
**GAVILAN JOINT COMMUNITY
COLLEGE DISTRICT**

**MEASURE E GENERAL OBLIGATION BONDS
AGREED-UPON PROCEDURES REPORT**

JUNE 30, 2006



**INDEPENDENT ACCOUNTANTS' REPORT ON
 APPLYING AGREED-UPON PROCEDURES**

Gavilan Joint Community College District
 Gilroy, California

We have performed the agreed-upon procedures, which were agreed to by the management of the Gavilan Joint Community College District, to review at least 25 percent of the total expenditures of 2004 Measure E General Obligation Bond funds for the period of July 1, 2004 to June 30, 2006, for the purpose of verifying if the use of the funds is within the scope of the published materials specifying the intended use of bond funds. We used election documents, District resolutions, and the project priority list as the guidance for the intended use of the funds. For any expenditures in question, we will recommend that the District obtain the opinion of legal counsel and we will inform the District as to the issues. Management is responsible for Gavilan Joint Community College District's compliance with election documents, district resolutions, and the project priority list. This engagement to perform agreed-upon procedures was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and meets the compliance requirements to perform an "audit" as outlined in Subparagraph (C) of paragraph (3) of subdivision (b) of section 1 of Article XIII A of the California Constitution which was enacted as a result of Proposition 39. The sufficiency of these procedures is solely the responsibility of those specified parties in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Financial Summary

1. The general obligation bond funds were authorized at an election of the registered voters of the District held on March 2, 2004. The bonds were authorized at an issuance of \$108,000,000 principal amount for the purpose of constructing and modernization of school facilities and to refund certain lease obligations of the College. The first and second series of the bonds were issued in 2004 and sold in the amounts of \$29,170,000 and \$830,000. After providing for the required repayment reserves, payment of issuance costs, and funding the refunding bond escrow accounts, the net proceeds available for construction was \$26,361,028.
2. Total expenditures and contract commitments through June 30, 2006, were \$3,697,852.
3. An analysis of expenditures is as follows:

EXPENDITURES FOR THE FISCAL YEAR 2006:

Classified salaries	\$ 37,802
Employee benefits	15,291
Services and operating expenditures	2,015,592
Capital outlay	522,410
Total Expenditures	<u>\$ 2,591,095</u>

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4. Available unspent funds from the first and second bond series as of June 30, 2006 were:

General obligation bond proceeds, series A	\$ 29,170,000
General obligation bond proceeds, series B	830,000
Bond premiums (Series A & B)	728,130
Transfer to refunding bond escrow accounts	(3,625,796)
Required deposit to bond sinking fund	(202,485)
Bond issuance costs	<u>(538,821)</u>
Total bond financing sources and uses	26,361,028
Cumulative interest earned (net fair market value adjustment)	1,323,187
Cumulative State and local revenues	241,114
Less cumulative expenditures and commitments	<u>(3,697,852)</u>
Amount available	<u><u>\$ 24,227,477</u></u>

Agreed Upon Procedures Performed

1. Verify that the expenditure of funds was accounted for separately in the accounting records to allow for accountability.
2. Select at least 25 percent of the expenditures and verify that the funds expended complied with the purpose that was specified to the registered voters of the District through election materials, district resolutions, and the project priority list that were distributed to the voters.
3. Verify that District's internal control procedures are operating according to District policies.
4. Verify that the State and District policies were followed in the awarding of bids and expenditure of the funds.

Results of Procedures

1. The general obligation bond fund expenditures were accounted for separately in the bond construction fund (fund 60) of the District.
2. Our review of the expenditures for the year ended June 30, 2006, did not reveal any items that were paid from the general obligation bond funds that did not comply with the purpose of the Bonds that were approved by the registered voters of the District on March 2, 2004. We did not request that management of the District obtain any legal opinions on expenditures for the year ended June 30, 2006. See supplemental information for list of expenditures reviewed.
3. Our review of the internal control procedures followed on selected invoices revealed no exceptions to the internal control policies of the District.
4. Our review of the awarding of contracts and the disbursement of funds revealed no exceptions to the policies of the State and the District.

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We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Gavilan Joint Community College District and is not intended to be and should not be used by anyone other than those specified parties.

Vavrunick, Trine, Day & Co., LLP

Fresno, California
November 17, 2006

GAVILAN JOINT COMMUNITY COLLEGE DISTRICT

**BOND CONSTRUCTION FUND
EXPENDITURE TESTING
FOR THE YEAR ENDED JUNE 30, 2006**

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<u>Date</u>	<u>Vendor</u>	<u>Purpose</u>	<u>Amount</u>
9/15/2005	Kitchell CEM	Bond Program Management Services	\$ 50,825
1/31/2006	BFGC Architects Planners Inc.	Technology strategic planning consultation work	42,045
3/31/2006	BFGC Architects Planners Inc.	Professional services with the project architect for the master plan of Gavilan College	97,978
5/12/2006	Modine Manufacturing Co.	Equipment for 6 Airdale heat & AC pumps	58,614
1/26/2006	First American Title Co.	Escrow on property in and about the city of Hollister	50,000
5/2/2006	BFGC Architects Planners Inc.	Gavilan College utility infrastructure Replacement	161,755
3/10/2006	Division of the State Architects	DSA plan check fee-infrastructure project	30,776
8/3/2005	Saviano Company Inc.	Completion of wall removal, crack repair, petromat, and asphalt concrete for tennis court renovation	60,000
7/1/05-6/30/06	Various	General capital outlay expenditures tested in fixed assets not included above.	370,468
7/1/05-6/30/06	Support Salaries	Project management	37,802
11/10/2005	Dell Marketing	Computer parts	15,291
		Total tested	\$ 975,555
		Total expended (7/1/05-6/30/06)	\$ 2,591,095
		Percent tested	37.7%