James Marta & Company LLP
Certified Public Accountants

Accounting, Auditing, Tax, and Consulting

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

Board of Trustees
Contra Costa Community College District
Retirement Futuris Public Entity Investment Trust
Martinez, 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, 2016 and 2015, and have issued our report thereon dated September 16, 2016. 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.

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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, 2016. 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 16, 2016.

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

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
September 16, 2016

Attachment A – Upcoming Changes in Accounting Standards

As of June 30, 2016

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 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.

GASB 76 - The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments
Effective for the fiscal year ending June 30, 2016

The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.*

GASB 77 - Tax Abatement Disclosures
Effective for the fiscal year ending June 30, 2016

This Statement requires governments that enter into tax abatement agreements to disclose the following information about the agreements:

- Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients
- The gross dollar amount of taxes abated during the period
- Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement.

GASB Statement No. 78 - Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans
Effective for the fiscal year ending June 30, 2017

This Statement amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above.

GASB Statement No. 79 - Certain External Investment Pools and Pool Participants
Effective for the fiscal year ending June 30, 2016

This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. Significant noncompliance prevents the external investment pool from measuring all of its investments at amortized cost for financial reporting purposes. Professional judgment is required to determine if instances of noncompliance with the criteria established by this Statement during the reporting period, individually or in the aggregate, were significant.

GASB Statement No. 80 - Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14
Effective for the fiscal year ending June 30, 2017

This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*.

GASB Statement No. 81 - Irrevocable Split-Interest Agreements
Effective for the fiscal year ending June 30, 2017

Split-interest agreements are a type of giving agreement used by donors to provide resources to two or more beneficiaries, including governments. Split-interest agreements can be created through trusts—or other legally enforceable agreements with characteristics that are equivalent to split-interest agreements—in which a donor transfers resources to an intermediary to hold and administer for the benefit of a government and at least one other beneficiary. Examples of these types of agreements include charitable lead trusts, charitable remainder trusts, and life-interests in real estate.

This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period.

GASB Statement No. 82 - Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73
Effective for the fiscal year ending June 30, 2017

Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

Prior to the issuance of this Statement, Statements 67 and 68 required presentation of covered-employee payroll, which is the payroll of employees that are provided with pensions through the pension plan, and ratios that use that measure, in schedules of required supplementary information. This Statement amends Statements 67 and 68 to instead require the presentation of covered payroll, defined as the payroll on which contributions to a pension plan are based, and ratios that use that measure.

This Statement clarifies that payments that are made by an employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements should be classified as plan member contributions for purposes of Statement 67 and as employee contributions for purposes of Statement 68. It also requires that an employer's expense and expenditures for those amounts be recognized in the period for which the contribution is assessed and classified in the same manner as the employer classifies similar compensation other than pensions (for example, as salaries and wages or as fringe benefits).

Contra Costa Community College District
pathways to success

MANAGEMENT REPRESENTATION LETTER

September 16, 2016

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, 2016 and 2015, and the related statement of changes in plan net position for the year then ended 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 September 16, 2016:

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 CodificationTM (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)

CONTRA COSTA
COMMUNITY COLLEGE DISTRICT
RETIREMENT FUTURIS PUBLIC ENTITY
INVESTMENT TRUST

FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED
JUNE 30, 2016 AND 2015

WITH INDEPENDENT AUDITOR'S REPORT

JAMES MARTA & COMPANY LLP

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CONTRA COSTA COMMUNITY COLLEGE DISTRICT
RETIREMENT FUTURIS PUBLIC ENTITY
INVESTMENT TRUST

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James Marta & Company LLP
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Accounting, Auditing, Tax, and Consulting

INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Contra Costa Community
College District
Retirement Futuris Public
Entity Investment Trust
Martinez, 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, 2016 and 2015, 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.

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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, 2016 and 2015, 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, 2016 and 2015, 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.

James Marta + Company LLP

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
September 16, 2016

MANAGEMENT DISCUSSION AND ANALYSIS

CONTRA COSTA COLLEGE DISTRICT
RETIREMENT FUTURIS PUBLIC ENTITY INVESTMENT TRUST
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2016 AND 2015

This section provides an overview and analysis of the financial activities of Contra Costa Community College District's Other Post Postemployment Benefits Plan (Plan) for the fiscal year ended June 30, 2016. 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, 2016 and 2015, were $79,999,147 and $74,112,634, 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 seven 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, $6.86 million each in 2013-14 and 2014-15 and lastly $5.7 million in 2015-16. In addition, the District will fund another $5.7 million in fiscal year 2016-17. 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 is comprised of 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 to retirees 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.

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 assets 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 last three fiscal years as follows:

NET POSITION	2016	2015	2014
Cash and investments	$ 79,998,957	$ 74,036,560	$ 66,799,861
Interest receivable	88	76,047	58,695
Due from other funds	102	27	3
Net position	$ 79,999,147	$ 74,112,634	$ 66,858,559

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

CHANGES IN NET POSITION	2016	2015	2014
Additions	$ 6,147,781	$ 7,497,222	$ 14,676,234
Deductions	(261,268)	(243,147)	(203,580)
Beginning balance	74,112,634	66,858,559	52,385,905
Net position	$ 79,999,147	$ 74,112,634	$ 66,858,559

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, 2016 AND 2015

	2016	2015
ASSETS		
Cash and cash equivalents	$ 2,592	$ 2,190
Investments	79,996,365	74,034,370
Interest receivable	88	76,047
Other receivable	90	-
Due from other funds	12	27
Total assets	$ 79,999,147	$ 74,112,634
NET POSITION		
Net position held in trust for Other Postemployment Benefits	$ 79,999,147	$ 74,112,634
Total liabilities and net position	$ 79,999,147	$ 74,112,634

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

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

JUNE 30, 2016 AND 2015

	2016	2015
ADDITIONS TO NET POSITION ATTRIBUTED TO:		
Contributions		
Employer	$ 5,700,200	$ 6,860,000
Investment income	447,581	637,222
Total additions	6,147,781	7,497,222
DEDUCTIONS FROM NET POSITION ATTRIBUTED TO:		
Administrative expenses	261,268	243,147
Total expenses	261,268	243,147
CHANGE IN NET POSITION	5,886,513	7,254,075
NET POSITION HELD IN TRUST FOR OTHER POSTEMPLOYMENT BENEFITS, BEGINNING OF YEAR	74,112,634	66,858,559
NET POSITION HELD IN TRUST FOR OTHER POSTEMPLOYMENT BENEFITS, END OF YEAR	$ 79,999,147	$ 74,112,634

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

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 767 and 736 retirees currently eligible to receive benefits, and 1,058 and 989 active plan members for the years ended June 30, 2016 and 2015, 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 2015 and 2016. 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:

Actuarial Valuation Date	Value of Assets	Actuarailly Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
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, mortality, 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.

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.

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 $79,996,365 and $74,034,370 at June 30, 2016 and 2015, 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).

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:

	2016	2015
Equities	$ 49,152,038	$ 44,754,803
Fixed income	30,844,327	29,279,567
Total Investments	$ 79,996,365	$ 74,034,370

During the fiscal years ended June 30, 2016 and 2015, the Trust'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	$ 3,363,636	$ 1,711,237
Realized gains (losses)	(1,623,548)	5,746,764
Unrealized gains (losses)	(1,292,507)	(6,820,779)
Net investment income	$ 447,581	$ 637,222

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

	2016	%	2015	%
Western Asset Core Plus Bond Fund	$ -	0.0%	$ 4,524,312	6.1%
Blackrock Total Return	4,735,511	5.9%	4,516,477	6.1%
Prudential Total Return Bond Fund	4,747,067	5.9%	4,510,173	6.1%
Oakmark Select	4,875,379	6.1%	4,421,621	6.0%
Templeton Global Advantage Fund	-	0.0%	4,126,338	5.6%
Alger Spectra Z	4,033,603	5.0%	3,824,770	5.2%
Columbia Contratian Core	4,059,680	5.1%	3,780,084	5.1%
Delaware Diversified Income Fund	-	0.0%	3,761,401	5.1%
Thornburg Investment Income Builder	4,064,196	5.1%	-	0.0%
Franklin Templeton Global Bond Fund	4,357,542	5.4%	-	0.0%
Legg Mason Core Plus Bond	4,733,849	5.9%	-	0.0%
Total Investments Exceeding 5% of Plan Assets	$ 35,606,827		$ 33,465,176	

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, 2016and 2015 the Trust had $2,592and $2,190, 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, 2016 and 2015, the value of assets in the trust was $79,996,365 and $74,034,370, 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, 2016 through September 16, 2016, 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, 2016 AND 2015

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarially Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a) / c]
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 June 30,	Annual OPEB Cost	Actual Contributions	Percentage Contributed
2012	$ 16,704,783	$ 19,276,622	115%
2013	$ 16,109,024	$ 19,220,922	119%
2014	$ 15,839,012	$ 17,234,197	109%
2015	$ 16,685,821	$ 17,977,436	108%
2016	$ 16,640,834	$ 16,878,283	101%