CONTRA COSTA COMMUNITY COLLEGE DISTRICT

BUILDING FUND 2002 MEASURE A FINANCIAL AUDIT

JUNE 30, 2013 AND 2012

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

BUILDING FUND - 2002 MEASURE A

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James Marta & Company LLP
Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

INDEPENDENT AUDITORS' REPORT

Governing Board and
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Contra Costa Community College District
Martinez, California

Report on the Financial Statements

We have audited the accompanying Balance Sheet of Contra Costa Community College District 2002 Measure A Building Fund as of June 30, 2013 and 2012 and the related Statement of Revenues, Expenditures and Changes in Fund Balance and notes to the financial statements for the years then ended.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these basic financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the basic 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the basic financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the basic financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the basic financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Contra Costa Community College District 2002 Measure A Building Fund as of June 30, 2013 and 2012, and the respective changes in financial position for the years 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 6, 2013, 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* in considering Contra Costa Community College District's internal control over financial reporting and compliance.

James Marta & Company LLP
Certified Public Accountants
December 6, 2013

BASIC FINANCIAL STATEMENTS

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

BUILDING FUND - 2002 MEASURE A
BALANCE SHEET
JUNE 30, 2013 AND 2012

	2013	2012
ASSETS		
Cash and cash equivalents	$ 1,607,996	$ 5,124,567
Accounts receivable	1,549	7,551
Due from other funds	31,774	7,700
Other assets	-	384,439
Total assets	$ 1,641,319	$ 5,524,257
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable	$ 162,408	$ 1,047,905
Due to other funds	-	125,259
Total liabilities	162,408	1,173,164
FUND BALANCE		
Restricted	1,478,911	4,351,093
Total liabilities and fund balance	$ 1,641,319	$ 5,524,257

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, 2013 AND 2012

	2013	2012
REVENUES		
Investment income	$ 11,502	$ 34,956
EXPENDITURES		
Books and supplies	-	5,139
Services and other operating expendiures	50,000	151,957
Capital outlay	2,833,684	4,960,460
Total Expenditures	2,883,684	5,117,556
Excess of Revenue over (under) Expenditures	(2,872,182)	(5,082,600)
Fund Balance, Beginning of Year	4,351,093	9,433,693
Fund Balance, End of Year	$ 1,478,911	$ 4,351,093

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

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.

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.

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.

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.

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.

2. CASH AND INVESTMENTS

Cash and investments as of June 30, 2013 and 2012 consist of Cash in the County Treasury of $1,607,996 and $5,124,567, respectively.

A. Cash 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 AAA 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, 2013 and 2012, consists of interest receivable of $1,549 and $7,551, respectively.

4. INTERFUND TRANSACTIONS

Interfund receivables/payables (Due To/Due From)

As of June 30, 2013 and 2012, the Building Fund - 2002 Measure A has an amount of $31,774 and $7,700, respectively, due from other capital project funds. In addition, as of June 30, 2012 the Building Fund - 2002 Measure A owed $125,259 to other capital project funds for the Contra Costa College's College Center.

5. ACCOUNTS PAYABLE

Accounts payable at June 30, 2013 and 2012, consists of the following:

	2013	2012
Vendor payables	$ 136,639	$ 663,466
Construction retention	25,769	384,439
Total accounts payable	$ 162,408	$ 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, 2013 and 2012, the Building Fund - 2002 Measure A had the following commitments with respect to unfinished capital projects:

	Remaining Contract Commitment	
Capital Project	2013	2012
Contra Costa College		
Card Access	$ 38,163	$ 11,924
Construction Management	-	6,443
Gym Anex Elevator	-	50,722
Music Building	2,826	601,271
New College Center	-	1,462,136
VA Building Renovation	-	39,085
Total Remaining Commitment	$ 40,989	$ 2,171,581

9. SUBSEQUENT EVENTS

District management evaluated its June 30, 2013 financial statements for subsequent events through December 6, 2013, 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

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, in accordance with the 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, the basic financial statements of Contra Costa Community College District 2002 Measure A Building Fund, as of and for the years ended June 30, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Contra Costa Community College District 2002 Measure A Building Fund's basic financial statements, and have issued our report thereon dated December 6, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Contra Costa Community College District 2002 Measure A Building Fund's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Contra Costa Community College District 2002 Measure A Building Fund's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financials statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control 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 material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. This report is intended solely for the information and use of management, the governing board, 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.

James Marta & Company LLP

James Marta & Company LLP
Certified Public Accountants
December 6, 2013

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FINANCIAL STATEMENT FINDINGS
JUNE 30, 2013 AND 2012

No matters were reported.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

BUILDING FUND - 2002 MEASURE A
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2013 AND 2012

No matters were reported.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

2002 GENERAL OBLIGATION BOND FUND MEASURE A PERFORMANCE AUDIT

June 30, 2013

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

BUILDING FUND-2002 MEASURE A
FOR THE YEAR ENDED JUNE 30, 2013

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James Marta & Company LLP
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's (the District), 2002 Measure A Building Fund for the year ended June 30, 2013.

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 XIIIA, 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 XIIIA, 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 XIIIA, Section 1 (b)(3)(C) of the California Constitution.

James Marta & Company LLP

James Marta & Company LLP
Certified Public Accountants
December 6, 2013

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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 XIIIA, 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.

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, 2012 to June 30, 2013. 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, 2013 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, 2013 were $128,358,189.

BUILDING FUND-2002 MEASURE A
FOR THE YEAR ENDED JUNE 30, 2013

FINANCIAL SUMMARY (continued)

3. An analysis of expenditures is as follows as of June 30, 2013 is as follows:

	Prior Periods	7/1/2012 to 6/30/2013	Total
Expenditures			
Salaries and benefits	$ 553,099	$ -	$ 553,099
Services and operating expenditures	2,810,486	50,000	2,860,486
Capital outlay	122,110,920	2,833,684	124,944,604
Total expenditures	$ 125,474,505	$ 2,883,684	$ 128,358,189

Available unspent funds from the bonds as of June 30, 2013 are:

	Prior Periods	7/1/2012 to 6/30/2013	Total
Net available proceeds for construction	$ 120,000,000	$ -	$ 120,000,000
Local revenue	3,600	-	3,600
Interest earned	9,821,998	11,502	9,833,500
Total revenues received	$ 129,825,598	$ 11,502	129,837,100
Total expenditures			(128,358,189)
Amount available			$ 1,478,911

4. As of June 30, 2013, the Building Fund – 2002 Measure A had the following commitments with respect to unfinished capital projects:

Capital Project	2013
Contra Costa College	
Card Access	$ 38,163
Music Building	2,826
Total Remaining Commitment	$ 40,989

BUILDING FUND-2002 MEASURE A
FOR THE YEAR ENDED JUNE 30, 2013

PROCEDURES PERFORMED

We obtained the general ledger and the project expenditure reports prepared by the District for the fiscal year ended June 30, 2013 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 XIIIA, 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, 2012 and ending June 30, 2013, 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 $1,331,857. This represents 46 percent of the total expenditures of $2,883,684, 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 LLP

James Marta & Company LLP
Certified Public Accountants
December 6, 2013

BUILDING FUND-2002 MEASURE A
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013

No matters were reported.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

BUILDING FUND 2006 MEASURE A FINANCIAL AUDIT

JUNE 30, 2013 AND 2012

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

BUILDING FUND - 2006 MEASURE A
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JUNE 30, 2013 AND 2012

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying Balance Sheet of Contra Costa Community College District 2006 Measure A Building Fund as of June 30, 2013 and 2012 and the related Statement of Revenues, Expenditures and Changes in Fund Balance and notes to the financial statements for the years then ended.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these basic financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the basic 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the basic financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the basic financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the basic financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Contra Costa Community College District 2006 Measure A Building Fund as of June 30, 2013 and 2012, and the respective changes in financial position for the years 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 6, 2013, 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* in considering Contra Costa Community College District's internal control over financial reporting and compliance.

James Marta & Company LLP

James Marta & Company LLP
Certified Public Accountants
December 6, 2013

BASIC FINANCIAL STATEMENTS

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

BUILDING FUND - 2006 MEASURE A
BALANCE SHEET
JUNE 30, 2013 AND 2012

	2013	2012
ASSETS		
Cash and cash equivalents	$ 39,047,586	$ 64,119,542
Accounts receivable	28,973	76,580
Due from other funds	44,433	174,582
Prepaid expenses		4,000
Total assets	$ 39,120,992	$ 64,374,704
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable	$ 2,437,946	$ 3,542,728
Due to other funds	30,743	1,036
Total liabilities	2,468,689	3,543,764
FUND BALANCE		
Restricted	36,652,303	60,830,940
Total liabilities and fund balance	$ 39,120,992	$ 64,374,704

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, 2013 AND 2012

	2013	2012
REVENUES		
Investment income	$ 171,365	$ 342,934
Other local revenue	287,306	290,260
Total Revenues	458,671	633,194
EXPENDITURES		
Payroll and benefits	1,352,078	1,311,895
Books and supplies	1,975	3,785
Services and operating expenditures	757,651	599,599
Capital Outlay	22,525,604	26,952,025
Total Expenditures	24,637,308	28,867,304
Excess of Revenue over (under) Expenditures	(24,178,637)	(28,234,110)
Fund Balance, Beginning of Year	60,830,940	89,065,050
Fund Balance, End of Year	$ 36,652,303	$ 60,830,940

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

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.

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.

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.

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.

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 PRONCOUNCEMENTS

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.

2. CASH AND INVESTMENTS

Cash and investments as of June 30, 2013 and 2012 consist of the following:

	2013	2012
Cash in county treasury	$ 39,047,586	$ 40,380,524
Local agency investment fund	-	23,739,018
Total Cash and Equivalents	$ 39,047,586	$ 64,119,542

A. Cash 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 AAA 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.

2. CASH AND INVESTMENTS (CONTINUED)

Credit Risk - Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is 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, 2013 and 2012, consists of interest receivable of $28,973 and $76,580, respectively.

4. INTERFUND TRANSACTIONS

Interfund receivables/payables (Due To/Due From)

As of June 30, 2013 and 2012, the Building Fund - 2006 Measure A has an amount of $44,433 and $174,582, respectively due from other capital project funds. In addition, the Building Fund - 2006 Measure A owes $30,743 and $1,036 to other capital project funds due to small expense transfers done at June 30, 2013 and 2012, respectively.

5. ACCOUNTS PAYABLE

Accounts payable at June 30, 2013 and 2012, consists of the following:

	2013	2012
Vendor payables	$ 2,307,634	$ 3,538,728
Construction retention	130,312	4,000
Total accounts payable	$ 2,437,946	$ 3,542,728

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.

7. FUND BALANCES

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

8. COMMITMENTS AND CONTINGENCIES

As of June 30, 2013 and 2012, the Building Fund - 2006 Measure A had the following commitments with respect to unfinished capital projects:

	Remaining Contract Commitment	
Capital Project	2013	2012
Contra Costa College		
Athletic Field	$ 225,700	$ 37,727
Construction Management	499,465	39,275
Infrastructure Improvements	-	293,387
New College Center	1,494,044	401,784
Seismic Retrofit - Various Buildings	151,486	1,631
12KV Utility Upgrade	117,130	-
ADA Parking at Performing Arts Center	67,460	-
Diablo Valley College		
Commons Area Development	15,622,324	29,158,952
Softball & Baseball Field Renovation	1,259,134	38,150
Student Services Center	-	1,100,842
Los Medanos College		
New Brentwood Center	1,220	36,367
Nursing/EMT Remodel	3,558	349,110
Construction Management	341,184	-
Student Services Center	15,417,831	-
District Office		
IT Infrastructure	5,697,338	8,474,258
Monitoring Base Commissioning	8,400	37,220
Construction Management	16,404	-
District-Wide		
Energy Conservation Study	-	5,674
Master Plan	14,765	18,656
Total Remaining Commitment	$ 40,937,443	$ 39,993,033

9. SUBSEQUENT EVENTS

District management evaluated its June 30, 2013 financial statements for subsequent events through December 6, 2013, 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 LLP
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, in accordance with the 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, the basic financial statements of Contra Costa Community College District 2006 Measure A Building Fund, as of and for the years ended June 30, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Contra Costa Community College District 2006 Measure A Building Fund's basic financial statements, and have issued our report thereon dated December 6, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Contra Costa Community College District 2006 Measure A Building Fund's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Contra Costa Community College District 2006 Measure A Building Fund's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financials statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control 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 material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. This report is intended solely for the information and use of management, the governing board, 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.

James Marta & Company LLP

James Marta & Company LLP
Certified Public Accountants
December 6, 2013

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FINANCIAL STATEMENT FINDINGS
JUNE 30, 2013 AND 2012

No matters were reported.

BUILDING FUND - 2006 MEASURE A
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2013 AND 2012

No matters were reported.

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CONTRA COSTA COMMUNITY COLLEGE DISTRICT

2006 GENERAL OBLIGATION BOND FUND MEASURE A PERFORMANCE AUDIT

JUNE 30, 2013

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

BUILDING FUND-2006 MEASURE A
FOR THE YEAR ENDED JUNE 30, 2013

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James Marta & Company LLP
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, 2013.

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 XIIIA, 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 XIIIA, 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 XIIIA, Section 1 (b)(3)(C) of the California Constitution.

James Marta & Company LLP

James Marta & Company LLP
Certified Public Accountants
December 6, 2013

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BUILDING FUND-2006 MEASURE A
FOR THE YEAR ENDED JUNE 30, 2013

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 XIIIA, 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.

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, 2012 to June 30, 2013. 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, 2013were 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, 2013, were $121,248,306.

BUILDING FUND-2006 MEASURE A
FOR THE YEAR ENDED JUNE 30, 2013

FINANCIAL SUMMARY (continued)

3. An analysis of expenditures is as follows as of June 30, 2013is as follows:

	Prior Periods	7/1/2012 to 6/30/2013	Total
Expenditures			
Salaries and benefits	$ 3,644,906	$ 1,352,078	$ 4,996,984
Supplies	80	1,975	2,055
Services and operating expenditures	3,200,019	757,651	3,957,670
Capital outlay	89,765,993	22,525,604	112,291,597
Total expenditures	$ 96,610,998	$ 24,637,308	$ 121,248,306

Available unspent funds from the bonds as of June 30, 2013 are:

	Prior Periods	7/1/2012 to 6/30/2013	Total
Net available proceeds for construction	$ 146,000,000	$ -	$ 146,000,000
Local revenue	7,929,770	287,306	8,217,076
Interest earned	3,512,168	171,365	3,683,533
Total revenues received	$ 157,441,938	$ 458,671	157,900,609
Total expenditures and transfers			(121,248,306)
Amount available			$ 36,652,303

FINANCIAL SUMMARY (continued)

4. As of June 30, 2013, the Building Fund – 2006 Measure A had the following commitments with respect to unfinished capital projects:

Capital Project		2013
Contra Costa College		
Athletic Field	$	225,700
Construction Management		499,465
New College Center		1,494,044
Seismic Retrofit - Various Buildings		151,486
12KV Utility Upgrade		117,130
ADA Parking at Performing Arts Center		67,460
Diablo Valley College		
Commons Area Development		15,622,324
Softball & Baseball Field Renovation		1,259,134
Los Medanos College		
New Brentwood Center		1,220
Nursing/EMT Remodel		3,558
Construction Management		341,184
Student Services Center		15,417,831
District Office		
IT Infrastructure		5,697,338
Monitoring Base Commissioning		8,400
Construction Management		16,404
District-Wide		
Master Plan		14,765
Total Remaining Commitment	$	40,937,443

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

BUILDING FUND-2006 MEASURE A
FOR THE YEAR ENDED JUNE 30, 2013

PROCEDURES PERFORMED

We obtained the general ledger and the project expenditure reports prepared by the District for the fiscal year ended June 30, 2013 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 XIIIA, 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, 2012 and ending June 30, 2013, 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 non-payroll transactions totaling $8,194,396. This represents 35% of the non-payroll expenditures of $23,285,230. We also examined payroll related expenditures aggregating $372,605, which is 28% 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 LLP

James Marta & Company LLP
Certified Public Accountants
December 6, 2013

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

BUILDING FUND-2006 MEASURE A
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013

No matters were reported.