



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

*Accounting, Auditing, Tax, and Consulting*

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**COMMUNICATION WITH THOSE CHARGED  
WITH GOVERNANCE**

Board of Trustees  
Contra Costa Community College District  
Retirement Futuris Public Entity Investment Trust  
San Pablo, California

We have audited the financial statements of Contra Costa Community College District Retirement Futuris Public Entity Investment Trust as of and for the years ended June 30, 2015 and 2014, and have issued our report thereon dated September 9, 2015. Professional standards require that we advise you of the following matters relating to our audit.

**Our Responsibility in Relation to the Financial Statement Audit**

As communicated in our engagement letter dated February 29, 2012, our responsibility, as described by professional standards, is to form and express an opinion(s) about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of Contra Costa Community College District Retirement Futuris Public Entity Investment Trust solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

**Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

## **Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, as appropriate, and our firm has complied with all relevant ethical requirements regarding independence.

We follow the AICPA Ethics Standard Rule 201C, in conjunction with this; we annually review with all engagement staff potential conflicts and obtain a conflict certification. In addition, we inquire on each engagement about potential conflicts with staff. We have not identified any relationships or other matters that in the auditor's judgment may be reasonably thought to bear on independence.

## **Qualitative Aspects of the Entity's Significant Accounting Practices**

### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by Contra Costa Community College District Retirement Futuris Public Entity Investment Trust is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during the fiscal year ended June 30, 2015. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus. However, we have identified new accounting standards that will be applicable in subsequent years and are included in Attachment A.

### *Significant Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

There were no significant sensitive accounting estimates affecting the financial statements.

### *Financial Statement Disclosures*

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting Contra Costa Community College District's financial statements relate to accounting policies affecting investments.

## **Significant Difficulties Encountered during the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

### **Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. There were no uncorrected misstatements identified as a result of our audit procedures.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. There were no material misstatements identified as a result of our audit procedures.

### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to Contra Costa Community College District's Retirement Futuris Public Entity Investment Trust financial statements or the auditor's report. No such disagreements arose during the course of the audit.

### **Representations Requested from Management**

We have requested certain written representations from management, which are included in the attached letter dated September 9, 2015.

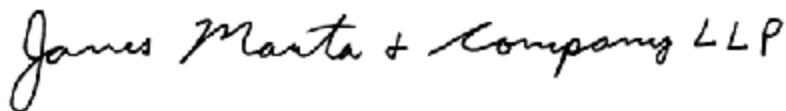
### **Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

### **Other Significant Matters, Findings, or Issues**

In the normal course of our professional association with Contra Costa Community College District Retirement Futuris Public Entity Investment Trust, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as Contra Costa Community College District's Retirement Futuris Public Entity Investment Trust auditors.

This report is intended solely for the information and use of the Board of Trustees and management of Contra Costa Community College District Retirement Futuris Public Entity Investment Trust and is not intended to be and should not be used by anyone other than these specified parties.



James Marta & Company LLP  
Certified Public Accountants  
Sacramento, California  
September 9, 2015

## **Attachment A – Upcoming Changes in Accounting Standards**

As of June 30, 2015

The following pronouncements of the Governmental Accounting Standards Board (GASB) have been released recently and may be applicable to the District in the near future. We encourage management to review the following information and determine which standard(s) may be applicable to the District. For the complete text of these and other GASB standards, visit [www.gasb.org](http://www.gasb.org) and click on the “Standards & Guidance” tab. If you have questions regarding the applicability, timing, or implementation approach for any of these standards, please contact your audit team.

### **GASB 74 Financial Reporting for Postemployment Benefits Other Than Pension Plans (OPEB)**

*Effective for the fiscal year ending June 30, 2017*

This standard establishes the requirements for other postemployment benefit plans administered by trusts to report on their operations, including setting new uniform requirements for actuarial valuations of the total OPEB liability, and reporting various 10-year trend data as required supplementary information. The financial statements of pension plans will not change substantially as a result of GASB 74, though the additional note disclosures and required supplementary information will be significant. Additionally, actuarial valuations conducted in accordance with GASB 74 will have to match the government’s fiscal year, or be rolled forward to that date by the actuary.

The District needs to evaluate the impact on reporting requirements for the District’s Retirement Futuris Public Entity Investment Trust.

### **GASB 75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions**

*Effective for the fiscal year ending June 30, 2018*

This standard establishes new requirements for governments to report a “net OPEB liability” for the unfunded portion of its other postemployment benefits, which includes retiree medical benefits.

Historically, governments have only been required to report a net OPEB liability to the extent that they have not met the annual required contribution (ARC) in any given year. Upon implementation of this standard, governments will be required to report a net OPEB liability based on the current funded status of their OPEB plans. Changes in this liability from year to year will largely be reflected on the income statement, though certain amounts will be deferred and amortized over varying periods.

**Governing Board**

John T. Nejedly, *President*  
Vicki Gordon, *Vice President*  
John E. Márquez, *Secretary*  
Greg Enholm  
Tim Farley



**Chancellor**  
Helen Benjamin, Ph.D.

**College Presidents**  
Contra Costa College Mojdeh Mehdizadeh (Interim)  
Diablo Valley College Peter Garcia  
Los Medanos College Robert Kratochvil, Ed.D.

## **MANAGEMENT REPRESENTATION LETTER**

September 9, 2015

James Marta & Company LLP  
Certified Public Accountants  
Sacramento, California

This representation letter is provided in connection with your audit of the statement of plan net position as of June 30, 2015 and 2014, and the related statement of changes in plan net position for the year then of Contra Costa Community College District Retirement Futuris Public Entity Investment Trust, and the related notes to the financial statements, for the purpose of expressing an opinion on whether the basic financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows, where applicable, of Contra Costa Community College District Retirement Futuris Public Entity Investment Trust in conformity with accounting principles generally accepted for governments in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of August 19, 2015:

### **Financial Statements**

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated February 29, 2012 for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
- We have reviewed, approved, and taken responsibility for the financial statements and related notes.
- We have a process to track the status of audit findings and recommendations.
- We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.



- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
- All component units, as well as joint ventures with an equity interest, are included and other joint ventures and related organizations are properly disclosed.
- All funds and activities are properly classified.
- All funds that meet the quantitative criteria in GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus* as amended, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.
- All components of net position, nonspendable fund balance, and restricted, committed, assigned, and unassigned fund balance are properly classified and, if applicable, approved.
- Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position/fund balance are available is appropriately disclosed and net position/fund balance is properly recognized under the policy.
- All revenues within the statement of activities have been properly classified as program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
- All interfund and intra-entity transactions and balances have been properly classified and reported.
- Special items and extraordinary items have been properly classified and reported.
- Deposit and investment risks have been properly and fully disclosed.
- Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
- All required supplementary information is measured and presented within the prescribed guidelines.
- With regard to investments and other instruments reported at fair value:
  - The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.
  - The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
  - The disclosures related to fair values are complete, adequate, and in conformity with U.S. GAAP.
  - There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.

#### Information Provided

- We have provided you with:
  - Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;



- Additional information that you have requested from us for the purpose of the audit; and
- Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
  - Management;
  - Employees who have significant roles in internal control; or
  - Others where the fraud could have a material effect on the financial statements.
- We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, vendors, regulators, or others.
- We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements and we have not consulted legal counsel concerning litigation or claims.
- We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
- There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
- Contra Costa Community College District Retirement Futuris Public Entity Investment Trust has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
- We have disclosed to you all guarantees, whether written or oral, under which Contra Costa Community College District Retirement Futuris Public Entity Investment Trust is contingently liable.
- We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62 (GASB-62), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.
- We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
- There are no:
  - Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
  - Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62.
  - Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62
- Contra Costa Community College District Retirement Futuris Public Entity Investment Trust has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
- We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

- We are not aware of any pending or threatened litigation, claims, or assessments, or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with GASB Statement No. 62 (GASB-62), Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements (FASB Accounting Standards Codification™ (ASC) 450, Contingencies), and we have not consulted a lawyer concerning litigation, claims, or assessments.


Arzu Smith, Director of District Finance Services

(Name and Title)



Jonah Nicholas, Associate Vice Chancellor, Chief Business Officer

(Name and Title)



The workplace has been recognized by the American Heart Association.





**CONTRA COSTA  
COMMUNITY COLLEGE DISTRICT  
RETIREMENT FUTURIS PUBLIC ENTITY  
INVESTMENT TRUST**

**FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED  
JUNE 30, 2015 AND 2014**

**WITH INDEPENDENT AUDITOR'S REPORT**

**JAMES MARTA &  
COMPANY LLP**

**701 HOWE AVENUE, E3  
SACRAMENTO, CA**

**(916) 993-9494  
(916) 993-9489 FAX**

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT  
RETIREMENT FUTURIS PUBLIC ENTITY  
INVESTMENT TRUST**

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

*Accounting, Auditing, Tax, and Consulting*

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INDEPENDENT AUDITORS' REPORT

The Board of Trustees  
Contra Costa Community  
College District  
Retirement Futuris Public  
Entity Investment Trust  
San Pablo, California

**Report on the Financial Statements**

We have audited the accompanying statement of trust net position of Contra Costa Community College District Retirement Futuris Public Entity Investment Trust (the Trust), a component unit of Contra Costa Community College District (the District) as of June 30, 2015 and 2014, the related statement of trust net position for the years then ended and the related notes to the financial statements.

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

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

**Auditor's Responsibility**

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

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



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

As discussed in Note 1, the financial statements referred to above present only the Trust and do not purport to, and do not present the financial position of the Contra Costa Community College District as of June 30, 2015 and 2014, and the changes in its financial position for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

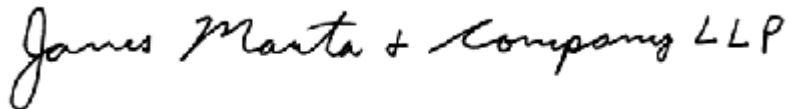
### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of Contra Costa Community College District Retirement Futuris Public Entity Investment Trust as of June 30, 2015 and 2014, and the change in trust net position for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

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

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

James Marta & Company LLP  
Certified Public Accountants  
Sacramento, California  
September 9, 2015

## **MANAGEMENT DISCUSSION AND ANALYSIS**

**CONTRA COSTA COLLEGE DISTRICT**  
**RETIREMENT FUTURIS PUBLIC ENTITY INVESTMENT TRUST**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**JUNE 30, 2015 AND 2014**

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This section provides an overview and analysis of the financial activities of Contra Costa Community College District's Other Postemployment Benefits Plan (Plan) for the fiscal year ended June 30, 2015. The Plan was established in July 2008 by the Governing Board of the District and assets held for Other Postemployment Benefits will be transferred periodically to an irrevocable trust to fund the Plan. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our financial statements.

***FINANCIAL HIGHLIGHTS***

The net position of Contra Costa Community College District Retirement Futuris Public Entity Investment Trust at the close of the fiscal years ended June 30, 2015 and 2014 were \$74,112,634 and \$66,858,559, respectively. Net position is held in trust for retiree medical benefits and is available to meet the Plan's ongoing obligations to Plan participants and beneficiaries.

The Trust's funding objective is to meet long-term benefit obligations through contributions and investment income. Over the past six years, the Trust has been funded by transfers of \$9.1 million each in fiscal years 2009-10 and 2010-11, \$8.8 million each in fiscal years 2011-12 and 2012-13 and \$6.86 million each in fiscal years 2013-14 and 2014-15. In addition, the District will fund another \$5.7 million in fiscal year 2015-16. These transfers, in conjunction with the District's pay-as-you-go system, have fully funded the actuarially determined annual required contribution.

***OVERVIEW OF THE FINANCIAL STATEMENTS***

The following discussion and analysis are intended to serve as an introduction to the Trust's financial statements, which comprises these components:

1. Statement of Trust Net Position
2. Statement of Changes in Trust Net Position
3. Notes to Financial Statements

**The Statement of Trust Net Position** is a snapshot of account balances at year-end. It indicates the assets available for future payments and any current liabilities that are owed at this time.

**The Statement of Changes in Trust Net Position**, on the other hand, provides a view of current year additions to and deductions from the Trust. Both statements are in compliance with Governmental Accounting Standard Board Statements (GASB Pronouncements 34, 43 and 45). These pronouncements require certain disclosures and require the state and local governments to report using the full accrual method of accounting. The Trust complies with all material requirements of these pronouncements.

The Statement of Trust Net Position and the Statement of Changes in Trust Net Position report information about the Trust's activities. These statements include all assets and liabilities, using the full accrual basis of accounting, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. All investment gains and losses are shown at trade date. In addition, both realized and unrealized gains and losses are shown on investments.



**CONTRA COSTA COLLEGE DISTRICT  
RETIREMENT FUTURIS PUBLIC ENTITY INVESTMENT TRUST  
MANAGEMENT DISCUSSION AND ANALYSIS  
JUNE 30, 2015 AND 2014**

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These two statements report the Trust's net position held in an irrevocable trust account for retirees' medical benefits. Net position, the difference between assets and liabilities, is one way to measure the trust's financial position. Over time, increases and decreases in net position is one indicator of whether the Trust's financial health is improving or deteriorating. Other factors, such as market conditions, should also be considered in measuring the Trust's overall health.

Notes to Financial Statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

***FINANCIAL ANALYSIS***

As previously noted, net position may serve over time as a useful indication of the Trust's financial position. The assets of the Trust exceeded its liabilities at the end of the last three fiscal years as follows:

| NET POSITION         | 2015                 | 2014                 | 2013                 |
|----------------------|----------------------|----------------------|----------------------|
| Cash and investments | \$ 74,036,560        | \$ 66,799,861        | \$ 52,309,178        |
| Interest receivable  | 76,047               | 58,695               | 76,726               |
| Due from other funds | 27                   | 3                    | 1                    |
| Net position         | <u>\$ 74,112,634</u> | <u>\$ 66,858,559</u> | <u>\$ 52,385,905</u> |

The changes to trust net position during the last three fiscal years are as follows:

| CHANGES IN NET POSITION | 2015                 | 2014                 | 2013                 |
|-------------------------|----------------------|----------------------|----------------------|
| Additions               | \$ 7,497,222         | \$ 14,676,234        | \$ 12,881,755        |
| Deductions              | (243,147)            | (203,580)            | (159,614)            |
| Beginning balance       | 66,858,559           | 52,385,905           | 39,663,764           |
| Net position            | <u>\$ 74,112,634</u> | <u>\$ 66,858,559</u> | <u>\$ 52,385,905</u> |

***Contacting the Trust's Financial Management***

This financial report is designed to provide our citizens, taxpayers, students, investors, and creditors with a general overview of the Trust's finances and to show the Trust's accountability for the money it receives. If you have any questions about this report or need any additional financial information, contact the District at: Contra Costa Community College District, 500 Court Street, Martinez, California 94553.

## **BASIC FINANCIAL STATEMENTS**

**CONTRA COSTA COLLEGE DISTRICT  
RETIREMENT FUTURIS PUBLIC ENTITY INVESTMENT TRUST  
STATEMENT OF TRUST NET POSITION**

**JUNE 30, 2015 AND 2014**

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|   | <u>2015</u>          | <u>2014</u>          |
|---|----------------------|----------------------|
| <b>ASSETS</b>   |                      |                      |
| Cash and cash equivalents                                       | \$ 2,190             | \$ 2,013             |
| Investments   | 74,034,370           | 66,797,848           |
| Interest receivable   | 76,047               | 58,695               |
| Due from other funds  | 27                   | 3                    |
| Total assets  | <u>\$ 74,112,634</u> | <u>\$ 66,858,559</u> |
| <br><b>NET POSITION</b>   |                      |                      |
| Net position held in trust for<br>Other Postemployment Benefits | <u>\$ 74,112,634</u> | <u>\$ 66,858,559</u> |



**CONTRA COSTA COLLEGE DISTRICT  
RETIREMENT FUTURIS PUBLIC ENTITY INVESTMENT TRUST  
STATEMENT OF CHANGES IN TRUST NET POSITION**

**JUNE 30, 2015 AND 2014**

|  | <b>2015</b>   | <b>2014</b>   |
|--|---------------|---------------|
| <b>ADDITIONS TO NET POSITION ATTRIBUTED TO:</b>  |               |               |
| Contributions  |               |               |
| Employer   | \$ 6,860,000  | \$ 6,860,000  |
| Investment income  | 637,222       | 7,816,234     |
| Total additions  | 7,497,222     | 14,676,234    |
| <b>DEDUCTIONS FROM NET POSITION ATTRIBUTED TO:</b>   |               |               |
| Administrative expenses  | 243,147       | 203,580       |
| Total expenses   | 243,147       | 203,580       |
| <b>CHANGE IN NET POSITION</b>  | 7,254,075     | 14,472,654    |
| <b>NET POSITION HELD IN TRUST FOR OTHER POSTEMPLOYMENT<br/>BENEFITS, BEGINNING OF YEAR</b> | 66,858,559    | 52,385,905    |
| <b>NET POSITION HELD IN TRUST FOR OTHER POSTEMPLOYMENT<br/>BENEFITS, END OF YEAR</b>       | \$ 74,112,634 | \$ 66,858,559 |

**CONTRA COSTA COLLEGE DISTRICT  
RETIREMENT FUTURIS PUBLIC ENTITY INVESTMENT TRUST  
NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2015 AND 2014**

**1. DESCRIPTION OF PLAN**

The following information of the Contra Costa Community College District Retirement Futuris Public Entity Investment Trust (the Trust), a component unit of the Contra Costa Community College District (the District) provides only general information. Readers should refer to the trust agreement for a more complete description of the Trust’s provisions.

**A. GENERAL**

The Other Postemployment Benefit Plan (the “Plan”) is a contributory single-employer defined benefit healthcare plan trust administered by the Contra Costa Community College District. The Plan provides medical insurance benefits or cash in-lieu of benefits to eligible retirees and their spouses. Membership of the Plan consists of 736 and 702 retirees currently eligible to receive benefits, and 989 and 986 active plan members for the years ended June 30, 2015 and 2014, respectively. The Plan is funded by an irrevocable trust known as the Retirement Futuris Public Entity Investment Trust that is a governmental plan that is not subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

**B. CONTRIBUTIONS**

Contributions to the Trust are funded entirely by the employer. The Trust was established and may be amended by the District and the United Faculty (UF), the Public Employees Union Local 1 (PEU), and unrepresented groups. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually through the agreements between the District, UF, PEU and the unrepresented groups. The District made annual contributions to the Trust in 2014 and 2015. Premiums will be funded from the contributions and interest earnings.

**C. FUNDED STATUS AND FUNDING PROGRESS**

The funded status of the plan as of the most recent actuarial valuation date is as follows:

| <u>Actuarial<br/>Valuation Date</u> | <u>Value of<br/>Assets</u> | <u>Actuarially<br/>Accrued Liability<br/>(AAL)</u> | <u>Unfunded AAL<br/>(UAAL)</u> | <u>Funded Ratio</u> | <u>Covered<br/>Payroll</u> | <u>UAAL as a<br/>Percentage<br/>of Covered<br/>Payroll</u> |
|-------------------------------------|----------------------------|--|--------------------------------|---------------------|----------------------------|--|
| March 1, 2015                       | \$ 69,231,999              | \$ 221,603,131                                     | \$ 152,371,132                 | 31%                 | \$ 79,311,091              | 192%   |

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about the future employment, investment returns, morality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**CONTRA COSTA COLLEGE DISTRICT  
RETIREMENT FUTURIS PUBLIC ENTITY INVESTMENT TRUST  
NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2015 AND 2014**

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**D. ACTUARIAL METHODS AND ASSUMPTIONS**

The accompanying schedule of employer contributions present trend information about the amounts contributed to the plan by employers in comparison to the annual required contribution (ARC), an amount that is actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost for each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

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

In the March 1, 2015, actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included a 6.7 percent investment rate of return (net of administrative expenses). Healthcare cost trend rates were estimated at 4 percent and long-term inflation was estimated at 2.75%. The Unfunded Actuarially Accrued Liability (UAAL) is being amortized at a level dollar method over a closed 30 year period for the initial UAAL and open 23 year period for any residual UAAL. The actuarial value of assets was \$69,231,999 at the time of the actuarial valuation.

**E. INVESTMENT OPTIONS**

Benefit Trust, the Asset Custodian, maintains the Trust's investments in various mutual funds, and is the record keeper and Morgan Stanley is the investment advisor. Funds allocated to the Asset Custodian are invested as directed by the Retirement Board in a combination of equity and fixed income investments.

**F. TRUST TERMINATION**

In the event of Trust termination, the net assets for the Trust would be allocated as prescribed in the Trust documents, generally to pay in the order indicated:

- District's remaining retiree medical benefit liabilities
- Reasonable expenses of administering the Trust

Any assets remaining in the Trust after paying off the above liabilities shall revert back to the District.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**A. BASIS OF ACCOUNTING**

The accompanying basic financial statements are presented on the accrual basis of accounting. Contributions are recognized as revenue in the period in which employee services are performed, pursuant to formal commitments as well as statutory or contractual commitments. Benefits and refunds of contributions are recognized when due and payable under the provisions of the Trust.

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**B. INVESTMENT VALUATION**

Investments are reported at fair market value. Securities traded on a national or international exchange are valued at the last reported sales price on the last business day of the fiscal year at current exchange rates. The fair market value of investments in securities of \$74,034,370 and \$66,797,848 at June 30, 2015 and 2014, respectively, were valued by the respective mutual fund management firms. Purchases and sales of securities are reflected on the trade date. Investment income is recognized as earned.

**C. NET APPRECIATION (DEPRECIATION) ON INVESTMENTS**

Net appreciation (depreciation) on investments is comprised of unrealized and realized gains and losses. Unrealized appreciation (depreciation) adjusts investment carrying amounts to reflect current market values, based on quoted prices in an active market.

**D. CASH AND EQUIVALENTS**

Cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of one year or less from the date of acquisition.

**E. ADMINISTRATIVE EXPENSES**

Certain internal costs of administering the Trust may be paid by the Trust. There is a monthly trustee and Futuris program fee paid by the trust.

**F. BENEFITS**

Benefits are recognized when paid.

**G. ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires the plan administrator to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

**3. TAX STATUS**

The Trust is in the process of receiving a Private Letter Ruling from the Internal Revenue Service certifying that the plan and related trust are designed in accordance with Section 115 of the Internal Revenue Code (the IRC).

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RETIREMENT FUTURIS PUBLIC ENTITY INVESTMENT TRUST  
NOTES TO FINANCIAL STATEMENTS**

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**4. INVESTMENTS**

The Trust has adopted an internally developed investment policy that is governed by the standards established in the California Constitution. In addition, the Trust has written investment policies regarding the type of investments that may be made specifically for the Trust and the amount, which may be invested in any one financial institution or amounts that may be invested in long-term instruments. Management believes the Trust has complied with the provisions of statutes pertaining to the types of investments held, institutions in which deposits were made, and security requirements.

Investments as of June 30 were as follows:

|                   | <u>2015</u>          | <u>2014</u>          |
|-------------------|----------------------|----------------------|
| Equities          | \$ 44,754,803        | \$ 41,059,495        |
| Fixed income      | <u>29,279,567</u>    | <u>25,738,353</u>    |
| Total Investments | <u>\$ 74,034,370</u> | <u>\$ 66,797,848</u> |

During the fiscal years ended June 30, 2015 and 2014, the Trust's investments (including gains and losses on investments bought and sold as well as held during the year) appreciated as follows:

|                              | <u>2015</u>        | <u>2014</u>         |
|------------------------------|--------------------|---------------------|
| Dividend and interest income | \$ 1,711,237       | \$ 1,409,260        |
| Realized gains (losses)      | 5,746,764          | 1,858,678           |
| Unrealized gains (losses)    | <u>(6,820,779)</u> | <u>4,548,296</u>    |
| Net investment income        | <u>\$ 637,222</u>  | <u>\$ 7,816,234</u> |

Trust assets that exceeded 5% of the total assets are as follows:

|   | <u>2015</u>          | <u>%</u> | <u>2014</u>          | <u>%</u> |
|---|----------------------|----------|----------------------|----------|
| Western Asset Core Plus Bond Fund             | \$ 4,524,312         | 6.1%     | \$ 3,959,406         | 5.9%     |
| Blackrock Total Return                        | 4,516,477            | 6.1%     | -                    | 0.0%     |
| Prudential Total Return Bond Fund             | 4,510,173            | 6.1%     | 3,963,594            | 5.9%     |
| Oakmark Select                                | 4,421,621            | 6.0%     | -                    | 0.0%     |
| Templeton Global Advantage Fund               | 4,126,338            | 5.6%     | 5,308,808            | 7.9%     |
| Alger Spectra Z                               | 3,824,770            | 5.2%     | -                    | 0.0%     |
| Columbia Contrarian Core                      | 3,780,084            | 5.1%     | -                    | 0.0%     |
| Delaware Diversified Income Fund              | 3,761,401            | 5.1%     | -                    | 0.0%     |
| JHancock Classic Value                        | -                    | 0.0%     | 4,033,133            | 6.0%     |
| Metropolitan West Total Bond Fund             | -                    | 0.0%     | 3,941,495            | 5.9%     |
| Hartford Capital Appreciation                 | -                    | 0.0%     | 3,406,261            | 5.1%     |
| Royce Golbal Value                            | -                    | 0.0%     | 3,398,528            | 5.1%     |
| Total Investments Exceeding 5% of Plan Assets | <u>\$ 33,465,176</u> |          | <u>\$ 28,011,225</u> |          |

**CONTRA COSTA COLLEGE DISTRICT  
RETIREMENT FUTURIS PUBLIC ENTITY INVESTMENT TRUST  
NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2015 AND 2014**

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**5. CASH IN COUNTY TREASURY**

The Trust deposits some cash in the Contra Costa County Treasury as funds are contributed to the investment portfolio. At June 30, 2015 and 2014 the Trust had \$2,190 and \$2,013, respectively, invested in the county treasury.

**6. ACTUARIALLY ACCRUED LIABILITY**

The District is paying into the Trust to fund the Actuarially Accrued Liability (AAL) based on an actuarial valuation as of March 1, 2015. In that valuation, the AAL was \$221,603,131, the actuarial value of assets was \$69,231,999 and the Unfunded AAL was \$152,371,132. As of June 30, 2015 and 2014, the value of assets in the trust was \$74,034,370 and \$66,797,848, respectively.

**7. SUBSEQUENT EVENTS**

District management has reviewed its financial statements and evaluated subsequent events for the period of time from its year ended June 30, 2015 through September 9, 2015, the date the financial statements were issued. Management is not aware of any subsequent events that would require recognition or disclosure in the accompanying financial statements.



**CONTRA COSTA COLLEGE DISTRICT  
RETIREMENT FUTURIS PUBLIC ENTITY INVESTMENT TRUST  
REQUIRED SUPPLEMENTARY INFORMATION**

**JUNE 30, 2015 AND 2014**

**Schedule of Funding Progress**

| Actuarial<br>Valuation<br>Date | Actuarial Value<br>of Assets<br>(a) | Actuarially<br>Accrued<br>Liability (AAL)<br>(b) | Unfunded AAL<br>(UAAL)<br>(b - a) | Funded Ratio<br>(a / b) | Covered<br>Payroll<br>(c) | UAAL as a<br>Percentage of<br>Covered Payroll<br>[(b-a) / c] |
|--------------------------------|-------------------------------------|--|-----------------------------------|-------------------------|---------------------------|--|
| February 1, 2011               | \$ 24,700,884                       | \$ 198,640,665                                   | \$ 173,939,781                    | 12%                     | \$73,907,620              | 235%   |
| March 1, 2013                  | \$ 46,371,955                       | \$ 198,489,326                                   | \$ 152,117,371                    | 23%                     | \$75,632,427              | 201%   |
| March 1, 2015                  | \$ 69,231,999                       | \$ 221,603,131                                   | \$ 152,371,132                    | 31%                     | \$79,311,091              | 192%   |

**Employer Contributions**

| Year Ended<br>June 30, | Annual<br>OPEB Cost | Actual<br>Contributions | Percentage<br>Contributed |
|------------------------|---------------------|-------------------------|---------------------------|
| 2013                   | \$ 16,109,024       | \$ 19,220,922           | 119%                      |
| 2014                   | \$ 15,839,012       | \$ 17,234,197           | 109%                      |
| 2015                   | \$ 17,333,781       | \$ 17,977,436           | 104%                      |