

**CONTRA COSTA
COMMUNITY
COLLEGE DISTRICT**

**BUILDING FUND
2002 MEASURE A
FINANCIAL AUDIT**

JUNE 30, 2012

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

BUILDING FUND - 2002 MEASURE A

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James Marta & Company
Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

INDEPENDENT AUDITORS' REPORT

Governing Board and
Measure A Citizens' Oversight Committee
Contra Costa Community College District
Martinez, California

We have audited the accompanying financial statements of the Contra Costa Community College District Building Fund 2002 Measure A, as of and for the year ended June 30, 2012, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Building Fund 2002 Measure A Bond Funds of the Contra Costa Community College District at June 30, 2012, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1, the financial statements present only the Building Fund specific to the 2002 Measure A Bond Funds and are not intended to present fairly the financial position and results of operations of the Contra Costa Community College District 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 10, 2012, on our consideration of the District Building Fund's (2002 Measure A) internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

James Marta & Company

James Marta & Company
Certified Public Accountants
December 10, 2012

BASIC FINANCIAL STATEMENTS

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

**BUILDING FUND - 2002 MEASURE A
BALANCE SHEET
JUNE 30, 2012**

ASSETS

Cash and cash equivalents	\$ 5,124,567
Accounts receivable	7,551
Due from other funds	7,700
Other assets	<u>384,439</u>
Total assets	<u><u>\$ 5,524,257</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 1,047,905
Due to other funds	<u>125,259</u>
Total liabilities	1,173,164

FUND BALANCE

Restricted	<u>4,351,093</u>
Total liabilities and fund balance	<u><u>\$ 5,524,257</u></u>

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

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
BUILDING FUND - 2002 MEASURE A
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2012

REVENUES

Investment income	<u>\$ 34,956</u>
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EXPENDITURES

Books and supplies	5,139
Services and other operating expenditures	151,957
Capital outlay	<u>4,960,460</u>
Total Expenditures	<u>5,117,556</u>

Excess of Revenue over (under)	
Expenditures	(5,082,600)

Fund Balance, Beginning of Year	<u>9,433,693</u>
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Fund Balance, End of Year	<u><u>\$ 4,351,093</u></u>
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The accompanying notes are an integral part of these financial statements.

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT
BUILDING FUND (2002 MEASURE A)**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Contra Costa Community College District Building Fund - 2002 Measure A conforms to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants. The Contra Costa Community College District Building Fund - 2002 Measure A accounts for financial transactions in accordance with the policies and procedures of the California College Budget and Accounting Manual.

A. REPORTING ENTITY

The Contra Costa Community College District (the "District") is a public educational agency operating under the applicable laws and regulations of the State of California. It is governed by a five member Governing Board elected by registered voters of the District, which comprises an area in Contra Costa County. The District was established in 1949 and serves students in post-education.

These financial statements were prepared to comply with the requirements of proposition 39 related to the 55% voter approval requirements for bond issues and include only the Building Fund - 2002 Measure A established to account for the expenditures of the general obligation bonds approved on March 5, 2002. These financial statements are not intended to present fairly the complete financial position and results of operations of the Contra Costa Community College District in conformity with generally accepted accounting principles.

The Committee's oversight goals include ensuring expenditures are within the language of the ballot measure and advising the District's Governing Board on various projects. The citizens' oversight committee must include, among others, representation of a bona fide taxpayers association, a business organization and a senior citizens organization. No district employees or vendors are allowed to serve on the citizens' oversight committee.

The financial statements presented are for the individual Measure A General Obligation Bond Building Fund and are not intended to be a complete presentation of the District's financial position or results of operations.

B. FUND ACCOUNTING

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity or retained earnings, revenues, and expenditures or expenses, as appropriate. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

The proceeds from the sale of general obligation bonds and the subsequent expenditure of the bond funds are accounted for in the Building fund of the District. Any premium received from the sale of the bonds is deposited in the Bond and Interest Redemption fund of the District. The Measure A Bond Building Fund forms part and not all of the net assets in the District's Building Fund which contains other sources of funding.

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT
BUILDING FUND – 2002 MEASURE A**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

C. ACCOUNTING POLICIES

The District prepares its financial statements in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA) and complies with the policies and procedures of the California College Budget and Accounting Manual.

The District is also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. In addition, the District has the option to apply FASB pronouncements issued after that date to business-type activities and enterprise funds, if applicable. The District does not currently have any business activities or enterprise funds that require the District to follow the pronouncement of the FASB.

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied.

The financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. “Available” means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, “available” means collectible within the current period or within 60 days after year-end.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

E. BUDGETS AND BUDGETARY ACCOUNTING

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. By state law, the District's governing board must adopt a final budget no later than July 1. A public hearing must be conducted to receive comments prior to adoption. The District's governing board satisfied these requirements.

F. ENCUMBRANCES

Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid. All encumbrances are liquidated at June 30.

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT
BUILDING FUND – 2002 MEASURE A**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

G. DEPOSITS AND INVESTMENTS

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 County is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et seq.

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

Investments 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.

H. CAPITAL AND LONG-TERM DEBT

The accounting and reporting treatment applied to the capital assets and long-term liabilities associated with the General Obligation Bond Fund is accounted for on a spending or “financial flow” measurement focus. This means that only current assets and liabilities are generally included on the balance sheet.

The reported fund balances is considered a measure of “available spendable resources”. Thus, the capital assets and long-term liabilities associated with the Measure A General Obligation Bond Fund are accounted for in the basic financial statements of the District.

I. FUND BALANCES – GOVERNMENTAL FUNDS

Fund balances of the governmental funds are classified as follows:

Non-spendable – amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts that can be used only for specific purposes determined by a formal action of the governing board. The governing board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the governing board.

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT
BUILDING FUND – 2002 MEASURE A**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

I. FUND BALANCES – GOVERNMENTAL FUNDS (continued)

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District's adopted policy, only the governing board or chief business officer may assign amounts for specific purposes.

Unassigned – all other spendable amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the governing board has provided otherwise in its commitment or assignment actions.

J. USE OF ESTIMATES

The preparation of 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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

K. NEW ACCOUNTING PRONOUNCEMENTS

In November 2010, the GASB issued GASB Statement No. 61, *The Financial Reporting Entity: Omnibus-an amendment of GASB Statements No. 14 and No. 34*. The objective of this Statement is to improve financial reporting for a governmental financial reporting entity. The requirements of Statement No. 14, *The Financial Reporting Entity*, and the related financial reporting requirements of Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2012. Earlier application is encouraged.

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT
BUILDING FUND – 2002 MEASURE A**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

2. CASH AND INVESTMENTS

Cash and investments as of June 30, 2012 consist of Cash in the County Treasury of \$5,124,567.

A. County in County Treasury

Cash in County Treasury consists of District cash held by the Contra Costa County Treasury that is invested in the county investment pool. The Treasury permits negative cash balances so long as the District's total cash in county treasury has a positive balance.

The fair value of the District's investment in the pool is reported in the financial statements at amounts that are 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 weighted average maturity of the pool is 151 days. The pool is rated AA Af by Standard and Poor's.

Interest Rate Risk. Interest rate risk is the risk that changes in market interest rate will adversely affect the fair value of an investment. Generally, as the length of the maturity of an investment increases, 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 Treasury that purchases 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.

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 measure by the assignment of a rating by a nationally recognized statistical rating organization. The Building Fund – 2002 Measure A only invests in County Pooled Investment Funds which are not required to be rated.

Custodial Credit Risk – Deposits - This is the risk that in the event of a bank failure, the Building Fund – 2002 Measure A or District's deposits may not be returned to it. The Building Fund – 2002 Measure A does not have any deposits subject to custodial credit risk.

3. ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2012, consists of interest receivable of \$7,551.

4. INTERFUND TRANSACTIONS

Interfund receivables/payables (Due To/Due From)

As of June 30, 2012, the Building Fund - 2002 Measure A has an amount of \$7,700 due from other capital project funds. In addition, the Building Fund - 2002 Measure A owes \$125,259 to other capital project funds for the Contra Costa College's College Center.

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT
BUILDING FUND – 2002 MEASURE A**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

5. ACCOUNTS PAYABLE

Accounts payable at June 30, 2012, consists of the following:

Vendor payables	\$ 663,466
Construction retention	384,439
Total accounts payable	\$ 1,047,905

6. MEASURE A GENERAL OBLIGATION BONDS

On November 7, 2000, California voters approved Proposition 39, the Smaller Classes, Safer Schools and Financial Accountability Act. Proposition 39 amended portions of the California Constitution to provide for the issuance of general obligation bonds by school districts, community college districts, or county offices of education, “for the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of rental property for school facilities”. The Bonds were issued in the amount of \$120,000,000 The Bonds are payable from the proceeds of *ad valorem* property taxes which the Board of Supervisors of Contra Costa County are obligated to levy and collect on all taxable property in the District for the payment of the accreted value or conversion value of and interest on the Bonds.

7. FUND BALANCES

The entire fund balance is restricted for specific capital projects of the District.

8. COMMITMENTS AND CONTINGENCIES

As of June 30, 2012, the Building Fund - 2002 Measure A had the following commitments with respect to unfinished capital projects:

Capital Project	Remaining Contract Commitment
<i>Contra Costa College</i>	
Card Access	\$ 11,924
Construction Management	6,443
Gym Anex Elevator	50,722
Music Building	601,271
New College Center	1,462,136
VA Building Renovation	39,085
	\$ 2,171,581

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT
BUILDING FUND – 2002 MEASURE A**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

9. SUBSEQUENT EVENTS

District management evaluated its June 30, 2012 financial statements for subsequent events through December 10, 2012, the date these financial statements were available to be issued. Management is not aware of any subsequent events that would require recognition or disclosure in the financial statements.

INDEPENDENT AUDITORS' REPORT



James Marta & Company
Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

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

Governing Board and
Citizens Oversight Committee
Contra Costa Community College District
Martinez, California

We have audited the accompanying financial statements of the Contra Costa Community College District (the District) Building Fund (2002 Measure A), as of and for the year ended June 30, 2012, and have issued our report thereon dated December 10, 2012. We conducted our audit 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

Management of Contra Costa Community College District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Contra Costa Community College District Building Fund's (2002 Measure A) 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 Building Fund's (2002 Measure A) internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Contra Costa Community College District Building Fund's (2002 Measure A) internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Contra Costa Community College District Building Fund's (2002 Measure A) financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the governing board, management, and the 2002 Measure A Citizen Oversight Committee, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "James Marta & Company". The signature is written in a cursive, flowing style.

James Marta & Company
Certified Public Accountants
December 10, 2012

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT
BUILDING FUND (2002 MEASURE A)**

**FINANCIAL STATEMENT FINDINGS
JUNE 30, 2012**

No matters were reported.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

**BUILDING FUND - 2002 MEASURE A
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2012**

No matters were reported.

**CONTRA COSTA COMMUNITY
COLLEGE DISTRICT**

**2002 GENERAL OBLIGATION
BOND FUND MEASURE A
PERFORMANCE AUDIT**

June 30, 2012

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

**BUILDING FUND-2002 MEASURE A
FOR THE YEAR ENDED JUNE 30, 2012**

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Accounting, Auditing, Consulting, and Tax

INDEPENDENT AUDITORS' REPORT

Board of Trustees And
Citizens' Bond Oversight Committee
Contra Costa Community College District
Martinez, California

We were engaged to conduct a performance audit of the Contra Costa Community College District (the District), 2002 Measure A Building Fund for the year ended June 30, 2012.

We conducted this performance audit in accordance with the standards applicable to performance 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 sufficient, appropriate evidence to provide a reasonable basis for our conclusion based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our conclusions based on our audit objectives.

Our audit was limited to the objectives listed within the report which includes determining the District's compliance with the performance requirements as referred to in Proposition 39 and outlined in Article XIII A, Section 1(b)(3)(C) of the California Constitution. Management is responsible for the District's compliance with those requirements.

In planning and performing our performance audit, we obtained an understanding of the District's 2002 Measure A Building Fund internal control in order to determine if the internal controls were adequate to help ensure the District's compliance with the requirements of Proposition 39 and outlined in Article XIII A, Section 1 (b)(3)(C) of the California Constitution. Accordingly, we do not express an opinion on the effectiveness of the District's 2002 Measure A Building Fund internal control.

The results of our tests indicated that the District 2002 Measure A Building Fund were expended only for the specific projects approved by the voters, in accordance with Proposition 39 and outlined in Article XIII A, Section 1 (b)(3)(C) of the California Constitution.

James Marta & Company

James Marta & Company
Certified Public Accountants
December 10, 2012

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

BUILDING FUND-2002 MEASURE A FOR THE YEAR ENDED JUNE 30, 2012

AUTHORITY FOR ISSUANCE

The 2002 Measure A General Obligation Bonds are issued pursuant to the Constitution and laws of the State of California (the State), including the provisions of Chapters 1 and 1.5 of Part 10 of the California Education Code, and other applicable provisions of law.

The District received authorization at an election held on March 5, 2002, to issue bonds of the District in an aggregate principal amount not to exceed \$120,000,000 to finance specific construction and renovation projects approved by eligible voters within the District. The proposition required approval by at least 55 percent of the votes cast by eligible voters within the District (the 2002 Authorization). The Bonds represent the first, second, and third series of the authorized bonds to be issued under the 2002 Authorization.

PURPOSE OF ISSUE

The net proceeds of the Bonds and any other series of general obligation bonds issued under the Authorization will be used for the purposes specified in the District bond proposition submitted at the Election, which include providing funds needed to continue to renovate and modernize District facilities.

The funds will be used to repair outmoded facilities (for energy savings, safety, and handicapped accessibility improvements), and update facilities used by vocational programs (for fire science, nursing, police, culinary arts, technical programs, etc), and transfer programs at Contra Costa College, Diablo Valley College, Los Medanos College, and San Ramon Valley Center, and the Brentwood/Delta Science Centers.

AUTHORITY FOR THE AUDIT

On November 7, 2000, California voters approved Proposition 39, the Smaller Classes, Safer Schools and Financial Accountability Act. Proposition 39 amended portions of the California Constitution to provide for the issuance of general obligation bonds by school districts, community college districts, or county offices of education, "for the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of rental property for school facilities", upon approval by 55% of the electorate. In addition to reducing the approval threshold from two-thirds to 55%, Proposition 39 and the enacting legislation (AB 1908 and AB 2659) requires the following accountability measures as codified in Education Code sections 15278-15282:

1. Requires that the proceeds from the sale of the bonds be used only for the purposes specified in Article XIII A, Section 1(b)(3)(C) of the California Constitution, and not for any other purpose, including teacher and administrator salaries and other district operating expenses.
2. The district must list the specific facilities projects to be funded in the ballot measure, and must certify that the governing board has evaluated safety, class size reduction and information technology needs in developing the project list.
3. Requires the district to appoint a citizen's oversight committee.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

BUILDING FUND-2002 MEASURE A FOR THE YEAR ENDED JUNE 30, 2012

AUTHORITY FOR THE AUDIT (continued)

4. Requires the district to conduct an annual independent financial audit and performance audit in accordance with the Government Auditing Standards issued by the Comptroller General of the United States of the bond proceeds until all of the proceeds have been expended.
5. Requires the district to conduct an annual independent performance audit to ensure that the funds have been expended only on the specific projects listed.

OBJECTIVES OF THE AUDIT

1. Determine whether expenditures charged to the Building Fund 2002 Measure A Fund have been made in accordance with the bond project list approved by the voters through the approval of the 2002 Measure A.
2. Determine whether salary transactions, charged to the Building Fund 2002 Measure A Fund were in support of the 2002 Measure A and not for District general administration or operations.

SCOPE OF THE AUDIT

The scope of our performance audit covered the period of July 1, 2011 to June 30, 2012. The population of expenditures tested included all object and project codes associated with the bond projects. The propriety of expenditures for capital projects and maintenance projects funded through other State or local funding sources, other than proceeds of the bonds, were not included within the scope of the audit. Expenditures incurred subsequent to June 30, 2012 were not reviewed or included within the scope of our audit or in this report.

FINANCIAL SUMMARY

1. The 2002 general obligation bond funds in the amount of \$120,000,000 were authorized at an election of the registered voters of the District held on March 5, 2002. The first series of the 2002 bonds was issued in July 2002 and in the principal amount of \$50,000,000. The second series of the 2002 bonds was issued in August 2004 and in the principal amount of \$45,000,000. The third series of the 2002 bonds was issued in May 2006 and in the principal amount of 25,000,000.
2. Total expenditure of bond funds as of June 30, 2012, were \$125,474,505.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

**BUILDING FUND-2002 MEASURE A
FOR THE YEAR ENDED JUNE 30, 2012**

FINANCIAL SUMMARY (continued)

3. An analysis of expenditures is as follows as of June 30, 2012 is as follows:

	<u>Prior Periods</u>	<u>7/1/2011 to 6/30/2012</u>	<u>Total</u>
Expenditures			
Salaries and benefits	\$ 553,099	\$ -	\$ 553,099
Services and operating expenditures	2,653,390	157,096	2,810,486
Capital outlay	117,150,460	4,960,460	122,110,920
Total expenditures	<u>\$ 120,356,949</u>	<u>\$ 5,117,556</u>	<u>\$ 125,474,505</u>

Available unspent funds from the bonds as of June 30, 2012 are:

	<u>Prior Periods</u>	<u>7/1/2011 to 6/30/2012</u>	<u>Total</u>
Net available proceeds for construction	\$ 120,000,000	\$ -	\$ 120,000,000
Local revenue	3,600	-	3,600
Interest earned	9,787,042	34,956	9,821,998
Total revenues received	<u>\$ 129,790,642</u>	<u>\$ 34,956</u>	<u>\$ 129,825,598</u>
Total expenditures			<u>\$(125,474,505)</u>
Amount available			<u>\$ 4,351,093</u>

4. As of June 30, 2012, the Building Fund – 2002 Measure A had the following commitments with respect to unfinished capital projects:

<u>Capital Project</u>	<u>Remaining Contract Commitment</u>
<i>Contra Costa College</i>	
Card Access	\$ 11,924
Construction Management	6,443
Gym Anex Elevator	50,722
Music Building	601,271
New College Center	1,462,136
VA Building Renovation	39,085
	<u>\$ 2,171,581</u>

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

BUILDING FUND-2002 MEASURE A FOR THE YEAR ENDED JUNE 30, 2012

PROCEDURES PERFORMED

We obtained the general ledger and the project expenditure reports prepared by the District for the fiscal year ended June 30, 2012 for the Building Fund 2002 Measure A. Within the fiscal year audited, we obtained the actual invoices and other supporting documentation for a sample of expenditures to ensure compliance with the requirements of Article XIII A, Section 1(b)(3)(C) of the California Constitution and Measure A as to the approved bond projects list. We performed the following procedures:

1. We selected a sample of expenditures for the period starting July 1, 2011 and ending June 30, 2012, and reviewed supporting documentation to ensure that such funds were properly expended on the specific projects listed in the ballot text.
2. Our sample included transactions totaling \$2,395,072. This represents 47 percent of the total expenditures of \$5,117,556, including expenditures related to transferred funds.
3. We verified that funds from the Building Fund 2002 Measure A were generally expended for the construction, renovation, furnishing and equipping of District facilities constituting authorized bond projects. In addition, we verified that funds held in the Building Fund 2002 Measure A were used for salaries of administrators only to the extent they perform administrative oversight work on construction projects as allowable per Opinion 04-110 issued on November 9, 2004 by the State of California Attorney General.

CONCLUSION

The results of our tests indicated that, in all significant respects, the Contra Costa Community College District has properly accounted for the expenditures held in the Building Fund 2002 Measure A fund and that such expenditures were made for authorized Bond projects. Further, it was noted that funds held in the Building Fund 2002 Measure A, and expended by the District, were used for salaries of administrators only to the extent they perform administrative oversight work on construction projects as allowable per Opinion 04-110 issued on November 9, 2004 by the State of California Attorney General.



James Marta & Company
Certified Public Accountants
December 10, 2012

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

**BUILDING FUND-2002 MEASURE A
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012**

No matters were reported.

**CONTRA COSTA
COMMUNITY
COLLEGE DISTRICT**

**BUILDING FUND
2006 MEASURE A
FINANCIAL AUDIT**

JUNE 30, 2012

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

**BUILDING FUND - 2006 MEASURE A
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James Marta & Company
Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

INDEPENDENT AUDITORS' REPORT

Governing Board and
Measure A Citizens' Oversight Committee
Contra Costa Community College District
Martinez, California

We have audited the accompanying financial statements of the Contra Costa Community College District Building Fund 2006 Measure A, as of and for the fiscal year ended June 30, 2012, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Building Fund 2006 Measure A Bond Funds of the Contra Costa Community College District at June 30, 2012, and the results of its operations for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1, the financial statements present only the Building Fund specific to the 2006 Measure A Bond Funds and are not intended to present fairly the financial position and results of operations of the Contra Costa Community College District 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 10, 2012, on our consideration of the District Building Fund's (2006 Measure A) internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

James Marta & Company

James Marta & Company
Certified Public Accountants
December 10, 2012

BASIC FINANCIAL STATEMENTS

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

**BUILDING FUND - 2006 MEASURE A
BALANCE SHEET
JUNE 30, 2012**

ASSETS

Cash and cash equivalents	\$ 64,119,542
Accounts receivable	76,580
Due from other funds	174,582
Prepaid expenses	<u>4,000</u>
Total assets	<u><u>\$ 64,374,704</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 3,542,728
Due to other funds	<u>1,036</u>
Total liabilities	3,543,764

FUND BALANCE

Restricted	<u>60,830,940</u>
Total liabilities and fund balance	<u><u>\$ 64,374,704</u></u>

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

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
BUILDING FUND - 2006 MEASURE A
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2012

REVENUES

Investment income	\$ 342,934
Other local revenue	290,260
Total Revenues	<u>633,194</u>

EXPENDITURES

Payroll and benefits	1,311,895
Books and supplies	
Services and operating expenditures	603,384
Capital Outlay	<u>26,952,025</u>
Total Expenditures	<u>28,867,304</u>

Excess of Revenue over (under)	
Expenditures	(28,234,110)
 Fund Balance, Beginning of Year	 <u>89,065,050</u>
 Fund Balance, End of Year	 <u><u>\$ 60,830,940</u></u>

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

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT
BUILDING FUND (2006 MEASURE A)**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Contra Costa Community College District Building Fund - 2006 Measure A conforms to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants. The Contra Costa Community College District Building Fund - 2006 Measure A accounts for financial transactions in accordance with the policies and procedures of the California College Budget and Accounting Manual.

A. REPORTING ENTITY

The Contra Costa Community College District (the "District") is a public educational agency operating under the applicable laws and regulations of the State of California. It is governed by a five member Governing Board elected by registered voters of the District, which comprises an area in Contra Costa County. The District was established in 1949 and serves students in post-education.

These financial statements were prepared to comply with the requirements of proposition 39 related to the 55% voter approval requirements for bond issues and include only the Building Fund - 2006 Measure A established to account for the expenditures of the general obligation bonds approved on March 6, 2006. These financial statements are not intended to present fairly the complete financial position and results of operations of the Contra Costa Community College District in conformity with generally accepted accounting principles.

The Committee's oversight goals include ensuring expenditures are within the language of the ballot measure and advising the District's Governing Board on various projects. The citizens' oversight committee must include, among others, representation of a bona fide taxpayers association, a business organization and a senior citizens organization. No district employees or vendors are allowed to serve on the citizens' oversight committee.

The financial statements presented are for the individual Measure A General Obligation Bond Building Fund and are not intended to be a complete presentation of the District's financial position or results of operations.

B. FUND ACCOUNTING

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity or retained earnings, revenues, and expenditures or expenses, as appropriate. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

The proceeds from the sale of general obligation bonds and the subsequent expenditure of the bond funds are accounted for in the Building fund of the District. Any premium received from the sale of the bonds is deposited in the Bond and Interest Redemption fund of the District. The Measure A Bond Building Fund forms part and not all of the net assets in the District's Building Fund which contains other sources of funding.

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT
BUILDING FUND – 2006 MEASURE A**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

C. ACCOUNTING POLICIES

The District prepares its financial statements in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA) and complies with the policies and procedures of the California College Budget and Accounting Manual.

The District is also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. In addition, the District has the option to apply FASB pronouncements issued after that date to business-type activities and enterprise funds, if applicable. The District does not currently have any business activities or enterprise funds that require the District to follow the pronouncement of the FASB.

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied.

The financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Available" means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, "available" means collectible within the current period or within 60 days after year-end.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

E. BUDGETS AND BUDGETARY ACCOUNTING

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. By state law, the District's governing board must adopt a final budget no later than July 1. A public hearing must be conducted to receive comments prior to adoption. The District's governing board satisfied these requirements.

F. ENCUMBRANCES

Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid. All encumbrances are liquidated at June 30.

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT
BUILDING FUND – 2006 MEASURE A**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

G. DEPOSITS AND INVESTMENTS

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 County is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et seq.

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

Investments 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.

H. CAPITAL AND LONG-TERM DEBT

The accounting and reporting treatment applied to the capital assets and long-term liabilities associated with the General Obligation Bond Fund is accounted for on a spending or “financial flow” measurement focus. This means that only current assets and liabilities are generally included on the balance sheet.

The reported fund balances is considered a measure of “available spendable resources”. Thus, the capital assets and long-term liabilities associated with the Measure A General Obligation Bond Fund are accounted for in the basic financial statements of the District.

I. FUND BALANCES – GOVERNMENTAL FUNDS

Fund balances of the governmental funds are classified as follows:

Non-spendable – amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts that can be used only for specific purposes determined by a formal action of the governing board. The governing board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the governing board.

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT
BUILDING FUND – 2006 MEASURE A**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

I. FUND BALANCES – GOVERNMENTAL FUNDS (continued)

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District's adopted policy, only the governing board or chief business officer may assign amounts for specific purposes.

Unassigned – all other spendable amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the governing board has provided otherwise in its commitment or assignment actions.

J. USE OF ESTIMATES

The preparation of 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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

K. NEW ACCOUNTING PRONOUNCEMENTS

In November 2010, the GASB issued GASB Statement No. 61, *The Financial Reporting Entity: Omnibus-an amendment of GASB Statements No. 14 and No. 34*. The objective of this Statement is to improve financial reporting for a governmental financial reporting entity. The requirements of Statement No. 14, *The Financial Reporting Entity*, and the related financial reporting requirements of Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2012. Earlier application is encouraged.

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT
BUILDING FUND – 2006 MEASURE A**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

2. CASH AND INVESTMENTS

Cash and investments as of June 30, 2012 consist of the following:

Cash in county treasury	\$40,380,524
Local agency investment fund	<u>23,739,018</u>
Total Cash and Equivalents	<u><u>\$64,119,542</u></u>

A. County in County Treasury

Cash in County Treasury consists of District cash held by the Contra Costa County Treasury that is invested in the county investment pool. The Treasury permits negative cash balances so long as the District's total cash in county treasury has a positive balance.

The fair value of the District's investment in the pool is reported in the financial statements at amounts that are 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 weighted average maturity of the pool is 151 days. The pool is rated AA+ by Standard and Poor's.

B. Local Agency Investment Fund (LAIF)

The District may also invest in the State of California's Local Agency Investment Fund (LAIF) administered by the State Treasurer. California law restricts the Treasurer to investments in the following categories: U.S. Government securities, securities of federally sponsored agencies, domestic corporate bonds, interest bearing time deposits in California banks and savings and loan associations, prime-rated commercial paper, repurchase and reverse repurchase agreements, security loans, banker's acceptances, negotiable certificates of deposit and loans to various bond funds. Investments in LAIF are highly liquid, as deposits can be converted to cash within twenty-four hours without loss of interest or principal. The full faith and credit of the State of California secure investments in LAIF. LAIF has a weighted average maturity of 237 days. LAIF is currently unrated as to credit risk.

LAIF investments are audited annually by the Pooled Money Investment Board and the State Controller's Office. Copies of this audit may be obtained from the State Treasurer's Office, 915 Capitol Mall, Sacramento, CA 95814. The Pooled Money Investment Board has established policies, goals and objectives to make certain that their goal of safety, liquidity, and yield are not jeopardized and that prudent management prevails. LAIF has a continuing audit process throughout the year. The State Controller's Office, as well as an in-house audit process involving three separate divisions, audits all investments on a daily basis.

Interest Rate Risk. Interest rate risk is the risk that changes in market interest rate will adversely affect the fair value of an investment. Generally, as the length of the maturity of an investment increases, 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 Treasury that purchases 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.

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT
BUILDING FUND – 2006 MEASURE A**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

2. CASH AND INVESTMENTS

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 measure by the assignment of a rating by a nationally recognized statistical rating organization. The Building Fund – 2006 Measure A only invests in County Pooled Investment Funds which are not required to be rated.

Custodial Credit Risk – Deposits - This is the risk that in the event of a bank failure, the Building Fund – 2006 Measure A or District's deposits may not be returned to it. The Building Fund – 2006 Measure A does not have any deposits subject to custodial credit risk.

3. ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2012, consists of interest receivable of \$76,580.

4. INTERFUND TRANSACTIONS

Interfund receivables/payables (Due To/Due From)

As of June 30, 2012, the Building Fund - 2006 Measure A has an amount of \$174,582 due from other capital project funds. In addition, the Building Fund - 2006 Measure A owes \$1,036 to other capital project funds due to small expense transfers done at year end.

5. ACCOUNTS PAYABLE

Accounts payable at June 30, 2012, consists of the following:

Vendor payables	\$3,538,728
Construction retention	4,000
Total accounts payable	<u>\$3,542,728</u>

6. MEASURE A GENERAL OBLIGATION BONDS

On November 7, 2000, California voters approved Proposition 39, the Smaller Classes, Safer Schools and Financial Accountability Act. Proposition 39 amended portions of the California Constitution to provide for the issuance of general obligation bonds by school districts, community college districts, or county offices of education, “for the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of rental property for school facilities”. The Bonds were issued in the amount of \$286,500,000 The Bonds are payable from the proceeds of *ad valorem* property taxes which the Board of Supervisors of Contra Costa County are obligated to levy and collect on all taxable property in the District for the payment of the accreted value or conversion value of and interest on the Bonds.

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT
BUILDING FUND – 2006 MEASURE A**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

7. FUND BALANCES

The entire fund balance is restricted for specific capital projects of the District.

8. COMMITMENTS AND CONTINGENCIES

As of June 30, 2012, the Building Fund - 2006 Measure A had the following commitments with respect to unfinished capital projects:

Capital Project	Remaining Contract Commitment
<i>Contra Costa College</i>	
Athletic Field	\$ 37,727
Construction Management	\$ 39,275
Infrastructure Improvements	293,387
New College Center	401,784
Seismic Retrofit - Various Buildings	1,631
<i>Diablo Valley College</i>	
Commons Area Development	29,158,952
Softball & Baseball Field Renovation	38,150
Student Services Center	1,100,842
<i>Los Medanos College</i>	
New Brentwood Center	36,367
Nursing/EMT Remodel	349,110
<i>District Office</i>	
IT Infrastructure	8,474,258
Monitoring Base Commissioning	37,220
<i>District-Wide</i>	
Energy Conservation Study	5,674
Master Plan	18,656
	\$ 39,993,033

9. SUBSEQUENT EVENTS

District management evaluated its June 30, 2012 financial statements for subsequent events through December 10, 2012, the date these financial statements were available to be issued. Management is not aware of any subsequent events that would require recognition or disclosure in the financial statements.

INDEPENDENT AUDITORS' REPORT



James Marta & Company
Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

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

Governing Board and
Citizens Oversight Committee
Contra Costa Community College District
Martinez, California

We have audited the accompanying financial statements of the Contra Costa Community College District (the District) Building Fund (2006 Measure A), as of and for the year ended June 30, 2012, and have issued our report thereon dated December 10, 2012. We conducted our audit 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

Management of Contra Costa Community College District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Contra Costa Community College District Building Fund's (2006 Measure A) 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 Building Fund's (2006 Measure A) internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Contra Costa Community College District Building Fund's (2006 Measure A) internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Contra Costa Community College District Building Fund's (2006 Measure A) financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the governing board, management, and the 2006 Measure A Citizen Oversight Committee, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "James Marta & Company". The signature is written in a cursive, flowing style.

James Marta & Company
Certified Public Accountants
December 10, 2012

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT
BUILDING FUND (2006 MEASURE A)**

**FINANCIAL STATEMENT FINDINGS
JUNE 30, 2012**

No matters were reported.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

**BUILDING FUND - 2006 MEASURE A
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2012**

No matters were reported.

**CONTRA COSTA COMMUNITY
COLLEGE DISTRICT**

**2006 GENERAL OBLIGATION
BOND FUND MEASURE A
PERFORMANCE AUDIT**

June 30, 2012

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

BUILDING FUND-2006 MEASURE A FOR THE YEAR ENDED JUNE 30, 2012

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James Marta & Company
Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

INDEPENDENT AUDITORS' REPORT

Board of Trustees And
Citizens' Bond Oversight Committee
Contra Costa Community College District
Martinez, California

We were engaged to conduct a performance audit of the Contra Costa Community College District (the District), 2006 Measure A Building Fund for the fiscal year ended June 30, 2012.

We conducted this performance audit in accordance with the standards applicable to performance 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 sufficient, appropriate evidence to provide a reasonable basis for our conclusion based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our conclusions based on our audit objectives.

Our audit was limited to the objectives listed within the report which includes determining the District's compliance with the performance requirements as referred to in Proposition 39 and outlined in Article XIII A, Section 1(b)(3)(C) of the California Constitution. Management is responsible for the District's compliance with those requirements.

In planning and performing our performance audit, we obtained an understanding of the District's 2006 Measure A Building Fund internal control in order to determine if the internal controls were adequate to help ensure the District's compliance with the requirements of Proposition 39 and outlined in Article XIII A, Section 1 (b)(3)(C) of the California Constitution. Accordingly, we do not express an opinion on the effectiveness of the District's 2002 Measure A Building Fund internal control.

The results of our tests indicated that the District 2006 Measure A Building Fund were expended only for the specific projects approved by the voters, in accordance with Proposition 39 and outlined in Article XIII A, Section 1 (b)(3)(C) of the California Constitution.

James Marta & Company

James Marta & Company
Certified Public Accountants
December 10, 2012

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

BUILDING FUND-2006 MEASURE A FOR THE YEAR ENDED JUNE 30, 2012

AUTHORITY FOR ISSUANCE

The 2006 Measure A General Obligation Bonds are issued pursuant to the Constitution and laws of the State of California (the State), including the provisions of Chapters 1 and 1.5 of Part 10 of the California Education Code, and other applicable provisions of law.

The District received authorization at an election held on March 6, 2006, to issue bonds of the District in an aggregate principal amount not to exceed \$286,500,000 to finance specific construction and renovation projects approved by eligible voters within the District. The proposition required approval by at least 55 percent of the votes cast by eligible voters within the District (the 2006 Authorization). The Bonds represent the first and second series of the authorized bonds to be issued under the 2006 Authorization.

PURPOSE OF ISSUE

The net proceeds of the Bonds and any other series of general obligation bonds issued under the Authorization will be used for the purposes specified in the District bond proposition submitted at the Election, which include providing funds needed to continue to renovate and modernize District facilities.

The funds will be used to renovate aging college facilities (making energy savings, safety, and handicapped accessibility improvements), and update facilities used by transfer, career, and vocational students (for math, science, nursing, technology and other programs), at Contra Costa College, Diablo Valley College, Los Medanos College, San Ramon Valley and Brentwood Centers.

AUTHORITY FOR THE AUDIT

On November 7, 2000, California voters approved Proposition 39, the Smaller Classes, Safer Schools and Financial Accountability Act. Proposition 39 amended portions of the California Constitution to provide for the issuance of general obligation bonds by school districts, community college districts, or county offices of education, “for the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of rental property for school facilities”, upon approval by 55% of the electorate. In addition to reducing the approval threshold from two-thirds to 55%, Proposition 39 and the enacting legislation (AB 1908 and AB 2659) requires the following accountability measures as codified in Education Code sections 15278-15282:

1. Requires that the proceeds from the sale of the bonds be used only for the purposes specified in Article XIII A, Section 1(b)(3)(C) of the California Constitution, and not for any other purpose, including teacher and administrator salaries and other district operating expenses.
2. The district must list the specific facilities projects to be funded in the ballot measure, and must certify that the governing board has evaluated safety, class size reduction and information technology needs in developing the project list.
3. Requires the district to appoint a citizen's oversight committee.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

**BUILDING FUND-2006 MEASURE A
FOR THE YEAR ENDED JUNE 30, 2012**

AUTHORITY FOR THE AUDIT (continued)

4. Requires the district to conduct an annual independent financial audit and performance audit in accordance with the Government Auditing Standards issued by the Comptroller General of the United States of the bond proceeds until all of the proceeds have been expended.
5. Requires the district to conduct an annual independent performance audit to ensure that the funds have been expended only on the specific projects listed.

OBJECTIVES OF THE AUDIT

1. Determine whether expenditures charged to the Building Fund 2006 Measure A Fund have been made in accordance with the bond project list approved by the voters through the approval of 2006 Measure A.
2. Determine whether salary transactions, charged to the Building Fund 2006 Measure A Fund were in support of Measure A and not for District general administration or operations.

SCOPE OF THE AUDIT

The scope of our performance audit covered the period of July 1, 2011 to June 30, 2012. The population of expenditures tested included all object and project codes associated with the bond projects. The propriety of expenditures for capital projects and maintenance projects funded through other State or local funding sources, other than proceeds of the bonds, were not included within the scope of the audit. Expenditures incurred subsequent to June 30, 2012 were not reviewed or included within the scope of our audit or in this report.

FINANCIAL SUMMARY

1. The 2006 general obligation bond funds in the amount of \$286,500,000 were authorized at an election of the registered voters of the District held on March 6, 2006. The first series of the 2006 bonds was issued in August 2007, in the principal amount of \$73,000,000. The second series of the 2006 bonds was issued in March 2010 in the principal amount of \$73,000,000.
2. Total expenditures as of June 30, 2012, were \$96,610,998.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

**BUILDING FUND-2006 MEASURE A
FOR THE YEAR ENDED JUNE 30, 2012**

FINANCIAL SUMMARY (continued)

3. An analysis of expenditures is as follows as of June 30, 2012 is as follows:

	<u>Prior Periods</u>	<u>7/1/2011 to 6/30/2012</u>	<u>Total</u>
Expenditures			
Salaries and benefits	\$ 2,333,011	\$ 1,311,895	\$ 3,644,906
Supplies	80	-	80
Services and operating expenditures	2,596,635	603,384	3,200,019
Capital outlay	<u>62,813,968</u>	<u>26,952,025</u>	<u>89,765,993</u>
Total expenditures	<u>\$ 67,743,694</u>	<u>\$ 28,867,304</u>	<u>\$ 96,610,998</u>

Available unspent funds from the bonds as of June 30, 2012 are:

	<u>Prior Periods</u>	<u>7/1/2011 to 6/30/2012</u>	<u>Total</u>
Net available proceeds for construction	\$ 146,000,000	\$ -	\$ 146,000,000
Local revenue	7,639,510	290,260	7,929,770
Interest earned	3,169,234	342,934	3,512,168
Total revenues received	<u>\$ 156,808,744</u>	<u>\$ 633,194</u>	<u>157,441,938</u>
Total expenditures and transfers			<u>(96,610,998)</u>
Amount available			<u>\$ 60,830,940</u>

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

**BUILDING FUND-2006 MEASURE A
FOR THE YEAR ENDED JUNE 30, 2012**

FINANCIAL SUMMARY (continued)

4. As of June 30, 2012, the Building Fund – 2006 Measure A had the following commitments with respect to unfinished capital projects:

<u>Capital Project</u>	<u>Remaining Contract Commitment</u>
<i>Contra Costa College</i>	
Athletic Field	\$ 37,727
Construction Management	\$ 39,275
Infrastructure Improvements	293,387
New College Center	401,784
Seismic Retrofit - Various Buildings	1,631
<i>Diablo Valley College</i>	
Commons Area Development	29,158,952
Softball & Baseball Field Renovation	38,150
Student Services Center	1,100,842
<i>Los Medanos College</i>	
New Brentwood Center	36,367
Nursing/EMT Remodel	349,110
<i>District Office</i>	
IT Infrastructure	8,474,258
Monitoring Base Commissioning	37,220
<i>District-Wide</i>	
Energy Conservation Study	5,674
Master Plan	18,656
	<u>\$ 39,993,033</u>

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

BUILDING FUND-2006 MEASURE A FOR THE YEAR ENDED JUNE 30, 2012

PROCEDURES PERFORMED

We obtained the general ledger and the project expenditure reports prepared by the District for the fiscal year ended June 30, 2012 for the Building Fund 2006 Measure A. Within the fiscal year audited, we obtained the actual invoices and other supporting documentation for a sample of expenditures to ensure compliance with the requirements of Article XIII A, Section 1(b)(3)(C) of the California Constitution and Measure A as to the approved bond projects list. We performed the following procedures:

1. We selected a sample of expenditures for the period starting July 1, 2011 and ending June 30, 2012, and reviewed supporting documentation to ensure that such funds were properly expended on the specific projects listed in the ballot text.
2. Our sample included nonpayroll transactions totaling \$7,604,226. This represents 28 percent of the non-payroll expenditures of \$27,555,409. We also examined payroll related expenditures aggregating \$174,685, which is 13% of the payroll related expenditures.
3. We verified that funds from the Building Fund 2006 Measure A were generally expended for the construction, renovation, furnishing and equipping of District facilities constituting authorized bond projects. In addition, we verified that funds held in the Building Fund 2006 Measure A were used for salaries of administrators only to the extent they perform administrative oversight work on construction projects as allowable per Opinion 04-110 issued on November 9, 2004 by the State of California Attorney General.

CONCLUSION

The results of our tests indicated that, in all significant respects, the Contra Costa Community College District has properly accounted for the expenditures held in the Building Fund 2006 Measure A fund and that such expenditures were made for authorized Bond projects. Further, it was noted that funds held in the Building Fund 2006 Measure A, and expended by the District, were used for salaries of administrators only to the extent they perform administrative oversight work on construction projects as allowable per Opinion 04-110 issued on November 9, 2004 by the State of California Attorney General.



James Marta & Company
Certified Public Accountants
December 10, 2012

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

**BUILDING FUND-2006 MEASURE A
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED June 30, 2012**

No matters were reported.