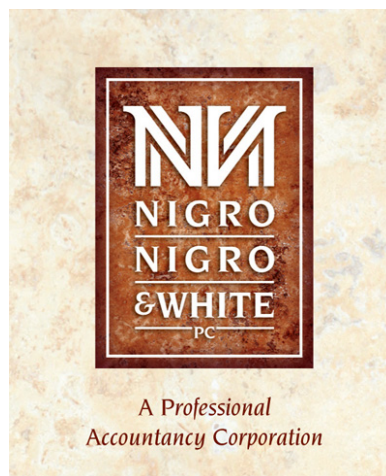


**GROSSMONT-CUYAMACA
COMMUNITY COLLEGE DISTRICT**

COUNTY OF SAN DIEGO

AUDIT REPORT

June 30, 2008



**GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
AUDIT REPORT
June 30, 2008**

CONTENTS

	<u>Page</u>
FINANCIAL SECTION	
Independent Auditors' Report	1
Management's Discussion and Analysis	3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statements of Net Assets	9
Statements of Revenues, Expenses, and Changes in Net Assets	10
Statements of Cash Flows	11
Fiduciary Statements:	
Statements of Net Assets	13
Statements of Changes in Net Assets	17
Discretely Presented Component Unit – Grossmont-Cuyamaca Community College District Auxiliary Organization:	
Statements of Financial Position	19
Statements of Activities	20
Statements of Cash Flows	22
Notes to Financial Statements	23

**GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
AUDIT REPORT
June 30, 2008**

**CONTENTS
(Continued)**

SUPPLEMENTARY INFORMATION SECTION	<u>Page</u>
Local Education Agency Organization Structure.....	52
Schedule of Expenditures of Federal Awards	53
Schedule of Expenditures of State Awards	55
Schedule of Workload Measures for State General Apportionment- Annual/Actual Attendance.....	57
Reconciliation of Annual Financial and Budget Report (CCFS-311) With Fund Financial Statements.....	58
Reconciliation of Governmental Fund Balance Sheets to the Statement of Net Assets.....	59
Note to the Supplementary Information	60
OTHER INDEPENDENT AUDITORS' REPORTS	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	61
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133.....	63
Auditors' Report on State Compliance	65
FINDINGS AND QUESTIONED COSTS SECTION	
Schedule of Audit Findings and Questioned Costs	67
Summary Schedule of Prior Audit Findings.....	72



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Grossmont-Cuyamaca Community College District
El Cajon, California

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying basic financial statements of the Grossmont-Cuyamaca Community College District (the District) as of and for the years ended June 30, 2008 and 2007, and its discretely presented component unit, Grossmont-Cuyamaca Community College District Auxiliary Organization, as listed in the Table of Contents. These basic financial statements are the responsibility of the Grossmont-Cuyamaca Community College District's management. Our responsibility is to express opinions on these financial statements based on our audits.


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

In our opinion, the financial statements referred to above, present fairly, in all material respects, the financial position of the Grossmont-Cuyamaca Community College District, and its discretely presented component unit, Grossmont-Cuyamaca Community College District Auxiliary Organization, as of June 30, 2008 and 2007, and the respective changes in financial position and cash flows, for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Governmental Auditing Standards*, we have also issued our report dated November 18, 2008, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis, as listed in the Table of Contents, is not a required part of the basic financial statements, but is supplementary information required by the accounting principles generally accepted in the United States of America. This supplementary information is the responsibility of the District's management. We have applied certain limited procedures, consisting principally of inquiring of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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



San Diego, California
November 18, 2008

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Management's Discussion and Analysis

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
Management's Discussion and Analysis (Unaudited)
June 30, 2008

The Grossmont-Cuyamaca Community College District (the District) consists of two separately accredited colleges, Cuyamaca and Grossmont, supported by a District Office. The District serves approximately 26,000 students per semester. Full-Time Equivalent Student (FTES) for 2007-2008 was 18,559.

The following discussion and analysis provides an overview of the financial position and activities of the Grossmont-Cuyamaca Community College District for the year ended June 30, 2008. Please read it in conjunction with the financial statements and notes thereto which follow this section. Responsibility for the completeness and accuracy of this information rests with the District management.

FINANCIAL HIGHLIGHTS

- Net assets decreased by \$14.9 million or 12.9 percent due to higher operating expenses attributable to salary increases, utilities, other operating expenses and increased interest expense related to long-term debt.

OVERVIEW OF THE FINANCIAL STATEMENTS

The District was required to implement the reporting standards of Governmental Accounting Standards Board (GASB) Statement No. 34, as amended by GASB Statement No. 35 on July 1, 2002. This adoption changed the format and the content of the District's basic financial statements. The District is following the Business Type Activity (BTA) model. Rather than issuing fund-type financial statements, these Statements require the following components to be included in the District's financial statements:

- Management's Discussion and Analysis
- Basic financial statements including Statements of Net Assets, Statements of Revenues, Expenses, and Changes in Net Assets, and Statements of Cash Flows for the District as a whole
- Notes to financial statements

Additionally, fund balance is now referred to as Net Assets, and the Statements of Cash Flows are presented using the direct method.

The basic financial statements are designed to provide readers with a broad overview of the District's finances, using accounting methods similar to those used by private sector companies. These statements offer short-term and long-term financial information about the District's activities.

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
Management's Discussion and Analysis (Unaudited)
June 30, 2008

The Statements of Net Assets present the assets, liabilities, and net assets of the District as of the end of the fiscal years ended June 30, 2008 and 2007 and are prepared using the accrual basis of accounting, which is similar to the accounting basis used by most private sector organizations. The difference between total assets and total liabilities (net assets) is one indicator of the current financial condition of the District, or one way to measure the financial health of the District.

The net assets are divided into three major categories. The first category, Invested in Capital Assets, represents the equity amount in property, plant, and equipment owned by the District. The second category is Expendable Restricted Net Assets. These net assets are 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. Restrictions can also be enforced through agreements, laws, or regulations of creditors, other governmental agencies, imposed bylaws through constitutional provisions or enabling legislation. The final category is Unrestricted Net Assets that are available to the District for any lawful purpose. Although unrestricted, the District's Governing Board may place internal restrictions on these net assets, but it retains the power to change, remove, or modify such restrictions.

The Statements of Revenues, Expense, and Changes in Net Assets represent the operating results of the District. The purpose of the statements is to present the revenues received by the District, both operating and non-operating, the expenses paid by the District, operating and non-operating, and any other revenues, expenses, gains and losses. Thus, these statements present the District's results of operations.

Changes in total net assets, as indicated on the Statements of Net Assets are based on the activity presented in the Statements of Revenues, Expenses, and Changes in Net Assets.

Generally, operating revenues are earned for providing goods and services to the various customers and constituencies of the District. Operating expenses are those expenses incurred to acquire or produce the goods and services provided in return for the operating revenues and to fulfill the mission of the District. Non-operating revenues are those received or pledged for which goods and services are not provided. For example, State appropriations are non-operating revenues because they are provided by the State Legislature to the District without the Legislature directly receiving commensurate goods and services for the revenues.

The Statements of Cash Flows provide information about cash receipts and cash payments during the fiscal year, major uses, and sources of cash. These statements also help users assess the District's ability to generate positive cash flows, meet obligations as they become due and evaluate the need for external financing.

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
Management's Discussion and Analysis (Unaudited)
June 30, 2008

The Statements of Cash Flows are divided into five parts. The first part reflects operating cash flows and shows the net cash provided by the operating activities of District. The second part details cash received for non-operating, non-investing, and non-capital activities of the institution. The third section deals with the cash used for the acquisition and construction of capital and related financing activities. The fourth part provided information from investing activities. This section reflects the cash received and spent for short-term investment and any interest paid or received on those investments. The final section reconciles the net cash provided by operating activities to the operating loss reflected on the Statements of Revenues, Expenses, and Changes in Net Assets. The net cash reconciliation is shown in the expanded version of the Statements of Cash Flows in the financial statements.

The Statements of Net Assets as of June 30, 2008, 2007, and 2006 are summarized below:

(Amounts in thousands)

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Current assets	\$ 154,284	\$ 114,508	\$ 146,873
Capital assets, as restated (see note 14)	208,562	186,472	131,079
Total Assets	<u>362,846</u>	<u>300,980</u>	<u>277,952</u>
Current liabilities	29,831	29,644	25,339
Long-term obligations	232,281	155,740	156,885
Total Liabilities	<u>262,112</u>	<u>185,384</u>	<u>182,224</u>
Net assets			
Invested in capital assets, net of related debt	67,154	83,703	72,680
Restricted	21,246	18,963	9,668
Unrestricted	12,334	12,930	13,380
Total Net Assets	<u>100,734</u>	<u>115,596</u>	<u>95,728</u>
Total Liabilities and Net Assets	<u>\$ 362,846</u>	<u>\$ 300,980</u>	<u>\$ 277,952</u>

The District's total assets increased \$61.9 million or 20.6 percent from the previous year. The majority of the increase was based on increases in capital assets as detailed in the capital assets section of this report, consistent with the GASB Statement No. 35 provisions.

Total liabilities increased \$76.7 million or 41.4 percent. This is related mainly to the issuance of General Obligation Bonds in 2008.

The District's net assets decreased \$14.9 million or 12.9 percent due to higher operating expenses attributable to salary increases, utilities, other operating expenses and increased interest expense related to long-term debt.

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
Management's Discussion and Analysis (Unaudited)
June 30, 2008

The Statements of Revenues, Expenses, and Changes in Net Assets for the years ended June 30, 2008, 2007, and 2006 are summarized below:

(Amounts in thousands)

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Operating revenues	\$ 44,441	\$ 45,879	\$ 39,673
Operating expenses	<u>(147,619)</u>	<u>(127,229)</u>	<u>(124,427)</u>
Deficit before depreciation and nonoperating income and expense	(103,178)	(81,350)	(84,754)
Depreciation	<u>(3,268)</u>	<u>(3,173)</u>	<u>(2,834)</u>
Deficit before nonoperating income and expense	(106,446)	(84,523)	(87,588)
Nonoperating income and expense, net	<u>91,584</u>	<u>110,976</u>	<u>117,207</u>
Increase (decrease) in Net Assets, as previously reported	(14,862)	26,453	29,619
Adjustments for restatement (see note 14)	<u>-</u>	<u>(6,585)</u>	<u>(7,983)</u>
Increase (decrease) in Net Assets, as restated	<u>\$ (14,862)</u>	<u>\$ 19,868</u>	<u>\$ 21,636</u>

The Changes in Net Assets comparison presents the District's results of operations and shows a decrease of \$14.9 million. The operating loss increased \$21.9 million or 25.9 percent. State apportionment and property taxes are recorded in nonoperating income.

The Statements of Cash Flows for the years ended June 30, 2008, 2007, and 2006 are summarized below:

(Amounts in thousands)

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Operating activities	\$ (100,153)	\$ (78,460)	\$ (82,373)
Noncapital financing activities	93,688	101,886	79,116
Capital and related financing activities	38,810	(53,373)	(26,161)
Investing activities	<u>54,516</u>	<u>52,925</u>	<u>(95,296)</u>
Net Change in Cash and Cash Equivalents	86,861	22,978	(124,714)
Cash and Cash Equivalents - Beginning of Year	49,840	26,862	151,576
Cash and Cash Equivalents - End of Year	<u>\$ 136,701</u>	<u>\$ 49,840</u>	<u>\$ 26,862</u>

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
Management's Discussion and Analysis (Unaudited)
June 30, 2008

District Fiduciary Responsibility

The District is the trustee, or fiduciary, for certain amounts held on behalf of students, clubs, and donors for student loans and scholarships. The District's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets. Net assets of fiduciary activities are excluded from the District's net assets because the District cannot use fiduciary assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Capital Assets

As of June 30, 2008, the District had approximately \$243.0 million invested in capital assets. Capital assets consist of land and land improvements, buildings and building improvements, construction in progress, vehicles, data processing equipment, and other equipment that met the capitalization threshold recommended by GASB Statement No. 35. These assets have accumulated depreciation of \$34.4 million, leaving a net asset amount of \$208.6 million.

Note 5 to the financial statements provides detail information on capital assets. A summary of capital assets net of accumulated depreciation and changes therein is presented below:

(Amounts in thousands)

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Land	\$ 1,819	\$ 1,819	\$ 1,819
Work in progress, as restated (see note 14)	136,884	111,671	56,117
Site improvements	20,352	21,393	20,688
Buildings	47,675	49,492	50,821
Equipment	1,832	2,097	1,634
Total	<u>\$ 208,562</u>	<u>\$ 186,472</u>	<u>\$ 131,079</u>

Total net capital assets increased \$22.1 million or 11.8 percent. Major changes consisted of one construction project at Grossmont College and two construction projects at Cuyamaca College completed or near completion which are reflected as a significant increase in work in progress. These projects, along with anticipated completion dates, are as follows:

- Grossmont College Exercise Science & Wellness Complex Renovation – July 2008
- Cuyamaca College Student Center – October 2007
- Cuyamaca College Communication Arts Building – January 2008

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
Management's Discussion and Analysis (Unaudited)
June 30, 2008

Major future planned projects, funded by State and local bonds, are:

Grossmont College

- Parking Structure – July 2009
- Health/Physical Sciences Complex – Summer 2010
- Student Services/Student Center Renovation – Winter 2012

Cuyamaca College

- Business/CIS Building – January 2010
- LRC Expansion – Fall 2010

ECONOMIC FACTORS THAT MAY AFFECT THE FUTURE

In 2007-2008, the District reported 18,559 FTES. The District increased enrollment, not only restoring to base but also earning growth funds. In 2008-2009, the District anticipates a continued growth trend and expects to reach its target goal of 18,913 FTES.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Vice Chancellor, Business Services, at Grossmont-Cuyamaca Community College District, 8800 Grossmont College Drive, El Cajon, California 92020-1799.

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Financial Section

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
Statements of Net Assets
June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 136,701,070	\$ 49,840,407
Investments	213,350	50,534,835
Accounts receivable	12,948,938	12,232,589
Prepaid expenses	380,100	402,930
Stores inventories	67,242	58,749
Deferred cost on issuance	3,973,655	1,438,637
Total Current Assets	<u>154,284,355</u>	<u>114,508,147</u>
NONCURRENT ASSETS		
Nondepreciable capital assets, as restated (see note 14)	138,703,582	113,490,301
Depreciable capital assets, net of accumulated depreciation	69,858,445	72,981,948
Total Noncurrent Assets	<u>208,562,027</u>	<u>186,472,249</u>
TOTAL ASSETS	<u>362,846,382</u>	<u>300,980,396</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	16,114,888	18,056,106
Accrued interest payable	1,130,790	2,760,544
Deferred revenue	4,264,693	3,840,957
Amounts held in trust on behalf of others	2,454,121	2,633,915
Compensated absences payable - current portion	200,000	200,000
Bonds payable - current portion	5,085,000	1,503,474
Lease obligations - current portion	10,367	10,239
Other long-term obligations - current portion	571,912	638,809
Total Current Liabilities	<u>29,831,771</u>	<u>29,644,044</u>
NONCURRENT LIABILITIES		
Compensated absences payable - noncurrent portion	3,021,336	2,813,208
Bonds payable - noncurrent portion	228,930,777	152,031,873
Lease obligations - noncurrent portion	10,368	20,601
Other long-term obligations - noncurrent portion	318,281	874,607
Total Noncurrent Liabilities	<u>232,280,762</u>	<u>155,740,289</u>
TOTAL LIABILITIES	<u>262,112,533</u>	<u>185,384,333</u>
NET ASSETS		
Invested in capital assets, net of related debt	67,153,716	83,703,474
Restricted for:		
Debt service	8,337,718	8,496,239
Capital projects	12,907,821	10,466,618
Unrestricted	12,334,594	12,929,732
TOTAL NET ASSETS	<u>\$ 100,733,849</u>	<u>\$ 115,596,063</u>

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

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
Statements of Revenues, Expenses, and Changes in Net Assets
For the Years Ended June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
OPERATING REVENUES		
Student Tuition and Fees	\$ 15,672,889	\$ 15,746,564
Less: Scholarship discount and allowance	(3,747,770)	(4,116,614)
Net tuition and fees	<u>11,925,119</u>	<u>11,629,950</u>
Grants and Contracts, noncapital:		
Federal	14,394,941	13,201,891
State	12,670,373	14,567,487
Internal Service Sales and Charges	5,451,126	6,479,705
Subtotal	<u>32,516,440</u>	<u>34,249,083</u>
TOTAL OPERATING REVENUES	<u><u>44,441,559</u></u>	<u><u>45,879,033</u></u>
OPERATING EXPENSES		
Salaries	76,521,752	70,512,226
Employee benefits	27,090,239	27,144,818
Supplies, materials, and other operating expenses and services	44,007,432	29,571,934
Depreciation	3,267,725	3,172,818
TOTAL OPERATING EXPENSES	<u>150,887,148</u>	<u>130,401,796</u>
OPERATING LOSS	<u>(106,445,589)</u>	<u>(84,522,763)</u>
NONOPERATING REVENUES (EXPENSES)		
State apportionments, noncapital	52,754,997	47,993,229
Local property taxes	33,913,009	37,100,965
State taxes and other revenues	2,936,599	5,428,729
Investment income, net	3,480,169	4,563,554
Interest expense on capital asset-related debt	(16,636,854)	(7,074,720)
Interest income on capital asset-related debt	392,070	574,645
Loss on disposal of capital assets	(366,362)	-
Transfer to agency fund	(38,500)	(84,000)
Other nonoperating revenue	9,257,021	5,061,084
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>85,692,149</u>	<u>93,563,486</u>
INCOME (LOSS) BEFORE OTHER REVENUES	<u>(20,753,440)</u>	<u>9,040,723</u>
State revenues, capital	5,891,226	17,412,627
TOTAL OTHER REVENUES	<u>5,891,226</u>	<u>17,412,627</u>
INCREASE (DECREASE) IN NET ASSETS	<u>(14,862,214)</u>	<u>26,453,350</u>
NET ASSETS, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED	115,596,063	103,711,004
ADJUSTMENT FOR RESTATEMENT (SEE NOTE 14)	<u>-</u>	<u>(14,568,291)</u>
NET ASSETS, BEGINNING OF YEAR, AS RESTATED	<u>115,596,063</u>	<u>89,142,713</u>
NET ASSETS, END OF YEAR	<u><u>\$ 100,733,849</u></u>	<u><u>\$ 115,596,063</u></u>

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

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
Statements of Cash Flows
For the Years Ended June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$ 11,933,754	\$ 11,535,710
Grants and contracts	27,128,886	28,482,531
Payments to or on behalf of employees	(95,980,540)	(98,351,557)
Payments to vendors for supplies and services	(37,406,050)	(16,469,189)
Payments to students for scholarships and grants	(11,279,781)	(10,136,769)
Internal service sales and charges	5,451,126	6,479,705
Net Cash Flows From Operating Activities	<u>(100,152,605)</u>	<u>(78,459,569)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State apportionments	49,281,279	47,489,035
Property taxes	34,110,261	37,100,965
State taxes and other revenue	2,828,414	12,697,887
Other nonoperating revenues	7,468,301	4,597,661
Net Cash Flows From Noncapital Financing Activities	<u>93,688,255</u>	<u>101,885,548</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(22,249,563)	(63,156,860)
Proceeds from capital debt	66,775,377	456,721
State apportionments, capital projects	815,326	17,412,627
Principal paid on capital debt	(1,415,239)	(1,657,632)
Interest paid on capital debt	(5,581,806)	(7,002,171)
Interest received on capital debt	464,557	574,645
Net Cash Flows From Capital Financing Activities	<u>38,808,652</u>	<u>(53,372,670)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	2,126,981	4,902,649
Proceeds from sale of investments	52,389,380	48,022,016
Net Cash Flows From Investing Activities	<u>54,516,361</u>	<u>52,924,665</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	86,860,663	22,977,974
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	49,840,407	26,862,433
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 136,701,070</u>	<u>\$ 49,840,407</u>

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

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
Statements of Cash Flows, Continued
For the Years Ended June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
RECONCILIATION OF NET OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Operating Loss	\$ (106,445,589)	\$ (84,522,763)
Adjustments to Reconcile Operating Loss to Net Cash Flows from Operating Activities:		
Depreciation expense	3,267,725	3,172,818
Changes in Assets and Liabilities:		
Receivables, net	(2,003,072)	(738,961)
Inventories	(8,493)	(960)
Prepaid items	22,830	676,219
Accounts payable and accrued liabilities	4,770,052	2,167,789
Deferred revenue	423,736	614,337
Funds held for others	(179,794)	171,952
Total Adjustments	<u>6,292,984</u>	<u>6,063,194</u>
Net Cash Flows From Operating Activities	<u>\$ (100,152,605)</u>	<u>\$ (78,459,569)</u>
 CASH AND CASH EQUIVALENTS CONSIST OF THE FOLLOWING		
Cash in banks	\$ 4,392,517	\$ 5,081,167
Cash in county treasury	132,071,526	44,724,534
Cash with fiscal agent	237,027	34,706
Total Cash and Cash Equivalents	<u>\$ 136,701,070</u>	<u>\$ 49,840,407</u>
 NONCASH TRANSACTIONS		
On behalf payments for benefits	<u>\$ 2,524,399</u>	<u>\$ 1,708,211</u>

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

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
Statements of Net Assets – Fiduciary Funds
June 30, 2008 and 2007

2008	Agency			
	Associated Students Cuyamaca	Associated Students Grossmont	Grossmont Student Trust Organization	Grossmont Student Representation Fee
ASSETS				
Cash and cash equivalents	\$ 73,217	\$ 430,944	\$ 65,705	\$ 104,483
Accounts receivable	-	5,843	205	-
Stores inventories	-	13,243	-	-
Fixed assets	-	6,461	-	-
Total Assets	<u>73,217</u>	<u>456,491</u>	<u>65,910</u>	<u>104,483</u>
LIABILITIES				
Accounts payable	6,748	5,543	203	-
Due to student groups	66,469	450,948	65,707	104,483
Total Liabilities	<u>73,217</u>	<u>456,491</u>	<u>65,910</u>	<u>104,483</u>
NET ASSETS				
Reserved	-	-	-	-
Total Liabilities and Net Assets	<u>\$ 73,217</u>	<u>\$ 456,491</u>	<u>\$ 65,910</u>	<u>\$ 104,483</u>

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

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
Statements of Net Assets – Fiduciary Funds, Continued
June 30, 2008 and 2007

<u>Scholarship and Loan Trust</u>	<u>Financial Aid Fund</u>	<u>District Trust</u>	<u>Student Center Funds</u>	<u>Total 2008</u>
\$ 506,100	\$ 179,661	\$ 475,364	\$ 1,075,452	\$ 2,910,926
5,482	330,012	5,301	9,615	356,458
-	-	-	-	13,243
-	-	-	-	6,461
<u>511,582</u>	<u>509,673</u>	<u>480,665</u>	<u>1,085,067</u>	<u>3,287,088</u>
-	338,314	3,961	478,198	832,967
-	-	-	-	687,607
<u>-</u>	<u>338,314</u>	<u>3,961</u>	<u>478,198</u>	<u>1,520,574</u>
511,582	171,359	476,704	606,869	1,766,514
<u>\$ 511,582</u>	<u>\$ 509,673</u>	<u>\$ 480,665</u>	<u>\$ 1,085,067</u>	<u>\$ 3,287,088</u>

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

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
Statements of Net Assets – Fiduciary Funds, Continued
June 30, 2008 and 2007

2007	Agency			
	Associated Students Cuyamaca	Associated Students Grossmont	Grossmont Student Trust Organization	Grossmont Student Representation Fee
ASSETS				
Cash and cash equivalents	\$ 82,912	\$ 411,654	\$ 66,078	\$ 82,974
Accounts receivable	-	9,996	485	-
Stores inventories	-	5,827	-	-
Fixed assets	-	5,378	-	-
Total Assets	82,912	432,855	66,563	82,974
LIABILITIES				
Accounts payable	4,427	4,780	932	-
Due to student groups	78,485	428,075	65,631	82,974
Total Liabilities	82,912	432,855	66,563	82,974
NET ASSETS				
Reserved	-	-	-	-
Total Liabilities and Net Assets	\$ 82,912	\$ 432,855	\$ 66,563	\$ 82,974

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

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
Statements of Net Assets – Fiduciary Funds, Continued
June 30, 2008 and 2007

<u>Scholarship and Loan Trust</u>	<u>Financial Aid Fund</u>	<u>District Trust</u>	<u>Student Center Funds</u>	<u>Total 2007</u>
\$ 449,310	\$ 472,003	\$ 488,452	\$ 1,034,361	\$ 3,087,744
8,508	203,709	-	26,408	249,106
-	-	-	-	5,827
-	-	-	-	5,378
<u>457,818</u>	<u>675,712</u>	<u>488,452</u>	<u>1,060,769</u>	<u>3,348,055</u>
-	462,929	13,181	15,108	501,357
-	-	-	-	655,165
<u>-</u>	<u>462,929</u>	<u>13,181</u>	<u>15,108</u>	<u>1,156,522</u>
457,818	212,783	475,271	1,045,661	2,191,533
<u>\$ 457,818</u>	<u>\$ 675,712</u>	<u>\$ 488,452</u>	<u>\$ 1,060,769</u>	<u>\$ 3,348,055</u>

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

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
Statements of Changes in Net Assets – Fiduciary Funds
For the Years Ended June 30, 2008 and 2007

	2008				
	Scholarship and Loan Trust	Financial Aid Fund	District Trust	Student Center Funds	Total
ADDITIONS					
Operating revenues	\$ 401,079	\$ 11,362,972	\$ 245,075	\$ 99,285	\$ 12,108,411
Total Additions	<u>401,079</u>	<u>11,362,972</u>	<u>245,075</u>	<u>99,285</u>	<u>12,108,411</u>
DEDUCTIONS					
Operating expenses	347,315	11,404,396	243,642	538,077	12,533,430
Total Deductions	<u>347,315</u>	<u>11,404,396</u>	<u>243,642</u>	<u>538,077</u>	<u>12,533,430</u>
Change in Net Assets	53,764	(41,424)	1,433	(438,792)	(425,019)
Net Assets - Beginning	457,818	212,783	475,271	1,045,661	2,191,533
Net Assets - Ending	<u>\$ 511,582</u>	<u>\$ 171,359</u>	<u>\$ 476,704</u>	<u>\$ 606,869</u>	<u>\$ 1,766,514</u>

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

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
Statements of Changes in Net Assets – Fiduciary Funds, Continued
For the Years Ended June 30, 2008 and 2007

2007				
<u>Scholarship and Loan Trust</u>	<u>Financial Aid Fund</u>	<u>District Trust</u>	<u>Student Center Funds</u>	<u>Total</u>
\$ 301,903	\$ 10,140,675	\$ 307,750	\$ 108,627	\$ 10,858,955
<u>301,903</u>	<u>10,140,675</u>	<u>307,750</u>	<u>108,627</u>	<u>10,858,955</u>
265,160	10,136,769	298,012	9,523	10,709,464
<u>265,160</u>	<u>10,136,769</u>	<u>298,012</u>	<u>9,523</u>	<u>10,709,464</u>
36,743	3,906	9,738	99,104	149,491
421,075	208,877	465,533	946,557	2,042,042
<u>\$ 457,818</u>	<u>\$ 212,783</u>	<u>\$ 475,271</u>	<u>\$ 1,045,661</u>	<u>\$ 2,191,533</u>

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

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GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
Discretely Presented Component Unit – Grossmont-Cuyamaca Community College District
Auxiliary Organization – Statements of Financial Position
June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 52,448	\$ 350,366
Accounts receivable	1,978,641	1,183,511
TOTAL ASSETS	<u>2,031,089</u>	<u>1,533,877</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	773,893	438,614
Accrued payroll and benefits	220,717	167,597
Due to Grossmont-Cuyamaca Community College District	550,000	-
TOTAL LIABILITIES	<u>1,544,610</u>	<u>606,211</u>
NET ASSETS		
Unrestricted		
Undesignated	174,157	135,270
Temporarily restricted	312,322	792,396
TOTAL NET ASSETS	<u>486,479</u>	<u>927,666</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,031,089</u>	<u>\$ 1,533,877</u>

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

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
Discretely Presented Component Unit – Grossmont-Cuyamaca Community College District
Auxiliary Organization – Statements of Activities
For the Years Ended June 30, 2008 and 2007

	2008		
	Unrestricted	Temporarily Restricted	Total
REVENUES AND PUBLIC SUPPORT			
Categorical allowances	\$ 5,615,162	\$ -	\$ 5,615,162
Contributions	-	864,897	864,897
Contract education and services	-	93,128	93,128
Other local revenue	386,545	183,289	569,834
Net assets released from restrictions	1,621,388	(1,621,388)	-
TOTAL REVENUES AND SUPPORT	<u>7,623,095</u>	<u>(480,074)</u>	<u>7,143,021</u>
EXPENSES			
Program Services			
Grossmont-Cuyamaca Community College District	6,245,974	-	6,245,974
Supplies	248,784	-	248,784
Other payments to students	500	-	500
Donations	9,500	-	9,500
Travel, conferences, and mileage	362,450	-	362,450
Membership dues and fees	26,282	-	26,282
Equipment donated to Grossmont-Cuyamaca Community College District	90,962	-	90,962
Rents and utilities	116,911	-	116,911
Operational indirect	395,186	-	395,186
Total Program Services	<u>7,496,549</u>	<u>-</u>	<u>7,496,549</u>
Supporting Services			
Printing	12,070	-	12,070
Postage and freight	5,049	-	5,049
Other support expenses	71,605	-	71,605
Total Supporting Services	<u>88,724</u>	<u>-</u>	<u>88,724</u>
TOTAL EXPENSES	<u>7,585,273</u>	<u>-</u>	<u>7,585,273</u>
OTHER REVENUE AND EXPENSES			
Interest	1,065	-	1,065
CHANGE IN NET ASSETS	38,887	(480,074)	(441,187)
NET ASSETS, BEGINNING OF YEAR	135,270	792,396	927,666
NET ASSETS, END OF YEAR	<u>\$ 174,157</u>	<u>\$ 312,322</u>	<u>\$ 486,479</u>

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

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
Discretely Presented Component Unit – Grossmont-Cuyamaca Community College District
Auxiliary Organization – Statements of Activities, Continued
For the Years Ended June 30, 2008 and 2007

2007		
Unrestricted	Temporarily Restricted	Total
\$ 5,275,027	\$ -	\$ 5,275,027
-	753,647	753,647
-	65,055	65,055
321,633	22,849	344,482
684,162	(684,162)	-
6,280,822	157,389	6,438,211
4,630,149	-	4,630,149
232,002	-	232,002
45,158	-	45,158
200	-	200
251,231	-	251,231
14,425	-	14,425
539,654	-	539,654
100,894	-	100,894
321,441	-	321,441
6,135,154	-	6,135,154
16,348	-	16,348
8,020	-	8,020
57,019	-	57,019
81,387	-	81,387
6,216,541	-	6,216,541
1,013	-	1,013
65,294	157,389	222,683
69,976	635,007	704,983
\$ 135,270	\$ 792,396	\$ 927,666

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

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
Discretely Presented Component Unit – Grossmont-Cuyamaca Community College District
Auxiliary Organization – Statements of Cash Flows
For the Years Ended June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (441,187)	\$ 222,683
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	-	2,307
Increase in accounts receivable	(795,130)	(424,661)
Increase (decrease) in accounts payable	388,399	(74,135)
Increase in due to Grossmont-Cuyamaca Community College District	550,000	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>(297,918)</u>	<u>(273,806)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(297,918)	(273,806)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>350,366</u>	<u>624,172</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 52,448</u>	<u>\$ 350,366</u>

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

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
Notes to Financial Statements
June 30, 2008

NOTE 1 – ORGANIZATION

The Grossmont-Cuyamaca Community College District (the District) was established in 1961 as a political subdivision of the State of California and provides post secondary educational services to residents of the surrounding area. The District operates under a locally elected five 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 two colleges located in El Cajon, California: Grossmont College and Cuyamaca College. While the District is a political subdivision of the State of California, it is not a component unit of the State in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 39.

Financial Reporting Entity

The District has adopted GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*. This statement amends GASB Statement No. 14, *The Financial Reporting Entity*, to provide additional guidance to determine whether certain organizations, for which the District is not financially accountable, should be reported as component units based on the nature and significance of their relationship with the District.

In evaluating how to define the District for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in generally accepted accounting principles and GASB Statement No. 14 and Statement No. 39. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the Board of Trustee's ability to exercise oversight responsibility. A second criterion used in evaluating potential component units is the scope of public service. A third criterion used to evaluate potential component units is the existence of special financing relationships, regardless of the whether the District is able to exercise oversight responsibilities.

The Grossmont-Cuyamaca Community College Auxiliary Organization (the Auxiliary) is a legally separate, tax exempt organization that is considered a component unit of the District. The Auxiliary receives grant funding for the benefit of the District and the District exercises significant control over the expenditures and operations of the Auxiliary. The Auxiliary is reported as a discretely presented component unit because of the difference in the reporting model. The Auxiliary reports its results of operations under Financial Accounting Standards Board (FASB) Statements. Most significant to the Auxiliary's operations and reporting model are FASB Statement No. 116, *Accounting for Contributions Received and Contributions Made*, and FASB Statement No. 117, *Financial Reporting for Not-For-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Auxiliary's financial information in the District's financial reporting entity for these differences.

Based upon the application of the criteria listed above, Grossmont College Foundation and Cuyamaca College Foundation have been excluded from the District's entity.

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
Notes to Financial Statements
June 30, 2008

NOTE 1 – ORGANIZATION (continued)

Financial Reporting Entity (continued)

The Foundations are separate, not-for-profit corporations. Their Board of Directors are appointed independent of any District Board of Trustee appointments. Their Boards are responsible for approving their own budgets and accounting and financing related activities.

Separate financial statements for the Auxiliary and the Foundations may be obtained through the District.

Joint Powers Agencies and Public Entity Risk Pools

The District is associated with two joint powers agencies (JPAs). These organizations do not meet the criteria for inclusion as component units of the District. The JPAs are the Alliance of Schools for Cooperative Insurance Programs (ASCIP) and the State Educators Liability Fund (SELF).

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities as defined by GASB Statements No. 34 and No. 35 as amended by GASB Statements No. 37 and No. 38. Accordingly, the District's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant 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 and amounts are available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within 90 days of fiscal year end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include State apportionments, property taxes, certain grants, entitlements, and donations. Revenue from State apportionments is generally recognized in the fiscal year in which it is apportioned from the State. Revenue from property taxes is recognized in the fiscal year in which the taxes are received. Revenue from certain grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose requirements.

The accounting policies of the District conform to accounting principles generally accepted in the United States of America (U.S. GAAP) as applicable to colleges and universities, as well as those prescribed by the California Community Colleges Chancellor's Office.

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
Notes to Financial Statements
June 30, 2008

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

The District reports are based on all applicable GASB pronouncements, as well as applicable Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. When applicable, certain prior year amounts have been reclassified to conform to current year presentation. The budgetary and financial accounts of the District are maintained in accordance with the State Chancellor's Office Budget and Accounting Manual.

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

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

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand and demand deposits. Cash equivalents also include cash with county treasury balances for purposes of the statements of cash flows.

Investments

In accordance with GASB Statement No. 31, *Accounting and Reporting for Certain Investments and for External Investment Pools*, investments are stated at fair market value. Fair market value is estimated based on published market prices at year-end. Investments for which there are no quoted market prices are not material.

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
Notes to Financial Statements
June 30, 2008

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 grant and contracts. Accounts receivable also consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff, the majority of each residing in the State of California. Management has analyzed these accounts and believes all amounts are fully collectable.

Prepaid Expenditures

Prepaid expenditures or expenses represent payments made to vendors for services that will benefit periods beyond June 30, 2008.

Inventory

Inventory consists primarily of expendable supplies held for consumption. Inventories are stated at the lower of cost or market, utilizing the first-in, first-out method. The cost is recorded as an expense as the inventory is consumed.

Capital Assets and Depreciation

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

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 40 to 50 years; improvements, 20 to 25 years; equipment, 5 to 15 years.

Accrued Liabilities and Long-Term Obligations

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

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
Notes to Financial Statements
June 30, 2008

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred Issuance Costs, Premiums, and Discounts

Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight line method.

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 entity-wide financial statements. The amounts have been recorded in the fund from which the employees, who have accumulated the leave, are paid. The District also participated in “load-banking” with eligible academic employees whereby the employee may teach extra courses in one period in exchange for time off in another period.

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

Deferred Revenue

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

Net Assets

GASB Statements No. 34 and No. 35 report equity as “Net Assets.” Net assets are classified according to external donor restrictions or availability of assets for satisfaction of District obligations according to the following net asset categories:

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

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
Notes to Financial Statements
June 30, 2008

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Assets (continued)

Restricted – Expendable – Net assets whose use by the District is subject to externally imposed constraints that can be fulfilled by actions of the District pursuant to those constraints or by the passage of time.

Unrestricted – Net assets that are not subject to externally imposed constraints. Unrestricted net assets may be designated for specific purposes by action of the Board of Trustees or may otherwise be limited by contractual agreements with outside parties.

When both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first and the unrestricted resources when they are needed. The entity-wide financial statements report \$21,245,539 of restricted net assets.

Operating Revenues and Expenses

Classification on Revenues – The District has classified its revenues as either operating or nonoperating according to the following criteria:

Operating revenues – Operating revenues include activities that have the characteristics of exchange transactions, such as, (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances, (3) most Federal, State, and local grants and contracts, and (4) interest on institutional student loans.

Nonoperating revenues – Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as State apportionments, property taxes, investment income, gifts and contributions, and other revenue sources described in GASB Statement No. 34.

Classification of Expenses – Nearly all 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.

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
Notes to Financial Statements
June 30, 2008

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 and are recorded in the District's financial records when received.

On-Behalf Payments

GASB Statement No. 24 requires direct on-behalf payments for fringe benefits and salaries made by one entity to a third party recipient for the employees for another legally separate entity be recognized as revenues and expenditures by the employer entity. The State of California makes direct on-behalf payments to the State Teachers and the Public Employees Retirement Systems (STRS and PERS) on behalf of all community colleges in California. The amounts of on-behalf payments were \$2,524,399 and \$0 for STRS and PERS, respectively.

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 amount reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Property Tax

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 San Diego bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

Scholarship Discounts and Allowances

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

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
Notes to Financial Statements
June 30, 2008

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Federal Financial Assistance Programs

The District participates in Federally funded Pell Grants, SEOG Grants, Federal Work-Study, and Stafford Loan programs, as well as other programs funded by the Federal government. Financial aid to students is either reported as operating expenses or scholarship allowances, which reduce revenues. The amount reported as operating expense represents the portion of aid that was provided to the student in the form of cash. These programs are audited in accordance with the Single Audit Act Amendments of 1996, and the U.S. Office of Management and Budget's revised Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and the related *Compliance Supplement*. During the years ended June 30, 2008 and 2007, the District distributed \$1,753,561 and \$1,531,820, respectively, in direct lending through the U.S. Department of Education. These amounts have not been included as revenues or expenses within the accompanying financial statements as the amounts were passed directly to qualifying students; however, the amounts are included on the Schedule of Expenditures of Federal Awards.

Interfund Activity

Exchange transactions between funds of the District are reported as revenues and expenses within the statements of Revenues, Expenses, and Changes in Net Assets. Flows of cash or goods from one fund to another without a requirement for repayment are recognized as interfund transfers within the District's fund financial statements. Amounts owing between funds for both exchange and non-exchange transactions are recorded as interfund receivables and payables within the District's fund financial statements. Interfund transfers and interfund receivables and payables are eliminated during the consolidation process in the entity-wide financial statements.

New Accounting Pronouncement

GASB Statement No. 45 – In June 2004, GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The pronouncement will require employers providing healthcare benefits to retirees to recognize and account for the costs for providing these benefits on an accrual basis and provide footnote disclosure on the progress toward funding the benefits. The implementation date for this pronouncement will be staggered in three phases based upon the entity's revenues, similar to the implementation for GASB Statements No. 34 and 35. GASB Statement No. 45 will be effective for the Grossmont-Cuyamaca Community College District on July 1, 2008. It is anticipated that the District will be in full compliance with this standard by the required implementation date.

Comparative Financial Information

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

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
Notes to Financial Statements
June 30, 2008

NOTE 3 – CASH 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; 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 – The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (Education Code Section 41001). The fair market 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 market 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

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
Notes to Financial Statements
June 30, 2008

NOTE 3 – CASH AND INVESTMENTS (continued)

Authorized Under Debt Agreements

Investments of debt proceeds held by bond trustees are governed by provisions of the debt agreements rather than the general provisions of the California Government Code. These provisions allow for the acquisition of investment agreements with maturities of up to 30 years.

Summary of Deposits and Investments

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

Cash on hand and in banks	\$	4,367,065
Revolving cash fund		25,452
Investments		132,521,903
Total Deposits and Investments	\$	<u><u>136,914,420</u></u>

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair market value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair market value to changes in market interest rates. The District manages its exposure to interest rate risk by primarily investing in the County Investment Pool and in other investment agreements.

Specific Identification

Information about the sensitivity of the fair market values of the District's investments to market interest rate fluctuations is indicated by the following schedule that shows the distribution of the District's investment by maturity:

<u>Investment Type</u>	<u>Fair Market Value</u>	<u>Maturity Date</u>
U.S. Treasury Cash Reserves	\$ 24,567	54 days*
First American Treasury Obligations Money		
Market Mutual Funds	212,460	49 days*
Investment Agreement - Bayerische Landesbank	213,350	April 1, 2031
County Pool - San Diego	132,546,984	427 days*
Total	<u><u>\$ 132,997,361</u></u>	

* Weighted average days to maturity

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
Notes to Financial Statements
June 30, 2008

NOTE 3 – CASH AND INVESTMENTS (continued)

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District’s investment in the County pool is not required to be rated, nor has it been rated as of June 30, 2008. Presented below is the minimum rating required by the California Government Code, the District’s investment policy, or debt agreements, and the actual rating as of the year-end for each investment type.

Investment Type	Fair Market Value	Minimum Legal Rating	Rating June 30, 2008
U.S. Treasury Cash Reserves	\$ 24,567	Not Applicable	AAA
First American Treasury Obligations Money Market Mutual Funds	212,460	Not Applicable	Aaa
Investment Agreement - Bayerische Landesbank	213,350	Not Applicable	Not applicable
County Pool - San Diego	132,546,984	Not Applicable	AAA
Total	\$ 132,997,361		

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. The California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in a undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2008, the District’s bank balance of \$4,367,065 was exposed to custodial credit risk because it was uninsured; however, it was collateralized with securities held by the pledging financial institution’s trust department or agent.

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
Notes to Financial Statements
June 30, 2008

NOTE 4 – ACCOUNTS RECEIVABLE

Receivables for the District consisted primarily of intergovernmental grants, entitlements, interest, and other local sources. All receivables are considered collectible in full.

The accounts receivable as of June 30, 2008 and 2007 are as follows:

	<u>2008</u>	<u>2007</u>
Federal Government		
Categorical aid	\$ 1,679,396	\$ 1,316,805
State Government		
Apportionment	3,224,003	3,632,840
Categorical aid	2,774,193	1,096,495
Lottery	765,195	1,299,635
Other State sources	876,047	1,624,830
Local Government		
Interest	723,534	1,630,741
Other local sources	2,906,570	1,631,243
Total	<u>\$ 12,948,938</u>	<u>\$ 12,232,589</u>

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
Notes to Financial Statements
June 30, 2008

NOTE 5 – CAPITAL ASSETS

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

	Balance Beginning of Year, As Restated	Additions	Deductions	Balance End of Year
Capital Assets Not Being Depreciated				
Land	\$ 1,818,942	\$ -	\$ -	\$ 1,818,942
Construction in progress	111,671,359	25,213,281	-	136,884,640
Total Capital Assets Not Being Depreciated	<u>113,490,301</u>	<u>25,213,281</u>	<u>-</u>	<u>138,703,582</u>
Capital Assets Being Depreciated				
Buildings	69,745,922	-	930,148	68,815,774
Site improvements	27,872,138	-	-	27,872,138
Furniture and equipment	7,173,851	510,583	56,783	7,627,651
Total Capital Assets Being Depreciated	<u>104,791,911</u>	<u>510,583</u>	<u>986,931</u>	<u>104,315,563</u>
Total Capital Assets	<u>218,282,212</u>	<u>25,723,864</u>	<u>986,931</u>	<u>243,019,145</u>
Less Accumulated Depreciation				
Buildings	20,253,731	1,451,377	563,787	21,141,321
Site improvements	6,478,800	1,040,982	-	7,519,782
Furniture and equipment	5,077,432	775,366	56,783	5,796,015
Total Accumulated Depreciation	<u>31,809,963</u>	<u>3,267,725</u>	<u>620,570</u>	<u>34,457,118</u>
Net Capital Assets	<u>\$ 186,472,249</u>	<u>\$ 22,456,139</u>	<u>\$ 366,361</u>	<u>\$ 208,562,027</u>

Depreciation expense for the year was \$3,267,725.

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
Notes to Financial Statements
June 30, 2008

NOTE 5 – CAPITAL ASSETS (continued)

Capital asset activity for the District for the fiscal year ended June 30, 2007 was as follows:

	<u>Balance Beginning of Year, As Restated</u>	<u>Additions, As Restated</u>	<u>Deductions</u>	<u>Balance End of Year, As Restated</u>
Capital Assets Not Being Depreciated				
Land	\$ 1,818,942	\$ -	\$ -	\$ 1,818,942
Construction in progress	56,117,203	57,385,668	1,831,512	111,671,359
Total Capital Assets Not Being Depreciated	<u>57,936,145</u>	<u>57,385,668</u>	<u>1,831,512</u>	<u>113,490,301</u>
Capital Assets Being Depreciated				
Buildings	69,625,230	120,692	-	69,745,922
Site improvements	26,161,318	1,710,820	-	27,872,138
Furniture and equipment	6,273,323	1,179,480	278,952	7,173,851
Total Capital Assets Being Depreciated	<u>102,059,871</u>	<u>3,010,992</u>	<u>278,952</u>	<u>104,791,911</u>
Total Capital Assets	<u>159,996,016</u>	<u>60,396,660</u>	<u>2,110,464</u>	<u>218,282,212</u>
Less Accumulated Depreciation				
Buildings	18,803,561	1,450,170	-	20,253,731
Site improvements	5,472,999	1,005,801	-	6,478,800
Furniture and equipment	4,639,537	716,847	278,952	5,077,432
Total Accumulated Depreciation	<u>28,916,097</u>	<u>3,172,818</u>	<u>278,952</u>	<u>31,809,963</u>
Net Capital Assets	<u>\$ 131,079,919</u>	<u>\$ 57,223,842</u>	<u>\$ 1,831,512</u>	<u>\$ 186,472,249</u>

Depreciation expense for the year was \$3,172,818.

NOTE 6 – ACCOUNTS PAYABLE

Accounts payable for the District as of June 30, 2008 and 2007 consisted of the following:

	<u>2008</u>	<u>2007</u>
Accrued payroll and benefits	\$ 1,251,706	\$ 1,196,369
Construction	2,919,065	9,630,335
Auxiliary organization	1,803,885	980,200
Other	10,140,232	6,249,202
Total	<u>\$ 16,114,888</u>	<u>\$ 18,056,106</u>

Accounts payable to the Auxiliary are related to categorical allowances (see note 13).

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
Notes to Financial Statements
June 30, 2008

NOTE 7 – DEFERRED REVENUE

Deferred revenue as of June 30, 2008 and 2007 consisted of the following:

	<u>2008</u>	<u>2007</u>
State categorical aid	\$ 1,789,002	\$ 1,481,695
Enrollment fees	835,893	765,075
Other	1,639,798	1,594,187
Total	<u>\$ 4,264,693</u>	<u>\$ 3,840,957</u>

NOTE 8 – LONG-TERM OBLIGATIONS

Summary

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

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance End of Year</u>	<u>Due in One Year</u>
Bonds and Notes Payable					
General obligation bonds, Series 2003A	\$ 44,325,000	\$ -	\$ 29,825,000	\$ 14,500,000	\$ 1,345,000
General obligation bonds, Series 2005B	100,724,415	473,251	88,720,000	12,477,666	450,000
General obligation bonds, Series 2008C	-	52,000,377	-	52,000,377	-
General obligation bonds, Series 2008 Refunding	-	128,765,749	-	128,765,749	3,180,000
Unamortized premium	6,380,932	18,466,138	580,085	24,266,985	-
Lease revenue bond, Series 2001A	2,105,000	-	100,000	2,005,000	110,000
Total Bonds and Notes Payable	<u>153,535,347</u>	<u>199,705,515</u>	<u>119,225,085</u>	<u>234,015,777</u>	<u>5,085,000</u>
Other Liabilities					
Compensated absences	3,013,208	208,128	-	3,221,336	200,000
Capital leases	30,840	-	10,105	20,735	10,367
Supplemental employee retirement plan	1,513,416	15,586	638,809	890,193	571,912
Total Other Liabilities	<u>4,557,464</u>	<u>223,714</u>	<u>648,914</u>	<u>4,132,264</u>	<u>782,279</u>
Total Long-Term Obligations	<u>\$ 158,092,811</u>	<u>\$ 199,929,229</u>	<u>\$ 119,873,999</u>	<u>\$ 238,148,041</u>	<u>\$ 5,867,279</u>

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
Notes to Financial Statements
June 30, 2008

NOTE 8 – LONG-TERM OBLIGATIONS (continued)

Summary (continued)

The changes in the District’s long-term obligations for the 2007 year consisted of the following:

	Balance Beginning of Year	Additions	Deductions	Balance End of Year	Due in One Year
Bonds and Notes Payable					
General obligation bonds, Series 2003A	\$ 45,600,000	\$ -	\$ 1,275,000	\$ 44,325,000	\$ 1,305,000
General obligation bonds, Series 2005B	100,267,694	456,721	-	100,724,415	98,474
Unamortized premium	6,658,364	-	277,432	6,380,932	-
Lease revenue bond, Series 2001A	2,200,000	-	95,000	2,105,000	100,000
Total Bonds and Notes Payable	<u>154,726,058</u>	<u>456,721</u>	<u>1,647,432</u>	<u>153,535,347</u>	<u>1,503,474</u>
Other Liabilities					
Compensated absences	2,749,951	263,257	-	3,013,208	200,000
Capital leases	41,040	-	10,200	30,840	10,105
Supplemental employee retirement plan	2,363,890	467,000	1,317,474	1,513,416	638,809
Total Other Liabilities	<u>5,154,881</u>	<u>730,257</u>	<u>1,327,674</u>	<u>4,557,464</u>	<u>848,914</u>
Total Long-Term Obligations	<u>\$ 159,880,939</u>	<u>\$ 1,186,978</u>	<u>\$ 2,975,106</u>	<u>\$ 158,092,811</u>	<u>\$ 2,352,388</u>

Description of Debt

Payments on the general obligation bonds are made by the bond interest and redemption fund with local property tax collections. The General Fund makes payments for the lease revenue bonds, capital leases, and the supplemental employee retirement plan. An accrued vacation will be paid by the fund for which the employee worked.

The lease revenue bonds were issued in July 2001 in the amount of \$2,480,000 to provide funds for capital improvements. At June 30, 2008, \$2,005,000 was outstanding. The lease revenue bonds mature through 2021 with interest rates ranging from 4.0 percent to 5.8 percent.

The District has utilized capital lease purchase agreements to purchase primarily equipment. The current lease purchase agreements will be paid through 2010.

Compensated absences refer to accumulated unpaid employee vacation benefits that are accrued as a liability as the benefits are earned. At June 30, 2008, the balance outstanding was \$3,221,336.

Original issuance premiums and issuance costs are amortized over the life of the bonds as a component of interest expense on the bonds.

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
Notes to Financial Statements
June 30, 2008

NOTE 8 – LONG-TERM OBLIGATIONS (continued)

Bonded Debt

2002 General Obligation Bonds, Series 2003A

General obligation bonds were approved by a local election in November 2002. The total amount approved by the voters was \$207,000,000. At June 30, 2008, \$55,000,000 had been issued and \$14,500,000 was outstanding. Interest rates range from 2.50 percent to 5.00 percent.

2002 General Obligation Bonds, Series 2005B

During June 2005, the District issued, from the November 2002 election, the General Obligation Bonds, Series B in the amount of \$99,999,623. The bonds issued included \$88,620,000 of current interest bonds and \$11,379,623 of Capital Appreciation bonds. The Capital Appreciation bonds have a maturing principal balance of \$16,115,000. The bonds mature beginning on August 1, 2007 through August 1, 2017, with interest yields ranging from 3.10 percent to 4.31 percent. At June 30, 2008, the principal balance outstanding (including accreted interest to date) was \$12,477,666.

2008 General Obligation Bonds, Refunding Bonds and Series 2008C

During May 2008, the District issued, from the November 2002 election, the General Obligation Bonds, Series C, in the amount of \$52,000,377. The bonds issued included \$52,000,377 in Capital Appreciation bonds. The Capital Appreciation bonds have a maturing principal and interest balance of \$154,840,000. The bonds mature beginning on August 1, 2025 through August 1, 2031, with interest yields ranging from 5.06 percent to 6.50 percent. At June 30, 2008, the principal balance outstanding (including accreted interest to date) was \$52,000,377.

During May 2008, the District issued the 2008 General Obligation Refunding Bonds, in the amount of \$128,765,749. The bonds issued included \$121,115,000 in Current Interest Bonds and \$7,650,749 in Capital Appreciation Bonds. The Capital Appreciation bonds have a maturing principal and interest balance of \$17,595,000. The bonds mature on August 1, 2008 through August 1, 2024, with interest yields ranging from 1.80 percent to 4.25 percent. At June 30, 2008, the principal balance outstanding (including accreted interest to date) was \$128,765,749.

Proceeds from the 2008 General Obligation Refunding Bonds of \$128,768,827 were used to advance refund a portion of the outstanding Series 2003A and Series 2005B bonds. Investments were purchased and placed in an irrevocable trust with the escrow agent. The investments and fixed earnings on investments are sufficient to fully provide for all future debt service on the refunded bonds. The refundings resulted in an economic gain of \$1,256,195 and a debt service cash savings over the next 21 years of \$4,296,586. Additional proceeds from the 2008 General Obligation Refunding Bonds of \$14,775,000 were deposited to the Refunding Project Fund to provide funding for construction projects.

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
Notes to Financial Statements
June 30, 2008

NOTE 8 – LONG-TERM OBLIGATIONS (continued)

Bonded Debt (continued)

The outstanding general obligation bonded debt as of June 30, 2008 is as follows:

Series	Maturity Date	Interest Yield	Original Issue	Bonds		Accreted Interest		Bonds Outstanding June 30, 2008
				Outstanding July 1, 2007	Issued	Addition	Redeemed	
2003A	08/01/27	2.50%-5.00%	\$ 55,000,000	\$ 44,325,000	\$ -	\$ -	\$ 29,825,000	\$ 14,500,000
2005B	08/01/17	3.10%-4.31%	99,999,623	100,724,415	-	473,251	88,720,000	12,477,666
2008C	08/01/31	5.06%-6.50%	52,000,377	-	52,000,377	-	-	52,000,377
2008 Refunding	08/01/24	1.80%-4.25%	128,765,749	-	128,765,749	-	-	128,765,749
			Total	<u>\$ 145,049,415</u>	<u>\$ 180,766,126</u>	<u>\$ 473,251</u>	<u>\$ 118,545,000</u>	<u>\$ 207,743,792</u>

The general obligation bonds, Series 2003A, mature through 2028 as follows:

Fiscal Year	Principal	Current Interest to	
		Maturity	Total
2009	\$ 1,345,000	\$ -	\$ 1,345,000
2010	1,400,000	-	1,400,000
2011	1,465,000	-	1,465,000
2012	1,525,000	-	1,525,000
2013	1,585,000	-	1,585,000
2014-2018	2,865,000	2,018,375	4,883,375
2019-2023	1,890,000	851,750	2,741,750
2024-2028	2,425,000	315,625	2,740,625
Total	<u>\$ 14,500,000</u>	<u>\$ 3,185,750</u>	<u>\$ 17,685,750</u>

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
Notes to Financial Statements
June 30, 2008

NOTE 8 – LONG-TERM OBLIGATIONS (continued)

Bonded Debt (continued)

The general obligation bonds, Series 2005B, mature through 2018 as follows:

Fiscal Year	Principal (including accreted interest to date)	Accreted Interest	Current Interest to Maturity	Total
2009	\$ 442,978	\$ 7,022	\$ 4,431,000	\$ 4,881,000
2010	781,288	38,712	4,431,000	5,251,000
2011	1,104,086	95,914	4,431,000	5,631,000
2012	951,736	123,264	4,431,000	5,506,000
2013	1,228,376	221,624	4,431,000	5,881,000
2014-2018	7,969,201	3,050,799	22,155,000	33,175,000
Total	\$ 12,477,666	\$ 3,537,334	\$ 44,310,000	\$ 60,325,000

The general obligation bonds, Series 2008C and 2008 Refunding, mature through 2032 and 2025, respectively, as follows:

Fiscal Year	Principal (including accreted interest to date)	Accreted Interest	Current Interest to Maturity	Total
2009	\$ 3,180,000	\$ -	\$ 935,239	\$ 4,115,239
2010	1,725,000	-	5,811,375	7,536,375
2011	1,925,000	-	5,742,375	7,667,375
2012	2,665,000	-	5,665,375	8,330,375
2013	2,965,000	-	5,558,775	8,523,775
2014-2018	17,810,748	9,944,252	26,443,025	54,198,025
2019-2023	66,985,000	-	18,667,500	85,652,500
2024-2028	52,186,490	39,363,510	2,237,500	93,787,500
2029-2032	31,323,888	63,476,112	-	94,800,000
Total	\$ 180,766,126	\$ 112,783,874	\$ 71,061,164	\$ 364,611,164

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
Notes to Financial Statements
June 30, 2008

NOTE 8 – LONG-TERM OBLIGATIONS (continued)

Lease Revenue Bonds

The lease revenue bonds, Series 2001A, mature through 2021 as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 110,000	\$ 94,443	\$ 204,443
2010	115,000	90,044	205,044
2011	115,000	85,444	200,444
2012	125,000	80,700	205,700
2013	130,000	75,325	205,325
2014-2018	800,000	275,740	1,075,740
2019-2021	610,000	62,750	672,750
Total	<u>\$ 2,005,000</u>	<u>\$ 764,446</u>	<u>\$ 2,769,446</u>

Capital Leases

The District's liability on lease agreements with option to purchase is summarized below:

	<u>Equipment</u>
Balance, Beginning of Year	\$ 32,913
Additions	-
Payments and adjustments	11,299
Balance, End of Year	<u>\$ 21,614</u>

The capital leases have minimum lease payments as follows:

<u>Year</u> <u>Ending</u> <u>June 30,</u>	<u>Lease Payment</u>
2009	\$ 11,067
2010	10,547
Total	21,614
Less: Amount Representing Interest	879
Present Value of Minimum Lease Payments	<u>\$ 20,735</u>

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
Notes to Financial Statements
June 30, 2008

NOTE 8 – LONG-TERM OBLIGATIONS (continued)

Supplemental Early Retirement Plan

The District provides a Supplemental Early Retirement Plan (SERP) in accordance with Board approved agreements for both classified and academic employees. Under this program, the District will contribute annually to an annuity to provide supplemental income to early retirees. As of June 30, 2008, 46 employees qualified for this program. The future cost to the District as of June 30, 2008, was \$890,193. Payments are to be made from the District’s General Fund according to the following schedule:

Year Ending June 30,	Payments
2009	\$ 571,912
2010	318,281
Total	<u>\$ 890,193</u>

NOTE 9 – POSTEMPLOYMENT BENEFITS

The District provides postemployment health care benefits in accordance with District employment contracts to all employees and their eligible dependents who retire from the District until attaining age 65 with at least ten years in service. When the retiree attains age 65, all postemployment benefits cease. At June 30, 2008, a total of 100 employees met those eligibility requirements. The District contributes 100 percent of the amount of the benefit premium costs incurred by retirees and their dependents.

Expenditures for postemployment benefits are recognized on a pay-as-you-go basis as premiums are paid. During the fiscal year, expenditures of \$948,304 were recognized for retirees’ health care benefits. Under this plan, the District does not recognize a liability for future postemployment health care benefits because the amount cannot be reasonably determined.

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
Notes to Financial Statements
June 30, 2008

NOTE 10 – RISK MANAGEMENT

Property and Liability

The District is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year ending June 30, 2008, the District contracted with the Alliance of Schools for Cooperative Insurance Programs (ASCIP) Joint Powers Authority (JPA) and State Educators Liability Fund (SELF) for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been significant reduction in coverage from the prior year.

Workers' Compensation

For fiscal year 2007-2008, the District participated in the ASCIP JPA, an insurance purchasing pool. The intent of the JPA is to achieve the benefit of reduced premium for the District by virtue of its grouping and representation with other participants in the JPA. The workers' compensation experience of the participating districts is calculated as one experience, and a common premium rate is applied to all districts in the JPA. Each participant pays its workers' compensation premium based on its individual rate. The savings are then calculated and each participant's individual performance is compared to the overall saving. A participant will then either receive money from or be required to contribute to the "equity-pooling fund." This "equity pooling" arrangement ensures that each participant shares equally in the overall performance of the JPA. Participation in the JPA is limited to K-12 and community college districts that can meet the JPA's selection criteria.

Self Insurance

The District's health benefits internal service fund provides self insurance coverage for health benefits claims submitted by eligible District employees and retirees. Claims are processed by a third-party administrator, Benefit & Risk Management Services, Inc. (BRMS).

Participation in Public Entity Risk Pools and JPAs

The District pays annual premiums for its property liability, health, and workers' compensation coverage. The relationship between the District and the JPA is such that it is not a component unit of the District for financial reporting purposes. The JPAs have budgeting and financial reporting requirements independent of member units and their financial statements are not presented in these financial statements; however, transactions between the JPAs and the District are included in these statements. Audited financial statements are available from the respective entities.

The District's share of year-end assets, liabilities, or fund equity has not been calculated. During the year ended June 30, 2008, the District made payments of \$1,485,338 and \$31,452 to ASCIP and SELF, respectively.

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
Notes to Financial Statements
June 30, 2008

NOTE 11 – EMPLOYEE RETIREMENT SYSTEMS

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

STRS

Plan Description

All certificated employees and those employees meeting minimum standards adopted by the Board of Governors of California Community Colleges and employed 50 percent or more of a full-time equivalent position participate in the Defined Benefit Plan (DB Plan). Part-time educators hired under a contract of less than 50 percent or on an hourly or daily basis without contract may elect membership in the Cash Balance Benefit Program (CB Benefit Program). Since January 1, 1999, both of these plans have been part of the State Teachers' Retirement Plan (STRS), a cost-sharing, multiple-employer contributory public employee retirement system. The State Teachers' Retirement Law (Part 13 of the California Education code, Section 22000 et seq.) established benefit provisions for STRS. Copies of the STRS annual financial report may be obtained from the STRS Executive Office, 7667 Folsom Boulevard, Sacramento, California 95851.

The STRS, a defined benefit pension plan, provides retirement, disability, and death benefits, and depending on which component of the STRS the employee is in, post-retirement cost-of-living adjustment may also be offered. Employees in the DB Plan attaining the age of 60 with five years of credited California service (service) are eligible for "normal" retirement and are entitled to a monthly benefit of two percent of their final compensation for each year of service. Final compensation is generally defined as the average salary earnable for the highest for three consecutive years of service. The plan permits early retirement options at age 55 or as early as age 50 with at least 30 years of service. While early retirement can reduce the two percent age factor used at age 60, service of 30 or more years will increase the percentage age factor to be applied. Disability benefits are generally the maximum of 50 percent of final compensation for most applicants. Eligible dependent children can increase this benefit up to a maximum of 90 percent of final compensation. After five years of credited service, members become 100 percent vested in retirement benefits earned to date. If a member's employment is terminated, the accumulated member contributions are refundable. The features of the CB Benefit Program include immediate vesting, variable contribution rates that can be bargained, guaranteed interest rates, and flexible retirement options. Participation in the CB Benefit Program is optional; however, if the employee selects the CB Benefit Program and their basis of employment changes to half time or more, the member will automatically become a member of the DB Plan.

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
Notes to Financial Statements
June 30, 2008

NOTE 11 – EMPLOYEE RETIREMENT SYSTEMS (continued)

Funding Policy

Active members of the DB Plan are required to contribute eight percent of their salary while the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the STRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2007-2008 was 8.25 percent of annual payroll. The contribution requirements of the plan members are established by State statute. The CB Benefit Program is an alternative STRS contribution plan for instructors. Instructors who choose not to sign up for the DB Plan or FICA may participate in the CB Benefit Program. The District contribution rate for the CB Benefit Program is always a minimum of four percent with the sum of the District and employee contribution always being equal or greater than eight percent.

Annual Pension Cost

The District's total contributions to STRS for the fiscal years ended June 30, 2008, 2007, and 2006, were \$3,225,177, \$3,121,150, and \$2,959,895 respectively, and equal 100 percent of the required contributions for each year.

CalPERS

Plan Description

All full-time classified employees participate in the CalPERS, and agent multiple-employer contributory public employee retirement system that act as a common investment and administrative agent for participating public entities within the State of California. The Grossmont-Cuyamaca Community College District is part of a "cost-sharing" pool with CalPERS. Employees are eligible for retirement as early as age 50 with five years of service. At age 55, the employee is entitled to a monthly benefit of 2.0 percent of final compensation for each year of service credit. Retirement compensation is reduced if the plan is coordinated with Social Security. Retirement after age 55 will increase the percentage rate to a maximum of 2.5 percent at age 63 with an increased rate. The plan also provides death and disability benefits. Retirement benefits fully vest after five years of credited service. Upon separation from the Fund, member's accumulated contributions are refundable with interest credited through the date of separation.

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
Notes to Financial Statements
June 30, 2008

NOTE 11 – EMPLOYEE RETIREMENT SYSTEMS (continued)

Plan Description (continued)

The Public Employees' Retirement Law (Part 3 of the California Government Code, Section 20000 et seq.) establishes benefit provisions for CalPERS. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California 95814.

Funding Policy

Active plan members are required to contribute seven percent of their salary (seven percent of monthly salary over \$133.33 if the member participates in Social Security), and the District is required to contribute and actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The District's contribution rate to CalPERS for fiscal year 2007-2008 was 9.306 percent of annual payroll.

Annual Pension Cost

The District's contributions to CalPERS for fiscal years ending June 30, 2008, 2007, and 2006, were \$2,072,568, \$1,862,328, \$1,815,867 respectively, and equaled 100 percent of the required contributions for each year.

On-Behalf Payments

The State of California makes contributions to STRS and CalPERS of behalf of the District. These payments consist of State General Fund contributions to STRS which amounted to \$2,524,399 (4.517 percent of 2007-2008 salaries subject to STRS and 2.237 percent of 2003-2004 salaries subject to STRS). A contribution from the State to CalPERS was not required for the year ended June 30, 2008. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. These amounts have been reflected in the financial statements as a component of nonoperating revenue and employee benefit expense.

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
Notes to Financial Statements
June 30, 2008

NOTE 11 – EMPLOYEE RETIREMENT SYSTEMS (continued)

Pension Eligible Alternative Retirement Plan

Plan Description

The Grossmont-Cuyamaca Community College District Pension Eligible Alternative Retirement Plan (PEAR Plan) is a defined contribution money purchase plan covering all part-time employees of Grossmont-Cuyamaca Community College District who are not eligible for membership in CalPERS or STRS. Upon employment and re-employment, employees must become a member of the PEAR Plan. The PEAR Plan is an alternative plan to social security, and PEAR Plan members would not contribute to social security under the Omnibus Budget Reconciliation Act of 1991. As a government plan, the PEAR Plan is excluded from the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), as amended. However, the PEAR Plan is subject to the reporting requirements of the California State Controller's Office. Copies of the PEAR Plan annual financial report may be obtained from the District.

Funding Policy

Contributions to the PEAR Plan are shared between the employees and the District. The District contributes 3.75% of eligible wages as defined under IRS regulations, and 3.75% of eligible wages are withheld from employees' checks for deposit under the PEAR Plan.

Annual Pension Cost

The District's contributions to the PEAR Plan for the fiscal years ending June 30, 2008, 2007, and 2006 were \$250,402, \$238,050, and \$217,130, respectively, and equaled 100 percent of the required contributions for each year.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

Grants

The District receives financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District of June 30, 2008.

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
Notes to Financial Statements
June 30, 2008

NOTE 12 – COMMITMENTS AND CONTINGENCIES (continued)

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, 2008.

Operating Leases

The District has entered into various operating leases for building and equipment with lease terms in excess of one year. None of these agreements contain purchase options. All agreements contain a termination clause providing for cancellation after a specified number of days written notice to lessors, but it is unlikely that the District will cancel any of the agreements prior to the expiration date. Expenditures for rent under operating leases for the year ended June 30, 2008, amounted to approximately \$442,182. Future minimum lease payments under these agreements are as follows:

Year Ending June 30,	Lease Payment
2009	\$ 302,895
2010	146,022
Total	<u>448,917</u>
Less: Amount Representing Interest	40,403
Present Value of Minimum Lease Payments	<u><u>\$ 408,514</u></u>

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
Notes to Financial Statements
June 30, 2008

NOTE 12 – COMMITMENTS AND CONTINGENCIES (continued)

Construction Commitments

As of June 30, 2008, the District had the following commitments with respect to unfinished capital projects:

CAPITAL PROJECT	Remaining Construction Commitment	Expected Date of Completion
Cuyamaca College		
Science And Technology - Equipment	\$ 12,813	05/15/09
Communication Arts Building - Equipment	51,108	05/15/09
Business/CIS Building	4,007,028	01/01/10
Remodel B, D, E, F and G Building	118,711	TBD
LRC Expansion	314,701	Fall 2010
Subtotal	4,504,361	
 Grossmont College		
Health/Physical Sciences Complex	4,333,414	Summer 2010
Student Services/Student Center Renovation	451,738	Winter 2012
Parking Structure	1,298,191	07/31/09
Exercise Science & Wellness Complex Renovation	216,544	07/25/08
Subtotal	6,299,887	
Total	\$ 10,804,248	

These capital projects are funded through a combination of general obligation bonds and capital project apportionments from the State Chancellor's office.

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
Notes to Financial Statements
June 30, 2008

NOTE 13 – RELATED PARTY TRANSACTIONS

The District provides categorical allowances to the Grossmont-Cuyamaca Community College Auxiliary Organization (the Auxiliary) and also receives support from the Auxiliary. During the year ended June 30, 2008, categorical allowances paid to the Auxiliary totaled \$6,074,057. Support received by the District from the Auxiliary in the form of payments and purchased assets totaled \$6,075,663 for the year ended June 30, 2008.

The District on occasion advances funds to the Auxiliary based on the accounts receivable balance due to the Auxiliary by the District. This process assists the Auxiliary in meeting its cash flow needs. As of June 30, 2008, the District advanced \$550,000 to the Auxiliary. Additionally, as of June 30, 2008, the District had an accounts payable balance to the Auxiliary of \$1,803,885 relating to categorical allowances that was subsequently paid in full.

The District receives awards of financial support for various programs and general support from the Cuyamaca College Foundation and the Grossmont College Foundation in accordance with donor instructions. During the year ended June 30, 2008, the District received \$23,512 and \$243,974 in payments from the Cuyamaca College Foundation and the Grossmont College Foundation, respectively. During the year ended June 30, 2008, the Grossmont College Foundation provided \$14,550 in scholarships to the students of Grossmont College.

The District entered into an agreement with the Grossmont College Foundation in June 2007, whereby the District provides to the Foundation operating funds of \$180,000 to be paid over three years. Under the terms of the agreement, the Foundation has received payments of \$60,000 and \$80,000 in August 2008 and August 2007, respectively. The remaining \$40,000 payment is scheduled to be paid to the Grossmont College Foundation in August 2009. The Grossmont College Foundation must match the operating funding it receives from the District dollar for dollar during the four year term from 2008 to 2012 by providing gifts, donations, and grants to Grossmont College or its programs or students as a result of direct and indirect Foundation activities.

NOTE 14 – RESTATEMENT TO BEGINNING NET ASSETS

The beginning net assets were restated for \$14,568,291 to adjust for construction progress additions in previous years that should have been expensed rather than capitalized.

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Supplementary Information Section

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GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
Local Education Agency Organization Structure
June 30, 2008

The Grossmont-Cuyamaca Community College District (the District) is located in the eastern area in San Diego County, California. The District was organized in 1961 with Grossmont College located in El Cajon. In 1978, Cuyamaca College was completed to serve student in the Rancho San Diego area of the District under the laws of the State of California. Both colleges are fully accredited by the Accrediting Commission for Community and Junior Colleges of the Western Association of Schools and Colleges. The District operates under a locally-elected five-member Board form of government. There have been no changes in the District's boundaries during the year.

GOVERNING BOARD

<u>Member</u>	<u>Office</u>	<u>Term Expires</u>
Mr. Bill Garrett	President	2008
Ms. Deanna Weeks	Vice President	2010
Mr. Greg Barr	Clerk	2010
Mr. Richard Alexander	Trustee	2010
Mr. Timothy L. Caruthers, D.C.	Trustee	2008

DISTRICT ADMINISTRATORS

Omero Suarez, Ph.D.
Chancellor

Christina Chiriboga, Ph.D.
Interim President, Cuyamaca College

Sunita V. Cooke, Ph.D.
President, Grossmont College

Sue Rearic
Vice Chancellor, Business Services

Ben Lastimado, Ed.D.
Vice Chancellor, Human Resources and Labor Relations

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2008

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Total Expenditures
U.S. DEPARTMENT OF EDUCATION		
STUDENT FINANCIAL AID CLUSTER		
Federal Supplemental Educational Opportunity Grant - FSEOG	84.007	\$ 550,678
Federal Family Education Loans	84.032	1,753,561
Federal College Work Study - FWS	84.033	230,762
Federal Pell Grant - PELL	84.063	9,144,714
Student Financial Aid Administrative Costs	84.063	62,596
Academic Competitive Grant (ACG)	84.375	55,004
HIGHER EDUCATION ACT		
Title III - Strengthening Institutions	84.031A	428,418
Gaining Early Awareness and Readiness For Undergraduate Program (GEAR-UP) - Math and Science	84.334A	1,231,546
Child Care Access Means Parents in School (CCAMPIS)	84.335A	56,546
VOCATIONAL AND TECHNICAL EDUCATION ACT		
Passed through State Chancellor's Office		
VTEA IC	84.048	758,024
VTEA IB - Regional Consortium	84.048	171,381
VTEA IB - JSPAC	84.048	188,000
VTEA III - Tech Prep	84.243	151,776
Tech Prep Regional Consortium	84.243	304,900
Passed through County of San Diego		
VTEA/ROP	84.048	50,823
U.S. DEPARTMENT OF AGRICULTURE		
Passed through California Department of Education		
Child and Adult Care Food Program	10.558	49,149

See accompanying note to supplementary information.

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
Schedule of Expenditures of Federal Awards, Continued
For the Year Ended June 30, 2008

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Total Expenditures
U.S. DEPARTMENT OF LABOR		
WORKFORCE INVESTMENT ACT		
Pass through State Chancellor's Office		
Regional Nursing Education Partnership of San Diego and Imperial Counties	17.267	195,138
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
HRSA - Nursing Workforce Diversity	93.178	320,757
Passed through State Chancellor's Office		
Temporary Assistance to Needy Families	93.558	48,820
Passed through San Diego State University		
Research Foundation		
San Diego Bridges to the Baccalaureate	93.859	6,000
U.S. DEPARTMENT OF VETERANS AFFAIRS		
Veteran's Education Reporting Fee	64.UNKNOWN	6,465
NATIONAL SCIENCE FOUNDATION		
National Science Foundation ITT	47.076	20,385
Total Expenditures of Federal Awards		\$ 15,785,443

See accompanying note to supplementary information.

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
Schedule of Expenditures of State Awards
For the Year Ended June 30, 2008

	Program Entitlements		
	Current Year	Prior Year	Total Entitlement
GENERAL FUND			
State Categorical Aid Programs:			
Basic Skills	\$ 579,012	\$ 614,992	\$ 1,194,004
Board of Governors Grant - BFAP	714,978	-	714,978
CA School Garden Grant	5,000	-	5,000
Capacity Building RN	252,819	9,718	262,537
CalPass Project	3,000,000	289,156	3,289,156
CalWORKS	619,002	35,668	654,670
Career Exploration	-	138,447	138,447
Career Tech Ed	-	226,780	226,780
CDC Renovation & Repair	5,208	-	5,208
CEITAN Child Development (Cuyamaca)	-	-	-
Community Collaborative	350,000	-	350,000
Cooperative Agencies Resources for Education	294,291	20,246	314,537
CTE CCCCCO	-	69,752	69,752
Disabled Students Programs and Services	1,928,170	256,697	2,184,867
Economic Development - REBRAC	205,000	10,068	215,068
Economic Development - RHORC	205,000	-	205,000
Extended Opportunity Program	1,747,223	-	1,747,223
Foster Care Education	951,081	-	951,081
General Child Care	570,667	-	570,667
General Child Care Instructional Materials	1,977	-	1,977
IDRC	436,220	175,498	611,718
Infant Toddler Demo Site	35,000	-	35,000
Infant Toddler Resource	3,241	111	3,352
Middle College HS	136,769	13,394	150,163
Matriculation	1,501,957	17,798	1,519,755
Nursing Equipment	101,401	-	101,401
Quick Start Allied Health	40,000	338,364	378,364
Reg Online Nursing	-	47,500	47,500
Staff Diversity	19,821	20,747	40,568
State Block Grants	509,281	334,199	843,480
Temp Assistance to Needy Families	48,820	11,724	60,544
TANF CDC	49,590	36,083	85,673
Transfer & Artic	10,000	-	10,000
TTIP	85,204	62,412	147,616
Water Wastewater	326,669	171,608	498,277
Wellpoint	168,224	50,959	219,183
Prop 20 Lottery Funds	356,680	40,398	397,078
Total Expenditures of State Awards			

See accompanying note to supplementary information.

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
Schedule of Expenditures of State Awards, Continued
For the Year Ended June 30, 2008

Program Revenue					Program Expenditures
Cash Received	Accounts Receivable	Deferred Revenue	Total Revenue		
\$ 1,085,234	\$ -	\$ 940,167	\$ 145,067	\$ 145,067	
714,978	-	-	714,978	714,978	
4,500	209	2,250	2,459	2,459	
262,537	-	228,249	34,288	34,288	
1,489,156	1,080,386	-	2,569,542	2,569,542	
631,201	-	18,976	612,225	612,225	
-	78,798	-	78,798	78,798	
226,780	-	-	226,780	226,780	
1,302	-	1,302	-	-	
-	-	-	-	-	
-	-	-	-	-	
309,345	-	5,688	303,657	303,657	
69,143	-	-	69,143	69,143	
2,183,533	-	57,871	2,125,662	2,125,662	
208,359	5,481	-	213,840	213,840	
198,291	6,709	-	205,000	205,000	
1,747,223	-	-	1,747,223	1,747,223	
9,040	954,584	-	963,624	963,624	
443,022	125,687	-	568,709	568,709	
1,976	-	-	1,976	1,976	
592,536	-	113,529	479,007	479,007	
2,500	32,501	-	35,001	35,001	
821	2,530	-	3,351	3,351	
54,708	79,608	-	134,316	134,316	
1,519,753	-	763	1,518,990	1,518,990	
101,401	-	39,140	62,261	62,261	
194,364	66,418	-	260,782	260,782	
47,500	-	2,133	45,367	45,367	
40,970	-	24,086	16,884	16,884	
835,705	-	243,237	592,468	592,468	
59,069	-	1,852	57,217	57,217	
39,359	30,885	-	70,244	70,244	
10,000	-	-	10,000	10,000	
172,193	-	79,153	93,040	100,063	
171,608	-	30,606	141,002	141,002	
219,183	-	-	219,183	219,183	
46,458	310,397	-	356,855	356,855	
<u>\$ 13,693,748</u>	<u>\$ 2,774,193</u>	<u>\$ 1,789,002</u>	<u>\$ 14,678,939</u>	<u>\$ 14,685,962</u>	

See accompanying note to supplementary information.

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
Schedule of Workload Measures for State General Apportionment-Annual/Actual
Attendance
For the Year Ended June 30, 2008

CATEGORIES	Reported Data	Audit Adjustments	Audited Data
Credit Full-Time Equivalent Student (FTES)			
1. Summer	950	-	950
2. Weekly census	14,535	-	14,535
3. Daily census	1,751	-	1,751
4. Actual hours of attendance	230	-	230
5. Independent study/work experience	37	-	37
Subtotal	17,503	-	17,503
Noncredit FTES			
1. Summer	74	-	74
2. Actual hours of attendance	982	-	982
Subtotal	1,056	-	1,056
Total FTES	18,559	-	18,559
Basic Skills Courses			
1. Credit			1,311
2. Noncredit			426
Total Basic Skills FTES			1,737
FTES Generated in Leased Space			227

See accompanying note to supplementary information.

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
Reconciliation of Annual Financial and Budget Report (CCFS-311)
With Fund Financial Statements
For the Year Ended June 30, 2008

There were no adjustments to the Annual Financial and Budget Report (CCFS-311) which required reconciliation to the audited financial statements at June 30, 2008.

See accompanying note to supplementary information.

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
Reconciliation of the Governmental Fund Balance Sheets to the Statement of Net Assets
Year Ended June 30, 2008

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

Total Fund Balance and Due to Student Groups:			
General Fund	\$	9,181,805	
Special Revenue Funds		2,137,502	
Capital Projects Funds		105,536,023	
Debt Service Funds		143,180,692	
Internal Service Fund		2,290,411	
Fiduciary Funds		2,454,121	
		<u>2,454,121</u>	\$ 264,780,554
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		243,019,145	
Accumulated depreciation is		(34,457,118)	
Less fixed assets already recorded in the fiduciary funds		<u>(6,461)</u>	208,555,566
Amounts held in trust on behalf of others (Trust and Agency Funds)			
			(2,454,121)
Expenditures relating to the issuance of debt were recognized on the modified accrual basis, but are amortized over the life of the debt on the accrual basis.			
			3,973,655
In governmental funds, unmatured interest on long-term obligations is recognized in the period when it is due. On the government-wide statements, unmatured interest on long-term obligations is recognized when it is incurred.			
			(1,130,790)
To reduce cash with fiscal agent for escrow amount due on payoff of defeased bonds.			
			(134,842,974)
Long-term obligations at year-end consist of:			
General obligation bond payable		232,010,777	
Lease revenue bond payable		2,005,000	
Supplemental employee retirement plan		890,193	
Capital leases		20,735	
Compensated absences		3,221,336	
		<u>3,221,336</u>	(238,148,041)
Total Net Assets	\$		<u><u>100,733,849</u></u>

The accompanying notes are an integral part of this schedule.

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
Note to the Supplementary Information
June 30, 2008

NOTE 1 – PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards

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

Of the Federal expenditures presented in the schedule, Grossmont-Cuyamaca Community College District provided Federal awards to subrecipients as follows:

Program Title	CFDA Number	Amount Provided to Subrecipients
Regional Nursing Education Partnership of San Diego and Imperial Counties	17.267	\$ 195,138
Title III - Strengthening Institutions	84.031	108,803
VTEA - Tech Prep and Regional Consortium	84.243	401,882
Gaining Early Awareness and Readiness For Undergraduate Program (GEAR-UP) - Math and Science	84.334	992,995
HRSA - Nursing Workforce Diversity	93.178	319,583

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.

Schedule of Workload Measures for State General Apportionment – Annual/Actual Attendance

Full-Time Equivalent Students (FTES) is a measurement of the number of pupils attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds are made to community college districts. This schedule provides information regarding the attendance of students throughout the District.

Reconciliation of Annual Financial and Budget Report with Fund Financial Statements

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

Reconciliation of the Governmental Fund Balance Sheets to the Statement of Net Assets

This schedule provides a reconciliation of the adjustments necessary to bring the District's fund financial statements, prepared on a modified accrual basis, to the accrual basis required under GASB Statement No. 35.

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Other Independent Auditors' Reports



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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

We have audited the financial statements of Grossmont-Cuyamaca Community College District (the District) as of and for the years ended June 30, 2008 and 2007, and have issued our report thereon dated November 18, 2008. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliability in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control over financial reporting.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Grossmont-Cuyamaca Community College District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our 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*.

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



San Diego, California
November 18, 2008



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

Compliance

We have audited the compliance of Grossmont-Cuyamaca Community College District with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major Federal programs for the year ended June 30, 2008. Grossmont-Cuyamaca Community College District's major Federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major Federal programs is the responsibility of Grossmont-Cuyamaca Community College District's management. Our responsibility is to express an opinion on Grossmont-Cuyamaca Community College District's compliance based on our audit.

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

In our opinion, Grossmont-Cuyamaca Community College District complied, in all material respects, with the requirements referred to above that are applicable to each of its major Federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

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

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a Federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a Federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a Federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

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

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



San Diego, California
November 18, 2008



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AUDITORS' REPORT ON STATE COMPLIANCE

We have audited the basic financial statements of the Grossmont-Cuyamaca Community College District, as of and for the years ended June 30, 2008 and 2007, and have issued our report thereon dated November 18, 2008. Our audit was made in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The District's management is responsible for the District's compliance with laws and regulations. In connection with the audit referred to above, we selected and tested transactions and records to determine the District's compliance with the State laws and regulations in accordance with Section 400 of the Chancellor's Office *California Community Colleges Contracted District Audit Manual (CDAM)*.

General Directive

Section 424: State General Apportionment

Administration

Section 435: Open Enrollment

Section 436: Minimum Conditions – Standards of Scholarship

Section 437: Student Fee – Instructional Materials and Health Fees

Section 423: Apportionment of Instructional Services Agreements

Section 425: Residency Determination for Credit Courses

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

Administration (continued)

Section 432: Enrollment Fee
Section 426: Students Actively Enrolled
Section 421: Salaries and Classroom Instructors (50% Law)
Section 431: Gann Limit Calculation

Student Services

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

Facilities

Section 434: Scheduled Maintenance Program

Based on our audit, we found that, for the items tested, the Grossmont-Cuyamaca Community College District complied with the State laws and regulations referred to above, except as reported in the Findings and Questioned Costs section of this report. Further, based on our examination, for items not tested, nothing came to our attention to indicate that the Grossmont-Cuyamaca Community College District had not complied with the State laws and regulations, except as reported in the Findings and Questioned Costs section of this report.

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



San Diego, California
November 18, 2008

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Findings and Questioned Costs Section

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
Schedule of Audit Findings and Questioned Costs
For the Year Ended June 30, 2008

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	<u>Unqualified</u>
Internal control over financial reporting:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(s) identified not considered to be material weaknesses?	<u>No</u>
Noncompliance material to financial statements noted?	<u>No</u>

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(s) identified not considered to be material weaknesses?	<u>No</u>
Type of auditor's report issued on compliance for major programs:	<u>Unqualified</u>
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)	<u>No</u>

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.032, 84.033, 84.063, 84.007, and 84.375	Student Financial Aid Cluster
84.031A	Title III - Strengthening Institutions
84.334A	Gear Up

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 473,563</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

State Awards

Internal control over state programs:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(s) identified not considered to be material weaknesses?	<u>Yes</u>
Type of auditor's report issued on compliance for state programs:	<u>Qualified</u>

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
Schedule of Audit Findings and Questioned Costs
For the Year Ended June 30, 2008

Section II – Financial Statement Findings

No financial statement findings or questioned costs were noted during 2007-08.

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
Schedule of Audit Findings and Questioned Costs
For the Year Ended June 30, 2008

Section III – Federal Award Findings and Questioned Costs

This section identifies the audit findings required to be reported by Circular A-133, Section .510(a) (e.g., reportable conditions, material weaknesses, and instances of noncompliance, including questioned costs).

There were no audit findings or questioned costs related to Federal awards during 2007-08.

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
Schedule of Audit Findings and Questioned Costs
For the Year Ended June 30, 2008

Section IV – State Award Findings and Questioned Costs

2008-1 Finding: Concurrently Enrolled Students

Criteria

Per Education Code Section 76002(a)(4) and Contracted District Audit Manual State Compliance Requirement 427, *Concurrent Enrollment of K-12 Students in Community College Credit Courses*, enrollment of special part-time or full-time students (K-12 students concurrently enrolled in community college-level courses) in a District physical education class may not exceed 10.0 percent of the enrollment in that physical education class. In addition, the District may not receive State apportionments for special part-time and full-time students enrolled in physical education courses in excess of 5.0 percent of the District's total reported full-time equivalent enrollment of special part-time and full-time students.

Condition

One Grossmont College course, Beginning Bowling (Section #6981, Course #120A), had a Fall 2007 high school student enrollment count of 4 as compared to the class maximum of 36 students. As a result, the class had 11.1 percent enrollment of high school students as compared to the allowable maximum of 10.0 percent. For 2007-08, total District full-time equivalent students (FTES) for all high school students was 351.19, while FTES for high school students enrolled in physical education classes was 25.04. The percentage of high school students enrolled in District physical education classes in 2007-08 was therefore 7.1 percent of total enrolled high school students, as compared to the allowable maximum of 5.0 percent (a 7.48 FTES excess).

Questioned Costs

There are no questioned costs because the District was not funded for 137 FTES in 2007-08 due to its 2007-08 FTES cap. The 7.48 FTES excess for high school students enrolled in physical education classes in 2007-08 would not reduce the District's FTES below the 2007-08 FTES cap.

Context

The Beginning Bowling course over-enrollment of high school students in Fall 2007 pertained to one Grossmont College physical education course section in Fall 2007. As there was a total of 235 Fall 2007 physical education course sections at Grossmont College, this finding appears to be isolated.

Effect

Inadequate monitoring of enrollment counts of special part-time and full-time students in District physical education classes has caused noncompliance with the applicable State requirements pertaining to allowable enrollment levels of special part-time and full-time students.

Recommendation

The District's admissions and records offices should closely monitor enrollment of special part-time and full-time students in District physical education classes in order to ensure that enrollment of special part-time and full-time students in District physical education classes does not exceed the allowable levels of 10.0 percent of class enrollment or 5.0 percent of total special student enrollment.

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
Schedule of Audit Findings and Questioned Costs
For the Year Ended June 30, 2008

Section IV – State Award Findings and Questioned Costs (continued)

2008-1 Finding: Concurrently Enrolled Students (continued)

District Response

The District's admissions and records offices will implement additional processes and procedures that will closely monitor enrollment levels of special part-time and full-time students in District physical education classes in the 2008-09 year. This will ensure compliance with the applicable State audit requirements.

This minor finding based on two compliance requirements resulted in no financial gain to the District.

1. Regarding the 10% rule, the over enrollment noted by the auditors in the Bowling class was one student over the limit.
2. Regarding the 5% rule, the excess of 7.48 FTES in special student enrollment in physical education classes, the District did not receive full funding for total FTES reported in FY 2007-08 due to the District exceeding its cap by 137 FTES.

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2008

Original Finding No.	Finding	Recommendation	Response	Current Status
2007-1 <i>Federal Compliance</i>	The District does not have documented procedures in place to ensure that subrecipients receiving Federal funds from the District are reporting the monies as Federal revenue and receiving a Federal audit as required.	Clear identification of applicable Federal compliance requirements should be integrated into subrecipient agreements.	The District monitors subrecipients of Federal funds and provides assistance to ensure that subrecipients are aware of the applicable Federal compliance requirements.	Implemented.
2007-2 <i>State Compliance</i>	When computing a student's grade point average, non-degree credit should not be counted towards credit. Auditor noted one instance of this occurring at both campuses.	The District should ensure system is excluding all non-degree applicable courses for GPA calculations.	Because of a recent change at the college where the college is offering non-degree credit classes this issue occurred. The risk is limited. Procedures have been established in 2008-09 to ensure compliance.	Implemented, the District corrected in Summer 2008.
2007-3 <i>State Compliance</i>	Students may repeat class one time and District may claim apportionment. Students are repeating classes more than one time and District is claiming apportionment for repeats after one time.	The District should follow the stated provisions that prohibit the District to claim apportionment for students that repeat a class more than one time.	The District has a strict policy regarding students repeating a class more than once. The new student system in 2008-09 will exclude the repetitions.	Implemented in fiscal year 2008-09 upon clarification of the requirement with the State.

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GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2008

Original Finding No.	Finding	Recommendation	Response	Current Status
2007-4 <i>State Compliance</i>	The District does not have a procedure in place to verify for summer session attendance that the K-12 principals are certifying they have not recommended more than 5 percent of the total number of students who completed the grade immediately prior to the time of recommendation.	The District should establish procedures to verify for summer session attendance that the K-12 principals certify they have not recommended more than 5 percent of the total number of students who completed the grade immediately prior to the time of recommendation.	The VP of Students Services will identify concerns and develop a plan to meet requirements for the Summer 2008 session.	Implemented.
2007-5 <i>State Compliance</i>	Grossmont and Cuyamaca Colleges did not disclose in their catalog or course schedules the exemption of health fees for students who depend exclusively on prayer for healing and apprenticeship students.	Review applicable policies and properly document information related to student health fees in each college's catalog or course schedules.	The 2007-08 college catalogs and web sites will include the health fee exemption language.	Implemented.

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