

# **CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

## **FINANCIAL STATEMENTS WITH SUPPLEMENTAL INFORMATION**

**For the Year Ended June 30, 1994**

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**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**FINANCIAL STATEMENTS  
WITH SUPPLEMENTAL INFORMATION**

**For the Year Ended June 30, 1994**

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**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**FINANCIAL STATEMENTS  
WITH SUPPLEMENTAL INFORMATION**

**For the Year Ended June 30, 1994**

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CONTRA COSTA COMMUNITY COLLEGE DISTRICT

**Governing Board**

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

Contra Costa College  
Diablo Valley College  
Los Medanos College

**Chancellor**

Robert D. Jensen

November 30, 1994

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, 1994 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 decline in student enrollment districtwide. This is the second consecutive year a decline has occurred. The major impact to student enrollment was due to the increase in enrollment fees in the spring of 1992. At that time, students with a B.A. degree dropped approximately 50%, and, for the current year, the trend still exists. Even with the impact of increased student fees, the District met its FTES obligation for full apportionment funding and exceeded the State funded cap by 1,096 FTES. In January, the Governor's Budget indicated that, due to an anticipated property tax shortfall, each community college would lose approximately 2% of the base revenue from state sources. The May Revise gave further indication that the District would lose an additional 2.5% for a total expected 1993-94 loss of 4.5% or \$3.6 million. Because the state backfilled a portion of that loss in June of 1994, the District's net reduction was approximately 2.1% or \$1.6 million. In August 1994, the District was informed of an additional 1% shortfall due to final property tax receipts, which would be leveled against 1993-94.

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 unrestricted reserve of approximately \$4.4 million or 5%, which is reflected in the Unrestricted General Fund.

Honorable Governing Board  
Contra Costa Community College District  
November 16, 1994

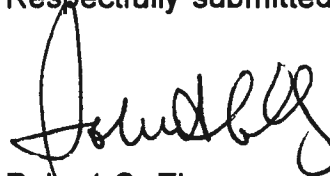
-2-

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 again 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. The Districtwide Technology Committee has been addressing this issue, and will submit a plan that will provide the needed improvements.

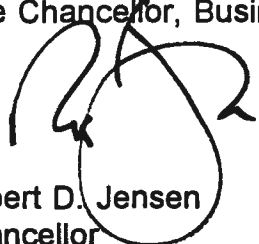
The past year has been a year which found the District cutting back on class offerings and many services and reducing staff to accommodate the decrease in state funding. The Districtwide staff has worked under some difficult conditions, with limited resources, during the past year to continue to provide the best service possible. The District was able to provide these services 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,



Robert C. Ely  
Vice Chancellor, Business Services



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, 1994, 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 6 and 7 in the accompanying general purpose financial statements. Accordingly, we do not express an opinion on the general fixed assets and related footnote disclosures at June 30, 1994.

In our opinion, except for the effects of such adjustments as might have been determined to be necessary had we been able to audit fixed asset 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, 1994, 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.

As discussed in Note 1 to the general purpose financial statements, the District changed its method of accounting for accrued compensated absences.

*Perry-Smith + Co.*

Certified Public Accountants

Sacramento, California  
October 4, 1994





**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**  
**COMBINED BALANCE SHEET -**  
**ALL FUND TYPES AND ACCOUNT GROUPS**  
**June 30, 1994**

	Governmental Fund Types					Account Groups		
	General	Capital Projects	Debt Service	Proprietary Funds	Fiduciary Funds	General Fixed Assets	General Long-Term Debt	Total (Memorandum Only)
ASSETS								
Cash and cash equivalents:								
In County Treasury	\$ 8,828,180	\$ 547,280	\$ 1,143,453	\$ 1,142,136	\$ 861,118			\$ 12,522,167
On hand and in banks	882,757			568,161	611,773			2,062,691
Revolving fund	125,000							125,000
Local Agency Investment Fund	106,397		6,055,999					6,162,396
Total cash and cash equivalents	9,942,334	547,280	7,199,452	1,710,297	1,472,891			20,872,254
Investments		100,000	4,796,000		500,000			5,396,000
Accounts receivable	3,480,595	1,017,782	4,711	531,806	5,059			5,039,953
Due from other funds	1,076,736	813,245		308,603	80,767			2,279,351
Inventories	136,182			1,088,267				1,224,449
Prepaid expenditures	729,527	34,998						764,525
Property, plant and equipment, net				437,571		\$ 132,616,285		133,053,856
Amount available in the Debt Service Funds							\$ 12,000,163	12,000,163
Amount to be provided in future years for retirement of general long-term debt obligations							21,052,489	21,052,489
Total assets	\$ 15,365,374	\$ 2,513,305	\$ 12,000,163	\$ 4,076,544	\$ 2,058,717	\$ 132,616,285	\$ 33,052,652	\$ 201,683,040

(Continued)

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**COMBINED BALANCE SHEET -  
ALL FUND TYPES AND ACCOUNT GROUPS  
(Continued)**

**June 30, 1994**

	<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>	
<b>LIABILITIES AND FUND EQUITY</b>								
Liabilities:								
Amounts to be provided by future deposits		\$ 231,054						\$ 231,054
Accounts payable	\$ 867,298	127,557		\$ 86,233				1,081,088
Accrued liabilities	2,892,462							2,892,462
Deferred revenue	3,519,600							3,519,600
Due to other funds	1,112,997	85,153		1,029,724	\$ 51,477			2,279,351
Due to student organizations					317,578			317,578
Revenue bonds							\$ 115,000	115,000
Accrued compensated absences	1,373,592						384,955	1,758,547
Capital lease obligations				6,002			262,697	268,699
Post-retirement health benefits obligation							32,290,000	32,290,000
<b>Total liabilities</b>	<u>9,765,949</u>	<u>443,764</u>		<u>1,121,959</u>	<u>369,055</u>		<u>33,052,652</u>	<u>44,753,379</u>
Fund equity and other credits:								
Investment in general fixed assets						\$ 132,616,285		132,616,285
Fund balances:								
Reserved	814,781	1,336,618	\$ 124,681		1,689,662			3,965,742
Unreserved:								
Designated	4,784,644	732,923	11,875,482					17,393,049
Retained earnings				2,954,585				2,954,585
<b>Total fund equity and other credits</b>	<u>5,599,425</u>	<u>2,069,541</u>	<u>12,000,163</u>	<u>2,954,585</u>	<u>1,689,662</u>	<u>132,616,285</u>		<u>156,929,661</u>
<b>Total liabilities and fund equity and other credits</b>	<u>\$ 15,365,374</u>	<u>\$ 2,513,305</u>	<u>\$ 12,000,163</u>	<u>\$ 4,076,544</u>	<u>\$ 2,058,717</u>	<u>\$ 132,616,285</u>	<u>\$ 33,052,652</u>	<u>\$ 201,683,040</u>

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, 1994

	<u>Governmental Fund Types</u>				<u>Total (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Fiduciary Funds</u>	
<b>Revenues:</b>					
Federal sources	\$ 1,776,032			\$ 4,702,137	\$ 6,478,169
State sources	38,232,072	\$ 1,263,580			39,495,652
Local sources	<u>51,598,348</u>	<u>380,612</u>	<u>\$ 602,920</u>	<u>327,857</u>	<u>52,909,737</u>
<b>Total revenues</b>	<u>91,606,452</u>	<u>1,644,192</u>	<u>602,920</u>	<u>5,029,994</u>	<u>98,883,558</u>
<b>Expenditures:</b>					
Certificated salaries	42,573,388				42,573,388
Classified salaries	19,036,231			4,200	19,040,431
Employee benefits	14,721,356				14,721,356
Books and supplies	2,999,716	45,554		97,216	3,142,486
Contract services and operating expenditures	9,796,826	175,982		350	9,973,158
Student financial assistance	236,404			4,949,042	5,185,446
Capital outlay	1,183,364	3,775,409			4,958,773
Debt service:					
Principal retirement		230,000	6,000		236,000
Interest	298,500	6,900	3,630		309,030
Capital lease payments:					
Principal retirement	43,997				43,997
Interest	<u>16,834</u>				<u>16,834</u>
<b>Total expenditures</b>	<u>90,906,616</u>	<u>4,233,845</u>	<u>9,630</u>	<u>5,050,808</u>	<u>100,200,899</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>699,836</u>	<u>(2,589,653)</u>	<u>593,290</u>	<u>(20,814)</u>	<u>(1,317,341)</u>
<b>Other financing sources (uses):</b>					
Operating transfers in	198,761	665,054	1,009,600	325,915	2,199,330
Operating transfers out	(2,090,846)	(214,311)	(9,600)	(58,104)	(2,372,861)
Other	<u>(42,702)</u>				<u>(42,702)</u>
<b>Total other financing sources (uses)</b>	<u>(1,934,787)</u>	<u>450,743</u>	<u>1,000,000</u>	<u>267,811</u>	<u>(216,233)</u>
<b>(Deficiency) excess of revenues and other financing sources (under) over expenditures and other uses</b>	<u>(1,234,951)</u>	<u>(2,138,910)</u>	<u>1,593,290</u>	<u>246,997</u>	<u>(1,533,574)</u>
<b>Fund balances, July 1, 1993, as previously stated</b>	7,784,376	4,208,451	10,406,873	1,442,665	23,842,365
<b>Prior period adjustment</b>	<u>(950,000)</u>				<u>(950,000)</u>
<b>Fund balances, July 1, 1993, as restated</b>	<u>6,834,376</u>	<u>4,208,451</u>	<u>10,406,873</u>	<u>1,442,665</u>	<u>22,892,365</u>
<b>Fund balances, June 30, 1994</b>	<u>\$ 5,599,425</u>	<u>\$ 2,069,541</u>	<u>\$ 12,000,163</u>	<u>\$ 1,689,662</u>	<u>\$ 21,358,791</u>

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, 1994**

	<u>General Fund</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Federal sources	\$ 2,336,202	\$ 1,776,032	\$ (560,170)
State sources	36,317,213	38,232,072	1,914,859
Local sources	<u>55,691,247</u>	<u>51,598,348</u>	<u>(4,092,899)</u>
Total revenues	<u>94,344,662</u>	<u>91,606,452</u>	<u>(2,738,210)</u>
Expenditures:			
Certificated salaries	43,131,686	42,573,388	558,298
Classified salaries	19,392,228	19,036,231	355,997
Employee benefits	15,304,685	14,721,356	583,329
Books and supplies	3,257,774	2,999,716	258,058
Contract services and operating expenditures	11,677,295	9,796,826	1,880,469
Student financial assistance	264,145	236,404	27,741
Capital outlay	1,528,269	1,183,364	344,905
Debt service:			
Principal retirement			
Interest		298,500	(298,500)
Capital lease payments:			
Principal retirement	43,997	43,997	
Interest	<u>16,834</u>	<u>16,834</u>	
Total expenditures	<u>94,616,913</u>	<u>90,906,616</u>	<u>3,710,297</u>
(Deficiency) excess of revenues (under) over expenditures	<u>(272,251)</u>	<u>699,836</u>	<u>972,087</u>
Other financing sources (uses):			
Operating transfers in	348,653	198,761	(149,892)
Operating transfers out	(1,088,512)	(2,090,846)	(1,002,334)
Other	<u>1,200</u>	<u>(42,702)</u>	<u>(43,902)</u>
Total other financing sources (uses)	<u>(738,659)</u>	<u>(1,934,787)</u>	<u>(1,196,128)</u>
(Deficiency) excess of revenues and other financing sources (under) over expend- itures and other uses	<u>(1,010,910)</u>	<u>(1,234,951)</u>	<u>\$ (224,041)</u>
Fund balances, July 1, 1993, as previously stated	7,784,376	7,784,376	
Prior period adjustment	<u>(950,000)</u>	<u>(950,000)</u>	
Fund balances, July 1, 1993, as restated	<u>6,834,376</u>	<u>6,834,376</u>	
Fund balances, June 30, 1994	<u>\$ 5,823,466</u>	<u>\$ 5,599,425</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, 1994**

	<u>Debt Service Funds</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Federal sources			
State sources			
Local sources	\$ 491.600	\$ 602.920	\$ 111.320
Total revenues	<u>491.600</u>	<u>602.920</u>	<u>111.320</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	3,720	3,630	90
Capital lease payments:			
Principal retirement			
Interest			
Total expenditures	<u>9.720</u>	<u>9.630</u>	<u>90</u>
(Deficiency) excess of			
revenues (under) over			
expenditures	<u>481.880</u>	<u>593.290</u>	<u>111.410</u>
Other financing sources (uses):			
Operating transfer in	1,009,600	1,009,600	
Operating transfers out	(9,600)	(9,600)	
Other			
Total other financing			
sources (uses)	<u>1,000.000</u>	<u>1,000.000</u>	
(Deficiency) excess of			
revenues and other			
financing sources			
(under) over expend-			
itures and other uses	1,481,880	1,593,290	\$ <u>111.410</u>
Fund balances, July 1, 1993,			
as previously stated	<u>10,406.873</u>	<u>10,406.873</u>	
Prior period adjustment			
Fund balances, July 1, 1993, as restated	<u>10,406.873</u>	<u>10,406.873</u>	
Fund balances, June 30, 1994	\$ <u>11,888.753</u>	\$ <u>12,000.163</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, 1994**

	<u>Total (Memorandum Only)</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Federal sources	\$ 2,336,202	\$ 1,776,032	\$ (560,170)
State sources	36,317,213	38,232,072	1,914,859
Local sources	<u>56,182,847</u>	<u>52,201,268</u>	<u>(3,981,579)</u>
Total revenues	<u>94,836,262</u>	<u>92,209,372</u>	<u>(2,626,890)</u>
Expenditures:			
Certificated salaries	43,131,686	42,573,388	558,298
Classified salaries	19,392,228	19,036,231	355,997
Employee benefits	15,304,685	14,721,356	583,329
Books and supplies	3,257,774	2,999,716	258,058
Contract services and operating expenditures	11,677,295	9,796,826	1,880,469
Student financial assistance	264,145	236,404	27,741
Capital outlay	1,528,269	1,183,364	344,905
Debt service:			
Principal retirement	6,000	6,000	
Interest	3,720	302,130	(298,410)
Capital lease payments:			
Principal retirement	43,997	43,997	
Interest	<u>16,834</u>	<u>16,834</u>	
Total expenditures	<u>94,626,633</u>	<u>90,916,246</u>	<u>3,710,387</u>
(Deficiency) excess of revenues (under) over expenditures	<u>209,629</u>	<u>1,293,126</u>	<u>1,083,497</u>
Other financing sources (uses):			
Operating transfer in	1,358,253	1,208,361	(149,892)
Operating transfers out	(1,098,112)	(2,100,446)	(1,002,334)
Other	<u>1,200</u>	<u>(42,702)</u>	<u>(43,902)</u>
Total other financing sources (uses)	<u>261,341</u>	<u>(934,787)</u>	<u>(1,196,128)</u>
(Deficiency) excess of revenues and other financing sources (under) over expend- itures and other uses	<u>470,970</u>	<u>358,399</u>	<u>\$ (112,631)</u>
Fund balances, July 1, 1993, as previously stated	<u>18,191,249</u>	<u>18,191,249</u>	
Prior period adjustment	<u>(950,000)</u>	<u>(950,000)</u>	
Fund balances, July 1, 1993, as restated	<u>17,241,249</u>	<u>17,241,279</u>	
Fund balances, June 30, 1994	<u>\$ 17,712,219</u>	<u>\$ 17,599,588</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, 1994**

Operating revenues:	
Sales	\$ 7,189,969
Contract services	<u>1,769,218</u>
Total operating revenues	<u>8,959,187</u>
Operating expenses:	
Cost of sales	4,978,676
Classified salaries	2,352,350
Employee benefits	634,105
Materials and supplies	345,346
Contract services and other operating expenses	649,342
Depreciation	213,976
Utilities	<u>41,900</u>
Total operating expenses	<u>9,215,695</u>
Operating loss	(256,508)
Other income	96,666
Other expenses	<u>(3,091)</u>
Loss before operating transfers	(162,933)
Operating transfers in	308,603
Operating transfers out	<u>(135,072)</u>
Net income	10,598
Retained earnings, July 1, 1993	<u>2,943,987</u>
Retained earnings, June 30, 1994	<u><u>\$ 2,954,585</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, 1994**

Cash flows from operating activities:	
Net income	\$ 10,598
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	213,976
Changes in operating assets and liabilities:	
Decrease in accounts receivable	15,032
Increase in inventory	(55,539)
Decrease in accounts payable	<u>(18,574)</u>
Net cash provided by operating activities	<u>165,493</u>
Cash flows from non-capital financing activities:	
Increase in amounts due from other funds	(308,603)
Increase in amounts due to other funds	<u>623,022</u>
Net cash provided by non-capital financing activities	<u>314,419</u>
Cash flows from capital financing activities:	
Purchases of property and equipment	(197,660)
Capital lease payment	<u>(18,401)</u>
Net cash used in capital financing activities	<u>(216,061)</u>
Increase in cash and cash equivalents	263,851
Cash and cash equivalents, July 1, 1993	<u>1,446,446</u>
Cash and cash equivalents, June 30, 1994	<u>\$ 1,710,297</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.

# **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. This classification includes the Bond Interest and Redemption, Bond Revenue and the Post-Retirement Health Benefits Funds.

# **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. They include the Bookstore, Cafeteria and Data Processing Center 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 funds include the Student Financial Aid, Student Scholarship and Loan Fund, Associated Students, and Student Body Center Building and Operating Funds.

#### **D - Account Groups**

##### **1 - General Fixed Asset 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 compensated absences.

# **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

#### **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 expensed when purchased (purchase method). The Proprietary Funds' inventories consist of cafeteria food, textbooks and educational supplies. Inventories are stated at cost using the retail method in the Bookstore Fund and at average cost using the first-in, first-out method in the Cafeteria Fund.

#### **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. Since California Law does not require such assets to be capitalized in a separate account group, this aspect of generally accepted accounting principles is not followed by the District. However, it is in accordance with the California Community College Accounting Manual.

# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

(Continued)

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Property, Plant and Equipment (Continued)

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

Effective June 30, 1994, the District adopted Governmental Accounting Standards Board No. 16 (GASB 16), *Accounting for Compensated Absences*. Under this standard, the District recognizes the current portion of the liability in the General Fund. The remainder of the liability is reported in the General Long-Term Debt Account Group. The current portion represents the unpaid expenditures that normally would be liquidated with expendable available financial resources within the next fiscal year. At June 30, 1994, compensated absences in the amounts of \$1,373,592 and \$384,955 are recorded as liabilities in the General Fund and the General Long-term Debt Account Group, respectively.

The fund balance in the General Fund as of June 30, 1992 has been restated by \$950,000 resulting from the change in accounting method to implement GASB 16.

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, 1994 consisted of the following:

Pooled Funds:

Cash in County Treasury	\$ 12,522,167
Amounts to be provided by future deposits	(231,054)
Local Agency Investment Fund	<u>6,162,396</u>

Total pooled funds \$ 18,453,509

Deposits:

Cash on hand and in banks	\$ 2,062,691
Cash in revolving fund	<u>125,000</u>

Total cash \$ 2,187,691

Investments:

Certificates of Deposit	<u>\$ 5,396,000</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, 1994, the District's investments, with a carrying value of \$5,396,000, which is the lower of cost or market value, consist of certificates of deposit. 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.

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)

	<u>Category</u>			<u>Bank</u>	<u>Book</u>
	<u>1</u>	<u>2</u>	<u>3</u>	<u>Balance</u>	<u>Value</u>
Deposits:					
Cash on hand					
and in banks	\$ 195,885	\$ 2,864,657		\$ 3,060,542	\$ 2,062,691
Cash in revolving					
fund	60,588	45,603		106,191	125,000
Investments:					
Certificates of					
Deposit	<u>100,000</u>	<u>5,296,000</u>	<u></u>	<u>5,396,000</u>	<u>5,396,000</u>
	<u>\$ 356,473</u>	<u>\$ 8,206,260</u>	<u>\$ -</u>	<u>\$ 8,562,733</u>	<u>\$ 7,583,691</u>

### 3. ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 1994 consisted of the following:

	<u>General</u>	<u>Capital</u>	<u>Debt</u>	<u>Proprietary</u>	<u>Fiduciary</u>	<u>Total</u>
		<u>Projects</u>	<u>Service</u>	<u>Funds</u>	<u>Funds</u>	
Federal	\$ 634,492					\$ 634,492
State	2,264,553	\$ 949,808				3,214,361
Local and						
other	<u>581,550</u>	<u>67,974</u>	<u>\$ 4,711</u>	<u>\$ 531,806</u>	<u>\$ 5,059</u>	<u>\$ 1,191,100</u>
Total receiv-						
ables	<u>\$ 3,480,595</u>	<u>\$ 1,017,782</u>	<u>\$ 4,711</u>	<u>\$ 531,806</u>	<u>\$ 5,059</u>	<u>\$ 5,039,953</u>

# 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, 1994, consisted of equipment summarized as follows:

	<u>Bookstore</u>	<u>Cafeteria</u>	<u>Data Processing Center</u>	<u>Total</u>
Equipment	\$ 231,396	\$ 92,464	\$ 1,167,899	\$ 1,491,759
Less accumulated depreciation	<u>(55,217)</u>	<u>(44,934)</u>	<u>(954,037)</u>	<u>(1,054,188)</u>
Equipment, net	<u>\$ 176,179</u>	<u>\$ 47,530</u>	<u>\$ 213,862</u>	<u>\$ 437,571</u>

Depreciation expense totaled \$213,976 for the current year.

### 5. INTERFUND ACTIVITY

Interfund due from/to amounts at June 30, 1994 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>In</u>	<u>Out</u>
General Fund	\$ 1,076,736	\$ 1,112,997	\$ 198,761	\$ 2,090,846
Capital Projects Fund	813,245	85,153	665,054	214,311
Debt Service Funds			1,009,600	9,600
Proprietary Funds	308,603	1,029,724	308,603	135,072
Fiduciary Funds	<u>80,767</u>	<u>51,477</u>	<u>325,915</u>	<u>58,104</u>
	<u>\$ 2,279,351</u>	<u>\$ 2,279,351</u>	<u>\$ 2,507,933</u>	<u>\$ 2,507,933</u>

# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

(Continued)

### 6. AMOUNTS AVAILABLE AND TO BE PROVIDED FOR DEBT SERVICE

The amount available for debt service, \$12,000,163, in the General Long-Term Debt Account Group represents the net assets of the Debt Service Funds. These assets may be used for principal and interest payments on the bonded debt and post-retirement health benefits.

The amount to be provided for debt retirement, \$21,052,489, represents amounts required to be collected in the future in order to make required payments on bonded and other debt obligations.

### 7. LONG-TERM DEBT

Changes in general long-term debt for the year ended June 30, 1994, were as follows:

	<u>Balance July 1, 1993</u>	<u>Additions</u>	<u>Deductions</u>	<u>Change in Accounting Method</u>	<u>Balance June 30, 1994</u>
Revenue bonds	\$ 351,000		\$ (236,000)		\$ 115,000
Accrued compensated absences	1,297,323	\$ 113,749	(76,117)	\$ (950,000)	384,955
Capital lease obligations	306,694		(43,997)		262,697
Post-retirement health benefits obligation	<u>30,631,000</u>	<u>5,000,000</u>	<u>(3,341,000)</u>		<u>32,290,000</u>
	<u>\$32,586,017</u>	<u>\$ 5,113,749</u>	<u>\$ (3,697,114)</u>	<u>\$ (950,000)</u>	<u>\$33,052,652</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% per annum is payable. Until April 2004, bonds redeemed prior to maturity are subject to a prepayment penalty.

The annual debt service requirement for student union revenue bonds, as of June 30, 1994, are as follows:

<u>Year Ending</u> <u>June 30.</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
1995	\$ 6,000	\$ 3,270	\$ 9,270
1996	6,000	3,090	9,090
1997	7,000	2,880	9,880
1998	7,000	2,670	9,670
1999	7,000	2,460	9,460
Thereafter	<u>82,000</u>	<u>11,670</u>	<u>93,670</u>
Total	<u>\$ 115,000</u>	<u>\$ 26,040</u>	<u>\$ 141,040</u>

##### Education Center:

Revenue Bonds of \$2,800,000, 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, were paid off during fiscal year 1994. Final payment was \$236,900 including \$6,900 of interest.

**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 maintained 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>
1995	\$ 43,997
1996	43,997
1997	43,997
1998	43,997
1999	43,997
Thereafter	<u>154,986</u>
	374,971
Less amount representing interest	<u>(112,274)</u>
	<u><b>\$ 262,697</b></u>

**Operating Leases**

The District leases facilities and land with lease terms in excess of one year. The agreements do not contain purchase options. The annual lease payments are as follows:

<u>Year Ending June 30,</u>	<u>Total</u>
1995	\$ 421,971
1996	458,126
1997	297,193
1998	14,525
1999	14,525
Thereafter	<u>62,400</u>
Total lease payments	<u><b>\$ 1,268,740</b></u>

Rental expenditures for the year ended June 30, 1994 were \$407,738.

# **CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS**

(Continued)

### **7. LONG-TERM DEBT (Continued)**

#### **Post-retirement 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, 1994 totalled 447. Such payments for these retired employees totaled \$1,281,296 for fiscal year ended June 30, 1994 and were recorded as expenditures in the General Fund.

During the 1994 fiscal year the District received an unfavorable ruling in a class action lawsuit filed to establish additional health care benefits for employees who retired between July 1, 1984 and December 31, 1990. Although the District is appealing the case, backpay and related interest to be paid to the class is estimated at \$600,000 as of June 30, 1994. This estimated liability is recorded in the General Long-Term Debt Account Group as the District does not anticipate the liability will be paid from current expendable financial resources.

Additional post-retirement health benefits of \$4,400,000 have been recorded in the General Long-Term Debt Account Group as the actuarially estimated impact of the ruling on District employees hired by the District prior to July 1, 1977 and who served ten years prior to retirement.

The District funds the Accumulated Post-retirement Benefit Obligation (APBO), which is defined as the present value of the projected benefits that have already been earned. The actuarially determined APBO at July 1, 1994 was \$27,290,000 of which approximately \$15,400,000 was unfunded. The District's actual 1994 contribution was \$1,000,000. At June 30, 1994, cash, investments and interest receivable in the Post-retirement Health Benefits Debt Service Fund totaled \$11,875,482, which was designated for future payment of the obligation included in the General Long-Term Debt Account Group.

# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

(Continued)

### 8. RESERVED AND DESIGNATED FUND EQUITY

The reserved fund balances at June 30, 1994 consisted of the following:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Funds</u>	<u>Fiduciary Fund Types</u>
Reserved for investments		\$ 100,000		
Reserved for inventory	\$ 136,182			
Reserved for prepaid expenditures	729,527	34,998		
Reserved for restricted purposes	(50,928)	1,201,620		\$ 1,532,495
Reserved for debt service			\$ 124,681	
Reserved for funds of student organizations				157,167
	<u>\$ 814,781</u>	<u>\$ 1,336,618</u>	<u>\$ 124,681</u>	<u>\$ 1,689,662</u>

The designated fund balances at June 30, 1994 consisted of the following:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Funds</u>
Designated for revolving cash	\$ 125,000		
Designated for encumbrances	426,612		
Designated for 5% contingency	4,233,032		
Designated for building improvements		\$ 732,923	
Designated for retirement benefits			\$ 11,875,482
	<u>\$ 4,784,644</u>	<u>\$ 732,923</u>	<u>\$ 11,875,482</u>

### 9. EMPLOYEE RETIREMENT SYSTEMS

Qualified employees are covered under multiple-employer defined benefits 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)

### **9. 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, 1994, the District employed 1,078 certificated employees with a total annual payroll of \$42,573,388.

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 4.5 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, 1994, the District employed 1,453 classified employees with a total annual payroll of \$21,392,781.

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.

# **CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS**

(Continued)

### **9. EMPLOYEE RETIREMENT SYSTEMS (Continued)**

#### **Plan Description and Provisions (Continued)**

##### **California Public Employees Retirement System (PERS) (Continued)**

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, 1993. The significant actuarial assumptions used by STRS to compute the June 30, 1993 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 17.17 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)

### 9. 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, 1993 (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	\$ 5,528,979,958
Current employees:	
Accumulated employee contributions including allocated investment earnings	3,025,935,894
Employer-financed vested	3,651,638,419
Employer-financed nonvested	<u>226,295,643</u>
Total pension benefits obligation	12,432,849,914
Net assets available for benefits, at cost (market value is \$14,958,430,586)	<u>12,580,681,738</u>
Overfunded pension benefit obligation	<u>\$ 147,831,824</u>

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

# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 9. EMPLOYEE RETIREMENT SYSTEMS (Continued)

#### Contributions Required and Contributions Made

The District is required by statute to contribute 8.25 percent and 7.376 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.

The District contribution information for the year ended June 30, 1994 is as follows:

	<u>Number of Employees Covered</u>	<u>Total Employee Contributions</u>	<u>Total District Contributions</u>	<u>Covered Payroll</u>	<u>District contributions as a percentage of Covered Payroll</u>
STRS	745	\$ 2,610,673	\$ 2,700,582	\$ 42,794,108	6.3%
PERS	494	\$ 1,079,791	\$ 1,141,585	\$ 16,176,563	7.1%

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' 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, 1994. System-wide ten-year trend information for PERS is not yet available.

# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 9. 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>Percentage Funded</u>	<u>Unfunded Pension Benefit Obligation</u>	<u>Annual Covered Payroll</u>	<u>Unfunded Pension Benefit Obligation as a Percentage of Covered Payroll</u>
(in millions):						
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%
1993	\$ 12,580.7	\$ 12,432.9	101.2%	\$ (147.8)	\$ 4,007.5	(3.7)%

#### 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, 1994, the District's records included \$1,295,620 payable to STRS for early retirement incentives granted to terminated employees. In addition, \$170,000 was recorded as a liability at June 30, 1994 for early retirement incentives granted to terminated employees who participated in PERS.

### 10. CONTINGENT LIABILITIES

The District is subject to legal proceedings and claims which arise in the ordinary course of business. In the opinion of management, the amount of ultimate liability with respect to these actions will not materially affect the financial position or results of operations of the District.

# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

(Continued)

### 10. CONTINGENT LIABILITIES (Continued)

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.

### 11. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Excess expenditures over appropriations are as follows:

<u>Fund</u>	<u>Excess Expenditures</u>
General Fund:	
Debt Service:	
Interest	\$ 298,500

The District incurred additional costs associated with a TRANS investment which were offset by additional interest income.

### 12. JOINT POWERS AGENCIES

The District participates in the Bay Area Community College Districts Joint Powers Agency (BACCDJPA) and the Contra Costa County Schools Insurance Group (CCCSIG) for selected insurance coverages.

BACCDJPA administers a cooperative insurance program for member districts. Member districts are insured under certain liability and property insurance policies purchased by BACCDJPA.

# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

(Continued)

### 12. JOINT POWERS AGENCIES (Continued)

CCCSIG provides a cooperative program of self-insurance for workers' compensation for member districts. CCCSIG 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. Condensed financial information of the joint powers agencies as of June 30, 1993, the most current year for which audited information is available, is as follows:

	<u>BACCDJPA</u>	<u>CCCSIG</u>
Total assets	\$ 1,913,996	\$ 28,012,146
Total liabilities	\$ 1,156,000	\$ 25,361,829
Total retained earnings	\$ 757,996	\$ 2,650,317
Total revenues	\$ 1,725,302	\$ 14,848,897
Total expenses	\$ 1,384,784	\$ 10,851,184

The District also participates in the School Project for Utility Rate Reduction (SPURR). SPURR provides for the direct purchase of gas, electricity, and other utility services. SPURR also provides advisory services relative to utilities. The following is a summary of financial information for SPURR as of June 30, 1992, the date for which the most recent audited financial statements are available:

Total assets	\$ 24,765
Total liabilities	\$ 21,036
Total fund equity	\$ 3,729
Total revenues	\$ 154,998
Total expenditures	\$ 154,434

The relationship between the District and BACCDJPA, CCCSIG and SPURR is such that these joint powers agencies are not considered to be component units of the District for financial reporting purposes.

# **CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS**

(Continued)

### **13. SUBSEQUENT EVENT**

On July 1, 1994, the District issued \$9,995,000 of Tax and Revenue Anticipation Notes (TRANS) maturing on June 30, 1995, with interest at 3.65% 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, 1995. The revenues from the TRANS are deposited with the Contra Costa County Treasurer in a special trust fund established by the County, and designated the Contra Costa Community College District 1994 Tax and Revenue Anticipation Note Repayment Fund.



**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**COMBINING BALANCE SHEET**

**ALL DEBT SERVICE FUNDS**

**June 30, 1994**

	<u>Post- Retirement Health Benefits</u>	<u>Bond Interest and Redemption</u>	<u>Bond Revenue</u>	<u>Total</u>
<b>ASSETS</b>				
Cash in County Treasury	\$ 1,020,500	\$ 122,953		\$ 1,143,453
Local Agency Investment Fund	6,055,999			6,055,999
Investments	4,796,000			4,796,000
Accounts receivable	<u>2,983</u>	<u>1,728</u>		<u>4,711</u>
Total assets	<u>\$ 11,875,482</u>	<u>\$ 124,681</u>	<u>\$ -</u>	<u>\$12,000,163</u>
<b>FUND BALANCES</b>				
Fund balances:				
Reserved		\$ 124,681		\$ 124,681
Unreserved:				
Designated	<u>\$ 11,875,482</u>			<u>11,875,482</u>
Total fund balances	<u>\$ 11,875,482</u>	<u>\$ 124,681</u>	<u>\$ -</u>	<u>\$12,000,163</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, 1994**

	<b>Post- Retirement Health Benefits</b>	<b>Bond Interest and Redemption</b>	<b>Bond Revenue</b>	<b>Total</b>
<b>Revenues:</b>				
Local sources	\$ 587.183	\$ 6.137	\$ 9.600	\$ 602.920
<b>Expenditures:</b>				
Debt service:				
Principal retirement		6,000		6,000
Interest		3,630		3,630
Total expenditures		9,630		9,630
Excess (deficiency) of revenues over (under) expendi- tures	587.183	(3.493)	9.600	593.290
<b>Other financing sources (uses):</b>				
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 finan- cing sources over expenditures and other uses	1,587.183	6.107		1,593.290
Fund balances, July 1, 1993	10,288.299	118.574		10,406.873
Fund balances, June 30, 1994	<u>\$ 11,875.482</u>	<u>\$ 124.681</u>	<u>\$ -</u>	<u>\$12,000.163</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 - BUDGET AND ACTUAL**

**ALL DEBT SERVICE FUNDS**

**For the Fiscal Year Ended June 30, 1994**

	<u>Post-Retirement Health Benefits</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Local sources	\$ 475,000	\$ 587,183	\$ 112,183
Expenditures:			
Debt service:			
Principal retirement			
Interest			
Total expenditures			
Excess (deficiency) of revenues over (under) expenditures	475,000	587,183	112,183
Other financing sources (uses):			
Operating transfers in	1,000,000	1,000,000	
Operating transfers out			
Total other financing sources (uses)	1,000,000	1,000,000	
Excess of revenues and other financing sources over expenditures and other uses	1,475,000	1,587,183	\$ 112,183
Fund balances, July 1, 1993	10,288,299	10,288,299	
Fund balances, June 30, 1994	\$ 11,763,299	\$ 11,875,482	

(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, 1994**

	<u><b>Bond Interest and Redemption</b></u>		
	<u><b>Budget</b></u>	<u><b>Actual</b></u>	<u><b>Variance Favorable (Unfavorable)</b></u>
Revenues:			
Local sources	\$ <u>7,000</u>	\$ <u>6,137</u>	\$ <u>(863)</u>
Expenditures:			
Debt service:			
Principal retirement	<u>6,000</u>	<u>6,000</u>	
Interest	<u>3,720</u>	<u>3,630</u>	<u>90</u>
Total expenditures	<u>9,720</u>	<u>9,630</u>	<u>90</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,720)</u>	<u>(3,493)</u>	<u>(773)</u>
Other financing sources (uses):			
Operating transfers in	<u>9,600</u>	<u>9,600</u>	
Operating transfers out	<u></u>	<u></u>	<u></u>
Total other financing sources (uses)	<u>9,600</u>	<u>9,600</u>	<u></u>
Excess of revenues and other financing sources over expenditures and other uses	<u>6,880</u>	<u>6,107</u>	<u>\$ (773)</u>
Fund balances, July 1, 1993	<u>118,574</u>	<u>118,574</u>	
Fund balances, June 30, 1994	<u>\$ 125,454</u>	<u>\$ 124,681</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, 1994**

	<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)			
expenditures	9.600	9.600	
Other financing sources (uses):			
Operating transfers in			
Operating transfers out	(9.600)	(9.600)	
Total other financing			
sources (uses)	(9.600)	(9.600)	
Excess of revenues and			
other financing sources			
over expenditures and			
other uses			\$ -
Fund balances, July 1, 1993			
Fund balances, June 30, 1994	\$ -	\$ -	

(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, 1994**

	<u>Total</u>		<u>Variance</u>
	<u>Budget</u>	<u>Actual</u>	<u>Favorable</u>
			<u>(Unfavorable)</u>
Revenues:			
Local sources	\$ <u>491.600</u>	\$ <u>602.920</u>	\$ <u>111.320</u>
Expenditures:			
Debt service:			
Principal retirement	<u>6,000</u>	<u>6,000</u>	
Interest	<u>3.720</u>	<u>3.630</u>	<u>90</u>
Total expenditures	<u>9.720</u>	<u>9.630</u>	<u>90</u>
Excess (deficiency) of			
revenues over (under)			
expenditures	<u>481.880</u>	<u>593.290</u>	<u>111.410</u>
Other financing sources (uses):			
Operating transfers in	<u>1,009,600</u>	<u>1,009,600</u>	
Operating transfers out	<u>(9.600)</u>	<u>(9.600)</u>	
Total other financing			
sources (uses)	<u>1,000.000</u>	<u>1,000.000</u>	
Excess of revenues and			
other financing sources			
over expenditures and			
other uses	<u>1,481,880</u>	<u>1,593,290</u>	<u>\$ 111.410</u>
Fund balances, July 1, 1993	<u>10.406.873</u>	<u>10.406.873</u>	
Fund balances, June 30, 1994	<u>\$ 11.888.753</u>	<u>\$ 12.000.163</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, 1994**

<b>ASSETS</b>	<b><u>Bookstore</u></b>	<b><u>Cafeteria</u></b>	<b><u>Data Processing Center</u></b>	<b><u>Total</u></b>
Current Assets:				
Cash in County Treasury			\$ 1,142,136	\$ 1,142,136
Cash on hand and in banks	\$ <u>463,620</u>	\$ <u>104,541</u>		<u>568,161</u>
Total cash and cash equivalents	<u>463,620</u>	<u>104,541</u>	<u>1,142,136</u>	<u>1,710,297</u>
Accounts receivable	528,010	1,591	2,205	531,806
Due from other funds		308,603		308,603
Inventories	<u>1,049,623</u>	<u>38,644</u>		<u>1,088,267</u>
Total current assets	<u>2,041,253</u>	<u>453,379</u>	<u>1,144,341</u>	<u>3,638,973</u>
Property, plant and equipment, net	<u>176,179</u>	<u>47,530</u>	<u>213,862</u>	<u>437,571</u>
Total assets	<u>\$ 2,217,432</u>	<u>\$ 500,909</u>	<u>\$ 1,358,203</u>	<u>\$ 4,076,544</u>
<b>LIABILITIES AND RETAINED EARNINGS</b>				
Liabilities:				
Current liabilities:				
Accounts payable	\$ 67,119	\$ 19,114		\$ 86,233
Due to other funds	<u>463,991</u>	<u>480,247</u>	<u>\$ 85,486</u>	<u>1,029,724</u>
Total current liabilities	<u>531,110</u>	<u>499,361</u>	<u>85,486</u>	<u>1,115,957</u>
Capital lease obligations			<u>6,002</u>	<u>6,002</u>
Total liabilities	531,110	499,361	91,488	1,121,959
Retained earnings	<u>1,686,322</u>	<u>1,548</u>	<u>1,266,715</u>	<u>2,954,585</u>
Total liabilities and retained earnings	<u>\$ 2,217,432</u>	<u>\$ 500,909</u>	<u>\$ 1,358,203</u>	<u>\$ 4,076,544</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, 1994**

	<u>Bookstore</u>	<u>Cafeteria</u>	<u>Data Processing Center</u>	<u>Total</u>
Operating revenues:				
Sales	\$ 5,917,795	\$ 1,272,174		\$ 7,189,969
Contract services			\$ 1,769,218	1,769,218
Total operating revenues	<u>5,917,795</u>	<u>1,272,174</u>	<u>1,769,218</u>	<u>8,959,187</u>
Operating expenses:				
Cost of sales	4,357,755	620,921		4,978,676
Classified salaries	979,090	479,823	893,437	2,352,350
Employee benefits	274,116	125,918	234,071	634,105
Materials and supplies	101,717	97,624	146,005	345,346
Contract services and other operating expenses	197,776	91,687	359,879	649,342
Depreciation	35,083	10,758	168,135	213,976
Utilities		20,367	21,533	41,900
Total operating expenses	<u>5,945,537</u>	<u>1,447,098</u>	<u>1,823,060</u>	<u>9,215,695</u>
Operating loss	(27,742)	(174,924)	(53,842)	(256,508)
Other income	8,955	32,515	55,196	96,666
Other expenses			(3,091)	(3,091)
Loss before operating transfers	(18,787)	(142,409)	(1,737)	(162,933)
Operating transfers in		308,603		308,603
Operating transfers out	(134,362)	(710)		(135,072)
Net (loss) income	(153,149)	165,484	(1,737)	10,598
Retained earnings (accumulated deficit), July 1, 1993	<u>1,839,471</u>	<u>(163,936)</u>	<u>1,268,452</u>	<u>2,943,987</u>
Retained earnings, June 30, 1994	<u>\$ 1,686,322</u>	<u>\$ 1,548</u>	<u>\$ 1,266,715</u>	<u>\$ 2,954,585</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, 1994**

	<u>Bookstore</u>	<u>Cafeteria</u>	<u>Data Processing Center</u>	<u>Total</u>
Cash flows from operating activities:				
Net (loss) income	\$ (153,149)	\$ 165,484	\$ (1,737)	\$ 10,598
Adjustments to reconcile net operating (loss) income to net cash (used in) provided by operating activities:				
Depreciation	35,083	10,758	168,135	213,976
Changes in operating assets and liabilities:				
Decrease in accounts receivable	9,466	4,402	1,164	15,032
Increase in inventory	(54,152)	(1,387)		(55,539)
(Decrease) increase in accounts payable	<u>(30,540)</u>	<u>11,966</u>		<u>(18,574)</u>
Net cash (used in) provided by operating activities	<u>(193,292)</u>	<u>191,223</u>	<u>167,562</u>	<u>165,493</u>
Cash flows from non-capital financing activities:				
Increase in amounts due from other funds		(308,603)		(308,603)
Increase in amounts due to other funds	<u>330,369</u>	<u>208,863</u>	<u>83,790</u>	<u>623,022</u>
Net cash provided by (used in) non-capital financing activities	<u>330,369</u>	<u>(99,740)</u>	<u>83,790</u>	<u>314,419</u>
Cash flows from capital financing activities:				
Purchases of property and equipment	(17,570)	(1,804)	(178,286)	(197,660)
Capital lease payment			<u>(18,401)</u>	<u>(18,401)</u>
Net cash used in capital financing activities	<u>(17,570)</u>	<u>(1,804)</u>	<u>(196,687)</u>	<u>(216,061)</u>

(Continued)

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**COMBINING STATEMENT OF CASH FLOWS**

**ALL PROPRIETARY FUNDS**  
(Continued)

**For the Fiscal Year Ended June 30, 1994**

	<u>Bookstore</u>	<u>Cafeteria</u>	<u>Data Processing Center</u>	<u>Total</u>
Increase in cash and cash equivalents	\$ 119,507	\$ 89,679	\$ 54,665	\$ 263,851
Cash and cash equivalents, July 1, 1993	<u>344,113</u>	<u>14,862</u>	<u>1,087,471</u>	<u>1,446,446</u>
Cash and cash equivalents, June 30, 1994	<u>\$ 463,620</u>	<u>\$ 104,541</u>	<u>\$ 1,142,136</u>	<u>\$ 1,710,297</u>

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

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**COMBINING BALANCE SHEET**

**ALL FIDUCIARY FUNDS**

**June 30, 1994**

	<u>Student Financial Aid</u>	<u>Student Scholarship and Loan</u>	<u>Associated Students</u>	<u>Student Body Center Building and Operating Fund</u>	<u>Total</u>
<b>ASSETS</b>					
Cash in County Treasury				\$ 861,118	\$ 861,118
Cash on hand and in banks	\$ 11,107	\$ 172,583	\$ 428,083		611,773
Investments		485,000	15,000		500,000
Accounts receivable	214	3,526		1,319	5,059
Due from other funds	<u>28,654</u>	<u>7,860</u>	<u>31,662</u>	<u>12,591</u>	<u>80,767</u>
Total assets	<u>\$ 39,975</u>	<u>\$ 668,969</u>	<u>\$ 474,745</u>	<u>\$ 875,028</u>	<u>\$ 2,058,717</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Due to other funds	\$ 39,975	\$ 11,502			\$ 51,477
Due to student organizations			\$ 317,578		317,578
Total liabilities	<u>39,975</u>	<u>11,502</u>	<u>317,578</u>		<u>369,055</u>
Fund balances:					
Reserved		657,467	157,167	\$ 875,028	1,689,662
Total liabilities and fund balances	<u>\$ 39,975</u>	<u>\$ 668,969</u>	<u>\$ 474,745</u>	<u>\$ 875,028</u>	<u>\$ 2,058,717</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 FIDUCIARY FUNDS**

**For the Fiscal Year Ended June 30, 1994**

	<b>Student Financial Aid</b>	<b>Student Scholarship and Loan</b>	<b>Associated Students</b>	<b>Student Body Center Building and Operating Fund</b>	<b>Total</b>
<b>Revenues:</b>					
Federal sources	\$ 4,702,137				\$ 4,702,137
Local sources		\$ 178,100	\$ 117,876	\$ 31,881	327,857
Total revenues	<u>4,702,137</u>	<u>178,100</u>	<u>117,876</u>	<u>31,881</u>	<u>5,029,994</u>
<b>Expenditures:</b>					
Classified salaries			4,200		4,200
Book and supplies			97,094	122	97,216
Contract services and operating expenditures				350	350
Student financial assistance	<u>4,756,989</u>	<u>192,053</u>			<u>4,949,042</u>
Total expend- itures	<u>4,756,989</u>	<u>192,053</u>	<u>101,294</u>	<u>472</u>	<u>5,050,808</u>
(Deficiency) excess of revenues (under) over expenditures	<u>(54,852)</u>	<u>(13,953)</u>	<u>16,582</u>	<u>31,409</u>	<u>(20,814)</u>
<b>Other financing sources (uses):</b>					
Operating transfers in	100,956	31,755	14,000	179,204	325,915
Operating transfers out	<u>(46,104)</u>	<u>(12,000)</u>			<u>(58,104)</u>
Total other financing sources (uses)	<u>54,852</u>	<u>19,755</u>	<u>14,000</u>	<u>179,204</u>	<u>267,811</u>
<b>Excess of revenues and other financing sources over expenditures and other uses</b>		5,802	30,582	210,613	246,997
<b>Fund balances, July 1, 1993</b>		<u>651,665</u>	<u>126,585</u>	<u>664,415</u>	<u>1,442,665</u>
<b>Fund balances, June 30, 1994</b>	<u>\$ -</u>	<u>\$ 657,467</u>	<u>\$ 157,167</u>	<u>\$ 875,028</u>	<u>\$ 1,689,662</u>

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, 1994, and have issued our report thereon dated October 4, 1994. 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

**INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTAL INFORMATION**

(Continued)

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  
October 4, 1994

# **CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

## **ORGANIZATION**

**June 30, 1994**

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>
Ms. Maria T. Viramontes	President	December 1994
Mr. William P. Moses	Vice-President	December 1996
Mr. Eugene H. Ross	Secretary	December 1994
Mr. William M. Corey	Member	November 1996
Dr. Lee R. Winters	Member	December 1994
Mr. Troy Whitehead	Student Trustee	May 1995

### **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, 1994

		Program Entitlements			Program Revenues					
	Federal Catalog Number	Current Year Grant Authorized	Prior Year Carryover	Total Entitlements	Cash Received	Accounts Receivable	Deferred Revenue	Total Revenues	Program Expenditures	
Federal:										
Pell Grants	84.063	\$ 4,990,560		\$ 4,990,560	\$ 4,405,852			\$ 4,405,852	\$ 4,405,852	
Supplemental Education	84.007	297,220		297,220	296,285			296,285	322,201	
College Work Study Program	84.033	177,704		177,704	177,002			177,002	208,024	
Vocational and Applied Technology Education Acts:										
Title II A - State Leadership	84.048	249,927	\$ 116,566	366,493	168,005	\$ 151,329	\$ 50,589	\$ 268,745	\$ 268,745	
Title II A - Single Parent	84.048	63,730	20,327	84,057	73,860	7,240		81,100	81,105	
Title II A - Gender Equity	84.048	117,335	33,427	150,762	132,188	17,808	3,874	146,122	146,122	
Title II C - Basic Grant	84.048	475,811	11,827	487,638	411,508	51,693		463,201	473,203	
Title III B - Tech. Prep.	84.049	232,875	8,426	241,301	203,705	6,291	18,139	191,857	191,860	
Title III B - Special Programs	84.049	39,568		39,568	33,237	3,222		36,459	36,459	
FIPSE	84.116B	90,850	10,141	100,991	9,322	35,170		44,492	44,492	
Veterans Education	84.111	2,276		2,276	2,276			2,276	2,276	
Job Training Partnership Act	17.246-50	75,000		75,000		66,320		66,320	66,320	
Higher Education Act III	84.031A	535,917		535,917		295,419		295,419	295,419	
Other Federal Revenue		3,039		3,039	3,039			3,039	3,039	
Total Federal Programs		\$ 7,351,812	\$ 200,714	\$ 7,552,526	\$ 5,916,279	\$ 634,492	\$ 72,602	\$ 6,478,169	\$ 6,545,117	
State:										
Matriculation		\$ 1,337,476	\$ 23,586	\$ 1,361,062	\$ 1,361,062		\$ 54,730	\$ 1,306,332	\$ 1,306,332	
Extended Opportunity Program Services		1,021,419	11,016	1,032,435	1,032,435		22,764	1,009,671	1,009,671	
Disabled Student Program Services		841,877	1,839	843,716	843,716		37,682	806,034	806,034	
Preschool Grant		740,345		740,345	652,094		63,456	588,638	588,638	
Workability III		230,805		230,805	129,850	\$ 97,057		226,907	226,907	
Other - restricted		697,363	112,202	809,565	680,219	90,321	103,723	666,817	701,890	
Total State Programs		\$ 4,869,285	\$ 148,643	\$ 5,017,928	\$ 4,699,376	\$ 187,378	\$ 282,355	\$ 4,604,399	\$ 4,639,472	

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, 1994**

	<u><b>Reported Data</b></u>
<u><b>Categories</b></u>	
Credit full-time equivalent student (FTES):	
Weekly census	21,342
Daily census	2,994
Actual hours of attendance	2,082
Independent study/work experience	<u>223</u>
Total	<u><b>26,641</b></u>
Noncredit FTES:	
Actual hours of attendance	<u>123</u>
Gross Square Footage	<u><b>1,176,978</b></u>

See accompanying notes  
to supplemental information.

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**  
**SCHEDULE OF ANNUAL APPRENTICESHIP HOURS OF INSTRUCTION**

	<b><u>Reported Annual Hours</u></b>
Reporting periods	
July 1 - December 31, 1993	26,667
January 1 - April 15, 1994	-
April 16 - June 30, 1994	<u>26,898</u>
Total	<u><u>53,565</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, 1994**

	<u>General</u>	<u>Capital Projects Fund</u>	<u>Bookstore Fund</u>	<u>Data Processing Fund</u>	<u>Associated Students Fund</u>
June 30, 1994 Annual Financial and Budget Report (Form CCFS- 311) Fund Balances/ Retained Earnings	\$ 6,411,995	\$ 1,526,178	\$ 1,734,164	\$ 1,238,163	\$ 162,024
Adjustments resulting in increase (decrease) in fund balance/ retained earnings:					
Increase in cash in County Treasury		547,280			
(Decrease) increase in accounts receivable	(902,570)	4,852	(47,842)		
Increase in prepaid expenditures		11,000			
Increase in fixed assets				178,286	
Increase in accumulated depreciation				(168,135)	
Increase in due to other funds		(19,769)			
Decrease in lease obligations				18,401	
Decrease in temporary loans	90,000				
Increase in due to student organization					(4,857)
Net adjustments	<u>(812,570)</u>	<u>543,363</u>	<u>(47,842)</u>	<u>28,552</u>	<u>(4,857)</u>
June 30, 1994 Audited Financial Statements Fund Balances/ Retained Earnings	<u>\$ 5,599,425</u>	<u>\$ 2,069,541</u>	<u>\$ 1,686,322</u>	<u>\$ 1,266,715</u>	<u>\$ 157,167</u>

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, 1994**

**Pell Grant Program**

Student Grants	\$ 4,381,417
Administrative Cost Allowance	<u>24,435</u>
	<u><u>\$ 4,405,852</u></u>

**Supplemental Educational Opportunity  
Grant Program**

Student Grants	\$ 300,532
Administrative Cost Allowance	<u>21,669</u>
	<u><u>\$ 322,201</u></u>

**College Work-Study Program**

Student Wages	\$ 204,626
Administrative Cost Allowance	<u>3,398</u>
	<u><u>\$ 208,024</u></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 may 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, 1994.

#### **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.

# **CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

## **NOTES TO SUPPLEMENTAL INFORMATION**

(Continued)

### **1. PURPOSE OF SCHEDULES (Continued)**

#### **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**

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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, 1994, and have issued our report thereon dated October 4, 1994. We have also audited the District's compliance with requirements applicable to major Federal financial assistance programs and have issued our report thereon dated October 4, 1994.

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 audit for the year ended June 30, 1994, we considered the District's internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion 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 that 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**

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(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.

**INDEPENDENT AUDITOR'S COMBINED REPORT  
ON INTERNAL CONTROL STRUCTURE**

(Continued)

During the year ended June 30, 1994, the District expended 83% percent of its total Federal financial assistance under major Federal financial assistance programs.

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, the 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  
October 4, 1994

## **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, 1994, and have issued our report thereon dated October 4, 1994. 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 May, 1994 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 need 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 appropriations limits annually and such calculations are supported by the amounts reported in the District's CCFS-311 and CCFS-320.
10. The filing date for the Matriculation Progress and Expenditure Report is October 21, 1994. We were unable to review and test the District's compliance relating to Matriculation, as the report was completed and filed subsequent to the completion of our field work.

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 educational 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 days was not included.
  - For apprenticeship positive attendance, the number of days and number of scheduled hours was not included.
- The salary for one EOPS director was paid with EOPS program funds.

## **INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE REQUIREMENTS**

(Continued)

- 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.
- Two EOPS college directors did not allocate 100 percent of their time to EOPS program activities and an exemption/waiver was not obtained. The exemption/waiver has been applied for, but as of the date of this report, not yet received.

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.



Certified Public Accountants

Sacramento, California  
October 4, 1994

**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, 1994, and have issued our report thereon dated October 4, 1994.

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 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 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 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  
October 4, 1994

**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, 1994, and have issued our report thereon dated October 4, 1994.

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, 1994:

- 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, except as described in the Findings and Recommendations section 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.

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

(Continued)

This report is intended for the information of the Board of Trustees, management, the 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  
October 4, 1994



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

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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, 1994, and have issued our report thereon dated October 4, 1994.

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 each of its major Federal financial assistance programs, which are identified in the accompanying schedule of Federal financial assistance, for the year ended June 30, 1994. 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 each of its major Federal financial assistance programs for the year ended June 30, 1994, except as described in the Findings and Recommendations section of this report.

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

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(Continued)

This report is intended for the information of the Board of Trustees, management, the 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  
October 4, 1994

**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, 1994, and have issued our report thereon dated October 4, 1994.

In connection with our audit of the 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, 1994.

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 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, the 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  
October 4, 1994

## **FINDINGS AND RECOMMENDATIONS**

# **CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

## **FINDINGS AND RECOMMENDATIONS**

**For the Year Ended June 30, 1994**

The findings and recommendations included in the management letter on pages 77 through 87 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. CASH MANAGEMENT**

#### Finding

Clearing account deposits totaling \$876,062 were held in a non-interest bearing bank account at year end. College departments had not prepared cash reports on a timely basis to allow the District to record the cash receipts in the correct subfund within the County Treasurer.

#### Recommendation

We recommend that the colleges complete and submit their cash reports on a weekly basis to allow for the timely transfer of funds to the County Treasury. The electronic data processing system should also be revised to properly classify clearing account deposits on the General Ledger.

### **2. DEFERRED REVENUE**

#### Finding

As of June 30, 1994, the Deferred Revenue account in the General Fund included amounts which could not be recognized as future revenue as the expiration dates for the associated grants had passed.

#### Recommendation

The deferred revenue account should be periodically reviewed to ensure that revenues are recognized in a timely manner and to minimize the potential loss of categorical funds.

# **CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

## **FINDINGS AND RECOMMENDATIONS**

(Continued)

**For the Year Ended June 30, 1994**

### **3. BOOKSTORE**

#### Finding

We were unable to verify the cash on hand at June 30, 1994 for Diablo Valley College. The College had not maintained a copy or other record of a cash count or reconciliation for cash on hand at year end.

#### Recommendation

We recommend that the college maintain support for the performance of cash counts and that the District maintain a copy of the cash count sheets for cash on hand.

#### Finding

The College bookstores do not maintain a detailed or aged list of receivables. The only available support is a file of vendor credits maintained at the District Office. The file contained several credits over a year old and credits from vendors that the District no longer does business with.

#### Recommendation

We recommend that the District continue with its new procedure to return credits to the vendors for cash. We also recommend that a detailed aging of the existing credits be developed, reconciled to the general ledger, and reviewed by management to ensure the propriety of the balance at each year end.

### **4. ACCOUNTS RECEIVABLE**

#### Finding

During our review of accounts receivable in the Capital Projects and General funds, we noted balances that were over a year delinquent with no effort to attempt collection.

# **CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

## **FINDINGS AND RECOMMENDATIONS**

(Continued)

**For the Year Ended June 30, 1994**

### **4. ACCOUNTS RECEIVABLE (Continued)**

#### Recommendation

The District should establish a subsidiary ledger of accounts receivable. The subsidiary ledger should specifically identify each item and the total should be reconciled to the General Ledger on a monthly basis. Management should review accounts for collectibility prior to each financial reporting period to ensure the accuracy of the District's financial position as reported to the Board of Trustees.

#### Finding

During our review of General Ledger accounts, we noted that certain due to/due from accounts were inappropriately classified as accounts receivable. These intradistrict receivables and payables were reclassified for financial statement purposes.

#### Recommendation

Intradistrict receivables and payables should be closed into Due To/Due From accounts to prevent the overstatement of receivables and payables on the balance sheets of the District's funds. The District should also periodically review the propriety of the intradistrict receivables and adjust the receivables or related payables to ensure the accuracy of accounts.

### **5. ASSOCIATED STUDENTS**

#### Finding

As noted in the prior year, deposits at the Los Medanos College are maintained in the Accounting Manager's locked drawer and the office is locked with limited access. However, the Accounting Manager has sole access to the funds. In addition, the checks are not restrictively endorsed until they are submitted to the cashier.

# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

## FINDINGS AND RECOMMENDATIONS

(Continued)

For the Year Ended June 30, 1994

### 5. ASSOCIATED STUDENTS (Continued)

#### Recommendation

Due to the limited staffing, dual custody of deposits may not be practical. However, internal controls could be enhanced if all checks received by the Accounting Manager were immediately restrictively endorsed "For Deposit Only".

#### Finding

As noted in the prior year, student body cards at Contra Costa College are not prenumbered and a log (inventory) of blank cards is not maintained. Currently, there are no reconciliations between recorded sales, deposits or the number of cards issued.

#### Recommendation

We recommend that an inventory of blank cards be performed and reconciled to a log of cards sold on a periodic basis. A log of cards sold should be created and should include the student name and number for each card sold.

### 6. FEDERAL COMPLIANCE

#### Finding

New compliance requirements for the Education Department General Administrative Regulations (EDGAR) require that equipment purchased with federal funds of major programs shall be monitored as follows:

- Property records maintained for each item of equipment.
- A physical inventory of equipment taken and reconciled to property records.
- A control system in place to insure adequate safeguards to prevent loss, theft or damage of equipment.

Our review noted that there were no property records maintained for equipment purchased with VATEA funds.



# **CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

## **FINDINGS AND RECOMMENDATIONS** (Continued)

**For the Year Ended June 30, 1994**

### **6. FEDERAL COMPLIANCE (Continued)**

#### Recommendation

In order to be in adherence with the compliance requirement, the District should establish property records and associated controls for equipment purchased with major program funding.

### **7. GENERAL FIXED ASSET ACCOUNT GROUP**

#### Finding

As noted in the prior year, the District does not maintain 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 in connection with our audit of the general purpose financial statements of the Contra Costa Community College District (the "District") for the year ended June 30, 1994, we considered the internal control structure to determine our auditing procedures for the purpose of expressing an 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 selected State and Federal 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**

- 1) Expenditures 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. Currently, administrators at each site are responsible for reviewing budget availability and no review is performed at the District office. We noted unfavorable budget variances within individual program funds and on a consolidated basis for the Capital Outlay fund.

As recommended in our prior year report, the District office should verify that each purchase order is coded with the proper account number and that sufficient funds have been appropriated in the budget. In addition, we recommend the Internal Auditor examine, at each site, the effectiveness of the review and approval procedures for requisitions and purchase orders.

**REPORTABLE CONDITIONS (Continued)**

- 2) As stated in our prior year report, registration fees can be refunded to students before the District has constructive receipt of the fees. Although amounts greater than \$100 are refunded by check, a waiting period should be established to allow student funds to clear the District's bank before refunds are processed.

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. Although some improvement from the previous year was noted in the District's accounting procedures, many of these matters were discussed in the prior year. The accompanying memorandum summarizes our observations and recommendations.

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.

We would be pleased to discuss these observations and recommendations in greater detail at your convenience. In addition, we will be available to assist you in the implementation of 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.

*Perry-Smith & Co.*

Certified Public Accountants

Sacramento, California  
July 7, 1994

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

## **FEDERAL COMPLIANCE**

### **Drug-Free Workplace**

The District has instituted a drug-free workplace policy. However, the following are noted exceptions to that policy:

- The District has not obtained a signed certification with the U.S. Department of Education of a drug-free workplace.
- The policy does not include information on available drug counseling, rehabilitation, and employee assistance programs.

To adhere with Federal guidelines for a drug-free workplace, the above items should be corrected and incorporated into the District's policy.

## **STATE COMPLIANCE**

### **EOPS**

EOPS directors for Diablo Valley and Los Medanos colleges continue to be paid with EOPS State allocated funds. State Compliance guidelines require the salary and benefits for EOPS directors to be funded from unrestricted general funding.

State compliance requirements indicate EOPS directors must devote 100 percent of their time to EOPS related activities unless a waiver is obtained. The District has submitted a waiver request for all EOPS directors. However, only Los Medanos Community College has received an approved waiver from the Chancellor's office.

### **Allocation of Costs**

The colleges have not documented the method for allocating the time of multi-funded employees to EOPS and DSPS. Additionally, the personnel files for employees charged to these programs do not include authorization forms indicating allocation percentages.

## **STATE COMPLIANCE (Continued)**

### **Allocation of Costs (Continued)**

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

## **CASH DISBURSEMENTS**

Our review of the cash disbursements system noted the following items:

- Currently capital outlay items and the related maintenance contracts can be processed and approved through the use of Confirming Requisitions. Duplicate payments could be processed if the Confirming Requisition did not reference the open purchase order number.

We recommend purchase orders be used for all capital outlay expenditures including capital acquisitions and related maintenance agreements. Confirming Requisitions charged to capital outlay accounts should not be processed without a purchase order number.

- Blank warrants have not been inventoried and are not logged as they are received or used.

The District should perform a blank warrant inventory and implement a log of warrant usage. Periodic inventories should then be performed to ensure the accountability for blank warrants.

- Keys to the check signing machine are held in the Data Processing Center where the data entry for payables is performed. This enables data entry, warrant printing, and check signing functions to be performed without independent review.

Data entry personnel should not have access to the check signing machine.

## **CASH DISBURSEMENTS (Continued)**

- The check signing machine does not have a counter and is used under single custody.

A count of warrants is essential to detect unauthorized use of the check signing machine. To reduce the risk of unauthorized use, the check signing machine should be used only under dual custody.

## **ATTENDANCE**

Our review of internal controls and compliance procedures over the attendance system noted the following:

- Students may register for the following semester and ultimately receive grades for those classes even if they are notified of a formal dismissal by the college. Holds placed on the system for student dismissal only effect future registration action and not registration information or grade reports currently entered to the system.

We recommend that Data Processing department modify the hold status on the system to prevent including dismissed students on the census reports.

- The required data element "Number of Days" was not present on the positive attendance tabulation document "Detail Apportionment Listings".

Additionally, the following required data elements were not properly presented on the Apprenticeship positive attendance tabulation document "Detail Apportionment Listing":

- Number of days that the class is scheduled to meet,
- Number of scheduled hours.

All required data elements should be appropriately included on the tabulation documents to ensure compliance with State guidelines.

## **ATTENDANCE (Continued)**

- Currently, students are permitted to enroll in short term classes after the class census date. Consequently, these students are not included in the CCFS-320, possibly understating revenue to the District.

Classes and related enrollment dates should be scheduled to ensure that enrollment occurs before the first census date to maximize revenue to the District. Enrollment exceptions after the census dates for short term classes should require management authorization.

- Our testing identified the potential for students, who had withdrawn from a positive attendance class to be inappropriately included on the attendance register at the census date. For positive attendance classes, apportionment attendance is based on total actual hours at the end of the term. Consequently, apportionment attendance was not affected; however, reports used during the term for trend analysis were incorrect.

We recommend that drops be submitted in a timely manner. In addition, positive attendance registers should be completed to indicate attendance was taken at each meeting. Implementation of these recommendations will ensure compliance with State guidelines, and provide more accurate information for financial analysis, determination of enrollment status for financial aid, fee refunds, and progress probation.

- Diablo Valley College and Los Medanos College are not obtaining and maintaining the signed first census reports from all instructors. Instructors are only required to return the census reports if they wish to initiate changes, i.e., drops/withdrawals. As a result, Diablo Valley College and Los Medanos College are not in compliance with State attendance reporting requirements.

The Admissions and Records department should obtain and maintain the first census rosters, signed by the respective instructors, to provide an appropriate audit trail for the calculation of apportionment revenue.

## **ATTENDANCE (Continued)**

- It is possible to circumvent the controls related to the collection of enrollment fees. Currently, the system is designed to prevent the registration clerks from exiting the registration screen without entering the method of payment for fees. The method of payment must be entered to update the report of fees collected that is reconciled to cash on a daily basis by the cashiers. However, the registration screen can be exited before entering the method of payment by turning the computer off. If this occurs, the following can happen:
  - A student can be enrolled without fee payment.
  - The enrollment will not appear on the report of fees collected.
  - The cash shortage will not be detected by the cashiers.

A report of enrollment without fees, similar to the RG42 for phone registration, should be designed by the Data Processing department and reviewed regularly for in-person registration.

## **CASH RECEIPTS**

The following are items noted during our review of internal controls over the cash receipts system.

- A cash receipts log has not been implemented to ensure that all checks received in the District office have been properly deposited.

We recommend that all funds received should be recorded in a cash receipts log. The log should be reconciled to each deposit and the date of the deposit should be documented.

- The Accounts Receivable Transaction List used to enter new accounts and payments against existing accounts 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 and payments were properly entered into the system.



## **CASH RECEIPTS (Continued)**

- Adjusting journal entries for registration fees and bookstore sales are not reviewed after they are entered by Data Processing.

The District should implement a review procedure to ensure the accuracy of data entry. For example, the accounting department could include hash totals on the Excel spreadsheets currently used to detail journal entries. The Data Processing department would then need to enter hash totals into the system to provide comparative numbers for the detection of errors.

- The classified employee at the Center for Higher Education does not review the staff's process of balancing the cash register at the end of the day.

We recommend that the Diablo Valley College Bookstore Manager or District Internal Auditor periodically review the balancing of the cash register prior to preparing the "Daily Sales and Cash Report" to ensure the accuracy of the reconciliation.

## **BOOKSTORE/CAFETERIA - CASH DISBURSEMENTS**

The following were noted during our testing of Bookstore/Cafeteria cash disbursements:

- An invoice was coded to one account instead of split between accounts as listed on the Confirming Requisition.
- One Confirming Requisition did not include an amount and the description did not agree to the invoice paid.
- Three invoices did not indicate evidence of receipt of goods or services.

## **PAYROLL/PERSONNEL**

Our review of payroll expenditures noted that documentation in files did not consistently include updated requisitions indicating employee current classifications.

## **PAYROLL/PERSONNEL (Continued)**

We recommend the District evaluate the potential integration of personnel information into centralized personnel files. A system of internal controls should be established to ensure:

- Personnel information is complete and accurate.
- Evaluations are performed on a timely basis.
- Segregation of duties exists between payroll and personnel functions.
- Legal employment requirements are consistently monitored and documented.

## **ELECTRONIC DATA PROCESSING (EDP)**

As noted in our prior year report, 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 system to provide timely information. Development of effective reporting and efficient internal controls over disbursements, payroll, and financial reporting is dependent upon the implementation of a system that meets the District's immediate and long 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.

Our review of the District's EDP department indicated that our prior year findings were still applicable. The following is an update to our prior year review.

- Programmers can initiate, compile, and load software program changes into production.

Software program changes should be performed by someone other than the original programmer to prevent unauthorized program changes from being placed into production. The Director of the EDP department indicated that the implementation of these procedures is limited due to staff size and that he is involved with reviewing program modifications for accuracy.

## **ELECTRONIC DATA PROCESSING (EDP) (Continued)**

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

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 changed quarterly.
- Appropriate managers should be periodically provided with a list of personnel under their control who have access to the computer. This list should be reviewed and signed by the appropriate manager and returned to the EDP department. A complete review would identify terminated employees to be removed, and any corrections of access levels.
- As part of the exit conference with terminated employees, the Personnel department should request the EDP department to remove the terminated employee's password access.

This process will ensure that system access codes are deleted in a timely manner and prevent unauthorized access to the system.

- Password controls should be periodically audited by the District internal auditor.
- The District EDP department has not formalized an administrative micro-computer policy outlining purchasing parameters and user guidelines. In addition, a recent inventory of administrative and instructional micro-computers has not been performed.

District-wide written policies should be developed with standards for administrative and instructional use regarding the following:

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

## **ELECTRONIC DATA PROCESSING (EDP) (Continued)**

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 EDP department.

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

The District should develop a contingency plan that details emergency procedures in the event a hardware or software disaster occurs. The following items should be considered when developing the plan:

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

As the District continues its development and implementation of plans and procedures for the EDP department, we recommend the District consider the items specifically addressed above.

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**  
**STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS**  
**For the Year Ended June 30, 1994**

**1. EOPS ADMINISTRATOR/DIRECTOR REQUIREMENTS**

Finding

State compliance requirements indicate 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.

Current Status

See current year findings and recommendations.

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.

Current Status

Not implemented. Comment repeated.

## **CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

### **STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS** (Continued)

**June 30, 1994**

#### **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.

##### 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.

##### Current Status

See current year findings and recommendations.

#### **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.

##### Current Status

The filing date for the Matriculation Progress and Expenditure Report is October 21, 1994. We were unable to review supporting documentation to determine the current status of this finding as information had not been prepared.

## **CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

### **STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS** (Continued)

**June 30, 1994**

#### **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.

##### Current Status

Revenues and expenditures were properly recorded during fiscal year 1994.

#### **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.

##### Current Status

See current year findings and recommendations.

## **CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

### **STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS (Continued)**

**June 30, 1994**

#### **5. CASH MANAGEMENT (Continued)**

##### **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.

##### **Current Status**

Implemented.

#### **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 do 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.

##### **Current Status**

See current year findings and recommendations.



## **CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

### **STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS (Continued)**

**June 30, 1994**

#### **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.

##### Current Status

See current year findings and recommendations.

##### 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.

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**  
**STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS**  
(Continued)

**June 30, 1994**

**7. MANAGEMENT INFORMATION SYSTEMS (MIS) (Continued)**

Recommendation (Continued)

- 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.

Current Status

See current year findings and recommendations

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.

Current Status

See current year findings and recommendations.

## **CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

### **STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS** (Continued)

**June 30, 1994**

#### **7. MANAGEMENT INFORMATION SYSTEMS (MIS) (Continued)**

##### 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.

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.

##### Current Status

See current year findings and recommendations.

#### **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.

## CONTRA COSTA COMMUNITY COLLEGE DISTRICT

### STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS (Continued)

June 30, 1994

#### 8. GENERAL FIXED ASSET ACCOUNT GROUP (Continued)

##### 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.

##### Current Status

See current year findings and recommendations.

#### 9. SEGREGATION OF DUTIES - DISTRICT BUSINESS OFFICE

##### Finding

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.

##### Recommendation

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.

##### Current Status

Implemented.

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**  
**STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS**  
(Continued)

**June 30, 1994**

**10. CASH DISBURSEMENTS**

Finding

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.

Recommendation

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.

Current Status

See current year findings and recommendations.

**11. BUDGETARY PROCESS**

Finding

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.

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**  
**STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS**  
(Continued)

**June 30, 1994**

**11. BUDGETARY PROCESS (Continued)**

Recommendation

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

Current Status

Implemented.

**12. CASH ACCOUNT RECONCILIATIONS**

Finding

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.

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**  
**STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS**  
(Continued)

**June 30, 1994**

**12. CASH ACCOUNT RECONCILIATIONS (Continued)**

Recommendation

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.

Current Status

Implemented.

**13. ATTENDANCE**

Finding

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.
- 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).

## **CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

### **STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS** (Continued)

**June 30, 1994**

#### **13. ATTENDANCE (Continued)**

##### Recommendation

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.

##### Current Status

Implemented.

#### **14. BOOKSTORE**

##### Finding

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.



## **CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

### **STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS** (Continued)

**June 30, 1994**

#### **14. BOOKSTORE (Continued)**

##### Recommendation

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.

##### Current Status

Implemented.

#### **15. CASH DISBURSEMENTS**

##### Finding

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.

## **CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

### **STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS** (Continued)

**June 30, 1994**

#### **15. CASH DISBURSEMENTS (Continued)**

##### **Recommendation**

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.

##### **Current Status**

Procedural changes were implemented. See current year findings and recommendations.

##### **Finding**

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.

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS**  
(Continued)

**June 30, 1994**

**15. CASH DISBURSEMENTS (Continued)**

Recommendation

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.

Current Status

Procedural changes were implemented. See current year findings and recommendations.

Finding

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.

Recommendation

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

Current Status

Implemented.

Finding

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.

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS**

(Continued)

**June 30, 1994**

**15. CASH DISBURSEMENTS (Continued)**

**Recommendation**

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.

**Current Status**

See current year findings and recommendations.

**Finding**

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

**Recommendation**

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.

**Current Status**

See current year findings and recommendations.

**Finding**

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.

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS**

(Continued)

**June 30, 1994**

**15. CASH DISBURSEMENTS (Continued)**

Recommendation

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.

Current Status

See current year findings and recommendations.

**16. CASH RECEIPTS**

Finding

During our internal control review of the District office cash receipts system, we noted that checks are not restrictively endorsed upon receipt. Some checks remain unendorsed for up to five days.

Recommendation

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.

Current Status

Implemented.

Finding

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

## CONTRA COSTA COMMUNITY COLLEGE DISTRICT

### STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS (Continued)

June 30, 1994

#### 16. CASH RECEIPTS (Continued)

##### Recommendation

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.

##### Current Status

See current year findings and recommendations.

##### Finding

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.

##### Recommendation

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.

##### Current Status

Implemented.

##### Finding

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.

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS**  
(Continued)

**June 30, 1994**

**16. CASH RECEIPTS (Continued)**

**Recommendation**

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.

**Current Status**

See current year findings and recommendations.

**Finding**

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.

**Recommendation**

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.

**Current Status**

Implemented.

**Finding**

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.

**Recommendation**

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

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS**  
(Continued)

**June 30, 1994**

**16. CASH RECEIPTS (Continued)**

Current Status

See current year findings and recommendations.

Finding

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

Recommendation

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).

Current Status

See current year findings and recommendations.

**17. PAYROLL**

Finding

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

Recommendation

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

Current Status

See current year findings and recommendations.



**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS**  
(Continued)

**June 30, 1994**

**17. PAYROLL (Continued)**

Finding

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.

Recommendation

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.

Current Status

Implemented.

Finding

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

Recommendation

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.

Current Status

Implemented.

## CONTRA COSTA COMMUNITY COLLEGE DISTRICT

### STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS (Continued)

June 30, 1994

#### 18. BOOKSTORE

##### Finding

During our evaluation of the internal controls for the campus bookstores, we noted that 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.

##### Recommendation

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

##### Current Status

Implemented.

##### Finding

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

##### Recommendation

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.

##### Current Status

Implemented.

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS**  
(Continued)

**June 30, 1994**

**18. BOOKSTORE (Continued)**

**Finding**

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

**Recommendation**

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

**Current Status**

Implemented.

**Finding**

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

**Recommendation**

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

**Current Status**

Implemented.

**Finding**

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.

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**  
**STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS**  
(Continued)

**June 30, 1994**

**18. BOOKSTORE (Continued)**

**Recommendation**

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.

**Current Status**

See current year findings and recommendations.

**19. ASSOCIATED STUDENTS**

The following observations resulted from our review of Associated Students:

**Finding**

**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.

**Recommendation**

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

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**  
**STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS**  
(Continued)

**June 30, 1994**

**19. ASSOCIATED STUDENTS (Continued)**

Finding

**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.

Recommendation

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.

Current Status

See current year findings and recommendations.

Finding

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.

Recommendation

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.
- 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.

## **CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

### **STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS (Continued)**

**June 30, 1994**

#### **19. ASSOCIATED STUDENTS (Continued)**

##### Recommendation (Continued)

- 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.

##### Current Status

See current year findings and recommendations.

#### **20. ATTENDANCE RECORDS**

##### Finding

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.

## **CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

### **STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS (Continued)**

**June 30, 1994**

#### **20. ATTENDANCE RECORDS (Continued)**

##### Finding (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.
  - 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.

##### Recommendation

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.

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).

##### Current Status

See current year findings and recommendations.

#### **21. INTERNAL AUDITOR**

##### Finding

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.

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**  
**STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS**  
(Continued)

**June 30, 1994**

**21. INTERNAL AUDITOR (Continued)**

**Recommendation**

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.

**Current Status**

Implemented.

**22. 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.

**Current Status**

The implementation of this finding is not considered cost-effective at this time.



## **CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

### **STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS (Continued)**

**June 30, 1994**

#### **23. COMPUTER RESOURCES**

##### **Finding**

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.

##### **Recommendation**

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.

##### **Current Status**

See current year findings and recommendations.