

CONTRA COSTA COMMUNITY  
COLLEGE DISTRICT

ANNUAL FINANCIAL REPORT

**JUNE 30, 2009**

# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

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***FINANCIAL SECTION***

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VAVRINEK, TRINE, DAY  
& COMPANY, LLP  
*Certified Public Accountants*

VALUE THE DIFFERENCE

## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Contra Costa Community College District  
Martinez, California

We have audited the accompanying basic financial statements of the business-type activities of the Contra Costa Community College District (the District) as of and for the years ended June 30, 2009 and 2008, and its discretely presented component units as listed in the Table of Contents. These basic financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of Contra Costa, Diablo Valley, and Los Medanos Foundations (the Foundations) were not audited in accordance with *Governmental Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Contra Costa Community College District and its discretely presented component units as of June 30, 2009 and 2008, 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 *Government Auditing Standards*, we have also issued our report dated December 18, 2009, 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 is important for 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 Governmental Accounting Standards Board. This supplementary information is the responsibility of the District's management. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The 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*, are presented for purposes of additional analysis and are 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, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The Supplementary Information on pages 58 through 67 has been presented at the request of District management for purposes of additional analysis. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Vavrinek, Ture, Day & Co LLP

Pleasanton, California  
December 18, 2009

# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2009

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### *USING THIS ANNUAL REPORT*

The purpose of this annual report is to provide readers with information about the activities programs and financial condition of the Contra Costa Community College District (the District) as of June 30, 2009. The report consists of three basic financial statements: the Statement of Financial Position, Statement of Revenues, Expenses, and Changes in Net Assets, and Statement of Cash Flows and provides information about the District as a whole. This section of the annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2009. Please read it in conjunction with the District's financial statements, which immediately follow this section. Responsibility for the completeness and accuracy of this information rests with the District management.

### *OVERVIEW OF THE FINANCIAL STATEMENTS*

The Contra Costa Community College District's financial statements are presented in accordance with Governmental Accounting Standards Board Statements No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* and No. 35, *Basic Financial Statements - and Management Discussion and Analysis - for Public College and Universities*. These statements allow for the presentation of financial activity and results of operations which focuses on the District as a whole. The entity-wide financial statements present the overall results of operations whereby all of the District's activities are consolidated into one total versus the traditional presentation by fund type. The focus of the Statement of Net Assets is designed to be similar to the bottom line results of the District. This statement combines and consolidates current financial resources with capital assets and long-term obligations. The Statement of Revenues, Expenses, and Changes in Net Assets focuses on the costs of the District's operational activities with revenues and expenses categorized as operating and nonoperating, and expenses are reported by natural classification. The Statement of Cash Flows provides an analysis of the sources and uses of cash within the operations of the District.

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

### *FINANCIAL HIGHLIGHTS*

The District's primary funding source is apportionment received from the State of California based upon student attendance. The primary basis of this apportionment is the calculation of Full Time Equivalent Students (FTES). During the 2008-2009 fiscal year, the reported resident FTES were 28,566 as compared to 30,838 in the 2007-2008 fiscal year. Included in the 2007/08 attendance report were 2,050 FTES borrowed from Summer 2008 to maximize restoration funding that would be otherwise forfeited.

All employee groups received a 3.59% salary increase in 2008-09, of which 2.0% was identified as fronted growth. Costs for employee salaries increased by \$4 million from the 2007-08 fiscal year and costs associated with employee benefits increased by approximately seven percent (7%) percent. The increase in the benefit costs is due to continued rising costs of health and welfare benefits paid on behalf of both current employees and retirees and a minor increase in the contribution rates for CalPERS retirement contributions.

# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**JUNE 30, 2009**

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During the 2008-2009 fiscal year, the District provided in excess of \$19 million in financial aid to students attending classes at the three colleges. This aid was provided in the form of grants, scholarships, loans, and fee waivers funded through the Federal government, the State System Office, and local funding.

The District issued \$73 million in general obligation bonds in August 2007 for construction and renovation projects and equipment throughout the District. This represents the initial issuance of Measure A bonds approved in 2006 by the voters within the District's boundaries. The designated projects will be completed over the coming three to five years. A second issuance of approximately \$70 million is anticipated to occur in 2009-2010.

The District is continuing several construction and modernization projects at our three college campuses resulting in completed or in-progress building and improvements to sites of approximately \$42 million in the 2009-2010 fiscal year. These projects are funded both through State construction revenues and through our voter approved general obligation bonds.

### *THE DISTRICT AS A WHOLE*

#### **Net Assets**

**Table 1**

|  | <u>2009</u>           | <u>2008</u>           | <u>Change</u>          | <u>2007</u>           | <u>Change</u>         |
|--|-----------------------|-----------------------|------------------------|-----------------------|-----------------------|
| <b>ASSETS</b>                            |                       |                       |                        |                       |                       |
| Current Assets                           |                       |                       |                        |                       |                       |
| Cash and investments                     | \$ 115,278,093        | \$ 132,892,668        | \$ (17,614,575)        | \$ 93,004,108         | \$ 39,888,560         |
| Accounts receivable (net)                | 34,086,725            | 42,792,075            | (8,705,350)            | 14,653,346            | 28,138,729            |
| Other current assets                     | 9,590,708             | 9,065,438             | 525,270                | 7,052,338             | 2,013,100             |
| Total Current Assets                     | <u>158,955,526</u>    | <u>184,750,181</u>    | <u>(25,794,655)</u>    | <u>114,709,792</u>    | <u>70,040,389</u>     |
| Other assets                             | 25,929,533            | 25,155,185            | 774,348                | 23,247,379            | 1,907,806             |
| Capital assets (net)                     | 271,059,874           | 261,665,775           | 9,394,099              | 212,265,234           | 49,400,541            |
| Total Assets                             | <u>\$ 455,944,933</u> | <u>\$ 471,571,141</u> | <u>\$ (15,626,208)</u> | <u>\$ 350,222,405</u> | <u>\$ 121,348,736</u> |
| <b>LIABILITIES</b>                       |                       |                       |                        |                       |                       |
| Current Liabilities                      |                       |                       |                        |                       |                       |
| Accounts payable and accrued liabilities | 30,505,386            | 35,059,512            | (4,554,126)            | 35,742,071            | (682,559)             |
| Amounts held in trust for others         | 1,631,352             | 9,746,556             | (8,115,204)            | 7,043,288             | 2,703,268             |
| Current portion of long-term debt        | 3,586,274             | 9,179,014             | (5,592,740)            | 1,346,069             | 7,832,945             |
| Total Current Liabilities                | <u>35,723,012</u>     | <u>53,985,082</u>     | <u>(18,262,070)</u>    | <u>44,131,428</u>     | <u>9,853,654</u>      |
| Long-term Debt                           | 223,726,958           | 211,685,139           | 12,041,819             | 126,458,968           | 85,226,171            |
| Total Liabilities                        | <u>259,449,970</u>    | <u>265,670,221</u>    | <u>(6,220,251)</u>     | <u>170,590,396</u>    | <u>95,079,825</u>     |
| <b>NET ASSETS</b>                        |                       |                       |                        |                       |                       |
| Invested in capital assets               | 138,730,749           | 146,359,631           | (7,628,882)            | 121,678,261           | 24,681,370            |
| Restricted                               | 18,630,553            | 19,274,457            | (643,904)              | 1,502,014             | 17,772,443            |
| Unrestricted                             | 39,133,661            | 40,266,832            | (1,133,171)            | 56,451,734            | (16,184,902)          |
| Total Net Assets                         | <u>196,494,963</u>    | <u>205,900,920</u>    | <u>(9,405,957)</u>     | <u>179,632,009</u>    | <u>26,268,911</u>     |
| Total Liabilities and Net Assets         | <u>\$ 455,944,933</u> | <u>\$ 471,571,141</u> | <u>\$ (15,626,208)</u> | <u>\$ 350,222,405</u> | <u>\$ 121,348,736</u> |

# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**JUNE 30, 2009**

Cash and investments consist primarily of funds held in the Contra Costa County Treasury and the Local Agency Investment Fund (LAIF). The changes in our cash position are explained in the Statement of Cash Flows on pages 15 and 16.

Much of the unrestricted net assets have been designated by the Board or by contracts for such purposes as our required general reserve for ongoing financial health, commitments on contracts, other post employment benefits, and bookstore and cafeteria reserves.

### Operating Results for the Year

The results of this year's operations for the District as a whole are reported in the *Statement of Revenues, Expenses, and Changes in Net Assets* on page 14.

**Table 2**

|                                    | 2009                  | 2008                 | Change                 | 2007                 | Change               |
|------------------------------------|-----------------------|----------------------|------------------------|----------------------|----------------------|
| Operating Revenues                 |                       |                      |                        |                      |                      |
| Tuition and fees                   | \$ 21,074,951         | \$ 19,098,420        | \$ 1,976,531           | \$ 19,538,627        | \$ (440,207)         |
| Auxiliary sales, charges and other | 16,828,795            | 17,079,529           | (250,734)              | 14,464,546           | 2,614,983            |
| Total Operating Revenues           | <u>37,903,746</u>     | <u>36,177,949</u>    | <u>1,725,797</u>       | <u>34,003,173</u>    | <u>2,174,776</u>     |
| Operating Expenses                 |                       |                      |                        |                      |                      |
| Salaries and benefits              | 181,924,813           | 178,671,045          | 3,253,768              | 146,263,785          | 32,407,260           |
| Supplies and other expenses        | 67,345,926            | 41,218,103           | 26,127,823             | 75,868,577           | (34,650,474)         |
| Depreciation                       | 8,797,042             | 7,351,811            | 1,445,231              | 5,472,225            | 1,879,586            |
| Total Operating Expenses           | <u>258,067,781</u>    | <u>227,240,959</u>   | <u>30,826,822</u>      | <u>227,604,587</u>   | <u>(363,628)</u>     |
| Loss on Operations                 | <u>(220,164,035)</u>  | <u>(191,063,010)</u> | <u>(29,101,025)</u>    | <u>(193,601,414)</u> | <u>2,538,404</u>     |
| Nonoperating Revenues              |                       |                      |                        |                      |                      |
| State apportionments               | 68,800,023            | 66,840,628           | 1,959,395              | 66,434,899           | 405,729              |
| Property taxes                     | 84,283,816            | 90,518,413           | (6,234,597)            | 78,287,536           | 12,230,877           |
| State revenues                     | 27,487,658            | 29,803,076           | (2,315,418)            | 23,168,279           | 6,634,797            |
| Federal revenues                   | 20,001,260            | 15,075,124           | 4,926,136              | 13,568,580           | 1,506,544            |
| Net interest expense               | (556,755)             | (581,281)            | 24,526                 | (566,088)            | (15,193)             |
| Other nonoperating revenues        | 4,399,547             | 6,436,266            | (2,036,719)            | 4,868,754            | 1,567,512            |
| Total Nonoperating Revenue         | <u>204,415,549</u>    | <u>208,092,226</u>   | <u>(3,676,677)</u>     | <u>185,761,960</u>   | <u>22,330,266</u>    |
| Other Revenues                     |                       |                      |                        |                      |                      |
| State and local capital income     | <u>6,342,529</u>      | <u>9,239,695</u>     | <u>(2,897,166)</u>     | <u>16,143,465</u>    | <u>(6,903,770)</u>   |
| Net Increase in Net Assets         | <u>\$ (9,405,957)</u> | <u>\$ 26,268,911</u> | <u>\$ (35,674,868)</u> | <u>\$ 8,304,011</u>  | <u>\$ 17,964,900</u> |

During the 2008-2009 fiscal year, grant revenues were separated into Federal and State components for purposes of this analysis, thereby, creating classification differences in those two lines. When comparing these amounts to prior year amounts it would be more appropriate to consider the two amounts in total.

During the 2007-2008 fiscal year, the District capitalized approximately \$16 million of capital outlay expenses that were paid for during 2006-2007. This adjustment affected the supplies and other expenses in that supplies and other expenses should have been approximately \$16 million higher in 2008, and the same less in 2007.



# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**JUNE 30, 2009**

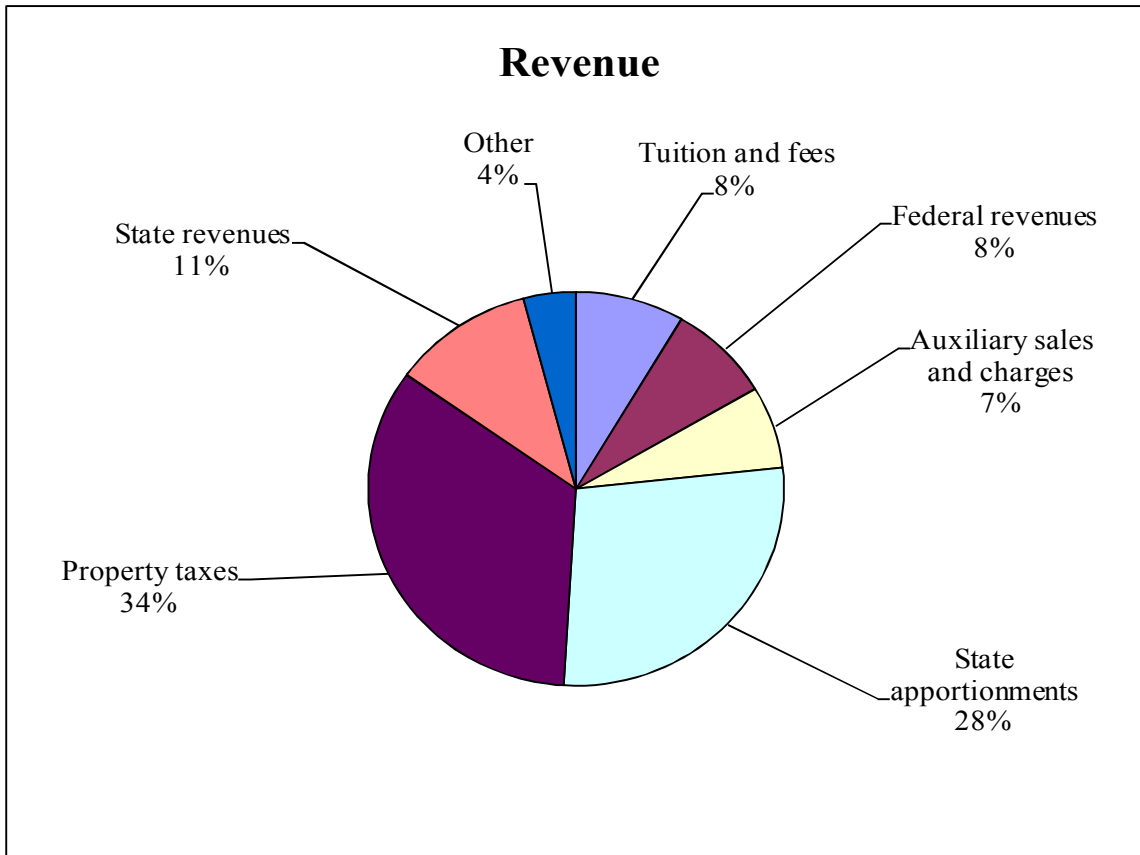
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The District's primary revenue fund is the State apportionment calculation which is comprised of three sources of revenues: local property taxes, student enrollment fees, and State apportionment. While there is a minor increase in the property taxes levied and received from property within Contra Costa County, tax collections fell short of the budgeted target statewide. Student enrollment fees show a slight increase over 2007-2008, reflecting an increase in enrolled units. As with property tax collections, however, statewide enrollment fees fell short of the State enacted budget. The combination of declined property taxes and enrollment fees resulted in a statewide deficit of general revenue of approximately 1.5%; Contra Costa CCD's share of this loss was approximately \$2.3 million.

Auxiliary revenue consists of bookstore and cafeteria net revenues, as well as information technology services provided to Contra Costa County Office of Education and certain K-12 school districts. The three college campuses each maintain their own bookstores and cafeterias to provide services to the students and faculty of the college. The operations are self-supporting and contribute to the student programs on each campus.

Federal and state revenues relate primarily to student financial aid as well as to specific Federal and State grants received for programs serving the students and programs of the District. These grant and program revenues are restricted as to the allowable expenses related to the programs.

Interest income of \$4.4 million was off-set by interest expense of \$5.0 million. The interest income is primarily the result of cash held in the Contra Costa County Treasury. Interest income is down approximately \$2.4 million as compared to the 2007-2008 fiscal year due to decreased balances in County Cash and lower interest rates. Interest expense has decreased approximately \$2.8 million.



**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2009**

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

**Table 3**

Year ended June 30, 2009:

|   | Salaries              | Employee Benefits    | Supplies, Material, and Other Expenses and Services | Depreciation        | Total                 |
|---|-----------------------|----------------------|---|---------------------|-----------------------|
| Instructional activities                    | \$ 69,758,128         | \$ 32,454,387        | \$ 2,253,559  | \$ -                | \$ 104,466,074        |
| Academic support                            | 10,581,692            | 2,868,378            | 1,503,834   | -                   | 14,953,904            |
| Student services                            | 10,381,226            | 2,737,127            | 4,647,371   | -                   | 17,765,724            |
| Plant operations and maintenance            | 6,431,982             | 2,416,850            | 7,767,075   | -                   | 16,615,907            |
| Instructional support services              | 13,903,889            | 12,707,356           | 7,075,793   | -                   | 33,687,038            |
| Community services and economic development | 7,711,951             | 1,789,298            | 6,570,372   | -                   | 16,071,621            |
| Ancillary services and auxiliary operations | 6,270,914             | 1,911,635            | 19,434,752  | -                   | 27,617,301            |
| Student aid                                 | -                     | -                    | 18,093,170  | -                   | 18,093,170            |
| Unallocated depreciation                    | -                     | -                    | -   | 8,797,042           | 8,797,042             |
| <b>Total</b>                                | <b>\$ 125,039,782</b> | <b>\$ 56,885,031</b> | <b>\$ 67,345,926</b>                                | <b>\$ 8,797,042</b> | <b>\$ 258,067,781</b> |

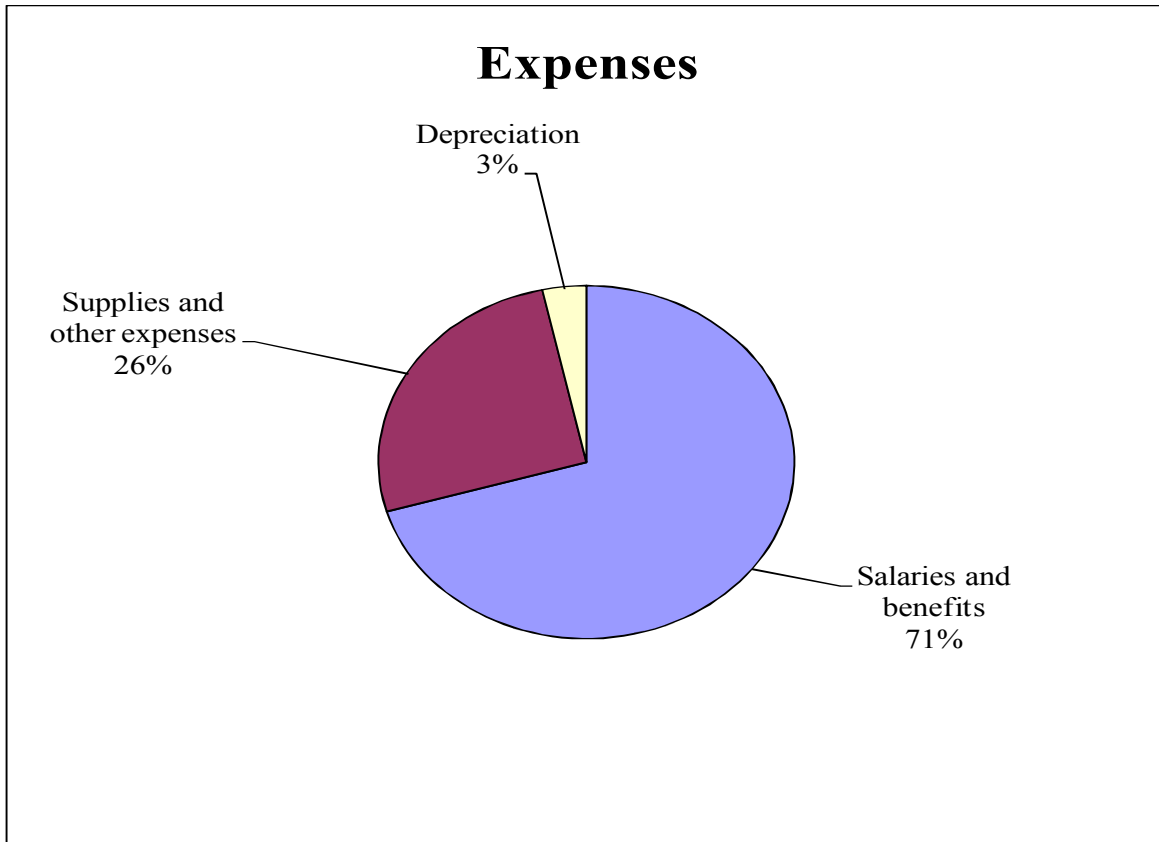
Year ended June 30, 2008:

|   | Salaries              | Employee Benefits    | Supplies, Material, and Other Expenses and Services | Depreciation        | Total                 |
|---|-----------------------|----------------------|---|---------------------|-----------------------|
| Instructional activities                    | \$ 65,649,494         | \$ 30,498,798        | \$ 3,080,231  | \$ -                | \$ 99,228,523         |
| Academic support                            | 9,638,550             | 3,106,842            | 1,517,590   | -                   | 14,262,982            |
| Student services                            | 12,681,499            | 5,197,470            | 2,005,613   | -                   | 19,884,582            |
| Plant operations and maintenance            | 6,347,829             | 3,804,985            | 6,113,270   | -                   | 16,266,084            |
| Instructional support services              | 14,285,082            | 13,182,072           | 7,413,647   | -                   | 34,880,801            |
| Community services and economic development | 1,335,720             | 443,244              | 564,684   | -                   | 2,343,648             |
| Ancillary services and auxiliary operations | 9,127,525             | 3,371,936            | 7,645,080   | -                   | 20,144,541            |
| Student aid                                 | -                     | -                    | 12,877,988  | -                   | 12,877,988            |
| Unallocated depreciation                    | -                     | -                    | -   | 7,351,811           | 7,351,811             |
| <b>Total</b>                                | <b>\$ 119,065,699</b> | <b>\$ 59,605,347</b> | <b>\$ 41,218,103</b>                                | <b>\$ 7,351,811</b> | <b>\$ 227,240,960</b> |

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2009**



**Table 4**

**Changes in Cash Position**

|                                 | <u>2009</u>           | <u>2008</u>           | <u>Change</u>          | <u>2007</u>          | <u>Change</u>        |
|---------------------------------|-----------------------|-----------------------|------------------------|----------------------|----------------------|
| Cash Provided by (Used in)      |                       |                       |                        |                      |                      |
| Operating activities            | \$ (228,071,881)      | \$ (156,113,620)      | \$ (71,958,261)        | \$ (114,694,984)     | \$ (41,418,636)      |
| Noncapital financing activities | 217,478,150           | 171,961,384           | 45,516,766             | 152,112,480          | 19,848,904           |
| Capital financing activities    | (11,636,820)          | 32,178,856            | (43,815,676)           | (26,444,129)         | 58,622,985           |
| Investing activities            | 4,733,525             | 2,950,800             | 1,782,725              | 7,644,078            | (4,693,278)          |
| Net Increase (Decrease) in Cash | (17,497,026)          | 50,977,420            | (68,474,446)           | 18,617,445           | 32,359,975           |
| Cash, Beginning of Year         | 132,529,796           | 81,552,376            | 50,977,420             | 62,934,931           | 18,617,445           |
| Cash, End of Year               | <u>\$ 115,032,770</u> | <u>\$ 132,529,796</u> | <u>\$ (17,497,026)</u> | <u>\$ 81,552,376</u> | <u>\$ 50,977,420</u> |

The Statement of Cash Flows on pages 15 and 16 provides information about our cash receipts and payments during the year. This statement also assists users in assessing the District's ability to meet its obligations as they come due and its need for external financing. Our primary operating receipts are student tuition and fees and Federal, State, and local grants and contracts. The primary operating expense of the District is the payment of salaries and benefits to instructional and classified support staff.

While State apportionment revenues and property taxes are the primary source of noncapital related revenue, the GASB accounting standards require that this source of revenue is shown as nonoperating revenue as it comes from the general resources of the State and not from the primary users of the college's programs and services – our students. The District depends upon this funding to continue the current level of operations.

# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2009

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### *CAPITAL ASSET AND DEBT ADMINISTRATION*

#### **Capital Assets**

At June 30, 2009, the District had \$271.1 million in a broad range of capital assets, including land, buildings, and furniture and equipment. At June 30, 2008, our net capital assets were \$261.7 million. The District is currently in the middle of a major capital improvement program with construction ongoing throughout the college campuses. These projects are primarily funded through our general obligation bonds resulting from voter-approved Measure A 2002 and Measure A+ 2006. These projects are accounted for within our Construction in Progress account until the project is completed at which time the cost of the buildings and/or improvements will be brought in to the depreciable Buildings and Improvement category.

Capital projects are continuing through the 2009-2010 fiscal year and beyond with primary funding through our general obligation bond.

**Table 5**

|                                   | Balance<br>Beginning of<br>Year | Additions            | Deletions           | Balance End of<br>Year |
|-----------------------------------|---------------------------------|----------------------|---------------------|------------------------|
| Land and construction in progress | \$ 48,485,961                   | \$ 15,852,478        | \$ 7,171,181        | \$ 57,167,258          |
| Buildings and improvements        | 266,531,289                     | 6,856,042            | 45,528              | 273,341,803            |
| Furniture and equipment           | 44,161,755                      | 2,667,481            | 48,142              | 46,781,094             |
| Subtotal                          | 359,179,005                     | 25,376,001           | 7,264,851           | 377,290,155            |
| Accumulated depreciation          | (97,513,230)                    | (8,797,042)          | (79,991)            | (106,230,281)          |
|                                   | <u>\$ 261,665,775</u>           | <u>\$ 16,578,959</u> | <u>\$ 7,184,860</u> | <u>\$ 271,059,874</u>  |

#### **Obligations**

At the end of the 2008-2009 fiscal year, the District had \$176 million in general obligation bonds outstanding. These bonds are repaid annually in accordance with the obligation requirements through an increase in the assessed property taxes on property within the Contra Costa Community College District boundaries. Other obligations for the District includes Certificates of Participation issued to fund the student center and bookstore building project at Diablo Valley College and a Note Payable to fund energy retrofitting projects.

In addition to the above obligations, the District is obligated to employees of the District for vacation and load banking benefits and lease purchase agreements for equipment.

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2009**

**Table 6**

|                            | Balance<br>Beginning of<br>Year | Additions            | Deletions            | Balance End of<br>Year |
|----------------------------|---------------------------------|----------------------|----------------------|------------------------|
| General obligation bonds   | \$ 184,890,000                  | \$ -                 | \$ 8,840,000         | \$ 176,050,000         |
| COPs and notes payable     | 1,110,000                       | -                    | 60,000               | 1,050,000              |
| OPEB (retiree benefits)    | 19,544,083                      | 22,986,100           | 8,546,774            | 33,983,409             |
| Other liabilities          | 15,320,070                      | 1,295,154            | 385,401              | 16,229,823             |
| Total Long-Term Debt       | <u>\$ 220,864,153</u>           | <u>\$ 24,281,254</u> | <u>\$ 17,832,175</u> | <u>\$ 227,313,232</u>  |
| Amount due within one year |                                 |                      |                      | <u>\$ 3,586,274</u>    |

***GENERAL FUND BUDGETARY HIGHLIGHTS***

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. The Governing Board adopted the final amendment to the budget for the 2008-2009 fiscal year on September 30, 2009.

Within the Unrestricted General Fund, operating costs have continually increased. The State Budget has not kept pace with the increased operating costs, primarily in health and welfare benefits, especially in regards to the need to recognize post retirement benefits. Contra Costa CCD has continued to set aside funding for this long-term liability and in 2008-2009 established an irrevocable trust that was funded with \$9.1 million in July 2009. An additional \$41.8 million is invested in a restricted reserve fund.

***ECONOMIC FACTORS AFFECTING THE FUTURE OF THE CONTRA COSTA COMMUNITY COLLEGE DISTRICT***

The economic position of the District is closely tied to the State of California as State apportionments and property taxes allocated to the District represent approximately 83 percent of the total unrestricted sources of revenues received within the General Fund. As in 2008-2009, similar general revenue shortfalls are expected in addition to statewide budget reductions included in the 2009-10 enacted State budget. The California Community College System Office is addressing some of these budget cuts through workload adjustments, i.e. reduction in the number of full-time equivalent students (FTES) funded. While the statutory cost of living adjustment (COLA) has been determined to be 4.25% for 2009-10, for the second year in a row California community colleges will see a zero funding COLA and 2010-2011 is expected to be the same.

The funding formula for the 2009-2010 is not expected to adversely affect the District in its first year of implementation due largely to the establishment of reserves by the Governing Board in excess of the mandatory minimum. The District has conservatively approached the inevitable budget reductions with a two-year step down. In 2009-2010, the colleges and District Office/District-wide Services have been tasked with reducing their operating budgets by nearly \$11.5 million. One-time funding sources (including undesignated reserves) have been identified to soften the cuts, but on-going sources will be identified for 2010-2011. It is expected that \$4 million more will need to be cut in 2010-11, in addition to the current \$8 million.

# **CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2009**

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After several years of declining enrollment the District enrollment has increased in 2008-2009; this is significantly attributed to the State's high unemployment rate and the increased demand for retraining and lower division courses. With the current budget situation, the District continues to monitor enrollment and operating costs of the District to ensure ongoing financial stability and retain the reserve levels required by our Governing Board and the State Chancellor's Office.

### ***CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT***

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Contra Costa Community College District, Finance Department, (925) 229-1000.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

STATEMENTS OF NET ASSETS  
JUNE 30, 2009 AND 2008

|   | <u>2009</u>           | <u>2008</u>           |
|---|-----------------------|-----------------------|
| <b>ASSETS</b>                                     |                       |                       |
| <b>Current Assets</b>                             |                       |                       |
| Cash and cash equivalents                         | \$ 29,798,206         | \$ 45,409,687         |
| Investments                                       | 245,323               | 362,872               |
| Restricted cash and cash equivalents              | 85,234,564            | 87,120,109            |
| Accounts receivable, net                          | 34,086,725            | 42,792,075            |
| Notes receivable - current portion                | 259,385               | 227,681               |
| Prepaid expenses - current portion                | 6,746,301             | 6,573,069             |
| Stores inventories                                | 2,522,738             | 2,190,831             |
| Deferred charges - current portion                | 62,284                | 73,857                |
| <b>Total Current Assets</b>                       | <u>158,955,526</u>    | <u>184,750,181</u>    |
| <b>Noncurrent Assets</b>                          |                       |                       |
| Investments - noncurrent portion                  | 24,696,377            | 24,235,268            |
| Deferred charges - noncurrent portion             | 1,233,156             | 919,917               |
| Nondepreciable capital assets                     | 57,167,258            | 48,485,961            |
| Depreciable capital assets, net of depreciation   | 213,892,616           | 213,179,814           |
| <b>Total Noncurrent Assets</b>                    | <u>296,989,407</u>    | <u>286,820,960</u>    |
| <b>TOTAL ASSETS</b>                               | <u>455,944,933</u>    | <u>471,571,141</u>    |
| <b>LIABILITIES</b>                                |                       |                       |
| <b>Current Liabilities</b>                        |                       |                       |
| Accounts payable                                  | 17,786,258            | 16,145,791            |
| Interest payable                                  | 3,513,486             | 3,694,132             |
| Claims payable                                    | 90,971                | 159,630               |
| Deferred revenue                                  | 9,114,671             | 15,059,959            |
| Amounts held in trust custody on behalf of others | 1,631,352             | 9,746,556             |
| Notes payable - current portion                   | 60,000                | 60,000                |
| Bonds payable - current portion                   | 3,255,000             | 8,840,000             |
| Lease obligations - current portion               | 155,248               | 269,375               |
| Other long-term liabilities - current portion     | 116,026               | 9,639                 |
| <b>Total Current Liabilities</b>                  | <u>35,723,012</u>     | <u>53,985,082</u>     |
| <b>Noncurrent Liabilities</b>                     |                       |                       |
| Compensated absences payable - noncurrent portion | 14,112,822            | 13,181,618            |
| Notes payable - noncurrent portion                | 990,000               | 1,050,000             |
| Bonds payable - noncurrent portion                | 172,795,000           | 176,050,000           |
| Lease obligations - noncurrent portion            | -                     | 155,248               |
| OPEB Liability                                    | 33,983,409            | 19,544,083            |
| Other long-term liabilities - noncurrent portion  | 1,845,727             | 1,704,190             |
| <b>Total Noncurrent Liabilities</b>               | <u>223,726,958</u>    | <u>211,685,139</u>    |
| <b>TOTAL LIABILITIES</b>                          | <u>259,449,970</u>    | <u>265,670,221</u>    |
| <b>NET ASSETS</b>                                 |                       |                       |
| Invested in capital assets, net of related debt   | 138,730,749           | 146,359,631           |
| Restricted for:                                   |                       |                       |
| Debt service                                      | 10,710,944            | 13,268,851            |
| Capital projects                                  | 7,735,995             | 6,005,606             |
| Other activities                                  | 183,614               | 191,009               |
| Unrestricted                                      | 39,133,661            | 40,075,823            |
| <b>TOTAL NET ASSETS</b>                           | <u>\$ 196,494,963</u> | <u>\$ 205,900,920</u> |

The accompanying notes are an integral part of these financial statements.

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**STATEMENTS OF REVENUES, EXPENSES,  
AND CHANGES IN NET ASSETS  
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008**

|  | <u>2009</u>           | <u>2008</u>           |
|--|-----------------------|-----------------------|
| <b>OPERATING REVENUES</b>                                  |                       |                       |
| Student Tuition and Fees                                   | \$ 26,108,372         | \$ 22,878,441         |
| Less: Scholarship discount and allowance                   | (5,033,421)           | (3,780,021)           |
| Net tuition and fees                                       | <u>21,074,951</u>     | <u>19,098,420</u>     |
| Auxiliary Enterprise Sales and Charges                     |                       |                       |
| Bookstore  | 12,956,786            | 13,343,132            |
| Cafeteria  | 1,094,183             | 970,100               |
| Other enterprise   | 2,777,826             | 2,766,297             |
| <b>TOTAL OPERATING REVENUES</b>                            | <u>37,903,746</u>     | <u>36,177,949</u>     |
| <b>OPERATING EXPENSES</b>                                  |                       |                       |
| Salaries   | 125,039,782           | 119,065,699           |
| Employee benefits  | 56,885,031            | 59,605,346            |
| Supplies and materials                                     | 5,718,114             | 5,101,879             |
| Services and other operating costs                         | 43,534,642            | 23,238,236            |
| Student financial aid                                      | 18,093,170            | 12,877,988            |
| Depreciation   | 8,797,042             | 7,351,811             |
| <b>TOTAL OPERATING EXPENSES</b>                            | <u>258,067,781</u>    | <u>227,240,959</u>    |
| <b>OPERATING LOSS</b>                                      | <u>(220,164,035)</u>  | <u>(191,063,010)</u>  |
| <b>NONOPERATING REVENUES (EXPENSES)</b>                    |                       |                       |
| State apportionments, noncapital                           | 68,800,023            | 66,840,628            |
| Local property taxes, levied for general purposes          | 73,201,516            | 73,427,484            |
| Taxes levied for other specific purposes                   | 11,082,300            | 17,090,929            |
| Federal revenues   | 20,001,260            | 15,075,124            |
| State revenues, other                                      | 26,616,080            | 28,854,573            |
| State taxes and other revenues                             | 871,578               | 948,503               |
| Investment income  | 4,435,528             | 6,794,437             |
| Interest expense on capital related debt                   | (5,045,193)           | (7,879,452)           |
| Investment income on capital asset-related debt, net       | 52,910                | 503,734               |
| Other nonoperating revenue                                 | 4,399,547             | 6,436,266             |
| <b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>              | <u>204,415,549</u>    | <u>208,092,226</u>    |
| <b>INCOME BEFORE OTHER REVENUES AND EXPENSES</b>           | <u>(15,748,486)</u>   | <u>17,029,216</u>     |
| State revenues, capital                                    | 3,258,836             | 2,088,693             |
| Local revenues, capital                                    | 3,083,693             | 7,151,002             |
| <b>TOTAL INCOME BEFORE OTHER<br/>REVENUES AND EXPENSES</b> | <u>6,342,529</u>      | <u>9,239,695</u>      |
| <b>CHANGE IN NET ASSETS</b>                                | (9,405,957)           | 26,268,911            |
| <b>NET ASSETS, BEGINNING OF YEAR</b>                       | <u>205,900,920</u>    | <u>179,632,009</u>    |
| <b>NET ASSETS, END OF YEAR</b>                             | <u>\$ 196,494,963</u> | <u>\$ 205,900,920</u> |

The accompanying notes are an integral part of these financial statements.



**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008**

|  | <b>2009</b>           | <b>2008</b>           |
|--|-----------------------|-----------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                |                       |                       |
| Tuition and fees   | \$ 20,273,217         | \$ 16,459,052         |
| Payments to vendors for supplies and services              | (71,530,114)          | (37,250,553)          |
| Payments to or on behalf of employees                      | (163,228,229)         | (136,344,323)         |
| Payments to students for scholarships and grants           | (18,093,170)          | (13,291,028)          |
| Auxiliary enterprise sales and charges                     | 14,186,327            | 14,313,232            |
| Other operating receipts (payments)                        | (9,679,912)           | -                     |
| <b>Net Cash Flows From Operating Activities</b>            | <b>(228,071,881)</b>  | <b>(156,113,620)</b>  |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>     |                       |                       |
| State apportionments                                       | 77,275,780            | 45,477,983            |
| Property taxes - nondebt related                           | 73,201,516            | 73,427,484            |
| State taxes and other apportionments                       | 15,252,979            | 7,216,952             |
| Federal grants and contracts                               | 20,001,260            | 8,980,842             |
| State grants and contracts                                 | 26,616,080            | 27,278,285            |
| Local grants and contracts                                 | 4,006,271             | 7,224,296             |
| Other nonoperating   | 1,124,264             | 2,355,542             |
| <b>Net Cash Flows From Noncapital Financing Activities</b> | <b>217,478,150</b>    | <b>171,961,384</b>    |
| <b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>        |                       |                       |
| Purchase of capital assets                                 | (18,349,547)          | (55,049,569)          |
| Loss on disposal of capital assets                         | 1,546,683             | -                     |
| Proceeds from sale of bonds                                | -                     | 65,928,713            |
| Net increase on OPEB obligation                            | 14,803,276            | 19,544,083            |
| State revenue, capital projects                            | 3,258,836             | 2,088,693             |
| Local revenue, capital projects                            | 1,550,689             | 7,151,002             |
| Deferred cost on issuance                                  | 11,573                | -                     |
| Principal paid on capital debt                             | (9,285,401)           | (1,352,989)           |
| Interest paid on capital debt                              | (5,225,839)           | (6,477,839)           |
| Interest received on capital asset-related debt            | 52,910                | 346,762               |
| <b>Net Cash Flows From Capital Financing Activities</b>    | <b>(11,636,820)</b>   | <b>32,178,856</b>     |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                |                       |                       |
| Proceeds from sales and maturities of investments          | -                     | 13,492,712            |
| Purchase of investments                                    | (343,560)             | (11,895,000)          |
| Interest received from investments                         | 5,077,085             | 1,353,088             |
| <b>Net Cash Flows From Investing Activities</b>            | <b>4,733,525</b>      | <b>2,950,800</b>      |
| <b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>             | <b>(17,497,026)</b>   | <b>50,977,420</b>     |
| <b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>        | <b>132,529,796</b>    | <b>81,552,376</b>     |
| <b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>              | <b>\$ 115,032,770</b> | <b>\$ 132,529,796</b> |

The accompanying notes are an integral part of these financial statements.

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**STATEMENTS OF CASH FLOWS, Continued  
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008**

|   | <u>2009</u>                   | <u>2008</u>                   |
|---|-------------------------------|-------------------------------|
| <b>RECONCILIATION OF NET OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b> |                               |                               |
| Operating Loss  | <u>\$(220,164,035)</u>        | <u>\$(191,063,010)</u>        |
| Adjustments to Reconcile Operating Loss to Net Cash Flows from Operating Activities:    |                               |                               |
| Depreciation and amortization expense   | 8,797,042                     | 7,351,811                     |
| Changes in Assets and Liabilities:  |                               |                               |
| Receivables   | (331,215)                     | 21,772,247                    |
| Stores inventories  | (331,907)                     | 223,725                       |
| Prepaid expenses  | (173,232)                     | (2,070,777)                   |
| Accounts payable and accrued liabilities  | 1,571,808                     | (5,804,202)                   |
| Deferred revenue  | (9,325,138)                   | 3,730,030                     |
| Funds held for others   | <u>(8,115,204)</u>            | <u>9,746,556</u>              |
| Total Adjustments   | <u>(7,907,846)</u>            | <u>34,949,390</u>             |
| <b>Net Cash Flows From Operating Activities</b>   | <u><u>\$(228,071,881)</u></u> | <u><u>\$(156,113,620)</u></u> |
| <br><b>CASH AND CASH EQUIVALENTS CONSIST OF THE FOLLOWING:</b>                          |                               |                               |
| Cash in banks   | \$ 1,307,748                  | \$ 4,011,709                  |
| Cash in county treasury   | 21,186,516                    | 28,190,283                    |
| Cash in LAIF  | <u>92,538,506</u>             | <u>100,327,804</u>            |
| <b>Total Cash and Cash Equivalents</b>  | <u><u>\$ 115,032,770</u></u>  | <u><u>\$ 132,529,796</u></u>  |
| <br><b>NON CASH TRANSACTIONS</b>  |                               |                               |
| On behalf payments for benefits   | <u>\$ 2,873,441</u>           | <u>\$ 3,246,088</u>           |

The accompanying notes are an integral part of these financial statements.

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**DISCRETELY PRESENTED COMPONENT UNITS  
CONTRA COSTA, DIABLO VALLEY, AND LOS MEDANOS FOUNDATIONS  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2009**

|   | <b>Contra<br/>Costa</b> | <b>Diablo<br/>Valley</b> | <b>Los<br/>Medanos</b> | <b>Total</b>        |
|---|-------------------------|--------------------------|------------------------|---------------------|
| <b>ASSETS</b>                               |                         |                          |                        |                     |
| <b>CURRENT ASSETS</b>                       |                         |                          |                        |                     |
| Cash and cash equivalents                   | \$ 907,310              | \$ 799,813               | \$ 831,058             | \$ 2,538,181        |
| Investments                                 | 1,133,403               | 1,808,738                | -                      | 2,942,141           |
| Accounts receivable                         | -                       | 1,600                    | 2,000                  | 3,600               |
| Prepaid expenses                            | -                       | 18,146                   | -                      | 18,146              |
| <b>Total Current Assets</b>                 | <b>2,040,713</b>        | <b>2,628,297</b>         | <b>833,058</b>         | <b>5,502,068</b>    |
| <b>NONCURRENT ASSETS</b>                    |                         |                          |                        |                     |
| Equipment, net                              | -                       | 516                      | 2,526                  | 3,042               |
| <b>Total Noncurrent Assets</b>              | <b>-</b>                | <b>516</b>               | <b>2,526</b>           | <b>3,042</b>        |
| <b>TOTAL ASSETS</b>                         | <b>\$ 2,040,713</b>     | <b>\$ 2,628,813</b>      | <b>\$ 835,584</b>      | <b>\$ 5,505,110</b> |
| <b>LIABILITIES AND NET ASSETS</b>           |                         |                          |                        |                     |
| <b>CURRENT LIABILITIES</b>                  |                         |                          |                        |                     |
| Accounts payable                            | \$ -                    | \$ 6,053                 | \$ -                   | \$ 6,053            |
| Deferred revenue                            | -                       | 127,500                  | -                      | 127,500             |
| Funds held for others                       | 256,193                 | -                        | 131,157                | 387,350             |
| <b>TOTAL LIABILITIES</b>                    | <b>256,193</b>          | <b>133,553</b>           | <b>131,157</b>         | <b>520,903</b>      |
| <b>NET ASSETS</b>                           |                         |                          |                        |                     |
| Unrestricted                                | 980,347                 | (80,382)                 | 291,303                | 1,191,268           |
| Temporarily restricted                      | 260,815                 | 1,478,887                | 383,124                | 2,122,826           |
| Permanently restricted                      | 543,358                 | 1,096,755                | 30,000                 | 1,670,113           |
| <b>Total Net Assets</b>                     | <b>1,784,520</b>        | <b>2,495,260</b>         | <b>704,427</b>         | <b>4,984,207</b>    |
| <b>Total Liabilities and<br/>Net Assets</b> | <b>\$ 2,040,713</b>     | <b>\$ 2,628,813</b>      | <b>\$ 835,584</b>      | <b>\$ 5,505,110</b> |

The accompanying notes are an integral part of these financial statements.

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**DISCRETELY PRESENTED COMPONENT UNIT**

**CONTRA COSTA FOUNDATION**

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2009**

**WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2008**

|                                      | Unrestricted      | Temporarily<br>Restricted | Permanently<br>Restricted | 2009<br>Total       | 2008<br>Total       |
|--------------------------------------|-------------------|---------------------------|---------------------------|---------------------|---------------------|
| <b>REVENUES</b>                      |                   |                           |                           |                     |                     |
| Donations                            | \$ 214,228        | \$ 44,730                 | \$ -                      | \$ 258,958          | \$ 104,768          |
| Program income                       | 67,527            | -                         | -                         | 67,527              | 72,389              |
| Event income, net of expenses        | 108,066           | -                         | -                         | 108,066             | 51,686              |
| Investment income                    | 11,981            | 22,404                    | -                         | 34,385              | 76,707              |
| Other income                         | (285)             | -                         | -                         | (285)               | 2,142               |
| Satisfaction of program restrictions | 143,468           | (143,468)                 | -                         | -                   | -                   |
| Total Revenues                       | <u>544,985</u>    | <u>(76,334)</u>           | <u>-</u>                  | <u>468,651</u>      | <u>307,692</u>      |
| <b>EXPENSES</b>                      |                   |                           |                           |                     |                     |
| Program services                     | 279,631           | -                         | -                         | 279,631             | 258,176             |
| Management and general               | 14,817            | -                         | -                         | 14,817              | 5,501               |
| Fundraising                          | 11,071            | -                         | -                         | 11,071              | 21,136              |
| Total Expenses                       | <u>305,519</u>    | <u>-</u>                  | <u>-</u>                  | <u>305,519</u>      | <u>284,813</u>      |
| CHANGE IN NET ASSETS                 | 239,466           | (76,334)                  | -                         | 163,132             | 22,879              |
| NET ASSETS, BEGINNING OF YEAR        | <u>740,881</u>    | <u>337,149</u>            | <u>543,358</u>            | <u>1,621,388</u>    | <u>1,598,509</u>    |
| NET ASSETS, END OF YEAR              | <u>\$ 980,347</u> | <u>\$ 260,815</u>         | <u>\$ 543,358</u>         | <u>\$ 1,784,520</u> | <u>\$ 1,621,388</u> |

The accompanying notes are an integral part of these financial statements.

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**DISCRETELY PRESENTED COMPONENT UNIT**

**DIABLO VALLEY FOUNDATION**

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2009**

**WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2008**

|                                      | Unrestricted       | Temporarily<br>Restricted | Permanently<br>Restricted | Total               |
|--------------------------------------|--------------------|---------------------------|---------------------------|---------------------|
| <b>REVENUES</b>                      |                    |                           |                           |                     |
| Donations                            | \$ 28,197          | \$ 272,466                | \$ -                      | \$ 300,663          |
| District in kind support             | 332,462            | -                         | -                         | 332,462             |
| Other in kind donations              | 4,478              | -                         | -                         | 4,478               |
| Event income, net of expenses        | 86,152             | -                         | -                         | 86,152              |
| Investment income (loss)             | (244,887)          | (42,300)                  | -                         | (287,187)           |
| Other income                         | 178                | -                         | -                         | 178                 |
| Satisfaction of program restrictions | 402,939            | (402,939)                 | -                         | -                   |
| <b>Total Revenues</b>                | <b>609,519</b>     | <b>(172,773)</b>          | <b>-</b>                  | <b>436,746</b>      |
| <b>EXPENSES</b>                      |                    |                           |                           |                     |
| Program services                     | 316,949            | -                         | -                         | 316,949             |
| Management and general               | 270,136            | -                         | -                         | 270,136             |
| Fundraising                          | 147,228            | -                         | -                         | 147,228             |
| <b>Total Expenses</b>                | <b>734,313</b>     | <b>-</b>                  | <b>-</b>                  | <b>734,313</b>      |
| <b>CHANGE IN NET ASSETS</b>          | <b>(124,794)</b>   | <b>(172,773)</b>          | <b>-</b>                  | <b>(297,567)</b>    |
| <b>NET ASSETS, BEGINNING OF YEAR</b> | <b>44,412</b>      | <b>1,651,660</b>          | <b>1,096,755</b>          | <b>2,792,827</b>    |
| <b>NET ASSETS, END OF YEAR</b>       | <b>\$ (80,382)</b> | <b>\$ 1,478,887</b>       | <b>\$ 1,096,755</b>       | <b>\$ 2,495,260</b> |

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**DISCRETELY PRESENTED COMPONENT UNIT**

**LOS MEDANOS FOUNDATION**

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2009**

|                                      | <u>Unrestricted</u> | <u>Temporarily<br/>Restricted</u> | <u>Permanently<br/>Restricted</u> | <u>Total</u>      |
|--------------------------------------|---------------------|-----------------------------------|-----------------------------------|-------------------|
| REVENUES                             |                     |                                   |                                   |                   |
| Donations                            | \$ 45,654           | \$ 218,159                        | \$ -                              | \$ 263,813        |
| In kind donations                    | 399,850             | -                                 | -                                 | 399,850           |
| Event income, net of expenses        | 5,762               | -                                 | -                                 | 5,762             |
| Interest income                      | 18,212              | 2,170                             | -                                 | 20,382            |
| Other income                         | 44                  | -                                 | -                                 | 44                |
| Satisfaction of program restrictions | 551,482             | (551,482)                         | -                                 | -                 |
| Total Revenues                       | <u>1,021,004</u>    | <u>(331,153)</u>                  | -                                 | <u>689,851</u>    |
| EXPENSES                             |                     |                                   |                                   |                   |
| Program services                     | 935,992             | -                                 | -                                 | 935,992           |
| Management and general               | 146,496             | -                                 | -                                 | 146,496           |
| Total Expenses                       | <u>1,082,488</u>    | <u>-</u>                          | <u>-</u>                          | <u>1,082,488</u>  |
| CHANGE IN NET ASSETS                 | (61,484)            | (331,153)                         | -                                 | (392,637)         |
| NET ASSETS, BEGINNING OF YEAR        | <u>352,787</u>      | <u>714,277</u>                    | <u>30,000</u>                     | <u>1,097,064</u>  |
| NET ASSETS, END OF YEAR              | <u>\$ 291,303</u>   | <u>\$ 383,124</u>                 | <u>\$ 30,000</u>                  | <u>\$ 704,427</u> |

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**DISCRETELY PRESENTED COMPONENT UNITS  
CONTRA COSTA, DIABLO VALLEY AND LOS MEDANOS FOUNDATIONS  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2009**

|   | <u>Contra<br/>Costa</u> | <u>Diablo<br/>Valley</u> | <u>Los<br/>Medanos</u> | <u>Total</u>        |
|---|-------------------------|--------------------------|------------------------|---------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |                         |                          |                        |                     |
| Change in Net Assets  | \$ 163,132              | \$ (297,567)             | \$ (392,637)           | \$ (527,072)        |
| Adjustments to Reconcile Change in Net Assets<br>to Net Cash Used by Operating Activities |                         |                          |                        |                     |
| Unrealized gain   | 19,163                  | 366,358                  | -                      | 385,521             |
| Depreciation  | -                       | 775                      | 937                    | 1,712               |
| Donated investments   | -                       | (7,873)                  | -                      | (7,873)             |
| Changes in Assets and Liabilities   |                         |                          |                        |                     |
| Accounts receivable   | -                       | 350                      | (2,000)                | (1,650)             |
| Prepays assets  | -                       | (10,220)                 | -                      | (10,220)            |
| Accounts payable  | -                       | 6,053                    | -                      | 6,053               |
| Deferred revenue  | -                       | 30,460                   | -                      | 30,460              |
| Funds held for others   | (35,335)                | -                        | 94,904                 | 59,569              |
| <b>Net Cash Flows From Operating Activities</b>   | <u>146,960</u>          | <u>88,336</u>            | <u>(298,796)</u>       | <u>(153,529)</u>    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |                         |                          |                        |                     |
| Proceeds from sales and maturities of investments   | 122,973                 | 1,052,826                | -                      | 1,175,799           |
| Purchase of investments   | (384,958)               | (1,086,274)              | -                      | (1,471,232)         |
| Interest received from investments  | 34,385                  | -                        | -                      | 34,385              |
| <b>Net Cash Flows From Investing Activities</b>   | <u>(227,600)</u>        | <u>(33,448)</u>          | <u>-</u>               | <u>(261,048)</u>    |
| <b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>  | (80,640)                | 54,888                   | (298,796)              | (324,548)           |
| <b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>                                       | 987,950                 | 744,925                  | 1,129,854              | 2,862,729           |
| <b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>   | <u>\$ 907,310</u>       | <u>\$ 799,813</u>        | <u>\$ 831,058</u>      | <u>\$ 2,538,181</u> |
| <br>  |                         |                          |                        |                     |
| In kind donations   | <u>\$ -</u>             | <u>\$ 344,813</u>        | <u>\$ 399,850</u>      | <u>\$ 744,663</u>   |

The accompanying notes are an integral part of these financial statements.

# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009 AND 2008

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### *NOTE 1 - ORGANIZATION*

#### **Financial Reporting Entity**

The Contra Costa Community College District (the District) was established in 1948 and began operating in 1949 as a political subdivision of the State of California and provides educational services to residents of the surrounding area. The District operates under a locally elected six-member Governing Board 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 three colleges, Diablo Valley College located in Pleasant Hill, Contra Costa College located in San Pablo, and Los Medanos College located in Pittsburg. In addition, there are two satellite centers located within Contra Costa County, California. 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.

#### **Component Units**

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District, in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete.

For financial reporting purposes, the financing corporation component unit has a financial and operational relationship which meets the reporting entity definition criteria of the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, and thus is included in the financial statements of the District. The component unit, although a legally separate entity, is reported in the financial statements using the blended presentation method as if were part of the District's operations because the governing board of the component unit is essentially the same as the governing board of the District and because its purpose is to finance the construction of facilities to be used for the direct benefit of the District. The Financing Corporation's financial activity is presented in the financial statements in the Capital Project and the Debt Service Funds Certificates of participation issued by the Corporation are included as long-term liabilities in the government-wide financial statements. Individually-prepared financial statements are not prepared for the Financing Corporation.

The District also applies 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. The three components used to determine the presentation are: providing a "direct benefit", the "environment and ability to access/influence reporting", and the "significance" criterion.

The component units determined under GASB Statement No. 39, although legally separate tax-exempt entities, are reported in the financial statements using the discrete presentation method as the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the District; the District is entitled to, or has the ability to otherwise access a majority of the economic resources received or held by the separate organization; and the economic resources received from or held by an individual organization are significant to the District.



# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009 AND 2008

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The discretely presented component units are as follows:

- Contra Costa, Diablo Valley and Los Medanos Foundations

The Contra Costa, Diablo Valley, and Los Medanos Foundations (the Foundations) are legally separate, tax-exempt component units of the District. The Foundations act primarily as a fundraising organization to provide grants and scholarships to students and support to employees, programs, and departments of the District. The boards of the Foundations consist of community members, alumni, and other supporters of the Foundation. Although the District does not control the timing or amount of receipts from the Foundations, the majority of resources, or income thereon, that the Foundations holds and invests are restricted to the activities of the District by the donors. Because these restricted resources held by the Foundations can only be used by, or for the benefit of, the District, the Foundations are considered component units of the District. The Foundations are reported in separate financial statements because of the difference in its reporting model, as further described below.

The Foundations are not-for-profit organization under Internal Revenue Code (IRS) Section 501(c)(3) that reports its financial results under Financial Accounting Standards Board (FASB) Statements. Most significant to the Foundations' 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 Foundations' financial information in the District's financial reporting entity for these differences; however, significant note disclosures to the Foundation's financial statements have been incorporated into the District's notes to the financial statements. The Contra Costa Foundation reports its activities on the cash basis.

Financial statements for the Foundations can be obtained from the Foundations Business Offices at each of the colleges.

### ***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. This presentation provides a comprehensive entity-wide perspective of the District's assets, liabilities, activities, and cash flows and replaces the fund group perspective previously required. 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 material intra-agency and intra-fund transactions have been eliminated.

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are classified as operating revenues. These transactions are recorded on the accrual basis when the exchange takes place. 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.

# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009 AND 2008

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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 are classified as nonoperating revenue. Federal and State grants received to provide direct grants to students are classified as nonoperating revenues because the District does not generally receive any direct benefit from the grants and are recognized in the fiscal year in which all eligibility requirements are satisfied. Eligibility requirements may include time and/or purpose requirements. Property tax revenue is recognized in the fiscal year received. State apportionment revenue is earned based upon criteria set forth from the Community Colleges System's Office and includes reporting of full-time equivalent student (FTES) attendance. The corresponding apportionment revenue is recognized in the period the FTES are generated.

Operating expenses are costs incurred to provide instructional services including support costs, auxiliary services, and depreciation of capital assets. All other expenses not meeting this definition are reported as nonoperating. Expenses are recorded on the accrual basis as they are incurred, when goods are received, or services are rendered.

The accounting policies of the District conform to accounting principles generally accepted in the United States of America (US GAAP) as applicable to colleges and universities, as well as those prescribed by the California Community Colleges System's Office. The District reports are based on all applicable GASB pronouncements, as well as applicable FASB pronouncements issued on or before November 30, 1989, unless those pronouncements conflict or contradict GASB pronouncements. The District has not elected to apply FASB pronouncements after that date. 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 System's Office's *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:
  - Statement of Net Assets
  - Statement of Revenues, Expenses, and Changes in Net Assets
  - Statement of Cash Flows
- Notes to the Financial Statements

### Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be unrestricted cash on hand, demand deposits, and short-term unrestricted investments with original maturities three months or less from the date of acquisition. Cash equivalents also include cash with county treasury balances for purposes of the statement of cash flows. Restricted cash and cash equivalents represented balances restricted by external sources such as grants and contracts or specifically restricted for the repayment of capital debt.

# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009 AND 2008

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### **Investments**

Investments held at June 30, 2009 and 2008, with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost. Fair values of investments in county and State investment pools are determined by the program sponsor.

### **Accounts Receivable**

Accounts receivable include amounts due from the Federal, State and/or local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the District's grants and contracts. Accounts receivable also consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff, the majority of each residing in the State of California. The District provides for an allowance for uncollectible accounts as an estimation of amounts that may not be received. This allowance is based upon management's estimates and analysis. The allowance was estimated at \$1,326,000 and \$1,000,000 as of June 30, 2009 and 2008.

### **Prepaid Expenses**

Prepaid expenses represent payments made to vendors and others for services that will benefit periods beyond June 30.

### **Inventories**

Inventories consist primarily of bookstore merchandise and cafeteria food and supplies held for resale to the students and faculty of the colleges. Inventories are stated at cost. The cafeteria fund uses the first-in, first-out method and the bookstore uses the retail 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 \$25,000 for building and land improvements and \$1,000 for all other capital assets. 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 to buildings and land that significantly increase the value or extend the useful life of the asset 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. Major outlays for capital improvements are capitalized as construction-in-progress as the projects are constructed.

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 25 to 50 years; improvements 20 years; equipment 5 to 15 years, and vehicles 8 years.

# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009 AND 2008

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### **Accrued Liabilities and Long-Term Obligations**

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

### **Deferred Issuance Costs, Premiums, and Discounts**

In the government-wide financial statements and in the proprietary fund type financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net assets. 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 participates in "load-banking" with eligible academic employees whereby the employee may teach extra courses in one period in exchange for time off in another period.

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. Credit for unused sick leave is applicable to all certificated employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full time.

### **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 imposed 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.

# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009 AND 2008

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**Restricted - Nonexpendable:** Net assets whose use by the District has been externally restricted in perpetuity such as Endowment funds where future investment earnings may be used for the donor stipulated purpose. The District has no nonexpendable net assets.

**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. Net assets may be restricted for capital projects, debt repayment, and/or educational programs.

None of the District's restricted net assets have resulted from enabling legislation adopted by the District.

**Unrestricted:** Net assets that are not subject to externally imposed constraints. Unrestricted net assets may be designated for specific purposes by action of the Governing Board 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.

### State Apportionments

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

### 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 California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) on behalf of all community colleges in California. The amounts of on-behalf payments were \$2,873,441 and \$0 for CalSTRS and CalPERS, 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 amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

### Property Taxes

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

# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009 AND 2008

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The voters of the District passed General Obligation Bonds in 2002 and 2006 for the acquisition, construction, and remodeling of District capital assets. As a result of the passage of the Bond, property taxes are assessed on the property within the District specifically for the repayment of the debt incurred. The taxes are billed and collected as noted above and remitted to the District when collected. The property tax revenue received for the repayment of the bonds for the years ended June 30, 2009 and 2008 was \$11,082,300 and \$10,832,480, respectively.

### **Scholarship Discounts and Allowances**

Student tuition and fee revenue is reported net of scholarship discounts and allowances in the Statement 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 payments on the students' behalf. To the extent that fee waivers and discounts have been used to satisfy tuition and fee charges, the District has recorded a scholarship discount and allowance.

### **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, 2009 and 2008, the District distributed \$1,250,672 and \$246,268 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**

Interfund transfers and interfund receivables and payables are eliminated during the consolidation process in the entity-wide financial statements.

### **Foundation Presentation**

The Contra Costa, Diablo Valley, and Los Medanos Foundation's present its financial statements in accordance with Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. As permitted by the statement, the Foundation does not use fund accounting.

**Permanently Restricted Net Assets** - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on related investments for general or specific purposes.

# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009 AND 2008

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**Temporarily Restricted Net Assets** - Net assets subject to donor-imposed stipulations that will be met by actions of the Foundation and/or the passage of time.

**Unrestricted Net Assets** - Net assets not subject to donor-imposed restrictions.

Revenues and expenses are recorded when incurred in accordance with the accrual basis of accounting. Revenues are reported as increases in the unrestricted net assets classification unless use of the related assets is limited by donor-imposed restrictions. Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized as revenue until the conditions on which they depend are substantially met. Contributions for in-kind gifts from outside sources are recorded at their fair market value on the date of the donation.

Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law.

Financial assets (Investments) are reported at fair value in accordance with SFAS No. 157.

The Foundations are not-for-profit organizations that are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and related California Franchise Tax Codes.

### **New Accounting Pronouncements**

In March 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Classifications*. The objectives of this Statements is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The requirements of this Statement are effective for the financial statements for periods beginning after June 15, 2010. The District does not anticipate a significant impact in reporting as a result of this Statement as fund financial information is not reported.

### **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.

### **NOTE 3 – DEPOSITS AND INVESTMENTS**

#### **Policies and Practices**

The District is authorized under California Government Code or the Entity's investment policy if different 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

# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009 AND 2008

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

**Investment in the State Investment Pool** - The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California government code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the District's investment in the pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, 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:

| <u>Authorized<br/>Investment Type</u> | <u>Maximum<br/>Remaining<br/>Maturity</u> | <u>Maximum<br/>Percentage<br/>of Portfolio</u> | <u>Maximum<br/>Investment<br/>in One Issuer</u> |
|---------------------------------------|---|--|---|
| Local Agency Bonds, Notes, Warrants   | 5 years                                   | 30%  | None  |
| U.S. Treasury Obligations             | 5 years                                   | 100%   | None  |
| U.S. Agency Securities                | 5 years                                   | 75%  | None  |
| Commercial Paper                      | 270 days                                  | 30%  | 10%   |
| County Pooled Investment Funds        | N/A                                       | None   | None  |
| Local Agency Investment Fund (LAIF)   | N/A                                       | 50%  | None  |



**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009 AND 2008**

**Summary of Deposits and Investments**

Deposits and investments as of June 30, 2009, consist of the following:

|  |                              |
|--|------------------------------|
| Cash on hand and in banks              | \$ 1,134,378                 |
| Cash in revolving                      | 173,370                      |
| Investments                            | <u>138,666,722</u>           |
| Total Deposits and Investments         | <u><u>\$ 139,974,470</u></u> |
| <br>                                   |                              |
| Cash and cash equivalents - current    | \$ 29,798,206                |
| Cash and cash equivalents - restricted | <u>85,234,564</u>            |
| Total Cash and cash equivalents        | <u>115,032,770</u>           |
| Investments - current                  | 245,323                      |
| Investments - noncurrent               | <u>24,696,377</u>            |
| Total Investments                      | <u>24,941,700</u>            |
| Total Deposits and Investments         | <u><u>\$ 139,974,470</u></u> |

**Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County pool and LAIF and purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

**Segmented Time Distribution**

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

| Investment Type            | Fair Value                   | 12 Months or Less            | More than 12 Months         |
|----------------------------|------------------------------|------------------------------|-----------------------------|
| U.S. Treasuries            | \$ 6,324,473                 | \$ 134,102                   | \$ 6,190,371                |
| Federal Agency Bonds       | 8,416,485                    | -                            | 8,416,485                   |
| Municipal Bonds            | 2,745,050                    | 1,745,050                    | 1,000,000                   |
| Corporate Notes            | 7,083,454                    | 581,353                      | 6,502,101                   |
| Mortgage Backed Securities | 372,238                      | 372,238                      | -                           |
| County Pool                | 21,186,516                   | 21,186,516                   | -                           |
| State Investment Pool      | <u>92,538,506</u>            | <u>92,538,506</u>            | <u>-</u>                    |
| Total                      | <u><u>\$ 138,666,722</u></u> | <u><u>\$ 116,557,765</u></u> | <u><u>\$ 22,108,957</u></u> |

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009 AND 2008**

**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 investments in the County pool and LAIF are not required to be rated, nor have they been rated as of June 30, 2009.

| Investment Type            | Fair Value            | Minimum Legal Rating | Rating as of Year End |                     |                     |                     |                     |                       |
|----------------------------|-----------------------|----------------------|-----------------------|---------------------|---------------------|---------------------|---------------------|-----------------------|
|                            |                       |                      | AAA                   | AA                  | AA-                 | A+                  | A-                  | Unrated               |
| U.S. Treasuries            | \$ 6,324,473          | n/a                  | \$ -                  | \$ -                | \$ -                | \$ -                | \$ -                | \$ 6,324,473          |
| Federal Agency Bonds       | 8,416,485             | n/a                  | 8,416,485             | -                   | -                   | -                   | -                   | -                     |
| Municipal Bonds            | 2,745,050             | A                    | -                     | 1,039,630           | -                   | 704,690             | 1,000,730           | -                     |
| Corporate Notes            | 7,083,454             | A                    | 1,955,102             | 1,034,467           | 2,787,523           | 1,306,362           | -                   | -                     |
| Mortgage Backed Securities | 372,238               | A                    | 372,238               | -                   | -                   | -                   | -                   | -                     |
| County Pool                | 21,186,516            | n/a                  | -                     | -                   | -                   | -                   | -                   | 21,186,516            |
| State Investment Pool      | 92,538,506            | n/a                  | -                     | -                   | -                   | -                   | -                   | 92,538,506            |
| <b>Total</b>               | <b>\$ 138,666,722</b> |                      | <b>\$ 10,743,825</b>  | <b>\$ 2,074,097</b> | <b>\$ 2,787,523</b> | <b>\$ 2,011,052</b> | <b>\$ 1,000,730</b> | <b>\$ 120,049,495</b> |

**Concentration of Credit Risk**

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond the stipulated by the California Government code. The District has no investments (other than U.S Treasuries, mutual funds and external investment pools, which are exempt from this disclosure) in any one issuer that represent five percent or more of the total investments.

**Custodial Credit Risk - Deposits**

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk. As of June 30, 2009, District's bank balances were within the FDIC limit.

# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009 AND 2008

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### **NOTE 4 - ACCOUNTS RECEIVABLE**

Receivables for the District consisted primarily of intergovernmental grants, entitlements, interest, and other local sources.

The accounts receivable are as follows:

|                                      | <u>2009</u>          | <u>2008</u>          |
|--------------------------------------|----------------------|----------------------|
| Federal Government                   |                      |                      |
| Categorical aid                      | \$ 2,411,467         | \$ 1,610,594         |
| State Government                     |                      |                      |
| Apportionment                        | 16,266,738           | 21,362,645           |
| Categorical aid                      | 814,173              | 4,217,183            |
| Lottery                              | 1,727,287            | 2,424,251            |
| Local Sources                        |                      |                      |
| Interest                             | 511,613              | 1,153,170            |
| Other local sources                  | 11,179,157           | 7,004,368            |
| Total, excluding student receivables | <u>32,910,435</u>    | <u>37,772,211</u>    |
| Student receivables                  | 2,502,826            | 6,091,864            |
| Less allowance for bad debt          | (1,326,536)          | (1,000,000)          |
| Student receivables, net             | <u>1,176,290</u>     | <u>5,019,864</u>     |
| Total                                | <u>\$ 34,086,725</u> | <u>\$ 42,792,075</u> |

### **Discretely Presented Component Unit**

The Foundations' accounts receivable consist primarily of short-term donations. In the opinion of management, all amounts have been deemed to be fully collectable.

### **NOTE 5 - PREPAID EXPENSES AND OTHER ASSETS**

The District has prepaid health insurance costs for periods after June 30, 2009.

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009 AND 2008**

**NOTE 6 - CAPITAL ASSETS**

Capital asset activity for the District for the fiscal year ended June 30, 2009, was as follows:

| <b>2009</b>                                   | Balance<br>Beginning<br>of Year | Additions            | Deductions          | Balance<br>End<br>of Year |
|---|---------------------------------|----------------------|---------------------|---------------------------|
| Capital Assets Not Being Depreciated          |                                 |                      |                     |                           |
| Land  | \$ 13,651,216                   | \$ -                 | \$ -                | \$ 13,651,216             |
| Construction in progress                      | 34,834,745                      | 15,852,478           | 7,171,181           | 43,516,042                |
| Total Capital Assets Not Being<br>Depreciated | <u>48,485,961</u>               | <u>15,852,478</u>    | <u>7,171,181</u>    | <u>57,167,258</u>         |
| Capital Assets Being Depreciated              |                                 |                      |                     |                           |
| Land improvements                             | 16,952,148                      | -                    | -                   | 16,952,148                |
| Buildings and improvements                    | 249,579,141                     | 6,856,042            | 45,528              | 256,389,655               |
| Furniture and equipment                       | 44,161,755                      | 2,667,481            | 48,142              | 46,781,094                |
| Total Capital Assets Being<br>Depreciated     | <u>310,693,044</u>              | <u>9,523,523</u>     | <u>93,670</u>       | <u>320,122,897</u>        |
| Total Capital Assets                          | <u>359,179,005</u>              | <u>25,376,001</u>    | <u>7,264,851</u>    | <u>377,290,155</u>        |
| Less Accumulated Depreciation                 |                                 |                      |                     |                           |
| Land improvements                             | 14,200,464                      | 212,805              | -                   | 14,413,269                |
| Buildings and improvements                    | 52,266,090                      | 4,937,672            | 32,780              | 57,170,982                |
| Furniture and equipment                       | 31,046,676                      | 3,646,565            | 47,211              | 34,646,030                |
| Total Accumulated Depreciation                | <u>97,513,230</u>               | <u>8,797,042</u>     | <u>79,991</u>       | <u>106,230,281</u>        |
| Net Capital Assets Being<br>Depreciated       | <u>213,179,814</u>              | <u>726,481</u>       | <u>13,679</u>       | <u>213,892,616</u>        |
| Net Capital Assets                            | <u>\$ 261,665,775</u>           | <u>\$ 16,578,959</u> | <u>\$ 7,184,860</u> | <u>\$ 271,059,874</u>     |

Depreciation expense for the year was \$8,797,042.

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009 AND 2008**

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

| <b>2008</b>                                   | Balance<br>Beginning<br>of Year | Additions            | Deductions           | Balance<br>End<br>of Year |
|---|---------------------------------|----------------------|----------------------|---------------------------|
| Capital Assets Not Being Depreciated          |                                 |                      |                      |                           |
| Land  | \$ 13,651,216                   | \$ -                 | \$ -                 | \$ 13,651,216             |
| Construction in progress                      | 55,386,353                      | 28,190,770           | 48,742,378           | 34,834,745                |
| Total Capital Assets Not Being<br>Depreciated | <u>69,037,569</u>               | <u>28,190,770</u>    | <u>48,742,378</u>    | <u>48,485,961</u>         |
| Capital Assets Being Depreciated              |                                 |                      |                      |                           |
| Land improvements                             | 14,914,367                      | 2,037,781            | -                    | 16,952,148                |
| Buildings and improvements                    | 181,073,100                     | 69,576,818           | 1,070,777            | 249,579,141               |
| Furniture and equipment                       | 38,295,914                      | 6,784,850            | 919,009              | 44,161,755                |
| Total Capital Assets Being<br>Depreciated     | <u>234,283,381</u>              | <u>78,399,449</u>    | <u>1,989,786</u>     | <u>310,693,044</u>        |
| Total Capital Assets                          | <u>303,320,950</u>              | <u>106,590,219</u>   | <u>50,732,164</u>    | <u>359,179,005</u>        |
| Less Accumulated Depreciation                 |                                 |                      |                      |                           |
| Land improvements                             | 14,055,585                      | 144,879              | -                    | 14,200,464                |
| Buildings and improvements                    | 48,069,108                      | 4,207,690            | 10,708               | 52,266,090                |
| Furniture and equipment                       | 28,931,023                      | 2,999,242            | 883,589              | 31,046,676                |
| Total Accumulated Depreciation                | <u>91,055,716</u>               | <u>7,351,811</u>     | <u>894,297</u>       | <u>97,513,230</u>         |
| Net Capital Assets Being<br>Depreciated       | <u>143,227,665</u>              | <u>71,047,638</u>    | <u>1,095,489</u>     | <u>213,179,814</u>        |
| Net Capital Assets                            | <u>\$ 212,265,234</u>           | <u>\$ 99,238,408</u> | <u>\$ 49,837,867</u> | <u>\$ 261,665,775</u>     |

Depreciation expense for the year was \$7,351,811.

**Discretely Presented Component Unit**

All of the Foundations' capital assets are equipment purchases. At June 30, 2009, total equipment and accumulated depreciation were \$7,371 and \$4,329, respectively. Depreciation expense as of June 30, 2009 was \$1,712.

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009 AND 2008**

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***NOTE 7 - ACCOUNTS PAYABLE***

Accounts payable for the District consisted of the following:

|                 | <u>2009</u>          | <u>2008</u>          |
|-----------------|----------------------|----------------------|
| Accrued payroll | \$ 9,656,464         | \$ 6,330,410         |
| Construction    | 2,639,866            | 2,798,272            |
| Vendors         | 5,489,928            | 7,017,109            |
| Total           | <u>\$ 17,786,258</u> | <u>\$ 16,145,791</u> |

***NOTE 8 - DEFERRED REVENUE***

Deferred revenue consisted of the following:

|                                   | <u>2009</u>         | <u>2008</u>          |
|-----------------------------------|---------------------|----------------------|
| Federal financial assistance      | \$ -                | \$ 123,544           |
| State categorical aid             | 4,825,109           | 1,321,715            |
| Enrollment and other student fees | 3,569,339           | 8,214,647            |
| Other local                       | 720,223             | 5,400,053            |
| Total                             | <u>\$ 9,114,671</u> | <u>\$ 15,059,959</u> |

***NOTE 9 - INTERFUND TRANSACTIONS***

**Interfund Receivables and Payables (Due To/Due From)**

Balances owing between funds at year-end were for interfund balances at June 30, 2009 and 2008, have been eliminated in the consolidation process.

**Interfund Operating Transfers**

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

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009 AND 2008**

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**NOTE 10 - LONG-TERM OBLIGATIONS**

**Summary**

The changes in the District's long-term obligations during the 2009 fiscal year consisted of the following:

|                               | Balance<br>Beginning<br>of Year | Additions/<br>Adjustment | Deductions           | Balance<br>End<br>of Year | Due in<br>One Year  |
|-------------------------------|---------------------------------|--------------------------|----------------------|---------------------------|---------------------|
| Bonds and Notes Payable       |                                 |                          |                      |                           |                     |
| General obligation bonds      | \$ 184,890,000                  | \$ -                     | \$ 8,840,000         | \$ 176,050,000            | \$ 3,255,000        |
| Certificates of participation | 1,110,000                       | -                        | 60,000               | 1,050,000                 | 60,000              |
| Debt premium, net             | 1,713,829                       | 363,950                  | 116,026              | 1,961,753                 | 116,026             |
| Total Bonds and Notes Payable | <u>187,713,829</u>              | <u>363,950</u>           | <u>9,016,026</u>     | <u>179,061,753</u>        | <u>3,431,026</u>    |
| Other Liabilities             |                                 |                          |                      |                           |                     |
| Compensated absences          | 13,181,618                      | 931,204                  | -                    | 14,112,822                | -                   |
| Capital leases                | 424,623                         | -                        | 269,375              | 155,248                   | 155,248             |
| Net OPEB obligation           | 19,544,083                      | 22,986,100               | 8,546,774            | 33,983,409                | -                   |
| Total Other Liabilities       | <u>33,150,324</u>               | <u>23,917,304</u>        | <u>8,816,149</u>     | <u>48,251,479</u>         | <u>155,248</u>      |
| Total Long-Term Debt          | <u>\$ 220,864,153</u>           | <u>\$ 24,281,254</u>     | <u>\$ 17,832,175</u> | <u>\$ 227,313,232</u>     | <u>\$ 3,586,274</u> |

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009 AND 2008**

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

|                                | Balance<br>Beginning<br>of Year | Additions             | Deductions          | Balance<br>End<br>of Year | Due in<br>One Year  |
|--------------------------------|---------------------------------|-----------------------|---------------------|---------------------------|---------------------|
| <b>Bonds and Notes Payable</b> |                                 |                       |                     |                           |                     |
| General obligation bonds       | \$ 112,900,000                  | \$ 73,000,000         | \$ 1,010,000        | \$ 184,890,000            | \$ 8,840,000        |
| Certificates of participation  | 1,165,000                       | -                     | 55,000              | 1,110,000                 | 60,000              |
| Debt premium, net              | 1,556,023                       | 231,336               | 73,530              | 1,713,829                 | 9,639               |
| Total Bonds and Notes Payable  | <u>115,621,023</u>              | <u>73,231,336</u>     | <u>1,138,530</u>    | <u>187,713,829</u>        | <u>8,909,639</u>    |
| <b>Other Liabilities</b>       |                                 |                       |                     |                           |                     |
| Compensated absences           | 11,519,560                      | 1,662,058             | -                   | 13,181,618                | -                   |
| Capital leases                 | 664,455                         | 48,157                | 287,989             | 424,623                   | 269,375             |
| Net OPEB obligation            | -                               | 27,172,200            | 7,628,117           | 19,544,083                | -                   |
| Total Other Liabilities        | <u>12,184,015</u>               | <u>27,220,357</u>     | <u>7,916,106</u>    | <u>33,150,324</u>         | <u>269,375</u>      |
| Total Long-Term Debt           | <u>\$ 127,805,038</u>           | <u>\$ 100,451,693</u> | <u>\$ 9,054,636</u> | <u>\$ 220,864,153</u>     | <u>\$ 9,179,014</u> |

Payments on the Certificates of Participation are paid by the Debt Service Fund. Payments on the general obligation bonds are made by the bond interest and redemption fund with local property tax revenues. Payments on the capital leases are paid by the general fund. The compensated absences will be paid by the fund for which the employee worked.

**Description of Bonds**

On March 5, 2002, \$120,000,000 in general obligation bonds were authorized by the voters under Proposition 39/Measure A in an election held within the Contra Costa Community College District. In July 2002, the District issued its first series in the amount of \$50,000,000. The bonds require annual principal payments and semi-annual interest payments beginning August 2003 through August 2026. Annual interest rates range from 3.5% to 6.0%.

In August 2004, the District issued its second series in the amount of \$45,000,000. The bonds require annual principal payments and semi-annual interest payments beginning February 2005 through August 2029. Annual interest rates range from 4.0% to 5.0%.

In May 2006, the District issued the third series in the amount of \$25,000,000. The bonds require annual principal payments and semi-annual interest payments beginning February 2007 through August 2027. Annual interest rates range from 4.0% to 4.5%.

On June 6, 2006, \$286,500,000 in general obligation bonds were authorized by the voters under Proposition 39/Measure A+ in an election held within the Contra Costa Community College District. In August 2007, the District issued its first series in the amount of \$73,000,000. The bonds require annual principal payments and semi-annual interest payments beginning August 2008 through August 2028. Annual interest rates range from 4.0% to 5.0%.



**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009 AND 2008**

**Debt Maturity**

**General Obligation Bonds**

| Issue Date | Maturity Date | Interest Rate | Original Issue | Bonds Outstanding July 1, 2008 | Redeemed            | Bonds Outstanding June 30, 2009 |
|------------|---------------|---------------|----------------|--------------------------------|---------------------|---------------------------------|
| 6/11/2002  | 8/1/2026      | 3.5%-6%       | \$ 50,000,000  | \$ 44,100,000                  | \$ 600,000          | \$ 43,500,000                   |
| 8/11/2004  | 8/1/2029      | 4.0%-5.5%     | 45,000,000     | 43,125,000                     | 325,000             | 42,800,000                      |
| 4/25/2006  | 8/1/2030      | 4.0%-4.5%     | 25,000,000     | 24,665,000                     | 515,000             | 24,150,000                      |
| 8/2/2007   | 8/1/2032      | 4.0%-5.0%     | 73,000,000     | 73,000,000                     | 7,400,000           | 65,600,000                      |
|            |               |               |                | <u>\$ 184,890,000</u>          | <u>\$ 8,840,000</u> | <u>\$ 176,050,000</u>           |

The bonds mature through 2029 as follows:

| Fiscal Year | Principal             | Interest to Maturity  | Total                 |
|-------------|-----------------------|-----------------------|-----------------------|
| 2010        | \$ 3,255,000          | \$ 8,349,180          | \$ 11,604,180         |
| 2011        | 3,540,000             | 8,175,230             | 11,715,230            |
| 2012        | 3,855,000             | 7,989,881             | 11,844,881            |
| 2013        | 4,185,000             | 7,791,043             | 11,976,043            |
| 2014        | 4,530,000             | 7,570,355             | 12,100,355            |
| 2015-2019   | 28,035,000            | 34,169,173            | 62,204,173            |
| 2020-2024   | 39,670,000            | 26,525,779            | 66,195,779            |
| 2025-2029   | 55,170,000            | 15,322,313            | 70,492,313            |
| 2030-2033   | 33,810,000            | 2,429,798             | 36,239,798            |
| Total       | <u>\$ 176,050,000</u> | <u>\$ 118,322,752</u> | <u>\$ 294,372,752</u> |

**Certificates of Participation**

In June 1996, the Financing Corporation issued \$1,605,000 of Certificates of Participation (COPs), with effective interest rates ranging from 4.5% to 5.35% maturing through 2021. The COPs proceeds were used to fund various construction projects. The COPs mature as follows:

| Year Ending June 30, | Principal           | Interest          | Total               |
|----------------------|---------------------|-------------------|---------------------|
| 2010                 | \$ 60,000           | \$ 63,000         | \$ 123,000          |
| 2011                 | 65,000              | 59,400            | 124,400             |
| 2012                 | 70,000              | 55,500            | 125,500             |
| 2013                 | 75,000              | 51,300            | 126,300             |
| 2014                 | 80,000              | 46,800            | 126,800             |
| 2015-2019            | 475,000             | 156,000           | 631,000             |
| 2020-2021            | 225,000             | 20,400            | 245,400             |
| Total                | <u>\$ 1,050,000</u> | <u>\$ 452,400</u> | <u>\$ 1,502,400</u> |

# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009 AND 2008

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### Capital Leases

The District has entered into various capital lease arrangements and has recorded capital assets in the amount of \$2,166,463 with corresponding depreciation of \$1,662,043 at June 30, 2009. The District's liability on lease agreements with option to purchase is summarized below:

| Year Ending<br>June 30,                 | Lease<br>Payment  |
|---|-------------------|
| 2010                                    | \$ 142,062        |
| 2011                                    | 8,356             |
| 2012                                    | 5,712             |
| 2013                                    | 5,236             |
| Total                                   | 161,366           |
| Less: Amount Representing Interest      | 6,118             |
| Present Value of Minimum Lease Payments | <u>\$ 155,248</u> |

### ***NOTE 11 – POSTEMPLOYMENT HEALTH CARE PLAN AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) OBLIGATION***

The District provides postemployment health care benefits for retired employees in accordance with negotiated contracts with the various bargaining units of the District.

### Funding Policy

The contribution requirements of plan members and the District are established and may be amended by the District and the District's bargaining units. The required contribution is based on projected pay-as-you-go financing requirements with an additional amount to prefund benefits as determined annually through agreements between the District and the bargaining units. For fiscal year 2008-2009, the District contributed \$1,000,000 to a special reserve fund designated for future premiums.

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009 AND 2008**

**Annual OPEB Cost and Net OPEB Obligation**

The District's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the payments of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial accrued liabilities (UAAL) (or funding costs) over a period not to exceed 30 years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually paid during the year, and changes in the District's net OPEB obligation:

|  |                             |
|--|-----------------------------|
| Annual required contribution               | \$ 23,290,200               |
| Interest on net OPEB obligation            | 909,000                     |
| Adjustment to annual required contribution | (1,213,100)                 |
| Contributions made                         | <u>(8,546,774)</u>          |
| Increase in net OPEB obligation            | 14,439,326                  |
| Net OPEB obligation, beginning of year     | <u>19,544,083</u>           |
| Net OPEB obligation, end of year           | <u><u>\$ 33,983,409</u></u> |

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year were as follows:

| Year Ended<br>June 30, | Annual Required<br>Contribution | Percentage<br>Contributed | Net OPEB<br>Obligation |
|------------------------|---------------------------------|---------------------------|------------------------|
| <u>2009</u>            | <u>\$ 23,290,200</u>            | <u>28%</u>                | <u>\$ 33,983,409</u>   |

**Funding Status and Funding Progress**

Actuarial valuation of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information, follow the notes to the financial statements, presents multi-year trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**Actuarial Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive Plan (the Plan as understood by the employer and the Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the Plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial values of assets, consistent with the long-term perspective of the calculations.

# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009 AND 2008

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In the July 1, 2008, actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses), if the Plan is not being funded in an irrevocable employee benefit trust fund invested in a long-term fixed income portfolio. Healthcare cost trend rates ranged from an initial 7.5 percent to an ultimate rate of 12 percent. The cost trend rate used for the Dental and Vision Programs was 6.5 percent. The UAAL is being amortized at a level dollar method. The remaining amortization period at July 1, 2009, was 29 years. The actuarial value of assets was not determined in this actuarial valuation.

### **NOTE 12 - LEASE REVENUES**

The District has property held for lease. Currently no significant long-term lease agreements have been entered into with various lessees for terms that exceed one year.

### **NOTE 13 - RISK MANAGEMENT**

#### **Insurance Coverages**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destructions of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year ending June 30, 2009, the District contracted with the Bay Area Community College District Joint Powers Authority 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 a significant reduction in coverage from the prior year.

#### **Workers' Compensation**

For fiscal year 2008-2009, the District participated in the Contra Costa Schools Insurance Group Joint Powers Authority (JPA), an insurance purchasing pool. The intent of the JPA is to achieve the benefit of a 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. Total 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.

| <u>Insurance Program / Company Name</u>     | <u>Type of Coverage</u> | <u>Limits</u>                |
|---|-------------------------|------------------------------|
| Contra Costa Schools Insurance Group        | Workers' Compensation   | State Statutory Limit        |
| Statewide Association of Community Colleges | Liability               | \$25,000,000 per occurrence  |
| Statewide Association of Community Colleges | Property                | \$250,000,000 per occurrence |

# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009 AND 2008

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### Employee Medical Benefits

The District has contracted with Kaiser, Healthnet, and Blue Cross to provide employee medical benefits. Rates are set through an annual calculation process. The District pays monthly contributions as applicable to each of these plans.

### Claims Liabilities

The District establishes a liability for both reported and unreported events, which includes estimates of both future payments of losses and related claim adjustment expenses. The following represent the changes in approximate aggregate liabilities for the District from July 1, 2007 to June 30, 2009:

|   | Property<br>and Liability |
|---|---------------------------|
| Liability Balance, July 1, 2007                 | \$ 106,024                |
| Claims and changes in estimates                 | 71,808                    |
| Claims payments                                 | 18,202                    |
| Liability Balance, June 30, 2008                | 159,630                   |
| Claims and changes in estimates                 | 721,227                   |
| Claims payments                                 | 789,886                   |
| Liability Balance, June 30, 2009                | \$ 90,971                 |
| Assets Available to Pay Claims at June 30, 2009 | \$ 1,570,142              |

### NOTE 14 - 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 California State Teachers' Retirement System (CalSTRS) and classified employees are members of the California Public Employees' Retirement System (CalPERS).

#### CalSTRS

##### Plan Description

The District contributes to CalSTRS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalSTRS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and survivor benefits to beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, 7919 Folsom Blvd., Sacramento, California 95826.

# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009 AND 2008

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### **Funding Policy**

Active members are required to contribute 8.0 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 CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2008-2009 was 8.25 percent of covered payroll. The contribution requirements of the plan members are established by State statute. The District's total contributions to CalSTRS for the fiscal years ended June 30, 2009, 2008, and 2007, were \$5,253,436, \$5,110,375, and \$7,449,721, respectively, and equal 100 percent of the required contributions for each year.

### **CalPERS**

#### **Plan Description**

The District contributes to the School Employer Pool under the CalPERS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Laws. 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 95811.

#### **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 an 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 2008-2009 was 9.428 percent of annual payroll. The District's contributions to CalPERS for fiscal years ending June 30, 2009, 2008, and 2007, were \$3,530,999, \$3,476,364, and \$3,032,200, respectively, and equaled 100 percent of the required contributions for each year.

#### **Other**

As established by Federal law, all public section employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by Social Security or an alternative plan. The District has elected to use the Cash Balance Plan as its alternative plan. The Cash Balance Plan (CB Plan), is an alternative to the STRS contribution plan for instructors. Instructors who choose not to sign up for STRS or FICA may participate in the CB plan. The District contribution rate for the year ended June 30, 2009, was 4% of annual payroll. Contributions for the year ended June 30, 2009, were \$395,917.

# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009 AND 2008

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The District also provides a 403(b) Tax Deferred Annuity Plan (TDA), which is a defined contribution pension plan. A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on investments of those contributions, and forfeitures of other participants' benefits that may be allocated to such participant's account. The District does not contribute to this plan.

### **On-Behalf Payments**

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS which amounted to \$2,873,441, \$3,246,088, for the years ended June 30, 2009, and 2008, respectively and were (4.517 percent) of salaries subject to CalSTRS. A contribution to CalPERS was not required for the years ended June 30, 2009 or, 2008. These amounts have been reflected in the basic financial statements as a component of nonoperating revenue and employee benefit expense.

### **Deferred Compensation**

The District offers its employees a CalPERS administered 457 Deferred Compensation Program (the Program). The Program, available to all permanent employees, permits them to defer a portion of pre-tax salary into investment of an individual's own choosing until future years. The deferred compensation is not available to the employees or their beneficiaries until termination, retirement, death, or an unforeseeable emergency. The CalPERS Board controls the investment and administrative functions of the CalPERS 457 Deferred Compensation Program. The Board for the exclusive benefit of participating employees, which adds security, holds the assets in trust. The District does not contribute to this plan.

## ***NOTE 15 - COMMITMENTS AND CONTINGENCIES***

### **Grants**

The District receives financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2009.

### **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, 2009.

# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009 AND 2008

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### Operating Leases

The District has entered into various operating leases for buildings 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. Future minimum lease payments under these agreements are as follows:

| Year Ending<br>June 30, | Facility<br>Leases  |
|-------------------------|---------------------|
| 2010                    | \$ 1,201,956        |
| 2011                    | 544,536             |
| 2012                    | 578,420             |
| 2013                    | 112,884             |
| Total                   | <u>\$ 2,437,796</u> |

### Related Party Transactions

The District provides facilities, staff, and operational support to each of the three Foundations.



# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009 AND 2008

### Construction Commitments

As of June 30, 2009, the District had the following commitments with respect to the unfinished capital projects:

| CAPITAL PROJECT                  | Remaining<br>Construction<br>Commitment | Expected<br>Date of<br>Completion |
|----------------------------------|---|-----------------------------------|
| <b>2006 Bond</b>                 |   |                                   |
| <i>Diablo Valley</i>             |   |                                   |
| Common area development (Quad)   | \$ 2,588,382                            | Oct-12                            |
| Athletic fields                  | 30,000                                  | Aug-09                            |
| Parking lot repaving             | 830,418                                 | Sep-09                            |
| <i>Los Medanos</i>               |   |                                   |
| Athletic fields                  | 256,832                                 | Jul-09                            |
| Student Services                 | 1,313,166                               | Sep-11                            |
| Nursing/EMT remodel              | 500,728                                 | Apr-11                            |
| <i>Contra Costa</i>              |   |                                   |
| Athletic fields                  | 296,752                                 | Feb-10                            |
| College Center                   | 25,115                                  | 2012                              |
| <i>District Wide</i>             |   |                                   |
| Solar panels and energy measures | 245,246                                 | Aug-09                            |
| IT Infrastructure                | 129,167                                 | To be determined                  |
| Total 2006 Bond                  | 6,215,806                               |                                   |
| <b>2002 Bond</b>                 |   |                                   |
| <i>Diablo Valley</i>             |   |                                   |
| Parking island landscaping       | 490,350                                 | Nov-09                            |
| <i>Los Medanos</i>               |   |                                   |
| Core building remodel            | 365,846                                 | Aug-09                            |
| Scoreboard                       | 3,916                                   | Aug-09                            |
| Science Building                 | 15,000                                  | Nov-09                            |
| Learning Resource Center         | 134,669                                 | Sep-09                            |
| Art area remodel                 | 156,659                                 | Mar-10                            |
| <i>Contra Costa</i>              |   |                                   |
| Student Services                 | 378,820                                 | Jul-09                            |
| Library building                 | 1,100                                   | Sep-09                            |
| Bio Science                      | 216,903                                 | Oct-09                            |
| Library Arts building - seismic  | 118,994                                 | Jan-10                            |
| Total 2002 Bond                  | 1,882,257                               |                                   |
| <b>Campus Projects</b>           |   |                                   |
| EETEC                            | 8,603                                   | Aug-09                            |
| Generator                        | 35,006                                  | Feb-10                            |
| New irrigation                   | 15,100                                  | Mar-10                            |
| Replace 2 AC unit-music          | 33,758                                  | Jul-09                            |
| Total Campus Projects            | 92,467                                  |                                   |
| Total All Projects               | \$ 8,190,530                            |                                   |

The projects are funded through a combination of general obligation bonds, certificates of participation, and capital project apportionments from the State Chancellor's Office.

# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009 AND 2008

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### **Deferral of State Apportionments**

Due to the inability of the California State legislature to enact a budget by June 30, 2009, certain apportionments owed to the District for funding of FTES, categorical programs, and construction reimbursements which are attributable to the 2008-2009 fiscal year have been deferred to the 2009-2010 fiscal year. The total amount of funding deferred into the 2009-2010 fiscal year and received in July 2009 was \$10.9 million. These deferrals of apportionment are considered permanent with future funding also being subject to deferral into future years.

### ***NOTE 16 - PARTICIPATION IN PUBLIC ENTITY RISK POOLS AND JOINT POWERS AUTHORITIES***

The District is a member of the Contra Costa Schools Insurance Group and the Bay Area Community College District Joint Powers Authority JPA. The District pays annual premiums for its property liability, health, and workers' compensation coverage. The relationship between the District and the entities is such that they are not component units 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.

During the year ended June 30, 2009, the District made payments of \$2,253,932 and \$842,559 to Contra Costa Schools Insurance Group and Bay Area Community College District JPA, respectively.

### ***NOTE 17 – SUBSEQUENT EVENT***

On July 30, 2008, the District Governing Board adopted Resolution No. 5-C to approve the establishment of the Futuris Public Investment Trust (Trust). The Trust is irrevocable and was established solely for the purpose of investing and disbursing funds designated by the District for employee retiree health benefits. On June 24, 2009, the Board authorized \$9.1 million of the funds allocated to OPEB to be invested into the irrevocable trust. The \$9.1 million was not transferred to the Trust until July 2009.

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***REQUIRED SUPPLEMENTARY INFORMATION***

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**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS (OPEB) FUNDING  
PROGRESS  
FOR THE YEAR ENDED JUNE 30, 2009**

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| Actuarial<br>Valuation<br>Date | Actuarial Value<br>of Assets (a) | Actuarial<br>Accrued<br>Liability<br>(AAL) -<br>Projected<br>Unit Credit (b) | Unfunded<br>AAL<br>(UAAL)<br>(b - a) | Funded Ratio<br>(a / b) | Covered<br>Payroll (c) | UAAL as a<br>Percentage of<br>Covered Payroll<br>([b-a] / c) |
|--------------------------------|----------------------------------|--|--------------------------------------|-------------------------|------------------------|--|
| June 30, 2006                  | \$ -                             | \$ 335,136,700   | \$ 335,136,700                       | -                       | \$ 65,849,200          | 509%   |
| June 30, 2008                  | \$ -                             | \$ 262,768,400   | \$ 262,768,400                       | -                       | \$ 70,661,000          | 372%   |

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***SUPPLEMENTARY INFORMATION***

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# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

## DISTRICT ORGANIZATION

**JUNE 30, 2009**

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The Contra Costa Community College District was established in 1948, and is comprised of an area of approximately 686 square miles located in Contra Costa County. There were no changes in the boundaries of the District during the current year. The District's three colleges are each accredited by the Accrediting Commission for Community and Junior Colleges Western Association of Schools and Colleges.

### BOARD OF TRUSTEES

| <u>MEMBER</u>         | <u>OFFICE</u>   | <u>TERM EXPIRES</u> |
|-----------------------|-----------------|---------------------|
| Sheila A. Grilli      | President       | 2010                |
| Dr. Anthony T. Gordon | Vice President  | 2010                |
| John T. Neiedly       | Secretary       | 2010                |
| Jess H. Reyes         | Member          | 2012                |
| Tomi Van de Brooke    | Member          | 2012                |
| Bundit Kertbundit     | Student Trustee | 2009                |

### ADMINISTRATION

|                    |  |
|--------------------|--|
| Dr. Helen Benjamin | Chancellor   |
| Kindred Murillo    | Vice Chancellor, District-wide Administrative Services |
| Ms. Judy Breza     | Director, Fiscal Services                              |

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2009**

| Federal Grantor/Pass-Through<br>Grantor/Program or Cluster Title              | Federal<br>CFDA<br>Number | Total<br>Expenditures |
|---|---------------------------|-----------------------|
| <b>U.S. DEPARTMENT OF EDUCATION</b>   |                           |                       |
| Title V, Hispanic Serving Institutions  | 84.031S                   | \$ 527,894            |
| TRIO talent search  | 84.044                    | 314,933               |
| Childcare Access Means Parents In School                                      | 84.335                    | 50,264                |
| Higher Educational Institutional Aid  | 84.031                    | 51,895                |
| Bridges To The Future   | 84.116                    | 50,043                |
| Minority Science Improvement  | 84.120A                   | 72,644                |
| <b>STUDENT FINANCIAL AID CLUSTER</b>  |                           |                       |
| Federal Pell Grant Programs   | 84.063                    | 16,152,385            |
| Federal Supplemental Educational Opportunity Grant - SEOG                     | 84.007                    | 387,494               |
| Federal College Work Study - FWS  | 84.033                    | 333,203               |
| Federal Family Education Loans  | 84.032                    | 1,250,672             |
| Academic Competitiveness Grant  | 84.375                    | 119,950               |
| <b>PASS THROUGH FUNDS</b>   |                           |                       |
| Career Technical Education Act Title IC                                       | 84.048                    | 1,013,288             |
| Career Technical Education Act Title II                                       | 84.049                    | 221,919               |
| Tech Prep Career Exploration  | 84.049                    | 27,739                |
| Tech Prep Demonstration   | 84.353                    | 166,388               |
| Total U.S. Department of Education  |                           | 20,740,711            |
| <b>NATIONAL SCIENCE FOUNDATION</b>  |                           |                       |
| Computer Science, Engineering, and Mathematics Scholarship Program<br>(CSEMS) | 47.076                    | 37,887                |
| National Science Foundation   | 47.076                    | 37,547                |
| National Science Foundation Stem  | 47.076                    | 76,150                |
| Total National Science Foundation   |                           | 151,584               |
| <b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>                           |                           |                       |
| <b>PASS THROUGH FUNDS</b>   |                           |                       |
| Foster Parent Training  | 93.600                    | 301,031               |
| Foster Care Title IV-E  | 93.658                    | 50,550                |
| Temporary Assistance for Needy Families (TANF)                                | 93.558                    | 137,763               |
| Total U.S. Department of Health and Human Services                            |                           | 489,344               |
| <b>U.S. DEPARTMENT OF LABOR</b>   |                           |                       |
| President's Community Training  | 17.269                    | 322,650               |
| Total Expenditures of Federal Awards  |                           | \$21,704,289          |

See accompanying note to supplementary information.

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2009**

| Program                                    | Program Revenues     |                     |                     | Total Revenue        | Total Program Expenditures |
|--|----------------------|---------------------|---------------------|----------------------|----------------------------|
|  | Cash Received        | Accounts Receivable | Deferred Income     |                      |                            |
| AB1725 Staff Diversity                     | \$ 142,063           | \$ -                | \$ 108,163          | \$ 33,900            | \$ 33,900                  |
| Basic Skills                               | 2,814,833            | -                   | 1,431,587           | 1,383,246            | 1,383,246                  |
| AB602 Board Financial Aid Staffing         | 968,598              | -                   | 20,380              | 948,218              | 948,220                    |
| California High School Exit Exam Grant     | -                    | 55,004              | -                   | 55,004               | 55,004                     |
| Cal Grants                                 | 1,331,508            | 101,835             | -                   | 1,433,343            | 1,433,343                  |
| CalWORKS                                   | 761,766              | -                   | -                   | 761,766              | 761,766                    |
| CARE                                       | 414,069              | -                   | 9,737               | 404,332              | 404,332                    |
| Career Tech Community Colleges             | 807,249              | -                   | 573,271             | 233,978              | 233,978                    |
| Career Tech Education                      | 142,213              | -                   | 119,800             | 22,413               | 22,413                     |
| Career Tech Project Supplement             | 99,991               | -                   | 99,991              | -                    | -                          |
| Career Tech Workforce Innovation           | 399,997              | -                   | 316,257             | 83,740               | 83,740                     |
| CGTR Center Grant                          | 289,297              | -                   | 41,195              | 248,102              | 248,102                    |
| Disabled Student Program and Services      | 3,003,338            | -                   | 17,434              | 2,985,904            | 2,985,903                  |
| Energy Systems                             | 210,000              | 39,698              | -                   | 249,698              | 249,698                    |
| Environmental Tech Leadership              | 172,426              | 31,088              | -                   | 203,514              | 203,514                    |
| Extended Opportunity Programs and Services | 2,997,950            | -                   | 156,579             | 2,841,371            | 2,841,370                  |
| Evaluation & Technology Support            | 41,614               | 32,000              | -                   | 73,614               | 73,614                     |
| Faculty and Staff Development              | 135,397              | -                   | 43,438              | 91,959               | 91,959                     |
| Foster Parent Training                     | 103,057              | 174,817             | -                   | 277,874              | 277,874                    |
| Foster Relative                            | -                    | 16,850              | -                   | 16,850               | 16,850                     |
| IDRC EETEC Grant                           | 251,997              | 27,261              | -                   | 279,258              | 279,258                    |
| Instructional Equipment, One-time          | 252,683              | -                   | 252,683             | -                    | -                          |
| Instructional Equipment, On-going          | 1,883,949            | -                   | 1,045,760           | 838,189              | 838,189                    |
| Lottery                                    | 1,901,659            | 1,376,888           | -                   | 3,278,547            | 3,278,547                  |
| Lottery, Prop 20                           | 11,119               | 350,399             | -                   | 361,518              | 361,518                    |
| Matriculation-(Credit)                     | 1,947,952            | -                   | 102,564             | 1,845,388            | 1,845,388                  |
| Matriculation-(Non-Credit)                 | 8,949                | -                   | -                   | 8,949                | 8,949                      |
| MCHS SciMath                               | 7,708                | 114,138             | -                   | 121,846              | 121,846                    |
| Nursing Capacity Building                  | 306,112              | -                   | 142,225             | 163,887              | 163,887                    |
| Part-Time Insurance                        | 119,526              | -                   | -                   | 119,526              | 119,526                    |
| Part-Time Faculty Allocation               | 1,325,370            | -                   | -                   | 1,325,370            | 1,325,370                  |
| Part-Time Faculty Office Hours             | 387,813              | -                   | -                   | 387,813              | 387,813                    |
| RN Enrollment Growth                       | 229,075              | -                   | 110,086             | 118,989              | 118,989                    |
| Scheduled Maintenance, On-going            | 326,304              | -                   | -                   | 326,304              | 326,304                    |
| State Pre-School                           | 1,296,543            | 91,520              | -                   | 1,388,063            | 1,388,063                  |
| Strengthening Existing Programs            | 229,799              | -                   | 53,389              | 176,410              | 176,410                    |
| Technical Support To Workforce Development | 83,466               | -                   | 1                   | 83,465               | 83,465                     |
| Transfer and Articulation                  | 9,000                | -                   | 4,000               | 5,000                | 5,000                      |
| TTIP                                       | 308,200              | -                   | 176,569             | 131,631              | 131,631                    |
| Workability III                            | 54,984               | 129,962             | -                   | 184,946              | 184,946                    |
| Subtotal                                   | <u>\$ 25,777,574</u> | <u>\$ 2,541,460</u> | <u>\$ 4,825,109</u> | <u>\$ 23,493,925</u> | <u>\$ 23,493,925</u>       |

See accompanying note to supplementary information.



**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**SCHEDULE OF WORKLOAD MEASURES FOR STATE  
GENERAL APPORTIONMENT - ANNUAL/ACTUAL ATTENDANCE  
FOR THE YEAR ENDED JUNE 30, 2009**

| <b>CATEGORIES</b>   | <b>Revised<br/>Reported<br/>Data *</b> | <b>Audit<br/>Adjustments</b> | <b>Audited<br/>Data</b> |
|---|--|------------------------------|-------------------------|
| A. Summer Intersession (Summer 2008 only)                     |  |                              |                         |
| 1. Noncredit  | 28                                     | -                            | 28                      |
| 2. Credit   | 1,031                                  | -                            | 1,031                   |
| B. Summer Intersession (Summer 2009 - prior to July 1, 2009)  |  |                              |                         |
| 1. Noncredit  | -                                      | -                            | -                       |
| 2. Credit   | 211                                    | -                            | 211                     |
| C. Primary Terms (Exclusive of Summer Intersession)           |  |                              |                         |
| 1. Census Procedure Courses                                   |  |                              |                         |
| (a) Weekly Census Contact Hours                               | 21,726                                 | -                            | 21,726                  |
| (b) Daily Census Contact Hours                                | 1,970                                  | -                            | 1,970                   |
| 2. Actual Hours of Attendance Procedure Courses               |  |                              |                         |
| (a) Noncredit   | 215                                    | -                            | 215                     |
| (b) Credit  | 1,437                                  | -                            | 1,437                   |
| 3. Independent Study/Work Experience Education Courses        |  |                              |                         |
| (a) Weekly Census Procedure Courses                           | 885                                    | -                            | 885                     |
| (b) Daily Census Procedure Courses                            | 1,062                                  | -                            | 1,062                   |
| (c) Noncredit Independent Study/Distance<br>Education Courses | -                                      | -                            | -                       |
| D. Total FTES   | <u>28,566</u>                          | <u>-</u>                     | <u>28,566</u>           |
| Supplemental Information (subset of above information)        |  |                              |                         |
| E. In Service Training Courses (FTES)                         | <u>-</u>                               | <u>-</u>                     | <u>-</u>                |
| H. Basis Skills Courses and Immigrant Education               |  |                              |                         |
| (a) Noncredit   | <u>62</u>                              | <u>-</u>                     | <u>62</u>               |
| (b) Credit  | <u>1,610</u>                           | <u>-</u>                     | <u>1,610</u>            |

\* Revised on October 1, 2009.

See accompanying note to supplementary information.

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT (CCFS-311)  
WITH FUND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009**

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Summarized below are the fund balance reconciliations between the Annual Financial and Budget Report (CCFS-311) and the fund financial statements.

|   | <u>Other<br/>Special<br/>Revenue</u> | <u>Bond Interest<br/>and<br/>Redemption</u> | <u>Revenue Bond<br/>Interest and<br/>Redemption</u> | <u>Capital Outlay<br/>Projects<br/>Fund</u> | <u>Revenue Bond<br/>Construction<br/>Fund</u> | <u>Bookstore</u>  |
|---|--------------------------------------|---|---|---|---|-------------------|
| FUND BALANCE  |                                      |   |   |   |   |                   |
| Balance, June 30, 2009, (CCFS-311)                  | \$ 220,274                           | \$ 2,265,232                                | \$ 2,182,228  | \$ 7,887,925                                | \$ 52,308,241                                 | \$ 976,481        |
| Adjustments   | (36,660)                             | 2,248,872                                   | 1,264,612   | (151,930)                                   | (484,061)                                     | (8,946)           |
| Balance, June 30, 2009,<br>Fund Financial Statement | <u>\$ 183,614</u>                    | <u>\$ 4,514,104</u>                         | <u>\$ 3,446,840</u>                                 | <u>\$ 7,735,995</u>                         | <u>\$ 51,824,180</u>                          | <u>\$ 967,535</u> |

See accompanying note to supplementary information.

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**RECONCILIATION OF GOVERNMENTAL FUND BALANCE SHEETS TO THE  
STATEMENT OF NET ASSETS  
JUNE 30, 2009**

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**Amounts Reported in the Statement of Net Assets are  
Different Because:**

|  |           |                           |
|--|-----------|---------------------------|
| <b>Total Fund Balance - All District Funds</b>   | <b>\$</b> | <b>152,763,237</b>        |
| 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  | \$        | 377,290,155               |
| Accumulated depreciation is  |           | <u>(106,230,281)</u>      |
| Capital assets recorded in proprietary funds   |           | (722,582)                 |
| A fiduciary fund is used by the District's management to account for the activities of the student financial aid services. The assets and liabilities of the financial aid fund are included with governmental activities.                                   |           | 549,057                   |
| Expenditures relating to issuance of debt were recognized in modified accrual basis, but should not be recognized in accrual basis.  |           | 1,295,440                 |
| In governmental funds, unmatured interest on long-term debt is recognized in the period when it is due. On the government-wide statements, unmatured interest on long-term debt is recognized when it is incurred.   |           | (3,513,486)               |
| Internal Service funds are used by the District's management to charge the costs of the workers' compensation insurance program to the individual funds. The assets and liabilities of the internal service funds are included with governmental activities. |           | 2,376,655                 |
| Long-term liabilities at year end consist of:  |           |                           |
| Bonds payable  |           | 176,050,000               |
| Bond premiums, net of amortization   |           | 1,961,753                 |
| Capital leases payable   |           | 155,248                   |
| Contracts payable  |           | 1,050,000                 |
| Compensated absences (vacations)   |           | 14,112,822                |
| OPEB Benefits  |           | <u>33,983,409</u>         |
| <b>Total Net Assets</b>  | <b>\$</b> | <b><u>196,494,963</u></b> |

See accompanying note to supplementary information.

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**GOVERNMENTAL FUNDS  
BALANCE SHEETS  
JUNE 30, 2009**

|  | <b>General<br/>Unrestricted</b> | <b>General<br/>Restricted</b> | <b>Retiree<br/>Benefits</b> | <b>Other<br/>Special<br/>Revenue</b> |
|--|---------------------------------|-------------------------------|-----------------------------|--------------------------------------|
| <b>ASSETS</b>                                |                                 |                               |                             |                                      |
| Cash and cash equivalents                    | \$21,422,973                    | \$ 3,053,134                  | \$ 27,025,509               | \$ 93,269                            |
| Investments                                  | -                               | -                             | 24,696,377                  | 133,905                              |
| Accounts receivable                          | 21,029,860                      | 5,355,555                     | 206,664                     | -                                    |
| Due from other funds                         | 10,788,543                      | 1,442,086                     | 1,001,439                   | -                                    |
| Prepaid expenses                             | 5,360,902                       | 916                           | -                           | 49,709                               |
| <b>Total Assets</b>                          | <b>\$58,861,663</b>             | <b>\$ 9,851,691</b>           | <b>\$ 52,929,989</b>        | <b>\$ 276,883</b>                    |
| <b>LIABILITIES AND FUND EQUITY</b>           |                                 |                               |                             |                                      |
| <b>LIABILITIES</b>                           |                                 |                               |                             |                                      |
| Accounts payable                             | \$11,000,366                    | \$ 2,769,419                  | \$ 5,410                    | \$ -                                 |
| Due to other funds                           | 14,859,965                      | 1,524,121                     | 48,068                      | 93,269                               |
| Other current liabilities                    | -                               | 16,696                        | -                           | -                                    |
| Deferred revenue                             | 3,569,339                       | 5,541,455                     | -                           | -                                    |
| <b>Total Liabilities</b>                     | <b>29,429,670</b>               | <b>9,851,691</b>              | <b>53,478</b>               | <b>93,269</b>                        |
| <b>FUND EQUITY</b>                           |                                 |                               |                             |                                      |
| Fund Balances                                |                                 |                               |                             |                                      |
| Reserved                                     | 14,570,592                      | -                             | -                           | 183,614                              |
| Unreserved                                   |                                 |                               |                             |                                      |
| Designated                                   | 608,215                         | -                             | 52,876,511                  | -                                    |
| Undesignated                                 | 14,253,186                      | -                             | -                           | -                                    |
| <b>Total Fund Equity</b>                     | <b>29,431,993</b>               | <b>-</b>                      | <b>52,876,511</b>           | <b>183,614</b>                       |
| <b>Total Liabilities and<br/>Fund Equity</b> | <b>\$58,861,663</b>             | <b>\$ 9,851,691</b>           | <b>\$ 52,929,989</b>        | <b>\$ 276,883</b>                    |

See accompanying note to additional supplementary information.

| <b>Bond Interest<br/>and<br/>Redemption</b> | <b>Other<br/>Debt<br/>Service</b> | <b>Capital<br/>Outlay<br/>Projects</b> | <b>Revenue<br/>Bond<br/>Construction</b> | <b>Total<br/>Governmental<br/>Fund<br/>(Memorandum<br/>Only)</b> |
|---|-----------------------------------|--|--|--|
| \$ 7,890,579                                | \$ 2,750,000                      | \$ 2,184,348                           | \$ 52,800,828                            | \$ 117,220,640   |
| -   | -                                 | -                                      | -  | 24,830,282   |
| 70,365                                      | -                                 | 4,579,064                              | 203,425                                  | 31,444,933   |
| -   | -                                 | 1,436,523                              | 212,507                                  | 14,881,098   |
| -   | -                                 | -                                      | 1,297,161                                | 6,708,688  |
| <u>\$ 7,960,944</u>                         | <u>\$ 2,750,000</u>               | <u>\$ 8,199,935</u>                    | <u>\$ 54,513,921</u>                     | <u>\$ 195,345,026</u>  |
| <br>  |                                   |  |  |  |
| \$ -  | \$ -                              | \$ 254,680                             | \$ 2,385,186                             | \$ 16,415,061  |
| -   | -                                 | 209,260                                | 304,555                                  | 17,039,238   |
| -   | -                                 | -                                      | -  | 16,696   |
| -   | -                                 | -                                      | -  | 9,110,794  |
| <u>-</u>                                    | <u>-</u>                          | <u>463,940</u>                         | <u>2,689,741</u>                         | <u>42,581,789</u>  |
| <br>  |                                   |  |  |  |
| 7,960,944                                   | 2,750,000                         | 7,735,995                              | 51,824,180                               | 85,025,325   |
| -   | -                                 | -                                      | -  | 53,484,726   |
| -   | -                                 | -                                      | -  | 14,253,186   |
| <u>7,960,944</u>                            | <u>2,750,000</u>                  | <u>7,735,995</u>                       | <u>51,824,180</u>                        | <u>152,763,237</u>   |
| <br>  |                                   |  |  |  |
| <u>\$ 7,960,944</u>                         | <u>\$ 2,750,000</u>               | <u>\$ 8,199,935</u>                    | <u>\$ 54,513,921</u>                     | <u>\$ 195,345,026</u>  |

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**GOVERNMENTAL FUNDS  
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2009**

|  | <b>General<br/>Unrestricted</b> | <b>General<br/>Restricted</b> | <b>Retiree<br/>Benefits</b> | <b>Other<br/>Special<br/>Revenue</b> |
|--|---------------------------------|-------------------------------|-----------------------------|--------------------------------------|
| <b>REVENUES</b>  |                                 |                               |                             |                                      |
| Federal revenues   | \$ 28,465                       | \$ 3,373,528                  | \$ -                        | \$ -                                 |
| State revenues   | 77,522,368                      | 17,228,576                    | -                           | -                                    |
| Local revenues   | 97,236,804                      | 3,053,982                     | 2,579,741                   | 655                                  |
| <b>Total Revenues</b>  | <b>174,787,637</b>              | <b>23,656,086</b>             | <b>2,579,741</b>            | <b>655</b>                           |
| <b>EXPENDITURES</b>  |                                 |                               |                             |                                      |
| Current Expenditures   |                                 |                               |                             |                                      |
| Academic salaries  | 75,282,817                      | 4,256,061                     | -                           | -                                    |
| Classified salaries  | 34,340,401                      | 6,732,985                     | -                           | -                                    |
| Employee benefits  | 38,636,243                      | 2,460,954                     | -                           | -                                    |
| Books and supplies   | 3,309,059                       | 2,284,200                     | -                           | -                                    |
| Services and operating expenditures  | 16,702,271                      | 6,873,433                     | 128,552                     | -                                    |
| Capital outlay   | 2,305,259                       | 1,027,651                     | -                           | -                                    |
| Debt service - principal   | 99,674                          | 137,510                       | -                           | 60,000                               |
| Debt service - interest and other  | 6,640                           | 8,245                         | -                           | 73,797                               |
| <b>Total Expenditures</b>  | <b>170,682,364</b>              | <b>23,781,039</b>             | <b>128,552</b>              | <b>133,797</b>                       |
| <b>EXCESS OF REVENUES OVER<br/>(UNDER) EXPENDITURES</b>  | <b>4,105,273</b>                | <b>(124,953)</b>              | <b>2,451,189</b>            | <b>(133,142)</b>                     |
| <b>OTHER FINANCING SOURCES (USES)</b>  |                                 |                               |                             |                                      |
| Operating transfers in   | 15,587,680                      | 145,310                       | 1,000,000                   | 125,747                              |
| Operating transfers out  | (17,660,010)                    | (20,357)                      | -                           | -                                    |
| Other sources  | 250                             | -                             | -                           | -                                    |
| Other uses   | (22,474)                        | -                             | -                           | -                                    |
| <b>Total Other Financing Sources (Uses)</b>  | <b>(2,094,554)</b>              | <b>124,953</b>                | <b>1,000,000</b>            | <b>125,747</b>                       |
| <b>EXCESS OF REVENUES AND OTHER<br/>FINANCING SOURCES OVER (UNDER)<br/>EXPENDITURES AND OTHER USES</b> | <b>2,010,719</b>                | <b>-</b>                      | <b>3,451,189</b>            | <b>(7,395)</b>                       |
| <b>FUND BALANCE, BEGINNING OF YEAR</b>   | <b>27,421,274</b>               | <b>-</b>                      | <b>49,425,322</b>           | <b>191,009</b>                       |
| <b>FUND BALANCE, END OF YEAR</b>   | <b>\$ 29,431,993</b>            | <b>\$ -</b>                   | <b>\$ 52,876,511</b>        | <b>\$ 183,614</b>                    |

See accompanying note to additional supplementary information.

| <b>Bond Interest<br/>and<br/>Redemption</b> | <b>Other<br/>Debt<br/>Service</b> | <b>Capital<br/>Outlay<br/>Projects</b> | <b>Revenue<br/>Bond<br/>Construction</b> | <b>Total<br/>Governmental<br/>Fund<br/>(Memorandum<br/>Only)</b> |
|---|-----------------------------------|--|--|--|
| \$ -  | \$ -                              | \$ -                                   | \$ -                                     | \$ 3,401,993   |
| 103,394                                     | -                                 | 3,258,836                              | -  | 98,113,174   |
| 11,135,210                                  | -                                 | 1,550,689                              | 1,244,761                                | 116,801,842  |
| <u>11,238,604</u>                           | <u>-</u>                          | <u>4,809,525</u>                       | <u>1,244,761</u>                         | <u>218,317,009</u>   |
| -   | -                                 | -                                      | -  | 79,538,878   |
| -   | -                                 | -                                      | 298,401                                  | 41,371,787   |
| -   | -                                 | -                                      | 95,173                                   | 41,192,370   |
| -   | -                                 | -                                      | -  | 5,593,259  |
| -   | -                                 | -                                      | 885,689                                  | 24,589,945   |
| -   | -                                 | 4,070,735                              | 14,968,020                               | 22,371,665   |
| 8,840,000                                   | -                                 | -                                      | -  | 9,137,184  |
| 4,956,511                                   | -                                 | -                                      | -  | 5,045,193  |
| <u>13,796,511</u>                           | <u>-</u>                          | <u>4,070,735</u>                       | <u>16,247,283</u>                        | <u>228,840,281</u>   |
| <u>(2,557,907)</u>                          | <u>-</u>                          | <u>738,790</u>                         | <u>(15,002,522)</u>                      | <u>(10,523,272)</u>  |
| -   | -                                 | 991,599                                | -  | 17,850,336   |
| -   | -                                 | -                                      | -  | (17,680,367)   |
| -   | -                                 | -                                      | -  | 250  |
| -   | -                                 | -                                      | -  | (22,474)   |
| <u>-</u>                                    | <u>-</u>                          | <u>991,599</u>                         | <u>-</u>                                 | <u>147,745</u>   |
| (2,557,907)                                 | -                                 | 1,730,389                              | (15,002,522)                             | (10,375,527)   |
| 10,518,851                                  | 2,750,000                         | 6,005,606                              | 66,826,702                               | 163,138,764  |
| <u>\$ 7,960,944</u>                         | <u>\$ 2,750,000</u>               | <u>\$ 7,735,995</u>                    | <u>\$ 51,824,180</u>                     | <u>\$ 152,763,237</u>  |

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**PROPRIETARY FUNDS  
BALANCE SHEETS  
JUNE 30, 2009**

|  | <b>Enterprise Funds</b> |                     |                                   |                     |                                  |
|--|-------------------------|---------------------|-----------------------------------|---------------------|----------------------------------|
|  | <b>Cafeteria</b>        | <b>Bookstore</b>    | <b>Information<br/>Technology</b> | <b>Total</b>        | <b>Internal<br/>Service Fund</b> |
| <b>ASSETS</b>                                |                         |                     |                                   |                     |                                  |
| Cash and cash equivalents                    | \$ 27,962               | \$ 276,552          | \$ -                              | \$ 304,514          | \$ -                             |
| Accounts receivable                          | 325                     | 1,013,124           | 8,284                             | 1,021,733           | 723,802                          |
| Due from other funds                         | 236,667                 | 118,079             | 1,645,330                         | 2,000,076           | 846,340                          |
| Stores inventories                           | 3,552                   | 2,519,186           | -                                 | 2,522,738           | -                                |
| Furniture and equipment (net)                | 15,853                  | 545,780             | 160,949                           | 722,582             | -                                |
| <b>Total Assets</b>                          | <b>\$ 284,359</b>       | <b>\$ 4,472,721</b> | <b>\$ 1,814,563</b>               | <b>\$ 6,571,643</b> | <b>\$ 1,570,142</b>              |
| <b>LIABILITIES AND FUND EQUITY</b>           |                         |                     |                                   |                     |                                  |
| <b>LIABILITIES</b>                           |                         |                     |                                   |                     |                                  |
| Overdrafts                                   | \$ 112,983              | \$ 2,897,967        | \$ 1,231,311                      | \$ 4,242,261        | \$ 110,643                       |
| Accounts payable                             | 34,387                  | 435,626             | 10,107                            | 480,120             | 90,971                           |
| Due to other funds                           | 21,825                  | 163,176             | 116                               | 185,117             | 647,601                          |
| Capital lease                                | -                       | 8,417               | -                                 | 8,417               | -                                |
| <b>Total Liabilities</b>                     | <b>169,195</b>          | <b>3,505,186</b>    | <b>1,241,534</b>                  | <b>4,915,915</b>    | <b>849,215</b>                   |
| <b>FUND EQUITY</b>                           |                         |                     |                                   |                     |                                  |
| Retained earnings                            | 115,164                 | 967,535             | 573,029                           | 1,655,728           | 720,927                          |
| <b>Total Liabilities and<br/>Fund Equity</b> | <b>\$ 284,359</b>       | <b>\$ 4,472,721</b> | <b>\$ 1,814,563</b>               | <b>\$ 6,571,643</b> | <b>\$ 1,570,142</b>              |

See accompanying note to additional supplementary information.



**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**PROPRIETARY FUNDS  
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN  
RETAINED EARNINGS  
FOR THE YEAR ENDED JUNE 30, 2009**

|   | <b>Enterprise Funds</b> |                   |                                   |                     | <b>Internal<br/>Service<br/>Fund</b> |
|---|-------------------------|-------------------|-----------------------------------|---------------------|--------------------------------------|
|   | <b>Cafeteria</b>        | <b>Bookstore</b>  | <b>Information<br/>Technology</b> | <b>Total</b>        |                                      |
| <b>OPERATING REVENUES</b>                         |                         |                   |                                   |                     |                                      |
| Sales revenues                                    | \$ 1,094,183            | \$ 12,956,786     | \$ 2,777,826                      | \$ 16,828,795       | \$ 1,533,004                         |
| <b>OPERATING EXPENSES</b>                         |                         |                   |                                   |                     |                                      |
| Classified salaries                               | 338,865                 | 2,087,628         | 1,696,840                         | 4,123,333           | 5,784                                |
| Employee benefits                                 | 97,566                  | 617,275           | 537,592                           | 1,252,433           | 902                                  |
| Books and supplies                                | 32,919                  | 56,569            | 35,367                            | 124,855             | -                                    |
| Services and other operating expenditures         | 624,164                 | 10,117,238        | 184,294                           | 10,925,696          | 1,089,638                            |
| Capital outlay                                    | 541                     | 13,028            | 8,466                             | 22,035              | 47,149                               |
| Interest expense                                  | -                       | 1,269             | -                                 | 1,269               | -                                    |
| Depreciation                                      | 4,148                   | 249,198           | 79,317                            | 332,663             | -                                    |
| <b>Total Operating Expenses</b>                   | <b>1,098,203</b>        | <b>13,142,205</b> | <b>2,541,876</b>                  | <b>16,782,284</b>   | <b>1,143,473</b>                     |
| <b>Operating Income (Loss)</b>                    | <b>(4,020)</b>          | <b>(185,419)</b>  | <b>235,950</b>                    | <b>46,511</b>       | <b>389,531</b>                       |
| <b>NONOPERATING REVENUES (EXPENSES)</b>           |                         |                   |                                   |                     |                                      |
| Interest income                                   | -                       | -                 | -                                 | -                   | 4,962                                |
| Operating transfers in                            | 103,084                 | -                 | 46,670                            | 149,754             | 200,000                              |
| Operating transfers out                           | -                       | (421,340)         | -                                 | (421,340)           | (33,196)                             |
| <b>Total Nonoperating<br/>Revenues (Expenses)</b> | <b>103,084</b>          | <b>(421,340)</b>  | <b>46,670</b>                     | <b>(271,586)</b>    | <b>171,766</b>                       |
| <b>NET INCOME (LOSS)</b>                          | <b>99,064</b>           | <b>(606,759)</b>  | <b>282,620</b>                    | <b>(225,075)</b>    | <b>561,297</b>                       |
| <b>RETAINED EARNINGS, BEGINNING OF YEAR</b>       | <b>16,100</b>           | <b>1,574,294</b>  | <b>290,409</b>                    | <b>1,880,803</b>    | <b>159,630</b>                       |
| <b>RETAINED EARNINGS, END OF YEAR</b>             | <b>\$ 115,164</b>       | <b>\$ 967,535</b> | <b>\$ 573,029</b>                 | <b>\$ 1,655,728</b> | <b>\$ 720,927</b>                    |

See accompanying note to additional supplementary information.

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**PROPRIETARY FUNDS  
STATEMENTS OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2009**

|   | Enterprise Funds |                |                                   |                           |                | Internal<br>Service<br>Fund |
|---|------------------|----------------|-----------------------------------|---------------------------|----------------|-----------------------------|
|   | Cafeteria        | Bookstore      | Regional<br>Training<br>Institute | Information<br>Technology | Total          |                             |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |                  |                |                                   |                           |                |                             |
| Cash received from user charges   | \$ 1,093,858     | \$ 12,863,747  | \$ -                              | \$ 2,791,806              | \$ 16,749,411  | \$ -                        |
| Cash payments to employees for services   | (436,431)        | (2,704,903)    | -                                 | (2,234,432)               | (5,375,766)    | (6,686)                     |
| Cash payments for insurance claims  | -                | -              | -                                 | -                         | -              | 1,533,004                   |
| Cash payments to suppliers for goods and services   | (645,869)        | (10,155,038)   | -                                 | (171,896)                 | (10,972,803)   | (1,055,816)                 |
| Cash payments for other operating expenses  | -                | (1,269)        | -                                 | -                         | (1,269)        | (723,802)                   |
| Net Cash Provided (Used) for<br>Operating Activities  | 11,558           | 2,537          | -                                 | 385,478                   | 399,573        | (253,300)                   |
| <b>CASH FLOWS FROM NONCAPITAL<br/>FINANCING ACTIVITIES</b>  |                  |                |                                   |                           |                |                             |
| Due from/to other funds   | 47,352           | (535,245)      | (10,325)                          | (1,606,935)               | (2,105,153)    | (31,935)                    |
| Net Cash Provided (Used) from<br>Noncapital Financing Activities  | 47,352           | (535,245)      | (10,325)                          | (1,606,935)               | (2,105,153)    | (31,935)                    |
| <b>CASH FLOWS FROM CAPITAL AND RELATED<br/>FINANCING ACTIVITIES</b>   |                  |                |                                   |                           |                |                             |
| Payment of capital lease principal  | -                | (40,970)       | -                                 | -                         | (40,970)       | -                           |
| Acquisition of capital assets   | (11,431)         | -              | -                                 | (8,037)                   | (19,468)       | -                           |
| Net Cash Provided (Used) for Capital<br>and Related Financing Activities                                      | (11,431)         | (40,970)       | -                                 | (8,037)                   | (60,438)       | -                           |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |                  |                |                                   |                           |                |                             |
| Interest on investments   | -                | -              | -                                 | -                         | -              | 4,962                       |
| Net Cash Provided (Used) from<br>Investing Activities   | -                | -              | -                                 | -                         | -              | 4,962                       |
| Net increase-decrease in cash and cash equivalents  | 47,479           | (573,678)      | (10,325)                          | (1,229,494)               | (1,766,018)    | (280,273)                   |
| Cash and cash equivalents - Beginning   | (132,500)        | (2,047,737)    | 10,325                            | (1,817)                   | (2,171,729)    | 169,630                     |
| Cash and cash equivalents - Ending  | \$ (85,021)      | \$ (2,621,415) | \$ -                              | \$ (1,231,311)            | \$ (3,937,747) | \$ (110,643)                |
| <b>RECONCILIATION OF OPERATING INCOME<br/>(LOSS) TO NET CASH PROVIDED (USED) BY<br/>OPERATING ACTIVITIES:</b> |                  |                |                                   |                           |                |                             |
| Operating income (loss)   | \$ (4,020)       | \$ (185,419)   | \$ -                              | \$ 235,950                | \$ 46,511      | \$ 389,531                  |
| Adjustments to reconcile operating income (loss) to<br>net cash provided (used) by operating activities:      |                  |                |                                   |                           |                |                             |
| Depreciation  | 4,148            | 249,198        | -                                 | 79,317                    | 332,663        | -                           |
| Changes in assets and liabilities:  |                  |                |                                   |                           |                |                             |
| Receivables   | (325)            | (93,039)       | -                                 | 13,980                    | (79,384)       | (723,802)                   |
| Prepaid expenses  | -                | -              | -                                 | 105,375                   | 105,375        | -                           |
| Inventories   | -                | (331,907)      | -                                 | -                         | (331,907)      | -                           |
| Accounts payable  | 11,755           | 363,704        | -                                 | (49,144)                  | 326,315        | 80,971                      |
| <b>NET CASH PROVIDED (USED) BY OPERATING<br/>ACTIVITIES</b>   | \$ 11,558        | \$ 2,537       | \$ -                              | \$ 385,478                | \$ 399,573     | \$ (253,300)                |

See accompanying note to additional supplementary information.

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**FIDUCIARY FUNDS  
BALANCE SHEETS  
JUNE 30, 2009**

|  | <b>Associated<br/>Students<br/>Trust</b> | <b>Student<br/>Center<br/>Fee</b> | <b>Student<br/>Financial<br/>Aid</b> | <b>Scholarship<br/>and<br/>Loan</b> |
|--|--|-----------------------------------|--------------------------------------|-------------------------------------|
| <b>ASSETS</b>                                |  |                                   |                                      |                                     |
| Cash and cash equivalents                    | \$ 432,576                               | \$ 1,086,664                      | \$ 342,484                           | \$ 434,593                          |
| Investments                                  | -  | -                                 | -                                    | 111,418                             |
| Accounts receivable                          | 153                                      | 843                               | 892,181                              | 3,080                               |
| Due from other funds                         | 12,276                                   | 99,227                            | 122,495                              | -                                   |
| Prepaid expenses                             | -  | -                                 | 37,613                               | -                                   |
| <b>Total Assets</b>                          | <b>\$ 445,005</b>                        | <b>\$ 1,186,734</b>               | <b>\$ 1,394,773</b>                  | <b>\$ 549,091</b>                   |
| <b>LIABILITIES AND FUND EQUITY</b>           |  |                                   |                                      |                                     |
| <b>LIABILITIES</b>                           |  |                                   |                                      |                                     |
| Overdrafts                                   | \$ -                                     | \$ -                              | \$ 668,034                           | \$ -                                |
| Accounts payable                             | 221                                      | 396                               | 683,672                              | -                                   |
| Due to other funds                           | 13,325                                   | 31,667                            | 39,190                               | 34                                  |
| Deferred revenue                             | -  | -                                 | 3,877                                | -                                   |
| Due to student groups/others                 | 431,459                                  | 1,154,671                         | -                                    | -                                   |
| <b>Total Liabilities</b>                     | <b>445,005</b>                           | <b>1,186,734</b>                  | <b>1,394,773</b>                     | <b>34</b>                           |
| <b>FUND EQUITY</b>                           |  |                                   |                                      |                                     |
| Fund Balances                                |  |                                   |                                      |                                     |
| Reserved                                     | -  | -                                 | -                                    | 549,057                             |
| <b>Total Fund Equity</b>                     | <b>-</b>                                 | <b>-</b>                          | <b>-</b>                             | <b>549,057</b>                      |
| <b>Total Liabilities and<br/>Fund Equity</b> | <b>\$ 445,005</b>                        | <b>\$ 1,186,734</b>               | <b>\$ 1,394,773</b>                  | <b>\$ 549,091</b>                   |

See accompanying note to additional supplementary information.

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| <b>Associated<br/>Students</b> |                     |
|--------------------------------|---------------------|
| <b>Other Trust</b>             | <b>Total</b>        |
| \$ 232,237                     | \$ 2,528,554        |
| -                              | 111,418             |
| -                              | 896,257             |
| 28,373                         | 262,371             |
| -                              | 37,613              |
| <u>\$ 260,610</u>              | <u>\$ 3,836,213</u> |

|                |                  |
|----------------|------------------|
| \$ -           | \$ 668,034       |
| 181,675        | 865,964          |
| 33,713         | 117,929          |
| -              | 3,877            |
| 45,222         | 1,631,352        |
| <u>260,610</u> | <u>3,287,156</u> |

|                   |                     |
|-------------------|---------------------|
| -                 | 549,057             |
| -                 | 549,057             |
| <u>\$ 260,610</u> | <u>\$ 3,836,213</u> |

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**FIDUCIARY FUNDS  
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2009**

|  | <b>Student<br/>Financial<br/>Aid</b> | <b>Scholarship<br/>and<br/>Loan</b> | <b>Total</b>        |
|--|--------------------------------------|-------------------------------------|---------------------|
| <b>REVENUES</b>  |                                      |                                     |                     |
| Federal revenues   | \$ 16,599,267                        | \$ -                                | \$ 16,599,267       |
| State revenues   | 1,433,343                            | -                                   | 1,433,343           |
| Local revenues   | -                                    | 12,047                              | 12,047              |
| <b>Total Revenues</b>  | <u>18,032,610</u>                    | <u>12,047</u>                       | <u>18,044,657</u>   |
| <b>EXPENDITURES</b>  |                                      |                                     |                     |
| Current Expenditures   |                                      |                                     |                     |
| Services and operating expenditures  | -                                    | 55                                  | 55                  |
| <b>Total Expenditures</b>  | <u>-</u>                             | <u>55</u>                           | <u>55</u>           |
| <b>EXCESS OF REVENUES OVER<br/>(UNDER) EXPENDITURES</b>  | <u>18,032,610</u>                    | <u>11,992</u>                       | <u>18,044,602</u>   |
| <b>OTHER FINANCING SOURCES (USES)</b>  |                                      |                                     |                     |
| Operating transfers in   | 60,560                               | -                                   | 60,560              |
| Other uses   | (18,093,170)                         | -                                   | (18,093,170)        |
| <b>Total Other Financing Sources (Uses)</b>  | <u>(18,032,610)</u>                  | <u>-</u>                            | <u>(18,032,610)</u> |
| <b>EXCESS OF REVENUES AND OTHER<br/>FINANCING SOURCES OVER (UNDER)<br/>EXPENDITURES AND OTHER USES</b> | -                                    | 11,992                              | 11,992              |
| <b>FUND BALANCE, BEGINNING OF YEAR</b>   | -                                    | 537,065                             | 537,065             |
| <b>FUND BALANCE, END OF YEAR</b>   | <u>\$ -</u>                          | <u>\$ 549,057</u>                   | <u>\$ 549,057</u>   |

See accompanying note to additional supplementary information.

# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

## NOTES TO SUPPLEMENTARY INFORMATION JUNE 30, 2009

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### *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.

#### **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.

#### **Fund Financial Statements**

The accompanying financial statements report the governmental, proprietary, and fiduciary fund activities of Contra Costa Community College District and are presented on the modified accrual basis of accounting. Therefore, some amounts presented in these financial statements may differ from amounts presented in, or used in, the preparation of the basic financial statements.

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**NOTES TO SUPPLEMENTARY INFORMATION  
JUNE 30, 2009**

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***NOTE 2 - RECONCILIATION OF EXPENDITURES OF GRANT ACTIVITY WITH THE DISTRICT'S ACCOUNTING SYSTEM***

The following is a list of the grants differences between the District's accounting records and the Schedule of Expenditures of Federal Awards.

|   |                      |
|---|----------------------|
| Federal revenue per financial statements                    | \$ 20,001,260        |
| Federal Family Education Loans                              | 1,250,672            |
| Student Financial Aid                                       | 264,044              |
| TANF  | 137,763              |
| Foster Relative   | 50,550               |
| Expenditures per Schedule of Expenditures of Federal Awards | <u>\$ 21,704,289</u> |

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***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***

Board of Trustees  
Contra Costa Community College District  
Martinez, California

We have audited the financial statements of the business-type activities of the Contra Costa Community College District (the District) for the years ended June 30, 2009 and 2008, and have issued our report thereon dated December 18, 2009. 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.

**Internal Control Over Financial Reporting**

In planning and performing our audits, we considered Contra Costa Community College District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Contra Costa Community College District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Contra Costa 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. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

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 District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2009-1 to 2009-3 to be significant deficiencies in 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 prevented or detected by the District'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 believe that the significant deficiencies described as items 2009-1 and 2009-2 above are material weaknesses.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Contra Costa 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 audits 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*.

We noted certain matters that we reported to management of Contra Costa Community College District in a separate letter dated December 18, 2009.

Contra Costa Community College District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Contra Costa Community College District's responses and, accordingly, express no opinion on them.

This report is intended solely for the information and use of the Board of Trustees, Finance Committee, District Management, the California Community Colleges System'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.

*Vavrinek, Trine, Day & Co LLP*

Pleasanton, California  
December 18, 2009



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

Board of Trustees  
Contra Costa Community College District  
Martinez, California

**Compliance**

We have audited the compliance of Contra Costa Community College District (the 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, 2009. Contra Costa 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 Contra Costa Community College District's management. Our responsibility is to express an opinion on Contra Costa 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 Contra Costa 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 Contra Costa Community College District's compliance with those requirements.

In our opinion, Contra Costa 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, 2009.

## Internal Control Over Compliance

The management of Contra Costa Community College District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to Federal programs. In planning and performing our audit, we considered Contra Costa Community College District's internal control over compliance with the 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 Contra Costa Community College District's internal control over compliance.

A *control deficiency* in a district'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 District'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 District's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material noncompliance with a type of compliance requirement of a Federal program will not be prevented or detected by the District'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, Finance Committee, District Management, the California Community Colleges System'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.

Vavrinek, Trine, Day & Co LLP

Pleasanton, California  
December 18, 2009



## REPORT ON STATE COMPLIANCE

Board of Trustees  
Contra Costa Community College District  
Martinez, California

We have audited the compliance of Contra Costa Community College District (the District) with the types of compliance requirements described in Section 400 of the California State System's Office's *California Community College District Audit Manual (CDAM)* that are applicable to community colleges in the State of California. The specific requirements are described below.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America and the standards for financial and compliance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements with State laws and regulations have occurred. An audit includes examining, on a test basis, evidence about Contra Costa 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 Contra Costa Community College District's compliance with those requirements.

### General Directive

Section 424: MIS Implementation - State General Apportionment Funding System

### Administration

Section 435: Open Enrollment

Section 437: Student Fees - Instructional Materials and Health Fees

## **Apportionments**

Section 423: Apportionment of Instructional Service Agreements/Contracts

Section 425: Residency Determination for Credit Courses

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

Section 432: Enrollment Fee

Section 426: Students Actively Enrolled

## **Fiscal Operations**

Section 421: Salaries of 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

In our opinion, Contra Costa Community College District complied, in all material respects, with the aforementioned requirements for the year ended June 30, 2009. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported and are described in the accompanying schedule of findings and questioned costs as items 2009-4 and 2009-5.

Contra Costa Community College District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Contra Costa Community College District's responses and, accordingly, we express no opinion.

This report is intended solely for the information of the Board of Trustees, Audit Committee, District Management, the California Community Colleges System'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.

*Vavrinek, Tine, Day & Co LLP*

Pleasanton, California  
December 18, 2009

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

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**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**SUMMARY OF AUDITORS' RESULTS  
FOR THE YEAR ENDED JUNE 30, 2009**

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**FINANCIAL STATEMENTS**

|   |                    |
|---|--------------------|
| Type of auditors' report issued:  | <u>Unqualified</u> |
| Internal control over financial reporting:                                    |                    |
| Material weaknesses identified?   | <u>Yes</u>         |
| Significant deficiencies identified not considered to be material weaknesses? | <u>Yes</u>         |
| Noncompliance material to financial statements noted?                         | <u>No</u>          |

**FEDERAL AWARDS**

|  |                      |
|--|----------------------|
| Internal control over major programs:  |                      |
| Material weaknesses identified?  | <u>No</u>            |
| Significant deficiencies identified not considered to be material weaknesses?  | <u>None reported</u> |
| Type of auditors' report issued on compliance for major programs:  | <u>Unqualified</u>   |
| <br>Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a) | <br><u>No</u>        |
| Identification of major programs:  |                      |

| <u>CFDA Number(s)</u>                     | <u>Name of Federal Program or Cluster</u> |
|---|---|
| 84.007, 84.032, 84.033,<br>84.063, 84.375 | Student Financial Aid Cluster             |
| 84.048                                    | CTEA                                      |
| _____                                     | _____                                     |
| _____                                     | _____                                     |

|  |                   |
|--|-------------------|
| Dollar threshold used to distinguish between Type A and Type B programs: | <u>\$ 613,609</u> |
| Auditee qualified as low-risk auditee?                                   | <u>No</u>         |

**STATE AWARDS**

|   |                  |
|---|------------------|
| Internal control over State programs:   |                  |
| Material weaknesses identified?   | <u>No</u>        |
| Significant deficiencies identified not considered to be material weaknesses? | <u>Yes</u>       |
| Type of auditors' report issued on compliance for State programs:             | <u>Qualified</u> |



# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

## FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS FOR THE YEAR ENDED JUNE 30, 2009

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The following findings represent significant deficiencies, material weaknesses, and/or instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

**2009-1 Finding – Year End Closing Process**  
*Material Weakness*

**Criteria or Specific Requirement**

One element of a District’s internal control over financial reporting is its ability to prepare financial statements from its trial balance in accordance with Generally Accepted Accounting Standards. This includes development of a system of internal control procedures that allow for accurate, timely closing of accounting records.

**Condition**

We noted that several adjustments to the District trial balance were necessary after the start of the audit. Some of these adjustments were noted by District personnel, and some were a result of our inquiries during the completion of the audit. The CCFS-311 was filed prior to the discovery of these adjustments, and therefore, these variances are included on the fund balance reconciliation page of this report.

**Questioned Costs**

Not applicable.

**Context**

Four funds required adjustments exceeding \$100,000 each, totaling approximately \$2.8 million after the year end close was completed. In addition, many smaller differences that were considered immaterial in relation to the financial statements as a whole, remain under investigation and some have not been reconciled or corrected.

**Effect**

Reconciliations and adjustments to the year end balances occurring after the filing of the form CCFS-311, and after financial reports have been presented to management and the governing board decrease the relevance and usefulness of the data that was previously provided.

**Cause**

Year end closing procedures were not sufficient to identify and correct errors in a timely manner.

**Recommendation**

We recognized that the District has made significant improvements in identifying and reconciling year end accruals decreasing the number of proposed material audit adjustments exceeding \$100,000 from eight to four. We recommend that the District continue its effort in this process so that all significant accruals and adjustments presented in the CCFS-311 reflect the current, accurate finances of the District.

# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

## FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS FOR THE YEAR ENDED JUNE 30, 2009

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### District Response

The District concurs with the audit recommendation to continue its effort to improve identifying and reconciling year end accruals and closing procedures. The District believes that it has made substantial improvements in this area and that the issues would not have been raised to the level of material if it had not been for the large dollar amount involved in the bond redemption fund. The district will continue to improve its year-end closing procedures to insure accurate, timely closing of accounting records.

### 2009-2 Finding – Payroll Clearing Accounts

*Material Weakness*

#### Criteria or Specific Requirement

Industry standards and general best practices emphasize recording transactions in a clear concise manner to provide for the transparency of the items being recorded. Transactions should be posted in a timely manner and reconciled periodically throughout the year.

#### Condition

We noted there are three payroll benefit liability accounts with significant balances totaling approximately \$3.3 million were not supported by detail payroll clearing account reconciliations or other information.

#### Questioned Costs

Not applicable.

#### Context

The District's annual payroll and benefits expenditures total over \$165 million, or 56% of total District-wide expenditures.

#### Effect

By not reconciling payroll related accounts in a timely manner, errors and/or misuse of accounts could occur and not be detected in timely manner. In addition, the delayed reconciliations and reviews of payroll accounts can impact the ability of the District to provide timely and accurate reporting to outside agencies of the activities during the period.

#### Cause

The District was unable to provide explanation and/or evidence for three payroll liability balances.

# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

## FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS FOR THE YEAR ENDED JUNE 30, 2009

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### **Recommendation**

The District should ensure that the processing, posting, and reconciliation of payroll as well as other transactions through the general ledger system occurs in a timely manner. The detail of the payroll clearing account should be reviewed and the transaction detail should be validated through methods such as payroll exception reports designed to catch errors in entries prior to posting of the amounts to the general ledger. Exception reports can be used for various purposes, including but not limited to determining if retirement withholding or other liability amounts are being posted to non-existent general ledger accounts, or if student payroll is coded to a certificated salary account, etc. We recommend that reconciliations be performed monthly for the payroll clearing accounts, so that any unusual items can be identified timely and investigated.

### **District Response**

The District concurs with this recommendation as it has self-identified these as issues with the unreconciled payroll clearing account. The District will ensure that processing, posting, and reconciliation of payroll as well as transactions through the general ledger systems occurs in a timely manner. The District will establish and implement procedures to ensure that monthly reconciliations are completed and reviewed.

### **2009-3 Finding – Bookstore Subsidiary Ledger Reports** *Significant deficiency*

#### **Criteria or Specific Requirement**

Industry standards and general best practices suggest a system of internal control over bookstore operations that will provide for both the safeguarding of District-owned assets and the proper recordkeeping of each account balance.

#### **Condition**

We noted the original accounts receivable and payable detail reports did not agree with amounts reported in trial balance.

#### **Questioned Costs**

Not applicable.

#### **Context**

There was approximately \$1 million in accounts receivables and \$429,000 in accounts payable recorded in the Bookstore Fund.

# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

## FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS FOR THE YEAR ENDED JUNE 30, 2009

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### **Effect**

By not maintaining proper support and reconciling assets and liabilities in a timely manner, the effect is a transaction trail of evidence that is not clear as it could be and increases the possibility that errors may occur and not be prevented or detected in a timely manner.

### **Cause**

Accounts receivables and payables detail maintained in the bookstore system did not agree with amounts recorded in the District general ledger.

### **Recommendation**

In order to strengthen the bookstore internal controls and therefore mitigate the potential for misappropriation, regular monitoring of the bookstore accrual transactions is recommended. Providing regular review and oversight will enhance the ability of the District to accurately account for the assets and liabilities maintained by the bookstore.

### **District Response**

The District concurs with this recommendation and will develop and implement monitoring of the bookstore transactions. The District has already implemented consistent reporting of financials for all bookstores along with regular review and oversight of the bookstore financials.

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009**

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None reported.

# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

## STATE AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2009

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The following findings represent instances of noncompliance and/or questioned costs relating to State program laws and regulations.

### **2009-4 Finding**

#### **Criteria or Specific Requirement**

Per Education Code Section 76355, districts are permitted to require students to purchase instructional materials, but must demonstrate that the District supplies the materials at a cost that is no more than the district's actual cost.

#### **Condition**

It was noted that the District does not have a systematic procedure to document the cost for the instructional material required for each class, and therefore, instructional material fees charged are not properly documented.

#### **Questioned Costs**

None.

#### **Context**

The amount set as instructional material fees may either be too high and exceed the allowable cap, or lower than the allowable amount, in which case District operations are subsidizing the instructional material purchases.

#### **Effect**

The District does not know if it is in compliance with the requirement for the upper limit on the amount established as instructional material fees.

#### **Cause**

The District was unable to provide us with invoices that support the District's cost of instructional materials.

#### **Recommendation**

The District should develop a method to keep track of all costs for instructional materials by classes and compare that cost to the fee charged to students to determine if the District has charged more than its actual costs to students

#### **District Response**

The District concurs with this recommendation and will work with the colleges to ensure development and implementation of a systematic procedure to document the costs of instructional materials, and compare those costs to the fees charged to the students.

# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

## STATE AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2009

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### 2009-5 Finding

#### Criteria or Specific Requirement

A community college district may claim FTES for the attendance of K-12 pupils who take courses offered by the district under the concurrent enrollment arrangement only if it complies with specific conditions. Per Education Code Section 48800(a), the District governing board may authorize those pupils, upon recommendation of the principal of the pupil's school of attendance, and with parental consent, to attend a community college during any session or term.

#### Condition

During our testing of concurrently enrolled students' applications at DVC, we noted that 6 out of 15 students tested did not have evidence of approval from the principal of the pupil's school of attendance, and/or with evidence of parental consent, to attend the college courses.

#### Questioned Costs

We do not anticipate that this finding would have an effect on FTES claimed, however the six students in question may have been under-assessed enrollment fees if they should have been listed as a regular status student rather than a concurring enrollment student.

#### Context

We reviewed concurrently enrolled student files and reports at Diablo Valley College from the Fall 2008 and Spring 2009 semesters listing the number of FTES generated by this student group.

#### Effect

The District was out of compliance with the State requirements regarding maintaining evidence of approvals from the principal and parents for the special full time and part time students.

#### Cause

Diablo Valley College was unable to provide evidence of the approvals from the principal and/or parents for 6 of the 15 concurrent students tested.

#### Recommendation

The District should work with the College to develop procedures to review and maintain the necessary approvals for the concurrently enrolled students in order to be in compliance with the State requirement.

#### District Response

The District concurs with the recommendation and notes that 4 of the 15 student records were not in compliance. The college has implemented procedures at midyear FY 08-09 to review and maintain necessary approvals for the concurrently enrolled students.

# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

## SUMMARY OF PRIOR YEAR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2009

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Except as specified in previous sections of this report, summarized below is the current status of all audit findings reported in the prior year's schedule of audit findings and questioned costs.

### *Financial Statement Findings*

#### **2008-1 ACCOUNT RECONCILIATIONS AND FINANCIAL STATEMENTS**

##### **Criteria or Specific Requirement**

One element of a District's internal control over financial reporting is its ability to prepare financial statements from its trial balance in accordance with Generally Accepted Accounting Standards. This includes development of a system of internal control procedures that allow for accurate, timely closing of accounting records.

##### **Condition**

*Material Weakness* - We noted that many adjustments to the District trial balance were necessary after the start of the audit. Some of these adjustments were noted by District personnel, and some were a result of our inquiries during the completion of the audit. The CCFS-311 was filed prior to the discovery of these adjustments, and therefore, these variances are included on the fund balance reconciliation page of this report

##### **Questioned Costs**

Not applicable

##### **Context**

Eight funds required adjustments totaling approximately \$1.0 million after the year end close was completed. In addition, many smaller differences that were considered immaterial in relation to the financial statements as a whole, remain under investigation and have not been reconciled or corrected

##### **Effect**

Reconciliations and adjustments to the year end balances occurring after the filing of the form CCFS-311, and after financial reports have been presented to management and the governing board decrease the relevance and usefulness of the data that was previously provided.

##### **Cause**

Year end closing procedures were not sufficient to identify and correct errors in a timely manner.

##### **Recommendation**

We recommend that reconciliations and adjustments be performed prior to completion of year end reports for the board and filing of the CCFS-311, so as to reflect the most up to date, accurate amounts. Tasks and timelines for the processes involved in year end closing should be mapped out and consideration given to the appropriate level of resources necessary to complete these tasks in a timely manner that allows for reconciliations and adjustments to be completed at an earlier date.

##### **Current Status**

Partially implemented, see current year finding at 2009-1.



# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

## SUMMARY OF PRIOR YEAR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2009

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### 2008-2    **Subsidiary Accounting Ledgers**

#### **Criteria or Specific Requirement**

One element of a District's internal control over financial reporting is its ability to prepare accurate financial statements from its trial balance in accordance with Generally Accepted Accounting Standards. This includes maintaining and reviewing support for amounts reported in the trial balance.

#### **Condition**

*Material Weakness* - We noted that accounts receivable and accounts payable aging reports supporting the outstanding receivable and payable balances are not available. The District does have general ledger detail of these accounts. However, general ledger detail contains many transactions that were accrued and then subsequently reviewed and due to the large volume of detail, does not allow for a clear concise report of amounts that remain outstanding. In addition, we noted that an allowance for uncollectible receivables in the amount of \$1 million has been recorded however, there is no support or rationale that was able to be located to indicate the basis on which \$1 million was decided upon as a reasonable allowance for uncollectible amounts.

#### **Questioned Costs**

Not applicable

#### **Context**

Accounts receivable at June 30, 2008 totaled \$43 million, of which \$6 million was from student receivables. Accounts payable at June 30, 2008 totaled \$26 million. These amounts include grant receivables and payables as well as other types of receivables and payables.

#### **Effect**

Without aging reports showing year end balances by name, management is not able to effectively identify for review and follow up old balances that may no longer be valid and it appears that old uncollectible or even previously collected items remain in student receivables, grant receivables and other accruals. Not having a rationale for the determination of the amount of the allowance and not updating the amount from historical levels indicates that receivables reported in the financial records may be over or under stated.

#### **Cause**

The District has not developed processes to effectively monitor receivables and payables to ensure that only valid balances remain in these accounts at the end of year fiscal year. In addition, the District has not considered the need for any change to the allowance for doubtful accounts.

#### **Recommendation**

We recommend the District determine how best to prepare management reports that will allow for review of old outstanding items and assessment of whether they continue to be valid or need to be written off.

#### **Current Status**

Partially Implemented – see finding 2009-3.

# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

## SUMMARY OF PRIOR YEAR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2009

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### *Federal Award Findings*

#### **2008-3 Vocational Education –Special Education Grants to States (CFDA #84.048)**

##### **Criteria or Specific Requirement**

One objective of internal control pertaining to the compliance requirements for Federal programs is that transactions are properly recorded and accounted for to maintain accountability over assets. Institutions of higher education follow the provisions of OMB Circular A-110. Included among the compliance requirements over equipment management is a requirement that a physical inventory of equipment be taken at least once every two years and reconciled to the equipment records.

##### **Condition**

During our review of internal controls and compliance requirements over equipment management, we noted that District management was not able to determine when the last equipment inventory observation was taken and that there is no reconciliation procedure performed between the physical inventory listing and the equipment records.

##### **Questioned Costs**

The total program expenditures during 2007-2008 was \$871,226, of which \$263,103 was used to purchase equipment and other capital assets.

##### **Context**

We reviewed the Student Financial Aid Federal Cluster of Programs, VATEA, Title III and Title V and compared internal control and compliance requirements to the applicable Office of Management and Budget circulars.

##### **Effect**

Equipment inventory may be overstated or understated. In addition, the disposition of an asset may not be detected and the Federal awarding agency may not receive its proportionate amount of the current fair market value of the disposed equipment.

##### **Cause**

Management has no control activity in place requiring a physical inventory observation of equipment once every two years and a corresponding reconciliation between the physical inventory listing and the equipment records.

##### **Recommendation**

We recommend that management establish a policy requiring an annual observation of equipment inventory and a reconciliation procedure between the inventory listing and equipment records. We recommend that any discrepancies between the reports should be investigated and corrected timely. Review of the reconciliation should be documented by management.

##### **Current Status**

Implemented.

# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

## SUMMARY OF PRIOR YEAR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2009

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### *State Award Findings*

#### **2008-4 Apportionment for Instructional Services Agreement (ISA)**

##### **Criteria or Specific Requirement**

Education Code Section 84752 requires community college districts that offer ISAs to comply with following regulations in order to claim FTES for state funding:

- Program must be approved by the State Chancellor's Office and courses must be part of those approved programs or the colleges must received delegated authority to separately approve those courses,
- Courses must be open to all admitted students who meet any approved prerequisites for the courses,
- Students must be under the immediate supervision of a district employee,
- The district employee must possess valid credentials or meet the minimum qualifications required for the assignment, and
- The district and public or private agency, individual, or group of individuals with who the district has an ISA may not receive full compensation for the direct education costs for conduct of the class from any other source.

##### **Condition**

During our review of Instructional Service Agreements with Paris Beauty we found two missing items. One, which the contract does not include the signed copy stating that "funds were not received by any other outside sources" (attribute 9-10). Two, the contract fails to state the amount of FTES hours claimed by the district (attribute 1). We also found that all three contracts do not specify that they "did not receive full compensation for the direct education costs" (attribute 8).

##### **Questioned Costs**

The total 2007-08 Resident FTES of 321.05 attributable to the LMC contract with Paris Beauty School.

##### **Context**

Only one of the two contracts that the College claimed state apportionment for was out of compliance. The College has since created a master contract and we have determined that the master contract has the required disclosures. Therefore, it appears to be an isolated incident.

##### **Effect**

Certification statements verifying that the requirements of the program were not documented.

##### **Cause**

The contracts with Paris Beauty School did not include all elements required for the receipt of FTES funding.

# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

## SUMMARY OF PRIOR YEAR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2009

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### **Recommendation**

We recommend the District prepare a master contract that contains all required elements and can be used for future instructional service agreements. Prior to the start of each course, the contract should be reviewed for completeness, including verification that it includes all required disclosures and has been signed by all appropriate parties. A secondary review performed as part of the preparation of the 320 Attendance Reports, where these FTES are included should be done to review the contracts and verify the FTES amounts being reported.

### **Current Status**

Implemented.

### **2008-5 CalWorks**

#### **Criteria or Specific Requirement**

Calworks requirements are incorporated in Education Code 79200-79203 & 84759 and the CalWORKS Program Handbook Section V (Eligibility Determination) and requirements of the State System's Office requires certain eligibility documents to be obtained and included within student files as support for eligibility determinations. Education code and the Handbook also indicate that the student's eligibility should be verified at the beginning of each semester.

#### **Condition**

The District does not have a procedure in place to document and maintain the required eligibility documentation through the County Welfare Department for each academic term the recipient was served. In addition, the eligibility of CalWORKS program is not verified at each academic term.

#### **Questioned Costs**

Program funding is \$799,903 from state and \$145,171 from federal sources.

#### **Context**

4 out of 10 CalWORKS students from Los Medanos College and all of ten students from Contra Costa College, selected for review of CalWorks files were missing Welfare to Work Plans in the student files. We noted that Contra Costa College has historically relied on weekly on-site visit from County coordinators, rather than obtaining Welfare to Work Plans.

#### **Effect**

The District may be at risk of providing services to individuals who are not eligible to receive the specific services from the CalWORKS and/or TANF programs.

#### **Cause**

The District does not have a procedure in place to effectively coordinate with the County Welfare Department to ensure that required documentation is obtained for each academic term the recipient was served.

# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

## SUMMARY OF PRIOR YEAR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2009

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### **Recommendation**

Documentation to support the eligibility of all individuals receiving services through the CalWORKS and TANF programs should be maintained in one central program area for each site and maintained to support that services are properly provided. Student files should be checked at the beginning of each semester to determine that all required documents are included as well as the required certification from the County. Use of a checklist may assist in ensuring the student files are well organized and complete.

### **Current Status**

Implemented.