

**CONTRA COSTA
COMMUNITY
COLLEGE DISTRICT**

**BUILDING FUND
2006 MEASURE A
FINANCIAL AUDIT**

JUNE 30, 2016 and 2015

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

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

Accounting, Auditing, Consulting, and Tax

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying Balance Sheet of Contra Costa Community College District 2006 Measure A Building Fund as of June 30, 2016 and 2015 and the related Statement of Revenues, Expenditures and Changes in Fund Balance and notes to the financial statements for the years then ended.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on the basic financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

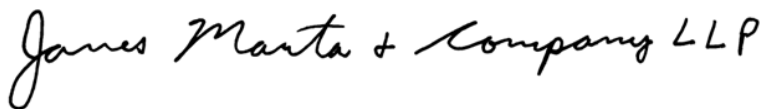
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Contra Costa Community College District 2006 Measure A Building Fund as of June 30, 2016 and 2015, and the respective changes in financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1, the financial statements present only the Building Fund specific to the 2006 Measure A Bond Funds and are not intended to present fairly the financial position and results of operations of the Contra Costa Community College District in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2016, on our consideration of the District Building Fund's (2006 Measure A) internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Contra Costa Community College District's internal control over financial reporting and compliance.

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
October 21, 2016

BASIC FINANCIAL STATEMENTS

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

**BUILDING FUND - 2006 MEASURE A
BALANCE SHEET
JUNE 30, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash and cash equivalents	\$ 20,580,974	\$ 34,191,613
Investments	48,556,261	71,541,977
Accounts receivable	185,543	172,753
Due from other funds	9,971	131,841
	<u> </u>	<u> </u>
Total assets	<u>\$ 69,332,749</u>	<u>\$ 106,038,184</u>
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable	3,801,064	\$ 5,290,369
Due to other funds	134	221
	<u> </u>	<u> </u>
Total liabilities	3,801,198	5,290,590
FUND BALANCE		
Restricted	<u>65,531,551</u>	<u>100,747,594</u>
	<u> </u>	<u> </u>
Total liabilities and fund balance	<u>\$ 69,332,749</u>	<u>\$ 106,038,184</u>

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

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

**BUILDING FUND - 2006 MEASURE A
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
REVENUES		
Investment income	\$ 567,360	\$ 472,063
Other local revenue	39,607	206,865
Total Revenues	<u>606,967</u>	<u>678,928</u>
EXPENDITURES		
Payroll and benefits	1,075,547	870,270
Books and supplies	4,188	2,332
Services and operating expenditures	1,858,941	1,810,506
Capital Outlay	32,884,334	34,208,714
Total Expenditures	<u>35,823,010</u>	<u>36,891,822</u>
Excess of Revenue over (under) Expenditures	(35,216,043)	(36,212,894)
OTHER FINANCING SOURCES		
Proceeds from sale of bonds	<u>-</u>	<u>-</u>
Net change in fund balance	(35,216,043)	(36,212,894)
Fund Balance, Beginning of Year	<u>100,747,594</u>	<u>136,960,488</u>
Fund Balance, End of Year	<u>\$ 65,531,551</u>	<u>\$ 100,747,594</u>

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

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

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

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

Because the Bond required only 55% of the vote in accordance with Proposition 39 (Article XIII of the California State Constitution), the District was required to establish a citizen's bond oversight committee and to conduct a financial and performance audit. The Committee's oversight goals include ensuring expenditures are within the language of the ballot measure and advising the District's Governing Board on various projects. The citizens' oversight committee must include, among others, representation of a bona fide taxpayers association, a business organization and a senior citizens organization. No district employees or vendors are allowed to serve on the citizens' oversight committee.

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

B. FUND ACCOUNTING

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

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

B. FUND ACCOUNTING (CONTINUED)

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

C. ACCOUNTING POLICIES

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

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

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

E. BUDGETS AND BUDGETARY ACCOUNTING

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

F. ENCUMBRANCES

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

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

G. DEPOSITS AND INVESTMENTS

The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (Education Code Section 41001).The County is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et seq.

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

Investments with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost.

H. CAPITAL AND LONG-TERM DEBT

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

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

I. FUND BALANCES – GOVERNMENTAL FUNDS

Fund balances of the governmental funds are classified as follows:

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

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

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

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

I. FUND BALANCES – GOVERNMENTAL FUNDS (continued)

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

Unassigned – all other spendable amounts.

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

J. USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

K. FAIR VALUE MEASUREMENTS

Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market information might be available. For other assets and liabilities, observable market transactions and market information might not be available. However, the objective of a fair value measurement in both cases is the same to estimate the price at which an orderly transaction to sell the asset or to transfer to sell the assets or to transfer the liability would take place between market participants date under current market conditions (that is, an exit price at the measurement date from the perspective of a market participant that holds the assets or owns the liability). In order to increase consistency and comparability in fair value measurements, a fair value hierarchy that prioritizes observable and unobservable inputs is used to measure fair values into three broad levels, as follows:

- | | |
|----------------|---|
| Level 1 Inputs | Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities. |
| Level 2 Inputs | Inputs other than quoted prices in active markets that are observable either directly or indirectly. |
| Level 3 Inputs | Level 3 inputs are unobservable inputs for the assets or liability. |

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

2. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of June 30, 2016 and 2015 consist of Cash in the County Treasury of \$20,580,974 and \$34,191,613, respectively.

Cash in County Treasury

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

The fair value of the District's investment in the pool is reported in the financial statements at amounts that are based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The weighted average maturity of the pool is 151 days. The pool is rated AAA by Standard and Poor's.

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

Credit Risk - Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Building Fund – 2006 Measure A invests in County Pooled Investment Funds which are not required to be rated.

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

3. INVESTMENTS

Investments are all fair value measurements using quoted market prices in active markets for identical assets (level 1) and consist of the following as of June 30, 2016:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>		
		<u>< 1yr</u>	<u>1-2 yrs</u>	<u>>2 yrs</u>
U.S. Treasury Bond/ Note	\$ 3,390,884	\$ 3,390,884	\$ -	\$ -
Federal Agency Bond/ Note	34,227,743	30,836,493	3,391,250	-
Corporate Note	9,351,861	7,801,982	1,549,879	-
Commercial Paper	-	-	-	-
Bank Note	1,585,773	1,585,773	-	-
Total Investments	\$ 48,556,261	\$ 43,615,132	\$ 4,941,129	\$ -

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

3. INVESTMENTS (CONTINUED)

During the fiscal years ended June 30, 2016 and 2015, the Bond's investments (including gains and losses on investments bought and sold as well as held during the year) appreciated as follows:

	2016	2015
Dividend and interest income	\$ 407,589	\$ 471,107
County Pooled Earnings	119,948	-
Unrealized gains (losses)	39,823	956
Net investment income	\$ 567,360	\$ 472,063

Bond assets that exceeded 5% of the total asset as of June 30, 2016 are as follows:

	2016	%
Fannie Mae	\$ 7,647,568	15.75%
Federal Home Loan Banks	6,961,052	14.34%
Freddie Mac	19,619,121	40.40%
United States Treasury	3,390,884	6.98%
Total Investments Exceeding 5% of Plan Assets	\$ 37,618,625	

Bond investments were rated by Standard and Poor's (S&P) as of June 30, 2016 and consist of the following as of June 30, 2016:

S&P Ratings	Portifilo %
AA+	77.48
AA	3.19
AA-	6.49
A	6.50
A-	3.15
BBB+	3.19
	100%

4. ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2016 and 2015, consists of interest receivable of \$185,543 and \$172,753, respectively.

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

5. INTERFUND TRANSACTIONS

As of June 30, 2016 and 2015, the Building Fund - 2006 Measure A has an amount of \$9,971 and \$131,841, respectively due from other capital project funds. In addition, the Building Fund - 2006 Measure A owes \$134 and \$221 to other capital project funds due to small expense transfers done at June 30, 2016 and 2015, respectively.

6. ACCOUNTS PAYABLE

Accounts payable at June 30, 2016 and 2015, consists of the following:

	2016	2015
Vendor payables	\$ 3,768,070	\$ 5,290,369
Construction retention	32,994	-
Total accounts payable	\$ 3,801,064	\$ 5,290,369

7. MEASURE A GENERAL OBLIGATION BONDS

On November 7, 2000, California voters approved Proposition 39, the Smaller Classes, Safer Schools and Financial Accountability Act. Proposition 39 amended portions of the California Constitution to provide for the issuance of general obligation bonds by school districts, community college districts, or county offices of education, “for the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of rental property for school facilities”. The Bonds were issued in the amount of \$286,500,000. The Bonds are payable from the proceeds of *ad valorem* property taxes which the Board of Supervisors of Contra Costa County are obligated to levy and collect on all taxable property in the District for the payment of the accreted value or conversion value of and interest on the Bonds. In August 2007, the District issued \$73,000,000. In March 2010, the District issued an additional \$73,000,000. In August 2013, the District issued the final \$140,500,000 of bonds under Measure A.

8. FUND BALANCES

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

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

9. COMMITMENTS AND CONTINGENCIES

As of June 30, 2016 and 2015, the Building Fund - 2006 Measure A had the following commitments with respect to unfinished capital projects:

<u>Capital Project</u>	<u>2016</u>	<u>2015</u>
<i>Contra Costa College</i>		
Automated ADA Doors	\$ 6,182	\$ 11,300
Project Administration	-	588,552
New College Center	4,790,379	26,998,247
Parking Lot 16 Repair	-	35,695
Seismic Repairs-Buildings	19,887	156,111
<i>Diablo Valley College</i>		
Project Administration	-	288,716
Engineering Technology Renovation	-	18,600
Quad Area Renovation	-	514,052
ADA Barrier Removal	7,110	-
Softball Bleachers	366,770	-
<i>Los Medanos College</i>		
Gymnasium Renovation	1,165,874	28,000
Project Administration	-	166,089
College Complex Remodels	851	43,732
Student Services Center	5,421	660,962
Physical Education Complex	2,177,311	-
Resurface Tennis Courts	16,050	-
<i>District Office</i>		
Monitoring Base Commissioning	-	8,400
Electrical Dist.. Assessment	-	121,430
Project Administration	92,157	879,416
Infrastructure/Telecom Plan	572,562	261,754
<i>District-Wide</i>		
Master Plan	-	22,861
	<u> </u>	<u> </u>
Total Remaining Commitment	<u>\$ 9,220,554</u>	<u>\$ 30,803,917</u>

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

10. SUBSEQUENT EVENTS

District management evaluated its June 30, 2016 financial statements for subsequent events through October 21, 2016, the date these financial statements were available to be issued. Management is not aware of any subsequent events that would require recognition or disclosure in the financial statements.

INDEPENDENT AUDITORS' REPORT



James Marta & Company LLP

Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of Contra Costa Community College District 2006 Measure A Building Fund, as of and for the years ended June 30, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the Contra Costa Community College District 2006 Measure A Building Fund's basic financial statements, and have issued our report thereon dated October 21, 2016.

Internal Control Over Financial Reporting

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

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

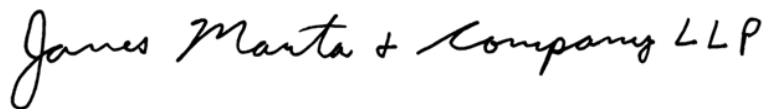
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. 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
October 21, 2016

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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

**FINANCIAL STATEMENT FINDINGS
JUNE 30, 2016**

No matters were reported.

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

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2016**

No matters were reported.

**CONTRA COSTA COMMUNITY
COLLEGE DISTRICT**

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

JUNE 30, 2016

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

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INDEPENDENT AUDITORS' REPORT

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

We were engaged to conduct a performance audit of the Contra Costa Community College District (the District), 2006 Measure A Building Fund for the fiscal year ended June 30, 2016.

We conducted this performance audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our conclusion based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our conclusions based on our audit objectives.

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

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

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

James Marta & Company LLP

James Marta & Company LLP
Certified Public Accountants
October 21, 2016

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

BUILDING FUND-2006 MEASURE A FOR THE YEAR ENDED JUNE 30, 2016

AUTHORITY FOR ISSUANCE

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

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

PURPOSE OF ISSUE

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

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

AUTHORITY FOR THE AUDIT

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

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

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

BUILDING FUND-2006 MEASURE A FOR THE YEAR ENDED JUNE 30, 2016

AUTHORITY FOR THE AUDIT (continued)

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

OBJECTIVES OF THE AUDIT

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

SCOPE OF THE AUDIT

The scope of our performance audit covered the period of July 1, 2015 to June 30, 2016. The population of expenditures tested included all object and project codes associated with the bond projects. The propriety of expenditures for capital projects and maintenance projects funded through other State or local funding sources, other than proceeds of the bonds, were not included within the scope of the audit. Expenditures incurred subsequent to June 30, 2016 were not reviewed or included within the scope of our audit or in this report.

FINANCIAL SUMMARY

1. The 2006 general obligation bond funds in the amount of \$286,500,000 were authorized at an election of the registered voters of the District held on June 6, 2006. The first series of the 2006 bonds was issued in August 2007, in the principal amount of \$73,000,000. The second series of the 2006 bonds was issued in March 2010 in the principal amount of \$73,000,000. The final series of 2006 bonds was issued in August 2013 in the principal amount of \$140,500,000.
2. Total expenditures for the year ended June 30, 2016, were \$35,823,010.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

**BUILDING FUND-2006 MEASURE A
FOR THE YEAR ENDED JUNE 30, 2016**

FINANCIAL SUMMARY (continued)

3. An analysis of expenditures as of June 30, 2016 is as follows:

	<u>Prior Periods</u>	<u>7/1/2015 to 6/30/2016</u>	<u>Total</u>
Expenditures			
Salaries and benefits	\$ 6,886,057	\$ 1,075,547	\$ 7,961,604
Supplies	8,296	4,188	12,484
Services and operating expenditures	7,265,056	1,858,941	9,123,997
Capital outlay	<u>184,815,051</u>	<u>32,884,334</u>	<u>217,699,385</u>
Total expenditures	<u>\$ 198,974,460</u>	<u>\$ 35,823,010</u>	<u>\$ 234,797,470</u>

Available unspent funds from the bonds as of June 30, 2016 are:

	<u>Prior Periods</u>	<u>7/1/2015 to 6/30/2016</u>	<u>Total</u>
Net available proceeds for construction	\$ 286,500,000	\$ -	\$ 286,500,000
Local revenue	8,673,481	39,607	8,713,088
Interest earned	<u>4,548,573</u>	<u>567,360</u>	<u>5,115,933</u>
Total revenues received	<u>\$ 299,722,054</u>	<u>\$ 606,967</u>	300,329,021
Total expenditures and transfers			<u>(234,797,470)</u>
Amount available			<u>\$ 65,531,551</u>

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

BUILDING FUND-2006 MEASURE A
FOR THE YEAR ENDED JUNE 30, 2016

FINANCIAL SUMMARY (continued)

4. As of June 30, 2016, the Building Fund – 2006 Measure A had the following commitments with respect to unfinished capital projects:

<u>Capital Project</u>	<u>2016</u>
<i>Contra Costa College</i>	
Automated ADA Doors	\$ 6,182
New College Center	4,790,379
Seismic Repairs-Buildings	19,887
<i>Diablo Valley College</i>	
ADA Barrier Removal	7,110
Softball Bleachers	366,770
<i>Los Medanos College</i>	
Gymnasium Renovation	1,165,874
College Complex Remodels	851
Student Services Center	5,421
Physical Education Complex	2,177,311
Resurface Tennis Courts	16,050
<i>District Office</i>	
Project Administration	92,157
Infrastructure/Telecom Plan	<u>572,562</u>
Total Remaining Commitment	<u>\$ 9,220,554</u>

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

BUILDING FUND-2006 MEASURE A FOR THE YEAR ENDED JUNE 30, 2016

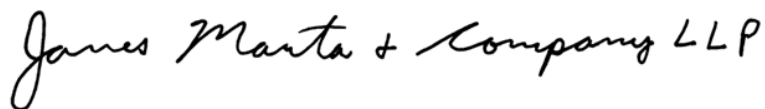
PROCEDURES PERFORMED

We obtained the general ledger and the project expenditure reports prepared by the District for the fiscal year ended June 30, 2016 for the Building Fund 2006 Measure A. Within the fiscal year audited, we obtained the actual invoices and other supporting documentation for a sample of expenditures to ensure compliance with the requirements of Article XIII A, Section 1(b)(3)(C) of the California Constitution and Measure A as to the approved bond projects list. We performed the following procedures:

1. We selected a sample of expenditures for the period starting July 1, 2015 and ending June 30, 2016, and reviewed supporting documentation to ensure that such funds were properly expended on the specific projects listed in the ballot text.
2. Our sample included non-payroll transactions totaling \$16,848,477. This represents 48% of the non-payroll expenditures of \$34,747,463. We also examined payroll related expenditures aggregating \$215,690, which is 20% of the payroll related expenditures.
3. We verified that funds from the Building Fund 2006 Measure A were generally expended for the construction, renovation, furnishing and equipping of District facilities constituting authorized bond projects. In addition, we verified that funds held in the Building Fund 2006 Measure A were used for salaries of administrators only to the extent they perform administrative oversight work on construction projects as allowable per Opinion 04-110 issued on November 9, 2004 by the State of California Attorney General.

CONCLUSION

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



James Marta & Company LLP
Certified Public Accountants
Sacramento, California
October 21, 2016

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

**BUILDING FUND-2006 MEASURE A
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016**

No matters were reported.

**CONTRA COSTA
COMMUNITY
COLLEGE DISTRICT**

**BUILDING FUND
2014 MEASURE E
FINANCIAL AUDIT**

JUNE 30, 2016 and 2015

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

BUILDING FUND - 2014 MEASURE E

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James Marta & Company LLP
Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying Balance Sheet of Contra Costa Community College District 2014 Measure E Building Fund as of June 30, 2016 and 2015 and the related Statement of Revenues, Expenditures and Changes in Fund Balance and notes to the financial statements for the year then ended.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on the basic financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

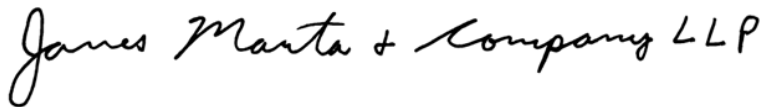
James Marta & Company LLP
Sacramento, CA

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Contra Costa Community College District 2014 Measure E Building Fund as of June 30, 2016, and the respective changes in financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1, the financial statements present only the Building Fund specific to the 2014 Measure E Bond Funds and are not intended to present fairly the financial position and results of operations of the Contra Costa Community College District in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2016, on our consideration of the District Building Fund's (2014 Measure E) internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Contra Costa Community College District's internal control over financial reporting and compliance.

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
October 21, 2016

BASIC FINANCIAL STATEMENTS

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

**BUILDING FUND - 2014 MEASURE E
BALANCE SHEET
JUNE 30, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash and cash equivalents	\$ 20,418,087	\$ 22,332,795
Accounts receivable	343,920	198,562
Investments	98,114,646	96,566,638
Due from other funds	<u>15,365</u>	<u>20,899</u>
Total assets	<u>\$ 118,892,018</u>	<u>\$ 119,118,894</u>
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable	\$ 156,532	\$ 43,461
Due to other funds	<u>135</u>	<u>-</u>
Total liabilities	156,667	43,461
FUND BALANCE		
Restricted	<u>118,735,351</u>	<u>119,075,433</u>
Total liabilities and fund balance	<u>\$ 118,892,018</u>	<u>\$ 119,118,894</u>

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

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
BUILDING FUND - 2014 MEASURE E
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
REVENUES		
Investment income	\$ 1,206,365	\$ 395,695
Total Revenues	<u>1,206,365</u>	<u>395,695</u>
EXPENDITURES		
Payroll and benefits	196,055	129,397
Services and operating expenditures	166,488	585,527
Capital Outlay	<u>1,183,904</u>	<u>605,338</u>
Total Expenditures	<u>1,546,447</u>	<u>1,320,262</u>
Excess of Revenue over (under) Expenditures	(340,082)	(924,567)
OTHER FINANCING SOURCES		
Proceeds from sale of bonds	<u>-</u>	<u>120,000,000</u>
Net change in fund balance	(340,082)	119,075,433
Fund Balance, Beginning of Year	<u>119,075,433</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 118,735,351</u>	<u>\$ 119,075,433</u>

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

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT
BUILDING FUND (2014 MEASURE E)**

**FINANCIAL STATEMENT FINDINGS
JUNE 30, 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Contra Costa Community College District Building Fund - 2014 Measure E conforms to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants. The Contra Costa Community College District Building Fund - 2014 Measure E accounts for financial transactions in accordance with the policies and procedures of the California College Budget and Accounting Manual.

A. REPORTING ENTITY

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

These financial statements were prepared to comply with the requirements of proposition 39 related to the 55% voter approval requirements for bond issues and include only the Building Fund - 2014 Measure E established to account for the expenditures of the general obligation bonds approved on June 3, 2014. These financial statements are not intended to present fairly the complete financial position and results of operations of the Contra Costa Community College District in conformity with generally accepted accounting principles.

Because the Bond required only 55% of the vote in accordance with Proposition 39 (Article XIII of the California State Constitution), the District was required to establish a citizen's bond oversight committee and to conduct a financial and performance audit. The Committee's oversight goals include ensuring expenditures are within the language of the ballot Measure and advising the District's Governing Board on various projects. The citizens' oversight committee must include, among others, representation of a bona fide taxpayers association, a business organization and a senior citizens organization. No district employees or vendors are allowed to serve on the citizens' oversight committee.

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

B. FUND ACCOUNTING

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

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT
BUILDING FUND – 2014 MEASURE E**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

B. FUND ACCOUNTING (CONTINUED)

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

C. ACCOUNTING POLICIES

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

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

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

E. BUDGETS AND BUDGETARY ACCOUNTING

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

F. ENCUMBRANCES

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

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT
BUILDING FUND – 2014 MEASURE E**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

G. DEPOSITS AND INVESTMENTS

The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (Education Code Section 41001). The County is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et seq.

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

Investments with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost.

H. CAPITAL AND LONG-TERM DEBT

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

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

I. FUND BALANCES – GOVERNMENTAL FUNDS

Fund balances of the governmental funds are classified as follows:

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

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

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

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT
BUILDING FUND – 2014 MEASURE E**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

I. FUND BALANCES – GOVERNMENTAL FUNDS (continued)

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

Unassigned – all other spendable amounts.

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

J. USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

K. FAIR VALUE MEASUREMENTS

Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market information might be available. For other assets and liabilities, observable market transactions and market information might not be available. However, the objective of a fair value measurement in both cases is the same to estimate the price at which an orderly transaction to sell the asset or to transfer to sell the assets or to transfer the liability would take place between market participants date under current market conditions (that is, an exit price at the measurement date from the perspective of a market participant that holds the assets or owns the liability). In order to increase consistency and comparability in fair value measurements, a fair value hierarchy that prioritizes observable and unobservable inputs is used to measure fair values into three broad levels, as follows:

Level 1 Inputs	Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.
Level 2 Inputs	Inputs other than quoted prices in active markets that are observable either directly or indirectly.
Level 3 Inputs	Level 3 inputs are unobservable inputs for the assets or liability.

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT
BUILDING FUND – 2014 MEASURE E**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

2. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of June 30, 2016 and 2015 consist of Cash in the County Treasury of \$20,418,087 and \$22,332,795, respectively.

Cash in County Treasury

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

The fair value of the District's investment in the pool is reported in the financial statements at amounts that are based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The weighted average maturity of the pool is 151 days. The pool is rated AAA by Standard and Poor's.

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

Credit Risk - Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the holder of the investments and is also measured by the assignment of a rating by a nationally recognized statistical rating organization. The Building Fund – 2014 Measure E invests in County Pooled Investment Funds which are not required to be rated.

Custodial Credit Risk – Deposits - This is the risk that in the event of a bank failure, the Building Fund – 2014 Measure E or District's deposits may not be returned to it. The Building Fund – 2014 Measure E does not have any deposits subject to custodial credit risk.

3. INVESTMENTS

Investments are all fair value measurements using quoted market prices in active markets for identical assets (level 1) and consist of the following as of June 30, 2016:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>		
		<u>< 1yr</u>	<u>1-2 yrs</u>	<u>>2 yrs</u>
Federal Agency Bond/ Note	62,920,190	38,749,445	24,170,745	-
Corporate Note	27,340,490	7,956,746	19,383,744	-
Commercial Paper	3,972,767	3,972,767	-	-
Certificate of Deposit	1,900,232	1,900,232	-	-
Bank Note	1,980,967	1,980,967	-	-
Total Investments	\$ 98,114,646	\$ 54,560,157	\$ 43,554,489	\$ -

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT
BUILDING FUND – 2014 MEASURE E**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

3. INVESTMENTS (CONTINUED)

During the fiscal years ended June 30, 2016 and 2015, the Bond's investments (including gains and losses on investments bought and sold as well as held during the year) appreciated as follows:

	2016	2015
Dividend and interest income	\$ 691,281	\$ 198,865
County Pooled Earnings	137,021	199,568
Unrealized gains (losses)	378,063	(2,738)
Net investment income	\$ 1,206,365	\$ 395,695

Bond assets that exceeded 5% of the total asset as of June 30, 2016 are as follows:

	2016	%
Fannie Mae	\$ 6,756,124	6.89%
Federal Home Loan Banks	40,596,983	41.38%
Freddie Mac	15,567,083	15.87%
Total Investments Exceeding 5% of Plan Assets	\$ 62,920,190	

Bond investments were rated by Standard and Poor's (S&P) as of June 30, 2016 and consist of the following as of June 30, 2016:

S&P Ratings	Portifilo %
AAA	1.55
AA+	64.12
AA	2.05
AA-	6.03
A	8.03
A+	2.04
A-	5.14
A-1	5.99
BBB+	5.05
	100%

4. ACCOUNTS RECEIVABLE

As of June 30, 2016, the Building Fund - 2014 Measure E has interest receivable of \$343,920 and \$198,562, respectively.

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT
BUILDING FUND – 2014 MEASURE E**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

5. INTERFUND TRANSACTIONS

As of June 30, 2016 and 2015, the Building Fund - 2006 Measure A has an amount of \$15,365 and \$20,899, respectively due from other capital project funds. In addition, the Building Fund - 2006 Measure A owes \$135 and \$0 to other capital project funds due to small expense transfers done at June 30, 2016 and 2015, respectively.

6. ACCOUNTS PAYABLE

Accounts payable at June 30, 2016 and 2015, consists of the following:

	<u>2016</u>	<u>2015</u>
Vendor payables	\$ 153,367	\$ 43,461
Construction retention	3,165	-
Total accounts payable	<u>\$ 156,532</u>	<u>\$ 43,461</u>

7. MEASURE E GENERAL OBLIGATION BONDS

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

8. FUND BALANCES

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

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT
BUILDING FUND – 2014 MEASURE E**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

9. COMMITMENTS AND CONTINGENCIES

As of June 30, 2016 and 2015, the Building Fund - 2006 Measure A had the following commitments with respect to unfinished capital projects:

<u>Capital Project</u>	<u>2016</u>	<u>2015</u>
<i>Contra Costa College</i>		
Campus Security Center	\$ 52,920	\$ 18,000
Land Use Planning Studies	379,587	-
<i>Diablo Valley College</i>		
Stubbs Road Crosswalk	-	2,446
Gas Loop Closer	32,814	-
HVAC Systems Evaluation Project	39	-
Library Boiler/Chiller Retrofit	600,270	-
Replace Main Switchgear & Vault	25,336	-
Roof Replacement Phase 1	46,642	-
<i>Los Medanos College</i>		
Campus Security Center	68,600	18,000
New Brentwood Center	18,915	80,000
Resurface Tennis Courts	7,125	36,079
Mechanical Systems Upgrade	12,515	13,500
<i>District Office</i>		
ADA Transition Plan Update	5,442	-
Measure E Strategic Planning	8,706	-
Project Administration	<u>111,193</u>	<u>191,660</u>
 Total Remaining Commitment	 <u>\$ 1,370,104</u>	 <u>\$ 359,685</u>

10. SUBSEQUENT EVENTS

District management evaluated its June 30, 2016 financial statements for subsequent events through October 21, 2016, the date these financial statements were available to be issued. Management is not aware of any subsequent events that would require recognition or disclosure in the financial statements.

INDEPENDENT AUDITORS' REPORT



James Marta & Company LLP

Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of Contra Costa Community College District 2014 Measure E Building Fund, as of and for the years ended June 30, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the Contra Costa Community College District 2014 Measure E Building Fund's basic financial statements, and have issued our report thereon dated October 21, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Contra Costa Community College District 2014 Measure E Building Fund's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Contra Costa Community College District 2014 Measure E Building Fund's internal control.

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

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

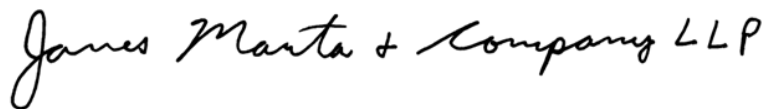
James Marta & Company LLP
Certified Public Accountants
Sacramento, California

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Contra Costa Community College District 2014 Measure E Building Fund's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. 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
October 21, 2016

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT
BUILDING FUND (2014 MEASURE E)**

**FINANCIAL STATEMENT FINDINGS
JUNE 30, 2016**

No matters were reported.

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT
BUILDING FUND (2014 MEASURE E)**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2016**

No matters were reported.

**CONTRA COSTA COMMUNITY
COLLEGE DISTRICT**

**2014 GENERAL OBLIGATION
BOND FUND MEASURE E
PERFORMANCE AUDIT**

JUNE 30, 2016

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

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James Marta & Company LLP
Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

INDEPENDENT AUDITORS' REPORT

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

We were engaged to conduct a performance audit of the Contra Costa Community College District's (the District), 2014 Measure E Building Fund for the year ended June 30, 2016.

We conducted this performance audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our conclusion based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our conclusions based on our audit objectives.

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

In planning and performing our performance audit, we obtained an understanding of the District's 2014 Measure E Building Fund internal control in order to determine if the internal controls were adequate to help ensure the District's compliance with the requirements of Proposition 39 and Article XIII A, Section 1 (b)(3)(C) of the California Constitution. Accordingly, we do not express an opinion on the effectiveness of the District's 2014 Measure E Building Fund internal control.

The results of our tests indicated that the District 2014 Measure E Building Fund were expended only for the specific projects approved by the voters, in accordance with Proposition 39 and Article XIII A, Section 1 (b)(3)(C) of the California Constitution.

James Marta & Company LLP

James Marta & Company LLP
Certified Public Accountants
October 21, 2016

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

BUILDING FUND-2014 MEASURE E FOR THE YEAR ENDED JUNE 30, 2016

AUTHORITY FOR ISSUANCE

The 2014 Measure E General Obligation Bonds are issued pursuant to the Constitution and laws of the State of California (the State), including the provisions of Chapters 1 and 1.5 of Part 10 of the California Education Code, and other applicable provisions of law.

The District received authorization at an election held on June 3, 2014, to issue bonds of the District in an aggregate principal amount not to exceed \$450,000,000 to finance specific construction and renovation projects approved by eligible voters within the District. The proposition required approval by at least 55 percent of the votes cast by eligible voters within the District (the 2014 Authorization). The Bonds represent the first bonds to be issued under the 2014 Authorization.

PURPOSE OF ISSUE

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

The funds will be used to upgrade educational facilities at Diablo Valley, Contra Costa, and Los Medanos Colleges, and the San Ramon and Brentwood centers, and help prepare students for jobs and college transfer by modernizing classrooms and labs, building facilities for health, medical, science and technology training, and implementing earthquake safety, accessibility, and infrastructure improvements.

AUTHORITY FOR THE AUDIT

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

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

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

BUILDING FUND-2014 MEASURE E FOR THE YEAR ENDED JUNE 30, 2016

AUTHORITY FOR THE AUDIT (continued)

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

OBJECTIVES OF THE AUDIT

1. Determine whether expenditures charged to the Building Fund 2014 Measure E Fund have been made in accordance with the bond project list approved by the voters through the approval of the 2014 Measure E.
2. Determine whether salary transactions, charged to the Building Fund 2014 Measure E Fund were in support of the 2014 Measure E and not for District general administration or operations.

SCOPE OF THE AUDIT

The scope of our performance audit covered the period of July 1, 2015 to June 30, 2016. The population of expenditures tested included all object and project codes associated with the bond projects. The propriety of expenditures for capital projects and maintenance projects funded through other State or local funding sources, other than proceeds of the bonds, were not included within the scope of the audit. Expenditures incurred subsequent to June 30, 2016 were not reviewed or included within the scope of our audit or in this report.

FINANCIAL SUMMARY

1. The 2014 general obligation bond funds in the amount of \$450,000,000 were authorized at an election of the registered voters of the District held on June 3, 2014. The first series of the 2014 bonds was issued in August 2014 and in the principal amount of \$120,000,000.
2. Total expenditure of bond funds as of June 30, 2016 was \$1,546,447.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

**BUILDING FUND-2014 MEASURE E
FOR THE YEAR ENDED JUNE 30, 2016**

FINANCIAL SUMMARY (continued)

3. An analysis of expenditures for the year ended June 30, 2016 is as follows:

	Prior Periods	7/1/2015 to 6/30/2016	Total
Expenditures			
Salaries and benefits	\$ 129,397	\$ 196,055	\$ 325,452
Services and operating expenditures	585,527	166,488	752,015
Capital outlay	605,338	1,183,904	1,789,242
Total expenditures	<u>\$ 1,320,262</u>	<u>\$ 1,546,447</u>	<u>\$ 2,866,709</u>

Available unspent funds from the bonds as of June 30, 2016 are:

	Prior Periods	7/1/2015 to 6/30/2016	Total
Net available proceeds for construction	\$ 120,000,000	\$ -	\$ 120,000,000
Investment income	395,695	1,206,365	1,602,060
Total revenues received	<u>\$ 120,395,695</u>	<u>\$ 1,206,365</u>	121,602,060
Total expenditures and transfers			<u>(2,866,709)</u>
Amount available			<u>\$ 118,735,351</u>

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

BUILDING FUND-2014 MEASURE E
FOR THE YEAR ENDED JUNE 30, 2016

4. As of June 30, 2016, the Building Fund – 2014 Measure E had the following commitments with respect to unfinished capital projects:

<u>Capital Project</u>	<u>2016</u>
<i>Contra Costa College</i>	
Campus Security Center	\$ 52,920
Land Use Planning Studies	379,587
<i>Diablo Valley College</i>	
Stubbs Road Crosswalk	-
Gas Loop Closer	32,814
HVAC Systems Evaluation Project	39
Library Boiler/Chiller Retrofit	600,270
Replace Main Switchgear & Vault	25,336
Roof Replacement Phase 1	46,642
<i>Los Medanos College</i>	
Campus Security Center	68,600
New Brentwood Center	18,915
Resurface Tennis Courts	7,125
Mechanical Systems Upgrade	12,515
<i>District Office</i>	
ADA Transition Plan Update	5,442
Measure E Strategic Planning	8,706
Project Administration	<u>111,193</u>
Total Remaining Commitment	<u>\$1,370,104</u>

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

BUILDING FUND-2014 MEASURE E FOR THE YEAR ENDED JUNE 30, 2016

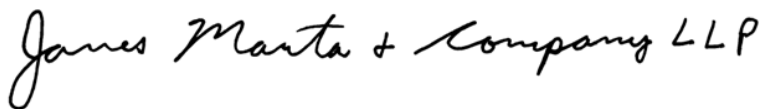
PROCEDURES PERFORMED

We obtained the general ledger and the project expenditure reports prepared by the District for the fiscal year ended June 30, 2016 for the Building Fund 2014 Measure E. Within the fiscal year audited, we obtained the actual invoices and other supporting documentation for a sample of expenditures to ensure compliance with the requirements of Article XIII A, Section 1(b)(3)(C) of the California Constitution and Measure E as to the approved bond projects list. We performed the following procedures:

1. We selected a sample of expenditures for the period starting July 1, 2015 and ending June 30, 2016, and reviewed supporting documentation to ensure that such funds were properly expended on the specific projects listed in the ballot text.
2. Our sample included transactions totaling \$428,456. This represents 28 percent of the total expenditures of \$1,546,447.
3. We verified that funds from the Building Fund 2014 Measure E were generally expended for the construction, renovation, furnishing and equipping of District facilities constituting authorized bond projects. In addition, we verified that funds held in the Building Fund 2014 Measure E were used for salaries of administrators only to the extent they perform administrative oversight work on construction projects as allowable per Opinion 04-110 issued on November 9, 2004 by the State of California Attorney General.

CONCLUSION

The results of our tests indicated that, in all significant respects, the Contra Costa Community College District has properly accounted for the expenditures held in the Building Fund 2014 Measure E fund and that such expenditures were made for authorized Bond projects. Further, it was noted that funds held in the Building Fund 2014 Measure E, and expended by the District, were used for salaries of administrators only to the extent they perform administrative oversight work on construction projects as allowable per Opinion 04-110 issued on November 9, 2004 by the State of California Attorney General.



James Marta & Company LLP
Certified Public Accountants
Sacramento, California
October 21, 2016

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

**BUILDING FUND-2014 MEASURE E
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016**

No matters were reported.