

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**FINANCIAL STATEMENTS  
WITH SUPPLEMENTAL INFORMATION**

**For the Year Ended June 30, 1995**

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**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**FINANCIAL STATEMENTS  
WITH SUPPLEMENTAL INFORMATION**

**For the Year Ended June 30, 1995**

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**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**FINANCIAL STATEMENTS  
WITH SUPPLEMENTAL INFORMATION**

**For the Year Ended June 30, 1995**

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CONTRA COSTA COMMUNITY COLLEGE DISTRICT

**Governing Board**

William P. Moses, President  
Eugene H. Ross, Vice President  
William M. Corey, Secretary  
John T. Nejedly  
David N. MacDiarmid

**Chancellor**

Robert D. Jensen

Contra Costa College  
Diablo Valley College  
Los Medanos College

**December 13, 1995**

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

**Re: Annual Financial Report for the 1994-95 Fiscal Year**

**Dear Board Members:**

The comprehensive annual financial report for the fiscal year ending June 30, 1995 is hereby submitted. The audit is a summation of financial activity, District fund status, and a professional review of systems and procedures to conduct business of the District.

During the 1994-95 fiscal year, the State Chancellor's Office responded to a diminished revenue base for support of community colleges through the decrease of funded FULL TIME EQUIVALENT STUDENT (FTES) statewide. For Contra Costa Community College District, funded FTES was 25,907 compared to 26,104 in 1993-94. FTES goals were established in cooperation with each college to assure course planning to earn maximum available State funding, to encourage planning to best meet the needs of students pursuing advanced college degrees, and for vocational and training programs. For 1994-95, the District achieved its FTES goals and was able to provide programs and services within approved expenditure budget allowances. The District was also able to maintain a contingency reserve of five percent of unrestricted general fund expenditures. The personal commitment of the Governing Board and the active involvement of college presidents and staff have placed the District in a good financial position to meet the educational challenges and financial uncertainties over the next few years.

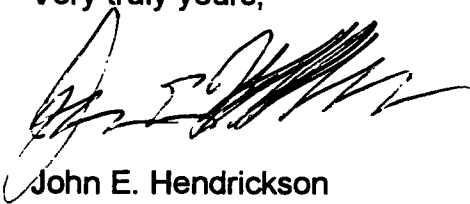
The audit report continues past recommendations to replace or to significantly improve the automated systems and staff procedures for personnel allocation and expenditure controls. Review of automated systems shows that a viable system that would totally meet desired goal for an integrated student, human resource, payroll and finance system cannot be procured within current funds available. The interim alternatives for use of the existing K-12 Finance System or other system choices are currently being explored. A report on this issue will be made to the Governing Board in the 1995-96 fiscal year.

Honorable Governing Board  
Contra Costa Community College District  
December 13, 1995

Similar to the need for an improved finance system, the District is addressing student, course and faculty assignment procedures to better address State Chancellor objectives for reliable MIS information in these areas.

The District was able to maintain most student program and instructional services during the 1994-95 fiscal year despite inflationary cost increases and a stagnant revenue source. However, critical needs to address information systems, building and outdoor facility needs, and delivering technology to the classroom and for administrative improvements have remained wanting in light of our priority to maintain student programs. The ability of the District to be a viable, long-term community resource will depend on our continued efforts to meet both current needs as well as develop a financial plan for necessary future facility, technology, and information system requirements.

Very truly yours,

A handwritten signature in black ink, appearing to read "John E. Hendrickson".

John E. Hendrickson  
Vice Chancellor, Business Services

A handwritten signature in black ink, appearing to read "Jack Miyamoto".

Jack Miyamoto  
Interim Chancellor

## **INTRODUCTION**

The District's 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, 1995, 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 Account 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 Account Group and related footnote disclosures at June 30, 1995.

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, 1995, 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, except for the effects of such adjustments as might have been determined to be necessary had we been able to audit fixed asset records, are fairly stated in all material respects when considered in relation to the general purpose financial statements taken as a whole.

*Perry-Smith & Co.*

Certified Public Accountants

Sacramento, California  
November 22, 1995





**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS**

**June 30, 1995**

	Governmental Fund Types					Account Groups		Total (Memorandum Only)
	General	Capital Projects	Debt Service	Proprietary Funds	Fiduciary Funds	General Fixed Assets	General Long-Term Debt	
ASSETS								
Cash and cash equivalents:								
In County Treasury	\$ 6,768,409	\$ 217,159	\$ 140,132	\$ 1,101,135	\$ 971,494			\$ 9,198,329
On hand and in banks	1,052,512			476,526	720,375			2,249,413
Revolving fund	125,000							125,000
Local Agency Investment Fund	<u>350,387</u>		<u>2,441,355</u>					<u>2,791,742</u>
Total cash and cash equivalents	<u>8,296,308</u>	<u>217,159</u>	<u>2,581,487</u>	<u>1,577,661</u>	<u>1,691,869</u>			<u>14,364,484</u>
Investments		100,000	9,811,928		500,000			10,411,928
Accounts receivable	6,244,757	3,766,605	462,853	427,089	160,149			11,061,453
Due from other funds	885,258	1,034,492	27,056	281,578	40,931			2,269,315
Inventories	151,457			1,115,937				1,267,394
Prepaid expenditures	672,022	23,997						696,019
Property, plant and equipment, net				518,063		\$ 140,199,474		140,717,537
Amount available in the Debt Service Funds							\$ 12,846,315	12,846,315
Amount to be provided in future years for retirement of general long-term debt obligations							<u>20,049,730</u>	<u>20,049,730</u>
Total assets	<u>\$ 16,249,802</u>	<u>\$ 5,142,253</u>	<u>\$ 12,883,324</u>	<u>\$ 3,920,328</u>	<u>\$ 2,392,949</u>	<u>\$ 140,199,474</u>	<u>\$ 32,896,045</u>	<u>\$ 213,684,175</u>

(Continued)

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

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

**June 30, 1995**

	<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 AND OTHER CREDITS</b>								
Liabilities:								
Amounts to be provided by future deposits		\$ 2,665,096	\$ 6,656		\$ 50,327			\$ 2,722,079
Accounts payable	\$ 1,063,473	114,863		\$ 123,566				1,301,902
Accrued liabilities	1,086,846							1,086,846
Deferred revenue	3,181,775				3,654			3,185,429
Due to other funds	1,120,659	260,164	30,353	697,756	160,383			2,269,315
Due to student organizations					357,857			357,857
Revenue bonds							\$ 109,000	109,000
Accrued compensated absences	2,066,589							2,066,589
Capital lease obligations				63,625			497,045	560,670
Post-retirement health benefits obligation							32,290,000	32,290,000
<b>Total liabilities</b>	<b>8,519,342</b>	<b>3,040,123</b>	<b>37,009</b>	<b>884,947</b>	<b>572,221</b>		<b>32,896,045</b>	<b>45,949,687</b>
Fund equity and other credits:								
Investment in general fixed assets						\$ 140,199,474		140,199,474
Fund balances:								
Reserved	772,554	576,836	129,658		1,820,728			3,299,776
Unreserved:								
Designated	6,957,906	1,525,294	12,716,657					21,199,857
Retained earnings				3,035,381				3,035,381
<b>Total fund equity and other credits</b>	<b>7,730,460</b>	<b>2,102,130</b>	<b>12,846,315</b>	<b>3,035,381</b>	<b>1,820,728</b>	<b>\$ 140,199,474</b>		<b>167,734,488</b>
<b>Total liabilities and fund equity and other credits</b>	<b>\$ 16,249,802</b>	<b>\$ 5,142,253</b>	<b>\$ 12,883,324</b>	<b>\$ 3,920,328</b>	<b>\$ 2,392,949</b>	<b>\$ 140,199,474</b>	<b>\$ 32,896,045</b>	<b>\$ 213,684,175</b>

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 EXPENDABLE TRUST FUNDS**

For the Fiscal Year Ended June 30, 1995

	<u>Governmental Fund Types</u>			<u>Expendable</u>	<u>Total</u>
	<u>General</u>	<u>Capital</u>	<u>Debt</u>	<u>Trust</u>	<u>(Memorandum</u>
		<u>Projects</u>	<u>Service</u>	<u>Funds</u>	<u>Only)</u>
<b>Revenues:</b>					
Federal sources	\$ 2,127,271			\$ 5,008,195	\$ 7,135,466
State sources	38,529,208✓	\$ 3,917,982			42,447,190
Local sources	54,354,143✓	267,191	\$ 855,602	350,745	55,827,681
<b>Total revenues</b>	<b>95,010,622</b>	<b>4,185,173</b>	<b>855,602</b>	<b>5,358,940</b>	<b>105,410,337</b>
<b>Expenditures:</b>					
Certificated salaries	42,291,852				42,291,852
Classified salaries	19,584,642			11,535	19,596,177
Employee benefits	13,688,123				13,688,123
Books and supplies	2,949,064	4,288		112,425	3,065,777
Contract services and operating expenditures	10,736,134	34,908		471	10,771,513
Student financial assistance	350,837			5,309,225	5,660,062
Capital outlay	1,861,411	4,995,472		89,725	6,946,608
Debt service:					
Principal retirement	68,323		6,000		74,323
Interest	363,804		3,450		367,254
<b>Total expenditures</b>	<b>91,894,190</b>	<b>5,034,668</b>	<b>9,450</b>	<b>5,523,381</b>	<b>102,461,689</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>3,116,432</b>	<b>(849,495)</b>	<b>846,152</b>	<b>(164,441)</b>	<b>2,948,648</b>
<b>Other financing sources (uses):</b>					
Operating transfers in	255,812	1,170,584	9,600	331,243	1,767,239
Operating transfers out	(1,548,130)	(288,500)	(9,600)	(35,736)	(1,881,966)
Capital lease proceeds	302,671				302,671
Other	4,250				4,250
<b>Total other financing sources (uses)</b>	<b>(985,397)</b>	<b>882,084</b>		<b>295,507</b>	<b>192,194</b>
<b>Excess of revenues and other financing sources over expenditures and other uses</b>	<b>2,131,035</b>	<b>32,589</b>	<b>846,152</b>	<b>131,066</b>	<b>3,140,842</b>
<b>Fund balances, July 1, 1994</b>	<b>5,599,425</b>	<b>2,069,541</b>	<b>12,000,163</b>	<b>1,689,662</b>	<b>21,358,791</b>
<b>Fund balances, June 30, 1995</b>	<b>\$ 7,730,460</b>	<b>\$ 2,102,130</b>	<b>\$ 12,846,315</b>	<b>\$ 1,820,728</b>	<b>\$ 24,499,633</b>

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, 1995**

	<b>General Fund</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues:</b>			
Federal sources	\$ 2,777,444	\$ 2,127,271	\$ (650,173)
State sources	37,034,103	38,529,208	1,495,105
Local sources	<u>58,177,687</u>	<u>54,354,143</u>	<u>(3,823,544)</u>
<b>Total revenues</b>	<u>97,989,234</u>	<u>95,010,622</u>	<u>(2,978,612)</u>
<b>Expenditures:</b>			
Certificated salaries	43,115,765	42,291,852	823,913
Classified salaries	19,953,850	19,584,642	369,208
Employee benefits	14,376,165	13,688,123	688,042
Books and supplies	3,478,940	2,949,064	529,876
Contract services and operating expenditures	11,778,813	10,736,134	1,042,679
Student financial assistance	383,541	350,837	32,704
Capital outlay	1,864,485	1,861,411	3,074
Debt service:			
Principal retirement	68,500	68,323	177
Interest	<u>364,000</u>	<u>363,804</u>	<u>196</u>
<b>Total expenditures</b>	<u>95,384,059</u>	<u>91,894,190</u>	<u>3,489,869</u>
<b>Excess of revenues over expenditures</b>	<u>2,605,175</u>	<u>3,116,432</u>	<u>511,257</u>
<b>Other financing sources (uses):</b>			
Operating transfers in	314,413	255,812	(58,601)
Operating transfers out	(1,419,706)	(1,548,130)	(128,424)
Capital lease proceeds	432,500	302,671	(129,829)
Other	<u>                    </u>	<u>4,250</u>	<u>4,250</u>
<b>Total other financing sources (uses)</b>	<u>(672,793)</u>	<u>(985,397)</u>	<u>(312,604)</u>
<b>Excess of revenues and other financing sources over expenditures and other uses</b>	<u>1,932,382</u>	<u>2,131,035</u>	<u>\$ 198,653</u>
<b>Fund balances, July 1, 1994</b>	<u>5,599,425</u>	<u>5,599,425</u>	
<b>Fund balances, June 30, 1995</b>	<u>\$ 7,531,807</u>	<u>\$ 7,730,460</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, 1995**

	<u>Debt Service Funds</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Federal sources			
State sources			
Local sources	<u>\$ 1,540.600</u>	<u>\$ 855.602</u>	<u>\$ (684.998)</u>
Total revenues	<u>1,540.600</u>	<u>855.602</u>	<u>(684.998)</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	<u>6,000</u>	<u>6,000</u>	
Interest	<u>3,450</u>	<u>3,450</u>	
Total expenditures	<u>9,450</u>	<u>9,450</u>	
Excess of revenues over			
expenditures	<u>1,531.150</u>	<u>846.152</u>	<u>(684.998)</u>
Other financing sources (uses):			
Operating transfer in	<u>9,600</u>	<u>9,600</u>	
Operating transfers out	<u>(9,600)</u>	<u>(9,600)</u>	
Capital lease proceeds			
Other			
Total other financing			
sources (uses)			
Excess of revenues and other			
financing sources over			
expenditures and other uses	<u>1,531,150</u>	<u>846,152</u>	<u>\$ (684.998)</u>
Fund balances, July 1, 1994	<u>12,000.163</u>	<u>12,000.163</u>	
Fund balances, June 30, 1995	<u>\$ 13,531.313</u>	<u>\$ 12,846.315</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, 1995**

	<b>Total (Memorandum Only)</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues:</b>			
Federal sources	\$ 2,777,444	\$ 2,127,271	\$ (650,173)
State sources	37,034,103	38,529,208	1,495,105
Local sources	<u>59,718,287</u>	<u>55,209,745</u>	<u>(4,508,542)</u>
Total revenues	<u>99,529,834</u>	<u>95,866,224</u>	<u>(3,663,610)</u>
<b>Expenditures:</b>			
Certificated salaries	43,115,765	42,291,852	823,913
Classified salaries	19,953,850	19,584,642	369,208
Employee benefits	14,376,165	13,688,123	688,042
Books and supplies	3,478,940	2,949,064	529,876
Contract services and operating expenditures	11,778,813	10,736,134	1,042,679
Student financial assistance	383,541	350,837	32,704
Capital outlay	1,864,485	1,861,411	3,074
Debt service:			
Principal retirement	74,500	74,323	177
Interest	<u>367,450</u>	<u>367,254</u>	<u>196</u>
Total expenditures	<u>95,393,509</u>	<u>91,903,640</u>	<u>3,489,869</u>
Excess of revenues over expenditures	<u>4,136,325</u>	<u>3,962,584</u>	<u>(173,741)</u>
<b>Other financing sources (uses):</b>			
Operating transfer in	324,013	265,412	(58,601)
Operating transfers out	(1,429,306)	(1,557,730)	(128,424)
Capital lease proceeds	432,500	302,671	(129,829)
Other	<u>                    </u>	<u>4,250</u>	<u>4,250</u>
Total other financing sources (uses)	<u>(672,793)</u>	<u>(985,397)</u>	<u>(312,604)</u>
Excess of revenues and other financing sources over expenditures and other uses	<u>3,463,532</u>	<u>2,977,187</u>	<u>\$ (486,345)</u>
<b>Fund balances, July 1, 1994</b>	<u>17,599,588</u>	<u>17,599,588</u>	
<b>Fund balances, June 30, 1995</b>	<u>\$ 21,063,120</u>	<u>\$ 20,576,775</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, 1995**

Operating revenues:	
Sales	\$ 7,718,282
Contract services	<u>1,761,964</u>
Total operating revenues	<u>9,480,246</u>
Operating expenses:	
Cost of sales	5,164,308
Classified salaries	2,451,319
Employee benefits	583,991
Materials and supplies	354,677
Contract services and other operating expenses	973,961
Depreciation	100,446
Utilities	75,869
Capital outlay	<u>3,815</u>
Total operating expenses	<u>9,708,386</u>
Operating loss	<u>(228,140)</u>
Other income	<u>194,209</u>
Loss before operating transfers	(33,931)
Operating transfers in	251,303
Operating transfers out	<u>(136,576)</u>
Net income	80,796
Retained earnings, July 1, 1994	<u>2,954,585</u>
Retained earnings, June 30, 1995	<u><u>\$ 3,035,381</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, 1995**

Cash flows from operating activities:	
Net income	\$ 80,796
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	100,446
Changes in operating assets and liabilities:	
Decrease in accounts receivable	104,717
Increase in inventory	(27,670)
Increase in accounts payable	<u>37,333</u>
Net cash provided by operating activities	<u>295,622</u>
Cash flows from non-capital financing activities:	
Increase in amounts due from other funds	27,025
Decrease in amounts due to other funds	<u>(331,968)</u>
Net cash used in non-capital financing activities	<u>(304,943)</u>
Cash flows from capital financing activities:	
Purchases of property and equipment	<u>(123,315)</u>
Net cash used in capital financing activities	<u>(123,315)</u>
Decrease in cash and cash equivalents	(132,636)
Cash and cash equivalents, July 1, 1994	<u>1,710,297</u>
Cash and cash equivalents, June 30, 1995	<u>\$ 1,577,661</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 Post-Retirement Health Benefits, the Bond Interest and Redemption and Bond Revenue 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.

###### **2 - Agency Fund:**

This fund is used to account for assets held on behalf of other organizations for which the reporting entity has a fiduciary responsibility. The District maintains one agency fund in recognition of its fiduciary responsibility for assets held on behalf of Cal Grants.

##### **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 expended 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**

Over the years, the District has not maintained detailed fixed asset records supporting the General Fixed Assets Account Group balance sheet. 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**

The District recognizes the current portion of the liability for compensated absences in the General Fund. The remainder of the liability for compensated absences 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, 1995, compensated absences in the amount of \$2,066,589 is recorded as a liability in the General Fund. All of the liability is considered to be current.

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, 1995 consisted of the following:

**Pooled Funds:**

Cash in County Treasury	\$ 9,198,329
Amounts to be provided by future deposits	(2,722,079)
Local Agency Investment Fund	<u>2,791,742</u>

Total pooled funds \$ 9,267,992

**Deposits:**

Cash on hand and in banks	\$ 2,249,413
Cash in revolving fund	<u>125,000</u>

Total cash \$ 2,374,413

**Investments:**

Certificates of Deposit	\$ 272,867
U.S. Treasury Bonds	5,247,968
Mortgage backed security	4,649,165
Unamortized premium	<u>241,928</u>

Total investments \$ 10,411,928

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, 1995, the District's investments, with a carrying value of \$10,411,928, which is the lower of cost or market value, consist of certificates of deposit U.S. Treasury Bonds and mortgage-backed securities. All certificates of deposit are collateralized as required by California state law for any amount exceeding FDIC coverage. Collateral is held in trust by the institutions and monitored by the State Superintendent of Banking.

In accordance with applicable State laws, the Contra Costa County Treasury invests in derivative securities. The derivative securities, which are represented by the County Treasurer to make-up approximately 13% of the Pooled Investments at June 30, 1995, are reported at cost and are included in the Contra Costa County pooled Investments.

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

Category 1 - includes deposits and 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 deposits and 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;

# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 2. CASH AND INVESTMENTS (Continued)

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.

	<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	\$ 200,000	\$ 2,970,047		\$ 3,170,047	\$ 2,249,413
Cash in revolving					
fund	35,716	37,124		72,840	125,000
Investments	<u>100,000</u>	<u>10,311,928</u>	<u>          </u>	<u>10,411,928</u>	<u>10,411,928</u>
	<u>\$ 335,716</u>	<u>\$ 13,319,099</u>	<u>\$ -</u>	<u>\$ 13,654,815</u>	<u>\$ 12,786,341</u>

### 3. ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 1995 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	\$ 507,925				\$ 73,676	\$ 581,601
State	3,777,284	\$ 3,766,605			81,503	7,625,392
Local and						
other	<u>1,959,548</u>	<u>          </u>	<u>\$ 462,853</u>	<u>\$ 427,089</u>	<u>4,970</u>	<u>2,854,460</u>
Total receiv-						
ables	<u>\$ 6,244,757</u>	<u>\$ 3,766,605</u>	<u>\$ 462,853</u>	<u>\$ 427,089</u>	<u>\$ 160,149</u>	<u>\$11,061,453</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, 1995, consisted of equipment summarized as follows:

	<u>Bookstore</u>	<u>Cafeteria</u>	<u>Data Processing Center</u>	<u>Total</u>
Equipment	\$ 311,818	\$ 96,637	\$ 1,264,242	\$ 1,672,697
Less accumulated depreciation	<u>(100,929)</u>	<u>(56,063)</u>	<u>(997,642)</u>	<u>(1,154,634)</u>
Equipment, net	<u>\$ 210,889</u>	<u>\$ 40,574</u>	<u>\$ 266,600</u>	<u>\$ 518,063</u>

Depreciation expense totaled \$100,446 for the current year.

### 5. INTERFUND ACTIVITY

Interfund due from/to amounts at June 30, 1995 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	\$ 885,258	\$ 1,120,659	\$ 255,812	\$ 1,548,130
Capital Projects Fund	1,034,492	260,164	1,170,584	288,500
Debt Service Funds	27,056	30,353	9,600	9,600
Proprietary Funds	281,578	697,756	251,303	136,576
Fiduciary Funds	<u>40,931</u>	<u>160,383</u>	<u>331,243</u>	<u>35,736</u>
	<u>\$ 2,269,315</u>	<u>\$ 2,269,315</u>	<u>\$ 2,018,542</u>	<u>\$ 2,018,542</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, \$12,846,315, 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, \$20,049,730, 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, 1995, were as follows:

	Balance July 1, 1994	Additions	Deductions	Balance June 30, 1995
Revenue bonds	\$ 115,000		\$ 6,000	\$ 109,000
Accrued compensated absences	384,955		384,955	
Capital lease obligations	262,697	\$ 302,671	68,323	497,045
Post-retirement health benefits obligation	<u>32,290,000</u>			<u>32,290,000</u>
	<u>\$33,052,652</u>	<u>\$ 302,671</u>	<u>\$ 459,278</u>	<u>\$32,896,045</u>

#### 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.

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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

Revenue Bonds (Continued)

Student Union Building: (Continued)

The annual debt service requirement for student union revenue bonds, as of June 30, 1995, are as follows:

<u>Year Ending June 30.</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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
2000	7,000	2,250	9,250
Thereafter	<u>75,000</u>	<u>9,420</u>	<u>84,420</u>
Total	<u>\$ 109,000</u>	<u>\$ 22,770</u>	<u>\$ 131,770</u>

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>
1996	\$ 119,657
1997	119,657
1998	119,657
1999	119,657
2000	59,393
Thereafter	<u>110,989</u>
	649,010
Less amount representing interest	<u>(151,965)</u>
	<u>\$ 497,045</u>

# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

(Continued)

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

#### 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>
1996	\$ 502,659
1997	341,366
1998	56,187
1999	43,338
2000	21,553
Thereafter	<u>52,800</u>
Total lease payments	<u>\$ 1,017,903</u>

Rental expenditures for the year ended June 30, 1995 were \$454,702.

#### 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, 1995 totalled 505. Such payments for these retired employees totaled \$1,320,151, for fiscal year ended June 30, 1995 and were recorded as expenditures in the General Fund.

During the prior 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. 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.

# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

(Continued)

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

#### Post-retirement Health Benefits Obligation (Continued)

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 \$14,570,000 was unfunded. The District did not make a contribution in 1995. At June 30, 1995, cash, investments and interest receivable in the Post-retirement Health Benefits Debt Service Fund totaled \$12,716,657, which was designated for future payment of the obligation included in the General Long-Term Debt Account Group.

### 8. RESERVED AND DESIGNATED FUND EQUITY

The reserved fund balances at June 30, 1995 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	\$ 151,457			
Reserved for prepaid expenditures	672,022	23,997		
Reserved for restricted purposes	(50,925)	452,839		\$ 1,462,871
Reserved for debt service			\$ 129,658	
Reserved for funds of student organizations				357,857
	<u>\$ 772,554</u>	<u>\$ 576,836</u>	<u>\$ 129,658</u>	<u>\$ 1,820,728</u>

# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

(Continued)

### 8. RESERVED AND DESIGNATED FUND EQUITY (Continued)

The designated fund balances at June 30, 1995 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	520,161	\$ 1,525,294	
Designated for 5% contingency	6,312,745		
Designated for retirement benefits			\$ 12,716,657
	<u>\$ 6,957,906</u>	<u>\$ 1,525,294</u>	<u>\$ 12,716,657</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 California Public Employees' Retirement System. Part-time faculty may also elect to participate in Social Security.

#### 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, 1995, the District employed 1,627 certificated employees with a total annual payroll of \$42,291,852.

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.



# **CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS**

(Continued)

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

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

##### **State Teachers' Retirement System (STRS) (Continued)**

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, 1995, the District employed 1,796 classified employees with a total annual payroll of \$22,047,496.

Employees are eligible for retirement at the age of 60 and are entitled to a monthly benefit of 2 percent of final compensation for each year of service credit. Retirement compensation is reduced if the plan is coordinated with Social Security.

Retirement may begin at age 50 with a reduced benefit rate, or after age 60 to 63 with an increased rate. The plan also provides death and disability benefits. Retirement benefits fully vest after five years of credited service. Upon separation from the Fund, members' accumulated contributions are refundable with interest credited through the date of separation.

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

# **CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS**

(Continued)

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

#### **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.

The pension benefit obligation for PERS was computed as part of actuarial valuation performed June 30, 1994. Significant actuarial assumptions used to compute the PERS pension benefit obligation include an actuarial interest rate of 8.5 percent per annum and projected salary increases of 4.5 percent consisting solely of inflation.

# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

(Continued)

### 9. EMPLOYEE RETIREMENT SYSTEMS (Continued)

#### Funding Status and Progress of the Retirement Plans (Continued)

PERS does not make separate measurements of assets and pension benefit obligations for individual local education districts or county offices. The total over-funded pension benefit obligation for local educational agencies as a whole as of June 30, 1994 (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	\$ 6,502,436,185
Current employees:	
Accumulated employee contributions including allocated investment earnings	3,240,370,553
Employer-financed vested	3,853,671,939
Employer-financed nonvested	<u>256,044,046</u>
Total pension benefits obligation	13,852,522,724
Net assets available for benefits, at cost (market value is \$15,147,161,434)	<u>15,192,739,653</u>
Overfunded pension benefit obligation	<u>\$ 1,340,216,929</u>

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

#### Contributions Required and Contributions Made

The District is required by statute to contribute 8.25 percent of gross salary expenditures and 4.171 percent (from July 1, 1994 to December 31, 1994) and 3.526 percent (from January 1, 1995 to June 30, 1995) of gross salary expenditures to PERS. Participants are required to contribute 8 percent and 7 percent of gross salary to STRS and PERS, respectively.

# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

(Continued)

### 9. EMPLOYEE RETIREMENT SYSTEMS (Continued)

#### Contributions Required and Contributions Made (Continued)

The District contribution information for the year ended June 30, 1995 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	790	\$ 2,552,630	\$ 2,670,346	\$ 42,497,253	6.28%
PERS	501	\$ 1,126,935	\$ 645,841	\$ 16,798,513	3.84%

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, 1993 and the California Public Employee's Retirement System's Annual Report for the year ended June 30, 1994.

# 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):						
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) %
1994	\$ 15,192.7	\$ 13,852.5	109.7%	\$ (1,340.3)	\$ 4,256.1	(31.5)%

#### Other Information

At June 30, 1995, the District's records included \$200,000 recorded as a liability for early retirement incentives granted to terminated employees who participated in PERS.

# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

(Continued)

### 10. EARLY RETIREMENT INCENTIVE PROGRAM

In addition to the benefits described in Note 9, the District had an Early Retirement Incentive Program. All certificated employees were eligible to participate in this program. The District expects this Early Retirement Incentive Program to generate future savings from reduced payroll costs.

A total of 22 employees have retired in exchange for the additional two years of service credit pursuant to ECS 22714 and 87488, as follows:

#### Fiscal Year 1993-94:

<u>Position Vacated</u>	<u>Employee Age</u>	<u>Service Credit*</u>
Instructor	62	Not Available
Instructor	59	Not Available
Instructor	61	Not Available
Instructor	58	Not Available
Instructor	67	Not Available
Instructor	59	32
Instructor	58	33
Dean	65	35
Instructor	60	29
Instructor	61	23
Instructor	61	31
Instructor	66	23

#### Fiscal Year 1994-95:

<u>Position Vacated</u>	<u>Employee Age</u>	<u>Service Credit*</u>
Instructor	57	23
Instructor	60	30
Instructor	69	44
VC Business Services	60	27
Instructor	67	21
Instructor	63	29
Instructor	58	27
Instructor	59	24
Instructor	56	11
Counselor	66	41

\* Before the additional two years credit.

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

**10. EARLY RETIREMENT INCENTIVE PROGRAM (Continued)**

Annualized Payroll Savings:

Fiscal Year 1993-94:

<u>Position Vacated</u>	<u>Retired Employee</u>		<u>Replacement Employee (If applicable)</u>	
	<u>Salary</u>	<u>Benefits</u>	<u>Salary</u>	<u>Benefits</u>
Instructor	\$ 61,548	\$ 9,823	\$ 25,450	\$ 2,385
Instructor	61,548	12,424	24,365	2,283
Instructor	61,548	13,317	40,056	6,408
Instructor	56,772	9,322	24,224	2,270
Instructor	47,256	1,201	24,224	2,270
Instructor	61,548	12,873	25,450	2,385
Instructor	59,928	10,098	28,739	4,459
Dean Student Services	92,784	15,765	N/A	N/A
Instructor	61,548	12,424	25,450	2,385
Instructor	61,548	12,424	24,365	2,283
Instructor	61,548	12,276	24,224	2,270
Instructor	<u>61,548</u>	<u>14,287</u>	<u>25,450</u>	<u>2,385</u>
Total	<u>\$ 749,124</u>	<u>\$ 136,234</u>	<u>\$ 291,997</u>	<u>\$ 31,783</u>

Fiscal Year 1994-95:

<u>Position Vacated</u>	<u>Retired Employee</u>		<u>Replacement Employee (If applicable)</u>	
	<u>Salary</u>	<u>Benefits</u>	<u>Salary</u>	<u>Benefits</u>
Instructor	\$ 59,496	\$ 9,539	\$ 39,909	\$ 7,733
Instructor	62,784	11,952	25,623	2,429
Instructor	62,784	13,600	25,623	2,429
V.C. Business Services	98,112	12,776	72,598	14,810
Instructor	62,784	11,952	25,623	2,429
Instructor	62,784	13,600	24,457	2,318
Instructor	31,392	5,717	25,623	2,429
Instructor	62,784	9,854	25,623	2,429
Instructor	41,700	7,127	25,623	2,429
Counselor	<u>62,784</u>	<u>11,952</u>	<u>25,623</u>	<u>2,429</u>
Total	<u>\$ 607,404</u>	<u>\$ 108,069</u>	<u>\$ 314,325</u>	<u>\$ 41,864</u>

# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

(Continued)

### 10. EARLY RETIREMENT INCENTIVE PROGRAM (Continued)

The following is a list of the additional costs incurred or expected to be incurred by the employer as a result of the early retirement incentive program for the retirees listed above:

Fiscal Year 1993-94:

Retirement Costs (Including interest, if applicable)	\$ 334,794
Post-retirement Health Benefit Costs	<u>96,192</u>
Total Additional Costs	<u>\$ 430,986</u>

Fiscal Year 1994-95:

Retirement Costs (Including interest, if applicable)	\$ 292,254
Post-retirement Health Benefit Costs	<u>78,792</u>
Total Additional Costs	<u>\$ 371,046</u>

### 11. 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.

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



# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

(Continued)

### 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.

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, 1994, the most current year for which audited information is available, is as follows:

	<u>BACCDJPA</u>	<u>CCCSIG</u>
Total assets	\$ 2,407,446	\$ 36,605,347
Total liabilities	\$ 1,333,387	\$ 24,090,503
Total retained earnings	\$ 1,074,059	\$ 12,514,844
Total revenues	\$ 1,708,231	\$ 17,776,674
Total expenses	\$ 1,392,168	\$ 7,912,147

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, 1994, the date for which the most recent audited financial statements are available:

Total assets	\$ 4,974,539
Total liabilities	\$ 4,876,084
Total fund equity	\$ 98,455
Total revenues	\$ 180,656
Total expenditures	\$ 139,992
Total change in fund equity	\$ 40,664

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 6, 1995, the District issued \$9,995,000 of Tax and Revenue Anticipation Notes (TRANS) maturing on June 28, 1996, 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, 1996. 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 1995 Tax and Revenue Anticipation Note Repayment Fund.

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**  
**COMBINING BALANCE SHEET**  
**ALL DEBT SERVICE FUNDS**

**June 30, 1995**

	<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		\$ 140,132		\$ 140,132
Local Agency Investment Fund	\$ 2,441,355			2,441,355
Investments	9,811,928			9,811,928
Accounts receivable	462,174	679		462,853
Due from other funds	<u>7,856</u>	<u>9,600</u>	\$ 9,600	<u>27,056</u>
Total assets	<u>\$ 12,723,313</u>	<u>\$ 150,411</u>	<u>\$ 9,600</u>	<u>\$12,883,324</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Amount to be provided by future deposits	\$ 6,656			\$ 6,656
Due to other funds	<u></u>	<u>\$ 20,753</u>	<u>\$ 9,600</u>	<u>30,353</u>
	<u>6,656</u>	<u>20,753</u>	<u>9,600</u>	<u>37,009</u>
<b>Fund balances:</b>				
Reserved		129,658		129,658
Unreserved:				
Designated	<u>12,716,657</u>	<u></u>	<u></u>	<u>12,716,657</u>
Total fund balances	<u>12,716,657</u>	<u>129,658</u>	<u></u>	<u>12,846,315</u>
Total liabilities and fund balances	<u>\$ 12,723,313</u>	<u>\$ 150,411</u>	<u>\$ 9,600</u>	<u>\$12,883,324</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, 1995**

	<b>Post- Retirement Health Benefits</b>	<b>Bond Interest and Redemption</b>	<b>Bond Revenue</b>	<b>Total</b>
<b>Revenues:</b>				
Local sources	\$ 841.175	\$ 4.827	\$ 9.600	\$ 855.602
<b>Expenditures:</b>				
Debt service:				
Principal retirement		6,000		6,000
Interest		3,450		3,450
Total expenditures		9,450		9,450
Excess (deficiency) of revenues over (under) expend- itures	841.175	(4,623)	9,600	846.152
<b>Other financing sources (uses):</b>				
Operating transfers in		9,600		9,600
Operating transfers out			(9,600)	(9,600)
Total other financing sources (uses)		9,600	(9,600)	
Excess of revenues and other finan- cing sources over expenditures and other uses	841.175	4,977		846.152
<b>Fund balances, July 1, 1994</b>	<b>11,875.482</b>	<b>124.681</b>	<b>-</b>	<b>12,000.163</b>
<b>Fund balances, June 30, 1995</b>	<b>\$ 12,716.657</b>	<b>\$ 129.658</b>	<b>\$ -</b>	<b>\$12,846.315</b>

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, 1995**

	<u>Post-Retirement Health Benefits</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Local sources	\$ 1,525,000	\$ 841,175	\$ (683,825)
Expenditures:			
Debt service:			
Principal retirement			
Interest			
Total expenditures			
Excess (deficiency) of revenues over (under) expenditures	<u>1,525,000</u>	<u>841,175</u>	<u>(683,825)</u>
Other financing sources (uses):			
Operating transfers in			
Operating transfers out			
Total other financing sources (uses)			
Excess of revenues and other financing sources over expenditures and other uses	<u>1,525,000</u>	<u>841,175</u>	<u>\$ (683,825)</u>
Fund balances, July 1, 1994	<u>11,875,482</u>	<u>11,875,482</u>	
Fund balances, June 30, 1995	<u>\$ 13,400,482</u>	<u>\$ 12,716,657</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, 1995**

	<u>Bond Interest and Redemption</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Local sources	\$ 6,000	\$ 4,827	\$ (1,173)
Expenditures:			
Debt service:			
Principal retirement	6,000	6,000	
Interest	3,450	3,450	
Total expenditures	9,450	9,450	
Excess (deficiency) of revenues over (under) expenditures	(3,450)	(4,623)	(1,173)
Other financing sources (uses):			
Operating transfers in	9,600	9,600	
Operating transfers out			
Total other financing sources (uses)	9,600	9,600	
Excess of revenues and other financing sources over expenditures and other uses	6,150	4,977	\$ (1,173)
Fund balances, July 1, 1994	124,681	124,681	
Fund balances, June 30, 1995	\$ 130,831	\$ 129,658	

(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, 1995**

	<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, 1994	-	-	
Fund balances, June 30, 1995	\$ -	\$ -	

(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, 1995**

	<u><b>Total</b></u>		<b>Variance</b>
	<u><b>Budget</b></u>	<u><b>Actual</b></u>	<u><b>Favorable</b></u> <u><b>(Unfavorable)</b></u>
<b>Revenues:</b>			
Local sources	<u>\$ 1,540,600</u>	<u>\$ 855,602</u>	<u>\$ (684,998)</u>
<b>Expenditures:</b>			
<b>Debt service:</b>			
Principal retirement	<u>6,000</u>	<u>6,000</u>	
Interest	<u>3,450</u>	<u>3,450</u>	
<b>Total expenditures</b>	<u>9,450</u>	<u>9,450</u>	
<b>Excess (deficiency) of</b> <b>revenues over (under)</b> <b>expenditures</b>	<u>1,531,150</u>	<u>846,152</u>	<u>(684,998)</u>
<b>Other financing sources (uses):</b>			
Operating transfers in	<u>9,600</u>	<u>9,600</u>	
Operating transfers out	<u>(9,600)</u>	<u>(9,600)</u>	
<b>Total other financing</b> <b>sources (uses)</b>			
<b>Excess of revenues and</b> <b>other financing sources</b> <b>over expenditures and</b> <b>other uses</b>	<u>1,531,150</u>	<u>846,152</u>	<u>\$ (684,998)</u>
<b>Fund balances, July 1, 1994</b>	<u>12,000,163</u>	<u>12,000,163</u>	
<b>Fund balances, June 30, 1995</b>	<u><b>\$ 13,531,313</b></u>	<u><b>\$ 12,846,315</b></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, 1995**

	<u>Bookstore</u>	<u>Cafeteria</u>	<u>Data Processing Center</u>	<u>Total</u>
<b>ASSETS</b>				
Current Assets:				
Cash and cash equivalents:				
In County Treasury			\$ 1,101,135	\$ 1,101,135
On hand and in banks	\$ 449,701	\$ 26,825		476,526
Total cash and cash equivalents	<u>449,701</u>	<u>26,825</u>	<u>1,101,135</u>	<u>1,577,661</u>
Accounts receivable	419,301	1,591	6,197	427,089
Due from other funds	15,749	251,303	14,526	281,578
Inventories	<u>1,083,296</u>	<u>32,641</u>		<u>1,115,937</u>
Total current assets	<u>1,968,047</u>	<u>312,360</u>	<u>1,121,858</u>	<u>3,402,265</u>
Property, plant and equipment, net	<u>210,889</u>	<u>40,574</u>	<u>266,600</u>	<u>518,063</u>
Total assets	<u>\$ 2,178,936</u>	<u>\$ 352,934</u>	<u>\$ 1,388,458</u>	<u>\$ 3,920,328</u>
<b>LIABILITIES AND RETAINED EARNINGS</b>				
Liabilities:				
Current liabilities:				
Accounts payable	\$ 108,868	\$ 14,698		\$ 123,566
Due to other funds	<u>398,932</u>	<u>288,876</u>	<u>\$ 9,948</u>	<u>697,756</u>
Total current liabilities	<u>507,800</u>	<u>303,574</u>	<u>9,948</u>	<u>821,322</u>
Capital lease obligations	<u>57,624</u>		<u>6,001</u>	<u>63,625</u>
Total liabilities	565,424	303,574	15,949	884,947
Retained earnings	<u>1,613,512</u>	<u>49,360</u>	<u>1,372,509</u>	<u>3,035,381</u>
Total liabilities and retained earnings	<u>\$ 2,178,936</u>	<u>\$ 352,934</u>	<u>\$ 1,388,458</u>	<u>\$ 3,920,328</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**

**ALL PROPRIETARY FUNDS**

**For the Fiscal Year Ended June 30, 1995**

	<u>Bookstore</u>	<u>Cafeteria</u>	<u>Data Processing Center</u>	<u>Total</u>
Operating revenues:				
Sales	\$ 6,441,604	\$ 1,276,678		\$ 7,718,282
Contract services			\$ 1,761,964	1,761,964
Total operating revenues	<u>6,441,604</u>	<u>1,276,678</u>	<u>1,761,964</u>	<u>9,480,246</u>
Operating expenses:				
Cost of sales	4,540,147	624,161		5,164,308
Classified salaries	1,041,234	419,245	990,840	2,451,319
Employee benefits	260,638	103,446	219,907	583,991
Materials and supplies	124,772	105,225	124,680	354,677
Contract services and other operating expenses	432,746	226,738	314,477	973,961
Depreciation	45,712	11,129	43,605	100,446
Utilities		42,354	33,515	75,869
Capital outlay		<u>3,815</u>		<u>3,815</u>
Total operating expenses	<u>6,445,249</u>	<u>1,536,113</u>	<u>1,727,024</u>	<u>9,708,386</u>
Operating (loss)/income	(3,645)	(259,435)	34,940	(228,140)
Other income	<u>67,411</u>	<u>55,944</u>	<u>70,854</u>	<u>194,209</u>
Income (loss) before operating transfers	63,766	(203,491)	105,794	(33,931)
Operating transfers in		251,303		251,303
Operating transfers out	<u>(136,576)</u>			<u>(136,576)</u>
Net (loss) income	(72,810)	47,812	105,794	80,796
Retained earnings, July 1, 1994	<u>1,686,322</u>	<u>1,548</u>	<u>1,266,715</u>	<u>2,954,585</u>
Retained earnings, June 30, 1995	<u>\$ 1,613,512</u>	<u>\$ 49,360</u>	<u>\$ 1,372,509</u>	<u>\$ 3,035,381</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, 1995**

	<u>Bookstore</u>	<u>Cafeteria</u>	<u>Data Processing Center</u>	<u>Total</u>
<b>Cash flows from operating activities:</b>				
Net (loss) income	\$ (72,810)	\$ 47,812	\$ 105,794	\$ 80,796
Adjustments to reconcile net (loss) income to net cash provided by operating activities:				
Depreciation	45,712	11,129	43,605	100,446
Changes in operating assets and liabilities:				
Decrease (increase) in accounts receivable	108,709		(3,992)	104,717
(Increase) decrease in inventory	(33,673)	6,003		(27,670)
Increase (decrease) in accounts payable	<u>41,749</u>	<u>(4,416)</u>		<u>37,333</u>
Net cash provided by operating activities	<u>89,687</u>	<u>60,528</u>	<u>145,407</u>	<u>295,622</u>
<b>Cash flows from non-capital financing activities:</b>				
(Decrease) increase in amounts due from other funds	(15,749)	57,300	(14,526)	27,025
Decrease in amounts due to other funds	<u>(65,059)</u>	<u>(191,371)</u>	<u>(75,538)</u>	<u>(331,968)</u>
Net cash noncapital financing activities	<u>(80,808)</u>	<u>(134,071)</u>	<u>(90,064)</u>	<u>(304,943)</u>
<b>Cash flows from capital financing activities:</b>				
Purchases of property and equipment	<u>(22,798)</u>	<u>(4,174)</u>	<u>(96,343)</u>	<u>(123,315)</u>
Net cash used in capital financing activities	<u>(22,798)</u>	<u>(4,174)</u>	<u>(96,343)</u>	<u>(123,315)</u>

(Continued)

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**COMBINING STATEMENT OF CASH FLOWS**

**ALL PROPRIETARY FUNDS**

(Continued)

**For the Fiscal Year Ended June 30, 1995**

	<u>Bookstore</u>	<u>Cafeteria</u>	<u>Data Processing Center</u>	<u>Total</u>
Decrease in cash and cash equivalents	\$ (13,919)	\$ (77,717)	\$ (41,000)	\$ (132,636)
Cash and cash equivalents, July 1, 1994	<u>463,620</u>	<u>104,541</u>	<u>1,142,136</u>	<u>1,710,297</u>
Cash and cash equivalents, June 30, 1995	<u>\$ 449,701</u>	<u>\$ 26,824</u>	<u>\$ 1,101,136</u>	<u>\$ 1,577,661</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, 1995**

	<u>Expendable Trust Funds</u>					<u>Agency Fund</u>	
	<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>	<u>Cal Grants</u>	<u>Total Fiduciary Funds</u>
<b>ASSETS</b>							
Cash in County Treasury				\$ 971,494	\$ 971,494		\$ 971,494
Cash on hand and in banks	\$ 72,700	\$ 144,719	\$ 502,956		720,375		720,375
Investments		485,000	15,000		500,000		500,000
Accounts receivable	73,677	31,176		4,969	109,822	\$ 50,327	160,149
Due from other funds	<u>1,492</u>	<u>7,860</u>		<u>31,579</u>	<u>40,931</u>		<u>40,931</u>
Total assets	<u>\$ 147,869</u>	<u>\$ 668,755</u>	<u>\$ 517,956</u>	<u>\$ 1,008,042</u>	<u>\$ 2,342,622</u>	<u>\$ 50,327</u>	<u>\$ 2,392,949</u>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities:</b>							
Amount to be provided by future deposits						\$ 50,327	\$ 50,327
Deferred revenue	\$ 3,654				\$ 3,654		3,654
Due to other funds	144,215	\$ 12,607	\$ 3,561		160,383		160,383
Due to student organizations			357,857		357,857		357,857
Total liabilities	<u>147,869</u>	<u>12,607</u>	<u>361,418</u>		<u>521,894</u>	<u>50,327</u>	<u>572,221</u>
<b>Fund balances:</b>							
Reserved		656,148	156,538	\$ 1,008,042	1,820,728		1,820,728
Total liabilities and fund balances	<u>\$ 147,869</u>	<u>\$ 668,755</u>	<u>\$ 517,956</u>	<u>\$ 1,008,042</u>	<u>\$ 2,342,622</u>	<u>\$ 50,327</u>	<u>\$ 2,392,949</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 EXPENDABLE TRUST FUNDS**

**For the Fiscal Year Ended June 30, 1995**

	<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	\$ 5,008,195				\$ 5,008,195
Local sources		\$ 193,742	\$ 109,331	\$ 47,672	350,745
Total revenues	<u>5,008,195</u>	<u>193,742</u>	<u>109,331</u>	<u>47,672</u>	<u>5,358,940</u>
<b>Expenditures:</b>					
Classified salaries			11,535		11,535
Book and supplies			112,425		112,425
Contract services and operating expenditures				471	471
Student financial assistance	5,081,114	228,111			5,309,225
Capital outlay				89,725	89,725
Total expend- itures	<u>5,081,114</u>	<u>228,111</u>	<u>123,960</u>	<u>90,196</u>	<u>5,523,381</u>
Deficiency of revenues under expenditures	<u>(72,919)</u>	<u>(34,369)</u>	<u>(14,629)</u>	<u>(42,524)</u>	<u>(164,441)</u>
<b>Other financing sources (uses):</b>					
Operating transfers in	108,655	33,050	14,000	175,538	331,243
Operating transfers out	<u>(35,736)</u>				<u>(35,736)</u>
Total other fin- ancing sources (uses)	<u>72,919</u>	<u>33,050</u>	<u>14,000</u>	<u>175,538</u>	<u>295,507</u>
(Deficiency) excess of revenues and other financing sources (under) over expend- itures and other uses		(1,319)	(629)	133,014	131,066
<b>Fund balances, July 1, 1994</b>	<u>-</u>	<u>657,467</u>	<u>157,167</u>	<u>875,028</u>	<u>1,689,662</u>
<b>Fund balances, June 30, 1995</b>	<u>\$ -</u>	<u>\$ 656,148</u>	<u>\$ 156,538</u>	<u>\$ 1,008,042</u>	<u>\$ 1,820,728</u>

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

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUND**

**For the Fiscal Year Ended June 30, 1995**

	<u>Balance July 1, 1994</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 1995</u>
<b><u>ASSETS</u></b>				
Accounts receivable	\$ -	\$ 50,327	\$ -	\$ 50,327
<b><u>LIABILITIES</u></b>				
Amounts to be provided by future deposits	\$ -	\$ 50,327	\$ -	\$ 50,327

These 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, 1995, and have issued our report thereon dated November 22, 1995. 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  
November 22, 1995

# **CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

## **ORGANIZATION**

**June 30, 1995**

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 Pittsburgh, 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>
William P. Moses	President	December 1996
Eugene H. Ross	Vice-President	December 1998
William M. Corey	Secretary	December 1996
John T. Nejedly	Member	November 1998
David N. MacDiarmid	Member	December 1998
Ha M. Thai	Student Trustee	May 1996

### **DISTRICT ADMINISTRATION**

Mr. Jack Miyamoto  
Interim Chancellor

Mr. John Hendrickson  
Vice-Chancellor of Business Services

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**  
**SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE**  
**For the Fiscal Year Ended June 30, 1995**

		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	\$ 4,876,670		\$ 4,876,670	\$ 4,638,408	\$ 64,782		\$ 4,703,190	\$ 4,703,190
Supplemental Education	84.007	308,745		308,745	296,110	8,895		305,005	326,785
College Work Study Program	84.033	185,929		185,929	20,470	164,627		185,097	185,097
Vocational and Applied Technology Education Acts:									
Title II A - State Leadership	84.048	185,000	\$ 6,705	191,705	157,427	27,642		185,069	213,530
Title II B - Single Parent	84.048	60,000	1,544	61,544	50,664	8,053		58,717	58,717
Title II B - Gender Equity	84.048	50,000	1,621	51,621	43,342		\$ 14,927	28,415	28,415
Title II C - Basic Grant	84.048	402,704	24,437	427,141	362,708	2,991	2,827	362,872	362,872
Title III E - Tech. Prep.	84.049	324,000	21,240	345,240	293,400	25,300	101	318,599	318,599
Title III B - Special Programs	84.049	77,980	1,632	79,612	67,135	8,540		75,675	75,675
FIPSE	84.116B	189,040	56,498	245,538	59,776	35,654		95,430	95,430
Veterans Education	84.111								
Job Training Partnership Act	17.246-50	210,000	37,606	247,606	72,509	117,211		189,720	189,720
Higher Education Act III	84.031A	696,432	240,498	936,930	529,779	117,906	32,835	614,850	615,577
Other Federal Revenue		12,000	2,119	14,119	14,119		1,292	12,827	26,112
Total Federal Programs					\$ 6,605,847	\$ 581,601	\$ 51,982	\$ 7,135,466	\$ 7,199,719
State:									
Matriculation		\$ 1,289,318	\$ 55,936	\$ 1,345,254	\$ 1,345,238		\$ 12,721	\$ 1,332,517	\$ 1,778,032
Extended Opportunity Program Services		1,205,304	12,093	1,217,397	1,217,398		5,267	1,212,131	1,210,582
Disabled Student Program Services		890,849	36,793	927,642	927,331			927,331	998,294
Preschool Grant		740,345	63,457	803,802	850,402			850,402	850,402
Workability III		230,805		230,805	31,658	\$ 194,193		225,851	263,267
Other - restricted		1,032,165	133,491	1,165,656	909,215	172,921	338,733	743,403	768,226
Total State Programs					\$ 5,281,242	\$ 367,114	\$ 356,721	\$ 5,291,635	\$ 5,868,803

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, 1995**

	<b><u>Reported Data</u></b>
<b><u>Categories</u></b>	
Credit full-time equivalent student (FTES):	
Weekly census	20,560
Daily census	2,989
Actual hours of attendance	2,345
Independent study/work experience	<u>216</u>
Total	<u>26,110</u>
Noncredit FTES:	
Actual hours of attendance	<u>140</u>
Gross Square Footage:	
Existing Facilities	1,199,306
New Facilities	-
FTES in New Facilities	-

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, 1994	21,335
January 1 - April 15, 1995	-
April 16 - June 30, 1995	<u>21,992</u>
Total	<u>43,327</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, 1995**

	<u>General</u>	<u>Capital Projects Fund</u>	<u>Bookstore Fund</u>	<u>Cafeteria Fund</u>	<u>Associated Students Fund</u>
June 30, 1995 Annual Financial and Budget Report (Form CCFS- 311) Fund Balances/ Retained Earnings	\$ 7,588,450	\$ 1,649,291	\$ 1,826,774		\$ 143,789
Adjustments resulting in increase in fund balance/retained earnings:					
Increase cash in County Treasury		217,159			
Increase (decrease) in accounts receivable	284,351 <i>WC</i>	6,560	(216,223)		
Increase in due from other funds	240,506 <i>WC</i>	229,120			
(Increase) decrease in accounts payable	(104,748) <i>L</i>			\$ 49,360	
Increase in due to other funds	(278,099) <i>L</i>				(162)
Increase in due to student organization					(4,857)
Other prior adjustments not recorded			2,961		17,768
Net adjustments	<u>142,010</u>	<u>452,839</u>	<u>(213,262)</u>	<u>49,360</u>	<u>12,749</u>
June 30, 1995 Audited Financial Statements Fund Balances/ Retained Earnings	<u>\$ 7,730,460</u>	<u>\$ 2,102,130</u>	<u>\$ 1,613,512</u>	<u>\$ 49,360</u>	<u>\$ 156,538</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, 1995**

**Pell Grant Program**

Student Grants	\$ 4,687,410
Administrative Cost Allowance	<u>15,780</u>
	<u>\$ 4,703,190</u>

**Supplemental Educational Opportunity  
Grant Program**

Student Grants	\$ 306,829
Administrative Cost Allowance	<u>19,956</u>
	<u>\$ 326,785</u>

**College Work-Study Program**

Student Wages	\$ 209,251
Administrative Cost Allowance	<u>4,279</u>
	<u>\$ 213,530</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, 1995.

#### **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, 1995, and have issued our report thereon dated November 22, 1995. We have also audited the District's compliance with requirements applicable to major Federal financial assistance programs and have issued our report thereon dated November 22, 1995.

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, 1995, 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**

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(Continued)

During the year ended June 30, 1995, the District expended 93% 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  
November 22, 1995

## **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, 1995, and have issued our report thereon dated November 22, 1995. 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 June 9, 1995 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 District has used local funds to support at least 75 percent of the District's matriculation activities and all expenditures related to matriculation must be consistent with expenditures related to the matriculation plan and identifiable within the ten activities approved by the State.

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

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

(Continued)

- The salary for one EOPS director was paid with EOPS program funds. State compliance guidelines require the salary for EOPS directors to be funded from unrestricted general funding.
- 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.

*Perry-Smith + Co.*

Certified Public Accountants

Sacramento, California  
November 22, 1995



**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, 1995, and have issued our report thereon dated November 22, 1995.

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.

*Perry-Smith & Co.*

Certified Public Accountants

Sacramento, California  
November 22, 1995

**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, 1995, and have issued our report thereon dated November 22, 1995.

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, 1995:

- 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  
November 22, 1995

**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, 1995, and have issued our report thereon dated November 22, 1995.

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, 1995. 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, 1995, 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  
November 22, 1995

**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, 1995, and have issued our report thereon dated November 22, 1995.

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, 1995.

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.

*Perry-Smith & Co.*

Certified Public Accountants

Sacramento, California  
November 22, 1995

## **FINDINGS AND RECOMMENDATIONS**

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**  
**SUMMARY OF FINDINGS AND RECOMMENDATIONS**

**For the Year Ended June 30, 1995**

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

Dear Board of Trustees:

In planning and performing our procedures in connection with our audit of the general purpose financial statements of Contra Costa Community College District (the "District") for the year ended June 30, 1995, 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) As noted in the prior year, 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.
- 2) As stated in our prior year report, registration fees can be refunded to students before the District has constructive receipt of the fees.
- 3) The District's Accounting Department remains inadequately staffed to support the Comptroller. This is apparent by the magnitude of audit adjustments, the delays in implementing prior year findings and recommendations and the level of performance within certain accounting functions.
- 4) A subsidiary ledger is not maintained for accounts receivable or accounts payable of the Bookstores or Cafeteria. Accordingly, the District was unable to provide support for the balances in these accounts.



**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**  
**SUMMARY OF FINDINGS AND RECOMMENDATIONS**  
(Continued)

**For the Year Ended June 30, 1995**

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 audit.

*Perry-Smith & Co.*

Certified Public Accountants

Sacramento, California  
November 22, 1995

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**  
**SUMMARY OF FINDINGS AND RECOMMENDATIONS**  
(Continued)

**For the Year Ended June 30, 1995**

**1. BUDGETING CONTROLS**

Finding

As discussed in prior years, 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.

Recommendation

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 that the Internal Auditor examine the effectiveness of the review and approval procedures for requisitions and purchase orders at each site. The District should consider implementing computer software to block the processing of transactions without an approved budget appropriation.

**2. CASH REFUNDS**

Finding

As stated in our prior year report, registration fees can be refunded to students before the District has constructive receipt of the fees.

Recommendation

A waiting period should be established to allow student funds to clear the District's bank before refunds are processed.

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**  
**SUMMARY OF FINDINGS AND RECOMMENDATIONS**  
(Continued)

**For the Year Ended June 30, 1995**

**3. ACCOUNTING DEPARTMENT STAFFING**

Finding

The District's Accounting Department remains inadequately staffed to support the Comptroller. This is apparent by the magnitude of audit adjustments, the delays in implementing prior year findings and recommendations and the level of performance within certain accounting functions.

Recommendation

The appointment of an experienced accountant should assist in standardizing the finance function, generating timely financial information and enhancing internal controls. In addition, personnel should be cross-trained to ensure that transactions can be processed, analyses prepared and personnel supervised when key personnel are absent. Cross-training is also beneficial in the event of employee turnover.

**4. BOOKSTORE AND CAFETERIA SUBSIDIARY LEDGERS**

Finding

A subsidiary ledger is not maintained for accounts receivable or accounts payable of the bookstores or cafeterias. Accordingly, the District was unable to provide support for the balances in these accounts.

Recommendation

A subsidiary ledger detailing all accounts receivable and accounts payable of the Bookstore and Cafeteria should be created and maintained. The subsidiary ledger should periodically be reviewed to ensure receivables are monitored and evaluated for collectibility and that payables are properly recorded.

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**  
**SUMMARY OF FINDINGS AND RECOMMENDATIONS**  
(Continued)

**For the Year Ended June 30, 1995**


**5. ELECTRONIC DATA PROCESSING (EDP)**

**Finding**

As noted in our prior year report, the existing data processing system and administrative process for financial and management reporting over payroll, disbursements, cash receipts and human resources severely limits the District's operating efficiency and effectiveness. Internal control weaknesses result from the inability of the existing financial system to provide timely information. Development of better 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 the prior year findings.

- 
- Programmers can initiate, compile, and load software program changes into production. Although the Director reviews authorized changes to software, the programmers have the ability to implement unauthorized modifications.
  - Modifications have been made to passwords and other security measures as a means to control access to software programs. However, the modifications have not been audited to ensure they are functioning as needed.
  - 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.

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**  
**SUMMARY OF FINDINGS AND RECOMMENDATIONS**  
(Continued)

**For the Year Ended June 30, 1995**

**5. ELECTRONIC DATA PROCESSING (EDP) (Continued)**

**Recommendation**

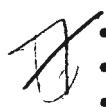
As the District continues its development and implementation of plans and procedures for the EDP department, as discussed under the current status of Prior Year Findings and Recommendations, we recommend the District consider the items specifically addressed below:

- Software program changes should be implemented 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 the fact that he is involved with reviewing program modifications for accuracy.
- Password controls should be periodically audited by the District internal auditor.
- 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.

**6. ACCOUNT RECONCILIATIONS**

**Finding**

During our audit we noted several account reconciliations that were not prepared on a timely basis nor reviewed by management. Specifically, they include the following:

- 
- Bank accounts
  - Investments
  - Accounts receivable
  - Fixed assets
  - Accounts payable
  - Due to/Due from

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**SUMMARY OF FINDINGS AND RECOMMENDATIONS**  
(Continued)

**For the Year Ended June 30, 1995**

**6. ACCOUNT RECONCILIATIONS (Continued)**

Finding (Continued)

Furthermore, several reconciling items remained unresolved and required adjustments or further follow-up once the reconciliations were performed.

Recommendation


We understand that this situation was a result of staffing constraints in the Accounting Department. However, key control procedures such as reconciliations should be performed completely and in a timely manner in order to:

- Prevent unauthorized use of cash.
- Ensure proper accounting recognition for
  - Investments
  - Accounts receivable
  - Fixed assets
  - Accounts payable
  - Amounts Due to/Due from District funds
- Prevent material misstatement of account balances.

**7. CASH DISBURSEMENTS**

Finding

Our review and testing of the cash disbursements system revealed 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 open purchase order does not reference Confirming Requisition payments.
  - 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.

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**  
**SUMMARY OF FINDINGS AND RECOMMENDATIONS**  
(Continued)

**For the Year Ended June 30, 1995**

**7. CASH DISBURSEMENTS (Continued)**

**Finding (Continued)**

- A new check signing machine has been purchased but has not been placed in service.
- An invoice was prepaid and paid again when the goods were received and assembled. The double payment occurred because the supporting documentation was insufficient. The prepayment did not include a confirming requisition.
- Department Manager approval is not noted on requisitions prior to Purchase Order authorization. Requisitions are input into an online computer system by office personnel in the requisitioner's office . There is no confirmation of the department manager's online approval. The Purchasing Department authorizes Purchase Orders from the requisitions on the computer system.
- Confirming Requisitions are used for invoices over \$700 and invoices are paid from the Confirming Requisitions without regard to the presence of a purchase order. This allows for duplicate payment of invoices, as the receiving copy of a purchase order could be presented separately from a Confirming Requisition.
- A transfer from the General Fund Clearing Account, for a temporary loan to the Student Financial Aid Fund Cash Account was not recorded in the general ledger.

**Recommendation**

To enhance controls over cash disbursements, we recommend the following be implemented:

- 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.

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**  
**SUMMARY OF FINDINGS AND RECOMMENDATIONS**  
(Continued)

**For the Year Ended June 30, 1995**

**7. CASH DISBURSEMENTS (Continued)**

Recommendation (Continued)

- Data entry personnel should not have access to the check signing machine.
- A count of warrants is essential to detect unauthorized use of the check signing machine. To reduce the risk of unauthorized use, the new check signing machine should be used and the function performed under dual custody.
- The District should emphasize the importance of ensuring appropriate supporting documentation is included with all payments.
- Department Manager approval should be noted prior to the authorization of a Purchase Order by the Purchasing Department.
  - All invoices should require a purchase order for payment.
  - All transfers should be treated as due to/due from transactions between funds, regardless of the length of time the transfer is intended for.

**8. CASH RECEIPTS**

Finding

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

4

- The cash receipts log implemented by the District is not reconciled to the deposit permits and therefore provides no assurance that all checks received in the District office have been properly deposited. The cash receipts log does not reference corresponding deposit permits.
- Deposits are not made on a timely basis. We noted a deposit permit made four weeks following the individual check dates.



**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**  
**SUMMARY OF FINDINGS AND RECOMMENDATIONS**  
(Continued)

**For the Year Ended June 30, 1995**

**8. CASH RECEIPTS (Continued)**

**Finding (Continued)**

- Cash receipts are posted the general ledger almost two months subsequent to the deposit permit. This provides inaccurate bank reconciliation support and incomplete information for budget monitoring procedures. Without the timely input of cash receipts, college personnel are unable to appropriately monitor their funds.
- Returned checks or charges received from the campuses are written off by the District by reducing revenue and cash. These amounts are then forwarded to the campuses for their follow up. These amounts are not recorded as accounts receivable or monitored via a formal listing. Hence, there is no means to ensure returned items are resolved timely.

**Recommendation**

Controls over cash receipts could be improved by implementing the following:

- 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.
- In order to capitalize on the interest-earning ability of cash, deposits should be made in a timely manner.
- Cash receipts should be posted to the general ledger immediately after processing the deposit permit.
- Returned checks and charges should be reclassified as an accounts receivable and revenue should not be adjusted until they are deemed uncollectible. Formal procedures should be implemented to provide an effective method of monitoring these receivables.

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**  
**SUMMARY OF FINDINGS AND RECOMMENDATIONS**  
(Continued)

**For the Year Ended June 30, 1995**

**9. CASH MANAGEMENT**

Finding

Clearing account deposits totaling \$1,045,817 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 transfer funds to 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.

**10. ACCOUNTS RECEIVABLE**

Finding

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

Recommendation

The District should establish an aged 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.

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**  
**SUMMARY OF FINDINGS AND RECOMMENDATIONS**  
(Continued)

**For the Year Ended June 30, 1995**

**10. ACCOUNTS RECEIVABLE (Continued)**


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 sheet. The District should also periodically review the propriety of the intradistrict receivables and payables and adjust the receivables or related payables to ensure the accuracy of accounts.

**11. PAYROLL/PERSONNEL**

Finding

During our review of payroll expenditures, we noted the following:

- 
- Documentation in files did not consistently include updated and signed requisitions or current contracts indicating employees' current classifications.
  - Permanent files are not maintained for student employees.
  - The PY91 report, which identifies all payrate changes and newly hired personnel is not reviewed to verify newly added personnel. This finding is further heightened since all employees who can access the payroll system can add employees.
  - The payroll manager reviews and approves payroll information and also has the ability to input information, creating a lack of segregation of duties.

Recommendation

We recommend the following be implemented to enhance payroll/personnel internal controls:

- The District should 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.
  - Payroll requisition forms are adequately approved and maintained.

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**  
**SUMMARY OF FINDINGS AND RECOMMENDATIONS**  
(Continued)

**For the Year Ended June 30, 1995**

**11. PAYROLL/PERSONNEL (Continued)**

Recommendation (Continued)

- Permanent files are maintained for all employees.
  - Evaluations are performed on a timely basis.
  - Segregation of duties exists between payroll and personnel functions.
  - Legal employment requirements are consistently monitored and documented.
- On a test basis, the internal auditor should review newly hired personnel per the PY91.
  - The payroll manager should not have authority to input payroll information. If this access cannot be limited, periodic surprise audits of selected personnel files should be performed by the internal auditor.

**12. 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.

**13. BOOKSTORE INVENTORY CUT-OFF**

Finding

The bookstores do not maintain shipping and receiving logs.

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**  
**SUMMARY OF FINDINGS AND RECOMMENDATIONS**  
(Continued)

**For the Year Ended June 30, 1995**

**13. BOOKSTORE INVENTORY CUT-OFF (Continued)**

Recommendation

To ensure that inventory shipments and receipts are recorded in the proper period, items shipped and received should immediately be entered into a shipping and receiving log. The log should include the vendor, number of items shipped or received, date shipped or received, purchase order number and packing slip number.

**14. ASSOCIATED STUDENTS**

Finding

( As noted in the prior year, student body cards at Contra Costa College and Diablo Valley 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.

**STATE COMPLIANCE**

**15. ATTENDANCE**

Finding

7 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.

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**  
**SUMMARY OF FINDINGS AND RECOMMENDATIONS**  
(Continued)

**For the Year Ended June 30, 1995**

**15. ATTENDANCE (Continued)**

Finding (Continued)

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

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

- Number of days that the class is scheduled to meet.
- 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.
- 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 full compliance with State attendance reporting requirements.
- Grade report data entry is not reviewed for accuracy by the instructor or anyone at the District. This would allow a data entry error to go unnoticed. Students could inadvertently be given credit for a higher grade than achieved or credit for a course in which it was not earned.
- All admissions and records' employees have access to override the system for dismissed students. No supervisory approval is required for this override.
- While testing for course repetition, we noted a student with a grade of "RD" for the Fall of 1991. This grade designation is given to students when a teacher has not turned in a grade to the student. When an "RD" grade is given, it should be reflected on an edit report and be researched.

# **CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

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

**For the Year Ended June 30, 1995**

### **STATE COMPLIANCE (Continued)**

#### **15. ATTENDANCE (Continued)**

##### **Recommendation**

In order to improve internal controls and compliance procedures over the attendance system, we recommend the following:

- We recommend that Data Processing department modify the hold status on the system to prevent including dismissed students on the census reports.
- All required data elements should be appropriately included on the tabulation documents to ensure compliance with State guidelines.
- 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.
- 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.
- Grade reports should be reviewed by a representative of the campus to ensure accuracy.
- The system should require password access to supervisory personnel to override the system for dismissed students.
- The edit report showing "RD" entries should be researched and cleared for each "RD" grade given.

#### **16. EOPS**

##### **Finding**

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.

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**  
**SUMMARY OF FINDINGS AND RECOMMENDATIONS**  
(Continued)

**For the Year Ended June 30, 1995**

**STATE COMPLIANCE** (Continued)

**16. EOPS (Continued)**

**Recommendation**

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.

**17. ALLOCATION OF COSTS**

**Finding**

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.

**Recommendation**

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.

**FEDERAL COMPLIANCE**

**18. DRUG-FREE WORKPLACE**

**Finding**

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

- The policy does not include information on available drug counseling, rehabilitation, and employee assistance programs.



**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**  
**SUMMARY OF FINDINGS AND RECOMMENDATIONS**  
(Continued)

**For the Year Ended June 30, 1995**

**FEDERAL COMPLIANCE** (Continued)

**18. DRUG-FREE WORKPLACE** (Continued)

**Recommendation**

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

**19. EDGAR**

**Finding**

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.

**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.

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

**For the Year Ended June 30, 1995**

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 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.
- 2) As stated in our prior year report, registration fees can be refunded to students before the District has constructive receipt of the fees.

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 summarized our observations and recommendations.

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS**

(Continued)

**For the Year Ended June 30, 1995**

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

# **CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

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

**For the Year Ended June 30, 1995**

### **1. BUDGETING CONTROLS**

#### Finding

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.

#### Recommendation

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.

#### Current Status

See current year Findings and Recommendations.

### **2. CASH REFUNDS**

#### Finding

As stated in our prior year report, registration fees can be refunded to students before the District has constructive receipt of the fees.

#### Recommendation

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.

#### Current Status

By Fall 1996, the District plans to issue all refunds by check. See current year Findings and Recommendations.

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

**For the Year Ended June 30, 1995**

**3. ELECTRONIC DATA PROCESSING (EDP)**

**Finding**

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

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

**For the Year Ended June 30, 1995**

**3. ELECTRONIC DATA PROCESSING (EDP) (Continued)**

**Recommendation**

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 below:

- Software program changes should be implemented 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.
- 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.

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

**For the Year Ended June 30, 1995**

**3. ELECTRONIC DATA PROCESSING (EDP) (Continued)**

Recommendation (Continued)

- 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
- 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.
- 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.

Current Status

The District will continue to allow programmers to initiate, compile, and load software changes into production. The District believes this lack of segregation of duties is mitigated by the Director's review of program modifications.

Password policies have been implemented including the approval of access granted by each manager. An internal audit has been scheduled to review controls over passwords.

A microcomputer policy has been established with the policy information disseminated to the colleges and District personnel. The Technology Plan will address future microcomputer needs of the District.

The District plans to develop a written contingency plan during the 1996 fiscal year.

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

**For the Year Ended June 30, 1995**

**4. CASH DISBURSEMENTS**

**Finding**

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.
- Blank warrants have not been inventoried and are not logged as they are received or used.
- 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.
- The check signing machine does not have a counter and is used under single custody.

**Recommendation**

To enhance controls over cash disbursements, we recommend the following be implemented:

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



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

**For the Year Ended June 30, 1995**

**4. CASH DISBURSEMENTS (Continued)**

**Current Status**

See current year Findings and Recommendations.

**5. CASH RECEIPTS**

**Finding**

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

**Recommendation**

Controls over cash receipts could be improved by implementing the following:

- 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 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.

## **CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

### **SUMMARY OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS**

(Continued)

**For the Year Ended June 30, 1995**

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

##### **Recommendation** (Continued)

- 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 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.

##### **Current Status**

The District will implement a reconciliation of the cash receipts log to the deposit in Spring 1996. All other Findings and Recommendations have been implemented.

#### **6. 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.

##### **Current Status**

With the exception of Diablo Valley College, the colleges are submitting cash reports at least on a weekly basis. See current year Findings and Recommendations.

# **CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

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

**For the Year Ended June 30, 1995**

### **7. 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.

#### **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.

#### **Current Status**

See current year Findings and Recommendations.

#### **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 sheet 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.

#### **Current Status**

See current year Findings and Recommendations.

## **CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

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

**For the Year Ended June 30, 1995**

#### **8. PAYROLL/PERSONNEL**

##### Finding

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

##### Recommendation

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.

##### Current Status

See current year Findings and Recommendations.

#### **9. 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.

##### Current Status

The recommendation has been noted and was implemented during the 1995 fiscal year.

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

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

**For the Year Ended June 30, 1995**

**10. 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.

Current Status

See current year Findings and Recommendations.

**11. 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.

Current Status

The recommendation has been noted and implemented during the 1995 fiscal year.

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

**For the Year Ended June 30, 1995**

**11. BOOKSTORE (Continued)**

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.

Current Status

See current Year Findings and Recommendations.

**12. BOOKSTORE/CAFETERIA - CASH DISBURSEMENTS**

Finding

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.

# **CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

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

**For the Year Ended June 30, 1995**

### **12. BOOKSTORE/CAFETERIA - CASH DISBURSEMENTS (Continued)**

#### **Recommendation**

To ensure that all cash disbursements represent valid expenditures, payments should not be disbursed until all supporting documentation is received. Supporting documentation includes the Confirming Requisition, evidence of receipt of goods or services and vendor invoice. Any vendor payments that differ from the supporting documentation should be adequately documented.

#### **Current Status**

Findings were discussed with department personnel, no exceptions were noted in the 1995 audit.

### **13. 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.

#### **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".

#### **Current Status**

The recommendation has been noted and was implemented during the 1995 fiscal year.

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

**For the Year Ended June 30, 1995**

**13. ASSOCIATED STUDENTS (Continued)**

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.

Current Status

See current year Findings and Recommendations.

**STATE COMPLIANCE**

**14. ATTENDANCE**

Finding

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



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

**For the Year Ended June 30, 1995**

**STATE COMPLIANCE** (Continued)

**14. ATTENDANCE** (Continued)

**Finding** (Continued)

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.
- 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.
- 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.
- 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.
- 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.

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

**For the Year Ended June 30, 1995**

**STATE COMPLIANCE** (Continued)

**14. ATTENDANCE** (Continued)

**Finding** (Continued)

- The cash shortage will not be detected by the cashiers.

**Recommendation**

In order to improve internal controls and compliance procedures over the attendance system, we recommend the following:

- We recommend that Data Processing department modify the hold status on the system to prevent including dismissed students on the census reports.
- All required data elements should be appropriately included on the tabulation documents to ensure compliance with State guidelines.
- 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.
- 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.
- 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.
- 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.

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

**For the Year Ended June 30, 1995**

**STATE COMPLIANCE** (Continued)

**14. ATTENDANCE** (Continued)

Current Status

See current year Findings and Recommendations.

**15. EOPS**

Finding

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.

Recommendation

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.

Current Status

Waivers have been applied for by the respective colleges. See current year Findings and Recommendations.

**16. ALLOCATION OF COSTS**

Finding

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.

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

**For the Year Ended June 30, 1995**

**STATE COMPLIANCE** (Continued)

**16. ALLOCATION OF COSTS** (Continued)

**Recommendation**

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.

**Current Status**

See current year Findings and Recommendations.

**FEDERAL COMPLIANCE**

**17. DRUG-FREE WORKPLACE**

**Finding**

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.

**Recommendation**

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

**Current Status**

See current year Findings and Recommendations.

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

**For the Year Ended June 30, 1995**

**FEDERAL COMPLIANCE** (Continued)

**18. EDGAR**

**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.

**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.

**Current Status**

The recommendation has been noted and VATEA fund property records were created during the 1995 fiscal year. See current year Findings and Recommendations.