



JAMES MARTA & COMPANY LLP



**CONTRA COSTA COMMUNITY  
COLLEGE DISTRICT**

**FINANCIAL STATEMENTS  
WITH  
INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEARS ENDED JUNE 30, 2014 AND 2013**

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**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

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**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

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**James Marta & Company LLP**  
*Certified Public Accountants*

*Accounting, Auditing, Consulting, and Tax*

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
Contra Costa Community College District  
Martinez, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities and the discretely presented component units of the Contra Costa Community College District (the "District"), as of and for the years ended June 30, 2014 and 2013, which comprise the District's basic financial statements as listed in the table of contents, and the related notes to the financial statements,.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these 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 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 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

## **Opinion**

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of Contra Costa Community College District (the "District"), as of June 30, 2014 and 2013, and the results of its operations, changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedule of funding progress for the retiree health plan on pages 4-10 and 51, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the District's basic financial statements as a whole. The accompanying supplemental information as listed in the table of contents, including the schedule of expenditures of Federal Awards, which is required by U.S. Office of Management and Budget Circular A-133 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2014 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 District's internal control over financial reporting and compliance.

*James Marta & Company LLP*

James Marta & Company LLP  
Certified Public Accountants  
Sacramento, California  
December 17, 2014

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

# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2014

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### ***USING THE INDEPENDENT AUDITOR'S REPORT***

The purpose of this annual report is to provide readers with information about the activities, programs, and financial condition of the Contra Costa Community College District (the District) as of June 30, 2014. The report consists of three basic financial statements that provide information about the District as a whole:

- Statement of Net Position
- Statement of Revenues, Expenses, and Changes in Net Position
- Statement of Cash Flows

This section of the annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2014. Please read it in conjunction with the District's financial statements, which immediately follow this section. Responsibility for the completeness and accuracy of this information rests with the District management.

### ***OVERVIEW OF THE FINANCIAL STATEMENTS***

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

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

The Contra Costa, Diablo Valley, and Los Medanos Foundations (the Foundations) are legally separate, tax-exempt components units of the District. The Foundations act primarily as fundraising organizations to provide grants and scholarships to students and support to employees, programs, and departments of the District. Financial statements for the Foundations can be obtained from the Foundation's Business Offices at the respective colleges.

### ***FINANCIAL HIGHLIGHTS***

The District's primary funding source is general revenue comprised of local property taxes, student enrollment fees, and apportionment received from the State of California, based upon student attendance. A basic allocation established by State regulations plus an amount per full time equivalent student (FTES) is the primary basis of the total general revenue. In FY 2013-14, the District received apportionment and Education Protection Account (Proposition 30) funding of \$142,067,334. This amount is mostly due to FTES funding at \$4,636 per credit FTES and \$2,788 per non-credit FTES. These dollar amounts per FTES are reflective of a 1.57 percent cost of living adjustment (COLA), the first COLA given to the California



**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2014**

Community Colleges since FY 2007-08. In addition, the District continued to receive funding from the passage of Proposition 30, which stabilized funding for the community college system after its passage in November 2012.

After several years of workload reductions from the state which led to significant apportionment cuts, the District has stable funding and generated FTES to capture growth funding. In FY 2013-14 the District achieved 29,883 resident FTES, an increase of 2,717 resident FTES over FY 2012-13. This significant increase in resident FTES allowed the District to regain its base FTES funding and capture all its eligible growth funding. The enrollment growth and the revenue associated with it has allowed the District to increase its services, which is reflective in its overall unrestricted expenditures.

On the personnel side, after several years of significant staffing reductions the District experienced a \$4.2 million year-over-year increase in its salary costs within its Unrestricted General Fund. Benefit costs also increased approximately \$200,000 year-over-year. However, the District still spent \$1.9 million less in salary in FY 2013-14 than it did three years ago in FY 2010-11.

The District acts as a pass-through for financial aid funds distributed to its students. During FY 2013-2014, the District provided in excess of \$35.3 million in financial aid to students attending classes at its three colleges and two centers. This aid was provided in the form of grants, scholarships and loans funded through the Federal government and the State System Office.

In 2002 and 2006, the voters of Contra Costa County approved over \$400 million in capital bonds to be financed through property tax assessments. The District is utilizing these funds for several construction and modernization projects at its three college campuses. Current project commitments total \$59.1 million to be funded with the District's bond programs.

**THE DISTRICT AS A WHOLE**

**Table 1**

**Statement of Net Position**

	2014	2013	Change	2012	Change
<b>ASSETS</b>					
Current Assets					
Cash and investments	\$ 208,699,669	\$ 94,195,440	\$ 114,504,229	\$ 125,319,161	\$ (31,123,721)
Accounts receivable (net)	29,695,784	30,945,056	(1,249,272)	29,604,775	1,340,281
Other current assets	3,457,528	3,232,419	225,109	3,733,824	(501,405)
Total Current Assets	<u>241,852,981</u>	<u>128,372,915</u>	<u>113,480,066</u>	<u>158,657,760</u>	<u>(30,284,845)</u>
Other Assets	8,318,309	13,957,646	(5,639,337)	19,315,973	(5,358,327)
Capital assets (net)	351,636,251	322,318,550	29,317,701	306,850,595	15,467,955
Total Assets	<u>601,807,541</u>	<u>464,649,111</u>	<u>137,158,430</u>	<u>484,824,328</u>	<u>(20,175,217)</u>
DEFERRED OUTFLOWS	-	1,428,458	(1,428,458)	1,777,292	(348,834)
Total Assets and Deferred Outflows	<u>\$ 601,807,541</u>	<u>\$ 466,077,569</u>	<u>\$ 135,729,972</u>	<u>\$ 486,601,620</u>	<u>\$ (20,524,051)</u>
<b>LIABILITIES</b>					
Current Liabilities					
Accounts payable and accrued liabilities	\$ 28,431,666	\$ 22,796,109	\$ 5,635,557	\$ 21,971,582	\$ 824,527
Current portion of long-term debt	8,176,801	5,290,879	2,885,922	11,152,800	(5,861,921)
Total Current Liabilities	<u>36,608,467</u>	<u>28,086,988</u>	<u>8,521,479</u>	<u>33,124,382</u>	<u>(5,037,394)</u>
Long-term debt	372,581,633	236,186,297	136,395,336	257,628,532	(21,442,235)
Total Liabilities	<u>409,190,100</u>	<u>264,273,285</u>	<u>144,916,815</u>	<u>290,752,914</u>	<u>(26,479,629)</u>
DEFERRED INFLOWS	23,498,784	20,263,899	3,234,885	7,334,973	12,928,926
Total Liabilities and Deferred Inflows	<u>432,688,884</u>	<u>284,537,184</u>	<u>148,151,700</u>	<u>298,087,887</u>	<u>(13,550,703)</u>
<b>NET POSITION</b>					
Invested in capital assets	145,234,411	158,087,023	(12,852,612)	141,405,691	16,681,332
Restricted	42,116,460	30,732,317	11,384,143	32,118,701	(1,386,384)
Unrestricted	(18,232,214)	(7,278,955)	(10,953,259)	14,989,341	(22,268,296)
Total Net Position	<u>169,118,657</u>	<u>181,540,385</u>	<u>(12,421,728)</u>	<u>188,513,733</u>	<u>(6,973,348)</u>
Total Liabilities and Net Position	<u>\$ 601,807,541</u>	<u>\$ 466,077,569</u>	<u>\$ 135,729,972</u>	<u>\$ 486,601,620</u>	<u>\$ (20,524,051)</u>

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2014**

Cash and investments consist primarily of funds held in the Contra Costa County Treasury and the Local Agency Investment Fund (LAIF). The changes in our cash position are explained in the Statement of Cash Flows on pages 13 and 14.

Much of the unrestricted net position has been designated by the Board or by contracts for purposes such as our required general reserve for ongoing financial health, commitments on contracts, other post-employment benefits, and auxiliary services reserves.

**Operating Results for the Year**

The results of this year's operations for the District as a whole are reported in the *Statement of Revenues, Expenses, and Changes in Net Position* on page 12.

**Table 2**

	<u>2014</u>	<u>2013</u>	<u>Change</u>	<u>2012</u>	<u>Change</u>
<b>OPERATING REVENUES</b>					
Tuition and fees	\$ 33,920,186	\$ 31,518,382	\$ 2,401,804	\$ 27,370,113	\$ 4,148,269
Auxiliary sales, charges and other	14,637,270	14,102,283	534,987	13,090,209	1,012,074
Total Operating Revenues	<u>48,557,456</u>	<u>45,620,665</u>	<u>2,936,791</u>	<u>40,460,322</u>	<u>5,160,343</u>
<b>OPERATING EXPENSES</b>					
Salaries and benefits	164,886,415	156,642,346	8,244,069	151,668,485	4,973,861
Supplies and other expenses	73,857,305	69,115,434	4,741,871	73,352,523	(4,237,089)
Depreciation	12,152,376	11,448,550	703,826	11,262,943	185,607
Total Operating Expenses	<u>250,896,096</u>	<u>237,206,330</u>	<u>13,689,766</u>	<u>236,283,951</u>	<u>922,379</u>
Loss on operations	<u>(202,338,640)</u>	<u>(191,585,665)</u>	<u>(10,752,975)</u>	<u>(195,823,629)</u>	<u>4,237,964</u>
<b>NONOPERATING REVENUES</b>					
State apportionments	54,973,012	54,529,671	443,341	56,478,893	(1,949,222)
Property taxes	93,917,670	83,537,881	10,379,789	89,564,637	(6,026,756)
State revenues	23,348,726	20,541,168	2,807,558	19,890,976	650,192
Federal revenues	41,174,836	36,268,141	4,906,695	37,774,696	(1,506,555)
Net interest expense	(14,953,291)	(10,291,554)	(4,661,737)	(8,390,466)	(1,901,088)
Other nonoperating revenues	1,259,417	27,010	1,232,407	(1,677,235)	1,704,245
Total Nonoperating Revenue	<u>199,720,370</u>	<u>184,612,317</u>	<u>15,108,053</u>	<u>193,641,501</u>	<u>(9,029,184)</u>
<b>OTHER REVENUES</b>					
State and local capital income	-	-	-	-	-
Change in Net Position	<u>\$ (2,618,270)</u>	<u>\$ (6,973,348)</u>	<u>\$ 4,355,078</u>	<u>\$ (2,182,128)</u>	<u>\$ (4,791,220)</u>

Operational and other highlights for the District in FY 2013-14 include:

- The District contributed \$6.86 million to an irrevocable trust for retiree health benefits. This contribution continued the District's commitment to fully fund its actuarially determined annual required contribution for other post-employment benefits.
- The District continued to operate well-above the 50% law threshold, coming in at 53.17% in FY 2013-14.

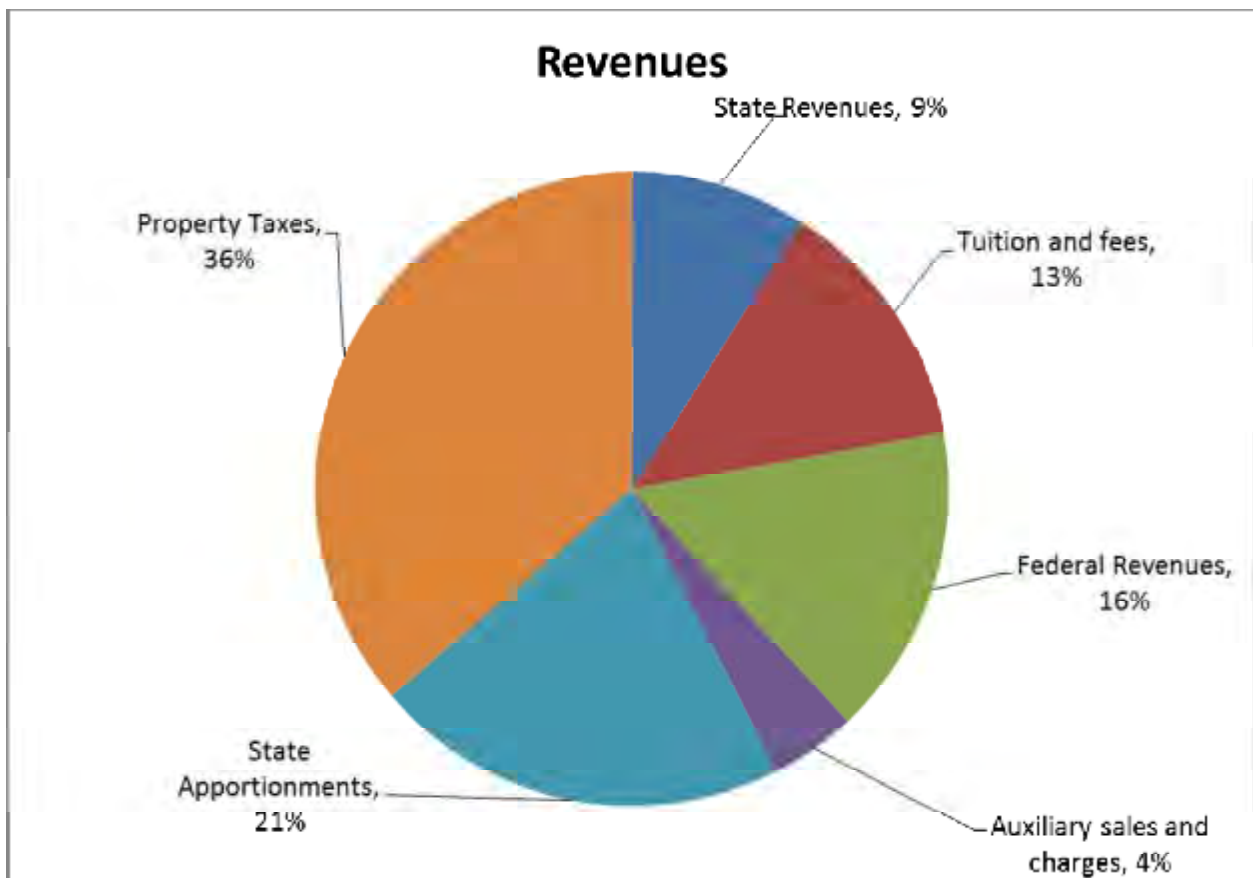
# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2014

- Property tax revenue, a component of apportionment funding, increased from \$70.05 million in FY 2012-13 to \$73.40 million in FY 2013-14. This is a testament to the improving local and state economy.
- Enrollment fees increased commensurate with the increase in FTES.
- Non-resident FTES revenue increased from \$11.7 million in FY 2012-13 to \$13.0 million in FY 2013-14.
- Auxiliary revenue consists of bookstore and cafeteria operations.
- Federal and state revenues relate primarily to student financial aid as well as to specific Federal and State grants received for programs serving the students and programs of the District. These grant and program revenues are restricted to allowable expenses related to the programs.

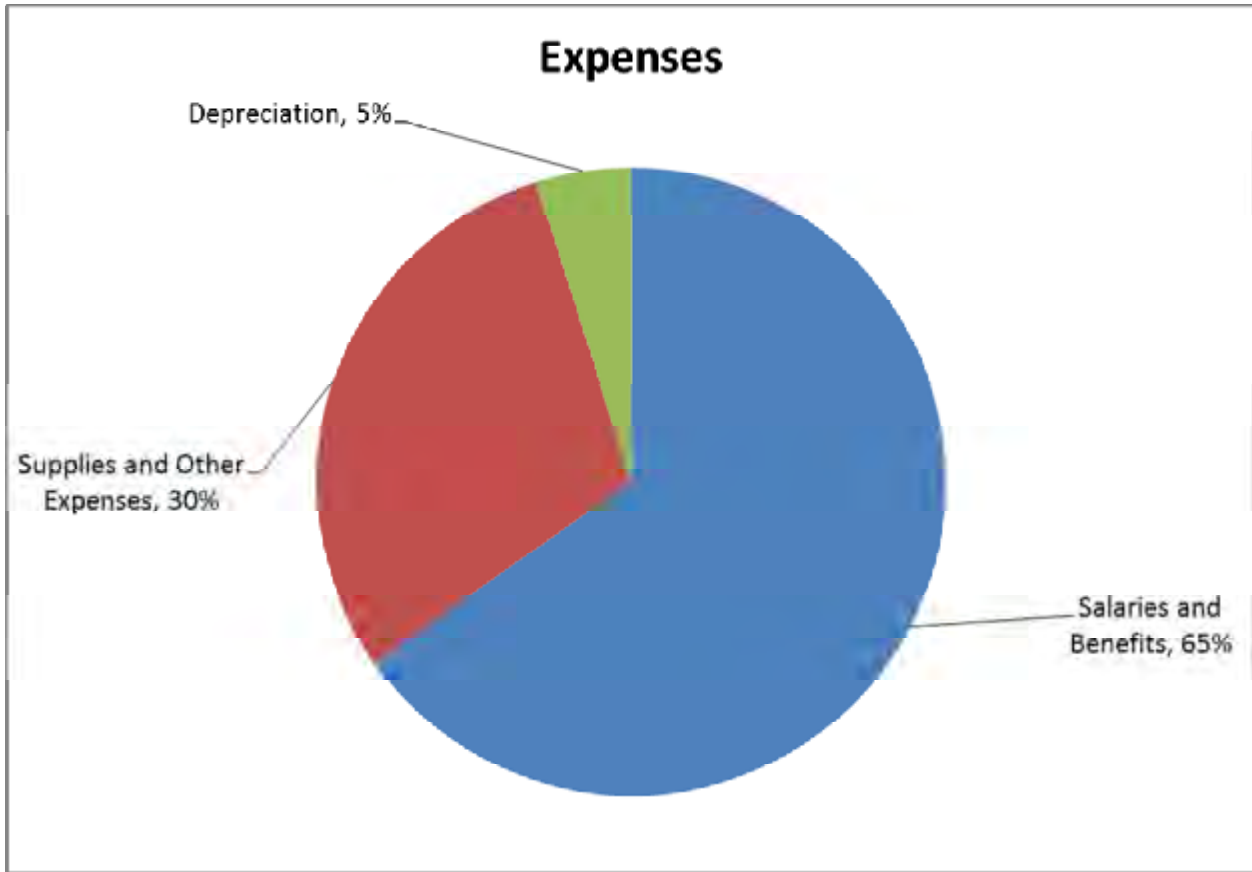
Shown below are two graphs that show the components of the District's revenue and expenses.



**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2014**



**Table 3**

**Changes in Cash Position**

	<u>2014</u>	<u>2013</u>	<u>Change</u>	<u>2012</u>	<u>Change</u>
Cash Provided by (Used in)					
Operating Activities	\$ (189,150,860)	\$ (186,500,381)	\$ (2,650,479)	\$ (203,369,339)	\$ 16,868,958
Noncapital financing activities	192,103,693	183,809,868	8,293,825	189,975,448	(6,165,580)
Capital financing activities	105,743,192	(33,891,247)	139,634,439	(28,123,628)	(5,767,619)
Investing activities	<u>5,808,204</u>	<u>5,772,506</u>	<u>35,698</u>	<u>5,768,029</u>	<u>4,477</u>
Net Increase (Decrease) in Cash	114,504,229	(30,809,254)	145,313,483	(35,749,490)	4,940,236
Cash, Beginning of Year	94,195,440	125,004,694	(30,809,254)	159,534,340	(34,529,646)
Prior period adjustment	-	-	-	1,219,844	(1,219,844)
Cash, End of Year	<u>\$ 208,699,669</u>	<u>\$ 94,195,440</u>	<u>\$ 114,504,229</u>	<u>\$ 125,004,694</u>	<u>\$ (30,809,254)</u>

The Statement of Cash Flows on pages 13 and 14 provides information about our cash receipts and payments during the year. This statement also assists users in assessing the District's ability to meet its obligations as they come due and its need for external financing. The District's primary operating receipts are student tuition and fees and Federal, State, and local grants and contracts. The primary operating expense of the District is the payment of salaries and benefits to instructional and classified support staff.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

MANAGEMENT’S DISCUSSION AND ANALYSIS

JUNE 30, 2014

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

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At June 30, 2014, the District had \$351.6 million in a broad range of capital assets, including land, buildings, furniture and equipment. As a comparison, at June 30, 2013, the District’s net capital assets were \$322.3 million. The District is currently in the middle of a major capital improvement program with construction ongoing throughout the college campuses. These projects are primarily funded through our general obligation bonds resulting from voter-approved Measure A 2002 and Measure A+ 2006. These projects are accounted for within our Construction in Progress account until the project is completed at which time the cost of the buildings and/or improvements will be brought in to the depreciable Buildings and Improvement category.

Capital projects are continuing through the 2014-2015 fiscal year and beyond with primary funding through the District’s general obligation bonds, including the new Measure E \$450 million program that will be incorporated in future audits.

**Table 4**

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Land and construction in progress	\$ 74,090,807	\$ 23,546,154	\$ 38,001,330	\$ 59,635,631
Buildings and improvements	345,256,884	53,471,699	-	398,728,583
Furniture and equipment	50,084,629	2,484,841	33,564	52,535,906
Subtotal	469,432,320	79,502,694	38,034,894	510,900,120
Accumulated depreciation	(147,113,770)	(12,166,601)	(16,502)	(159,263,869)
	<u>\$ 322,318,550</u>	<u>\$ 67,336,093</u>	<u>\$ 38,018,392</u>	<u>\$ 351,636,251</u>

**Obligations**

At the end of the 2013-2014 fiscal year, the District had \$343.9 million in general obligation bonds outstanding. These bonds are repaid annually in accordance with the obligation requirements through an increase in the assessed property taxes on property within the Contra Costa Community College District boundaries. Other obligations for the District include a Certificate of Participation issued to fund the student center and bookstore building project at Diablo Valley College.

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

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2014**

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	Balance Beginning of Year	Additions	Deletions	Balance End of Year
General obligation bonds	\$ 201,555,000	\$ 148,875,000	\$ 6,485,000	\$ 343,945,000
COPs and notes payable	780,000	-	80,000	700,000
OPEB (retiree benefits)	24,478,603	-	1,395,185	23,083,418
Other liabilities	34,927,473	4,845,652	3,244,324	36,528,801
Total Long-Term Debt	<u>\$ 261,741,076</u>	<u>\$ 153,720,652</u>	<u>\$ 11,204,509</u>	<u>\$ 404,257,219</u>

***UNRESTRICTED GENERAL FUND BUDGETARY HIGHLIGHTS***

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. The Governing Board adopted the final amendment to the budget for the 2013-2014 fiscal year on September 10, 2014.

The District continued to see a vast majority of its expenditures within the unrestricted general fund go towards employee salary and benefits. In FY 2013-14, approximately 87% of all expenses within the unrestricted general fund went towards paying the salaries and benefits of current and retired employees. Retiree health benefit expenses as a stand-alone item constitute approximately 7% of the unrestricted general fund expenses.

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

The economic position of the District is closely tied to the State of California as general revenue is allocated to the District represents the majority of the total unrestricted sources of revenues within the General Fund.

The approval of Proposition 30 by the voters of California allowed the community college system to maintain its base funding levels and stabilize the system revenue through 2018-19. In addition, the state was able to fund a Cost of Living Adjustment of 0.85% for 2014-15, which yields \$1.1 million to the District.

The CCCCD Governing Board continues to maintain the District's reserves in anticipation of a slow economic recovery and uncertain funding post Proposition 30. A Districtwide minimum reserve of 5%, a Board Contingency Reserve of 5%, plus college-level reserves yield a \$32.1 million budgeted ending fund balance for FY 2014-15.

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

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information contact the Contra Costa Community College District, Finance Department, (925) 229-6943.

## **FINANCIAL SECTION**

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**STATEMENT OF NET POSITION  
PRIMARY GOVERNMENT**

**JUNE 30, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 24,915,264	\$ 22,625,426
Restricted cash and cash equivalents	183,784,405	71,570,014
Accounts receivable, net	29,695,784	30,945,056
Due from fiduciary funds	33,035	132,379
Prepaid expenses	1,023,824	1,002,910
Stores inventories	2,400,669	2,097,130
<b>Total Current Assets</b>	<u>241,852,981</u>	<u>128,372,915</u>
<b>Noncurrent Assets</b>		
Investments - noncurrent portion	8,318,309	13,957,646
Nondepreciable capital assets	59,635,631	74,090,807
Depreciable capital assets, net of depreciation	292,000,620	248,227,743
<b>Total Noncurrent Assets</b>	<u>359,954,560</u>	<u>336,276,196</u>
<b>Total Assets</b>	<u>601,807,541</u>	<u>464,649,111</u>
<b>DEFERRED OUTFLOWS</b>		
Deferred bond costs	-	1,428,458
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable	13,406,930	10,143,193
Interest payable	6,531,202	3,632,793
Claims payable	-	35
Due to fiduciary funds	82,063	21,159
Unearned revenue	8,411,471	8,998,929
Long-term liabilities - current portion	8,176,801	5,290,879
<b>Total Current Liabilities</b>	<u>36,608,467</u>	<u>28,086,988</u>
<b>Noncurrent Liabilities</b>		
Compensated absences payable	13,008,826	13,136,503
OPEB Liability	23,083,418	24,478,603
Long-term liabilities - noncurrent portion	336,489,389	198,571,191
<b>Total Noncurrent Liabilities</b>	<u>372,581,633</u>	<u>236,186,297</u>
<b>Total Liabilities</b>	<u>409,190,100</u>	<u>264,273,285</u>
<b>DEFERRED INFLOWS</b>		
Bond Premium	23,498,784	20,263,899
<b>NET POSITION</b>		
Invested in capital assets, net of related debt	145,234,411	158,087,023
Restricted for:		
Debt service	23,732,167	17,286,398
Capital projects	17,965,454	12,761,904
Educational programs	234,552	492,529
Other Activities	184,287	191,486
Unrestricted	(18,232,214)	(7,278,955)
<b>Total Net Position</b>	<u>\$ 169,118,657</u>	<u>\$ 181,540,385</u>



**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
PRIMARY GOVERNMENT**

**FOR THE FISCAL YEARS ENDED JUNE 30, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
<b>OPERATING REVENUES</b>		
Student Tuition and Fees		
Net of scholarship discount and allowance	\$ 33,920,186	\$ 31,518,382
Auxiliary Enterprise Sales and Charges		
Bookstore	10,334,574	10,426,192
Cafeteria	930,010	881,634
Other enterprise	45,000	293,466
Other operating revenues	<u>3,327,686</u>	<u>2,500,991</u>
<b>Total Operating Revenues</b>	<u>48,557,456</u>	<u>45,620,665</u>
<b>OPERATING EXPENSES</b>		
Salaries	117,601,558	112,072,450
Employee benefits	47,284,857	44,569,896
Supplies and Materials	4,757,315	4,178,457
Services and other operating costs	33,737,275	32,022,598
Student financial aid	35,362,715	32,914,379
Depreciation	<u>12,152,376</u>	<u>11,448,550</u>
<b>Total Operating Expenses</b>	<u>250,896,096</u>	<u>237,206,330</u>
<b>Operating Income (loss)</b>	<u>(202,338,640)</u>	<u>(191,585,665)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
State apportionments, noncapital	54,973,012	54,529,671
Local property taxes, levied for general purposes	73,712,229	69,349,903
Taxes levied for other specific purposes	20,205,441	14,187,978
Federal revenues	41,174,836	36,268,141
State revenues, other	22,472,835	19,707,694
State taxes and other revenues	875,891	833,474
Investment income	102,059	84,188
Interest expense on capital related debt	(15,055,350)	(10,375,742)
Transfer from agency fund	189,780	252,673
Transfer to agency fund	(6,905,955)	(8,800,000)
Other nonoperating revenue (expenses)	<u>7,975,592</u>	<u>8,574,337</u>
<b>Total Nonoperating Revenues (Expenses)</b>	<u>199,720,370</u>	<u>184,612,317</u>
<b>CHANGE IN NET POSITION</b>	<u>(2,618,270)</u>	<u>(6,973,348)</u>
<b>NET POSITION, BEGINNING OF YEAR, as originally reported</b>	181,540,385	188,513,733
<b>Prior period adjustment</b>	<u>(9,803,458)</u>	-
<b>NET POSITION, BEGINNING OF YEAR, as restated</b>	<u>171,736,927</u>	<u>188,513,733</u>
<b>NET POSITION, END OF YEAR</b>	<u>\$ 169,118,657</u>	<u>\$ 181,540,385</u>

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**STATEMENT OF CASH FLOWS  
PRIMARY GOVERNMENT**

**FOR THE YEARS ENDED JUNE 30, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
<b>Cash flows from operating activities</b>		
Tuition and fees	\$ 32,855,386	\$30,644,996
Payments to vendors for supplies and services	(35,055,953)	(32,820,977)
Payments to or on behalf of employees	(163,024,876)	(163,700,961)
Payments to students for scholarships and grants	(35,362,715)	(32,860,834)
Auxiliary enterprise sales and charges	11,309,584	12,028,859
Other operating receipts (payments)	127,714	208,536
<b>Net cash flows from operating activities</b>	<u>(189,150,860)</u>	<u>(186,500,381)</u>
<b>Cash flows from noncapital financing activities</b>		
State apportionments	38,852,812	36,756,295
Property taxes - non debt related	73,712,229	69,349,903
Federal grants and contracts	41,174,836	36,268,141
State grants and contracts	37,426,191	40,649,689
Local grants and contracts	875,891	3,111,898
Other nonoperating	61,734	(2,326,058)
<b>Net cash flows from noncapital financing activities</b>	<u>192,103,693</u>	<u>183,809,868</u>
<b>Cash flows from capital financing activities</b>		
Purchase of capital assets	(38,053,031)	(29,043,551)
State revenue, capital projects	1,298,952	(1,103,052)
Property taxes - related to capital debt	20,205,441	14,187,978
Proceeds from issuance of debt	145,073,471	-
Principal paid on capital debt	(6,651,551)	(8,775,000)
Interest paid on capital debt	(16,130,090)	(9,157,622)
<b>Net cash flows from capital financing activities</b>	<u>105,743,192</u>	<u>(33,891,247)</u>
<b>Cash flows from investing activities</b>		
Proceeds from sales/maturity of investments	8,160,250	8,960,164
Purchase of investments	(2,481,984)	(3,369,596)
Interest income received	129,938	181,938
<b>Net cash flows from investing activities</b>	<u>5,808,204</u>	<u>5,772,506</u>
<b>Net change in cash and equivalents</b>	<u>114,504,229</u>	<u>(30,809,254)</u>
<b>Cash and equivalents, beginning of year</b>	<u>94,195,440</u>	<u>125,004,694</u>
<b>Cash and equivalents, end of year</b>	<u>\$ 208,699,669</u>	<u>\$ 94,195,440</u>

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**STATEMENT OF CASH FLOWS (CONTINUED)  
PRIMARY GOVERNMENT**

**FOR THE YEARS ENDED JUNE 30, 2014 AND 2013**

	<b>2014</b>	<b>2013</b>
<b>Reconciliation of net operating loss to net cash</b>		
<b>Flows from operating activities</b>		
Operating loss	\$ (202,338,640)	\$ (191,585,665)
Adjustments to reconcile operating loss to net cash flows from operating activities:		
Depreciation expense	12,152,376	11,448,550
(Increase) decrease in:		
Accounts receivable	(349,628)	(1,309,928)
Stores inventories	(303,539)	123,504
Prepaid expenses	843,703	792,819
Increase (decrease) in:		
Accounts payable and accrued liabilities	2,766,607	(1,179,527)
Deferred revenue	(587,458)	786,947
Funds held for others	60,904	(2,465,183)
OPEB liability	(1,395,185)	(3,111,898)
<b>Net cash flows from operating activities</b>	<b>\$ (189,150,860)</b>	<b>\$ (186,500,381)</b>
 <b>Cash and cash equivalents consist of the following:</b>		
Cash in banks	\$ 345,305	\$475,232
Cash in county treasury	207,921,749	93,288,659
Cash in LAIF	432,615	431,549
<b>Total cash and cash equivalents</b>	<b>\$ 208,699,669</b>	<b>\$ 94,195,440</b>

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**STATEMENT OF NET POSITION  
FIDUCIARY FUNDS**

**JUNE 30, 2014 AND 2013**

	<b>2014</b>		<b>2013</b>	
	<u>Trust</u>	<u>Agency</u>	<u>Trust</u>	<u>Agency</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 493,066	\$2,615,832	\$495,258	\$2,659,783
Investments	66,797,848	-	52,307,374	-
Accounts receivable	58,797	4	77,018	856
Due from other funds	179	81,985	182	21,012
<b>Total Assets</b>	<u>67,349,890</u>	<u>2,697,821</u>	<u>52,879,832</u>	<u>2,681,651</u>
<b>LIABILITIES</b>				
Accounts payable	1	235,092	1	218,751
Due to other funds	-	33,035	-	132,380
Due to student groups	-	2,429,694	-	2,330,520
<b>Total Liabilities</b>	<u>1</u>	<u>\$2,697,821</u>	<u>1</u>	<u>\$2,681,651</u>
<b>NET POSITION</b>				
Restricted	<u>\$67,349,889</u>		<u>\$52,879,831</u>	

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

STATEMENT OF CHANGES IN NET POSITION  
FIDUCIARY FUNDS

FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

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	<b>2014</b>	<b>2013</b>
	<b>Trust</b>	<b>Trust</b>
<b>ADDITIONS</b>		
Investment income	<u>\$ 7,817,714</u>	<u>\$ 4,083,488</u>
<b>DEDUCTIONS</b>		
Services and operating expenditures	<u>203,656</u>	<u>159,617</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Operating transfers in	6,860,000	8,800,000
Operating transfers out	<u>(4,000)</u>	<u>-</u>
<b>Change in net position</b>	14,470,058	12,723,871
<b>Net Position - Beginning of Year</b>	<u>52,879,831</u>	<u>40,155,960</u>
<b>Net Position - End of Year</b>	<u><u>\$ 67,349,889</u></u>	<u><u>\$ 52,879,831</u></u>

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**  
**STATEMENT OF FINANCIAL POSITION**  
**DISCRETELY PRESENTED COMPONENT UNITS –**  
**CONTRA COSTA, DIABLO VALLEY, AND LOS MEDANOS**  
**COLLEGE FOUNDATIONS**

**JUNE 30, 2014**

<b>ASSETS</b>	<b>Contra Costa College</b>	<b>Diablo Valley College</b>	<b>Los Medanos College</b>	<b>Total</b>
<b>Current Assets:</b>				
Cash and cash equivalents	\$ 2,352,753	\$ 545,450	\$ 279,416	\$ 3,177,619
Investments	1,362,182	-	513,213	1,875,395
Prepaid Expenses	-	6,870	4,973	11,843
<b>Total Current Assets</b>	<b>3,714,935</b>	<b>552,320</b>	<b>797,602</b>	<b>5,064,857</b>
<b>Long Term Assets</b>				
Investments	137,537	3,868,073	121,832	4,127,442
<b>Total Assets</b>	<b>\$ 3,852,472</b>	<b>\$ 4,420,393</b>	<b>\$ 919,434</b>	<b>\$ 9,192,299</b>
 <b>LIABILITIES</b>				
<b>Current Liabilities:</b>				
Accounts payable	\$ -	\$ 6,410	\$ -	\$ 6,410
Deferred revenue	-	197,500	-	197,500
Funds held for others	411,472	-	390,789	802,261
Payroll Liabilities	-	-	160	160
<b>Total Current Liabilities</b>	<b>411,472</b>	<b>203,910</b>	<b>390,949</b>	<b>1,006,331</b>
<b>Non-current Liabilities:</b>				
Due to Related Party	-	-	44,250	44,250
<b>Total Liabilities</b>	<b>411,472</b>	<b>203,910</b>	<b>435,199</b>	<b>1,050,581</b>
 <b>NET ASSETS</b>				
Unrestricted	2,739,303	658,430	(74,816)	3,322,917
Temporarily restricted	166,457	1,976,497	559,051	2,702,005
Permanently restricted	535,240	1,581,556	-	2,116,796
<b>Total Net Assets</b>	<b>3,441,000</b>	<b>4,216,483</b>	<b>484,235</b>	<b>8,141,718</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 3,852,472</b>	<b>\$ 4,420,393</b>	<b>\$ 919,434</b>	<b>\$ 9,192,299</b>

**CONTRA COSTA COMMUNITY COLEGE DISTRICT**

**STATEMENT OF ACTIVITIES – CASH BASIS  
DISCRETELY PRESENTED COMPONENT UNIT –  
CONTRA COSTA COLLEGE FOUNDATION**

**FOR THE YEAR ENDED JUNE 30, 2014**

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	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>REVENUES</b>				
Donations	\$ 563,463	\$ 14,398	\$ -	\$ 577,861
Program income	-	8,687		8,687
Event income	72,965	-		72,965
Investment income	37,611	2,725		40,336
Satisfaction of program restrictions	<u>129,798</u>	<u>(129,798)</u>		-
Total revenues	<u>803,836</u>	<u>(103,988)</u>	<u>-</u>	<u>699,848</u>
<b>EXPENSES</b>				
Program services	403,233	-		403,233
Management and general	23,385	-	-	23,385
Fundraising	<u>32,779</u>	<u>-</u>		<u>32,779</u>
Total expenses	<u>459,397</u>	<u>-</u>	<u>-</u>	<u>459,397</u>
<b>CHANGE IN NET ASSETS</b>	344,440	(103,988)	-	240,452
<b>NET ASSETS, BEGINNING</b>	<u>2,394,863</u>	<u>270,445</u>	<u>535,240</u>	<u>3,200,548</u>
<b>NET ASSETS ENDING</b>	<u>\$ 2,739,303</u>	<u>\$ 166,457</u>	<u>\$ 535,240</u>	<u>\$ 3,441,000</u>

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**STATEMENT OF ACTIVITIES  
DISCRETELY PRESENTED COMPONENT UNIT –  
DIABLO VALLEY COLLEGE FOUNDATION**

**FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>REVENUES</b>				
Donations	\$ 112,224	\$ 464,222	\$ 411,672	\$ 988,117
College in-kind support	113,300	-	-	113,300
Other in-kind donations	1,778	-	-	1,778
Fundraising income	32,118	-	-	32,118
Event income, net of expenses	106,444	-	-	106,444
Investment income	258,806	-	-	258,806
Unrealized gains	226,167	-	-	226,167
Satisfaction of program restrictions	424,328	(421,438)	(2,890)	-
Total revenues	<u>1,275,165</u>	<u>42,783</u>	<u>408,782</u>	<u>1,726,730</u>
<b>EXPENSES</b>				
Program services	733,372	-	-	733,372
Management and general	321,443	-	-	321,443
Fundraising	75,840	-	-	75,840
Total expenses	<u>1,130,655</u>	<u>-</u>	<u>-</u>	<u>1,130,655</u>
<b>CHANGE IN NET ASSETS</b>	144,510	42,783	408,782	596,075
<b>NET ASSETS, BEGINNING</b>	<u>513,920</u>	<u>1,933,714</u>	<u>1,172,774</u>	<u>3,620,408</u>
<b>NET ASSETS, ENDING</b>	<u>\$ 658,430</u>	<u>\$ 1,976,497</u>	<u>\$ 1,581,556</u>	<u>\$ 4,216,483</u>



**CONTRA COSTA COMMUNITY COLEGE DISTRICT**

**STATEMENT OF ACTIVITIES  
DISCRETELY PRESENTED COMPONENT UNIT –  
LOS MEDANOS COLLEGE FOUNDATION**

**FOR THE YEAR ENDED JUNE 30, 2014**

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	<b><u>Unrestricted</u></b>	<b><u>Temporarily Restricted</u></b>	<b><u>Total</u></b>
<b>REVENUES</b>			
Donations	\$ 117,724	\$ 163,304	\$ 281,028
College in kind support	33,675	-	33,675
Event income, net of expenses	6,360	-	6,360
Interest income	11,664	-	11,664
Other income	4,805	-	4,805
Satisfaction of program restrictions	55,932	(55,932)	-
Total revenues	<u>230,160</u>	<u>107,372</u>	<u>337,532</u>
<b>EXPENSES</b>			
Program services	188,107	-	188,107
Management and general	117,923	-	117,923
Fundraising	722	-	722
Total expenses	<u>306,752</u>	<u>-</u>	<u>306,752</u>
<b>CHANGE IN NET ASSETS</b>	(76,592)	107,372	30,780
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>1,776</u>	<u>451,679</u>	<u>453,455</u>
<b>NET ASSETS, END OF YEAR</b>	<u><u>\$ (74,816)</u></u>	<u><u>\$ 559,051</u></u>	<u><u>\$ 484,235</u></u>

**CONTRA COSTA COMMUNITY COLEGE DISTRICT**  
**STATEMENT OF CASH FLOWS**  
**DISCRETELY PRESENTED COMPONENT UNITS –**  
**CONTRA COSTA, DIABLO VALLEY AND LOS MEDANOS**  
**COLLEGE FOUNDATIONS**

**FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Contra Costa College</u>	<u>Diablo Valley College</u>	<u>Los Medanos College</u>	<u>Total</u>
<b>Cash Flows From Operating Activities</b>				
Change in net assets	\$ 240,452	\$ 596,075	\$ 30,780	\$ 867,307
Adjustment to reconcile change in net assets to net cash provided (used) by operating activities:				
Net realized/unrealized gain on investments	(296,181)	(449,412)	-	(745,593)
Change in operating assets and liabilities:				
Decrease (increase) in:				
Accounts receivable	-	-	5,500	5,500
Prepaid expenses	-	33,394	(4,973)	28,421
(Decrease) increase in:				
Accounts payable	-	(8,592)	(889)	(9,481)
Deferred revenue	-	10,725	-	10,725
Funds held for others	52,605	-	(110,828)	(58,223)
Net cash provided (used) by operating activities	<u>(3,124)</u>	<u>182,190</u>	<u>(80,410)</u>	<u>98,656</u>
<b>Cash Flows From Investing Activities</b>				
Proceeds from sales of investments	-	718,292	-	718,292
Proceeds from maturities of investments	-	93,998	3,065	97,063
Purchases of investments	-	(755,744)	-	(755,744)
Net cash provided (used) in investing activities	<u>-</u>	<u>56,546</u>	<u>3,065</u>	<u>59,611</u>
<b>Net Change in Cash and Cash Equivalents</b>	(3,124)	238,736	(77,345)	158,267
<b>Cash and Cash Equivalents, Beginning of Year</b>	\$ 2,355,877	306,714	356,761	3,019,352
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 2,352,753</u>	<u>\$ 545,450</u>	<u>\$ 279,416</u>	<u>\$ 3,177,619</u>
<b>Supplemental Disclosure on Noncash Investing Activities</b>				
Donated Services	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,960</u>	<u>\$ 17,960</u>
Donated equipment and supplies	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,716</u>	<u>\$ 15,716</u>

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2014 AND 2013**

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**1. ORGANIZATION**

**A. FINANCIAL REPORTING ENTITY**

The Contra Costa Community College District (the District) was established in 1948 and began operating in 1949 as a political subdivision of the State of California and provides educational services to residents of the surrounding area. The District operates under a locally elected five-member Governing Board form of government, which establishes the policies and procedures by which the District operates. The Board must approve the annual budgets for the General Fund, special revenue funds, and capital project funds, but these budgets are managed at the department level. Currently, the District operates three colleges, Diablo Valley College located in Pleasant Hill, Contra Costa College located in San Pablo, and Los Medanos College located in Pittsburg. In addition, there are two satellite centers located within Contra Costa County, California. While the District is a political subdivision of the State of California, it is not a component unit of the State in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 39.

**B. COMPONENT UNITS**

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

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

The District also applies GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*. This statement amends GASB Statement No. 14, *The Financial Reporting Entity*, to provide additional guidance to determine whether certain organizations, for which the District is not financially accountable, should be reported as component units based on the nature and significance of their relationship with the District. The three components used to determine the presentation are: providing a "direct benefit", the "environment and ability to access/influence reporting", and the "significance" criterion.

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2014 AND 2013**

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**B. COMPONENT UNITS (CONTINUED)**

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

The discretely presented component units are as follows:

- Contra Costa College, Diablo Valley College and Los Medanos College Foundations

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

The Foundations are not-for-profit organizations under the Internal Revenue Code (IRC) Section 501(c)(3) that reports its financial results in accordance with Financial Accounting Standards Board Statements. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundations' financial information in the District's financial reporting entity for these differences; however, significant note disclosures to the Foundation's financial statements have been incorporated into the District's notes to the financial statement. The Contra Costa College Foundation reports its activities on the cash basis.

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

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2014 AND 2013**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities as defined by GASB Statements No. 34 and No. 35 as amended by GASB Statements No. 37 and No. 38. The presentation provides a comprehensive entity-wide perspective of the District's assets, liabilities, activities, and cash flows and replaces the fund group perspective previously required. Accordingly, the District's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All material intra-agency and intra-fund transactions have been eliminated.

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are classified as operating revenues. These transactions are recorded on the accrual basis when the exchange takes place. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, operating revenues consist primarily of student fees and auxiliary activities through the bookstore and cafeteria.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include State apportionments, property taxes, certain grants, entitlements, and donations are classified as nonoperating revenue. Federal and State grants received to provide direct grants to students are classified as nonoperating revenues because the District does not generally receive any direct benefit from the grants and are recognized in the fiscal year in which all eligibility requirements are satisfied. Eligibility requirements may include time and/or purpose requirements. Property tax revenue is recognized in the fiscal year received. State apportionment revenue is earned based upon criteria set forth from the Community Colleges Chancellor's Office and includes reporting of full-time equivalent student (FTES) attendance. The corresponding apportionment revenue is recognized in the period the FTES are generated. Revenue from Federal and State grants and entitlements are recognized in the fiscal year in which all eligible requirements have been satisfied. Eligibility requirements may include time/or purpose requirements.

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

The accounting policies of the District conform to accounting principles generally accepted in the United States of America (US GAAP) as applicable to colleges and universities, as well as those prescribed by the California Community Colleges Chancellor's Office. When applicable, certain prior year amounts have been reclassified to conform to current year presentation. The budgetary and financial accounts of the District are maintained in accordance with the State Chancellor's Office's *Budget and Accounting Manual*.

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2014 AND 2013**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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

**A. CASH AND CASH EQUIVALENTS**

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

**B. INVESTMENTS**

Investments held at June 30, 2014 and 2013, 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 are not required to be reported at fair value are stated at cost or amortized cost. Fair values of investments in county and State investment pools are determined by the program sponsor.

Restricted Assets

Restricted assets arise when restrictions on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governmental or imposed by enabling legislation. Restricted assets represent investments required to be set aside by the District for the purpose of satisfying certain requirements of the bonded debt issuance.

**C. ACCOUNTS RECEIVABLE**

Accounts receivable include amounts due from the Federal, State and/or local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the District's grants and contracts. Accounts receivable also consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff, the majority of each residing in the State of California. The District provides for an allowance for uncollectible accounts as an estimation of amounts that may not be received. This allowance is based upon management's estimates and analysis. The allowance was estimated at \$1,378,502 and \$1,378,502 as of June 30, 2014 and 2013, respectively.

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2014 AND 2013**

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**D. PREPAID EXPENSES**

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

**E. INVENTORIES**

Inventories consist primarily of bookstore merchandise and cafeteria food and supplies held for resale to the students and faculty of the colleges. Inventories are stated at cost. The cafeteria fund uses the first-in, first-out method and the bookstore uses the retail method. The cost is recorded as an expense as the inventory is consumed.

**F. CAPITAL ASSETS AND DEPRECIATION**

Capital assets are long-lived assets of the District as a whole and include land, construction-in-progress, buildings, leasehold improvements, and equipment. The District maintains an initial unit cost capitalization threshold of \$25,000 for building and land improvements and \$5,000 for all other capital assets. Assets are recorded at historical cost, or estimated historical cost, when purchased or constructed. The District does not possess any infrastructure. Donated capital assets are recorded at estimated fair market value at the date of donation. Improvements to buildings and land that significantly increase the value or extend the useful life of the asset are capitalized; the costs of routine maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are charged as an operating expense in the year in which the expense was incurred. Major outlays for capital improvements are capitalized as construction-in-progress as the projects are constructed.

Depreciation of capital assets is computed and recorded utilizing the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings 25 to 50 years; improvements 20 years; equipment 5 to 15 years, and vehicles 8 years.

**G. ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS**

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

**H. DEFERRED PREMIUMS AND DISCOUNTS**

Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method.

**I. COMPENSATED ABSENCES**

Accumulated unpaid employee vacation benefits are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide financial statements. The amounts have been recorded in the fund from which the employees, who have accumulated the leave, are paid. The District also participates in "load-banking" with eligible academic employees whereby the employee may teach extra courses in one period in exchange for time off in another period.

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2014 AND 2013**

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**I. COMPENSATED ABSENCES (CONTINUED)**

Sick leave is accumulated without limit for each employee based upon negotiated contracts. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. Therefore, the value of accumulated sick leave is not recognized as a liability in the District's financial statements. However, retirement credit for unused sick leave is applicable to all academic school members who retire after January 1, 1999. At retirement, each member will receive .004 years of service credit for each day of unused sick leave. Credit for unused sick leave is applicable to all certificated employees and is determined by dividing the number of unused sick days by the number of the base service days required to complete the last school year, if employed full time.

**J. UNEARNED REVENUE**

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

**K. NONCURRENT LIABILITIES**

Noncurrent liabilities include bonds and certificates of participation, compensated absences, capital lease obligations and OPEB obligations with maturities greater than one year.

**L. NET POSITION**

Invested in Capital Assets, Net of Related Debt:

Capital Assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.

Restricted – Nonexpendable:

Net Position whose use by the District has been externally restricted in perpetuity, such as Endowment funds, where future investment earnings may be used for the donor stipulated purpose. The District has no nonexpendable net position.

Restricted – Expendable:

Net position whose use by the District is subject to externally imposed constraints that can be fulfilled by actions of the District pursuant to those constraints of by the passage of time. Net position may be restricted for capital projects, debt repayment, and/or educational programs.

None of the District's restricted net position has resulted from enabling legislation adopted by the District.



**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2014 AND 2013**

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**L. NET POSITION (CONTINUED)**

Unrestricted:

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

When both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first and the unrestricted resources when they are needed.

**M. STATE APPORTIONMENTS**

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

**N. PROPERTY TAXES**

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

The voters of the District passed General Obligation Bonds in 2002 and 2006 for the acquisition, construction, and remodeling of certain District capital property. As a result of the passage of the Bond, property taxes are assessed on the property within the District specifically for the repayment of the debt incurred. The taxes are billed and collected as noted above and remitted to the District when collected.

**O. SCHOLARSHIP DISCOUNTS AND ALLOWANCES**

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

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2014 AND 2013**

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**P. FEDERAL FINANCIAL ASSISTANCE PROGRAMS**

The District participates in federally funded Pell Grants, SEOG Grants, Federal Work-Study, and Stafford Loan programs, as well as other programs funded by the Federal government. Financial aid to students is either reported as operating expenses or scholarship allowances, which reduce revenues. The amount reported as operating expense represents the portion of aid that was provided to the student in the form of cash. These programs are audited in accordance with the Single Audit Act Amendments of 1996, and the U.S. Office of Management and Budget's revised Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, and the related Compliance Supplement. During the years ended June 30, 2014 and 2013, the District distributed \$2,272,868 and \$2,271,693 in direct lending through the U.S. Department of Education. These amounts have been included as revenues and expenses within the accompanying financial statements. The amounts are also included on the Schedule of Expenditures of Federal Awards.

**Q. ON-BEHALF PAYMENTS**

GASB Statement No. 24 requires direct on-behalf payments for fringe benefits and salaries made by one entity to a third party recipient for the employees for another legally separate entity be recognized as revenues and expenditures by the employer entity. The State of California makes direct on-behalf payments to the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) on behalf of all community colleges in California. The amounts of on-behalf payments were \$3,327,686 and \$0 for CalSTRS and CalPERS, respectively for 2014 and \$2,500,991 and \$0 for CalSTRS and CalPERS, respectively for 2013.

**R. INTERFUND ACTIVITY**

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

**S. ESTIMATES**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**T. FOUNDATION PRESENTATION**

The Contra Costa College, Diablo Valley College, and Los Medanos College Foundation's present their financial statements in accordance with Financial Accounting Standards Board Statements (FASB). Under these reporting requirements, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. As permitted by FASB, the Foundation does not use fund accounting.

# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014 AND 2013

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### T. FOUNDATION PRESENTATION (CONTINUED)

#### Permanently Restricted Net Assets:

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

#### Temporarily Restricted Net Assets:

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

#### Unrestricted Net Assets:

Net assets not subject to donor-imposed restrictions.

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

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

Financial assets (investments) are reported at fair value in accordance with FASB Topic ASC 820, *Fair Value Measurements and Disclosures*.

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

### U. NEW ACCOUNTING PRONOUNCEMENTS

In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities.

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2014 AND 2013**

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**U. NEW ACCOUNTING PRONOUNCEMENTS (CONTINUED)**

Concepts Statement No. 4 also identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2011. Earlier implementation is encouraged.

In March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined the elements included in financial statements, including deferred outflows of resources and deferred inflows of resources. In addition, Concepts Statement No. 4 provides that reporting a deferred outflow of resources or a deferred inflow of resources should be limited to those instances identified by the Board in authoritative pronouncements that are established after applicable due process. This Statement amends the financial statement element classification of certain items previously reported as assets and liabilities to be consistent with the definitions in Concepts Statement No. 4.

This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in financial statement presentations. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. Earlier implementation is encouraged.

**V. COMPARATIVE FINANCIAL INFORMATION**

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

**W. RECLASSIFICATIONS**

Certain reclassifications have been made to the prior year balances to conform to the current year presentation.

CONTRA COSTA COMMUNITY COLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014 AND 2013

3. DEPOSITS AND INVESTMENTS

Policies and Practices

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

Investment in County Treasury

The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (Education Code Section 41001). The fair value of the District’s Investment in the pool is reported in the accompanying financial statements at amounts based upon the District’s pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

Investment in the State Investment Pool

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

General Authorizations

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedules below:

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

**CONTRA COSTA COMMUNITY COLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2014 AND 2013**

**3. DEPOSITS AND INVESTMENTS (CONTINUED)**

Summary of Deposits and Investments

Deposits and investments as of June 30, 2014 and 2013, consists of the following:

	2014		2013	
	Primary Government	Fiduciary Funds	Primary Government	Fiduciary Funds
Cash on hand and in banks	\$ 216,605	\$ 988,888	\$ 296,532	\$ 938,964
Cash in revolving	128,700	500	178,700	500
Cash in County Treasury	207,921,749	1,938,978	93,288,659	2,035,489
Local Agency Investment Fund	432,615	180,532	431,549	180,088
Investments	8,318,309	66,797,848	13,957,646	52,307,374
Total Deposits and Investments	\$ 217,017,978	\$ 69,906,746	\$ 108,153,086	\$55,462,415
Cash and cash equivalents - current	\$ 24,915,264	\$ -	\$ 22,625,426	\$ -
Cash and cash equivalents - restricted	183,784,405	3,108,898	71,570,014	3,155,041
Total Cash and cash equivalents	208,699,669	3,108,898	94,195,440	3,155,041
Total Investments	8,318,309	66,797,848	13,957,646	52,307,374
Total Deposits and Investments	\$ 217,017,978	\$ 69,906,746	\$ 108,153,086	\$55,462,415

Interest Rate Risk

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

**CONTRA COSTA COMMUNITY COLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2014 AND 2013**

**3. DEPOSITS AND INVESTMENTS (CONTINUED)**

Segmented Time Distribution

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

<u>Investment Type - Primary Government</u>	<u>Fair Value</u>	<u>12 Months or Less</u>	<u>More than 12 months</u>
U.S. Treasuries	\$ 1,721,186	\$ -	\$ 1,721,186
Federal Agency Bonds	2,967,230	-	2,967,230
Municipal Bonds	1,062,476	-	1,062,476
Corporate Notes	2,567,417	-	2,567,417
Mortgage Backed Securities	-	-	-
County Treasury Pool	-	-	-
State Investment Pool - LAIF	432,615	432,615	-
<b>Total</b>	<b>\$ 8,750,924</b>	<b>\$ 432,615</b>	<b>\$ 8,318,309</b>

<u>Investment Type - Fiduciary Funds</u>	<u>Fair Value</u>	<u>12 Months or Less</u>	<u>More than 12 months</u>
Common Stocks	\$ 41,059,496	\$ -	\$ 41,059,496
Fixed Income	25,738,352	-	25,738,352
County Pool	-	-	-
State Investment Pool	180,532	180,532	-
<b>Total</b>	<b>\$ 66,978,380</b>	<b>\$ 180,532</b>	<b>\$ 66,797,848</b>

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investments in the County pool and LAIF are not required to be rated, nor have they been rated as of June 30, 2014.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Minimum Legal Rating</u>	<u>Ratings as of Year End</u>							
			<u>AAA</u>	<u>AA+</u>	<u>AA</u>	<u>AA-</u>	<u>A+</u>	<u>A</u>	<u>A-</u>	<u>Unrated</u>
U.S. Treasuries	\$ 1,721,186	n/a	\$ -	\$ 1,721,186	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Agency Bonds	2,967,230	n/a	-	2,967,230	-	-	-	-	-	-
Municipal Bonds	1,062,476	A	442,741	-	372,576	120,865	-	126,294	-	-
Corporate Notes	2,567,417	A	-	938,306	350,161	394,910	306,727	477,074	100,239	-
State Investment Pool	432,615	n/a	-	-	-	-	-	-	-	432,615
<b>Total</b>	<b>\$ 8,750,924</b>		<b>\$442,741</b>	<b>\$ 5,626,722</b>	<b>\$ 722,737</b>	<b>\$ 515,775</b>	<b>\$ 306,727</b>	<b>\$ 603,368</b>	<b>\$ 100,239</b>	<b>\$ 432,615</b>
			5.06%	64.30%	8.26%	5.89%	3.51%	6.89%	1.15%	

**CONTRA COSTA COMMUNITY COLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2014 AND 2013**

**3. DEPOSITS AND INVESTMENTS (CONTINUED)**

Concentration of Credit Risk

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

<u>Investment Type - Primary Government</u>	<u>Issuer</u>	<u>Reported Amount</u>	<u>Percentage of Investments</u>
Federal Agency Bonds	Fannie Mae	\$ 1,001,729	12%
Federal Agency Bonds	Federal Home Loan Banks	607,666	7%
Federal Agency Bonds	Freddie Mac	1,357,836	16%
U.S. Treasury Bonds	United States Treasury	4,660,427	33%
Municipal Bond	Palo Alto Unified School District, CA	442,741	5%
Corporate Note	General Electric Co	767,164	9%
Total		<u>\$ 8,837,563</u>	

<u>Investment Type - Fiduciary Funds</u>	<u>Issuer</u>	<u>Reported Amount</u>	<u>Percentage of Investments</u>
Mutual Funds	Prudential Total Return Bond	\$ 3,963,593	15%
Mutual Funds	Delaware Diversified Income Fund	3,299,223	13%
Mutual Funds	Hartford World Bond	3,274,320	13%
Mutual Funds	Clearbridge Global Bond	1,991,507	8%
Mutual Funds	Templeton Global Bond Advantage Fund	5,308,808	21%
Mutual Funds	Western Asset Core Plus Bond Fund	3,959,406	15%
Mutual Funds	Metropolitan West Total Return Bond Fund	3,941,495	15%
Total		<u>\$ 25,738,352</u>	

Custodial Credit Risk – Deposits

This is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. The District does not have a policy for custodial credit risk. However, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (Unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2014 and 2013, none of the funds deposited with the banks were exposed to custodial credit risk.



**CONTRA COSTA COMMUNITY COLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2014 AND 2013**

**4. ACCOUNTS RECEIVABLE**

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

The accounts receivable are as follows:

	Primary Government		Fiduciary Funds	
	2014	2013	2014	2013
Federal Government				
Categorical aid	\$ 3,169,283	\$ 2,260,928	\$ -	\$ -
State Government				
Apportionment	15,460,757	15,793,241	-	-
Categorical aid	1,808,874	2,071,890	-	-
Lottery	590,646	1,626,583	-	-
Local Sources				
Interest	42,908	109,716	58,801	77,874
Other local sources	1,952,461	3,382,968	-	-
Total, excluding student receivables	23,024,929	25,245,326	58,801	77,874
Student receivables	8,049,357	7,078,232	-	-
Less allowance for bad debt	(1,378,502)	(1,378,502)	-	-
Student receivables, net	6,670,855	5,699,730	-	-
Total	\$ 29,695,784	\$ 30,945,056	\$ 58,801	\$ 77,874

Discretely Presented Component Unit

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

**5. PREPAID EXPENSES AND OTHER ASSETS**

The District has prepaid health insurance costs and construction retainers for periods after June 30, 2014 and 2013.

**CONTRA COSTA COMMUNITY COLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2014 AND 2013**

**6. CAPITAL ASSETS**

Capital asset activity for the District for the fiscal year ended June 30, 2014, was as follows:

	Balance June 30, 2013	Additions	Deductions	Balance June 30, 2014
Capital Assets Not Being Depreciated				
Land	\$ 14,054,708	\$ -	\$ -	\$ 14,054,708
Construction in progress	60,036,099	23,546,154	38,001,330	45,580,923
Total Capital Assets Not Being Depreciated	<u>74,090,807</u>	<u>23,546,154</u>	<u>38,001,330</u>	<u>59,635,631</u>
Capital Assets Being Depreciated				
Land improvements	66,206,457	2,165,893	-	68,372,350
Buildings and improvements	279,050,427	51,305,806	-	330,356,233
Furniture and equipment	50,084,629	2,484,841	33,564	52,535,906
Total Capital Assets Being Depreciated	<u>395,341,513</u>	<u>55,956,540</u>	<u>33,564</u>	<u>451,264,489</u>
Total Capital Assets	<u>469,432,320</u>	<u>79,502,694</u>	<u>38,034,894</u>	<u>510,900,120</u>
Less Accumulated Depreciation				
Land improvements	25,389,686	3,573,956	-	28,963,642
Building and improvements	77,960,100	5,953,000	-	83,913,100
Furniture and equipment	43,763,984	2,639,645	16,502	46,387,127
Total Accumulated Depreciation	<u>147,113,770</u>	<u>12,166,601</u>	<u>16,502</u>	<u>159,263,869</u>
Net Capital Assets Being Depreciated	<u>248,227,743</u>	<u>43,789,939</u>	<u>17,062</u>	<u>292,000,620</u>
Net Capital Assets	<u>\$ 322,318,550</u>	<u>\$ 67,336,093</u>	<u>\$ 38,018,392</u>	<u>\$ 351,636,251</u>

Depreciation expense was \$12,166,601 and \$11,448,550 for the years ended June 30, 2014 and 2013, respectively.

**CONTRA COSTA COMMUNITY COLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2014 AND 2013**

**7. ACCOUNTS PAYABLE**

Accounts payable for the District consisted of the following:

	Primary Government		Fiduciary Funds	
	2014	2013	2014	2013
Accrued payroll	\$ 2,156,448	\$ 2,099,733	\$ -	\$ -
Construction	6,051,054	2,634,008	-	-
Vendors	5,199,428	5,409,452	235,093	218,752
Total	<u>\$ 13,406,930</u>	<u>\$ 10,143,193</u>	<u>\$ 235,093</u>	<u>\$ 218,752</u>

**8. UNEARNED REVENUE**

Unearned revenue consisted of the following:

	Primary Government	
	2014	2013
State categorical aid	\$ 2,309,887	\$ 2,803,670
Enrollment and other student fees	6,097,706	6,191,381
Other Local	3,878	3,878
Total	<u>\$ 8,411,471</u>	<u>\$ 8,998,929</u>

**9. INTERFUND TRANSACTIONS**

Interfund Receivables and Payables (Due To/From)

Interfund receivables and payable arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund activity within the governmental fund and fiduciary funds has been eliminated respectively in the consolidation process of the basic financial statements. Balances owing between the primary government and the fiduciary funds are not eliminated in the consolidation process.

As of June 30, 2014, the amount owed between the government and the fiduciary funds were \$33,035 and \$82,164, respectively.

As of June 30, 2013, the amount owed between the government and the fiduciary funds were \$132,380 and \$21,194, respectively.

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2014 AND 2013**

**9. INTERFUND TRANSACTIONS (CONTINUED)**

Interfund Operating Transfers

Operating transfers between funds of the District are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that the statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use restricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Operating transfers within the funds of the District have been eliminated in the consolidation process. Transfers between the primary government and the fiduciary funds are not eliminated in the consolidation process. During the 2014 fiscal year the amount transferred to the primary government from the fiduciary fund amounted to \$189,780. The amounts transferred to the fiduciary funds from the primary government were \$6,905,955. During the 2013 fiscal year the amount transferred to the primary government from the fiduciary fund amounted to \$252,673. The amounts transferred to the fiduciary funds from the primary government were \$8,800,000.

**10. LONG-TERM OBLIGATIONS**

Summary

The changes in the District's long-term obligations for the year ended June 30, 2014 consisted of the following:

	Balance June 30, 2013	Additions/ Adjustment	Deductions	Balance June 30, 2014	Due in One Year
<b>Bonds and Notes Payable</b>					
General obligation bonds	\$ 201,555,000	\$ 148,875,000	\$ 6,485,000	\$ 343,945,000	\$ 8,085,000
Certificates of participation	780,000	-	80,000	700,000	85,000
Debt premium	20,263,900	4,573,471	1,338,587	23,498,784	-
<b>Total Bonds and Notes Payable</b>	<b>222,598,900</b>	<b>153,448,471</b>	<b>7,903,587</b>	<b>368,143,784</b>	<b>8,170,000</b>
<b>Other Liabilities</b>					
Compensated absences	13,136,503	272,181	399,858	13,008,826	-
Capital leases	27,742	-	6,551	21,191	6,801
State Apportionment	1,499,328	-	1,499,328	-	-
Net OPEB obligation	24,478,603	-	1,395,185	23,083,418	-
<b>Total Other Liabilities</b>	<b>39,142,176</b>	<b>272,181</b>	<b>3,300,922</b>	<b>36,113,435</b>	<b>6,801</b>
<b>Total Long-Term Debt</b>	<b>\$ 261,741,076</b>	<b>\$ 153,720,652</b>	<b>\$ 11,204,509</b>	<b>\$ 404,257,219</b>	<b>\$ 8,176,801</b>

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

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2014 AND 2013**

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**10. LONG-TERM OBLIGATIONS (CONTINUED)**

Description of Bonds

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

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

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

On June 6, 2006, \$286,500,000 in general obligation bonds were authorized by the voters under Proposition 39/Measure A in an election held within the Contra Costa Community College District. In August 2007, the District issued its first series in the amount of \$73,000,000. The bonds require annual principal payments and semi-annual interest payments beginning February 2008 through August 2032. Annual interest rates range from 4.0% to 5.0%.

On March 16, 2010, the District issued the second series in the amount of \$73,000,000. The bonds require annual principal payments and semi-annual interest payments beginning August 2010 through August 2034. Annual interest rates range from 0.75% to 6.504%.

In October 2011, the District issued general obligation refunding bonds in the amount of \$38,595,000 to refund all or a portion of the Series 2002 bonds issued on July 2, 2002. The bonds require annual principal payments and semi-annual interest payments beginning February 2012 through August 2026. Annual interest rates range from 4.0% to 5.0%.

In October 2012, the District issued general obligation refunding bonds in the amount of \$106,565,000 to refund all or a portion of the Series 2004, Series 2006 and Series 2007 bonds issued on August 25, 2004, May 11, 2006 and August 16, 2007, respectively. The bonds require annual principal payments and semi-annual interest payments beginning in February 2013 through August 2032. Annual interest rates range from 2% to 5%.

In October 2013, the District issued general obligation bonds in the amount of \$140,500,000. The bonds require annual principal payments and semi-annual interest payments beginning February 2014 through August 2038. Annual interest rates range from 1.00% to 5.00%.

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2014 AND 2013**

**10. LONG-TERM OBLIGATIONS (CONTINUED)**

Debt Maturity – General Obligation Bonds

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds			Bonds
				Outstanding July 1, 2013	Additions	Deductions	Outstanding July 1, 2014
August 2004	8/1/2029	4.0%-5.5%	\$ 45,000,000	\$ -	\$ 450,000	\$ 200,000	\$ 250,000
April 2006	8/1/2030	4.0%-4.5%	\$ 25,000,000	-	1,975,000	675,000	1,300,000
August 2007	8/1/2032	4.0%-5.0%	\$ 73,000,000	-	5,950,000	1,905,000	4,045,000
March 2010	8/1/2034	.75% -6.504%	\$ 73,000,000	57,170,000	-	-	57,170,000
October 2011	8/1/2026	4.0%-5.0%	\$ 38,595,000	37,820,000	-	1,680,000	36,140,000
October 2012	8/1/2032	2.0%-5.0%	\$ 106,565,000	106,565,000	-	2,025,000	104,540,000
October 2013	8/1/2038	1.0%-5.0%	\$ 140,500,000	-	140,500,000	-	140,500,000
				<u>\$201,555,000</u>	<u>\$148,875,000</u>	<u>\$ 6,485,000</u>	<u>\$343,945,000</u>

The bonds mature through August 2038 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2015	\$ 8,085,000	\$ 15,633,451	\$ 23,718,451
2016	5,260,000	15,406,536	20,666,536
2017	5,460,000	15,193,336	20,653,336
2018	5,980,000	14,952,961	20,932,961
2019	6,535,000	14,675,286	21,210,286
2020-2024	44,035,000	67,779,663	111,814,663
2025-2029	76,645,000	53,800,109	130,445,109
2030-2034	87,380,000	34,896,448	122,276,448
2035-2039	104,565,000	13,821,619	118,386,619
Total	<u>\$ 343,945,000</u>	<u>\$ 246,159,409</u>	<u>\$590,104,409</u>

Certificates of Participation

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

Year Ending	Principal	Interest	Total
June 30,			
2015	\$ 85,000	\$ 42,000	\$ 127,000
2016	90,000	36,900	126,900
2017	95,000	31,500	126,500
2018	100,000	25,800	125,800
2019	105,000	19,800	124,800
2020-2021	225,000	20,400	245,400
Total	<u>\$ 700,000</u>	<u>\$ 176,400</u>	<u>\$ 876,400</u>

CONTRA COSTA COMMUNITY COLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014 AND 2013

10. LONG-TERM OBLIGATIONS (CONTINUED)

State Apportionment

The District initiated a review of the District's course offerings known as Instructional Service Agreements (ISA). The initial review indicated an adjustment of \$4,497,984 due back to the state. \$1,499,328 was withheld from the District's 2012, 2013 and 2014 apportionment and the balance was fully paid as of June 30, 2014.

11. POSTEMPLOYMENT HEALTH CARE PLAN AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) OBLIGATION

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

Funding Policy

The contribution requirements of plan members and the District are established and may be amended by the District and the District's bargaining units. The required contribution is based on projected pay-as-you-go financing requirements with an additional amount to prefund benefits as determined annually through agreements between the District and the bargaining units.

Annual OPEB cost and Net OPEB Obligation

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

Annual required contribution	\$ 16,564,389
Interest on net OPEB obligation	1,640,067
Adjustment to annual required contribution	<u>(2,365,444)</u>
Annual OPEB cost	\$15,839,012
Contributions made	<u>(17,234,197)</u>
Increase in net OPEB obligation	(1,395,185)
Net OPEB obligation, beginning of year	<u>24,478,603</u>
Net OPEB obligation, end of year	<u><u>\$23,083,418</u></u>

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014 AND 2013

**11. POSTEMPLOYMENT HEALTH CARE PLAN AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) OBLIGATION (CONTINUED)**

Funding Status and Funding Progress

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the past three years is as follows;

<u>Year Ended</u> <u>June 30,</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Actual</u> <u>Contributions</u>	<u>Percentage</u> <u>Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
2012	\$ 16,704,783	\$ 19,276,622	115%	\$ 27,590,501
2013	\$ 16,109,024	\$ 19,220,922	119%	\$ 24,478,603
2014	\$ 15,839,012	\$ 17,234,197	109%	\$ 23,083,418

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

Actuarial Methods and Assumptions

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

In the March 1, 2013, actuarial valuation, the entry age normal method was used. The actuarial assumptions included a 6.70 percent investment rate of return (net of administrative expenses), on Plan assets funded in an irrevocable employee benefit trust fund invested in a long-term fixed income portfolio. Healthcare cost trend rates used were 4% per year. The UAAL is being amortized at a level dollar method. The amortization period is 30 years. The actuarial value of assets was \$46,371,955 at the time of the actuarial valuation.

**12. LEASE REVENUES**

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



CONTRA COSTA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014 AND 2013

13. RISK MANAGEMENT

Insurance Coverages

The District participates in two joint ventures under Joint Powers Agreements (JPA): Contra Costa County Schools Insurance Group (CCCSIG), for workers' compensation insurance and Bay Area Community College District Joint Powers Authority (BACCDJPA) for property and liability insurance. The relationship between Contra Costa Community College District and the JPAs are such that the JPAs are not a component unit of the District for financial reporting purposes. Each participant's individual claims performance dictates whether the participant will be required to contribute more to cover pooled insurance costs or derive dividends from pool savings. Participation in the JPA is limited to K-12 and community college districts that can meet the JPA's selection criteria. Settled claims have not exceeded this coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

The District provides a cooperative program of self-insurance for workers' compensation for its employees. The District is self insured for individual worker's compensation claims less than \$1,000,000, and is covered by CCCSIG for individual claims exceeding such amounts to a Statutory maximum per claim.

Property and Liability

The District is self insured for individual property and liability claims less than \$10,000, and is covered by BACCDJPA for individual claims exceeding such amounts to \$250 million for property and \$25 million for liability.

Condensed financial information for the JPAs for the most recent fiscal year available is as follows:

	<u>CCCSIG</u> <u>June 30, 2014</u>	<u>BACCDJPA</u> <u>June 30, 2013</u>
Total Assets	<u>\$ 98,493,454</u>	<u>\$ 6,554,828</u>
Total Liabilities	\$ 80,533,843	\$ 3,782,581
Net Assets	<u>17,959,611</u>	<u>2,772,247</u>
Total Liabilities and Net Postion	<u>\$ 98,493,454</u>	<u>\$ 6,554,828</u>
Revenues	\$ 44,857,164	\$ 4,185,783
Expenditures	<u>42,373,992</u>	<u>4,729,930</u>
Change in Net Postion	<u>\$ 2,483,172</u>	<u>\$ (544,147)</u>

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014 AND 2013

13. RISK MANAGEMENT

Employee Medical Benefits

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

Claims Liabilities

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

	<u>2014</u>	<u>2013</u>
Beginning Liability Balance	\$ 6,411	\$ 15,206
Claims and changes in estimates	44,973	168,919
Claims payments	(36,782)	(177,714)
Ending Liability Balance	<u>\$ 14,602</u>	<u>\$ 6,411</u>
Assets Available to Pay Claims at June 30:	<u>\$ 595,009</u>	<u>\$ 522,087</u>

14. EMPLOYEE RETIREMENT SYSTEMS

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

**CalSTRS**

Plan Description

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

Funding Policy

Active plan members are required to contribute 8 percent of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalSTRS Teachers' Retirement Board. The District's contribution rate to CalSTRS for fiscal year 2013-2014 was 8.25 percent of covered payroll. The District's total contributions to CalSTRS for fiscal years ended June 30, 2014, 2013, and 2012, were \$5,369,221, \$5,189,759, and \$5,178,154, respectively, and equaled 100 percent of the required contributions for each year.

# CONTRA COSTA COMMUNITY COLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014 AND 2013

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### 14. EMPLOYEE RETIREMENT SYSTEMS

#### CalPERS

##### Plan Description

The District contributes to the School Employer Pool under CalPERS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Laws. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from CalPERS Executive Office, 400 P Street, Sacramento, California 95814.

##### Funding Policy

Active plan members are required to contribute 7 percent of their salary (7 percent of monthly salary over \$133.33 if the member participates in Social Security). And the District is required to contribute an actuarially determined rate. The Actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The District's contribution rate to CalPERS for fiscal year 2013-2014 was 11.442 percent of annual payroll. The District's contributions to CalPERS for fiscal years ending June 30, 2014, 2013, and 2012, were \$3,932,897, \$3,756,936, and \$3,869,382, respectively, and equaled 100 percent of the required contributions for each year.

##### Other

As established by Federal law, all public section employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by Social Security or an alternative plan. The District has elected to use the Cash Balance Plan as its alternative plan. The Cash Balance Plan (CB Plan) is an alternative to the CalSTRS contribution plan for instructors. Instructors who choose not to sign up for CalSTRS or FICA may participate in the CB plan. The District contribution rate for the year ended June 30, 2014, was 4 percent of annual payroll. Contributions for the years ended June 30, 2014 and 2013, were \$414,627 and \$354,236, respectively.

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

##### On-Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS which amounted to \$3,327,686, \$2,500,991, and \$2,600,006, for the years ended June 30, 2014, 2013, and 2012, respectively and were 4.267 percent of salaries subject to CalSTRS. A contribution to CalPERS was not required for the years ended June 30, 2014 or 2013. These amounts have been reflected in the basic financial statements as a component of nonoperating revenue and employee benefit expense.

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2014 AND 2013**

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**14. EMPLOYEE RETIREMENT SYSTEMS**

Deferred Compensation

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

**15. PARTICIPATION IN PUBLIC ENTITY RISK POOLS AND JOINT POWERS AUTHORITIES**

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

The JPAs have budgeting and financial reporting requirements independent of member units and their financial statements are not presented in these financial statements; however, transactions between the JPAs and the District are included in these statements. Audited financial statements are available from the respective entities.

The District's share of year-end assets, liabilities, or fund equity has not been calculated. During the year ended June 30, 2014, the District made payments of \$2,293,541 and \$1,368,225 to the Contra Costa Schools Insurance Group and the Bay Area Community College District JPA, respectively.

**16. PRIOR PERIOD RESTATEMENT**

The implementation of GASB Statement No. 65 described in Note 1U is a change in accounting principle that required the District to write off deferred bond costs previously being amortized over the life of the bonds issued. The amount written off and recorded as a prior period adjustment was \$1,428,458.

In addition, when the 2012 refunding bond was issued, the District removed all the debt for the 2004, 2006 and 2007 general obligation bonds, however \$8,375,000 of those bonds were still outstanding as of June 30, 2013. A prior period adjustment of \$8,375,000 was recorded to include these bonds in the outstanding debt.

The total prior period restatement was a reduction in net position of \$9,803,458.

# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014 AND 2013

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### 17. COMMITMENTS AND CONTINGENCIES

#### Grants

The District receives financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. In the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2014.

#### Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2014.

#### Operating Leases

The District has entered into various operating leases for buildings and equipment with lease terms in excess of one year. None of these agreements contain purchase options. All agreements contain a termination clause providing for cancellation after a specified number of days written notice to lessors, but it is unlikely that the District will cancel any of the agreements prior to the expiration date. Future minimum lease payments under these agreements are \$1,721,183 and \$130,499 for the years ending June 30, 2014 and 2013, respectively.

#### Related Party Transactions

The District provides facilities, staff, and operational support to each of the three Foundations. The dollar amount of donated services and support has not been calculated since there is no readily available method for valuing these services.

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2014 AND 2013**

**17. COMMITMENTS AND CONTINGENCIES (CONTINUED)**

Construction Commitments

As of June 30, 2014, the District had the following commitments with respect to the unfinished capital projects:

Capital Project	Remaining Contract Commitment
<b>2002 Bond</b>	
<i>Contra Costa College</i>	
Card Access	\$ 880
Physical Education Elevator	558,240
<i>Los Medanos College</i>	
Mechanical Systems Upgrade	18,900
Total 2002 Bond	<u>578,020</u>
 <b>2006 Bond</b>	
<i>Contra Costa College</i>	
Parking Lot 16 Repair	24,500
Plan/Design/Engineer New Buildings	48,487,441
Seismic Repairs-Buildings	1,117,140
Voltage Upgrade & Utility Maintenance	11,981
<i>Diablo Valley College</i>	
Quad Area Renovation	3,127,798
<i>Los Medanos College</i>	
Student Services Center	3,913,266
<i>District Office</i>	
IT Infrastructure	1,723,298
Monitoring Base Commissioning	8,400
<i>District-Wide</i>	
Measure A Project Administration	129,920
Master Plan	14,360
Total 2006 Bond	<u>58,558,104</u>
Total Remaining Commitment	<u>\$ 59,136,124</u>

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2014 AND 2013**

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**17. COMMITMENTS AND CONTINGENCIES (CONTINUED)**

Deferral of State Apportionments

Certain apportionments owed to the District for funding of FTES, categorical programs, and construction reimbursements which are attributable to the 2012-2013 fiscal year have been deferred to the 2013-2014 fiscal year. The total amount of funding deferred into the 2013-2014 fiscal year and received in 2013-2014 fiscal year was \$15,321,456. These deferrals of apportionment are considered permanent with future funding also being subject to deferral into future years.

**18. SUBSEQUENT EVENTS**

District management has reviewed its financial statements and evaluated subsequent events for the period of time from its year ended June 30, 2014 through December 17, 2014, the date the financial statements were issued. Management is not aware of any subsequent events, other than the event described below, that would require recognition or disclosure in the accompanying financial statements.

In June 2014, Measure E was passed authorizing the District to issue \$450 million of general obligation bonds. In August 2014, the board authorized the issuance and sale of \$120 million of the Measure E general obligation bonds to fund capital improvement programs at Contra Costa College, Diablo Valley College and Los Medanos College. The bonds carry interest rates ranging from 2% – 4% and mature through August 2039.

**REQUIRED SUPPLEMENTARY INFORMATION**



**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**  
**SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS (OPEB)**  
**FUNDING PROGRESS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarially Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a) / c]
June 30, 2006	\$ -	\$ 335,136,700	\$ 335,136,700	0%	\$ 65,849,200	509%
June 30, 2008	\$ -	\$ 262,468,400	\$ 262,468,400	0%	\$ 70,661,000	371%
February 1, 2011	\$ 23,373,801	\$ 198,640,665	\$ 175,266,864	12%	\$ 73,907,620	237%
March 1, 2013	\$ 46,371,955	\$ 198,489,326	\$ 152,117,371	23%	\$ 75,632,427	201%

## **SUPPLEMENTARY INFORMATION**

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**DISTRICT ORGANIZATION**

**JUNE 30, 2014**

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

**BOARD OF TRUSTEES**

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
John E. Marquez	President	2014
John T. Nejedly	Vice President	2014
Vicki Gordon	Secretary	2014
Greg Enholm	Member	2016
Matthew Rinn	Member	2014
Elijah Ziskin	Student Trustee	2015

**ADMINISTRATION**

Dr. Helen Benjamin	Chancellor
Eugene Huff	Executive Vice Chancellor, Administrative Services
Mojdeh Mehdizadeh	Executive Vice Chancellor, Education and Technology

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

<b>Grantor and Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Actual 2014 Expenditures</b>
<b>U.S. Department of Agriculture</b>			
USDA NIFA	10.223	(1)	\$ 54,114
Total U.S. Department of Agriculture			54,114
<b>U.S. Department of Education</b>			
<u>Student Financial Aid Cluster</u>			
Federal Pell Grant Programs (PELL)	84.063	(1)	30,476,489
Federal Pell Administrative Allowance	84.063	(1)	46,240
Federal Supplemental Educational Opportunity Grants (FSEOG)	84.007	(1)	622,983
Federal Direct Loans (FDL)	84.268	(1)	2,272,868
Federal Work Study	84.033	(1)	463,980
Subtotal Student Financial Aid Cluster			33,882,560
Title III, Hispanic Serving Institutions	84.031C	(1)	956,948
Title V, Hispanic Serving Institutions	84.031S	(1)	1,584,910
CCAMPIS- Parent Success Initiative	84.335A	(1)	40,677
TRIO - Talent Search	84.044	(1)	289,998
TRIO - Upward Bound	84.047A	(1)	239,401
<u>Pass Through California Department of Education</u>			
Career Technical Education Act - Basic Grants To States (Perkins IV)	84.048	03303	1,066,310
Career Technical Education Act - Transitions	84.048	(2)	132,075
Subtotal Career Technical Education Cluster			1,198,385
Total U.S. Department of Education			38,192,879
<b>U.S. Department of Labor</b>			
Trade Adjustment Assistance Community College and Career Training	17.282	(1)	2,620,155
Total U.S. Department of Labor			2,620,155
<b>U.S. Department of Health and Human Services</b>			
<u>Pass Through California Department of Education</u>			
Foster Care - Title IV E - Foster Parent Training	93.658	10011	213,999
Foster Care - Title IV E - Foster Relative	93.658	10011	45,001
Temporary Assistance for Needy Families (TANF)	93.558	(2)	150,558
Total U.S. Department of Health and Human Services			409,558
<b>National Science Foundation</b>			
National Science Foundation STEM Scholars	47.076	(1)	5,726
National Science Foundation DMAF	47.076	(1)	159,691
National Science Foundation Chem Wiki	47.076	(1)	23,191
<u>Pass Through California Department of Education</u>			
National Science Foundation TUES	47.076	(2)	11,894
Total National Science Foundation			200,502
Total Expenditures of Federal Awards			\$ 41,477,208

<sup>(1)</sup> Pass through number not applicable.

<sup>(2)</sup> Pass through number not available.

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**SCHEDULE OF EXPENDITURES OF STATE AWARDS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

<b>Program</b>	<b>Program Revenues</b>				<b>Total Program Expenditures</b>
	<b>Cash Received</b>	<b>Accounts Receivable</b>	<b>Deferred Revenue</b>	<b>Total Revenue</b>	
AB 86 Adult Education	\$ 221,217	\$ -	\$ 88,693	\$ 132,524	\$ 132,524
AB 1725 Staff Diversity	85,974	-	76,655	9,319	9,319
Basic Skills	692,715	-	389,533	303,183	303,183
BFAP (AB 602)	1,063,025	-	-	1,063,025	1,063,025
BFAP (AB 602) 2012-13 Carryover	11,000	-	-	11,000	11,000
Cal Grants	1,707,632	48,534	-	1,756,166	1,756,166
CaWORKS	653,285	-	5,099	648,186	648,186
CARE	245,478	-	-	245,478	245,478
Career Academy Advancement II	19,082	-	-	19,082	19,082
Career Academy Advancement III	586,500	66,175	-	652,675	652,675
Career Tech Ed Pathways-SB 1070	-	27,643	-	27,643	27,643
Career Tech Collaborative #5	184,183	-	-	184,183	184,183
Career Tech Collaborative #6	290,316	-	36,996	253,320	253,320
Career Tech Workforce Innovation #5	71,467	21,876	-	93,343	93,343
Career Tech Workforce Innovation #6	164,063	-	60,519	103,544	103,544
DSPS	2,489,621	-	10,957	2,478,664	2,478,664
EOPS	2,216,958	-	2,100	2,214,858	2,214,858
Foster Parent Training	123,731	123,475	-	247,206	247,206
Foster Relative (Heritage)	16,294	35,689	-	51,984	51,984
Instructional Equipment, On-going	571,386	-	390,885	180,501	180,501
Instructional Equipment, One-time	52,283	-	-	52,283	52,283
Lottery, Prop. 20	537,000	524,993	-	1,061,993	1,061,993
Student Success	1,786,578	-	344,413	1,442,165	1,442,165
Student Success, Non-Credit	5,296	-	5,296	-	-
MCHS SciMath	39,600	59,400	-	99,000	99,000
MESA	30,300	20,200	-	50,500	50,500
Puente Project	718,379	464,621	-	1,183,000	1,183,000
RN Enrollment Growth	313,824	59,776	-	373,600	373,600
State Pre-School	885,029	227,159	-	1,112,188	1,112,188
TTIP	100	-	-	100	100
Workability III	125,855	129,331	-	255,186	255,186
<b>Total State Programs</b>	<b>\$ 15,908,170</b>	<b>\$ 1,808,874</b>	<b>\$ 1,411,145</b>	<b>\$ 16,305,899</b>	<b>\$ 16,305,899</b>

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**  
**SCHEDULE OF WORKLOAD MEASURES FOR STATE**  
**GENERAL APPORTIONMENT – ANNUAL/ACTUAL ATTENDANCE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

CATEGORIES	<u>Annual Reported Data</u>	<u>Audit Adjustments</u>	<u>Audited Data</u>
A. Summer Intersession (Summer 2013 only)			
1. Noncredit	2.32	-	2.32
2. Credit	2,735.87	-	2,735.87
B. Summer Intersession (Summer 2014 - prior to July 1, 2014)			
1. Noncredit	-	-	-
2. Credit	2,639.95	-	2,639.95
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Course			
(a) Weekly Census Contact Hours	19,858.84	-	19,858.84
(b) Daily Census Contact Hours	1,182.94	-	1,182.94
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit	68.73	-	68.73
(b) Credit	707.04	-	707.04
3. Independent Study/Work Experience Education Courses			
(a) Weekly Census Procedure Courses	1,855.33	-	1,855.33
(b) Daily Census Procedure Courses	832.08	-	832.08
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
	<u>29,883.10</u>	<u>-</u>	<u>29,883.10</u>
D. Total FTES			
Supplemental Information:			
Basic Skills Courses and Immigrant Education			
(a) Noncredit	49.49	-	49.49
(b) Credit	<u>1,815.52</u>	<u>-</u>	<u>1,815.52</u>

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**  
**RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT (CCFS-311)**  
**WITH FUND FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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There were no adjustments made to any funds of the District.

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**  
**RECONCILIATION OF ECS 84362 (50 PERCENT LAW) CALCULATION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Object/TOP Codes	Activity (ECSA) ECS 84362 A Instructional Salary Cost AC 0100-5900 & AC 6110			Activity (ECSB) ECS 84362 B Total CEE AC 0100-6799		
		Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
<b><u>Academic Salaries</u></b>							
<b>Instructional Salaries</b>							
Contract or Regular	1100	30,588,949		30,588,949	30,588,949		30,588,949
Other	1300	28,026,860		28,026,860	28,120,854		28,120,854
<b>Total Instructional Salaries</b>		58,615,809		58,615,809	58,709,803		58,709,803
<b>Non-Instructional Salaries</b>							
Contract or Regular	1200				11,847,404		11,847,404
Other	1400				1,192,018		1,192,018
<b>Total Non-Instructional Salaries</b>					13,039,422		13,039,422
<b>Total Academic Salaries</b>		58,615,809		58,615,809	71,749,225		71,749,225
<b><u>Classified Salaries</u></b>							
<b>Non-Instructional Salaries</b>							
Regular Status	2100				22,064,180		22,064,180
Other	2300				3,171,146		3,171,146
<b>Total Non-Instructional Salaries</b>					25,235,326		25,235,326
<b>Instructional Aides</b>							
Regular Status	2200	2,331,720		2,331,720	2452,880		2452,880
Other	2400	821,660		821,660	897,040		897,040
<b>Total Instructional Aides</b>		3,153,380		3,153,380	3,349,920		3,349,920
<b>Total Classified Salaries</b>		3,153,380		3,153,380	28,585,246		28,585,246
<b>Employee Benefits</b>	3000	18,704,314		18,704,314	40,083,048		40,083,048
<b>Supplies and Materials</b>	4000				1,856,853		1,856,853
<b>Other Operating Expenses</b>	5000				14,142,992		14,142,992
<b>Equipment Replacement</b>	6420				498,162		498,162
<b>Total Expenditures Prior to Exclusions</b>		80,473,503		80,473,503	156,915,526		156,915,526



**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**  
**RECONCILIATION OF ECS 84362 (50 PERCENT LAW) CALCULATION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Object/TOP Codes	Activity (ECSA) ECS 84362 A Instructional Salary Cost AC 0100-5900 & AC 6110			Activity (ECSB) ECS 84362 B Total CEE AC 0100-6799		
		Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
<b>Exclusions</b>							
<b>Activities to Exclude</b>							
Instructional Staff-Retirees' Benefits and Retirement Incentives	5900	5,670,014		5,670,014	5,670,014		5,670,014
Student Health Services Above Amount Collected	6441				1,699,455		1,699,455
Student Transportation	6491						
Noninstructional Staff-Retirees' Benefits and Retirement Incentives	6740				4,704,184		4,704,184
<b>Objects to Exclude</b>							
Rents and Leases	5060				366,183		366,183
Lottery Expenditures							
Academic Salaries	1000				1,267,797		1,267,797
Classified Salaries	2000				1,099,233		1,099,233
Employee Benefits	3000				810,270		810,270
Supplies and Materials	4000						
Software	4100						
Books, Magazines, & Periodicals	4200						
Instructional Supplies & Materials	4300						
Noninstructional, Supplies & Materials	4400				81,464		81,464
Total Supplies and Materials					81,464		81,464
Other Operating Expenses and Services	5000				542,278		542,278
Capital Outlay	6000						
Library Books	6300						
Equipment	6400						
Equipment - Additional	6410						
Equipment - Replacement	6420						
Total Equipment							
Total Capital Outlay							
Other Outgo	7000						
<b>Total Exclusions</b>		5,670,014		5,670,014	16,240,878		16,240,878
<b>Total for ECS 84362, 50% Law</b>		<b>74,803,489</b>		<b>74,803,489</b>	<b>140,674,648</b>		<b>140,674,648</b>
<b>Percent of CEE (Instructional Salary Cost / Total CEE)</b>		53.17%		53.17%	100.00%		100.00%
<b>50% of Current Expense of Education</b>					70,337,324		70,337,324

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**  
**RECONCILIATION OF EDUCATION PROTECTION ACCOUNT FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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CALIFORNIA COMMUNITY COLLEGES

Schools and Local Public Safety Protection Act

Annual Financial and Budget Report

Prop 30 EPA Expenditure Report

**SUPPLEMENTAL DATA**

For Actual Year: 2013-2014

Budget Year: 2014-2015

Activity Classification	Object Code	Unrestricted			
EPA Proceeds: \$19,483,906	8630	0			
Activity Classification	Object Code	Salaries and Benefits (1000 - 3000)	Operating Expenses (4000 - 5000)	Capital Outlay (6000)	Total
Instructional Activities	0100-5900	\$19,483,906			\$19,483,906
Other Support Activities (list below)	6XXX				
<b>Total Expenditures for EPA*</b>		\$19,483,906	0	0	\$19,483,906
<b>Revenues less Expenditures</b>					0
<b>*Total Expenditures for EPA may not include Administrator Salaries and Benefits or other administrative costs.</b>					

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

NOTES TO SUPPLEMENTARY INFORMATION

JUNE 30, 2014

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**1. PURPOSE OF SCHEDULES**

Schedule of Expenditures of Federal Awards

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

Schedule of Expenditures of State Awards

The accompanying schedule of expenditures of State awards includes the State grant activity of the District and is presented on the modified accrual basis of accounting. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

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

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

Reconciliation of Annual Financial and Budget Report with Fund Financial Statements

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

Reconciliation of ECS 84362 (50 Percent Law) Calculation

This schedule provides the information necessary to reconcile the data reported on the Annual Financial and Budget Report for the Current Expense of Education in connection with the 50% Law to the audited balances.

Reconciliation of Education Protection Account Funds

This schedule provides the information necessary to reconcile the data reported on the Annual Financial and Budget Report for the Proposition 30 EPA Expenditure Report to the audited balances.

**OTHER INDEPENDENT AUDITOR'S REPORTS**



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

Board of Trustees  
Contra Costa Community College District  
Martinez, California

We have audited the financial statements of Contra Costa Community College District (the “District”), as of and for the year ended June 30, 2014 and have issued our report thereon dated December 17, 2014. 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**

In planning and performing our audit of the financial statements, we considered District'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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of Contra Costa Community College District'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 a 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. *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.

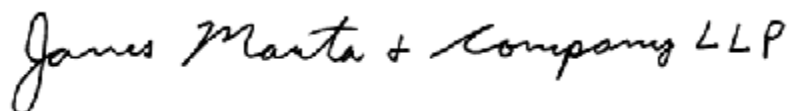
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether District's financial statements are free from 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. Accordingly, this communication is not suitable for any other purpose.

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

James Marta & Company LLP  
Certified Public Accountants  
Sacramento, California  
December 17, 2014



## **James Marta & Company LLP**

*Certified Public Accountants*

*Accounting, Auditing, Consulting, and Tax*

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**REPORTING ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

**INDEPENDENT AUDITOR'S REPORT**

Board of Trustees  
Contra Costa Community College District  
Martinez, California

### **Compliance**

We have audited Contra Costa Community College District (the "District") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of District's major federal programs for the year ended June 30, 2014. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

## **Opinion on Each Major Federal Program**

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

## **Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 2014-1. Our opinion on each major federal program is not modified with respect to these matters.

Contra Costa Community College District's response to the noncompliance finding identified in our audit are described in the accompanying schedule of findings and questioned costs as item 2014-1. Contra Costa Community College District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## **Internal Control Over Compliance**

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

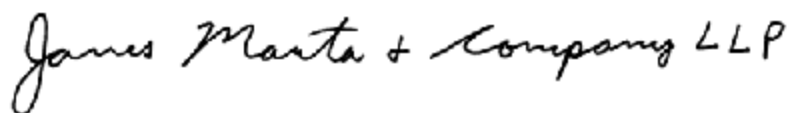
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



## Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the District as of and for the year ended June 30, 2014, and have issued our report thereon dated December 17, 2014, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in cursive script that reads "James Marta & Company LLP".

James Marta & Company LLP  
Certified Public Accountants  
Sacramento, California  
December 17, 2014



# James Marta & Company LLP

*Certified Public Accountants*

*Accounting, Auditing, Consulting, and Tax*

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## INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Board of Trustees  
Contra Costa Community College District  
Martinez, California

We have audited the basic financial statements of Contra Costa Community College District (the District), as of and for the year ended June 30, 2014, and have issued our report thereon dated December 17, 2014.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial and compliance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In connection with the audit referred to above, we selected and tested transactions and records to determine the District's compliance with the following state laws and regulations in accordance with Section 400 of the Chancellor's Office's California Community College Contracted District Audit Manual (CDAM) for fiscal year 2013-14:

Section 421	Salaries of Classroom Instructors (50 Percent Law)
Section 423	Apportionment for Instructional Service Agreements/Contracts
Section 424	State General Apportionment Funding System
Section 425	Residency Determination for Credit Courses
Section 426	Students Actively Enrolled
Section 427	Concurrent Enrollment of K-12 Students in Community College Credit Courses
Section 430	Scheduled Maintenance Program
Section 431	Gann Limit Calculation
Section 435	Open Enrollment
Section 438	Student Fees – Health Fees and Use of Health Fee Funds
Section 474	Extended Opportunity Programs and Services (EOPS) and Cooperative Agencies Resources for Education (CARE)
Section 475	Disabled Student Programs and Services (DSPS)
Section 479	To Be Arranged Hours (TBA)
Section 490	Proposition 1D State Bond Funded Projects
Section 491	Proposition 30 Education Protection Account Funds

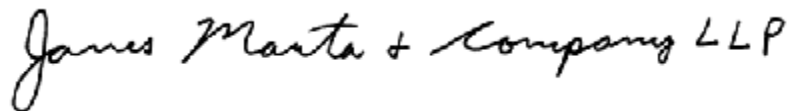
Management is responsible for the District's compliance with the requirements listed above. Our responsibility is to express an opinion on the District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test bases, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the District's compliance with specified requirements.

### **Opinion**

In our opinion, Contra Costa Community College District complied, in all material respects, with the aforementioned requirements for the year ended June 30, 2014.

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

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

James Marta & Company LLP  
Certified Public Accountants  
Sacramento, California  
December 17, 2014

## **FINDINGS AND RECOMMENDATIONS**

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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**Section I – Summary of Auditor’s Results**

**Financial Statements**

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:  
 Material weakness(es) identified? \_\_\_\_\_ Yes  X  No  
 Significant deficiency(ies) identified? \_\_\_\_\_ Yes  X  None reported

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes  X  No

**Federal Awards**

Internal control over major programs:  
 Material weakness(es) identified? \_\_\_\_\_ Yes  X  No  
 Significant deficiency(ies) identified? \_\_\_\_\_ Yes  X  None reported

Type of auditor’s report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section .510(a)?  X  Yes \_\_\_\_\_ No

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.007, 84.063	Student Financial Aid Cluster Trade Adjustment Assistance Community College and Career Training
84.268, 84.033	
17.282	

Dollar threshold used to distinguish between Type A and Type B programs: \$1,244,316

Auditee qualified as low-risk auditee?  X  Yes \_\_\_\_\_ No

**State Awards**

Internal control over state programs:  
 Material weakness(es) identified? \_\_\_\_\_ Yes  X  No  
 Significant deficiency(ies) identified? \_\_\_\_\_ Yes  X  None reported

Type of auditor’s report issued on compliance for state programs: Unmodified

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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**Section II – Financial Statement Findings**

No matters were reported.

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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**Section III – Federal Award Findings and Questioned Costs**

**2014-01 – Return of Title IV Funds**

**Criteria:**

A student who receives financial assistance under Title IV and withdraws from the college during a payment period or period of enrollment in which the student began attendance, must return any unearned funds. If the college is holding funds on behalf of a withdrawn student, the college must return the funds within 45 days of becoming aware that the student had dropped.

**Condition:**

One student at Diablo Valley College withdrew on February 24, 2014 and the unearned funds were not returned until September 24, 2014, which is 212 days after the date of withdrawal.

**Questioned Costs:**

The amount of returned funds was \$488.

**Context:**

We selected 27 students receiving Title IV funds who withdrew during the year. 10 of those students had only earned a percentage of the total award and the unearned funds of 1 student were not returned in a timely manner.

**Effect:**

No effect as the college did return the funds.

**Cause:**

This was overlooked by management.

**Recommendation:**

The college should monitor and follow up on all students receiving Title IV assistance that have dropped during the semester to ensure funds are returned in a timely manner.

**Corrective Action Plan:**

Management is aware of the issue and will monitor student withdrawals to ensure funds are returned in a timely manner for any withdrawn students who received financial assistance.

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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**Section IV – State Award Findings and Questioned Costs**

No matters were reported.



**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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<u>Recommendation</u>	<u>Current Status</u>	<u>Explanation If Not Implemented</u>
No matters were reported.		