

**CONTRA COSTA COMMUNITY
COLLEGE DISTRICT**

**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT**

YEAR ENDED JUNE 30, 2007

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

TABLE OF CONTENTS

YEAR ENDED JUNE 30, 2007

	<u>PAGE</u>
INTRODUCTION	
Organization	1
Objectives of the Audit	2
Highlights of the Audit	3
FINANCIAL SECTION	
INDEPENDENT AUDITOR'S REPORT	4
MANAGEMENT'S DISCUSSION AND ANALYSIS	6
BASIC FINANCIAL STATEMENTS:	
Statement of Net Assets	18
Statement of Revenues, Expenses and Changes in Net Assets	20
Statement of Cash Flows	21
Statement of Fiduciary Net Assets	23
Notes to the Financial Statements	24
SUPPLEMENTARY INFORMATION SECTION	
Balance Sheet — All Funds	40
Statement of Changes in Fund Balances – All Funds	41
Combining Balance Sheet: Current Funds – Unrestricted	42
Combining Statement of Changes in Fund Balances: Current Funds – Unrestricted	43
Combining Balance Sheet: Current Funds – Restricted	44
Combining Statement of Changes in Fund Balances: Current Funds – Restricted	45
Combining Balance Sheet – Plant Funds	46
Combining Statement of Changes in Fund Balances – Plant Funds	47
Combining Balance Sheet – Auxiliary Organizations	48
Combining Statement of Changes in Fund Balances – Auxiliary Organizations	49
Schedule of Expenditures of Federal Awards	50
Schedule of State Financial Assistance	51
Schedule of State General Apportionment	52
Reconciliation of Annual Financial and Budget Report (CCFS-311) with Audited Financial Statements	53
Note to Supplementary Information	54

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

TABLE OF CONTENTS

YEAR ENDED JUNE 30, 2007

	<u>PAGE</u>
OTHER INDEPENDENT AUDITOR'S REPORTS	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	55
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133	57
Independent Auditor's Report on State Compliance	59
FINDINGS AND RECOMMENDATIONS SECTION	
Schedule of Audit Findings and Questioned Costs	62
Status of Prior Year Findings and Recommendations	71

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

ORGANIZATION

YEAR ENDED JUNE 30, 2007

DESCRIPTION OF DISTRICT

The Contra Costa Community College District (the District) was established in 1948 as a separate district and began operating in 1949. The District serves Contra Costa County, California, with three colleges: Diablo Valley College located in Pleasant Hill, Contra Costa College located in San Pablo, and Los Medanos College located in Pittsburg. The administrative offices of the District are located in Martinez, California. The District also operates satellite education centers in San Ramon and Brentwood. The boundaries of the District are contiguous with the boundaries of the County of Contra Costa, and includes substantially all of the County's 734 square miles. All colleges are accredited, and offer a wide range of subjects, including vocational and technical education.

The members of the Governing Board of Contra Costa Community College District holding office during the audit period, and their term of office expiration dates are as follows:

BOARD OF TRUSTEES

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Jo Ann Cookman	President	December 2008
Tomi Van de Brooke	Vice President	December 2008
Sheila A. Grilli	Secretary	December 2010
John T. Nejedly	Member	December 2010
Dr. Anthony T. Gordon	Member	December 2010
Pamela J. Hampton	Student Member	May 2008

ADMINISTRATION

Ms. Helen Benjamin..... Chancellor
Mr. Mark Zacovic..... Vice Chancellor, Administrative Services
Mr. Douglas Roberts..... Associate Vice Chancellor/Chief Financial Officer

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

OBJECTIVES OF THE AUDIT

YEAR ENDED JUNE 30, 2007

The audit of the Contra Costa Community College District (the District) had the following objectives:

- To evaluate the adequacy of the systems and procedures affecting compliance with applicable federal and California laws and regulations, noncompliance with which could have a material effect on the District's financial statements and the allowable program expenditures for federal and California financial assistance programs.
- To evaluate the adequacy of the system of internal control sufficient to meet the requirements of generally accepted auditing standards, for the purpose of formulating an opinion on the financial statements taken as a whole.
- To determine the accountability for revenues and the propriety of expenditures, and the extent to which funds have been expended in accordance with prescribed federal and California laws and regulations.
- To determine whether financial and related reports to state and federal agencies fairly present the information set forth in relation to the financial statements taken as a whole.
- To determine the fairness of the financial statement presentation in accordance with generally accepted accounting principles.
- To recommend appropriate actions in any areas where internal control or compliance with applicable federal and California laws and regulations could be improved.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

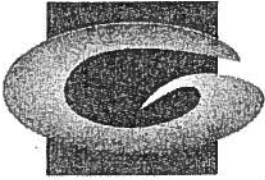
HIGHLIGHTS OF THE AUDIT

YEAR ENDED JUNE 30, 2007

This section highlights findings that were identified during the audit. These findings are discussed in the independent auditor's reports and the findings and recommendations section (see pages 62-71).

- The independent auditor's report on the financial statements for the year ended June 30, 2007 is unqualified.
- Three financial statement findings were noted.
- Three compliance exceptions with state laws and regulations were noted.
- One compliance exceptions with Federal laws and regulations were noted.

FINANCIAL SECTION



Gilbert Associates, Inc.
CPAs and Advisors

INDEPENDENT AUDITOR'S REPORT

**Board of Trustees
Contra Costa Community College District
Martinez, California**

We have audited the accompanying basic financial statements of the business-type activities and remaining fund information of the Contra Costa Community College District (the District), as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Contracted District Audit Manual*, issued by the California Community Colleges Chancellor's Office. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and remaining fund information of the District, as of June 30, 2007, and the respective changes in financial position and, where applicable, its cash flows there of for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 22, 2007, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

**Board of Trustees
Contra Costa Community College District
Page 2 of 2**

The Management's Discussion and Analysis (MD&A) on pages 6 through 17 is not a required part of the financial statements but is supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is not a required part of the financial statements and is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The Schedule of State Financial Assistance and other supplemental financial and statistical information is not a required part of the financial statements and is presented for purposes of additional analysis as required by the *Contracted District Audit Manual*, issued by the California Community Colleges Chancellor's Office. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The additional Combining Balance Sheets by Fund and Combining Statements of Changes in Fund Balance by Fund have been presented for purpose of additional analysis and are not a required part of the basic financial statements. Accordingly they have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and we express no opinion on them.

Gilbert Associates, Inc.

GILBERT ASSOCIATES, INC.

December 22, 2007

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
Management's Discussion and Analysis (MD&A)
For the Year Ended June 30, 2007

Accounting Standards

In June 1999, the Governmental Accounting Standard's Board ("GASB") released Statement No. 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments," which established new reporting formats for annual statements. In November 1999, GASB released Statement No. 35, "Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities," which applied the new reporting models to public colleges and universities. In its "Accounting Advisory No. 2001-01", the State Chancellor's Office opined that the California Community Colleges would best benefit from, and would "therefore implement," the business-type activities ("BTA") reporting model, as outlined in GASB Statement No. 34. According to the GASB's implementation schedule, the District's effective implementation date began with fiscal year 2001-2002.

The District has asked its auditors to also present (in supplemental schedules) the District's financial statements using the fund statement format, which continues to be the format that the District uses for internal reporting and for reporting to the State Chancellor's Office.

As required by the new reporting model, the annual report consists of three basic financial statements that provide information on the District as a whole:

- the Statement of Net Assets;
- the Statement of Revenues, Expenses and Changes in Net Assets; and,
- the Statement of Cash Flows.

These statements are designed to emulate corporate presentation models, whereby all District activities are consolidated into one total. The focus of the Statement of Net Assets is designed to be similar to "bottom line" results for the District. This statement combines and consolidates current financial resources (short-term spendable resources) with capital assets. The Statements of Revenues, Expenses, and Changes in Net Assets focus on both the gross costs, and the net costs, of District activities, which are supported mainly by property taxes, state apportionment, and other state revenues. This approach is intended to summarize and simplify the analysis of cost of various District services to students and the public.

The following discussion and analysis provides an overview of the District's financial activities, and includes comparisons of current-year to prior-year activity.

Statement of Net Assets

The Statement of Net Assets includes all assets and liabilities using the accrual basis of accounting, which is similar to the accounting method used by most private-sector institutions. Net assets, the difference between assets and liabilities, are one way to measure the financial health of the District.

Overall, the net assets of the District increased \$8.3 million or about 5% over that of the previous year. This increase was primarily due to:

- 1) a \$18.3 million increase to the Retiree Health Benefits Fund, fund balance;
- 2) a \$ 5.5 million decrease in net assets due to building and equipment depreciation;
- 3) a \$ 1.6 million decrease to the Unrestricted General Fund, fund balance;
- 4) a \$ 0.8 million decrease to the Restricted General Fund, and Auxiliary Fund, fund balances, and
- 5) a \$ 0.6 million decrease due to scheduled Bond debt retirement.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
Management's Discussion and Analysis (MD&A)
For the Year Ended June 30, 2007

Condensed Statement of Net Assets

	<u>2007</u>	<u>2006</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Current assets				
Cash and short-term investments	\$ 74,440,318	\$ 38,925,502	\$ 35,514,816	91.2%
Receivables	14,653,346	36,651,053	(21,997,707)	(60.0%)
Inventory, prepaid expenses and other	11,291,152	8,170,742	3,120,410	38.2%
Total current assets	100,384,816	83,747,297	16,637,519	19.9%
Non-current assets				
Net capital assets and restricted funding	242,014,848	252,158,838	(10,143,990)	(4.0%)
Total assets	<u>\$ 342,399,664</u>	<u>\$ 335,906,135</u>	<u>\$ 6,493,529</u>	<u>1.9%</u>
Current liabilities				
Accounts payable, and accrued liabilities	\$ 21,780,363	\$ 21,008,248	\$ 772,115	3.7%
Deferred revenues	11,329,929	12,610,568	(1,280,639)	(10.2%)
Bonds and notes payable - current portion	3,357,519	4,002,458	(644,939)	(16.1%)
Other long-term liabilities - current portion	450,699	444,130	6,569	1.5%
Total current liabilities	36,918,510	38,065,404	(1,146,894)	(3.0%)
Non-current liabilities				
Long-term liabilities	125,849,145	126,512,733	(663,588)	(0.5%)
Total liabilities	162,767,655	164,578,137	(1,810,482)	(1.1%)
Net assets				
Investment in capital assets, net of debt	117,090,222	125,336,944	(8,246,722)	(6.6%)
Restricted	6,090,053	2,835,601	3,254,452	114.8%
Unrestricted	56,451,734	43,155,453	13,296,281	30.8%
Total net assets	<u>\$ 179,632,009</u>	<u>\$ 171,327,998</u>	<u>\$ 8,304,011</u>	<u>4.8%</u>
Total net assets and liabilities	<u>\$ 342,399,664</u>	<u>\$ 335,906,135</u>	<u>\$ 6,493,529</u>	<u>1.9%</u>

The primary components of cash and short-term investments are:

- 1) \$ 8.3 million for the Unrestricted Fund, state mandated 5%-reserves;
- 2) \$ 3.2 million in Unrestricted Fund, designated reserves for 2006-07 college-carry-overs;
- 3) \$ 9.1 million in Unrestricted Fund, undesignated, non-reserved fund balance;
- 4) \$23.3 million held at the County Treasury for life-time, retiree health benefits;
- 5) \$20.2 million held in investment-securities for Bond construction; and
- 6) \$10.3 million resulting from the net cash effect of all other assets, receivables, and liabilities.

The \$35.5 million fiscal year increase in cash and short term investments was primarily due to: 1) the need to reclassify \$20.2 million in bond securities that now have less than one year to maturity, and 2) increases in one-time revenues, a large portion of which was used to fund the \$15.6 million one-time transfer into the District's Retiree Health Benefits Fund.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
Management's Discussion and Analysis (MD&A)
For the Year Ended June 30, 2007

Accounts receivable primarily represents state funding owed to the District for capital and non-capital apportionments and grants. The total owed to the District by the state is approximately \$8.9 million. Federal and local grant receivables represent another \$1.3 million. Local property taxes comprise \$2.2 million, and interest receivable comprises another \$1.2 million. The remaining accounts receivable are made up of student-receivables, book vendor credits, and miscellaneous items. The primary components of the 2006-07 decrease in accounts receivable were the current year receipts of \$14.6 million in prior year capital project claims, and \$8.0 million in apportionment revenues due at fiscal year end in 2005-06.

Inventories and prepaid items, \$2.4 and \$4.5 million, respectively, represent bookstore merchandise-inventories, and prepayments for July and August 2007 health insurance. Construction "retainage" accounted for another \$4.3 million of the overall balance. The primary cause for the increase in this overall balance was an additional month of pre-paid health coverage.

Non-current, net capital assets and restricted funding primarily represent: 1) the District's original investment in land, site improvements, buildings and equipment, less the cost of accumulated depreciation, \$212.3 million, 2) the funds accumulated at the County Treasury for the redemption of bonds, \$4.3 million, 3) the unspent cash held in categorical-program and trust funds, \$3.4 million, 4) the long-term investments held for the funding of the District's liability for life-time, retiree health benefits, \$22.6 million. For 2006-07, the majority of the decrease in capital assets was due to depreciation.

Accounts payable and accrued liabilities primarily represent year-end accruals for services and goods received by the District, during fiscal 2006-07, for which payment would not be made until 2007-08. \$12.3 million of the amount represents debt on vendor invoices. Another \$4.2 million represents "retainage" on construction work that has been completed. The year-end accrual for payroll accounts for another \$4.4 million of the total. The 2006-07 year end balances are higher than 2005-06 primarily for the increase in yet-to-be-paid vendor invoices.

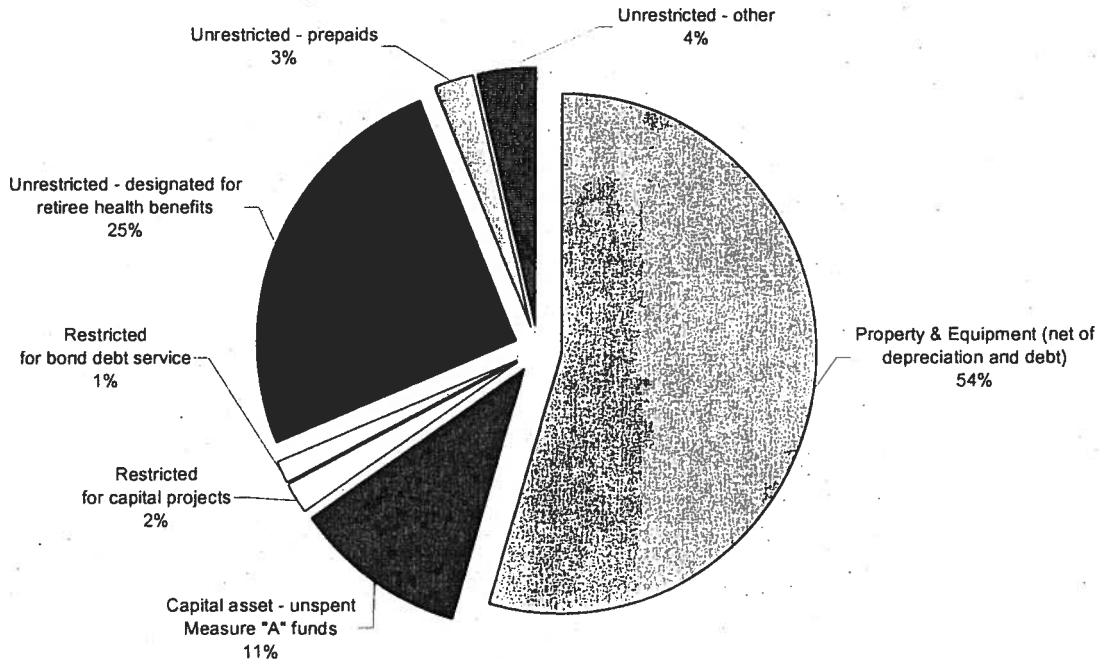
Deferred revenues represent prepayments, made to the District, for which services have yet to be rendered. \$5.2 million of this amount represents student tuition and registration fees, received during 2006-07, for the fiscal year 2007-08 summer and fall terms. Another \$6.0 million represents funding for grants and contracts, whose terms and conditions extend beyond 2006-07 fiscal year. The \$1.0 million decrease from 2005-06 to 2006-07 is primarily due to reduced receipt of prepaid student fees.

The current liabilities amount for bonds and notes payable primarily represents the principal and interest to be paid during 2007-08 on the 2002 Measure "A" bonds. Other current liabilities are composed of: 1) that portion of long-term capitalized leases to be paid during the 2007-08 fiscal year, \$281,069, and 2) \$169,630 for the year-end accrual of the District's "deductible" for all outstanding insurance claims. The net increase in these latter accounts was negligible.

The District's non-current liabilities primarily consist of: 1) the long-term debt remaining on the 2002 Measure "A" bonds, \$112.8 million, 2) the accumulated liability for accrued, employee-compensated absences, \$11.5 million, 3) the long-term debt remaining on the certificates of participation that were used to help construct the Diablo Valley College, Student Body Center, \$1.1 million, and, 4) numerous capitalized lease obligations for the purchase of equipment throughout the District, \$0.4 million. The decrease from the 2005-06 totals was primarily due scheduled bond payments, offset by an increase in accrued compensated absences.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
 Management's Discussion and Analysis (MD&A)
 For the Year Ended June 30, 2007

Net Assets - June 30, 2007



The largest component of the District's \$117.1 million in capital assets (net of related debt) is the \$97.7 million which represents the District's initial cost for property, plant, and equipment, less accumulated depreciation, and less any remaining debt used for the initial purchase. Capital assets, net of accumulated depreciation, are \$212.3 million. It is the "netting-effect" of \$114.7 million in related debt; primarily from the outstanding debt associated with the \$120 million-issuance in Measure "A" bonds, which result in this lessened 2006-07 amount. The other major component within net capital assets is \$19.3 million which represents the District's unspent 2002 Measure "A" funds.

The primary components of the District's "net assets" in restricted, expendable-assets, are the \$3.7 million held for capital projects, and \$2.4 million held for Bond debt service.

Within the unrestricted net assets, \$45.5 million represents funds which have been Board-designated as debt-funding for the District's liability for retiree health benefits. \$4.5 million represents the District's investments in prepaid expenses. The remaining \$6.3 million represents the net, non capital assets for the District's General Fund operations, auxiliary operations, and debt funding for the District's liability for accrued employee-compensated absences.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
Management's Discussion and Analysis (MD&A)
For the Year Ended June 30, 2007

Statement of Revenues, Expenses and Changes in Net Assets

The Statement of Revenues, Expenses and Changes in Net Assets (see next page) presents the financial results of the District's "operations", as well as its "non-operating activities." The distinction between these two activities involves the concepts of "exchange" and "non-exchange." An operating activity is one in which a "direct payment"/exchange is made (by one party to another) for the receipt of specified goods or services, i.e., the payor is the one receiving benefit. As an example, tuition fees, paid by a student, is an "exchange" for instructional services. Likewise, grant and contract-funding received (on the condition that the District provides specific/contracted services), is also an "exchange." Both are therefore recorded as "operating revenue". The receipt of state apportionments and property taxes, however, do not include this "exchange" relationship between "payment" and the "receipt of benefit". Such revenues are deemed "non-exchange" transactions, and are therefore treated as "non-operating" activities.

Because the primary sources of funding, that support the District's instructional activities, comes from state apportionment, and local property taxes, the financial results of the District's "operations" will result in a net operating expense.

The primary components of "tuition and fees" are the \$20 per unit enrollment fee that is charged to all students registering for classes, and, the additional \$163 per unit fee that is charged to all non-resident students. The discrepancy between these fee-rates is due to the fact that resident student instruction is largely subsidized by local property taxes and state apportionment. Non-resident students must pay for the full cost of instruction. Respectively, these two revenue-streams account for \$14.7 and \$6.0 million. Another \$1.6 million is collected in the form of parking permits. The remainder is collected from an assortment of other student fees. For 2006-07, the decrease in tuition fees (from \$26/unit to \$20/unit) accounted for the majority of the net revenue decrease.

The amount listed for "scholarship discounts and allowances" represents Board of Governors (BOG) Grants. For students who meet assistance-requirements, the State allows enrollment fees to be waived.

The largest component of the District's operating revenues is non-capital grants and contracts. The largest sub-component, \$15.2 million, results from funding received from the state for categorical programs, such as DSP&S, EOP&S, Matriculation, etc.; Federal grants totaling \$12.8 million, include \$10.9 million in student financial aid, and another \$1.9 million in funding for vocational, teacher training and higher education programs. Included within local grants and contracts, \$5.0 million, are all of the college's contract-education services, as well as all other, miscellaneous service-revenues received by the District.

The operating revenue, for auxiliary enterprises, principally consists of revenue from the District's bookstore, cafeteria, and I.T. operations. These three enterprise operations account for \$12.0, \$0.9 and \$1.6 million, respectively, and total auxiliary operating revenue is roughly consistent with the prior year.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
Management's Discussion and Analysis (MD&A)
For the Year Ended June 30, 2007

Condensed Statement of Revenues, Expenses & Changes in Net Assets

	<u>2007</u>	<u>2006</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Operating revenues				
Tuition and fees	\$ 23,367,376	\$ 23,672,608	\$ (305,232)	(1.3%)
Scholarship discounts	(3,828,749)	(4,639,194)	810,445	(17.5%)
Grants and contract, noncapital	33,042,457	31,128,314	1,914,143	6.1%
Auxiliary enterprises	14,464,546	14,847,786	(383,240)	(2.6%)
Total operating revenues	<u>67,045,630</u>	<u>65,009,514</u>	<u>2,036,116</u>	<u>4.4%</u>
Operating expenses				
Salaries	110,715,535	102,169,769	8,545,766	8.4%
Benefits	35,548,250	32,774,505	2,773,745	8.5%
Supplies, materials, and other expenses	59,057,645	36,011,831	23,045,814	64.0%
Utilities	4,408,285	4,473,650	(65,365)	(1.5%)
Student financial aid & scholarships	12,402,647	12,882,299	(479,652)	(3.7%)
Depreciation	5,472,225	3,710,772	1,761,453	47.5%
Total operating expenses	<u>227,604,587</u>	<u>192,022,826</u>	<u>35,581,761</u>	<u>18.5%</u>
Operating (expenses) net	<u>(160,558,957)</u>	<u>(127,013,312)</u>	<u>(33,545,645)</u>	<u>26.4%</u>
Nonoperating revenues				
State apportionments, noncapital	66,434,899	55,835,122	10,599,777	19.0%
Local property taxes	78,287,536	73,251,718	5,035,818	6.9%
State taxes and other revenue	8,591,663	8,046,596	545,067	6.8%
Investment income	5,207,644	3,518,602	1,689,042	48.0%
Other nonoperating revenues (expenses)	(5,802,269)	(4,502,405)	(1,299,864)	28.9%
Total nonoperating revenues	<u>152,719,473</u>	<u>136,149,633</u>	<u>16,569,840</u>	<u>12.2%</u>
Net revenue (loss) before capital revenues	(7,839,484)	9,136,321	(16,975,805)	(185.8%)
State and local revenue, grants and gifts (capital)	<u>16,143,495</u>	<u>39,167,733</u>	<u>(23,024,238)</u>	<u>(58.8%)</u>
Increase (decrease) in net assets	8,304,011	48,304,054	(40,000,043)	(82.8%)
Net assets - beginning of year	<u>171,327,998</u>	<u>123,023,944</u>	<u>48,304,054</u>	<u>39.3%</u>
Net assets - end of year	<u>\$ 179,632,009</u>	<u>\$ 171,327,998</u>	<u>\$ 8,304,011</u>	<u>4.8%</u>

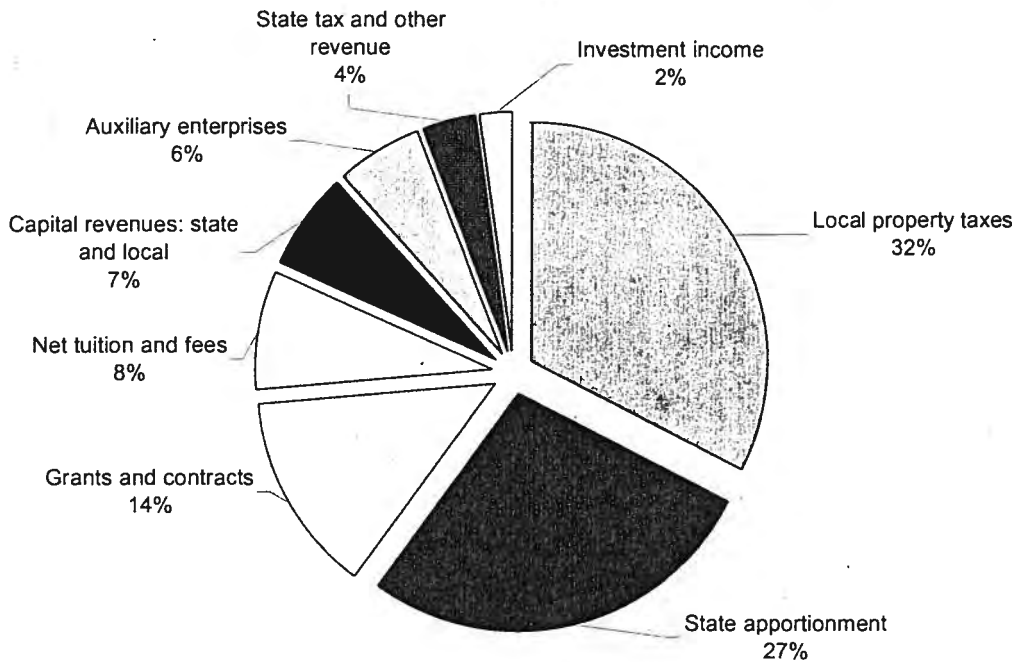
The principal components of the District's non-operating revenue are: non-capital, state apportionment, local property taxes, other state funding, and interest income. With the exception of interest income, all of this revenue is received to support the District's instructional activities. The amount of state general apportionment received by the District is dependent upon the number of "resident" FTES reported to the State, less amounts received from enrollment fees and local property taxes; increases in either of these latter two revenue-categories leads to a correspondent decrease in apportionment. Most of the \$16.2 million increase was due to: 1) the state's 2006-07 cost of living adjustment (COLA) of 5.92%, which accounted for \$6.8 million, 2) the \$4.2 million "equalization" component of the state's new SB 361 community college system funding model, and 3) the \$3.4 million that the District received in special, one-time apportionments, and prior year apportionment-corrections.

Of the total \$5.2 million in investment income, \$2.9 million consists of non-capital interest. This is primarily earned on: 1) investments designated for the funding of the District's liability for retiree health benefits, \$1.8 million, and 2) another \$1.1 million for other funds held in the County Treasury during the fiscal year. The \$2.3 million in investment income (capital) primarily represents interest earned on the unspent cash and investments from the Measure "A" bonds.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
Management's Discussion and Analysis (MD&A)
For the Year Ended June 30, 2007

The principal components of "capital-revenues" are \$14.8 million in state apportionment, and local revenues, utilized for capital projects and schedules maintenance programs. The principal components of this revenue were the State funding received for: 1) construction of the Los Medanos College (LMC) Math & Science building, \$7.8 million, 2) site development at the San Ramon Center (SRC), \$2.6 million, 3) Diablo Valley College (DVC) seismic retrofitting of the Technical Education building, \$1.0 million, 4) state funding for scheduled maintenance projects, \$1.6 million, and, 5) \$0.7 million received in Redevelopment Agency taxes. The decrease in revenue (over 2005-06) reflects a decrease in state-funded, capital project activity, in particular, the completion of primary construction of the San Ramon Center, which was a \$29.0 million project.

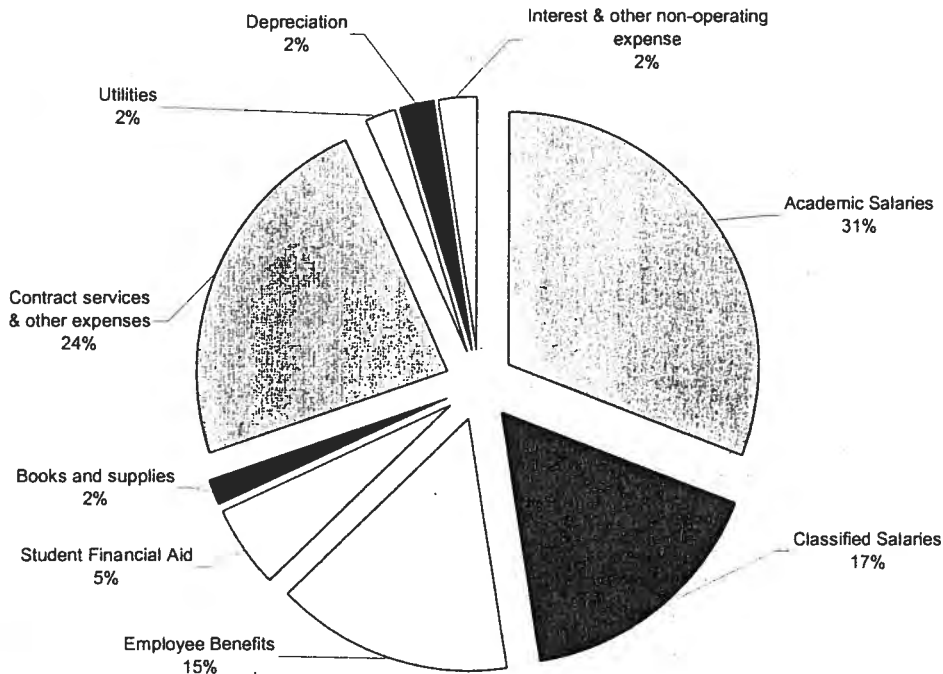
Total Revenues - June 30, 2007



CONTRA COSTA COMMUNITY COLLEGE DISTRICT
 Management's Discussion and Analysis (MD&A)
 For the Year Ended June 30, 2007

The largest component, 63% of the District's total expense (operating and non-operating) is the cost associated with salaries and benefits. In the District's primary operating fund, the Unrestricted General Fund, salaries and benefits account for 86% of on-going expenditures. Payments to students which include direct financial aid accounted for 5% of District expenses. "Books, supplies, materials, and other expenses" account for an additional 26% of the total. This latter category includes \$4.1 million for the cost of books and supplies, \$10.3 million for cost of goods sold in the auxiliary operations, and, \$6.6 million spent in connection with restricted programs funded by grants and contracts. The remainder of this expenditure-category includes insurance premiums, instructional contracts, facilities rental, equipment repair, and a host of other expenditures necessary to the operation of the District. Utilities, depreciation, and debt principal and interest expenses make up the remaining 6% of total expenditures.

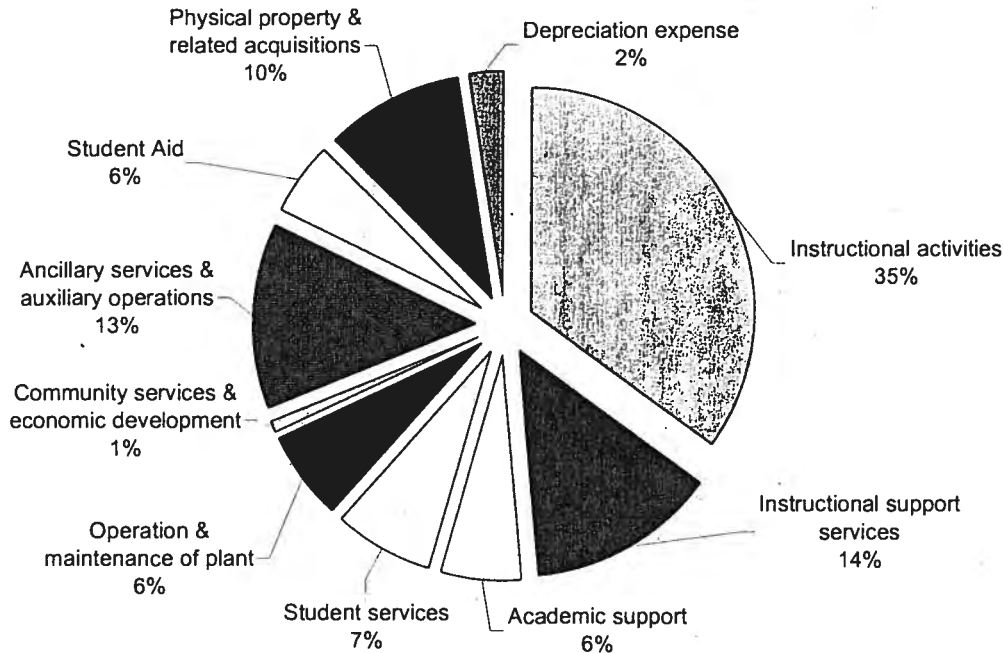
Total Expenses - June 30, 2007



Overall, total operating expenses increased by 12.6% during 2006-07. The overall increase was principally due to a \$27.6 million increase in bond-funded construction projects (over that of 2005-06). For 2006-07, the District fully restored salaries that had been cut during 2004-05, plus an additional 2% one-time bonus was given. These two increases accounted for the majority of the 8.4% increase seen in salaries and benefits. Utility expenditures remained somewhat consistent with the previous year. The increase in depreciation was due to the number of new buildings brought on-line during 2006-07, and experienced their first year of depreciation. The 29% increase in interest expense is due to the increased bond-repayment obligation that resulted from the District's issuance of an additional \$25 million in bonds in May, 2006.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
Management's Discussion and Analysis (MD&A)
For the Year Ended June 30, 2007

2006-07 Operating Expenses by Functional Classification



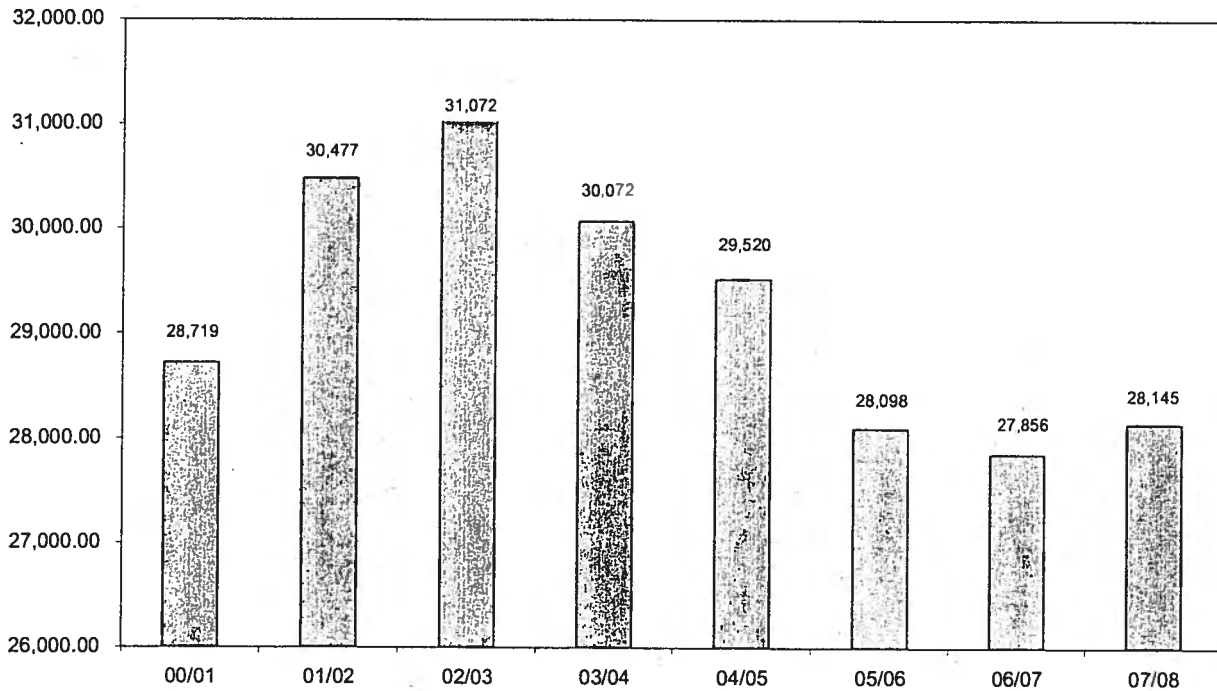
Operating Expense by Functional Classification

	<u>2007</u>	<u>2006</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Instructional activities	\$ 79,396,069	\$ 72,282,994	\$ 7,113,075	9.8%
Instructional support services	31,500,265	30,261,167	1,239,098	4.1%
Academic support	13,133,645	12,473,133	660,512	5.3%
Student services	16,552,897	15,296,140	1,256,757	8.2%
Operation & maintenance of plant	14,101,315	11,945,820	2,155,495	18.0%
Community services & economic development	2,135,910	1,911,505	224,405	11.7%
Ancillary services & auxiliary operations	30,049,487	26,955,992	3,093,495	11.5%
Student Aid	12,402,647	12,882,299	(479,652)	(3.7%)
Physical property & related acquisitions	22,860,127	4,303,004	18,557,123	431.3%
Depreciation expense	5,472,225	3,710,772	1,761,453	47.5%
Total	\$ 227,604,587	\$ 192,022,826	\$ 35,581,761	18.5%

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
 Management's Discussion and Analysis (MD&A)
 For the Year Ended June 30, 2007

The previous page shows that overall 2006-07 operating expenditures increased by 18.5% over the previous year. Most of the increases were the result of: 1) increased bond-funded construction projects, and 2) the effect of the salary restoration and the 2% one-time bonus. With so much new construction being completed during 2006-07, an increase in depreciation was expected.

District Resident FTES
 2000-01 to 2006-07 "earned", 2007-08 projection at "fall census"



For the 2007-08 FTES-projection ... "fall census" includes all of the actual enrollments for summer 2007, and the actual enrollment for the fall weekly and daily census courses. The projection made for the remaining fall positive attendance courses, and all of the spring courses, is based on 2007-08 FTES-to-date, as compared to last year's ratio, of 2006-07 fall census FTES to the total FTES for fiscal 2006-07.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
Management's Discussion and Analysis (MD&A)
For the Year Ended June 30, 2007

Statement of Cash Flows

The Statement of Cash Flows presents detailed information about the "sources" and "uses" of cash during the year. The statement is divided into five parts:

- Cash flows from operating ("exchange") activities
- Cash flows from non-capital financing activities
- Cash flows from capital and related-financing activities.
- Cash flows from investing activities
- Reconciliation between beginning and ending cash

The ending cash balance matches the total of the District's current and non-current, cash and cash equivalents.

Economic Factors that will affect the Future

(Enrollment)

The District is dependent on the State of California for a majority of its revenue. State law and regulation further specifies the allowed uses of state revenue. The most important element of state funding is the Total General Apportionment calculation, which accounted for 88% of the District's 2006-07 primary "operating fund," the Unrestricted General Fund. Apportionment revenue is directly tied to reported enrollment, and since 2002-03, the District's FTES have fallen-off.

The decrease seen in 2003-04 was primarily due to the District's response to the 2003-04, state-wide reduction of funding for concurrently enrolled high school students in physical education courses. Since the state would no longer fund these FTES, the District stopped offering such courses, and nearly 900 FTES were lost.

In 2004-05 two events occurred: enrollment fees increased 44% (from \$18/unit to \$26/unit); and, the state's unemployment rate hit a 5-year low. Because of the strong correlation between the state's unemployment rate and community college enrollment, it is hard to know if it was the fee-increase, or the demand for workers, that led to the District's 2004-05 FTES-decline.

In 2005-06, the state's unemployment rate continued to stay low. In the area of FTES-reporting, the state tightened-up the eligibility requirements for non-credit FTES in tutorial courses, and reduced the number of hours that could be reported for "open-entry/open-exit" courses. Additionally, the District made compliance changes for the reporting of FTES in distance-education courses. All of these actions contributed to a further reduction of FTES in 2005-06.

In 2006-07, although enrollment fees were reduced from \$26/unit to \$20/unit in the second half of the year, the state's unemployment rate continued to stay low. Continued low unemployment rates, coupled with additional FTES reporting compliance changes, resulted in a slight reduction in FTES.

Early indicators are that the District will see FTES growth in 2007-08. For the entire fiscal year, enrollment fees will be \$20/unit, and the District has been aggressively advertising the fee-reduction. The District has also begun wide-ranging marketing efforts to reach out to more potential students. Additionally, there are signs that the state economy may be weakening, and the unemployment has risen almost a full percent over last year's figures.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
Management's Discussion and Analysis (MD&A)
For the Year Ended June 30, 2007

(District budgeting)

In preparing the Unrestricted General Fund budget for 2006-07, the District began using a new format that clearly differentiates ongoing revenues and expenditures from those that are one-time in nature. The idea behind this format-change is the maintenance of fiscal stability by making sure that the District can readily identify when on-going expenditures begin to exceed ongoing revenues. Additionally, the District began using interest-based bargaining (IBB) in negotiating with its employee groups. All parties have listed as mutual interests "fiscal stability", and the maintenance of on-going commitments within the District's on-going resources.

For 2007-08, and 2008-09, the District has settled labor agreements with all three of its employee groups. The new agreements called for a 7% salary increase in 2007-08, and include a formula-calculated increase for 2008-09 based upon state cost of living increases, and growth revenue sharing. The formula has a true-up effect which could impact salaries for 2009-10. But, overall, the terms of these agreements are still in compliance with the aforementioned mutual interest of keeping the District's long-term, on-going expenditures within its on-going revenues.

(Other post-employment benefits, OPEB)

In 2007-08, the District must implement GASB-45, which will require the District to begin accruing its liability for unfunded retiree health benefits (over the next 30 years). As of June, 30, 2006, the District's total liability was \$225 million, for which the District has now set aside a little over \$45 million. Currently the District pays retiree benefits on a "pay-as-you-go" basis, and additionally makes an annual contribution of \$1 million to the benefit fund. Per the actuarial schedules, if continued at this rate, at the end of 30 years, the District will have fully funded its remaining liability. During 2007-08, the District will establish a trust fund, and hire a financial investment firm, in compliance with GASB-45 guidelines, for the safeguarding and growth of the District's funding for its retiree health benefits.

(State-economy, state-budget)

The latest forecast from the Legislative Analyst's Office points to slow economic growth going into 2008. They project that the state will have a budget deficit of \$1.9 billion by the end of 2007-08. For 2008-09, they project that the state will have an operating shortfall of \$8 billion. Early indications are that the state is beginning to consider how to handle this combined \$10 billion, fiscal-imbalance. Given the state's overall budget-issues, the District will monitor the situation closely, and be mindful of the potential for funding-cuts as the state wrestles with this on-going budget problem. Concern over the volatility of the state's economic situation has caused the District to increase its Unrestricted General Fund, ending fund balance, which as of the end of fiscal 2006-07 stood at \$20.5 million, and represented a 12.2% expenditure-reserve.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

STATEMENT OF NET ASSETS (Page 1 of 2) JUNE 30, 2007

CURRENT ASSETS	
Cash and equivalents	\$ 52,330,833
Investments, current portion	22,109,485
Accounts receivable, net	11,005,046
Taxes receivable	2,405,966
Interest receivable	1,242,334
Inventories	2,414,556
Prepaid expenses	4,502,292
Deposits held for others	4,238,814
Other assets	62,500
Notes receivable	72,990
Total current assets	<u>100,384,816</u>
NONCURRENT ASSETS	
Restricted cash and equivalents	7,112,058
Investments	22,637,556
Capital assets, net	<u>212,265,234</u>
TOTAL ASSETS	<u>\$ 342,399,664</u>
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts payable	\$ 12,334,870
Accrued expenses	5,206,005
Retainage payable	4,239,488
Deferred tuition and fees revenue	5,152,012
Deferred grants and contracts	6,021,677
Deferred revenue, other	156,240
Claims payable	169,630
Interest payable	2,292,519
Capital leases, current portion	281,069
Certificates of participation, current portion	55,000
Bonds payable, current portion	1,010,000
Total current liabilities	<u>36,918,510</u>

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

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

STATEMENT OF NET ASSETS (Page 2 of 2) JUNE 30, 2007

NONCURRENT LIABILITIES

Capital leases	383,386
Compensated absences	11,519,560
Certificates of participation	1,110,000
Bonds payable	<u>112,836,199</u>
Total liabilities	<u>162,767,655</u>

NET ASSETS

Invested in capital assets, net of related debt	117,090,222
Restricted for:	
Capital projects	3,684,152
Debt service	2,405,901
Unrestricted	<u>56,451,734</u>
Total net assets	<u>179,632,009</u>

TOTAL LIABILITIES AND NET ASSETS \$ 342,399,664

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS YEAR ENDED JUNE 30, 2007

OPERATING REVENUES	
Tuition and fees, gross	\$ 23,367,376
Less: Scholarship discounts and allowances	<u>(3,828,749)</u>
Tuition and fees, Net	19,538,627
Grants, contracts and donations, non-capital	
Federal	13,568,580
State	14,576,616
Local	4,897,261
Auxiliary enterprise sales and charges	<u>14,464,546</u>
Total operating revenues	<u>67,045,630</u>
OPERATING EXPENSES	
Academic and classified salaries	110,715,535
Employee benefits	35,548,250
Other operating expenses and services	59,057,645
Utilities	4,408,285
Student financial aid and scholarships	12,402,647
Depreciation	<u>5,472,225</u>
Total operating expenses	<u>227,604,587</u>
OPERATING LOSS	<u>(160,558,957)</u>
NON-OPERATING REVENUES (EXPENSES)	
State apportionments, non-capital	66,434,899
Local property taxes	78,287,536
State taxes and other revenues	8,591,663
Investment income, capital	2,301,503
Investment income, non-capital	2,906,141
Interest expense on debt related to capital assets	(5,773,732)
Other non-operating revenues (expenses)	<u>(28,537)</u>
Total non-operating revenues (expenses)	<u>152,719,473</u>
CAPITAL REVENUES	
State apportionments, capital	14,791,393
Local property taxes, capital	1,326,607
Grants and gifts, capital	<u>25,495</u>
Total capital revenues	<u>16,143,495</u>
INCREASE IN NET ASSETS	8,304,011
NET ASSETS, Beginning of Year	<u>171,327,998</u>
NET ASSETS, End of Year	<u>\$ 179,632,009</u>

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

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

STATEMENT OF CASH FLOWS (Page 1 of 2) YEAR ENDED JUNE 30, 2007

CASH FLOWS FROM OPERATING ACTIVITIES:

Tuition and fees	\$ 21,120,668
Federal grants and contracts	13,570,600
State grants and contracts	20,992,068
Local grants and contracts	12,776,802
Payments to suppliers	(61,540,438)
Payments for utilities	(4,408,285)
Payments to or on behalf of employees	(108,014,466)
Payments for benefits	(36,954,276)
Student loans and grants	(12,421,512)
Auxiliary enterprise sales and charges	14,342,019
Net cash equivalents used by operating activities	<u>(140,536,820)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchases of investments	34,366,609
Proceeds from sale and maturities of investments	(29,501,295)
Interest received on investments	2,778,764
Net cash equivalents provided by investing activities	<u>7,644,078</u>

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:

State apportionment and receipts	60,936,846
Property taxes	77,662,154
State taxes and other revenues	8,591,663
Grants and gifts for other than capital projects	25,495
Current debt and other payments, net	(42,514)
Net cash equivalents provided by non-capital financing activities	<u>147,173,644</u>

CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:

State apportionment for capital projects	26,432,493
Purchases of capital assets	(39,728,074)
Interest paid on capital debt	(5,333,271)
Principal paid on capital debt	(2,526,372)
Interest on capital investments	2,262,708
Local property taxes and other revenues for capital purposes	1,164,014
Issuance of capital debt, net	(44,440)
Net cash equivalents used by capital financing activities	<u>(17,772,942)</u>

NET DECREASE IN CASH AND EQUIVALENTS (3,492,040)

CASH AND EQUIVALENTS, Beginning of Year 62,934,931

CASH AND EQUIVALENTS, End of Year \$ 59,442,891

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

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

STATEMENT OF CASH FLOWS (Page 2 of 2) YEAR ENDED JUNE 30, 2007

RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:

Operating loss	\$ (160,558,957)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	5,472,225
Changes in:	
Accounts receivable	11,296,254
Inventories	(126,871)
Prepaid expenses	(3,242,843)
Accounts payable	959,650
Accrued expenses	671,887
Deferred tuition and fees	(42,637)
Deferred grants and contracts	4,244,218
Claims payable	91,364
Compensated absences	<u>698,890</u>
Net cash equivalents used by operating activities	<u>\$ (140,536,820)</u>

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

**STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2007**

	<u>Agency Funds (Associated Students)</u>
ASSETS	
Cash and equivalents	<u>\$ 1,249,612</u>
LIABILITIES	
Accounts payable	<u>\$ 1,249,612</u>

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2007

1. ORGANIZATION AND NATURE OF ACTIVITIES

The Contra Costa Community College District (the District) was established in 1948 as a separate district and began operating in 1949. The District serves Contra Costa County, California, with three colleges: Diablo Valley College located in Pleasant Hill, Contra Costa College located in San Pablo, and Los Medanos College located in Pittsburg.

The District has reviewed criteria to determine whether other entities with activities that benefit the District should be included within its financial reporting entity. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in generally accepted accounting principles (GAAP) and Governmental Accounting Standards Board (GASB) Statement No. 14 as amended by GASB Statement No. 39.

The District, based on its evaluation of this criteria, has identified the following as a component unit:

Blended component unit - The District and the Contra Costa Community College Educational Financing Corporation (the Corporation) have a financial and operational relationship, which meets the reporting entity definition criteria for inclusion of the Corporation as a component unit of the District. Accordingly, the financial activities of the Corporation have been included in the financial statements of the District.

Based upon the application of the criteria listed above, the following reporting entities have been excluded from the District's financial statements:

Contra Costa Community College Foundations – The Foundations (Diablo Valley, Contra Costa and Los Medanos) are separate not-for-profit organizations. A majority of their Boards of Directors are elected independent of any District Board of Trustees appointments. The Foundation Boards are responsible for approving their own budgets and accounting and finance related activities. The District provides in-kind contributions to the Foundations in the form of salaries, facility use, equipment, supplies, and utilities. The value of these in-kind contributions for the year ended June 30, 2007, was estimated to be \$277,000.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation – The accompanying financial statements have been prepared in conformity with 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 (AICPA) and, where applicable, Financial Accounting Standards Board (FASB) Statements issued through 1989.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2007

Basis of accounting – For financial reporting purposes, the District is considered a special-purpose government engaged only in business type activities. Accordingly, the District's financial statements have been presented using the economic resources measurement focus and accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recognized when an obligation has been incurred. All significant interfund transactions have been eliminated.

The budgetary and financial accounts of the District are recorded and maintained in accordance with the Chancellor's Office of the California Community College's Budget and Accounting Manual, which is consistent with generally accepted accounting principles.

In addition to the District's business type activities, the District maintains fiduciary funds. These funds account for assets held by the District in a trustee capacity or as an agent on behalf of others. Fiduciary funds are accounted for using the economic resources measurement focus. Fiduciary funds are not included in the government-wide financial statements. Fiduciary funds are reported only in the Statement of Fiduciary Net Assets at the fund financial statement level.

Agency Funds – This fund includes the Associated Student Trust Funds. The amounts reported for student body funds represent the combined totals of all accounts for the various student body clubs and activities within the District. Individual totals, by club, are maintained within the Associated Student's accounting system.

Budgets and budgetary accounting – By state law, the District's governing board must approve a tentative budget no later than July 1st and adopt a final budget no later than September 15th of each year. A hearing must be conducted for public comments prior to adoption.

The budget is revised during the year to incorporate categorical funds, which are awarded during the year, and miscellaneous changes to the spending plans. Revisions to the budget are approved by the District's governing board.

Estimates used in financial reporting – In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and equivalents – The District considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents.

Investments – Investments are reported at fair value on the balance sheet based on open market quotes for debt and equity securities. Unrealized gains and losses are recorded on the statement of revenues, expenses and changes in fund balances.

Restricted cash and equivalents – Cash and investments that are restricted by contractual obligation are classified as non-current assets in the Statement of Net Assets.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2007

Accounts receivable – Accounts receivable consist of amounts due from the federal, state and local governments, as well as other sources such as tuition and fees. Accounts receivable have been reduced to their net realizable value by recording an allowance for uncollectible amounts.

Inventories – Inventories are recorded at cost and consist primarily of expendable supplies held for consumption, cafeteria food and supplies, textbooks, and educational materials. For inventory valuation, the cafeteria fund uses the first-in, first-out method and the bookstore uses the retail method. The cost is recorded as expense as the inventory is consumed.

Capital assets – Capital assets are those assets purchased or acquired with an original cost of \$1,000 or more, with the exception of land and construction in progress for which the threshold is \$25,000. These assets are reported at historical cost or estimated historical cost. Additions, improvements, and other capital outlay that significantly extends the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on a straight-line basis over the following estimated useful lives:

Asset Class	Years
Improvement of Sites	20
Buildings	25-50
Machinery and Equipment	5-15
Vehicles	8

Deferred revenue – Deferred revenue includes amounts received for tuition and fees and certain categorical program revenues received prior to the end of the fiscal year, but related to the subsequent accounting period. Deferred revenue also includes amounts received from grants and contracts that have not yet been earned. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources.

Compensated absences – Employee vacation pay is accrued at year-end for financial statement purposes, based on vacation time accrued and current pay rate. The liability and expense incurred are recorded at year-end as accrued vacation payable in the Statement of Net Assets as a component of employee benefits. It is the District's policy to record sick leave in the period taken, since the employee's right to sick leave payment does not vest upon termination.

Pension costs – Pension costs are funded currently (see Note 12).

Non-current liabilities – Non-current liabilities include estimated amounts for long-term liabilities that will not be paid within the next fiscal year (see Note 7).

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2007

Net assets – The District's net assets are classified as follows:

- Invested in capital assets, net of related debt – This represents the District's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component invested in capital assets, net of related debt.
- Restricted net assets – expendable – Restricted expendable net assets include resources that the District is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.
- Unrestricted net assets – Unrestricted net assets represent resources derived from student tuition and fees, state apportionments, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the District, and may be used at the discretion of the governing board to meet current expenses, or for any other purpose.

Classification of revenues – The District has classified its revenues as either operating or non-operating according to the following criteria:

- Operating revenues: operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, and (3) Federal, State and local grants, contracts, and appropriations.
- Non-operating revenues: Non-operating revenues include activities that have the characteristics of non-exchange transactions, such as gifts and contributions, and other revenue sources that are defined as non-operating revenues by GASB No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB No. 34, *Basic Financial Statements and Management Discussion and Analysis for State and Local Governments*, such as State apportionments, local property taxes and investment income.

Scholarship discounts, allowances and financial aid – Student tuition and fee revenues are reported net of scholarship discounts and allowances in the statement of activities. The District offers Board of Governor's Grants (BOGG) to qualified students and these tuition waivers are reported as scholarship discounts and allowances. Grants, such as Federal, State or non-governmental programs, are recorded as operating or non-operating revenues based on the purpose in the District's financial statements.

Property taxes – Secured property taxes attach as an enforceable lien on property as of March 1, and are payable in two installments on December 10 and April 10. Unsecured property taxes are payable in one installment on or before August 31. The County of Contra Costa bills and collects the taxes for the District; tax revenues are recognized by the District when earned.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2007

Future GASB statement implementation - In June 2004, the Governmental Accounting Standards Board ("GASB") issued Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions." Statement No. 45 is effective for the District for the 2007-2008 fiscal year. This statement establishes standards for the actuarial measurement, recognition, presentation, disclosure, and required supplementary information of postemployment benefits and related liabilities. Management has not determined what effect the application of GASB Statement No. 45 will have on the District's financial statements.

3. **CASH, CASH EQUIVALENTS AND INVESTMENTS**

Cash and cash equivalents as of June 30, 2007 are classified in the accompanying financial statements as follows:

Statements of net assets:	
Cash and equivalents	\$ 52,330,833
Restricted cash and equivalents	7,112,058
Investments:	
Short term	22,109,485
Long term	22,637,556
Fiduciary funds:	
Cash and equivalents	<u>1,249,612</u>
Total cash, equivalents, and investments	<u>\$ 105,439,544</u>

Cash and equivalents as of June 30, 2007 consist of the following:

Cash on hand	\$ 209,800
Deposits with financial institutions	<u>4,152,623</u>
Cash on hand and in banks	<u>4,362,423</u>
Investments with County Treasurer:	
Pooled investments	56,330,079
District managed investments	<u>44,747,042</u>
Investments	<u>101,077,121</u>
Total cash, cash equivalents, and investments	<u>\$ 105,439,544</u>

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2007

Investments Authorized by the District's Investment Policy

In accordance with Education Code Section 84000, the District maintains substantially all its cash in the Contra Costa County Treasury (County) as part of the common investment pool, and District managed investments. County pools these funds with those of other governmental entities in the County and invests the cash. These investments are carried at fair value. Any realized investment losses are proportionately shared by all funds in the pool, except for investments directly managed by the District. Participants' equity in the investment pool is determined by the dollar amount of the participant deposits, adjusted for withdrawals and distributed income.

The table below identifies the investment types authorized by the District's investment policy in accordance with the California Government Code. This table also identifies certain provisions of the California Government Code that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds or Notes	5 years	30%	None
U.S. Treasury Obligations	5 years	100%	None
U.S. Agency Securities	5 years	75%	None
Commercial Paper	270 days	30%	10%
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Funds (LAIF)	N/A	50%	None

Investments Authorized by Debt Agreements

Investment of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the District's investment policy. The table below identifies the investment types that are authorized for investments held by bond trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage Allowed	Maximum Investment In One Issuer
Contra Costa County Investment Pool	Five Years	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2007

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

Information about the sensitivity of fair values of the investments to market interest rate fluctuations is provided by the following table that shows the distribution of the investments by maturity:

<u>Investment Type</u>	<u>Market Value</u>	<u>Remaining Maturity (in Years)</u>	
		<u>Less than 1</u>	<u>1 to 5</u>
LAIF	\$ 36,151,823	\$ 36,151,823	
Pooled Investments	20,178,256	20,178,256	
District Managed Investments:			
Federal Agency Bonds, Notes and Mortgage-Back Securities	31,681,402	21,754,486	\$ 9,926,916
Corporate Notes	7,239,838		7,239,838
U.S Treasury Notes	4,072,157		4,072,157
Municipal Bonds	<u>1,753,645</u>	<u>355,000</u>	<u>1,398,645</u>
Totals	<u>\$ 101,077,121</u>	<u>\$ 78,439,565</u>	<u>\$ 22,637,556</u>

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the District's investment policy, or debt agreements, and the actual rating as of year end for each investment type.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2007

Investment Type	Total Market Value	Rating as of year end Standard and Poor's				
		AAA	AA	AA-	A+	Other
LAIF	\$ 36,151,823					\$ 36,151,823 **
Pooled Investments	20,178,256					20,178,256 **
District Managed Investments:						
Federal agency bonds, notes and mortgage-back securities	31,681,402	\$ 31,681,402				
Corporate Notes	7,239,838	990,448	\$ 1,003,882	\$ 2,333,461	\$ 2,912,047	
U.S Treasury Notes	4,072,157					4,072,157 *
Municipal Bonds	1,753,645	1,753,645				
Totals	\$ 101,077,121	\$ 34,425,495	\$ 1,003,882	\$ 2,333,461	\$ 2,912,047	\$ 60,402,236

* Exempt from disclosure

** Not rated

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Education Code. The District has no investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total District investments.

Cash on Hand, in Banks, and in Revolving Fund

As of June 30, 2007, the carrying amount of the District's bank deposits was \$4,152,623 and the bank balance was \$4,973,194. Of the bank balance, \$383,406 was insured by the Federal Depository Insurance Corporation. The remainder, \$4,589,788, was covered by collateral held in the pledging financial institutions' trust departments in the District's name. Cash on hand of \$209,800 was not insured. Of the total bank balance, \$4,838,941 is held by the primary institution and \$134,253 is held by fiduciary funds.

4. ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following at June 30, 2007:

Federal, state and local grants and contracts, net of allowance of \$462,535	\$ 10,490,216
Auxiliary enterprises	127,964
Student tuition and fees, net of allowance of \$1,000,000	<u>658,438</u>
	<u>\$ 11,005,046</u>

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2007

5. FUNCTIONAL EXPENSES

For the year ended June 30, 2007, operating expenses are charged by function as follows:

	<u>Salaries</u>	<u>Employee Benefits</u>	<u>Supplies, Materials & Other Operating Expenses & Services</u>	<u>Other Outgoing</u>	<u>Depreciation</u>	<u>Total</u>
Instructional Activities	\$ 60,862,403	\$ 15,263,525	\$ 3,270,141			\$ 79,396,069
Academic Support	8,750,582	2,271,426	2,111,637			13,133,645
Student Services	11,491,625	2,829,814	2,231,458			16,552,897
Institutional Support	13,652,578	10,570,616	7,291,342			31,514,536
Plant Operation and Maintenance	5,639,998	2,008,380	6,452,937			14,101,315
Community Svcs. & Economic Devlp.	1,227,930	322,332	585,648			2,135,910
Ancillary and Auxiliary Services	9,034,603	2,267,908	18,746,976			30,049,487
Student Aid				\$ 12,402,647		12,402,647
Physical Prop.& Related Acquisitions	55,816	14,249	22,790,062			22,860,127
Depreciation					\$ 5,472,225	5,472,225
Totals	<u>\$ 110,715,535</u>	<u>\$ 35,548,250</u>	<u>\$ 63,465,930</u>	<u>\$ 12,402,647</u>	<u>\$ 5,472,225</u>	<u>\$ 227,604,587</u>

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2007

6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2007 was as follows:

	<u>Balance</u> <u>July 1, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2007</u>
Capital Assets, Not Depreciated:				
Land	\$ 13,651,216			\$ 13,651,216
Construction in Progress	<u>45,243,973</u>	<u>\$23,680,593</u>	<u>\$(13,538,213)</u>	<u>55,386,353</u>
Total Capital Assets, Not Depreciated	<u>58,895,189</u>	<u>23,680,593</u>	<u>(13,538,213)</u>	<u>69,037,569</u>
Capital Assets, Depreciated:				
Buildings	159,076,662	21,996,438		181,073,100
Improvement of Sites	14,914,367			14,914,367
Machinery and Equipment	<u>36,800,841</u>	<u>6,964,318</u>	<u>(5,469,245)</u>	<u>38,295,914</u>
Total Capital Assets, Depreciated	<u>210,791,870</u>	<u>28,960,756</u>	<u>(5,469,245)</u>	<u>234,283,381</u>
Less Accumulated Depreciation	<u>(90,873,191)</u>	<u>(5,472,225)</u>	<u>5,289,700</u>	<u>(91,055,716)</u>
Total Capital Assets, Depreciated, Net	<u>119,918,679</u>	<u>23,488,531</u>	<u>(179,545)</u>	<u>143,227,665</u>
Capital Assets, Net	<u>\$ 178,813,868</u>	<u>\$47,169,124</u>	<u>\$(13,717,758)</u>	<u>\$ 212,265,234</u>

7. LONG-TERM LIABILITIES

Certificates of Participation

In June 1996, the Financing Corporation issued \$1,605,000 of Certificates of Participation ("COPs") with effective interest rates of 4.5% to 5.35% maturing through 2021. The COPs proceeds were used to fund various construction projects. At June 30, 2007, \$1,165,000 remained outstanding on these Certificates of Participation.

The annual debt service requirements for the Certificates of Participation, as of June 30, 2007, are as follows:

<u>Year(s) ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 55,000	\$ 69,900	\$ 124,900
2009	60,000	66,600	126,600
2010	60,000	63,000	123,000
2011	65,000	59,400	124,400
2012	70,000	55,500	125,500
2013 - 2017	425,000	208,500	633,500
2018 - 2022	<u>430,000</u>	<u>66,000</u>	<u>496,000</u>
	<u>\$ 1,165,000</u>	<u>\$ 588,900</u>	<u>\$ 1,753,900</u>

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2007

General Obligation Bond Payable

On March 5, 2002, \$120,000,000 in general obligation bonds were authorized by voters under Proposition 39/Measure A in an election held within the Contra Costa Community College District. In July 2002, the District issued its first series \$50,000,000 of Measure A General Obligation Bonds (the G.O. Bonds). The G.O. Bonds require semi-annual principal payments beginning in August 2003 through August 2026; interest on the G.O. Bonds is payable semiannually on each February 1 and August 1, commencing in February of 2003. Annual interest rates for the principal payments range from 3.5% to 6.0%.

On August 1, 2004, the District issued its second series, \$45,000,000, of Measure A G.O. Bonds maturing on August 1, 2029, with interest at 4-5.00%, to provide for anticipated construction costs from various construction projects. The G.O. Bonds require semi-annual principal and interest payments February 1, 2005 through August 1, 2029. The G.O. Bonds due on or before August 1, 2014, are not subject to optional redemption; the G.O. Bonds due on and after August 1, 2015 are subject to optional redemption.

On May 11, 2006, the District issued its third series, \$25,000,000, of Measure A G.O. Bonds maturing on August 1, 2027, with interest at 4-4.50%, to provide for anticipated construction costs from various construction projects. The G.O. Bonds require interest payments February 1, 2007 through August 1, 2027 and annual principal payments August 1, 2007 through August 1, 2027. The G.O. Bonds are subject to optional and mandatory redemption.

The general obligation bonded debt at June 30, 2007, for both series matures as follows:

<u>Year(s) ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 1,010,000	\$ 5,481,444	\$ 6,491,444
2009	1,440,000	5,429,069	6,869,069
2010	1,625,000	5,354,856	6,979,856
2011	1,845,000	5,264,031	7,109,031
2012	2,090,000	5,165,181	7,255,181
2013 – 2017	14,410,000	23,893,744	38,303,744
2018 – 2022	22,420,000	19,538,632	41,958,632
2023 – 2027	33,350,000	12,989,498	46,339,498
2028 - 2032	34,709,999	3,458,139	38,168,138
Totals	112,899,999	86,574,594	199,474,593
Unamortized Premium and Issuance Costs	946,200		946,200
	<u>\$ 113,846,199</u>	<u>\$ 86,574,594</u>	<u>\$ 200,420,793</u>

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2007

Capital Lease Obligations

The District leases equipment under various capital leases. The total equipment acquired from capital leases included in the financial statement is \$383,067 (net of accumulated depreciation of \$1,006,282). Future minimum lease payments are as follows:

<u>Year(s) ending June 30,</u>	
2008	\$ 281,069
2009	272,074
2010	<u>156,223</u>
Total	709,366
Less Amounts Representing Interest	<u>(44,911)</u>
 Present Value of Net Minimum Lease Payments	 <u>\$ 664,455</u>

Changes In Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2007, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Capital Lease Obligations	\$ 1,002,288	\$ 38,539	\$ 376,372	\$ 664,455	\$ 281,069
Bonds payable	115,990,639		2,144,440	113,846,199	1,010,000
Compensated absences	10,820,670	698,890		11,519,560	
Certificates of Participation	<u>1,215,000</u>		<u>50,000</u>	<u>1,165,000</u>	<u>55,000</u>
Total Debt Obligations	<u>\$ 129,028,597</u>	<u>\$ 737,429</u>	<u>\$ 2,570,812</u>	<u>\$ 127,195,214</u>	<u>\$ 1,346,069</u>

8. 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's union contracts. 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 recognizes the cost of providing those benefits and related administrative costs when paid. Active plan participants at June 30, 2007 totaled 735. Such payments for these retired employees totaled \$8,088,247 for the fiscal year ended June 30, 2007 and were recorded as expenses.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2007

The District partially funds the Actuarial Accrued Liability ("AAL"), which is defined as the present value of the project benefits that have already been earned by current retirees, and other employees eligible for benefits. The AAL also includes employees who are not yet eligible for benefits, but based on the district's experience, are likely to be eligible. The actuarially determined AAL at June 30, 2006 was \$225,080,400. Net assets set aside for funding purposes were \$45,540,285 at June 30, 2007.

9. OPERATING LEASES

The District leases certain facilities and land with lease terms in excess of one year. The annual lease payments for these leases are as follows:

<u>Year(s) ending June 30,</u>	
2008	\$ 532,104
2009	533,736
2010	533,736
2011	533,736
Thereafter	<u>110,184</u>
Total	\$ <u>2,243,496</u>

Total rental expense in fiscal year 2006-2007 under operating leases was \$524,940.

10. JOINT POWERS AUTHORITIES

The District participates in Bay Area Community College District Joint Power Authority ("BACCDJPA") and Contra Costa County Schools Insurance Group ("CCCSIG") for selected insurance coverage. BACCDJPA administers a cooperative insurance program for member districts. Member districts are insured under certain liability and property insurance policies purchases by BACCDJPA. The following is condensed unaudited financial information for BACCDJPA, as of June 30, 2007:

Total assets	\$ 7,629,354
Total liabilities	<u>1,805,062</u>
Total net assets	\$ <u>5,824,292</u>
Total revenues	\$ 3,445,558
Total expenses	<u>2,633,041</u>
Increase in net assets	\$ <u>812,517</u>

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2007

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 \$1,000,000 and is covered by insurance for individual claims exceeding such amount to a maximum of \$6,000,000 per claim. The following is condensed audited financial information for CCCSIG, as of June 30, 2007:

Total assets	\$ 86,224,874
Total liabilities	<u>83,775,445</u>
Total net assets	\$ <u>2,449,429</u>
Total revenues	\$ 34,766,617
Total expenses	<u>33,198,974</u>
Increase in net assets	\$ <u>1,567,643</u>

The relationship between the District and BACCDJPA, and CCCSIG is such that these Joint Power Authorities (JPAs) are not considered to be component units of the District for financial reporting purposes. Complete separate financial statements for the JPAs may be obtained from the individual Authorities.

11. COMMITMENTS AND CONTINGENCIES

State and Federal Allowances, Awards, and Grants

The District has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditures disallowances under terms of the grants, it is believed that any required reimbursement would not be material.

Litigation

The District is involved with various claims and litigation arising in the ordinary course of its operations. District management believes that reserves are adequate to cover any liability that may arise from such claims and litigation.

Construction Commitments

The District has construction contracts and property acquisition commitments relating to the general obligation bonds authorized by voters in March 2006 and March 2002. The information regarding the amount of said construction commitments at June 30, 2007, is \$33,900,000 and \$26,491,303, respectively.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2007

12. EMPLOYEE RETIREMENT PLANS

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Certificated employees are members of the State Teacher's Retirement System, and classified employees are members of the Public Employees; Retirement System.

CalPERS:

Plan Description

The District contributes to the School Employer Pool under the California Public Employees' Retirement System ("CalPERS"), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Law. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California 95814.

Funding Policy

Active plan members are required to contribute 7.0% of their salary (7% of monthly salary over \$133.33 if the member participates in Social Security), and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2006-07 was 9.124%. The contribution requirements of the plan members are established by state statute. The District's contributions to CalPERS for the fiscal years ending June 30, 2007, 2006, and 2005 were \$3,032,200, \$2,811,791, and \$3,098,812, respectively, and equaled 100% of the required contributions for each year.

STRS:

Plan Description

The District contributes to the State Teachers' Retirement System ("STRS"), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by STRS. The plan provides retirement, disability, and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. STRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the STRS annual financial report may be obtained from the STRS offices, 7667 Folsom Boulevard, Sacramento, California 95826.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2007

Funding Policy

Active plan members are required to contribute 8.0% of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the STRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2006-07 was 8.25% of annual payroll. The contribution requirements of the plan members are established by state statute. The District's contributions to STRS for the fiscal years ending June 30, 2007, 2006, and 2005 were \$7,449,721, \$4,946,091 and \$5,503,286, respectively, and equaled 100% of the required contributions for each year.

Cash Balance

The Cash Balance Plan (the "CB Plan") is an alternative to the STRS contribution plan for instructors. Instructors who chose not to sign up for STRS or FICA may participate in the CB Plan. The District contribution rate for the CB Plan for the fiscal year 2006-07 was 4% of annual payroll. Contributions for the 2006-07 year were \$328,587.

13. ON-BEHALF PAYMENTS MADE BY THE STATE OF CALIFORNIA

The District was an indirect recipient of on-behalf payments made by the State of California to STRS. These payments consisted of state general fund contributions to STRS in the amount of \$3,012,600 (4.517% of salaries subject to STRS).

SUPPLEMENTARY INFORMATION SECTION

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
BALANCE SHEET - ALL FUNDS
JUNE 30, 2007

	<u>Current Funds</u>		<u>Plant Funds</u>	<u>Total District (Memorandum Only)</u>	<u>Auxiliary Organizations</u>	<u>Total Reporting Entity (Memorandum Only)</u>
	<u>Unrestricted</u>	<u>Restricted</u>				
ASSETS						
Cash and Cash Equivalents	\$ 54,772,054	\$ 3,616,129	\$ 4,745,541	\$ 63,133,724	\$ 247,128	\$ 63,380,852
Investments	24,285,365	339,292	20,122,384	44,747,041		44,747,041
Accounts Receivable	2,858,205	4,942,515	2,981,345	10,782,065	124,128	10,906,193
Taxes Receivable	2,243,373		162,593	2,405,966		2,405,966
Interest Receivable	757,604	5,915	478,815	1,242,334		1,242,334
Notes Receivable	72,990			72,990		72,990
Due from (to) Other Funds	291,349	(235,723)	345,876	401,502	(401,502)	-
Inventories					2,414,556	2,414,556
Prepaid Items	4,499,336	2,508		4,501,844	448	4,502,292
Other Assets	1,215		4,300,099	4,301,314		4,301,314
Capital Assets, Net			210,935,463	210,935,463	1,329,771	212,265,234
TOTAL ASSETS	\$ 89,781,491	\$ 8,670,636	\$ 244,072,116	\$ 342,524,243	\$ 3,714,529	\$ 346,238,772
LIABILITIES AND FUND BALANCES						
Liabilities:						
Deposits Payable	\$ 11,872	\$ 173,549		\$ 185,421	\$ 2,725,718	\$ 2,911,139
Accounts Payable	10,569,238	1,663,380	\$ 13,951	12,246,569	(114,537)	12,132,032
Accrued Liabilities	4,996,697	79,185	4,239,488	9,315,370	130,123	9,445,493
Deferred Tuition and Fees Revenue	5,152,692	(680)		5,152,012		5,152,012
Deferred Grants and Contracts		6,021,677		6,021,677		6,021,677
Other Deferred Revenue	156,240			156,240		156,240
Amounts Held in Trust for Others		1,176,026		1,176,026		1,176,026
Claims Payable					169,630	169,630
Interest Payable			2,292,519	2,292,519		2,292,519
Capital Leases Payable			576,304	576,304	88,151	664,455
Certificates of Participation			1,165,000	1,165,000		1,165,000
Bonds Payable			112,900,000	112,900,000		112,900,000
Total Liabilities	20,886,739	9,113,137	121,187,262	151,187,138	2,999,085	154,186,223
Fund Balances (Deficit)						
Net Investment in Plant			122,689,316	122,689,316		122,689,316
Restricted		(442,501)	195,538	(246,963)		(246,963)
Unrestricted	68,894,752			68,894,752	715,444	69,610,196
Total Fund Balances	68,894,752	(442,501)	122,884,854	191,337,105	715,444	192,052,549
TOTAL LIABILITIES AND FUND EQUITY	\$ 89,781,491	\$ 8,670,636	\$ 244,072,116	\$ 342,524,243	\$ 3,714,529	\$ 346,238,772

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
STATEMENT OF CHANGES IN FUND BALANCES - ALL FUNDS
JUNE 30, 2007

	Current Funds		Plant Funds	Total District	Auxiliary	Total Reporting
	Unrestricted	Restricted		(Memorandum Only)		Organizations
REVENUES AND OTHER ADDITIONS						
Local Property Taxes	\$ 71,295,314		\$ 8,318,829	\$ 79,614,143		\$ 79,614,143
State Taxes and Other Revenue	5,389,235	\$ 3,202,428		8,591,663		8,591,663
State Apportionments	66,290,263	144,636	14,791,393	81,226,292		81,226,292
Federal Grants and Contracts	18,880	12,790,386		12,809,266		12,809,266
State Grants and Contracts	54,573	15,154,372		15,208,945		15,208,945
Local Grants and Contracts	4,283,220	1,533,586	122,900	5,939,706	\$ 84,540	6,024,246
Tuition and Fees	17,929,530	1,608,102		19,537,632	995	19,538,627
Auxiliary Enterprises	109,380			109,380	15,746,866	15,856,246
Investment Income	2,792,187	26,128	2,441,924	5,260,239		5,260,239
Private Gifts, Grants, and Contracts		25,495		25,495		25,495
Issuance of Debt				-		-
Retirement of Debt			2,366,962	2,366,962		2,366,962
Expended for Capital Assets			37,898,616	37,898,616	1,204,522	39,103,138
Total Revenues	168,162,582	34,485,133	65,940,624	268,588,339	17,036,923	285,625,262
EXPENDITURES						
Academic Salaries	68,080,950	3,207,756	43,201	71,331,907	3,300	71,335,207
Classified Salaries	28,838,462	6,541,915	13,268	35,393,645	3,301,062	38,694,707
Employee Benefits	33,410,322	2,201,023	179,545	35,790,890	923,637	36,714,527
Books and Supplies	3,466,914	1,761,818		5,228,732	228,884	5,457,616
Contract Services and Operating Expenditures	9,965,283	6,575,620		16,540,903		16,540,903
Financial Aid	11,871	12,390,776		12,402,647		12,402,647
Retirement of Indebtedness			7,973,332	7,973,332		7,973,332
Expended for Plant Facilities	2,711,322	2,450,416	60,813,821	65,975,559	1,331,413	67,306,972
Utilities	4,356,177	33,899		4,390,076	18,209	4,408,285
Depreciation			4,972,456	4,972,456	499,769	5,472,225
Increase in debt						-
Other	36,838	44,378		81,216	10,279,627	10,360,843
Total Expenditures	150,878,139	35,207,601	73,995,623	260,081,363	16,585,901	276,667,264
MANDATORY TRANSFERS	(726,138)	379,683	346,455			
NON-MANDATORY TRANSFERS	916,322	(640,211)	(6,246)	269,865	(269,865)	
Total Transfers	190,184	(260,528)	340,209	269,865	(269,865)	
NET INCREASE (DECREASE) IN FUND BALANCES	17,474,627	(982,996)	(7,714,790)	8,776,841	181,157	8,957,998
FUND BALANCES (DEFICIT)						
Beginning of Year	51,420,125	540,495	130,599,644	182,560,264	534,287	183,094,551
End of Year	\$ 68,894,752	\$ (442,501)	\$ 122,884,854	\$ 191,337,105	\$ 715,444	\$ 192,052,549

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

**COMBINING BALANCE SHEET
CURRENT FUNDS - UNRESTRICTED**

JUNE 30, 2007

	General Fund Unrestricted	General Fund Unrestricted- TRANS	Debt Service for Accrued Compensated Absences	Post- Retirement Health Benefits	Total Current Unrestricted Funds
ASSETS					
Cash and Cash Equivalents	\$ 30,273,829		\$ 2,739,042	\$ 21,759,183	\$ 54,772,054
Investments				24,285,365	24,285,365
Accounts Receivable	2,858,205				2,858,205
Taxes Receivable	2,243,373				2,243,373
Interest Receivable	278,435	\$ 12,019		467,150	757,604
Notes Receivable	72,990				72,990
Due From (To) Other Funds	1,261,324	447		(970,422)	291,349
Prepaid Items	4,499,336				4,499,336
Other Assets	1,215				1,215
TOTAL ASSETS	\$ 41,488,707	\$ 12,466	\$ 2,739,042	\$ 45,541,276	\$ 89,781,491
LIABILITIES AND FUND BALANCES					
Liabilities:					
Deposits Payable		\$ 11,872			\$ 11,872
Accounts Payable	\$ 10,568,247			\$ 991	10,569,238
Accrued Liabilities	4,996,697				4,996,697
Deferred Tuition and Fees Revenue	5,152,692				5,152,692
Other Deferred Revenue	156,240				156,240
Interest Payable					
Notes Payable					
Total Liabilities	20,873,876	11,872		991	20,886,739
FUND BALANCES					
Fund Balances (Deficit)					
Restricted					
Unrestricted	20,614,831	594	\$ 2,739,042	45,540,285	68,894,752
Total Fund Balances	20,614,831	594	2,739,042	45,540,285	68,894,752
TOTAL LIABILITIES AND FUND BALANCES	\$ 41,488,707	\$ 12,466	\$ 2,739,042	\$ 45,541,276	\$ 89,781,491

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
COMBINING STATEMENT OF CHANGES IN FUND BALANCES
CURRENT FUNDS - UNRESTRICTED
JUNE 30, 2007

	General Fund Unrestricted	General Fund Unrestricted- TRANS	Debt Service for Accrued Compensated Absences	Post- Retirement Health Benefits	Total Current Unrestricted Funds
REVENUES					
Local Property Taxes	\$ 71,295,314				\$ 71,295,314
State Taxes and Other Revenue	5,389,235				5,389,235
State Apportionments	66,290,263				66,290,263
Federal Grants and Contracts	18,880				18,880
State Grants and Contracts	54,573				54,573
Local Grants and Contracts	3,283,220			\$ 1,000,000	4,283,220
Tuitions and Fees	17,929,530				17,929,530
Auxiliary Enterprises	109,380				109,380
Investment Income	973,527	\$ 594		1,765,471	2,739,592
Private Gifts, Grants, and Contracts					-
Other Financial Sources	52,595				52,595
Total Revenues	<u>165,396,517</u>	<u>594</u>		<u>2,765,471</u>	<u>168,162,582</u>
EXPENDITURES					
Academic Salaries	68,080,950				68,080,950
Classified Salaries	28,838,462				28,838,462
Employee Benefits	33,410,322				33,410,322
Books and Supplies	3,466,914				3,466,914
Contract Services and Operating Expenditures	9,924,076			41,207	9,965,283
Financial Aid	11,871				11,871
Retirement of Indebtedness	-				-
Expended for Plant Facilities	2,711,322				2,711,322
Utilities	4,356,177				4,356,177
Other	36,838				36,838
Total Expenditures	<u>150,836,932</u>			<u>41,207</u>	<u>150,878,139</u>
MANDATORY TRANSFERS	(726,138)				(726,138)
NON-MANDATORY TRANSFERS	(15,409,632)		\$ 725,954	15,600,000	916,322
Total Transfers	<u>(16,135,770)</u>		<u>725,954</u>	<u>15,600,000</u>	<u>190,184</u>
NET INCREASE (DECREASE) IN FUND BALANCES	(1,576,185)	594	725,954	18,324,264	17,474,627
FUND BALANCES					
Beginning of Year	22,191,016		2,013,088	27,216,021	51,420,125
End of Year	<u>\$ 20,614,831</u>	<u>\$ 594</u>	<u>\$ 2,739,042</u>	<u>\$ 45,540,285</u>	<u>\$ 68,894,752</u>

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

**COMBINING BALANCE SHEET
CURRENT FUNDS - RESTRICTED**

JUNE 30, 2007

	General Fund Restricted	Student Financial Aid	Student Scholarship and Loan	Associated Students	Student Body Center Building and Operating	Total Current Restricted Funds
ASSETS						
Cash and Cash Equivalents	\$ 2,200,767		\$ 165,750	\$ 469,896	\$ 779,716	\$ 3,616,129
Investments			339,292			339,292
Accounts Receivable	4,365,124	\$ 577,391				4,942,515
Interest Receivable			5,915			5,915
Due From (To) Other Funds	(176,177)	14,040		(6,043)	(67,543)	(235,723)
Prepaid Items	2,508					2,508
TOTAL ASSETS	\$ 6,392,222	\$ 591,431	\$ 510,957	\$ 463,853	\$ 712,173	\$ 8,670,636
LIABILITIES AND FUND BALANCES						
Liabilities:						
Cash Overdraft		\$ 173,549				\$ 173,549
Accounts Payable	\$ 1,208,982	454,379	\$ 19			1,663,380
Accrued Liabilities	79,185					79,185
Deferred Tuition and Fees Revenue	(680)					(680)
Deferred Grants and Contracts	6,008,622	13,055				6,021,677
Amounts Held in Trust for Others				\$ 463,853	\$ 712,173	1,176,026
Total Liabilities	7,296,109	640,983	19	463,853	712,173	9,113,137
Fund Balances (Deficit)						
Restricted	(903,887)	(49,552)	510,938			(442,501)
TOTAL LIABILITIES AND FUND BALANCES	\$ 6,392,222	\$ 591,431	\$ 510,957	\$ 463,853	\$ 712,173	\$ 8,670,636

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
COMBINING STATEMENT OF CHANGES IN FUND BALANCES
CURRENT FUNDS - RESTRICTED
JUNE 30, 2007

	<u>General Fund Restricted</u>	<u>Student Financial Aid</u>	<u>Student Scholarship and Loan</u>	<u>Total Restricted Funds</u>
REVENUES				
State Taxes and Other Revenue	\$ 3,202,428			\$3,202,428
State Apportionments	144,636			144,636
Federal Grants and Contracts	3,087,453	\$ 9,702,933		12,790,386
State Grants and Contracts	13,904,096	1,250,276		15,154,372
Local Grants and Contracts	1,533,586			1,533,586
Tuitions and Fees	1,608,102			1,608,102
Investment Income (Loss)			\$ 26,128	26,128
Private Gifts, Grants, and Contracts	25,495			25,495
Total Revenues	<u>23,505,796</u>	<u>10,953,209</u>	<u>26,128</u>	<u>34,485,133</u>
EXPENDITURES				
Academic Salaries	3,207,756			3,207,756
Classified Salaries	6,541,915			6,541,915
Employee Benefits	2,201,023			2,201,023
Books and Supplies	1,761,818			1,761,818
Contract Services and Operating Expenditures	6,575,545		75	6,575,620
Financial Aid	1,370,965	11,019,811		12,390,776
Expended for Plant Facilities	2,450,416			2,450,416
Utilities	33,899			33,899
Other			44,378	44,378
Total Expenditures	<u>24,143,337</u>	<u>11,019,811</u>	<u>44,453</u>	<u>35,207,601</u>
MANDATORY TRANSFERS	379,683			379,683
NON-MANDATORY TRANSFERS	(678,490)	33,490	4,789	(640,211)
Total Transfers	<u>(298,807)</u>	<u>33,490</u>	<u>4,789</u>	<u>(260,528)</u>
NET INCREASE (DECREASE) IN FUND BALANCES	(936,348)	(33,112)	(13,536)	(982,996)
FUND BALANCES (DEFICIT)				
Beginning of Year	32,461	(16,440)	524,474	540,495
End of Year	<u>\$ (903,887)</u>	<u>\$ (49,552)</u>	<u>\$ 510,938</u>	<u>\$ (442,501)</u>

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

**COMBINING BALANCE SHEET
PLANT FUNDS
JUNE 30, 2007**

	Unexpended Plant	Retirement of Indebtedness	Investment in Plant	Total Plant Funds
ASSETS				
Cash and Cash Equivalents	\$ 378,259	\$ 4,367,282		\$ 4,745,541
Investments	20,122,384			20,122,384
Accounts Receivable	2,981,345			2,981,345
Taxes Receivable		162,593		162,593
Interest Receivable	456,058	22,757		478,815
Due From (To) Other Funds	261,373	84,503		345,876
Other Assets	4,238,814	61,285		4,300,099
Capital Assets, Net			\$ 210,935,463	210,935,463
TOTAL ASSETS	\$ 28,438,233	\$ 4,698,420	\$ 210,935,463	\$244,072,116
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 13,951			\$ 13,951
Accrued Liabilities	4,239,488			4,239,488
Deferred Revenue				-
Interest Payable		\$ 2,292,519		2,292,519
Capital Lease Obligations			\$ 576,304	576,304
Certificates of Participation			1,165,000	1,165,000
Bonds Payable			112,900,000	112,900,000
Total Liabilities	4,253,439	2,292,519	114,641,304	121,187,262
Fund Balances:				
Net Investment in Plant	24,184,794	2,210,363	96,294,159	122,689,316
Restricted		195,538		195,538
Total Fund Balances (Deficit)	24,184,794	2,405,901	96,294,159	122,884,854
TOTAL LIABILITIES AND FUND BALANCES	\$ 28,438,233	\$ 4,698,420	\$ 210,935,463	\$244,072,116

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
COMBINING STATEMENT OF CHANGES IN FUND BALANCES
PLANT FUNDS
JUNE 30, 2007

	Unexpended Plant	Retirement of Indebtedness	Investment In Plant	Total Plant Funds
REVENUES AND OTHER ADDITIONS				
Local Property Taxes	\$ 1,326,607	\$ 6,992,222		\$ 8,318,829
State Apportionments	14,791,393			14,791,393
Local Grants and Contracts		122,900		122,900
Investment Income	2,301,503	140,421		2,441,924
Issuance of Debt				-
Private Gifts, Grants, and Contracts				-
Retirement of Debt			\$ 2,366,962	2,366,962
Expended for Capital Assets			37,898,616	37,898,616
Total Revenues	<u>18,419,503</u>	<u>7,255,543</u>	<u>40,265,578</u>	<u>65,940,624</u>
EXPENDITURES				
Classified Salaries	43,201			43,201
Employee Benefits	13,268			13,268
Other Operating Expenditures			179,545	179,545
Retirement of Indebtedness		7,973,332		7,973,332
Expended for Plant Facilities	60,813,821			60,813,821
Depreciation Expense			4,972,456	4,972,456
Increase in Debt				-
Total Expenditures	<u>60,870,290</u>	<u>7,973,332</u>	<u>5,152,001</u>	<u>73,995,623</u>
MANDATORY TRANSFERS	346,455			346,455
NON-MANDATORY TRANSFERS		(6,246)		(6,246)
Total Transfers	<u>346,455</u>	<u>(6,246)</u>		<u>340,209</u>
NET INCREASE (DECREASE) IN FUND BALANCES	(42,104,332)	(724,035)	35,113,577	(7,714,790)
FUND BALANCES				
Beginning of Year	<u>66,289,126</u>	<u>3,129,936</u>	<u>61,180,582</u>	<u>130,599,644</u>
End of Year	<u>\$ 24,184,794</u>	<u>\$ 2,405,901</u>	<u>\$ 96,294,159</u>	<u>\$ 122,884,854</u>

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

**COMBINING BALANCE SHEET
AUXILIARY ORGANIZATIONS
JUNE 30, 2007**

	<u>Bookstore</u>	<u>Cafeteria</u>	<u>Regional Training Institute</u>	<u>Information Technology</u>	<u>Self- Insurance</u>	<u>Total Auxiliary Funds</u>
ASSETS						
Cash and Cash Equivalents	\$ 1	\$ 67,172	\$ 10,325		\$ 169,630	\$ 247,128
Accounts Receivable	101,642			\$ 22,486		124,128
Due From (To) Other Funds	(348,853)	(52,649)				(401,502)
Inventory	2,411,004	3,552				2,414,556
Capital Assets, Net	1,004,084	9,264		316,423		1,329,771
Prepaid items				448		448
TOTAL ASSETS	\$ 3,167,878	\$ 27,339	\$ 10,325	\$ 339,357	\$ 169,630	\$ 3,714,529
LIABILITIES AND FUND BALANCES						
Liabilities:						
Deposits Payable	\$ 2,336,572			\$ 389,146		\$ 2,725,718
Accounts Payable	(170,000)			55,463		(114,537)
Accrued Liabilities	84,583	\$ 37,607		7,933		130,123
Capital Lease Obligations	88,151					88,151
Claims Payable					\$ 169,630	169,630
Total Liabilities	2,339,306	37,607		452,542	169,630	2,999,085
Fund Balances (Deficit):						
Unrestricted						
Restricted	828,572	(10,268)	\$ 10,325	(113,185)		715,444
Total Fund Balances	828,572	(10,268)	10,325	(113,185)		715,444
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,167,878	\$ 27,339	\$ 10,325	\$ 339,357	\$ 169,630	\$ 3,714,529

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
COMBINING STATEMENT OF CHANGES IN FUND BALANCES
AUXILIARY ORGANIZATIONS
JUNE 30, 2007

	<u>Bookstore</u>	<u>Cafeteria</u>	<u>Regional Training Institute</u>	<u>Information Technology</u>	<u>Total Auxiliary Funds</u>
REVENUES					
Local Grants and Contracts		\$ 84,540			\$ 84,540
Tuition and Fees	\$ 995				995
Auxiliary Enterprises Sales and Charges	11,999,162	876,692		\$ 2,871,012	15,746,866
Expended for Capital Assets	899,189	5,711		299,622	1,204,522
Total Revenues	<u>12,899,346</u>	<u>966,943</u>		<u>3,170,634</u>	<u>17,036,923</u>
EXPENDITURES					
Academic Salaries				3,300	3,300
Classified Salaries	1,630,013	344,468		1,326,581	3,301,062
Employee Benefits	435,700	90,954		396,983	923,637
Books and Supplies	139,248	16,497		73,139	228,884
Expended for Plant Facilities	923,726	29,166		378,521	1,331,413
Utilities	7,970	-		10,239	18,209
Depreciation	170,336	2,664		326,769	499,769
Other	9,460,081	510,501		309,045	10,279,627
Total Expenditures	<u>12,767,074</u>	<u>994,250</u>		<u>2,824,577</u>	<u>16,585,901</u>
NON-MANDATORY TRANSFERS	<u>(269,865)</u>				<u>(269,865)</u>
NET INCREASE (DECREASE) IN FUND BALANCES	<u>(137,593)</u>	<u>(27,307)</u>		<u>346,057</u>	<u>181,157</u>
FUND BALANCES (DEFICIT)					
Beginning of Year	966,165	17,039	\$ 10,325	(459,242)	534,287
End of Year	<u>\$ 828,572</u>	<u>\$ (10,268)</u>	<u>\$ 10,325</u>	<u>\$ (113,185)</u>	<u>\$ 715,444</u>

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2007**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Identifying Number	Program Expenditures
U.S. Department of Education:			
Student Financial Assistance Programs Cluster:			
Pell Grant Program	84.063	N/A	\$ 9,063,893
Supplemental Educational Opportunity Grant Program	84.007	N/A	369,323
Federal Work-Study Program	84.033	N/A	382,203
Federal Family Education Loan Program	84.032	N/A	246,016
Subtotal Student Financial Assistance Programs Cluster			<u>10,061,435</u>
Higher Education-Institutional Aid	84.031	N/A	1,042,287
TRIO - Talent Search	84.044	N/A	309,732
Child Care Means Parents School	84.335	N/A	31,503
Subtotal Direct Programs			<u>11,444,957</u>
Passed Through California Community Colleges Chancellor's Office (CCCCO):			
Vocational Education-Basic Grants to States	84.048	03-C01-012	725,736
Technical Preparation	84.243	02-139-018/019/020	191,160
Technical Preparation Demo Project	84.353	02-139-018/019/020	293,164
Subtotal Vocational Education Cluster			<u>1,210,060</u>
Passed Through California Department of Rehabilitation:			
Special Education - Grants to States	84.027	24192/4053.4	<u>104,343</u>
Passed Through California Department of Social Services			
Independent Living - State Grants	84.169	11/CDSS/ILPD S04	<u>42,900</u>
Total U.S. Department of Education			<u><u>12,802,260</u></u>
U.S. Department of Health and Human Services:			
Passed Through California Community Colleges Chancellors' Office (CCCCO):			
Foster Parent Training	93.600	N/A	289,900
Foster Care - Title IV - E	93.658	N/A	243,186
Specially Selected Health Projects	93.888	N/A	73,635
Total U.S. Department of Health and Human Services			<u>606,721</u>
Department of Health and Social Services			
Passed Through San Francisco Community College District			
Child Care and Development Block Grant	93.575	93:575	<u>5,350</u>
Total U.S. Department of Health and Human Services			<u>5,350</u>
National Science Foundation			
Education and Human Resources	47.076	N/A	<u>142,684</u>
Total National Science Foundation			<u>142,684</u>
U.S. Department of Labor:			
Employment and Training Administration	17.269	N/A	<u>2,244</u>
Total U.S. Department of Labor			<u>2,244</u>
Total Expenditures of Federal Awards			<u><u>\$ 13,559,259</u></u>

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2007**

Program Title	ENTITLEMENTS		PROGRAM REVENUES				Total	Program Expenditures
	Current Year	Cash Received	Accounts Receivable	Deferred Revenue	Total			
AB602 Board Fin Aid Staffing	\$ 973,089	\$ 973,089	\$ -	\$ 7,201	\$ 965,888	\$ 965,888	\$ 965,888	
ADN Enrollment - CCC	11,474	-	15,135	-	15,135	15,135	15,135	
Basic Skills 1-Time Funds	639,646	639,646	-	617,488	22,158	22,158	22,158	
CAHSEE	256,880	102,752	-	41,508	61,244	61,244	61,244	
CalWORKS	737,540	737,540	-	14,085	723,455	723,455	723,455	
CAN/Assist	5,000	-	5,000	-	5,000	5,000	5,000	
Capacity Building Start Up	61,105	61,105	-	5,737	55,368	55,368	55,368	
Capacity Building Start Up	179,280	179,280	-	3,062	176,218	176,218	176,218	
CARE	406,291	406,292	-	349	405,943	405,943	405,943	
CNET Telecommunication Infrastructure (TTIP)	151,469	151,469	26,327	-	177,796	177,796	177,796	
CTE Equip Funds	1,082,845	1,095,243	-	513,981	581,262	581,262	581,262	
DSPS	2,725,949	2,725,949	-	263,003	2,462,946	2,462,946	2,462,946	
Environmental Tec State Ldrshp	162,500	136,500	-	8,945	127,555	127,555	127,555	
EOPS	2,692,114	2,692,114	-	10,702	2,681,412	2,681,412	2,681,412	
Faculty and Staff Diversity	27,144	27,144	-	12,957	14,187	14,187	14,187	
Foster Parent Training	557,669	339,830	217,670	-	557,500	557,500	557,500	
Foster Relative Training	30,000	30,000	-	-	30,000	30,000	30,000	
Heritage Project - LMC	67,400	67,525	-	125	67,400	67,400	67,400	
IDRC Multimedia Expansion	171,747	144,267	27,480	-	171,747	171,747	171,747	
Independent Living	42,900	17,038	25,861	-	42,899	42,900	42,900	
Instructional Equipment	2,101,332	1,985,791	-	714,825	1,270,966	1,270,966	1,270,966	
Lottery	750,000	509,714	240,286	-	750,000	750,000	750,000	
MCHS SciMath	136,769	95,738	41,031	-	136,769	136,769	136,769	
Matriculation	1,824,384	1,824,384	-	7,573	1,816,811	1,816,811	1,816,811	
Nursing Capacity Building	111,000	31,410	63,460	-	94,870	94,870	94,870	
PUENTE Project	1,921,000	-	1,921,000	-	1,921,000	1,921,000	1,921,000	
Staff Development	137,635	242,635	-	192,507	50,128	50,128	50,128	
State Pre-School Grant (1)	1,337,040	1,145,260	197,052	-	1,342,312	1,342,312	1,342,312	
TANF	145,151	145,151	-	515	144,636	144,636	144,636	
Technical Support to Workforce Development	750,000	630,000	-	452,322	177,678	177,678	177,678	
Web-Based Data Collection	171,153	143,769	-	43,768	100,001	100,001	100,000	
Workability III	378,114	104,343	-	-	104,343	104,343	104,343	
Total state programs	\$ 20,745,620	\$ 17,384,978	\$ 2,780,302	\$ 2,910,653	\$ 17,254,627	\$ 17,254,627	\$ 17,254,627	

The accompanying notes are an integral part of these supplemental schedules

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF STATE GENERAL APPORTIONMENT
YEAR ENDED JUNE 30, 2007

STATE GENERAL APPORTIONMENT

<u>Categories</u>	<u>Full-Time Equivalent Students</u>
Summer Intersession:	
Noncredit	38.25
Credit	743.59
	<u>781.84</u>
Census Procedure Courses:	
Weekly Census Contact Hours	19,576.26
Daily Census Contact Hours	1,868.10
	<u>21,444.36</u>
Actual Hours of Attendance Courses:	
Noncredit	361.54
Credit	1,526.88
	<u>1,888.42</u>
Independent Study/Work Experience:	
Weekly Census Procedure Courses	628.04
Daily Census Procedure Courses	781.87
	<u>1,409.91</u>
Total Full-Time Equivalent Students	<u><u>25,524.53</u></u>

Note: While there were no adjustments between the reported FTES on Form CCFS-320 and the audited FTES, as the District filed a revised Form CFS-320, the District has elected to exclude the 2007 summer session FTES, which is a change from the prior year.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT
(CCFS-311) WITH AUDITED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2007

	General Fund	Capital Projects Fund	Debt Service Funds	Auxiliary Enterprise Funds
June 30, 2007 annual financial and Budget Report fund balances per CCFS-311	\$ 22,341,711	\$ 23,482,017	\$ 5,382,625	\$ 589,863
Adjustment and reclassifications increasing (decreasing fund balance)				
Write-off uncollectible accounts receivable	(950,617)			
Adjust parity pay payable	(628,281)			
Record Delta Dental benefit expenses paid	(1,065,738)			
Record RDA revenue receivable		574,793		
Record additional investment income (net)		140,652		
Record change in retainage payable to contractors		258,503		
Record change in retainage payable to contractors		(258,503)		
Adjust accrued interest payable on bonds			(423,627)	
Year end inventory adjustment				126,871
Other post-closing adjustment and rounding	(401)	(12,668)		(1,290)
Fund balance per audit (not individually presented), June 30, 2007	\$ 19,696,674	\$ 24,184,794	\$ 4,949,998	\$ 715,444
		Fiduciary Funds		
June 30, 2006 Annual financial and Budget Report fund balances per CCFS-311	\$ 1,685,953			
Adjustment and reclassifications increasing (decreasing fund balance)				
Other post-closing adjustment and rounding	(3,544)			
Fund balance per audit (not individually presented), June 30, 2006	\$ 1,682,409			

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2007

1. PURPOSE OF SCHEDULES

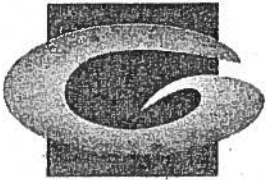
The audit of the District for the year ended June 30, 2007 was conducted in accordance with OMB Circular A-133, which requires disclosure of the financial activities of all federally funded programs. To comply with OMB Circular A-133, the Schedule of Expenditures of Federal Awards is presented.

The California Community Colleges Chancellor's Office requires disclosure of the financial activities of all state funded programs. To comply with this requirement, the Schedule of State Financial Assistance is presented.

The Schedules of State General Apportionment present the basis of apportionment for the District's annual source of funding.

The Reconciliation of Annual Financial and Budget Report (CCFS-311) with Audited Financial Statements provides the information necessary to reconcile the fund balances of all funds as reported on the Form CCFS-311 to the audited financial statements.

OTHER INDEPENDENT AUDITOR'S REPORTS



Gilbert Associates, Inc.
CPAs and Advisors

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS 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 financial statements of Contra Costa Community College District (the District) as of and for the year ended June 30, 2007, and have issued our report thereon dated December 22, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control. We consider the deficiency described in the accompanying schedule of findings and recommendations, item 07-3, to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We believe that findings 07-1 and 07-2 are material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying schedule of Questioned Costs, Findings, and Recommendations as items 07-4 through 07-7.

The District's response to the findings identified in our audit is described in the accompanying schedule of findings and recommendations. We did not audit the District's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Board of Trustees, audit committee, management, others within the District, and governmental awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Gilbert Associates, Inc.

GILBERT ASSOCIATES, INC.

December 22, 2007



Gilbert Associates, Inc.
CPAs and Advisors

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

**Board of Trustees
Contra Costa Community College District
Martinez, California**

Compliance

We have audited the compliance of Contra Costa Community College District (the District) with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to its major federal programs for the year ended June 30, 2007. The District's major federal programs are identified in the Summary of Audit Results included in the accompanying Schedule of Questioned Costs, Findings, and Recommendations section. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency described in the accompanying schedule of findings and recommendations, item 07-7, to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the District's Board of Trustees, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Gilbert Associates, Inc.

GILBERT ASSOCIATES, INC.

December 22, 2007



Gilbert Associates, Inc.
CPAs and Advisors

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

**Board of Trustees
Contra Costa Community College District
Martinez, California**

We have audited the financial statements of the Contra Costa Community College District (the District) as of and for the year ended June 30, 2007, and have issued our opinion thereon dated December 22, 2007, which was unqualified. Our audit was made in accordance with auditing standards generally accepted in the United States of America and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In connection with our audit, we have examined, selected and tested transactions and records to determine the District's compliance with the following state laws and regulation in accordance with Section 400, State Compliance Requirements, of the *Contracted District Audit Manual*, issued by the California Community Colleges Chancellor's Office. The objective of the compliance audit was to determine with reasonable assurance that the following requirements are met:

Salaries of Classroom Instructors (50% Law)

The District's salaries of classroom instructors shall equal or exceed 50% of the District's current expense of education in accordance with Section 84362 of the Education Code.

Apportionment for Instructional Service Agreements/Contracts

The District shall fulfill the requirements of Title 5 of the California Code of Regulations in order to claim FTES and obtain state funding for classes given through instructional service agreements/contracts.

State General Apportionment Funding System

The District shall have the ability to support timely, accurate, and complete information for the following workload measures used in the calculation of State General Apportionment:

- Credit Full-Time Equivalent Students (FTES) in weekly census, daily census, actual hour of attendance, and apprenticeship courses.
- Noncredit FTES in actual hour of attendance and distant education courses.

Residency Determination for Credit Courses

The District shall ensure that state apportionment for credit courses is only claimed for student attendance allowed by State statute and registration. Student residence is a major factor for allowing districts to claim state apportionment for credit courses.

Students Actively Enrolled

The District is required to clear the rolls of all inactive students as of each course section's drop date for attendance accounting purposes.

Concurrent Enrollment of K-12 Students in Community College Credit Courses

Community college districts are authorized to claim FTES for concurrent enrollment of K-12 pupils meeting certain requirements.

Uses of Matriculation Funds

The District is required to use local funds to support at least 75% of the matriculation activities, with the remaining expenditures claimable against the state matriculation allocation. In addition, all expenditures related to the allocation, both state and local funded portions, must be consistent with the District's state-approved matriculation plan and identifiable within the ten allowable activities. Also, the state allocation may not be used to supplant District-funded services, including personnel costs that existed in 1986-87 or before.

Gann Limit Calculation

The District shall calculate an appropriation limit annually and adopt it in a public meeting.

Enrollment Fee

The District is required to report the total amount charged to students, including paid and receivable, for purposes of calculating the District's annual apportionment.

California Work Opportunity and Responsibility to Kids (CalWORKS)

The District is required to expend CalWORKS Program State and Federal Temporary Assistance for Needy Families (TANF) funds to provide specialized student support services, curriculum development, or instruction to eligible CalWORKS students.

Scheduled Maintenance Program

The District is required to use funds provided by the state to supplement, not supplant, District deferred maintenance funds. This is defined as the amount spent in fiscal year 1995-96 for operation and maintenance of plant increased by an amount equal to the State's contribution and the District's match for the scheduled maintenance program for the year being audited.

Open Enrollment

The District must comply with the Title 5 provisions of the California Code of Regulations related to open enrollment by the general public for all courses being submitted for state apportionment funding.

Minimum Condition – Standards of Scholarship

Districts are required to meet certain minimum conditions. These minimum conditions include Standard of Scholarship in the California Code of Regulations and publish statements of those regulations under appropriate headings in their catalogs.

Student Fees – Instructional Materials Fees and Health Fees

Districts shall charge fees to students in accordance with the California Education Codes and policies the districts have established.

Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the District's compliance with specified requirements.

In our opinion, the District complied, in all material respects, with the requirement specified above for the fiscal year ended June 30, 2007 except as disclosed in the accompanying schedule of findings and recommendations, items 07-4 through 07-6.

This report is intended solely for the information and use of the Board of Trustees, District management, the California Community Colleges Chancellor's Office, the California Department of Finance, and the California Department of Education and is not intended to be and should not be used by anyone other than these specified parties.

Gilbert Associates, Inc.

GILBERT ASSOCIATES, INC.

December 22, 2007

FINDINGS AND RECOMMENDATIONS SECTION

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2007

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:
 Material weakness(es) identified? Yes No
 Significant deficiencies identified that are not considered to be material weaknesses? Yes None Reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:
 Material weakness(es) identified? Yes No
 Significant Deficiencies identified not considered to be material weaknesses? Yes None Reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section .510(a)? Yes No

Identification of major programs

<u>CFDA Numbers</u> 84.063, 84.007, 84.033, 84.032, 93.920	<u>Name of Federal Program or Cluster</u> Student Financial Assistance Program Cluster
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Dollar threshold used to distinguish between Type A and Type B programs: \$ 300,000

Auditee qualified as low-risk auditee? Yes No

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2007

State Awards

Internal control over major programs:

Material weakness(es) identified?

 Yes

 ✓ No

Significant Deficiencies identified not
considered to be material weaknesses?

 ✓ Yes

 None Reported

Type of auditor's report issued on
compliance for state programs:

Unqualified

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2007

SECTION II – FINANCIAL STATEMENT FINDINGS

07-1. GRANT ACCOUNTING AND RECONCILIATION – CDDC #30000

Finding:

The District does not adequately monitor accounts receivable, deferred revenue, and revenues for grants. An audit adjustment of approximately \$1,700,000 was required to gross down accounts receivable and deferred revenues from prior years that had not been reconciled. Per discussion with District staff, receivables are accrued but there is no process for monitoring collection as the individual sites are preparing fund requests and submitting them to the awarding agencies and if the requests are not submitted timely, the receivables will not be paid by the awarding agency. An audit adjustment of approximately \$950,000 was required to write-off old receivables deemed uncollectible.

The grant reconciliation form provided by the District to audit the restricted revenue was incomplete and was not an appropriate audit trail to validate revenues recognized in the current year as it did not include prior year deferred revenues, carryover balances, or current year award information. This significantly delayed the preparation of the year end financial statements.

Recommendation:

We recommend that the grant accounting be centralized and performed by an appropriately trained accountant at the District office to ensure that grants are adequately monitored for compliance, revenues are properly recognized, accounts receivable are collected, and cash collected for grants that are not spent in the appropriate grant period are properly returned to the awarding agencies. We also recommend that the District prepare adequate grant reconciliation forms to reconcile grants subject to restricted ending balances and deferred revenues. These forms should include prior year deferred balances, prior year carryover balances, current year award information, and will provide an adequate audit trail and support for revenue recognized.

District Response:

The District concurs with the recommendation, and has already begun formulating the kind of reconciling documents suggested by the auditors.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2007

07-2. ACCOUNT RECONCILIATIONS AND FINANCIAL STATEMENTS – CDDC #30000

Finding:

One element of an entity's internal control over financial reporting is the ability to produce financial statements in accordance with Generally Accepted Accounting Principles. This includes internal controls that can detect material misstatements in the financial statements independent of a financial statement audit. Material adjustments arising from the audit of the District's financial statements is generally an indication that internal controls over financial reporting are insufficient or not functioning properly. There were many significant adjustments required for the June 30, 2007 financial statements as the District did not perform, or did not accurately complete, account reconciliations, reviews, or year-end close procedures in the following areas: cash, investments, receivables, inventory, payables, accrued expenses, beginning net assets, revenues, and expenses.

Recommendation:

We recommend that reconciliations and account analysis should occur on a regular basis to ensure accurate financial reporting. We recommend that the District: establish and document the monthly and year-end closing process and outline procedures, responsible parties and timelines; provide and pay for a reasonable amount of training for financial personnel and encourage their attendance at events related to the District's operations; and prepare annual financial statements and footnotes in conjunction with its annual fiscal year closing. Consideration should be given to a performance assessment of the District's fiscal operations to assess adequacy of the quantity and quality of the resources available to meet these requirements.

District Response:

The District concurs with the recommendation, and has already begun preparing a closing calendar with specific task assignments to address the deficiencies found during the 2006-07 audit.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2007

07-3. PAYROLL RECORD MANAGEMENT – CDDC #30000

Finding:

We were told during the audit that the sites maintain current, accurate, personnel files; however, it was found that the personnel files at the sites and the payroll files at the District office did not contain current pay-rate information. This required a significant amount of time to research the information for each employee to validate their pay was correct for the period under audit. It appears that the only documentation of the employee's current pay rate is maintained by the District HR department on spreadsheets.

Recommendation:

Although there were no errors identified during our testing, we recommend that personnel files be centralized and managed by the District office. We also recommend that pay increases be properly documented in employees' personnel files each year through a letter notification signed by management and the HR department that indicates that the pay step being utilized is in accordance with their level and contract. This will ensure that all employees are being paid properly, that a second-review is being done, and provide an appropriate audit trail.

District Response:

The District has relied upon its information technology system to maintain the integrity of its employee payroll information, and heretofore has not experienced any problems validating correct employee pay. However, the District will consider the auditors' recommendation.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2007

SECTION III – STATE COMPLIANCE

07-4. INSTRUCTIONAL MATERIALS FEES – CDDC #40000

Finding:

The Los Medanos College (LMC) did not print the instructional materials fees in the course catalog or course schedule, as required under Education Code 76365. We were unable to determine if our population of classes with instructional materials was complete to validate what materials students are paying for and whether or not fees are mandatory or optional.

We also found that, in some cases, the fees were collected directly by instructors, who then purchased the materials. There was no audit trail to review what was collected and purchased. The cash from the students was not deposited into an account with the District and receipts were not issued to the students on a consistent basis, therefore, the instructors were unable to provide support for the payments received from the students.

Recommendation:

We recommend that LMC disclose all instructional materials fees in the class schedule or course catalog, as required under Education Code Section 76365. We also recommend that the students pay for the fees at the Admission & Records office as they do with tuition so the compliance requirement can be adequately monitored and the teacher can then request reimbursement for the materials purchased.

District Response:

The District concurs with the finding, and will take steps to ensure that materials fees are included in the class schedule or course catalog as required.

07-5. APPORTIONMENT REPORTING SYSTEM – CDDC #40000

Finding:

During our testing of Students Actively Enrolled System and State General Apportionment Funding System compliance we found significant deficiencies in the sites' attendance systems:

Diablo Valley College (DVC): In five, out of the 26 classes tested, drops were being entered as of the census date, not as of the day before census date. In addition, it was noted that in one of the selected classes, the census roster was submitted on November 20, 2006; because of this, a student that had dropped the class before the deadline received an F. Consequently, college overstated its enrollment on those classes. This was not deemed to be an isolated event and was identified as a system failure.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2007

Contra Costa College (CCC): There are several deficiencies in this site's system. First, they do not use Census Rosters. Instead, they provide the teachers with Opening Rosters before the semester begins and the teacher submits this roster around the census date; however, submittal dates are not consistent. This process presents several problems: a) All student IDs need to be shown on the Census Roster since this is a required element per the State Compliance guide. Because teachers are handwriting the students who added classes during the first days of the semester, none of the IDs are properly shown; b) Rosters are confusing and are not clear as to who is actually enrolled in the class as of census date, which creates problems for the Admissions and Records department at the time of entering the drops; and c) During the Fall semester, the drops were not being back dated as of the date before the census date, and thus students were being counted for apportionment when they should have been excluded. Nine out of the 13 classes tested at this site presented significant discrepancies between teachers' rosters and the 320 Report.

Los Medanos College (LMC): We tested 13 classes and four had discrepancies between the teachers' rosters and the 320 Report. Dropped students in one class were not processed as of census date because the teacher did not document clearly which students needed to be dropped. Secondly, the drops were not backdated as of the date before the census date for two classes, which overstated the enrollment. Lastly, on the fourth class we noted that all withdrawals were processed but one; this was deemed to be a clerical error.

Recommendation:

We recommend that a standardized policy and procedure for attendance reporting be implemented and followed consistently by all sites to ensure that the District is in compliance. Since the current apportionment funding is based on the prior year FTES, revising the 2006-07 attendance report is not deemed necessary and the corrections were made as of the final P-Annual.

District Response:

With regards to students who were dropped on census date, and, as noted by the auditors, the District did make the necessary corrections so that college enrollments were not overstated as of the final enrollment reports. The District does concur with the auditors' recommendation regarding the use of standardized policy and procedure for attendance reporting, and has already taken steps to address the deficiencies identified during the 2006-07 audit.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2007

07-6. CONCURRENT ENROLLMENT CLASSES – CDDC #40000

Finding:

Contra Costa College (CCC) had one course held on a high school campus, with concurrently enrolled students, that was not listed in the course schedule in accordance with Ed Code 76002. If a decision to offer a class on a high school campus is made after the publication of the regular schedule of classes, and the class is solely advertised to the general public through electronic media, the class must be so advertised for a minimum of 30 continuous days prior to the first meeting of the class (Reference Legal Advisory 05-01, question 7). This class was also not advertised on-line for at least 30 days prior to the start of the class as required.

Recommendation:

We recommend that the District implement policies and procedures to ensure that all concurrent enrollment classes for all sites are offered in accordance with Ed Code 76002.

District Response:

The District concurs with this recommendation, and steps are being taken to address the issue.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2007

SECTION IV - FEDERAL COMPLIANCE

07-7. STUDENT FINANCIAL AID – CDDC #50000

CFDA No. 84.032; Grant period: Year Ended June 30, 2007

Condition: The Student Financial Aid offices at DVC and LMC rely on the reports (SSCR reports) generated by the Information Technology (IT) department in order to notify the NSLDS of any students who dropped all classes. These sites notified the NSLDS through submission of the SSCR, which would meet the requirement of notifying the lenders if this was done on a timely manner.

Criteria: OMB Circular A-133 Compliance Supplement, Requirement "N.5 – Special Test and Provisions, Student Status Changes (FFEL and Direct Loan) requires that schools must complete and return within 30 days of receipt the Student Status Confirmation Reports (SSCR) sent by ED or a guaranty agency (OMB No. 1845-0035). The SSCR is transmitted electronically. The institution determines how often it receives the SSCR, but the minimum is twice a year. Once received, the institution must update for changes in student status, report the date the enrollment status was effective, enter the new anticipated completion date, and submit the changes electronically through the batch method or the NSLDS web site. Unless the school expects to complete its next SSCR within 60 days, the school must notify the lender or the guaranty agency within 30 days if it discovers that a student who received a loan either did not enroll or ceased to be enrolled on at least a half-time basis.

Effect: CCC's Admission and Records office submits the SSCR twice a year; however, the Financial Aid office must notify the lender within thirty days. We were able to determine that there was only one student who completely withdrew and had a loan. In addition, the student was not notified of the amount due and ended up paying the school's portion of \$262.09 as well.

Cause: The IT department submits three reports per semester and the first report does not include the dropped students since it only includes the students who are currently enrolled as of that date; therefore, any students dropped are excluded from this report. The second and third reports are usually generated after the census date and include the census date status information but do not guarantee a timely (within 30 days) reporting of students who dropped below six units during the semester.

Questioned Costs: The total questioned costs for all sites in relation with this finding are \$123,969.

Recommendation: We recommend that a standardized District policy and procedure for Student Financial Aid reporting be implemented and followed consistently by all sites to ensure that the District is in compliance with OMB Circular A-133.

District Response: The District concurs with this recommendation, and steps are being taken to address the issue.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS
YEAR ENDED JUNE 30, 2007

Recommendation	Current Status	District Explanation If Not Implemented
06-1. OPEN ENROLLMENT Recommend that the Los Medanos College ensure that all classes are advertised in the class schedule and documentation of advertisement of any subsequent schedule changes is kept on file.	Implemented	
06-2. NONCREDIT COURSES Recommend that the Contra Costa College and Diablo Valley College complete a sign the noncredit self assessments in accordance with state requirements, prior to the end of the respective fiscal year.	Implemented	
06-3. STUDENT FEES – INSTRUCTIONAL MATERIALS FEES Recommend that the Los Medanos College disclose all instructional materials fees in the class schedule or course catalog, as required under Education Code Section 76365.	Not implemented. See Repeat Finding 07-4	Although corrections were made regarding the fees identified in the 2005-06 audit, new fees were added for 2006-07, and unfortunately these new fees were omitted from the class schedule.
06-4. CONCURRENT ENROLLMENT FOR K-12 STUDENTS IN COMMUNITY COLLEGE CREDIT COURSES Recommend that the Los Medanos College require, during the summer session, principals to certify that they had not recommended more than 5% of the total number of pupils completing that grade immediately prior to the principal's recommendation.	Implemented	