

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

FINANCIAL STATEMENTS
WITH SUPPLEMENTAL INFORMATION

For the Year Ended June 30, 1993

TABLE OF CONTENTS

	<u>Page</u>
District Superintendent's Message	1
Introduction	2
Independent Auditor's Report	3-4
General Purpose Financial Statements:	
Combined Balance Sheet - All Fund Types and Account Groups	5-6
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental and Fiduciary Funds	7
Combined Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - All Governmental Fund Types (Except Capital Projects Fund)	8-10
Combined Statement of Revenues, Expenses and Changes in Retained Earnings - Proprietary Fund Types	11
Combined Statement of Cash Flows - Proprietary Fund Types	12
Notes to Financial Statements	13-36
Combining Financial Statements:	
Combining Balance Sheet - All Debt Service Funds	37
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - All Debt Service Funds	38
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - All Debt Service Funds	39-42
Combining Balance Sheet - All Proprietary Funds	43
Combining Statement of Revenues, Expenses and Changes in Retained Earnings (Accumulated Deficit) - All Proprietary Funds	44-45
Combining Statement of Cash Flows - All Proprietary Funds	46-47

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

FINANCIAL STATEMENTS
WITH SUPPLEMENTAL INFORMATION

For the Year Ended June 30, 1993

TABLE OF CONTENTS
(Continued)

	<u>Page</u>
Combining Financial Statements: (Continued)	
Combining Balance Sheet - All Fiduciary Funds	48
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - All Fiduciary Funds	49
Supplemental Information:	
Independent Auditor's Report on Supplemental Information	50
Organization	51
Schedule of Federal and State Financial Assistance	52
Schedule of Workload Measures for State General Apportionment	53
Schedule of Annual Apprenticeship Hours of Instruction	54
Reconciliation of Annual Financial and Budget Report (CCFS-311) with Audited Financial Statements	55
Schedule of Expenditures for each Federal Student Financial Assistance Program	56
Notes to Supplemental Information	57
Independent Auditor's Combined Report on Internal Control Structure	58-60
Independent Auditor's Report on State Compliance Requirements	61-63
Independent Auditor's Report on Compliance with Laws and Regulations Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	64
Independent Auditor's Report on Compliance with the General Requirements Applicable to Federal Financial Assistance Programs	65

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

FINANCIAL STATEMENTS
WITH SUPPLEMENTAL INFORMATION

For the Year Ended June 30, 1993

TABLE OF CONTENTS
(Continued)

	<u>Page</u>
Independent Auditor's Report on Compliance with Specific Requirements Applicable to Major Federal Financial Assistance Programs	66
Independent Auditor's Report on Compliance with Requirements Applicable to Nonmajor Federal Financial Assistance Program Transactions	67
Findings and Recommendations	68-73
Management Letter	74-88
Status of Prior Year Findings and Recommendations	89



CONTRA COSTA COMMUNITY COLLEGE DISTRICT

Governing Board

Lee R. Winters, President
Marla T. Vinamontes, Vice President
William P. Moses, Secretary
Eugene H. Ross
William M. Corey

Contra Costa College
Diablo Valley College
Los Medanos College

Chancellor

Robert D. Jensen

December 15, 1993

Honorable Governing Board
Contra Costa Community College District
500 Court Street
Martinez, CA 94553

Re: Annual Financial Reports

Dear Board Members:

The comprehensive annual financial report for the fiscal year ending June 30, 1993 is hereby submitted. The audit is in effect the "report card" on the financial records for last year's District activities.

This past year has shown a modest student growth Districtwide. When the increase in student fees was initiated, the impact on student enrollment was significant. Enrollment by students with a bachelor's degree seemed to decrease by approximately fifty percent (50%) during the spring semester compared to enrollments for those individuals during the fall semester 1992. Even with the increase in enrollment fees, the District met its ADA obligation for full apportionment funding and exceeded the ADA cap by about 716. In January of 1993, the governor's budget indicated that, due to property tax shortfalls statewide, each community college would lose about two percent (2%) of the revenue they expected from the state. With this notification from the state, addressing this shortfall, the District reduced all operational funds at the colleges and District Office by approximately \$1.25 million and froze most vacated positions. Once property taxes and all other state revenue was collected, our District's share of the state deficit for community colleges was \$1.6 million dollars. That was \$1.6 million dollars that the District had earned, by enrolling students in classes, but would not be received.

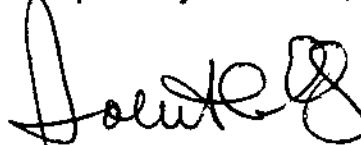
The expenditures within the audited statements of the District contain continued expenditures for the San Ramon Center for Higher Education, the District's site and facility remodeling programs for our three colleges, plus funding for all salary schedule and fringe benefit costs per the negotiated agreements between the District and the employee bargaining units. The District, per the attached audited statement, carries into the new fiscal year a fiscally prudent reserve of approximately \$4.1 million dollars, which is reflected in the Unrestricted General Fund.

The District's system of internal accounting controls is designed to provide reasonable assurance that assets are safeguarded against loss from unauthorized use and disposition and to provide reliable records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a system of internal accounting controls should not exceed the benefits likely to be derived therefrom and that the evaluation of costs and benefits requires estimates and judgments by management. It has been brought to staff's attention by the auditing firm that improvements need to be made in the area of the MIS delivery system dealing with accounting, financial reporting and personnel functions. It will be necessary for the District to invest in additional software and/or hardware to insure that we meet this obligation.

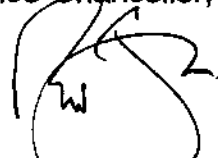
The past year has been a year of modest growth in student enrollment and a year which found the District cutting back on many services and reducing staff to accommodate the decrease in state funding. The Districtwide staff has worked under some difficult conditions, in all areas, during the past year, while the District was in the process of reducing its employment force by approximately 30 full-time faculty, 20 FTE classified employees, and 12 FTE managers. These staff reductions helped the District put together a balanced budget for the following year. The District was able to do this because of its outstanding staff and the leadership this District has enjoyed over the years from the colleges, District Office, and especially you, as the Governing Board.

We look forward to continuing to provide quality higher education to the citizens of Contra Costa County.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Robert C. Ely", written over a horizontal line.

Robert C. Ely
Vice Chancellor, Business Services

A handwritten signature in black ink, appearing to read "Robert D. Jensen", written over a horizontal line.

Robert D. Jensen
Chancellor

INTRODUCTION

The audit has the following objectives:

- . To assess the adequacy of the systems and procedures for financial accounting, compliance with rules and regulations, and internal control in the Contra Costa Community College District.
- . To determine the accountability for revenues, the propriety of expenditures, and the extent to which funds have been expended in accordance with prescribed state and federal laws and regulations.
- . To determine whether financial and financially related reports to state and federal agencies are presented fairly.
- . To determine the fairness of presentation of the Contra Costa Community College District's financial statements.
- . To recommend appropriate actions to correct any deficiencies.



INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Contra Costa Community
College District
Martinez, California

We have audited the accompanying general purpose financial statements of the Contra Costa Community College District as of and for the year ended June 30, 1993, as listed in the foregoing Table of Contents. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

Over the years, the District has not maintained detailed fixed asset records supporting the balance sheet of the General Fixed Assets Group shown on pages 5 and 6 in the accompanying general purpose financial statements, therefore, we do not express an opinion on the general fixed assets and related footnote disclosures at June 30, 1993.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to audit fixed assets records, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Contra Costa Community College District at June 30, 1993, and the results of its operations and cash flows of its proprietary funds for the year then ended, in conformity with generally accepted accounting principles.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining financial statements listed in the financial section of the foregoing Table of Contents are presented for the purpose of additional analysis and are not a required part of the general purpose financial statements. Such combining financial statements have been subjected to the auditing procedures applied in the audit of the general purpose financial statements, and in our opinion, are fairly stated in all material respects when considered in relation to the general purpose financial statements taken as a whole.

Perry-Smith & Co.

Certified Public Accountants

Sacramento, California
December 3, 1993



CONTRA COSTA COMMUNITY COLLEGE DISTRICT
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS

June 30, 1993

	<u>Governmental Fund Types</u>					<u>Account Groups</u>		<u>Total (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Proprietary Funds</u>	<u>Fiduciary Funds</u>	<u>General Fixed Assets</u>	<u>General Long-term Debt</u>	
<u>ASSETS</u>								
Cash and cash equivalents:								
In County Treasury	\$11,506,624		\$ 1,345,086	\$ 1,087,471	\$ 653,131			\$ 14,592,312
On hand and in banks	6,695			358,975	526,658			892,328
Revolving fund	125,000							125,000
Local agency investment fund	<u>105,395</u>	<u>\$ 9,957</u>	<u>9,055,999</u>					<u>9,171,351</u>
Total cash and cash equivalents	<u>11,743,714</u>	<u>9,957</u>	<u>10,401,085</u>	<u>1,446,446</u>	<u>1,179,789</u>			<u>24,780,991</u>
Investments		903,963			500,000			1,403,963
Accounts receivable, net	1,688,312	2,831,046	5,788	546,838	5,714			5,077,698
Due from other funds	471,546	530,160	9,600		48,179			1,059,485
Inventories	168,399			1,032,728				1,201,127
Prepaid expenditures	1,786,748	23,997						1,810,745
Property, plant and equipment				453,887		\$132,616,285		133,070,172
Amount available in the Debt Service Funds							\$10,406,873	10,406,873
Amount to be provided in future years for retire- ment of general long-term obligations							<u>22,179,144</u>	<u>22,179,144</u>
Total assets	<u>\$15,858,719</u>	<u>\$ 4,299,123</u>	<u>\$10,416,473</u>	<u>\$ 3,479,899</u>	<u>\$ 1,733,682</u>	<u>\$132,616,285</u>	<u>\$32,586,017</u>	<u>\$200,990,198</u>
	=====	=====	=====	=====	=====	=====	=====	=====

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
(Continued)
June 30, 1993

	<u>Governmental Fund Types</u>					<u>Account Groups</u>		<u>Total (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Proprietary Funds</u>	<u>Fiduciary Funds</u>	<u>General Fixed Assets</u>	<u>General Long-Term Debt</u>	
LIABILITIES AND FUND EQUITY								
Liabilities:								
Amounts to be provided								
from future deposits	\$ 69,421	\$ 27,655						\$ 97,076
Accounts payable	668,926	40,811		\$ 104,807				814,544
Accrued liabilities	2,803,676							2,803,676
Deferred revenue	3,978,983							3,978,983
Due to other funds	553,337	50,436	\$ 9,600	406,702	\$ 39,410			1,059,485
Due to student organizations					251,607			251,607
Revenue bonds							\$ 351,000	351,000
Accrued vacation benefits							1,297,323	1,297,323
Capital lease obligations				24,403			306,694	331,097
Post-retirement health								
benefits obligation							30,631,000	30,631,000
Total liabilities	<u>8,074,343</u>	<u>118,902</u>	<u>9,600</u>	<u>535,912</u>	<u>291,017</u>		<u>32,586,017</u>	<u>41,615,791</u>
Fund equity and other credits:								
Investment in general fixed								
assets						\$132,616,285		132,616,285
Fund balances:								
Reserved	2,148,410	3,576,471	118,574		1,442,665			7,286,120
Unreserved:								
Designated	4,550,354	603,750	10,288,299					15,442,403
Undesignated	1,085,612							1,085,612
Retained earnings				2,943,987				2,943,987
Total fund equity								
and other credits	<u>7,784,376</u>	<u>4,180,221</u>	<u>10,406,873</u>	<u>2,943,987</u>	<u>1,442,665</u>	<u>132,616,285</u>		<u>159,374,407</u>
Total liabilities,								
fund equity and								
other credits	\$15,858,719	\$ 4,299,123	\$10,416,473	\$ 3,479,899	\$ 1,733,682	\$132,616,285	\$32,586,017	\$200,990,198
	=====	=====	=====	=====	=====	=====	=====	=====

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

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUNDS

For the Fiscal Year Ended June 30, 1993

	<u>Governmental Fund Types</u>				Total (Memorandum Only)
	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Fiduciary Funds</u>	
Revenues:					
Federal sources	\$ 771,118			\$ 2,992,396	\$ 3,763,514
State sources	49,503,362	\$ 4,783,214			54,286,576
Local sources	42,233,850	392,918	\$ 577,756	325,082	43,529,606
Total revenues	92,508,330	5,176,132	577,756	3,317,478	101,579,696
Expenditures:					
Certificated salaries	42,581,303				42,581,303
Classified salaries	18,988,635			2,352	18,990,987
Employee benefits	14,175,266				14,175,266
Books and supplies	2,844,878	127,160		123,084	3,095,122
Contract services and operating expenditures	10,373,536	22,504		21,932	10,417,972
Student financial assistance	127,623			3,305,724	3,433,347
Capital outlay	725,232	5,371,025		2,384	6,098,641
Debt service:					
Principal retirement		220,000	6,000		226,000
Interest		20,400	3,810		24,210
Total expenditures	89,816,473	5,761,089	9,810	3,455,476	99,042,848
Excess (deficiency) of revenues over (under) expenditures	2,691,857	(584,957)	567,946	(137,998)	2,536,848
Other financing sources (uses):					
Proceeds from sales of property, plant and equipment	4,900				4,900
Operating transfers in	203,957	630,274	1,009,600	372,728	2,216,559
Operating transfers out	(1,963,863)	(40,796)	(9,600)	(33,044)	(2,047,303)
Other	(42,516)				(42,516)
Total other financing sources (uses)	(1,797,522)	589,478	1,000,000	339,684	131,640
Excess of revenues and other financing sources over expendi- tures and other uses	894,335	4,521	1,567,946	201,686	2,668,488
Fund balances, July 1, 1992 as previously stated	6,813,426	4,549,306	8,838,927	1,240,979	21,442,638
Prior period adjustment	76,615	(373,606)			(296,991)
Fund balances, July 1, 1992 as restated	6,890,041	4,175,700	8,838,927	1,240,979	21,145,647
Fund balances, June 30, 1993	\$ 7,784,376	\$ 4,180,221	\$10,406,873	\$ 1,442,665	\$ 23,814,135

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

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
ALL GOVERNMENTAL FUNDS (EXCEPT CAPITAL PROJECTS FUND)

For the Fiscal Year Ended June 30, 1993

	General Fund		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues:			
Federal sources	\$ 1,040,319	\$ 771,118	\$ (269,201)
State sources	55,828,036	49,503,362	(6,324,674)
Local sources	36,277,164	42,233,850	5,956,686
Total revenues	<u>93,145,519</u>	<u>92,508,330</u>	<u>(637,189)</u>
Expenditures:			
Certificated salaries	43,681,625	42,581,303	1,100,322
Classified salaries	19,180,072	18,988,635	191,437
Employee benefits	14,273,971	14,175,266	98,705
Books and supplies	3,372,946	2,844,878	528,068
Contract services and operating expenditures	10,928,997	10,373,536	555,461
Student financial assistance	136,595	127,623	8,972
Capital outlay	954,779	725,232	229,547
Debt service:			
Principal retirement			
Interest			
Total expenditures	<u>92,528,985</u>	<u>89,816,473</u>	<u>2,712,512</u>
Excess (deficiency) of revenues over (under) expenditures	<u>616,534</u>	<u>2,691,857</u>	<u>2,075,323</u>
Other financing sources (uses):			
Proceeds from sales of property, plant and equipment	4,900	4,900	
Operating transfers in	299,648	203,957	(95,691)
Operating transfers out	(1,985,933)	(1,963,863)	22,070
Other		(42,516)	(42,516)
Total other financ- ing sources (uses)	<u>(1,681,385)</u>	<u>(1,797,522)</u>	<u>(116,137)</u>
(Deficiency) excess of revenues and other financing sources (under) over expenditures and other uses	<u>(1,064,851)</u>	<u>894,335</u>	<u>\$ 1,959,186</u>
Fund balances, July 1, 1992, as previously stated	6,813,426	6,813,426	
Prior period adjustment	76,615	76,615	
Fund balances, July 1, 1992, as restated	<u>6,890,041</u>	<u>6,890,041</u>	
Fund balances, June 30, 1993	<u>\$ 5,825,190</u>	<u>\$ 7,784,376</u>	

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
ALL GOVERNMENTAL FUNDS (EXCEPT CAPITAL PROJECTS FUND)

(Continued)

For the Fiscal Year Ended June 30, 1993

	<u>Debt Service Funds</u>		<u>Variance</u>
	<u>Budget</u>	<u>Actual</u>	<u>Favorable</u> <u>(Unfavorable)</u>
Revenues:			
Federal sources			
State sources			
Local sources	\$ 613,600	\$ 577,756	\$ (35,844)
Total revenues	<u>613,600</u>	<u>577,756</u>	<u>(35,844)</u>
Expenditures:			
Certificated salaries			
Classified salaries			
Employee benefits			
Books and supplies			
Contract services and			
operating expenditures			
Student financial			
assistance			
Capital outlay			
Debt service:			
Principal retirement	6,000	6,000	
Interest	<u>3,720</u>	<u>3,810</u>	<u>(90)</u>
Total expenditures	<u>9,720</u>	<u>9,810</u>	<u>(90)</u>
Excess (deficiency)			
of revenues			
over (under)			
expenditures	<u>603,880</u>	<u>567,946</u>	<u>(35,934)</u>
Other financing sources			
(uses):			
Proceeds from sales of			
property, plant and			
equipment			
Operating transfers in	1,009,600	1,009,600	
Operating transfers out	(9,600)	(9,600)	
Other			
Total other financ-			
ing sources (uses)	<u>1,000,000</u>	<u>1,000,000</u>	
(Deficiency) excess			
of revenues and			
other financing			
sources (under)			
over expenditures	<u>1,603,880</u>	<u>1,567,946</u>	<u>\$ (35,934)</u>
and other uses			
Fund balances, July 1, 1992			
as previously stated	8,838,927	8,838,927	
Prior period adjustment			
Fund balances, July 1, 1992,			
as restated	<u>8,838,927</u>	<u>8,838,927</u>	
Fund balances, June 30, 1993	<u>\$ 10,442,807</u>	<u>\$ 10,406,873</u>	

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
ALL GOVERNMENTAL FUNDS (EXCEPT CAPITAL PROJECTS FUND)
(Continued)

For the Fiscal Year Ended June 30, 1993

	<u>Total (Memorandum Only)</u>		Variance Favorable (Unfavorable)
	<u>Budget</u>	<u>Actual</u>	
Revenues:			
Federal sources	\$ 1,040,319	\$ 771,118	\$ (269,201)
State sources	55,828,036	49,503,362	(6,324,674)
Local sources	<u>36,890,764</u>	<u>42,811,606</u>	<u>5,920,842</u>
Total revenues	<u>93,759,119</u>	<u>93,086,086</u>	<u>(673,033)</u>
Expenditures:			
Certificated salaries	43,681,625	42,581,303	1,100,322
Classified salaries	19,180,072	18,988,635	191,437
Employee benefits	14,273,971	14,175,266	98,705
Books and supplies	3,372,946	2,844,878	528,068
Contract services and operating expenditures	10,928,997	10,373,536	555,461
Student financial assistance	136,595	127,623	8,972
Capital outlay	954,779	725,232	229,547
Debt service:			
Principal retirement	6,000	6,000	
Interest	<u>3,720</u>	<u>3,810</u>	<u>(90)</u>
Total expenditures	<u>92,538,705</u>	<u>89,826,283</u>	<u>2,712,422</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,220,414</u>	<u>3,259,803</u>	<u>2,039,389</u>
Other financing sources (uses):			
Proceeds from sales of property, plant and equipment	4,900	4,900	
Operating transfers in	1,309,248	1,213,557	(95,691)
Operating transfers out	<u>(1,995,533)</u>	<u>(1,973,463)</u>	<u>22,070</u>
Other		<u>(42,516)</u>	<u>(42,516)</u>
Total other financ- ing sources (uses)	<u>(681,385)</u>	<u>(797,522)</u>	<u>(116,137)</u>
(Deficiency) excess of revenues and other financing sources (under) over expenditures and other uses	<u>539,029</u>	<u>2,462,281</u>	<u>\$ 1,923,252</u>
Fund balances, July 1, 1992, as previously stated	15,652,353	15,652,353	
Prior period adjustment	<u>76,615</u>	<u>76,615</u>	
Fund balances, July 1, 1992, as restated	<u>15,728,968</u>	<u>15,728,968</u>	
Fund balances, June 30, 1993	<u>\$ 16,267,997</u>	<u>\$ 18,191,249</u>	

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

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
COMBINED STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS

PROPRIETARY FUND TYPES

For the Fiscal Year Ended June 30, 1993

Operating revenues:	
Sales	\$ 7,233,902
Contract services	<u>1,861,914</u>
Total operating revenues	<u>9,095,816</u>
Operating expenses:	
Cost of sales	4,904,280
Classified salaries	2,369,969
Employee benefits	548,824
Materials and supplies	329,524
Contract services and other expenses	675,033
Depreciation	195,638
Utilities	62,779
Capital outlay	<u>2,187</u>
Total operating expenses	<u>9,088,234</u>
Operating income	7,582
Other income	118,167
Other expenses	<u>(5,350)</u>
Income before operating transfers	120,399
Operating transfers out	<u>(169,256)</u>
Net loss	<u>(48,857)</u>
Retained earnings, July 1, 1992 as previously stated	2,671,845
Prior period adjustment	<u>320,999</u>
Retained earnings, July 1, 1992 as restated	<u>2,992,844</u>
Retained earnings, June 30, 1993	<u>\$ 2,943,987</u> <u>=====</u>

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

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
COMBINED STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPES

For the Fiscal Year Ended June 30, 1993

Cash flows from operating activities:	
Operating income	\$ 7,582
Adjustments to reconcile operating income to net cash used in operating activities:	
Depreciation	195,638
Other income (expense)	36,214
Changes in operating assets and liabilities:	
Increase in accounts receivable	(242,961)
Increase in inventory	(166,909)
Decrease in accounts payable	<u>(44,442)</u>
Net cash used in operating activities	<u>(214,878)</u>
Cash flows from non-capital financing activities:	
Decrease in amounts due from other funds	170,322
Decrease in amount due to other funds	(265,355)
Operating transfers out	<u>(169,256)</u>
Net cash used in non-capital financing activities	<u>(264,289)</u>
Cash flows from capital financing activities:	
Purchases of property and equipment	(204,297)
Capital lease payment	<u>(21,030)</u>
Net cash used in capital financing activities	<u>(225,327)</u>
Cash flows from investing activities:	
Interest received	<u>76,603</u>
Decrease in cash and cash equivalents	(627,891)
Cash and cash equivalents, July 1, 1992	<u>2,074,337</u>
Cash and cash equivalents, June 30, 1993	\$ 1,446,446
	<u>=====</u>

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

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accounting policies of the Contra Costa Community College District conform to generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board and Audits of State and Local Governmental Units issued by The American Institute of Certified Public Accountants.

Reporting Entity

The Board of Trustees (Board) is the level of government which has governance responsibilities over all activities related to public post-secondary education within the jurisdiction of the Contra Costa Community College District. The Board receives funding from local, State and Federal government sources and must comply with the concomitant requirements of these funding source entities. However, the Board is not included in any other governmental "reporting entity" as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards, since Board members are elected by the public and have decision-making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters.

All funds and account groups which are controlled by the District with both oversight responsibility and accountability for all significant fiscal matters are included as part of the reporting entity. Included in the reporting entity is the Contra Costa Education Center Authority (the Authority), an organization whose activities to date have been limited to the construction and maintenance of the District office building, issuance of revenue bonds and entering into lease arrangements with the District.

Contra Costa Community College District and the Contra Costa Education Center Authority have a financial and operational relationship which meets the reporting entity definition criteria of GASB Statement No. 14, The Financial Reporting Entity, for inclusion of the Authority as a component unit of the District. Accordingly, the financial activities of the Authority have been included in the financial statements of the District.

The following are those aspects of the relationship between the District and the Authority which satisfy GASB Statement No. 14 criteria.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS
(Continued)

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reporting Entity (Continued)

Accountability:

1. The majority of the Authority's Board of Directors were appointed by the District's Board of Trustees.
2. The District is able to impose its will upon the Authority, based on the following:
 - . The District exercises significant influence over operations of the Authority as the District is the lessee of facilities owned by the Authority. The District's lease payments are the major revenue source of the Authority.
3. The Authority provides specific financial benefits or imposes specific financial burdens on the District based upon the following:
 - . The District has assumed a "moral obligation", and not a formal legal obligation, for debt incurred by the Authority.
 - . Upon the termination of the joint powers authority agreement, the Education Center becomes the sole property of the District.

Scope of Public Services:

The Authority is a joint powers authority between the County of Contra Costa (County) and the District. The Authority was formed in 1971 to finance the construction of a building (the Education Center) to house District administrative offices. The District leases the facilities from the Authority through the year 2000. The District subleases a portion of the Education Center to the County through the year 2009.

Financial Presentation:

For financial presentation purposes, the Authority's financial activity has been blended, or combined, with the financial data of the District. The financial statements present the Authority's financial activity within the Capital Projects Fund. Revenue bonds issued by the Authority are included in the General Long-term Debt Account Group.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS
(Continued)

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Structure

The accounts of the District are organized on the basis of funds or account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues and expenditures or expenses, as appropriate. The various funds are summarized by type in the financial statements. The following fund types and account groups are used by the District:

A - Governmental Fund Types

1 - General Fund:

The General Fund is the general operating fund of the District and accounts for all revenues and expenditures of the District not encompassed within other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund.

2 - Capital Projects Fund:

The Capital Projects Fund provides for the accumulation of funds for site improvements, equipment purchases, and the construction of additional facilities.

3 - Debt Service Funds:

The Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs and unfunded post-retirement healthcare benefits. These Funds include the 1969 Bond Interest and Redemption Fund, 1969 Bond Revenue Fund and the Post-retirement Health Benefits Fund.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS
(Continued)

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Structure (Continued)

B - Proprietary Fund Types

1 - Enterprise Funds:

The District utilizes only one proprietary fund type - Enterprise Funds. The Enterprise Funds are used to account for operations that provide goods or services that are financed primarily by a user charge or where the periodic measurement of net income is deemed appropriate. The funds include the Bookstore, Cafeteria and Data Processing Center Enterprise Funds.

C - Fiduciary Fund Types

1 - Expendable Trust Funds:

Expendable Trust Funds account for assets held by the District as a trustee or agent for individuals, private organizations, other governments and/or other funds. The District maintains four expendable trust funds: Student Financial Aid, the Student Scholarship and Loan Fund, the Associated Students Fund, and Student Body Center Building and Operating Fund.

D - Account Groups

1 - General Fixed Assets Account Group:

This group of accounts is used to account for property, plant and equipment used in governmental fund type operations.

2 - General Long-Term Debt Account Group:

This group of accounts is established to account for all long-term debt of the governmental fund types of the District, including the long-term obligation for accrued vacation.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS
(Continued)

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting

The District uses the modified accrual basis of accounting to record transactions for all of its fund types, except the proprietary funds which use the accrual basis. Under the modified accrual basis of accounting expenditures are recorded when the liability is incurred. Revenues are recognized when measurable and available except for certain revenue sources which are not susceptible to accrual. Material revenues in the following categories are considered susceptible to accrual because they are both measurable and available to finance expenditures of the current period:

- . Federal Categorical Programs
- . State Categorical Programs
- . Basic State Aid (Apportionment)
- . Interest
- . Lottery

Property taxes are not considered susceptible to accrual because they are not both measurable and available to finance expenditures of the current period.

Cash and Cash Equivalents

For the purposes of the financial statements, cash equivalents are defined as financial instruments with an original maturity of three months or less.

Inventories

The General Fund inventory consists of operating supplies and is expended when purchased (purchase method). The Proprietary Funds' inventories consist of cafeteria food, textbooks and educational supplies. Inventories are stated at average cost using the first-in, first-out method.

Property, Plant and Equipment

The acquisition of property, plant and equipment by governmental fund types is recorded as an expenditure for capital outlay at the time the asset is purchased. At the same time, such assets are capitalized at cost in the General Fixed Assets Account Group.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS
(Continued)

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, Plant and Equipment (Continued)

Land improvements are recorded as capital outlay and are capitalized at cost at the time the initial improvements are made. In accordance with accounting policies prescribed by the California Community Colleges Budget and Accounting Manual, betterment, renewal, or replacement of such assets is recorded as other operating expenditures and is not capitalized in the general fixed assets account group.

The Proprietary Funds capitalize property, plant and equipment at the time the asset is purchased. Depreciation of property, plant and equipment in the Proprietary Funds is computed using the straight-line method over their estimated useful lives of five years.

Compensated Absences and Sick Leave

Compensated absences in the amount of \$1,297,323 is recorded as a liability and also as an amount to be provided by future operations in the General Long-Term Debt Account Group. The liabilities represent earned but unused benefits. The amount to be provided by future operations represents the total amount that would be required to be provided from future general operating revenues of the District if all the benefits were to be paid.

Sick leave benefits are not recorded as liabilities on the books of the District. The District's policy is to record amounts as operating expenditures in the period sick leave is taken.

Deferred Revenue and Program Advances

Revenue from Federal, State and local special projects and programs is recognized when qualified expenditures have been incurred. Funds received but not earned are recorded as deferred revenue until earned.

Interfund Activity

Transactions between funds of the District are generally recorded as Interfund Transfers. At year end, the unpaid balance resulting from such transactions is shown as due to and due from applicable funds.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS
(Continued)

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Practices

The budgetary and financial accounts of the District have been recorded and maintained in accordance with the Chancellor's Office, California Community College's Budget and Accounting Manual.

The District's adjusted budget reflects budget transfers and augmentations to the initial budget.

The District adopts a budget for its Capital Outlay Fund based on a project time frame, rather than a fiscal year operating time frame. Budgeted amounts are reapportioned for unused appropriations from year to year until the project is completed. This project-based budget has not been included in the accompanying general purpose financial statements.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized for budgetary control purposes.

Memorandum Total Columns on Combined Statements

Total columns on the combined statements are captioned "Total (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns does not present financial position, results of operations, or changes in fund balance in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS
(Continued)

(2) CASH AND INVESTMENTS

Cash and investments at June 30, 1993 consisted of the following:

Deposits:	
Cash on hand and in banks	\$ 892,328
Cash in revolving fund	<u>125,000</u>
Total cash	<u>\$ 1,017,328</u>
Investments:	
U.S. Government securities	\$ 803,963
Certificates of Deposit	<u>600,000</u>
Total investments	<u>\$ 1,403,963</u>
Pooled Funds:	
Cash in County Treasury	\$14,592,312
Amounts to be provided by future deposits	(97,076)
Local Agency Investment Fund	<u>9,171,351</u>
Total pooled funds	<u>\$23,666,587</u>

As provided for by the Education Code, Section 41001, a significant portion of the District's cash balances of most funds is deposited with the County Treasurer for the purpose of increasing interest earnings through County investment activities. Each respective fund's share of the total pooled cash is included in the accompanying combined balance sheet under the caption "Cash in County Treasury". Interest earned on such pooled cash balances is allocated proportionately to all funds in the pool. The California Government Code requires California banks and savings and loan associations to secure the District's deposits by pledging government securities as collateral. The market value of pledged securities must equal 110 percent of an agency's deposits. California law also allows financial institutions to secure an agency's deposits by pledging first trust deed mortgage notes having a value of 150 percent of an agency's total deposits and collateral is considered to be held in the name of the District.

The cash in Local Agency Investment Fund is held by a separate agency. The State of California pools these funds with those of other local agencies in the State and invests the cash as prescribed by the California Government Code. These pooled funds are carried at cost, which approximates market value. Interest earned is deposited quarterly into participating funds. Any investment losses are shared proportionately by all funds in the pool.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS
(Continued)

(2) CASH AND INVESTMENTS (Continued)

Under provision of the District's investment policy, and in accordance with Sections 53601 and 53602 of the California Government Code, the District may invest in the following types of investments:

Securities of the U.S. Government, or its agencies
Small Business Administration Loans
Negotiable Certificates of Deposit
Bankers' Acceptances
Commercial Paper
Local Agency Investment Fund (State Pool) Deposits
Passbook Savings Account Demand Deposits
Repurchase Agreements

At June 30, 1993, the District's investments, with a carrying value of \$1,403,963, which is the lower of cost or market value, consists of certificates of deposit and U.S. Government Securities. All certificates of deposit are collateralized as required by California state law for any amount exceeding FDIC coverage. Collateral is held in trust by the institutions and monitored by the State Superintendent of Banking. All U.S. Government Securities are insured or registered or are held by the Authority or its agent in the Authority's name.

Cash in banks and specifically identifiable investments are classified as to credit risk by three categories and summarized below as follows:

- Category 1 - includes investments that are insured or registered or for which securities are held by the District or its agent in the District's name and deposits insured or collateralized with securities held by the District;
- Category 2 - includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the District's name and deposits collateralized with securities held by the pledging financial institution's trust department or agent in the District's name;
- Category 3 - includes uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent, but not in the District's name.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS
(Continued)

(2) CASH AND INVESTMENTS (Continued)

	Category			Bank	Book
	<u>1</u>	<u>2</u>	<u>3</u>	<u>Balance</u>	<u>Value</u>
Deposits:					
Cash on hand and in banks	\$ 276,570	\$ 1,158,655		\$ 1,435,225	\$ 892,328
Cash in revolving fund	79,837	35,857		115,694	125,000
Investments:					
U.S. Government Securities	803,963			803,963	803,963
Certificates of deposit	<u>100,000</u>	<u>500,000</u>		<u>600,000</u>	<u>600,000</u>
	\$ 1,260,370	\$ 1,694,512	\$ -	\$ 2,954,882	\$ 2,421,291
	=====	=====	=====	=====	=====

(3) ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 1993 are summarized as follows:

	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Proprietary Funds</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Federal	\$ 211,373					\$ 211,373
State	323,928	\$ 2,799,416				3,123,344
Local and other	<u>1,235,911</u>	<u>31,630</u>	<u>\$ 5,788</u>	<u>\$ 546,838</u>	<u>\$ 5,714</u>	<u>1,825,881</u>
Total receivables	1,771,212	2,831,046	5,788	546,838	5,714	5,160,598
Less allowance for doubtful accounts	<u>(82,900)</u>					<u>(82,900)</u>
	\$ 1,688,312	\$ 2,831,046	\$ 5,788	\$ 546,838	\$ 5,714	\$ 5,077,698
	=====	=====	=====	=====	=====	=====

The allowance for doubtful accounts is maintained at an amount which management considers sufficient to fully reserve and provide for the possible uncollectibility of receivable balances.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS
(Continued)

(4) PROPERTY, PLANT AND EQUIPMENT

The Proprietary Funds' property, plant and equipment, at June 30, 1993, consisted of equipment summarized as follows:

	<u>Bookstore</u>	<u>Cafeteria</u>	<u>Data Center</u>	<u>Total</u>
Equipment	\$ 213,826	\$ 90,660	\$ 989,613	\$1,294,099
Less accumulated depreciation	<u>(20,134)</u>	<u>(34,176)</u>	<u>(785,902)</u>	<u>(840,212)</u>
Equipment, net	<u>\$ 193,692</u>	<u>\$ 56,484</u>	<u>\$ 203,711</u>	<u>\$ 453,887</u>

Depreciation expense totaled \$195,638 for the current year.

General Fixed Assets Group

A summary of changes in the general fixed assets group for the year ended June 30, 1993 is as follows:

	<u>Balance July 1, 1992</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 1993</u>
Land	\$ 1,538,177	\$ 20,000		\$ 1,558,177
Land improvements	19,078,122	1,121,206		20,199,328
Buildings and improvements	86,395,814	3,798,453		90,194,267
Equipment	<u>25,067,284</u>	<u>1,024,131</u>	<u>\$ 5,426,902</u>	<u>20,664,513</u>
	<u>\$132,079,397</u>	<u>\$ 5,963,790</u>	<u>\$ 5,426,902</u>	<u>\$ 132,616,285</u>

During the current year the District changed its accounting policy for the capitalization of fixed assets. The previous threshold for capitalization of \$200 was increased to \$500. The change in accounting policy resulted in the removal of \$5,426,902 in previously recorded equipment.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS
(Continued)

(5) INTERFUND ACTIVITY

Interfund due from/to amounts at June 30, 1993 and operating transfers for the year then ended were as follows:

	<u>Interfund Balances</u>		<u>Interfund Operating Transfers</u>	
	<u>Due From</u>	<u>Due To</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 471,546	\$ 553,337	\$ 203,957	\$1,963,863
Capital Projects				
Funds	530,160	50,436	630,274	40,796
Debt Service Fund	9,600	9,600	1,009,600	9,600
Proprietary Funds		406,702		169,256
Fiduciary Funds	<u>48,179</u>	<u>39,410</u>	<u>372,728</u>	<u>33,044</u>
	<u>\$1,059,485</u>	<u>\$1,059,485</u>	<u>\$2,216,559</u>	<u>\$2,216,559</u>

(6) AMOUNTS AVAILABLE AND TO BE PROVIDED FOR DEBT SERVICE

The amount available for debt service, \$10,406,873, in the General Long-Term Debt Account Group represents the net assets of the Debt Service Fund. These assets may be used for principal and interest payments on the bonded debt and postretirement health benefits.

The amount to be provided for debt retirement, \$22,179,144, represents amounts required to be collected in the future in order to make required payments on bonded and other debt.

(7) LONG-TERM DEBT

Changes in general long-term debt for the year ended June 30, 1993, were as follows:

	<u>Balance July 1, 1992</u>	<u>Additions</u>	<u>Deduc- tions</u>	<u>Balance June 30, 1993</u>
Revenue bonds	\$ 577,000		\$226,000	\$ 351,000
Capital lease obligations	298,675	\$ 8,019		306,694
Accrued vacation benefits	1,109,490	187,833		1,297,323
Post-retirement health benefits obligation	<u>30,631,000</u>			<u>30,631,000</u>
	<u>\$32,616,165</u>	<u>\$ 195,852</u>	<u>\$226,000</u>	<u>\$32,586,017</u>

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS
(Continued)

(7) LONG-TERM DEBT (Continued)

Revenue Bonds

Student Union Building:

The revenue bonds were issued to finance the construction of an addition to the student union building on the Contra Costa College campus. These bonds are secured by the revenues of the student union building. The bond resolution requires that the net revenues of the student union building be remitted to the Contra Costa County Treasurer to provide for debt service. To comply with this requirement, a portion of the building has been leased to the Contra Costa college Bookstore Fund. The lease, which expires in July 2009, provides for monthly rentals deemed sufficient over the term of the lease, to meet bond principal and interest requirements. Bond principal matures in increasing annual installments through April 2009; interest of 3% is payable semiannually. Until April 2004, bonds redeemed prior to maturity are subject to a prepayment penalty.

The annual debt service requirements for student union revenue bonds, as of June 30, 1993, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
1994	\$ 6,000	\$ 7,260	\$ 13,260
1995	6,000	6,900	12,900
1996	6,000	6,540	12,540
1997	7,000	6,180	13,180
1998	7,000	5,760	12,760
Thereafter	<u>89,000</u>	<u>33,600</u>	<u>122,600</u>
Total	<u>\$ 121,000</u>	<u>\$ 66,240</u>	<u>\$ 187,240</u>

Education Center:

Revenue bonds of \$2,800,000 were issued by the Contra Costa Education Center Authority in September 1971 to finance the construction of the Education Center which houses the District's administrative offices. The bonds are secured by lease payments paid by the District to the Authority. Bond principal matures in September 1993; interest of 3% is payable semiannually.

The debt service requirement for Education Center revenue bonds, as of June 30, 1993, is as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
1994	\$ 230,000	\$ 6,900	\$ 236,900

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS
(Continued)

(7) LONG-TERM DEBT (Continued)

Capital Lease Obligations

The District leases land, the Family Center Annex and equipment under various capital leases accounted in the general long-term debt account group. Future minimum payments under capital lease obligations are as follows:

<u>Year Ending June 30,</u>	<u>Total</u>
1994	\$ 70,376
1995	43,997
1996	43,997
1997	43,997
1998	43,997
Thereafter	<u>199,983</u>
	446,347
Less amount representing interest	<u>(139,653)</u>
	<u>\$ 306,694</u> <u>=====</u>

Operating Leases

The District has entered into operating leases for facilities and land with lease terms in excess of one year. The agreements do not contain purchase options. The annual rental expense is as follows:

<u>Year Ending June 30,</u>	<u>Total</u>
1994	\$ 364,077
1995	371,845
1996	408,000
1997	290,728
1998	9,600
Thereafter	<u>72,000</u>
Total lease payments	<u>\$ 1,516,250</u> <u>=====</u>

Rental expenditures for the year ended June 30, 1993 were \$310,746.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS
(Continued)

(7) LONG-TERM DEBT (Continued)

Postretirement Health Benefits Obligation

The District offers subsidized health insurance benefits to all employees who retire from the District and meet the age and service requirements for eligibility. Such benefits are required through the District contract. The amount of the District's contribution towards such annual premiums per employee, is determined according to the collective bargaining agreements or court settlements. The District recognized the cost of providing those benefits and related administrative costs when paid. Active plan participants at June 30, 1993 totalled 422. Such payments for these retired employees totaled \$1,114,767 for fiscal year ended June 30, 1993 and were recorded as expenditures in the General Fund.

The District funds the Accumulated Postretirement Benefit Obligation (APBO), which is defined as the present value of the projected benefits that have already been earned. The actuarially determined APBO was \$30,631,000 at June 30, 1991. This actuarial study has not been updated to account for changes in assumptions and the related changes to the liability recorded in the General Long Term Debt Account Group since that time. The District's actual 1993 contribution was \$1,000,000. At June 30, 1993, cash and investments and interest receivable in the Post-retirement Health Benefits Debt Service Fund totaled \$10,288,299, which was designated for future payment of the obligation included in the General Long-Term Debt Account Group.

Vested Compensated Absences

Additions to vested compensated absences reflect net changes in vested vacation for salaried employees.

(8) PROPERTY TAXES

All property taxes are levied and collected by the Tax Assessor of the County of Contra Costa and paid upon collection to the various taxing entities including the District. Secured taxes are levied on July 1 and are due in two installments on November 1 and February 1, and become delinquent on December 10 and April 10, respectively. The lien date for secured and unsecured property taxes is March 1 of the preceding fiscal year.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS
(Continued)

(9) RESTATEMENT OF FUND BALANCES (DEFICITS)

Fund balances (deficit) as of June 30, 1992 for the following funds have been restated to correct the presentation of interfund receivables and payables.

	<u>General</u>	<u>Capital Projects</u>	<u>Bookstore</u>	<u>Cafeteria</u>
Balances, July 1, 1992, as previously reported	\$6,813,426	\$4,549,306	\$1,447,362	\$ (36,979)
Adjustment to correct interfund receiv- ables/payables	<u>76,615</u>	<u>(373,606)</u>	<u>397,614</u>	<u>(76,615)</u>
Balances, July 1, 1992, as restated	<u>\$6,890,041</u>	<u>\$4,175,700</u>	<u>\$1,844,976</u>	<u>\$ (113,594)</u>

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS
(Continued)

(10) RESERVED AND DESIGNATED FUND EQUITY

The reserved and designated fund balances at June 30, 1993 consisted of the following:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Funds</u>	<u>Fiduciary Fund Types</u>
Reserved:				
Reserved for invest- ments		\$ 100,000		
Reserve for student loans receivable				\$ 599
Reserved for inventory	\$ 168,399			
Reserved for pre- paid expenditures	1,786,747	23,997		
Reserved for re- stricted purposes	193,264	3,214,074		1,315,481
Reserved for debt service		236,900	\$ 118,574	
Reserved for opera- tions		1,500		
Reserved for funds of student organ- izations				<u>126,585</u>
	<u>\$2,148,410</u>	<u>\$3,576,471</u>	<u>\$ 118,574</u>	<u>\$1,442,665</u>
Designated:				
Designated for revolving cash	\$ 125,000			
Designated for encumbrances	188,394			
Designated for 5% contingency	4,236,960			
Designated for building improve- ments		\$ 603,750		
Designated for re- tirement bene- fits			<u>\$10,288,299</u>	
	<u>\$4,550,354</u>	<u>\$ 603,750</u>	<u>\$10,288,299</u>	<u>\$ -</u>

(11) EMPLOYEE RETIREMENT SYSTEM

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Certificated employees are members of the State Teachers' Retirement System, and classified employees are members of the Public Employees' Retirement System. Part-time faculty may also elect to participate in Social Security.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS
(Continued)

(11) EMPLOYEE RETIREMENT SYSTEMS (Continued)

Plan Description and Provisions

State Teachers' Retirement System (STRS)

All full-time and part-time certificated employees are eligible to participate in STRS, a cost-sharing multiple-employer contributory public employee retirement system. At June 30, 1993, the District employed 946 certificated employees with a total annual payroll of \$42,581,303.

Employees attaining the age of 60 with five years of credited California service (service) are eligible for normal retirement and are entitled to a monthly benefit of 2 percent of their final compensation for each year of service. Final compensation is defined as the average salary earnable for the highest three consecutive years of service. The plan permits early retirement options at age 55 or as early as age 50 with 30 years of service. Disability benefits of up to 90 percent of final compensation are available to members with five years of service. A family benefit is available if the deceased member had at least one year of service. After five years of credited service, members become 100 percent vested in retirement benefits earned to date. If a member's employment is terminated, the accumulated member contributions are refundable. The current rate of interest credited to members' accounts is 5.5 percent per annum.

Benefit provisions for STRS are established by the State Teachers' Retirement Law (Part 13 of the California Education Code, Sec. 22000 et seq.).

California Public Employees Retirement System (PERS)

All full-time and some part-time classified employees are eligible to participate in PERS, an agent multiple-employer contributory public employee retirement system that acts as a common investment and administrative agent for participating public entities within the State of California. Contra Costa Community College District is part of a "cost sharing" pool within PERS. One actuarial valuation is performed for those employers participating in the pool, and the same contribution rate applies to each. At June 30, 1993, the District employed 1,392 classified employees with a total annual payroll of \$21,360,956.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS
(Continued)

(11) EMPLOYEE RETIREMENT SYSTEMS (Continued)

Plan Description and Provisions (Continued)

California Public Employees Retirement System (PERS) (Continued)

Employees are eligible for retirement at the age of 60 and are entitled to a monthly benefit of 2 percent of final compensation for each year of service credit. Retirement compensation is reduced if the plan is coordinated with Social Security. Retirement may begin at age 50 with a reduced benefit rate, or after age 60 to 63 with an increased rate. The plan also provides death and disability benefits. Retirement benefits fully vest after five years of credited service. Upon separation from the Fund, members' accumulated contributions are refundable with interest credited through the date of separation.

Benefit provisions for PERS are established by the Public Employees Retirement Law (Part 3 of the California Government Code, Sec. 20000 et seq.).

Funding Status and Progress of the Retirement Plans

The "pension benefit obligation" is a standardized disclosure of the present value of pension benefits adjusted for the effects of projected salary increases and any step-rate benefits estimated to be payable in the future as a result of employee service to date. The measure is the actuarial present value of credited projected benefits and is intended to help users assess the retirement plans' funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among retirement systems and employers. The measure is independent of the funding method used to determine contributions to the retirement systems.

The pension benefit obligation for STRS was computed as part of the actuarial valuation performed June 30, 1992. The significant actuarial assumptions used by STRS to compute the June 30, 1992 actuarial valuation are not different from those applied in prior years.

The assumed long-term investment yield is 8.50 percent, and the assumed long-term salary increase assumption for inflation is 6.50 percent. The normal cost rate is 17.46 percent of covered payroll and the 38 year amortization rate for the unfunded actuarial obligation is 2.95 percent. Member and employer contribution rates are set by law.

Under current law the pension benefit obligation for STRS is not the responsibility of the District. The State of California makes annual contributions to STRS toward the unfunded obligation. The pension benefit obligation for STRS is included in the financial statements for STRS and the State of California.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS
(Continued)

(11) EMPLOYEE RETIREMENT SYSTEMS (Continued)

Funding Status and Progress of the Retirement Plans (Continued)

The pension benefit obligation for PERS was computed as part of actuarial valuation performed June 30, 1992. Significant actuarial assumptions used to compute the PERS pension benefit obligation include an actuarial interest rate of 8.75 percent per annum and projected salary increases of 7 percent consisting of 4.5 percent for inflation and 2.5 percent for merit and longevity.

PERS does not make separate measurements of assets and pension benefit obligations for individual local education districts or county offices. The total unfunded pension benefit obligation for local educational agencies as a whole as of June 30, 1992 (the latest information available as of field work date) is as follows:

<u>Pension Benefit Obligation</u>	<u>PERS</u>
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	\$ 5,122,657,843
Current employees:	
Accumulated employee contributions including allocated investment earnings	2,820,738,920
Employer-financed vested	3,676,217,748
Employer-financed nonvested	<u>234,488,200</u>
Total pension benefit obligation	11,854,102,711
Net assets available for benefits, at cost (market value is \$12,956,176,763)	<u>11,485,972,308</u>
Unfunded pension benefit obligation	<u>\$ 368,130,403</u>

The significant assumptions used to compute the pension benefit obligation are unchanged from the prior year.

Contributions Required and Contributions Made

The District is required by statute to contribute 8.25 percent and 7.578 percent of gross salary expenditures to STRS and PERS, respectively. Participants are required to contribute 8 percent and 7 percent of gross salary to STRS and PERS, respectively.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS
(Continued)

(11) EMPLOYEE RETIREMENT SYSTEMS (Continued)

Contributions Required and Contributions Made (Continued)

The District contribution information for the year ended June 30, 1992 is as follows:

	<u>Number of Employees Covered</u>	<u>Total Employee Contri- butions</u>	<u>Total District Contributions</u>	<u>Covered Payroll</u>	<u>District contri- butions as a per- cent of Covered Payroll</u>
STRS	564	\$2,644,316	\$ 2,740,643	\$33,116,718	8.3%
PERS	488	\$1,111,624	\$ 1,204,872	\$16,683,487	7.2%

The District's contribution represented less than one percent of the total contributions required of all participating employers in STRS and PERS, respectively.

The District's employer contributions to STRS met the required contribution rate established by law. Although the actuarially determined contribution rate exceeds the employer rate set by law, the District has no obligation for the deficit.

The District's employer contributions to PERS meet the required contribution rate and did satisfy the Plan's funding requirements as determined by the PERS actuary. The funded contribution included amortization of the unfunded actuarial liability through the year 2011. The significant actuarial assumptions used to compute the actuarially determined contribution requirement are the same as those used to compute the pension benefit obligation, as previously described.

Trend Information

Ten-year historical trend information giving an indication of the STRS' and PERS' progress in accumulating sufficient assets to pay benefits when due is presented in the State Teachers' Retirement System's Comprehensive Annual Financial Report for the year ended June 30, 1993. System-wide ten-year trend information for STRS and PERS is not yet available.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS
(Continued)

(11) EMPLOYEE RETIREMENT SYSTEMS (Continued)

Trend Information (Continued)

Three-year trend information for PERS is as follows:

<u>Fiscal Year</u>	<u>Net Assets Available For Benefits</u>	<u>Pension Benefit Obligation</u>	<u>Percent-age Funded</u>	<u>Unfunded Pension Benefit Obligation</u>	<u>Annual Covered Payroll</u>	<u>Unfunded Pension Benefit Obligation as a Percent-age of Covered Payroll</u>
(in millions):						
1990	\$ 9,553.6	\$ 10,313.0	92.6%	\$ 759.4	\$3,574.4	21.2%
1991	\$10,494.3	\$ 11,047.1	95.0%	\$ 552.8	\$4,273.6	12.9%
1992	\$11,486.0	\$ 11,854.1	96.9%	\$ 368.1	\$4,105.1	9.0%

Other Information

Under STRS law, certain early retirement incentives require the employer to pay the present value of the additional benefit which may be paid on either a current or deferred basis. At June 30, 1993, the District recorded \$976,644 payable to STRS for early retirement incentives granted to terminated employees. In addition, \$240,000 was recorded as a liability at June 30, 1993 for early retirement incentives granted to terminated employees who participated in PERS.

(12) CONTINGENT LIABILITIES

There are various claims and legal actions pending against the District for which no provision has been made in the general purpose financial statements. In the opinion of the District, any liabilities arising from these claims and legal actions are not considered significant.

The District has received Federal and State funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could result in expenditure disallowances under terms of the grants, it is management's opinion that any required reimbursements or future revenue offsets subsequently determined will not have a material effect on the District's financial position.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS
(Continued)

(13) EXCESS OF EXPENDITURES OVER APPROPRIATIONS

An excess of expenditures over appropriations exists for one classification of expenditures in the Debt Service Fund. This excess is not in accordance with the Education Code.

(14) JOINT POWERS AGENCIES

The District participates in the Bay Area Community College Districts Joint Powers Agency (the Agency). The Agency administers a cooperative insurance program for member districts. Member districts are insured under certain liability and property insurance policies purchased by the Agency. The following is a summary of financial information for the Agency as of June 30, 1992, the date for which the most recently audited financial statements are available.

Total assets	\$ 1,403,703
Total liabilities	\$ 986,225
Total retained earnings	\$ 417,478
Total revenues	\$ 1,380,841
Total expenses	\$ 1,671,445

The District also participates in the Contra Costa County Schools Insurance Group (the Group). The Group provides a cooperative program of self-insurance for workers' compensation for member districts. The Group is self-insured for individual workers' compensation claims less than \$500,000 and is covered by insurance for individual claims exceeding such amount to a maximum of \$10,000,000 per claim. The following is a summary of financial information for the Group as of June 30, 1992, the date for which the most recently audited financial statements are available.

Total assets	\$21,509,485
Total liabilities	\$22,980,000
Total accumulated deficit	\$(1,347,396)
Total revenues	\$11,588,556
Total expenses	\$10,330,128

The relationship between the District and both the Agency and the Group is such that neither the Agency nor the Group is considered to be a component unit of the District for financial reporting purposes.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

(Continued)

(15) RETAINED EARNINGS DEFICIT

The District ended fiscal year 1993 with a \$163,936 deficit in the Cafeteria Enterprise Fund. This deficit balance will be covered by future internally generated revenues and/or transfers from college allocations.

(16) SUBSEQUENT EVENT

On July 1, 1993, the District issued \$9,950,000 of Tax and Revenue Anticipation Notes (TRANS) maturing on June 30, 1994, with interest at 2.65% to provide for anticipated cash flow deficits from operations. The TRANS are a general obligation of the District, and are payable from revenues and cash receipts to be generated by the District during the fiscal year ending June 30, 1994. The revenues from the TRANS are deposited with the Contra Costa County Treasurer in a special trust fund to be established by the County, and designated the Contra Costa Community College District 1993 Tax and Revenue Anticipation Note Repayment Fund.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

COMBINING BALANCE SHEET

ALL DEBT SERVICE FUNDS

June 30, 1993

	<u>Post- Retirement Health Benefits</u>	<u>Bond Interest and Redemption</u>	<u>Bond Revenue</u>	<u>Total</u>
<u>ASSETS</u>				
Cash in County Treasury	\$ 1,226,874	\$ 108,612	\$ 9,600	\$ 1,345,086
Local agency investment fund	9,055,999			9,055,999
Accounts receivable	5,426	362		5,788
Due from other funds		9,600		9,600
Total assets	<u>\$10,288,299</u>	<u>\$ 118,574</u>	<u>\$ 9,600</u>	<u>\$10,416,473</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Due to other funds			\$ 9,600	\$ 9,600
Fund balances:				
Reserved		\$ 118,574		118,574
Unreserved:				
Designated	<u>\$10,288,299</u>			<u>10,288,299</u>
Total fund bal- ances	<u>10,288,299</u>	<u>118,574</u>		<u>10,406,873</u>
Total liabilities and fund bal- ances	<u>\$10,288,299</u>	<u>\$ 118,574</u>	<u>\$ 9,600</u>	<u>\$10,416,473</u>

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

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

ALL DEBT SERVICE FUNDS

For the Fiscal Year Ended June 30, 1993

	Post-Retirement Health Benefits	Bond Interest and Redemption	Bond Revenue	Total
Revenues:				
Local sources	\$ 560,620	\$ 7,536	\$ 9,600	\$ 577,756
Expenditures:				
Debt Service:				
Principal retirement		6,000		6,000
Interest		3,810		3,810
Total expenditures		9,810		9,810
Excess (deficiency) of revenues over (under) expenditures	560,620	(2,274)	9,600	567,946
Other financing sources (uses):				
Operating transfers in	1,000,000	9,600		1,009,600
Operating transfers out			(9,600)	(9,600)
Total other financing sources (uses)	1,000,000	9,600	(9,600)	1,000,000
Excess of revenues and other financing sources over expenditures and other uses	1,560,620	7,326		1,567,946
Fund balances, July 1, 1992	8,727,679	111,248		8,838,927
Fund balances, June 30, 1993	\$ 10,288,299	\$ 118,574	\$ -	\$ 10,406,873
	=====	=====	=====	=====

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

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 ALL DEBT SERVICE FUNDS

For the Fiscal Year Ended June 30, 1993

	<u>Post-retirement Health Benefits</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Local sources	\$ 600,000	\$ 560,620	\$ 39,380
Expenditures:			
Debt services:			
Principal retirement			
Interest			
Total expenditures			
Excess (deficiency) of revenues over (under) expendi- tures	<u>600,000</u>	<u>560,620</u>	<u>(39,380)</u>
Other financing sources (uses):			
Operating transfers in	1,000,000	1,000,000	
Operating transfers out			
Total other financ- ing sources (uses)	<u>1,000,000</u>	<u>1,000,000</u>	
Excess of revenues and other financ- ing sources over expenditures and other uses	1,600,000	1,560,620	\$ (39,380) =====
Fund balances, July 1, 1992	<u>8,727,679</u>	<u>8,727,679</u>	
Fund balances, June 30, 1993	<u>\$ 10,327,679</u> =====	<u>\$ 10,288,299</u> =====	

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 ALL DEBT SERVICE FUNDS
 (Continued)

For the Fiscal Year Ended June 30, 1993

	<u>Bond Interest and Redemption</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Local sources	\$ <u>4,000</u>	\$ <u>7,536</u>	\$ <u>3,536</u>
Expenditures:			
Debt service:			
Principal retirement	<u>6,000</u>	<u>6,000</u>	
Interest	<u>3,720</u>	<u>3,810</u>	<u>(90)</u>
Total expenditures	<u>9,720</u>	<u>9,810</u>	<u>(90)</u>
Excess (deficiency) of revenues over (under) expendi- tures	<u>(5,720)</u>	<u>(2,274)</u>	<u>3,446</u>
Other financing sources (uses):			
Operating transfers in	<u>9,600</u>	<u>9,600</u>	
Operating transfers out			
Total other financ- ing sources (uses)	<u>9,600</u>	<u>9,600</u>	
Excess of revenues and other financ- ing sources over expenditures and other financing uses	<u>3,880</u>	<u>7,326</u>	<u>\$ 3,446</u>
Fund balances, July 1, 1992	<u>111,248</u>	<u>111,248</u>	
Fund balances, June 30, 1993	<u>\$ 115,128</u>	<u>\$ 118,574</u>	

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 ALL DEBT SERVICE FUNDS
 (Continued)

For the Fiscal Year Ended June 30, 1993

	<u>Bond Revenue</u>		<u>Variance</u>
	<u>Budget</u>	<u>Actual</u>	<u>Favorable</u>
			<u>(Unfavorable)</u>
Revenues:			
Local sources	\$ 9,600	\$ 9,600	
Expenditures:			
Debt service:			
Principal retirement			
Interest			
Total expenditures			
Excess (deficiency) of revenues over (under) expendi- tures	9,600	9,600	
Other financing sources (uses):			
Operating transfers in			
Operating transfers out	(9,600)	(9,600)	
Total other financ- ing sources (uses)	(9,600)	(9,600)	
Excess of revenues and other financ- ing sources over expenditures and other financing uses			\$ -
Fund balances, July 1, 1992			
Fund balances, June 30, 1993	\$ -	\$ -	

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 ALL DEBT SERVICE FUNDS
 (Continued)

For the Fiscal Year Ended June 30, 1993

	<u>Totals</u>		<u>Variance</u>
	<u>Budget</u>	<u>Actual</u>	<u>Favorable</u>
			<u>(Unfavorable)</u>
Revenues:			
Local sources	\$ 613,600	\$ 577,756	\$ (35,844)
Expenditures:			
Debt services:			
Principal retirement	6,000	6,000	
Interest	<u>3,720</u>	<u>3,810</u>	<u>(90)</u>
Total expenditures	<u>9,720</u>	<u>9,810</u>	<u>(90)</u>
Excess (deficiency) of revenues over (under) expendi- tures	<u>603,880</u>	<u>567,946</u>	<u>(35,934)</u>
Other financing sources (uses):			
Operating transfers in	1,009,600	1,009,600	
Operating transfers out	<u>(9,600)</u>	<u>(9,600)</u>	
Total other financ- ing sources (uses)	<u>1,000,000</u>	<u>1,000,000</u>	
Excess of revenues and other financ- ing sources over expenditures and other uses	1,603,880	1,567,946	\$ (35,934) =====
Fund balances, July 1, 1992	<u>8,838,927</u>	<u>8,838,927</u>	
Fund balances, June 30, 1993	<u>\$ 10,442,807</u>	<u>\$ 10,406,873</u>	

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

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
COMBINING BALANCE SHEET
ALL PROPRIETARY FUNDS

June 30, 1993

	<u>Bookstore</u>	<u>Cafeteria</u>	<u>Data Processing Center</u>	<u>Total</u>
ASSETS				
Current Assets:				
Cash in County Treasury			\$ 1,087,471	\$ 1,087,471
Cash on hand and in banks	\$ 344,113	\$ 14,862		358,975
Total cash and cash equivalents	<u>344,113</u>	<u>14,862</u>	<u>1,087,471</u>	<u>1,446,446</u>
Account receivable	537,476	5,993	3,369	546,838
Inventories	<u>995,471</u>	<u>37,257</u>		<u>1,032,728</u>
Total current assets	1,877,060	58,112	1,090,840	3,026,012
Property, plant and equipment, net	<u>193,692</u>	<u>56,484</u>	<u>203,711</u>	<u>453,887</u>
Total assets	<u>\$2,070,752</u>	<u>\$ 114,596</u>	<u>\$ 1,294,551</u>	<u>\$ 3,479,899</u>
	=====	=====	=====	=====
LIABILITIES AND RETAINED EARNINGS (ACCUMULATED DEFICIT)				
Liabilities:				
Current liabilities:				
Accounts payable	\$ 97,659	\$ 7,148		\$ 104,807
Due to other funds	<u>133,622</u>	<u>271,384</u>	<u>\$ 1,696</u>	<u>406,702</u>
Total current liabilities	231,281	278,532	1,696	511,509
Capital lease obligations			<u>24,403</u>	<u>24,403</u>
Total liabilities	231,281	278,532	26,099	535,912
Retained earnings (accumulated deficit)	<u>1,839,471</u>	<u>(163,936)</u>	<u>1,268,452</u>	<u>2,943,987</u>
Total liabilities and retained earnings (accumulated deficit)	<u>\$2,070,752</u>	<u>\$ 114,596</u>	<u>\$ 1,294,551</u>	<u>\$ 3,479,899</u>
	=====	=====	=====	=====

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

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS (ACCUMULATED DEFICIT)
ALL PROPRIETARY FUNDS

For the Fiscal Year Ended June 30, 1993

	<u>Bookstore</u>	<u>Cafeteria</u>	<u>Data Processing Center</u>	<u>Total</u>
Operating revenues:				
Sales	\$5,853,639	\$ 1,380,263		\$ 7,233,902
Contract services			\$ 1,861,914	1,861,914
Total operating revenues	<u>5,853,639</u>	<u>1,380,263</u>	<u>1,861,914</u>	<u>9,095,816</u>
Operating expenses:				
Cost of sales	4,244,365	659,915		4,904,280
Classified salaries	930,192	482,456	957,321	2,369,969
Employee benefits	219,030	113,830	215,964	548,824
Materials and supplies	91,409	108,340	129,775	329,524
Contract services and other operating expenditures	204,231	52,814	417,988	675,033
Depreciation	14,770	8,464	172,404	195,638
Utilities		41,247	21,532	62,779
Capital outlay	<u>2,187</u>			<u>2,187</u>
Total operating expenses	<u>5,706,184</u>	<u>1,467,066</u>	<u>1,914,984</u>	<u>9,088,234</u>
Operating income (loss)	147,455	(86,803)	(53,070)	7,582
Other income	16,296	36,461	65,410	118,167
Other expenses			(5,350)	(5,350)
Income (loss) before operating transfers	<u>163,751</u>	<u>(50,342)</u>	<u>6,990</u>	<u>120,399</u>
Operating transfers out	<u>(169,256)</u>			<u>(169,256)</u>
Net (loss) income	<u>(5,505)</u>	<u>(50,342)</u>	<u>6,990</u>	<u>(48,857)</u>

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS (ACCUMULATED DEFICIT)
ALL PROPRIETARY FUNDS
(Continued)

For the Fiscal Year Ended June 30, 1993

	<u>Bookstore</u>	<u>Cafeteria</u>	<u>Data Processing Center</u>	<u>Total</u>
Retained earnings, (accumulated deficit, July 1, 1992, as previously stated	\$1,447,362	\$ (36,979)	\$ 1,261,462	\$ 2,671,845
Prior period adjust- ment	<u>397,614</u>	<u>(76,615)</u>	<u> </u>	<u>320,999</u>
Retained earnings, (accumulated deficit), July 1, 1992, as restated	<u>1,844,976</u>	<u>(113,594)</u>	<u>1,261,462</u>	<u>2,992,844</u>
Retained earnings, (accumulated deficit), June 30, 1993	<u>\$1,839,471</u>	<u>\$ (163,936)</u>	<u>\$ 1,268,452</u>	<u>\$ 2,943,987</u>

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

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

COMBINING STATEMENT OF CASH FLOWS

ALL PROPRIETARY FUNDS

For the Fiscal Year Ended June 30, 1993

	<u>Bookstore</u>	<u>Cafeteria</u>	<u>Data Processing Center</u>	<u>Total</u>
Cash flows from operating activities:				
Operating income (loss)	\$ 147,455	\$ (86,803)	\$ (53,070)	\$ 7,582
Adjustments to reconcile operating income (loss) to net cash (used in) provided by operating activities:				
Depreciation	14,770	8,464	172,404	195,638
Other income (expense)	6,261	35,303	(5,350)	36,214
Changes in operating assets and liabilities:				
Increase in accounts receivable	(237,633)	(4,079)	(1,249)	(242,961)
(Increase) decrease in inventory	(169,655)	2,746		(166,909)
Decrease in accounts payable	<u>(36,224)</u>	<u>(8,218)</u>		<u>(44,442)</u>
Net cash (used in) provided by operating activities	<u>(275,026)</u>	<u>(52,587)</u>	<u>112,735</u>	<u>(214,878)</u>
Cash flows from non-capital financing activities:				
(Increase) decrease in amounts due to other funds		(76,615)	246,937	170,322
(Decrease) increase in amounts due to other funds	(375,985)	108,934	1,696	(265,355)
Operating transfers out	<u>(169,256)</u>			<u>(169,256)</u>
Net cash (used in) provided by non-capital financing activities	<u>(545,241)</u>	<u>32,319</u>	<u>248,633</u>	<u>(264,289)</u>

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

COMBINING STATEMENT OF CASH FLOWS

ALL PROPRIETARY FUNDS
(Continued)

For the Fiscal Year Ended June 30, 1993

	<u>Bookstore</u>	<u>Cafeteria</u>	<u>Data Processing Center</u>	<u>Total</u>
Cash flows from capital financing activities:				
Purchases of property, plant and equipment	\$ (104,527)	\$ (5,120)	\$ (94,650)	\$ (204,297)
Capital lease payment			(21,030)	(21,030)
Net cash used in capital financing activities	<u>(104,527)</u>	<u>(5,120)</u>	<u>(115,680)</u>	<u>(225,327)</u>
Cash flows from investing activities:				
Interest received	<u>10,035</u>	<u>1,158</u>	<u>65,410</u>	<u>76,603</u>
(Decrease) increase in cash and cash equivalents	(914,759)	(24,230)	311,098	(627,891)
Cash and cash equivalents, July 1, 1992	<u>1,258,872</u>	<u>39,092</u>	<u>776,373</u>	<u>2,074,337</u>
Cash and cash equivalents, June 30, 1993	\$ 344,113	\$ 14,862	\$ 1,087,471	\$ 1,446,446
	=====	=====	=====	=====

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

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

COMBINING BALANCE SHEET

ALL FIDUCIARY FUNDS

June 30, 1993

	Student Financial Aid	Student Scholar- ship and Loan	Associated Students	Student Body Center Building and Operating Fund	Total
<u>ASSETS</u>					
Cash in County Treasury				\$ 653,131	\$ 653,131
Cash on hand and in banks	\$ 14,794	\$ 166,334	\$ 345,530		526,658
Investments		485,000	15,000		500,000
Accounts receivable		4,125		1,589	5,714
Due from other funds	<u>12,962</u>	<u>7,860</u>	<u>17,662</u>	<u>9,695</u>	<u>48,179</u>
Total assets	\$ 27,756	\$ 663,319	\$ 378,192	\$ 664,415	\$ 1,733,682
	=====	=====	=====	=====	=====
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Due to other funds	\$ 27,756	\$ 11,654			\$ 39,410
Due to student organi- zations			\$ 251,607		<u>251,607</u>
Total liabilities	<u>27,756</u>	<u>11,654</u>	<u>251,607</u>		<u>291,017</u>
Fund balances:					
Reserved		<u>651,665</u>	<u>126,585</u>	\$ 664,415	<u>1,442,665</u>
Total liabilities and fund balances	\$ 27,756	\$ 663,319	\$ 378,192	\$ 664,415	\$ 1,733,682
	=====	=====	=====	=====	=====

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

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

ALL FIDUCIARY FUNDS

For the Fiscal Year Ended June 30, 1993

	Student Financial Aid	Student Scholarship and Loan	Associated Students	Student Body Center Building and Operating Fund	Total
Revenues:					
Federal sources	\$2,992,396				\$ 2,992,396
Local sources		\$ 176,234	\$ 118,199	\$ 30,649	325,082
Total revenues	<u>2,992,396</u>	<u>176,234</u>	<u>118,199</u>	<u>30,649</u>	<u>3,317,478</u>
Expenditures:					
Classified salaries			2,352		2,352
Books and supplies			123,084		123,084
Contract services and operating expenditures		21,482		450	21,932
Student financial assistance	3,063,987	241,737			3,305,724
Capital outlay				2,384	2,384
Total expenditures	<u>3,063,987</u>	<u>263,219</u>	<u>125,436</u>	<u>2,834</u>	<u>3,455,476</u>
(Deficiency) excess of revenues (under) over expenditures	<u>(71,591)</u>	<u>(86,985)</u>	<u>(7,237)</u>	<u>27,815</u>	<u>(137,998)</u>
Other financing sources (uses):					
Operating transfers in	90,496	71,734	17,662	192,836	372,728
Operating transfers out	<u>(18,905)</u>	<u>(14,139)</u>			<u>(33,044)</u>
Total other financing sources (uses)	<u>71,591</u>	<u>57,595</u>	<u>17,662</u>	<u>192,836</u>	<u>339,684</u>
(Deficiency) excess of revenues and other financing sources (under) over expendi- tures and other uses		(29,390)	10,425	220,651	201,686
Fund balances, July 1, 1992		<u>681,055</u>	<u>116,160</u>	<u>443,764</u>	<u>1,240,979</u>
Fund balances, June 30, 1993	\$ -	\$ 651,665	\$ 126,585	\$ 664,415	\$ 1,442,665
	=====	=====	=====	=====	=====

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

SUPPLEMENTAL INFORMATION

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTAL INFORMATION

Board of Trustees
Contra Costa Community
College District
Martinez, California

We have audited the general purpose financial statements of Contra Costa Community College District for the year ended June 30, 1993, and have issued our report thereon dated December 3, 1993. These financial statements are the responsibility of Contra Costa Community College District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States; the provisions of Office of Management and Budget Circular A-128, Audits of State and Local Governments; and the California Community Colleges Contracted District Audit Manual presented by the Chancellor's Office. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements of the Contra Costa Community College District taken as a whole. The accompanying supplemental information presented for purposes of additional analysis, is not a required part of the general purpose financial statements and includes the following reports:

- . Organization
- . Schedule of Federal and State Financial Assistance
- . Schedule of Workload Measures for State General Apportionment
- . Schedule of Annual Apprenticeship Hours of Instruction
- . Reconciliation of Annual Financial and Budget Report (CCFS-311) with Audited Financial Statements
- . Schedule of Expenditures for Each Federal Student Financial Assistance Program

The information in these schedules has been subjected to the auditing procedures applied in the audit of the general purpose financial statements, and in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

Perry-Smith & Co.

Certified Public Accountants

Sacramento, California
December 3, 1993

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

ORGANIZATION

June 30, 1993

The Contra Costa Community College District (the District) was established in 1948 as a separate district and began operating in 1949. The District operates three community colleges: Diablo Valley College in Pleasant Hill, Contra Costa College in San Pablo, and Los Medanos College in Pittsburg, all within the County of Contra Costa, California. The administrative offices of the District are located in Martinez, California. The boundaries of the District are contiguous with the boundaries of the County of Contra Costa, excluding the Amador Valley Joint Union High School District and the Livermore Union High School District. All colleges are accredited two-year colleges offering a wide range of study including vocational and technical education.

BOARD OF TRUSTEES

<u>Members</u>	<u>Office</u>	<u>Term Expires</u>
Dr. Lee R. Winters	President	December 1994
Ms. Maria T. Viramontes	Vice-President	December 1994
Mr. William P. Moses	Secretary	December 1996
Mr. William M. Corey	Member	November 1996
Mr. Eugene H. Ross	Member	December 1994
Ms. Jamie C. Earle	Student Trustee	May 1994

DISTRICT ADMINISTRATION

Dr. Robert D. Jensen
District Chancellor

Mr. Robert C. (Chuck) Ely
Vice-Chancellor of Business Services

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE

For the Fiscal Year Ended June 30, 1993

	Federal Catalog Number	Program Entitlements			Program Revenues				
		Current Year Grant Authorized	Prior Year Carryover	Total Entitlements	Cash Received	Accounts Receivable	Deferred Revenue	Total Revenues	Program Expenditures
Federal:									
Pell Grants	84.063	\$2,710,623		\$ 2,710,623	\$2,710,623			\$2,710,623	\$ 2,710,623
Supplemental Education	84.007	286,049		286,049	281,773			281,773	281,773
College Work Study Program	84.033	181,738	\$ (8,544)	173,194	173,194			173,194	173,194
Vocational and Applied Technology Education Acts:									
Title II A - State Leadership	84.048	120,000		120,000	3,434			3,434	3,434
Title II A - Single Parent	84.048	56,130	21,722	77,852	63,820	\$ 4,358	\$ 11,841	56,337	56,337
Title II A - Gender Equity	84.048	94,930		94,930	56,197	6,930	14,848	48,279	48,279
Title II C - Basic Grant	84.048	283,849	3,528	287,377	145,433	122,272		267,705	267,705
Title III B - Tech. Prep.	84.049	89,991		89,991	67,494	14,059	8,426	73,127	73,938
Title III B - Special Programs	84.049		60,879	60,879	60,559			60,559	60,559
FIPSE	84.1168	51,052		51,052		40,911		40,911	40,911
Veterans Education	84.111	1,498		1,498	1,498			1,498	1,498
Job Training Partnership Act	17.246-50	75,000		75,000	23,231	22,843		46,074	46,074
Total Federal Programs		\$3,950,860	\$ 77,585	\$ 4,028,445	\$3,587,256	\$ 211,373	\$ 35,115	\$3,763,514	\$ 3,764,325
		=====	=====	=====	=====	=====	=====	=====	=====
State:									
Matriculation		\$1,339,191		\$ 1,339,191	\$1,339,191		\$ 30,027	\$1,309,164	\$ 1,309,164
Extended Opportunity Program Services		1,007,230	\$ 8,619	1,015,849	1,015,849		25,140	990,709	999,529
Disabled Student Program Services		747,066		747,066	747,066		21,488	725,578	725,578
Preschool Grant		754,248	258,692	1,012,940	737,730	\$ 125,521		863,251	863,251
Other - restricted		850,594	36,617	887,211	551,548	198,407	105,252	644,703	656,613
Total State Programs		\$4,698,329	\$ 303,928	\$ 5,002,257	\$4,391,384	\$ 323,928	\$ 181,907	\$4,533,405	\$ 4,554,135
		=====	=====	=====	=====	=====	=====	=====	=====

See accompanying notes to Supplemental Information.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

SCHEDULE OF WORKLOAD MEASURES FOR
STATE GENERAL APPORTIONMENT

Annualized Attendance as of June 30, 1993

	<u>Reported Data</u>	<u>Audit Adjustments</u>	<u>Revised Data</u>
<u>Categories</u>			
Credit full-time equivalent student (FTES):			
Weekly census	22,543		22,543
Daily census	1,775	(25)	1,750
Actual hours of attendance	2,805		2,805
Independent study/work experience	<u>223</u>	<u> </u>	<u>223</u>
Total	<u>27,346</u>	<u>(25)</u>	<u>27,321</u>
Noncredit FTES:			
Actual hours of attendance	<u>90</u>	<u>-</u>	<u>90</u>
Gross Square Footage:			
Existing facilities			<u>1,176,978</u>

See accompanying notes
to supplemental information.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

SCHEDULE OF ANNUAL APPRENTICESHIP
HOURS OF INSTRUCTION

	<u>Reported Annual Hours</u>
Reporting periods	
July 1 - December 31, 1992	23,736
January 1 - April 15, 1993	360
April 16 - June 30, 1993	<u>23,073</u>
Total	<u><u>47,169</u></u>

See accompanying notes
to supplemental information.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET
REPORT (CCFS-311) WITH AUDITED FINANCIAL STATEMENTS
For the Year Ended June 30, 1993

	<u>General</u>	<u>Capital Projects Fund</u>	<u>Bookstore Fund</u>	<u>Data Processing Fund</u>	<u>Student Scholarship and Loan Fund</u>	<u>Associated Students Fund</u>
June 30, 1993 Annual Financial and Budget Report (Form CCFS-311) Fund Balances/ Retained Earnings	\$ 8,932,365	\$ 3,558,827	\$1,883,320	\$1,089,144	\$ 673,147	\$ 131,442
Adjustments resulting in increase (decrease) in fund balance/retained earnings:						
Increase (decrease) in cash on hand and in banks		9,957			(21,482)	(4,857)
Increase in investments		803,963				
Decrease in accounts receivable	(217,016)	(192,526)	(43,849)			
Increase in allowance for doubtful accounts	(82,900)					
Increase in deferred revenues	(848,073)					
Increase in fixed assets				376,115		
Increase in accumulated depreciation				(172,404)		
Increase in capital lease obligation				(24,403)		
Net adjustments	<u>(1,147,989)</u>	<u>621,394</u>	<u>(43,849)</u>	<u>179,308</u>	<u>(21,482)</u>	<u>(4,857)</u>
June 30, 1993 Audited Financial Statements Fund Balances/Retained Earnings	\$ 7,784,376	\$ 4,180,221	\$1,839,471	\$1,268,452	\$ 651,665	\$ 126,585

See accompanying notes
to supplemental information.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES
FOR EACH FEDERAL STUDENT FINANCIAL ASSISTANCE PROGRAM

For the Year Ended June 30, 1993

College Work-Study Program

Student Wages	\$ 164,244
Administrative Cost Allowance	<u>8,950</u>
	<u>\$ 173,194</u> =====

Supplemental Educational Opportunity
Grant Program

Student Grants	\$ 265,788
Administrative Cost Allowance	<u>15,985</u>
	<u>\$ 281,773</u> =====

Pell Grant Program

Student Grants	\$2,707,703
Administrative Cost Allowance	<u>15,985</u>
	<u>\$2,723,688</u> =====

See accompanying notes
to supplemental information.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

NOTES TO SUPPLEMENTAL INFORMATION

(1) PURPOSE OF SCHEDULES

A - Schedule of Federal and State Financial Assistance

OMB Circular A-128 requires a disclosure of the financial activities of all Federally funded programs. To comply with A-128 and State requirements, this schedule was prepared by the District. Differences exist between the revenues shown on the schedule and the general purpose financial statements for the following reasons:

- . Various program revenues are recorded in the current year for prior year claims, related expenditures were incurred in prior years.
- . Amounts reported as revenue may not represent final claim amounts due to the timing of filing the final claims and the closing of the District's records.

B - Schedule of Workload Measures for State General Apportionment

Full-time equivalent student is a measurement of the number of students attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds are made to community college districts. This schedule provides information regarding the attendance of students based on various methods of accumulating attendance data.

C - Schedule of Annual Apprenticeship Hours of Instruction

This schedule provides information regarding annual apprenticeship hours of instruction for reporting periods during the year ended June 30, 1993.

D - Reconciliation of Annual Financial and Budget Report (CCFS-311) with Audited Financial Statements.

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

E - Schedule of Expenditures for Each Federal Student Financial Assistance Program

Under the reporting requirements for Federal Student Financial Assistance Programs outlined in the U.S. Department of Education's audit guide, the District is required to include a supplemental schedule disclosing the total expenditures for each Federal student financial aid program, together with the auditor's report on the supplemental schedule.

INDEPENDENT AUDITOR'S COMBINED REPORT
ON INTERNAL CONTROL STRUCTURE

Board of Trustees
Contra Costa Community
College District
Martinez, California

We have audited the general purpose financial statements of the Contra Costa Community College District as of and for the year ended June 30, 1993, and have issued our report thereon dated December 3, 1993. We have also audited the District's compliance with requirements applicable to major Federal financial assistance programs and have issued our report thereon dated December 3, 1993.

We conducted our audits in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-128, Audits of State and Local Governments. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement and about whether the District complied with laws and regulations, noncompliance with which would be material to major Federal financial assistance programs.

In planning and performing our audits for the year ended June 30, 1993, we considered the District's internal control structure in order to determine our auditing procedures for the purpose of expressing our opinions on the District's general purpose financial statements and on its compliance with requirements applicable to major Federal financial assistance programs, and not to provide assurance on the internal control structure.

The management of the District is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of the financial statements in accordance with generally accepted accounting principles, and the Federal financial assistance programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

**INDEPENDENT AUDITOR'S COMBINED REPORT
ON INTERNAL CONTROL STRUCTURE**
(Continued)

For the purpose of this report, we have classified the significant internal control structure policies and procedures in the following categories:

Accounting Applications

- Cash Receipts
- Purchasing and Receiving
- Cash Disbursements
- Payroll
- General Ledger
- Attendance

General Requirements

- Political Activity
- Davis-Bacon Act
- Civil Rights
- Cash Management
- Relocation Assistance and Real Property Management
- Federal Financial Reports
- Allowable Costs/Cost Principles
- Drug-Free Workplace
- Administrative Requirements

Specific Requirements

- Types of Services
- Eligibility
- Matching, Level of Effort, or Earmarking
- Reporting
- Cost Allocation
- Special Requirements, if any
- Monitoring Subrecipients

Claims for Advances and Reimbursements

Amounts Claimed or Used for Matching

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and we assessed control risk.

During the year ended June 30, 1993, the District expended 72% of its total Federal financial assistance under major Federal financial assistance programs.

INDEPENDENT AUDITOR'S COMBINED REPORT
ON INTERNAL CONTROL STRUCTURE
(Continued)

We performed tests of controls, as required by OMB Circular A-128, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to each of the District's major Federal financial assistance programs, which are identified in the accompanying schedule of Federal financial assistance. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited or that noncompliance with laws and regulations that would be material to a Federal financial assistance program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operations that we consider to be material weaknesses as defined above.

This report is intended for the information of the Board of Trustees, management and State Department of Finance, and the Chancellor's Office, California Community Colleges. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Perry-Smith & Co.

Certified Public Accountants

Sacramento, California
December 3, 1992

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE REQUIREMENTS

Board of Trustees
Contra Costa Community
College District
Martinez, California

We have audited the general purpose financial statements of the Contra Costa Community College District for the year ended June 30, 1993, and have issued our report thereon dated December 3, 1993. We conducted our audit in accordance with generally accepted auditing standards.

In connection with our audit, we performed an examination for compliance as required in Part II, State and Federal Compliance Requirements for those programs identified in The State Department of Finance's March 1993 transmittal of audit requirements for community colleges. The objectives of the examination of compliance applicable to the Contra Costa Community College District are to determine with reasonable assurance that:

- 1) The District maintained a separate and complete tabulation for each course section for student attendance, which is reported for State support.
- 2) The District maintained a system to insure that students repeating a class are claimed for apportionment purposes only when the repetition occurs within State prescribed guidelines.
- 3) The District acted to insure that the residency of each student is properly classified and that only the attendance of California residents is claimed for State support.
- 4) The District claimed for apportionment purposes only the attendance of students actively enrolled in a course section as of the census date.
- 5) The District's salaries of classroom instructors equaled or exceeded 50 percent of the District's current expense of education in accordance with Section 84362 of the Education Code.
- 6) The District adhered to uniform academic standards for placing students on probation and making students on probation subject to dismissal.

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE REQUIREMENTS
(Continued)

- 7) Salaries of instructors teaching FTES generating classes, school counselors providing academic advisement, and financial aid officers conducting needs analysis are not considered supportable charges against either Extended Opportunity Programs and Services (EOPS) or Disabled Student Programs and Services (DSPS) accounts unless their activities require them to perform additional functions for the EOPS or DSPS programs which are beyond the scope of services provided to all students in the normal performance of their regular duty assignments. These activities may be supported only to the extent of the supplementary services provided for EOPS or DSPS.
- 8) The District's claim upon EOPS funds excluded expenses incurred as administrative salaries unless the administrator exclusively functions in the capacity of the EOPS Director or an exemption is specifically certified by the Chancellor's Office.
- 9) The District has calculated appropriation limits annually and such calculations are supported by the amounts reported in the District's CCFS-311 and CCFS-320.
- 10) The District has used local funds to support at least 75 percent of the District's matriculation activities and all expenditures related to matriculation must be consistent with the District's State-approved matriculation plan and identifiable within the ten activities approved by the State.

In our opinion, except for the items noted in the next paragraph, the Contra Costa Community College District complied with the compliance requirements for the State programs listed and tested above. Further, nothing came to our attention as a result of the aforementioned procedures to indicate that the Contra Costa Community College District had not complied with the terms and conditions of State assisted education programs not selected for testing.

Our examination of compliance made for the purposes set forth in the second preceding paragraph of this report would not necessarily disclose all instances of noncompliance. However, such examination of compliance disclosed the following items that we believe are instances of noncompliance:

- . The attendance tabulation documents for all colleges did not include the following specified elements:
 - For positive attendance courses, the number of course meeting days was not included.
 - For work experience courses, the number of course meeting days was not included.
 - For apprenticeship courses, the number of course meeting days was not included. Also the "minutes of actual instruction" was not listed.

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE REQUIREMENTS
(Continued)

- . Information entered into the college level attendance system, for daily census courses with lab requirements, was incorrectly input for several courses causing overstatements of apportionment hours.
- . Three EOPS college directors did not allocate 100 percent of their time to EOPS program activities and an exemption/waiver was not obtained.
- . The salary for one EOPS director was paid with EOPS program funds.
- . Costs allocated to EOPS and DSPS for services by college staff, who also have other program responsibilities, were not always adequately documented to justify the allocation.

The above findings are further detailed in the "Findings and Recommendations" section of this report, along with recommendations to remedy the cause of the finding.

Perry-Smith & Co.

Certified Public Accountants

Sacramento, California
December 3, 1993

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH LAWS AND
REGULATIONS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Trustees
Contra Costa Community
College District
Martinez, California

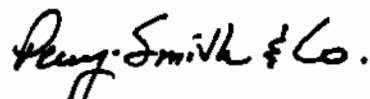
We have audited the general purpose financial statements of the Contra Costa Community College District as of and for the year ended June 30, 1993, and have issued our report thereon dated December 3, 1993.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-128, Audits of State and Local Governments. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the District is the responsibility of the District's management. As part of obtaining reasonable assurance about whether the general purpose financial statements are free of material misstatement, we performed tests of the District's compliance with certain provisions of laws, regulations, contracts, and grants. However, our objective was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests indicate that, with respect to the items tested, Contra Costa Community College District complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the District had not complied, in all material respects, with those provisions.

This report is intended for the information of the Board of Trustees, management, the California Department of Finance, and the Chancellor's Office, California Community Colleges. This restriction is not intended to limit the distribution of this report, which is a matter of public record.



Certified Public Accountants

Sacramento, California
December 3, 1993

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH THE GENERAL REQUIREMENTS APPLICABLE TO
FEDERAL FINANCIAL ASSISTANCE PROGRAMS

Board of Trustees
Contra Costa Community
College District
Martinez, California

We have audited the general purpose financial statements of the Contra Costa Community College District as of and for the year ended June 30, 1993, and have issued our report thereon dated December 3, 1993.

We have applied procedures to test the District's compliance with the following requirements applicable to its Federal financial assistance programs, which are identified in the schedule of Federal financial assistance, for the year ended June 30, 1993:

- . Political Activity
- . Davis-Bacon Act
- . Civil Rights
- . Cash Management
- . Relocation Assistance and Real Property Acquisition
- . Federal Financial Reports
- . Allowable Costs/Cost Principles
- . Drug-Free Work Place
- . Administrative Requirements

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's Compliance Supplement for Single Audits of State and Local Governments. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the District's compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that the Contra Costa Community College District had not complied, in all material respects, with those requirements.

This report is intended for the information of the Board of Trustees, management, State Department of Finance, and the Chancellor's Office, California Community Colleges. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Perry-Smith & Co.

Certified Public Accountants

Sacramento, California
December 3, 1993

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
SPECIFIC REQUIREMENTS APPLICABLE TO MAJOR
FEDERAL FINANCIAL ASSISTANCE PROGRAMS

Board of Trustees
Contra Costa Community
College District
Martinez, California

We have audited the general purpose financial statements of the Contra Costa Community College District as of and for the year ended June 30, 1993, and have issued our report thereon dated December 3, 1993.

We have also audited the Contra Costa Community College District's compliance with the requirements governing types of services allowed or not allowed; eligibility; matching, level of effort, or earmarking; reporting; claims for advances and reimbursements; and amounts claimed or used for matching that are applicable to its major Federal financial assistance programs, which are identified in the accompanying schedule of Federal financial assistance, for the year ended June 30, 1993. The management of the District is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit of compliance with those requirements in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and Office of Management and Budget (OMB) Circular A-128, Audits of State and Local Governments. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the Contra Costa Community College District complied, in all material respects, with the requirements governing types of services allowed or not allowed; eligibility; matching, level of effort, or earmarking; reporting; claims for advances and reimbursements; and amounts claimed or used for matching that are applicable to its major Federal financial assistance programs for the year ended June 30, 1993.

This report is intended for the information of the Board of Trustees, management, State Department of Finance, and the Chancellor's Office, California Community Colleges. This restriction is not intended to limit the distribution of this report, which is a matter of public record.



Certified Public Accountants

Sacramento, California
December 3, 1993

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO NONMAJOR
FEDERAL FINANCIAL ASSISTANCE PROGRAM TRANSACTIONS

Board of Trustees
Contra Costa Community
College District
Martinez, California

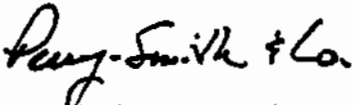
We have audited the general purpose financial statements of the Contra Costa Community College District as of and for the year ended June 30, 1993, and have issued our report thereon dated December 3, 1993.

In connection with our audit of the general purpose financial statements of the Contra Costa Community College District, and with our consideration of the District's control structure used to administer Federal financial assistance programs, as required by Office of Management and Budget (OMB) Circular A-128, Audits of State and Local Governments, we selected certain transactions applicable to certain nonmajor Federal financial assistance programs for the year ended June 30, 1993.

As required by OMB Circular A-128, we have performed auditing procedures to test compliance with the requirements governing types of services allowed or not allowed, eligibility and other special tests and provisions that are applicable to those transactions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the District's compliance with these requirements. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the Contra Costa Community College District had not complied in all material respects, with those requirements.

This report is intended for the information of the Board of Trustees, management, State Department of Finance, and the Chancellor's Office, California Community Colleges. This restriction is not intended to limit the distribution of this report, which is a matter of public record.


Perry-Smith & Co.
Certified Public Accountants

Sacramento, California
December 3, 1993

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

FINDINGS AND RECOMMENDATIONS

For the Year Ended June 30, 1993

The findings and recommendations included in the management letter on pages 74 through 88 were the result of our preliminary evaluation of the District's internal control systems in connection with our audit of the general purpose financial statements. These management letter findings and recommendations are incorporated herein by reference.

1. EOPS ADMINISTRATOR/DIRECTOR REQUIREMENTS

Finding

State compliance requirements state that each college receiving EOPS funds must employ a full-time, 100 percent director to manage and coordinate the program unless an exemption/waiver is specifically certified by the Chancellor's Office.

Our review noted that three of the four EOPS directors did not allocate 100 percent of their time to EOPS program activities and an exemption/waiver had not been obtained.

Recommendation

To conform with State compliance requirements and prevent the possible loss of program funding, the colleges should obtain waivers for Directors who do not allocate 100 percent of their time to the EOPS program.

Finding

Presently, the salary for the EOPS director at Diablo Valley College is paid with EOPS program funds. State compliance requirements dictate that the EOPS director's salary and benefits be paid from non-EOPS funds.

Recommendation

Unrestricted General Fund monies should be used to fund the EOPS director's salary and benefits.

2. ALLOCATION OF COSTS

Finding

The colleges do not currently document the method for allocating time to EOPS and DSPS by employees who have joint program responsibilities.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

FINDINGS AND RECOMMENDATIONS
(Continued)

For the Year Ended June 30, 1993

2. ALLOCATION OF COSTS (Continued)

Recommendation

For college employees who provide EOPS or DSPS program services, which are beyond the scope of services provided to all students, a basis of cost allocation should be established and documented. This documentation could be in the form of a time study. Documentation to support cost allocations should be maintained in each employee's personnel file.

3. MATRICULATION

Finding

Contra Costa College did not maintain documents that reconciled its Matriculation Progress and Expenditure Reports to general ledger expenditure accounts. Such documentation is essential to ensure the District funds program expenditures in accordance with mandated expenditure matching requirements.

Recommendation

In order to ensure that each college complies with Matriculation funding requirements, each college should maintain detailed documentation to support amounts presented on the Matriculation Progress and Expenditure Report.

4. STUDENT FINANCIAL AID

Finding

The Pell Grant Program account statement for Contra Costa College reflected a grant award approximately \$60,000 less than the College's Pell expenditures. The discrepancy was not detected by District employees.

Recommendation

The Pell Grant statement should be reviewed and agreed to District expenditure records when it is received. Discrepancies should be immediately investigated.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

FINDINGS AND RECOMMENDATIONS
(Continued)

For the Year Ended June 30, 1993

5. CASH MANAGEMENT

Finding

The Bookstore and Cafeteria personnel do not adequately document the counts of the individual change funds. Currently, the only evidence that a count has been performed is a calculator tape which is placed in an envelope with the daily register tapes.

Recommendation

Cash count sheets should be prepared and signed by the employee performing the count and also reviewed and approved by a supervisor. In addition, the District's internal auditor should consider performing "surprise cash counts" to verify the existence of the cash.

Finding

During our review of the Scholarship and Loan Fund, we noted a savings account closed on December 12, 1992 that had not been removed from the District's records. The related bank reconciliations are not being performed on a timely basis.

Recommendation

Reconciliations should be prepared for all cash accounts by college staff on a monthly basis with a copy of the reconciliation sent to the District office for review.

6. BOOKSTORE

Finding

The Bookstore accounts receivable balance consists primarily of credit memos, resulting from texts purchased under buy-back agreements with vendors. The college bookstores not maintain a summary of available credit memos from vendors to ensure credit memos are used on a timely basis.

Recommendation

We recommend that copies of all credit memos be maintained in a centralized file by vendor for each campus. In addition, a procedure should be implemented by each Bookstore to review the credit memo file prior to disbursement of vendor invoice payments. The District internal auditor should periodically review the process for utilizing the outstanding credit memos.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

FINDINGS AND RECOMMENDATIONS
(Continued)

For the Year Ended June 30, 1993

7. MANAGEMENT INFORMATION SYSTEMS (MIS)

Finding

Presently, programmers can initiate, compile and load software program changes into production.

Recommendation

To prevent unauthorized software program changes from being placed into production, and to enhance the control environment, implementation of software program changes should be performed by someone other than the original programmer.

Finding

The existing computer system limits the effective use of passwords and other security measures as a means to control access to software programs.

Recommendation

We recommend the District evaluate computer system enhancements to allow for the expanded use of passwords. The following aspects should be considered in conjunction with the evaluation and implementation of an enhanced computer system:

- . Passwords should be subject to periodic rotation.
- . Appropriate managers should be periodically provided with a list of personnel granted access to computer software under their control. This list should be reviewed and signed by the appropriate manager and returned to the MIS department. This would assist in the removal of terminated employees, and the correction of access levels granted to employees with changed job responsibilities.
- . As part of the exit conference with terminated employees, the Personnel department should request the MIS department to remove the terminated employee's password access.
- . Password controls should be periodically audited by the District internal auditor.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

FINDINGS AND RECOMMENDATIONS
(Continued)

For the Year Ended June 30, 1993

7. MANAGEMENT INFORMATION SYSTEMS (MIS) (Continued)

Finding

The District MIS department has not formalized an administrative microcomputer policy outlining purchasing parameters and administrative user guidelines. In addition, a recent inventory of administrative and instructional microcomputers has not been performed.

Recommendation

A written policy should be developed with standards for administrative use regarding the following:

- . Security measures for users
- . Backup procedures for user data
- . Use of unauthorized software
- . Copying of unauthorized software
- . Physical inventory control of computer resources

The existing microcomputer resources of administrative and instructional departments should be inventoried and evaluated to determine if they are functioning efficiently. Also, an evaluation of future computer network requirements should be integrated with future planning of the MIS department.

Finding

Presently, in case of a disaster, only certain individuals know the proper procedures to be followed to restore the District MIS system to full operation. There are no written procedures to insure successful restoration of the system.

Recommendation

The District should develop a contingency plan which details the procedures to be followed should a hardware or software disaster occur. The following items should be considered when developing the plan:

- . Where data file and computer system backups are maintained.
- . The sequence in which employees are to be notified.
- . Who to notify for hardware and software support.
- . Processing priorities to follow.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

FINDINGS AND RECOMMENDATIONS
(Continued)

For the Year Ended June 30, 1993

7. MANAGEMENT INFORMATION SYSTEMS (MIS) (Continued)

Recommendation (Continued)

The information should be disseminated to responsible parties within MIS and at the District and college levels. In addition, the District should consider personnel training on how to react to a disaster situation and successfully continue operations.

8. GENERAL FIXED ASSET ACCOUNT GROUP

Finding

As stated in the prior year audit report, the District's fixed asset records have not been summarized to provide a complete listing of all assets, nor has there been a recent inventory to determine if available records properly reflect all fixed assets held by the District.

Recommendation

An inventory should be performed to determine total fixed assets, update the detail records and provide adequate documentation to support fixed assets held by the District.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

MANAGEMENT LETTER

Board of Trustees
Contra Costa Community
College District
500 Court Street
Martinez, California 94553

Dear Board of Trustees:

In planning and performing our interim procedures for our audit of the general purpose financial statements of the Contra Costa Community College District (the "District") for the year ended June 30, 1993, we considered the internal control structure to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control structure. We also considered the District's internal control structure to determine compliance with Federal and State regulations. However, we noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgement, could adversely affect the District's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements.

REPORTABLE CONDITIONS

Adequate segregation of duties is a critical element of internal accounting control. The individual responsibilities of accounting personnel must be segregated such that no one individual can perpetrate and conceal an irregularity in the normal course of their duties. Based on our study and evaluation of internal accounting controls, we believe that the segregation of duties over cash disbursements and payroll processing are inadequate. Further, a formal review of these accounting transactions at the supervisory level has not been implemented. Correcting these weaknesses will require the District to reevaluate the responsibilities assigned to accounting personnel. Further, formal supervisory review procedures must be implemented to provide additional assurance that all transactions have been properly recorded in a timely manner.

Board of Trustees
Contra Costa Community
College District

Currently, an expenditure can be processed without an approved budget appropriation. Significant deviations from budgeted levels of expenditures may occur and not be detected on a timely basis. In addition, budget transfers between major object codes are processed without the approval of the Board of Trustees. Budget transfers between major expenditure classifications are to be approved by the Board of Trustees, in a timely manner, according to Section 85200 of the California Education Code. Controls must be established at the District office to implement an effective budget monitoring process.

Registration fees can be refunded to students before the District has constructive receipt of the fees. A waiting period should be established to allow funds to clear the District's bank before refunds are processed.

Various cash account reconciliations are not subject to review by someone senior to the preparer. In addition, the county cash account reconciliation has several reconciling items dating from July 1992. To prevent misstatement of cash balances, reconciliations should be reviewed and reconciling items resolved in a timely manner.

The attendance system allows changes to be made directly to attendance information by instructors for daily census course hours. The attendance system can produce an edit report that reflects all changes to the attendance information. However, this report is not being used to validate the changes made.

The segregation of duties over each campus Bookstore's cash disbursements is inadequate. Purchases can be initiated, processed and approved by one individual. Procedures which require Bookstore disbursements to be authorized by someone other than the person initiating the transaction (preferably at the Business Office level) should be implemented.

* * * * *

Our observations and recommendations regarding these reportable conditions are summarized in the memorandum that accompanies this report.

Additionally, during our evaluation of the internal control structure, we became aware of certain matters that we believe present opportunities for strengthening internal controls and improving operating efficiency. The accompanying memorandum also summarizes our observations and recommendations regarding those matters.

This report is intended solely for the information and use of the Board of Trustees, management, and others as appropriate within the District. This restriction is not intended to limit distribution of this report, which is a matter of public record.

Board of Trustees
Contra Costa Community
College District

We look forward to the invitation the Chancellor has extended to us to discuss these observations and recommendations in greater detail with you. In addition, we will be available to respond to questions you may have regarding our recommendations. We would like to take this opportunity to express our appreciation for the courtesies and cooperation extended to us by your staff during our interim procedures.

Peng-Smith & Co

Certified Public Accountants

July 15, 1993
Sacramento, California

Board of Trustees
Contra Costa Community
College District

The following reportable conditions (Numbers 1 through 6) relate to significant deficiencies in the design or operation of the internal control structure of the District. Observations and recommendations have been presented in their perceived order of importance to the District.

(1) SEGREGATION OF DUTIES - DISTRICT BUSINESS OFFICE

During our review of the segregation of duties within the District Business Office, we noted the following:

- . The processing and recording of cash disbursements is performed by the Chief Accountant. The Chief Accountant's work is not thoroughly reviewed and no other employee has been cross-trained to handle the Chief Accountant's responsibilities.
- . Internal controls are not adequate to ensure the integrity of payroll information. The Payroll Manager can make changes to employee information in the payroll system which are not subject to independent review.

We recommend that the District evaluate the segregation of duties within the cash disbursements and payroll systems. Additional procedures should be implemented requiring key reports and reconciliations to be reviewed by another knowledgeable employee. In addition, cross-training Business Office staff would be beneficial to minimize the effect on the District's ability to process transactions in the event of employee turnover or vacations.

(2) CASH DISBURSEMENTS

Our documentation of the cash disbursements system indicated the following:

- . No review is performed at the District Office to ensure appropriate budget capacity is available for each expenditure processed. Reliance is placed on each college site to determine that adequate funds are available before approving a requisition.
- . We noted several expenditures that were processed although the remaining budget was insufficient.

The Business Office should verify that each requisition is coded with the proper account number and that sufficient funds have been properly appropriated in the budget. In the event a requisition exceeds the remaining budget, the requisition should be returned to the party initiating the requisition.

Ultimately, the requisition process should be automated to accommodate purchasing controls that would preclude processing purchase requisitions which would result in expenditures exceeding budget.

Board of Trustees
Contra Costa Community
College District

(3) BUDGETARY PROCESS

After the initial budget has been approved, the Board of Trustees reviews changes to the budget biannually. However, it is our understanding that the Board of Trustees does not review budget transfers between major expenditure classifications as required by the California Education Code 85200.

Procedures should be implemented to ensure that all budget revisions between major expenditure classifications are reviewed and approved by the Board of Trustees.

(4) CASH ACCOUNT RECONCILIATIONS

We noted the following items during our review of District office cash account reconciliations:

- . Reconciliations performed by the accounting staff in the Business office are not reviewed by supervisory personnel.
- . The Cash in County Treasurer account reconciliation has numerous reconciling items totaling over \$400,000. These reconciling items are the result of charging expenditures to revolving cash accounts without subsequently closing these expenditures to the appropriate expenditure accounts.
- . Certain accounts are reconciled to an electric spreadsheet that summarizes the activity for the account being reconciled.

All cash account reconciliations should be reviewed by the Comptroller and reconciling items should be resolved in a timely manner. In addition, management should evaluate the need to use an electric spreadsheet to summarize bank account activity. Our discussions with staff indicated data processing constraints preclude obtaining updated general ledger balances. Accordingly, staff have developed spreadsheets to facilitate the reconciliation process. If this is determined to be the most efficient and effective method of reconciling cash accounts, the procedures should be expanded to ensure the balances reflected in the general ledger are proper.

(5) ATTENDANCE

Our review of the attendance system noted the following:

- . Instructors and instructor coordinators for all campuses have access to the computer system and can enter daily census hours into the system during an "open window" period.

Board of Trustees
Contra Costa Community
College District

(5) ATTENDANCE (Continued)

- . Information entered into the system for daily census hours at the College site is not reviewed for accuracy or completeness.
- . In a class with a lab requirement, we noted that the course meeting hours were doubled, causing an overstatement of one Full Time Equivalent (FTE).

We recommend the District implement a review process to ensure data has been properly entered into the system. The report, "CS19, Course File Edit List," compares course hours (as input) to the course hours (as calculated based on the meeting times listed), and identifies all courses whose hours are not equal. An employee in the Admissions and Records office for each college should periodically review this report and should review courses with lab assignments for the 1992/1993 year to implement corrections.

In addition, the District should reevaluate the access levels into the system for instructors and instructor coordinators. Generally, instructors and instructor coordinators are only allowed inquiry access to the attendance system and updated information is processed by attendance clerks.

(6) BOOKSTORE

For all Bookstore cash disbursements, the Bookstore Manager provides the only authorization. The Manager is also responsible for the review of the "FS-27, Detail Expenditure Report for Noninstructional Activities by Organizational Unit" report (similar to a warrant register). In addition, at the smaller Bookstores, the Manager performs the purchasing function. Consequently, a single transaction may require only Manager approval from the initial request to the final payment. A mitigating procedure could be the timely review of the Bookstore Profit/Loss statements by District management and the Board of Trustees. However, this report was last prepared for February 1993.

To enhance the segregation of duties within campus Bookstore operations, the Comptroller should review the check register and supporting documentation for selected disbursements. This review should take place before the check run and should be documented on each pre-check register. In addition, the District should consider providing the Board of Trustees a summary of the disbursements made by the campus bookstores for their review and approval.

* * * * *

The following findings and recommendations are not considered to be reportable conditions. However, they do present opportunities to strengthen the District's internal control policies and procedures.

Board of Trustees
Contra Costa Community
College District

(7) CASH DISBURSEMENTS

While evaluating the internal accounting controls over cash disbursements, we noted the following:

- . Internal controls over the processing of warrants are being bypassed at the campus level through the extensive use of revolving cash accounts.

Generally, revolving cash accounts are not to be used for the processing of routine disbursements in the normal course of business.

- . The Confirming Requisitions used to process a Revolving Cash account transaction are not numbered.

If the use of Confirming Requisitions is to continue, a numbering system should be implemented at each campus similar to the existing purchase order numbering system. The following procedures should be used for each revolving account transaction:

- A number for the Confirming Requisition should be obtained before approval.
- The Business Officer should maintain a log of issued Confirming Requisition numbers including vendor name, amount, requisitioning department and requisitioner.
- As Confirming Requisitions are submitted for approval, each requisition should be agreed to the log and sent to the District office for payment.
- Only requisitions with pre-approved numbers should be approved by the Business Officer.
- . The only controls in place to prevent the payment of a duplicate invoice with Confirming Requisitions and continuing purchase orders are:
 - The invoice must be an original and signed.
 - The accounting staff may remember the original invoice.

The purchasing system should be modified to verify if a Confirming Requisition number has been previously processed. Any duplicate Confirming Requisition numbers should be reported in an edit report before allowing the request to be processed.

Board of Trustees
Contra Costa Community
College District

(7) CASH DISBURSEMENTS (Continued)

- . There is no review to ensure cash disbursement batches processed at the District office are properly posted to the general ledger. Batch posting errors have occurred during the year.

The District should establish procedures to ensure the batches are logged and balanced when processed by the data processing department.

- . Blank check and warrant stock are not adequately accounted for or properly secured. They are maintained in the District office computer room which is not locked during regular office hours.

A formal log should be maintained for all checks and warrants processed. Checks and warrants should be maintained in dual custody (under the control of two employees) and should be subjected to periodic inventory of stock on hand. The check signing plate should be maintained in dual custody.

- . The keys to the cabinet containing the blank warrants and check signing plate are maintained in a key tray within the Data Processing room.

The keys to the cabinet for the blank warrants and the check signing plate should be maintained in a secure location under the control of a supervisory level employee.

- . The check signing machine does not have a counter and is used under single custody. A count of processed warrants is essential to detect unauthorized use of the check signing machine.

The Finance Control Form, which lists all checks and warrants issued for printing, should be reconciled to a formal log of checks and warrants issued and, the check/warrant register to ensure proper accounting for all checks and warrants issued.

(8) CASH RECEIPTS

During our internal control review of the District office cash receipts system, we noted the following:

- . Checks are not restrictively endorsed upon receipt. Some checks remain unendorsed for up to five days.

All incoming checks should be restrictively endorsed "For Deposit Only" when received. This procedure could be performed by the employee responsible for opening the mail.

Board of Trustees
Contra Costa Community
College District

(8) CASH RECEIPTS (Continued)

- . A cash receipts log is not maintained to help ensure that all checks received in the District Office have been properly deposited.

All funds received should be recorded in a cash receipts log. The log should list the date received, debtor, amount and a brief description. The log should also be reconciled to each deposit and document the deposit date in the log. Alternatively, the receipts should be summarized by the person opening the mail and a tape run of the total. This tape should be maintained and attached to the copy of the deposit permit to ensure that all cash receipts were deposited.

- . Receipts charged to a revenue account in the general ledger are directly entered by a District employee into the data processing system without an input sheet. Consequently, there is no original documentation to which a computer generated printout could be reconciled.

All receipts charged directly to a revenue account should first be documented on an input sheet. The input sheet should be reviewed and approved for proper general ledger account coding before forwarding to Data Processing. Subsequently, a reconciliation of the input sheet to the computer-generated printout should be performed.

- . An aging report or allowance account is not maintained for accounts receivable. Consequently, the District office cannot periodically evaluate the collectibility of accounts receivable and establish effective collection procedures.

An Aging Report should be maintained for all accounts receivable. Each month this report should be reviewed by the Comptroller. The probability of collection should be evaluated and a provision to an allowance account established.

- . Receipts are deposited once a week. Undeposited funds are stored in a locked cabinet in the District Office; however, the key to the cabinet is maintained in the unlocked drawer of the Senior Account Clerk.

Receipts should be deposited in a more timely manner. Ideally, large receipts would be deposited daily. In addition, undeposited funds should be stored in a safe.

Board of Trustees
Contra Costa Community
College District

(8) CASH RECEIPTS (Continued)

- . The Accounts Receivable Transaction list, used to enter new accounts into the system, is not reconciled to the computer generated AR02 "Accounts Receivable File Maintenance" report.

The AR02 report should be reconciled to the manually-prepared transaction list to ensure that all new accounts were properly entered into the system.

- . Journal entries, used to enter cash receipts for registration fees and bookstore sales, are not reviewed prior to or after input.

All journal entries should be reviewed and approved prior to entry into the system. Subsequently, the computer printout should be reconciled to the journal entry (Form 10).

(9) PAYROLL

Our review of the internal control procedures over the District office processing of payroll indicated the following:

- . We noted that the starting salary for a classified employee in their personnel file did not agree to the salary schedule for classified employees. Per discussions with the Payroll Manager, there may have been an across-the-board salary increase that was not documented in the employee's personnel file.

We recommend that any salary changes be documented in each employee's personnel file.

- . A student was paid twice for time worked in January 1993. The District paid the student based on two timecards containing the exact same information approved by a supervisor at the site.

We recommend that timecards that contain duplicate information be reapproved before processing. In addition, a careful review of the payroll prelist and warrant register should have identified the above situation.

- . For one payroll period, we were unable to agree the net payroll amount paid to the general ledger cash account.

A monthly reconciliation between the general ledger cash account and the warrant register should be performed to ensure that all amounts are being properly posted.

Board of Trustees
Contra Costa Community
College District

(10) **BOOKSTORE**

During our evaluation of the internal controls for the campus bookstores, we noted the following:

- . The Revenue and Sales Report, which is based on the Daily Sales and Cash Report sent from each bookstore, is not reconciled to the printout received from Data Processing. Therefore, there is no assurance that the original sales data was properly entered by Data Processing.

The computer-generated printout should be reconciled daily to the original Revenue and Sales Report.

- . The deposit slip and the Daily Sales and Cash Report are not reviewed by the Bookstore Manager before being forwarded to the Business office.

We recommend that the deposit slip and the Daily Sales and Cash report be approved by the Bookstore Manager before forwarding them to the District Office.

- . The Bookstore Managers do not receive a monthly report from the District that contains details of bookstore receipts.

Since this report would provide each Manager with updated data to perform adequate financial analysis, we recommend that the District send the report monthly.

- . The combination lock to the safe or the access codes to the bookstore buildings have not been changed since the opening of the colleges.

We recommend that the combination lock to the safe and the access codes to the building be changed on a periodic basis.

- . At the Center for Higher Education, we noted that the Bookstore Manager does not review the staff's process of balancing the cash register at the end of the day. The Bookstore Manager prepares the "Daily Sales and Cash Report" based on staff's initial reconciliation.

Although there are constraints based on staff size, we recommend that the Bookstore Manager review the balancing of the cash register before the "Daily Sales and Cash Report" is prepared to ensure the reconciliation is being performed accurately.

Board of Trustees
Contra Costa Community
College District

(11) ASSOCIATED STUDENTS

The following observations resulted from our review of Associated Students:

Los Medanos College

- . Deposits are maintained overnight in the Accounting Manager's locked drawer and the office is locked with limited access. However, access to these funds is under the sole custody of the Accounting Manager.
- . Checks are not restrictively endorsed until they are submitted to the cashier.

Due to staffing limitations, dual custody of undeposited cash receipts may not be practical. However, to strengthen internal controls all funds receive by the Accounting Manager should be immediately restrictively endorsed "For Deposit Only."

Contra Costa College

- . A Lotus spreadsheet, recommended for use by the District's Internal Auditor to monitor club and Associated Student Union (ASU) balances, has not been updated since February 1993. The bookkeeper who was trained to use the spreadsheet became ill and no one else was familiar with the spreadsheet.

To improve the ASU efficiency, we recommend personnel be crosstrained on the use of the Lotus spreadsheet. Also, general ledger balances should be obtained from the Business Office and reconciled to the Lotus spreadsheet. This reconciliation should be reviewed by the Business Officer.

- . Our review of student body card sales found that cards are not prenumbered, a log of blank cards is not maintained and reconciliations are not performed of recorded sales or deposits to the number of cards issued.

The following controls could be implemented for the issuance of student body cards:

- A log of cards issued (containing student name, student number, receipt number and other information as deemed necessary) should be maintained.
- The log should be periodically reconciled to an inventory detail of blank cards.

Board of Trustees
Contra Costa Community
College District

(11) **ASSOCIATED STUDENTS** (Continued)

Contra Costa College (Continued)

- The log should indicate which cards the student body sold and be reconciled with a list of students paying the \$5.00 fee at Admissions and Records.
- The log should also be balanced to the deposits made by the Cashiers Office, or to the Lotus spreadsheet.

These additional procedures will help to ensure that all sales made are deposited in the correct account, all blank cards are accounted for, and cards are issued to the correct students.

(12) **ATTENDANCE RECORDS**

During our review of internal controls, we noted the following matters related to the attendance function:

- . Attendance Tabulation Documents are required to display (on a single page) all required attendance information for that particular course. Specified elements were not included for the following tabulating documents:
 - For positive attendance courses, the number of course meeting days was not included. (The tabulating documents showed the number of weeks in the term instead of the number of meeting days.)
 - For work experience courses, the number of course meeting days was not included. (The tabulating documents showed the number of weeks in the term instead of the number of meeting days.)
 - For apprenticeship courses, the number of course meeting days was not included. (The tabulating documents showed the number of weeks in the term instead of the number of meeting days.) Also, for apprenticeship courses, the "minutes of actual instruction" was not listed.

To be in adherence with state compliance requirements, the format of the "Apportionment Detail by Course for CCFS - 320/321" Report should be amended to include the required data elements.

Board of Trustees
Contra Costa Community
College District

(12) **ATTENDANCE RECORDS** (Continued)

- . The District does not satisfy California Code Regulations, Sections 58020 through 58024 that states "signed - primary attendance documents" are to be retained to support independent determination of attendance data accuracy.

For all three colleges, the best "primary document" would be signed first-census rosters, for attendance at the census date, and, signed final grade rosters to support grades received, (probation/dismissal status).

At all three of the campuses, the final grade rosters are being retained. However Contra Costa College is the only campus that retains signed first-census rosters. At Diablo Valley College and Los Medanos College, not only are first census rosters not being retained, instructors are only required to submit these rosters if they drop students who are not attending class.

(13) **INTERNAL AUDITOR**

Because of staffing constraints over the past year, the Internal Auditor has been required to perform operational duties within the District. Consequently, the Internal Auditor has not been able to perform the internal audits of District operations as originally assigned.

The internal audit function is a significant element of the internal control environment. We strongly recommend that the internal audit function be given staffing priority in the current fiscal year.

(14) **AUDIT COMMITTEE**

The Board of Trustees may wish to consider implementing an Audit Committee consisting of a subcommittee of the Board or alternatively, to include the entire Board. We believe that such a committee strengthens the lines of communication between the Board and both the internal auditor and the independent auditor. Generally, the responsibilities of the Audit Committee include the following:

- . Communicating areas of concern expressed by the Board to the independent auditor.
- . Reviewing the independent auditor's approach to the engagement as well as meeting with the independent auditor during the audit process.
- . Reviewing the reports and financial statements prepared by the independent auditor and the internal auditor.
- . Approving the internal auditor's assigned work schedule.

(15) **COMPUTER RESOURCES**

The existing data processing system for financial and management reporting over payroll, disbursements, cash receipts and human resources severely limits the District's operating efficiency and effectiveness. A number of the internal control weaknesses previously discussed result from the inability of the existing financial reporting system to provide timely information. Development of effective and efficient internal controls over disbursements, payroll and financial reporting is dependent upon the implementation of a system which meets the District's immediate and longer term data processing needs.

Updating the District's data processing capabilities will require a significant commitment of time and resources. However, we believe that this investment will result in immediate and tangible improvements over the District's internal controls and operating efficiency.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS

June 30, 1993

<u>Findings/Recommendations</u>	<u>Current Status</u>
GENERAL	
1. FIXED ASSETS	
The District should develop a procedure to record retirements of fixed assets in the \$200 to \$500 range on a periodic basis.	Implemented
The District should maintain a detail of fixed assets recorded in the General Fixed Asset Group.	Not Implemented Comment Repeated
FEDERAL COMPLIANCE	
1. FISCAL OPERATION REPORT AND APPLICATION TO PARTICIPATE (FISAP) REPORT	
The District should use enrollment figures when reporting the number of students on the FISAP report.	Implemented
2. FINANCIAL AID TRANSCRIPTS	
The District should ensure that all financial aid transcripts are received prior to disbursement of funds.	Implemented
3. INSTITUTIONAL DISCLOSURE	
The District should continue its implementation of the State-wide Student Follow-up Survey and develop internal procedures to disclose to students the required information.	Implemented
4. GUARANTEED STUDENT LOANS REPORTING	
Los Medanos College should mark the date of receipt on all California Student Aid Commission reports in order to meet Title IV requirements.	Implemented
Procedures should be reviewed for reporting changes to lenders within 60 days of the change.	Implemented
5. VOCATIONAL EDUCATION (VATEA) REPORT	
The District should submit its interim VATEA claim form by the deadline.	Implemented