditor's 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 2023-2024 California Community Colleges Chancellor's Office *Contracted District Audit Manual* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements listed in the table below.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the 2023-2024 California Community Colleges Chancellor's Office *Contracted District Audit Manual*, we:

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

Other Matters

The results of our auditing procedure disclosed an instance of noncompliance, which is required to be reported in accordance with the 2023-2024 California Community Colleges Chancellor's Office *Contracted District Audit Manual* and which is described in the accompanying schedule of findings and questioned costs as item 2024-001. Our opinion is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the noncompliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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	Proposition 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 499	COVID-19 Response Block Grant Expenditures

The District reports no Apprenticeship Related and Supplemental Instruction (RSI) Funds; therefore, the compliance tests within this section were not applicable.

The District received no funding through Propositions 1D and 51 State Bond Funded Projects; therefore, the compliance tests within this section were not applicable.

The District submitted their final expenditure report for the COVID-19 Response Block Grant in the prior fiscal year; therefore, the compliance requirement within this section was not applicable.

The purpose of this report on State compliance is solely to describe the results of our testing based on the requirements of the 2023-2024 California Community Colleges Chancellor's Office *Contracted District Audit Manual*. Accordingly, this report is not suitable for any other purpose.

Eide Bailly LLP

Rancho Cucamonga, California
December 2, 2024

Schedule of Findings and Questioned Costs
June 30, 2024

Gavilan Joint Community College District

FINANCIAL STATEMENTS

Type of auditor's report issued	Unmodified
Internal control over financial reporting	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major programs	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)	No

Identification of major programs:

Name of Federal Program or Cluster	Federal Financial Assistance Listing
COVID-19: Higher Education Emergency Relief Funds, Student Aid Portion	84.425E
COVID-19: Higher Education Emergency Relief Funds, Institutional Portion	84.425F
Enacting Servingness	84.031C
Juntos Avanzamos - Mobilizing Gavilan's Ethos of Care	84.031S
Inclusive Network for Increasing College Involvement and Opportunity	84.031S

Dollar threshold used to distinguish between type A and type B programs:	$750,000
Auditee qualified as low-risk auditee?	Yes

STATE COMPLIANCE

Type of auditor's report issued on compliance for state programs	Unmodified

None reported.

None reported.

The following finding represents an instance of noncompliance and questioned costs relating to state laws and regulations.

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.

Repeat Finding (Yes or No)

No.

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.

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.

Except as specified in previous sections of this report, summarized below is the current status of all audit findings reported in the prior year's Schedule of Findings and Questioned Costs.

Financial Statement Findings

None reported.

Federal Awards Findings

2023-001 Special Tests and Provisions – Enrollment Reporting

Program Name: Student Financial Assistance Cluster
Assistance Listing Number: 84.007, 84.033, 84.063, and 84.268
Federal Agency: U.S. Department of Education
Pass-Through Entity: Direct Funded

Criteria or Specific Requirements

OMB Compliance Supplement, OMB No. 1845-0035 – Institutions are required to report enrollment information under the Pell grant and the Direct Loan programs via the National Student Loan Data System (NSLDS).

Institutions must review, update, and verify student enrollment statuses, program information, and effective dates that appear on the Enrollment Reporting Roster file or on the Enrollment Maintenance page of the NSLDS Professional Access (NSLDSFAP) website which the financial aid administrator can access for the auditor. The data on the institutions' Enrollment Reporting Roster, or Enrollment Maintenance page, is what NSLDS has as the most recently certified enrollment information. There are two categories of enrollment information: "Campus Level" and "Program Level", both of which need to be reported accurately and have separate record types. The NSLDS Enrollment Reporting Guide provides the requirements and guidance for reporting enrollment details using the NSLDS Enrollment Reporting Process.

Condition

Significant Deficiency in Internal Control over Compliance – During testing over the NSLDS reporting requirements, the following deficiencies were noted:

- 20 of the 35 students we tested did not have their enrollment information for the Spring 2023 term reported to NSLDS.

Questioned Costs

There were no questioned costs associated with the noncompliance.

Context

The District disbursed federal financial aid to approximately 1,300 students in the 2022-2023 fiscal year that required student enrollment and program enrollment reporting to NSLDS. A sample of 35 students were selected for testing.

Effect

The District is not in compliance with the federal enrollment reporting requirements described in the OMB Compliance Supplement.

Cause

The District did not report enrollment information for students under the Pell grant and Direct and FFEL loan programs via NSLDS timely and accurately. The administration of the Title IV programs depends heavily on the accuracy and timeliness of the enrollment information reported by institutions.

Repeat Finding: (Yes or No)

No

Recommendation

The District should implement a process to review, update, and verify student enrollment statuses, program information, and effective dates that appear on the Enrollment Reporting Roster file or on the Enrollment Maintenance page of the NSLDS Professional Access (NSLDSFAP) website.

Current Status

Implemented.

State Compliance Findings

None reported.