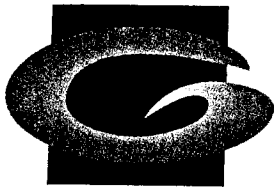


**CONTRA COSTA COMMUNITY
COLLEGE DISTRICT**

MEASURE A BOND FUND

AGREED UPON PROCEDURES

JUNE 30, 2005



Gilbert Associates, Inc.
CPAs and Advisors

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

Contra Costa Community College District and
Measure A Bond Oversight Committee
500 Court Street
Martinez, California 94553

We have performed the procedures enumerated below, which were agreed to by Contra Costa Community College District (District) and Bond Oversight Committee (the specified parties, collectively), for the 2002 General Obligation Bonds Series A solely to assist the District in documenting its compliance with the regulations of article XIII A, Section 1(b) (3) of the California Constitution for the fiscal year ending June 30, 2005. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

1. As directed by the specified parties, we judgmentally selected a sample of expenditures from bond related project costs identified by the District and performed the following:
 - a. Verified that expenditures were valid and in compliance with the regulation of the article XIII A, Section 1 (b)(3) of the California Constitution. No exceptions were found as a result of applying this procedure.
 - b. Ensured that expenditures were not used for teacher or administrative charges or other school operating expenses. No exceptions were found as a result of applying this procedure.
2. Examined the expenditures to ensure that they were only for construction projects as outlined in the bond documents, and authorized under Proposition 39 and approved by the passing of Measure A. No exceptions were found as a result of applying this procedure.
3. Obtained an understanding of the system used, and internal controls in place by the District for monitoring Measure A expenditures, and reviewed for appropriateness. No exceptions were found as a result of applying this procedure.

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Contra Costa Community College District
Measure A Bond Oversight Committee
Page 2

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion, on the Districts compliance with the regulations of article XIII A, Section 1 (b)(3) of the California Constitution. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of Contra Costa Community College District and Measure A Bond Oversight Committee and is not intended to be and should not be used by anyone other than those specified parties.

Gilbert Associates, Inc.

GILBERT ASSOCIATES, INC.

December 15, 2005

**CONTRA COSTA COMMUNITY
COLLEGE DISTRICT**

MEASURE A BOND FUND

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

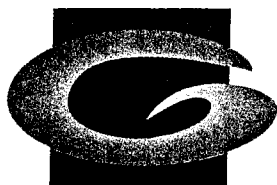
YEAR ENDED JUNE 30, 2005

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
MEASURE A BOND FUND

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Gilbert Associates, Inc.
CPAs and Advisors

INDEPENDENT AUDITORS' REPORT

**Citizens' Oversight Committee
Contra Costa Community College District
Martinez, California**

We have audited the accompanying financial statements of the Measure A Bond Fund of the Contra Costa Community College District (the "District") as of and for the year ended June 30, 2005, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements present only the Measure A Bond Fund and do not purport to, and do not present fairly the financial position of the District as of June 30, 2005, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Measure A Bond Fund of the District as of June 30, 2005, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated February 15, 2006, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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Citizens' Oversight Committee
Contra Costa Community College District
Page 2 of 2

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the Measure A Bond Fund's basic financial statements. The accompanying General Obligation Bonds Payable is supplementary information presented for purposes of additional analysis and is not a required part of the basic financial statements of the Measure A Bond Fund. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Gilbert Associates, Inc.

GILBERT ASSOCIATES, INC.

February 15, 2006

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
MEASURE A BOND FUND

BALANCE SHEET
JUNE 30, 2005

ASSETS

Restricted cash and cash equivalents	\$ 11,914,728
Interest receivable	483,759
Due from other District funds	212,674
Restricted investments, at fair value	<u>46,966,072</u>
Total assets	<u>\$ 59,577,233</u>

LIABILITIES AND FUND BALANCE

Accounts payable	\$ 1,006,166
Due to other District funds	<u>1,106,225</u>
Total liabilities	2,112,391
Fund balance	<u>57,464,842</u>
Total liabilities and fund balance	<u>\$ 59,577,233</u>

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

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT
MEASURE A BOND FUND**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES
YEAR ENDED JUNE 30, 2005**

REVENUES	
Interest income	\$ 1,499,164
Unrealized loss on investments	(272,261)
Total revenues	<u>1,226,903</u>
EXPENDITURES	
Capital projects	8,886,137
Scheduled maintenance projects	2,854,936
Consulting	199,135
Bond issuance costs	35,669
Other expenditures	3,999
Total expenditures	<u>11,979,876</u>
Deficiency of revenues over expenditures	(10,752,973)
OTHER FINANCING SOURCES	
Net proceeds from bond issuance	<u>45,000,000</u>
Excess of revenues and other financing sources over expenditures	34,247,027
Fund balance, beginning	<u>23,217,815</u>
Fund balance, ending	<u>\$ 57,464,842</u>

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

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT
MEASURE A BOND FUND**

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2005

1. GENERAL INFORMATION

The financial statements present information on the financial activities of the Measure A Bond Fund, which is a fund of the Contra Costa Community College District (the "District"). The District operates three colleges in Contra Costa County, California. The colleges are Diablo Valley College in Pleasant Hill, Los Medanos College in Pittsburg, and Contra Costa College Foundation in San Pablo.

Measure A is a facilities and equipment bond measure for the District adopted unanimously by the District Governing Board and passed by voters on March 5, 2002. Measure A provides \$120 million, financed over a 25-year period, to be sold in series as necessary to fund Measure A projects beginning July 2, 2002. The Board of Supervisors of Contra Costa County (the "County") is required to levy taxes estimated to be in the range of \$4.80-\$5.80 per \$100,000 of assessed value on property owners within the County for the payment of semi-annual interest on the outstanding bonds and principal when the bonds mature. The District has established a separate capital project fund, the Measure A Bond Fund, to account for the Measure A activities.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board.

Basis of Accounting

Basis of accounting refers to the timing of 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 Measure A Bond Fund is a governmental fund type. Governmental fund types are generally accounted for using the modified accrual basis of accounting, whereby revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current fiscal period. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recognized in the accounting period in which the liability is incurred (when goods are received or services rendered).

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
MEASURE A BOND FUND

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2005

Measurement Focus – Fixed Assets and Long-Term Debt

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with the Measure A Bond Fund are determined by its measurement focus. The Measure A Bond Fund is accounted for on a spending or “financial flow” measurement focus. This means that only current assets and current liabilities are generally included on the balance sheet, and the reported fund balance is considered a measure of “available spendable resources.” Thus, the fixed assets and long-term liabilities associated with the Measure A Bond Fund are accounted for in the basic financial statements of the District.

Fair Value of Investments

The District records its investments in the Contra Costa County Treasury and the Local Agency Investment Fund (“LAIF”) at fair market value, as reported by the County and the State. Investments in governmental securities are recorded at fair value based on available market quotes at June 30. Changes in fair value are reported as revenue (expenditure) in the statement of revenues, expenditures and changes in fund balance of the Measure A Bond Fund.

Fund Balance

The fund balance represents amounts reserved for expenditure on Measure A approved projects.

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, in the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Accordingly, actual results may differ from those estimates.

3. CASH, CASH EQUIVALENTS, AND INVESTMENTS

Cash and investments at June 30, 2005, are classified in the accompanying financial statements as follows:

Balance Sheet:	
Restricted cash and cash equivalents	\$ 11,914,728
Restricted investments	<u>46,966,072</u>
Total cash, cash equivalents, and investments	<u>\$ 58,880,800</u>

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
MEASURE A BOND FUND

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2005

Cash and cash equivalents as of June 30, 2005, consist of the following:

Investments with County Treasurer:	
Pooled Investments	\$ 11,914,728
District Managed Investments	<u>46,966,072</u>
Total cash, cash equivalents and investments	<u><u>\$ 58,880,800</u></u>

Investments Authorized by Debt Agreements

The District maintains all of the Bond Fund's investments with the Contra Costa County Treasury (County Treasury) as part of the common investment pool, and District-managed investments. The County pools these funds with those of other governmental entities in the County Treasury and invests the cash. These investments are carried at fair value. Any realized investment gains or losses are proportionately shared by all funds in the pool, except for investments directly managed by the District. Participants' equity in the investment pool is determined by the dollar amount of the participant deposits, adjusted for withdrawals and distributed income.

Investments of debt proceeds held by the District are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the District's investment policy. The table below identifies the investment types that are authorized for investments held by bond trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage Allowed	Maximum Investment In One Issuer
Contra Costa County Investment Pool	Five Years	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT
MEASURE A BOND FUND**

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2005

Disclosures Relating to 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.

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

Investment Type	Total Market Value	Remaining Maturity (in Years)	
		Less than 1	1 to 5
Pooled Investments	\$ 11,914,728	\$ 11,914,728	
District Managed Investments:			
Federal Agency Bonds, Notes, and Mortgage-Backed Securities	27,640,728	11,348,886	16,291,842
LAIF	19,325,344	19,325,344	
	\$ 58,880,800	\$ 42,588,958	\$ 16,291,842

Disclosures Relating to Credit Risk

Generally, 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. Presented below is the actual rating as of year end for each investment type.

Investment Type	Total	
	Market Value	Ratings
Pooled Investments	\$ 11,914,728	Not rated
District Managed Investments:		
Federal Agency Bonds, Notes, and Mortgage-Backed Securities	27,640,728	AAA
LAIF	19,325,344	Not rated
	\$ 58,880,800	

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 that stipulated by the California Education Code. The Measure A Bond Fund has no investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total Measure A Bond Fund investments.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
MEASURE A BOND FUND

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2005

4. INTERFUND TRANSACTIONS

Due from/Due to Other Funds

At June 30, 2005, the District Capital Projects Fund owed the Measure A Bond Fund \$212,674, while the Measure A Bond Fund owed the District Capital Projects Fund \$1,106,225. Interfund receivables and payables are paid and cleared in the subsequent period.

5. COMMITMENTS AND CONTINGENCIES

As part of tax laws surrounding tax-exempt bonds, investment earnings, with certain adjustments, on unexpended bond proceeds are limited to the interest rate paid on the bond debt. Arbitrage (i.e., excess investment earnings) is required to be rebated to the Federal government every five years for as long as the bonds are outstanding. At June 30, 2005, no arbitrage liability has been recorded.

SUPPLEMENTARY INFORMATION SECTION

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT
MEASURE A BOND FUND**

SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2005

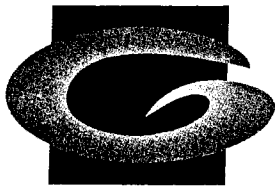
GENERAL OBLIGATION BONDS PAYABLE

On March 5, 2002, \$120,000,000 in general obligation bonds were authorized by 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 \$50,000,000 of Measure A General Obligation Bonds (the G.O. Bonds). The bonds require semi-annual principal payments beginning in August 2003 through August 2026; interest on the Bonds is payable semiannually on each February 1 and August 1, commencing in February of 2003. Annual interest rates for the principal payments range from 3.5% to 6.0%.

On August 1, 2004, the District issued its second series, \$45,000,000, of Measure A Bonds maturing on August 1, 2029, with interest at 4-5.00%, to provide for anticipated construction costs from various construction projects. The bonds require semi-annual principal and interest payments February 1, 2005 through August 1, 2029. The Bonds due on or before August 1, 2014, are not subject to optional redemption; the Bonds due on and after August 1, 2015 are subject to optional redemption.

The general obligation bonded debt at June 30, 2005, for both series matures as follows:

Year Ending June 30,	Principal	Interest	Total
2006	\$ 1,600,000	\$ 4,478,775	\$ 6,078,775
2007	2,100,000	4,398,150	6,498,150
2008	675,000	4,337,338	5,012,338
2009	925,000	4,304,088	5,229,088
2010	1,100,000	4,253,275	5,353,275
2011-2015	8,650,000	20,090,374	28,740,374
2016-2020	15,550,000	17,039,425	32,589,425
2021-2025	24,550,000	12,300,375	36,850,375
2026-2030	36,450,000	4,823,750	41,273,750
Totals	91,600,000	76,025,550	167,625,550
Plus bond premium	1,035,708		1,035,708
	<u>\$ 92,635,708</u>	<u>\$ 76,025,550</u>	<u>\$ 168,661,258</u>



Gilbert Associates, Inc.
CPAs and Advisors

**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***

Citizens' Oversight Committee
Contra Costa Community College District
Martinez, California

We have audited the basic financial statements of the Measure A Bond Fund (the "Bond Fund") of the Contra Costa Community College District (the "District") as of and for the year ended June 30, 2005, and have issued our report thereon dated February 15, 2006. 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, we considered the Bond Fund's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Bond Fund's basic financial statements are free of material misstatements, 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*.

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Citizens' Oversight Committee
Contra Costa Community College District
Page 2 of 2

This report is intended solely for the information and use of the Citizens' Oversight Committee, Board of Trustees, Finance Committee, and management, and is not intended to be and should not be used by anyone other than these specified parties.

Gilbert Associates, Inc.

GILBERT ASSOCIATES, INC.

February 15, 2006