

**CONTRA COSTA COMMUNITY  
COLLEGE DISTRICT**

**ANNUAL FINANCIAL REPORT  
JUNE 30, 2008**

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JUNE 30, 2008**

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***FINANCIAL SECTION***







## INDEPENDENT AUDITORS' REPORT

Governing Board  
Contra Costa Community College District  
Alameda, California

We have audited the accompanying basic financial statements of the business-type activities of the Contra Costa Community College District (the District) as of and for the years ended June 30, 2008, and its discretely presented component units as listed in the Table of Contents. These basic financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audits. The financial statements of Contra Costa Community College District as of June 30, 2007, were audited by other auditors whose report dated December 22, 2007, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit 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 basic financial statement presentation. We believe that our audit provide a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Contra Costa Community College District and its discretely presented component units as of June 30, 2008, and the respective changes in financial position and cash flows, 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 our report dated December 19, 2008, 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 is important for assessing the results of our audit.

As discussed in the Notes to the Financial Statements, the accompanying financial statements reflect certain changes required as a result of the implementation of Governmental Accounting Standards Board (GASB) Statement No. 45 for the year ended June 30, 2008.

The Management's Discussion and Analysis, as listed in the Table of Contents, is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. This supplementary information is the responsibility of the District's management. We have applied certain limited procedures, consisting 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 supplementary information listed in the table of contents, including the Schedule of Expenditures of Federal Awards, which is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic 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 Supplementary Information on pages 81 through 91 has been presented at the request of District management for purposes of additional analysis. We have applied certain limited procedures consisting primarily of analysis and inquiry regarding presentation; however, we did not audit the information. Accordingly, we express no opinion on them.

Vavinek, Tine, Day & Co LLP

Pleasanton, California  
December 19, 2008

# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2008

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### ***USING THIS ANNUAL REPORT***

The purpose of this annual report is to provide readers with information about the activities programs and financial condition of the Contra Costa Community College District (the District) as of June 30, 2008. The report consists of three basic financial statements: the Statement of Financial Position, Statement of Revenues, Expenses, and Changes in Net Assets, and Statement of Cash Flows and provides information about the District as a whole. This section of the annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2008. Please read it in conjunction with the District's financial statements, which immediately follow this section. Responsibility for the completeness and accuracy of this information rests with the District management.

### ***OVERVIEW OF THE FINANCIAL STATEMENTS***

The Contra Costa Community College District's financial statements are presented in accordance with Governmental Accounting Standards Board Statements No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* and No. 35, *Basic Financial Statements - and Management Discussion and Analysis - for Public College and Universities*. These statements allow for the presentation of financial activity and results of operations which focuses on the District as a whole. The entity-wide financial statements present the overall results of operations whereby all of the District's activities are consolidated into one total versus the traditional presentation by fund type. The focus of the Statement of Net Assets is designed to be similar to the bottom line results of the District. This statement combines and consolidates current financial resources with capital assets and long-term obligations. The Statement of Revenues, Expenses, and Changes in Net Assets focuses on the costs of the District's operational activities with revenues and expenses categorized as operating and nonoperating, and expenses are reported by natural classification. The Statement of Cash Flows provides an analysis of the sources and uses of cash within the operations of the District.

The California Community Colleges Chancellor's Office has recommended that all State community colleges follow the Business Type Activity (BTA) model for financial statement reporting purposes.



# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2008

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### *FINANCIAL HIGHLIGHTS*

- The District's primary funding source is apportionment received from the State of California based upon student attendance. The primary basis of this apportionment is the calculation of Full Time Equivalent Students (FTES). During the 2007-2008 fiscal year, the reported resident FTES were 30,877 as compared to 25,525 in the 2006-2007 fiscal year. Included in the 2007/08 attendance report were 2,050 FTES borrowed from Summer 2008 to maximize restoration funding that would be otherwise forfeited.
- All employee groups received a seven percent (7%) salary increase in 2007-08, of which 1.25% was identified as fronted growth. Costs for employee salaries increased by \$9 million from the 2006-07 fiscal year and costs associated with employee benefits increased by approximately two percent (2%) percent or \$672,000. This nominal increase in the benefit costs is due to continued rising costs of health and welfare benefits paid on behalf of both current employees and retirees and a minor increase in the contribution rates for CalPERS retirement contributions.
- During the 2007-2008 fiscal year, the District provided in excess of \$17 million in financial aid to students attending classes at the three colleges. This aid was provided in the form of grants, scholarships, loans, and fee waivers funded through the Federal government, the State System Office, and local funding.
- The District issued \$73 million in general obligation bonds in August 2007 for construction and renovation projects and equipment throughout the District. This represents the initial issuance of Measure A bonds approved in 2006 by the voters within the District's boundaries. The designated projects will be completed over the coming three to five years.
- The District is continuing several construction and modernization projects at our three college campuses resulting in completed or in-progress building and improvements to sites of approximately \$30.5 million in the 2007-2008 fiscal year. These projects are funded both through State construction revenues and through our voter approved general obligation bonds.



# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2008

### THE DISTRICT AS A WHOLE

#### Net Assets

**Table 1**

	2008	2007	Change	2006	Change
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and investments	\$ 132,892,668	\$ 93,004,108	\$ 39,888,560	\$ 38,925,502	\$ 54,078,606
Accounts receivable (net)	42,792,075	14,653,346	28,138,729	36,651,053	(21,997,707)
Other current assets	9,065,438	7,052,338	2,013,100	8,170,742	(1,118,404)
Total Current Assets	<u>184,750,181</u>	<u>114,709,792</u>	<u>70,040,389</u>	<u>83,747,297</u>	<u>30,962,495</u>
Other assets	25,155,185	23,247,379	1,907,806	-	23,247,379
Capital Assets (net)	261,665,775	212,265,234	49,400,541	252,158,838	(39,893,604)
Total Assets	<u>\$ 471,571,141</u>	<u>\$ 350,222,405</u>	<u>\$ 121,348,736</u>	<u>\$ 335,906,135</u>	<u>\$ 14,316,270</u>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Accounts payable and accrued liabilities	35,059,512	35,742,071	(682,559)	33,618,816	2,123,255
Amounts held in trust for others	9,746,556	7,043,288	2,703,268	-	7,043,288
Current portion of long-term debt	9,179,014	1,346,069	7,832,945	4,446,588	(3,100,519)
Total Current Liabilities	<u>53,985,082</u>	<u>44,131,428</u>	<u>9,853,654</u>	<u>38,065,404</u>	<u>6,066,024</u>
Long-term Debt	211,685,139	126,458,968	85,226,171	126,512,733	(53,765)
Total Liabilities	<u>265,670,221</u>	<u>170,590,396</u>	<u>95,079,825</u>	<u>164,578,137</u>	<u>6,012,259</u>
<b>NET ASSETS</b>					
Invested in capital assets	146,359,631	121,678,261	24,681,370	125,336,944	(3,658,683)
Restricted	13,268,851	1,502,014	11,766,837	2,835,601	(1,333,587)
Unrestricted	46,272,438	56,451,734	(10,179,296)	43,155,453	13,296,281
Total Net Assets	<u>205,900,920</u>	<u>179,632,009</u>	<u>26,268,911</u>	<u>171,327,998</u>	<u>8,304,011</u>
Total Liabilities and Net Assets	<u>\$ 471,571,141</u>	<u>\$ 350,222,405</u>	<u>\$ 121,348,736</u>	<u>\$ 335,906,135</u>	<u>\$ 14,316,270</u>

Cash and investments consist primarily of funds held in the Contra Costa County Treasury and the Local Agency Investment Fund (LAIF). The changes in our cash position are explained in the Statement of Cash Flows on pages 15 and 16.

Much of the unrestricted net assets have been designated by the Board or by contracts for such purposes as our required general reserve for ongoing financial health, commitments on contracts, and bookstore and cafeteria reserves.





# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2008

### Operating Results for the Year

The results of this year's operations for the District as a whole are reported in the *Statement of Revenues, Expenses, and Changes in Net Assets* on page 14.

**Table 2**

	2008	2007	Change	2006	Change
<b>Operating Revenues</b>					
Tuition and fees	\$ 19,098,420	\$ 19,538,627	\$ (440,207)	\$ 19,033,414	\$ 505,213
Grants and contracts	43,929,697	28,145,196	15,784,501	31,128,314	(2,983,118)
Auxiliary sales and charges	14,313,232	14,464,546	(151,314)	14,847,786	(383,240)
<b>Total Operating Revenues</b>	<u>77,341,349</u>	<u>62,148,369</u>	<u>15,192,980</u>	<u>65,009,514</u>	<u>(2,861,145)</u>
<b>Operating Expenses</b>					
Salaries and benefits	178,671,045	146,263,785	32,407,260	134,944,274	11,319,511
Supplies and other expenses	41,218,103	75,868,577	(34,650,474)	53,367,780	22,500,797
Depreciation	7,351,811	5,472,225	1,879,586	3,710,772	1,761,453
<b>Total Operating Expenses</b>	<u>227,240,959</u>	<u>227,604,587</u>	<u>(363,628)</u>	<u>192,022,826</u>	<u>35,581,761</u>
Loss on Operations	<u>(149,899,610)</u>	<u>(165,456,218)</u>	<u>15,556,608</u>	<u>(127,013,312)</u>	<u>(38,442,906)</u>
<b>Nonoperating Revenues</b>					
State apportionments	66,840,628	66,434,899	405,729	55,835,122	10,599,777
Property taxes	84,249,964	78,287,536	5,962,428	73,251,718	5,035,818
State revenues	7,216,952	8,591,663	(1,374,711)	8,046,596	545,067
Net interest expense	(581,281)	(566,088)	(15,193)	3,518,602	(4,084,690)
Other nonoperating revenues	9,202,563	4,868,754	4,333,809	(4,502,406)	9,371,160
<b>Total Nonoperating Revenue</b>	<u>166,928,826</u>	<u>157,616,764</u>	<u>9,312,062</u>	<u>136,149,632</u>	<u>21,467,132</u>
<b>Other Revenues</b>					
State and local capital income	<u>9,239,695</u>	<u>16,143,465</u>	<u>(6,903,770)</u>	<u>39,167,733</u>	<u>(23,024,268)</u>
<b>Net Increase in Net Assets</b>	<u>\$ 26,268,911</u>	<u>\$ 8,304,011</u>	<u>\$ 17,964,900</u>	<u>\$ 48,304,053</u>	<u>\$ (40,000,042)</u>

During the 2007-2008 fiscal year, the District implemented GASB 45, for the accrual of Other Post Employment Benefits (OPEB). This implementation resulted in an increase to benefits expense for approximately \$20 million as compared to the benefits expense in the prior years.

During the 2007-2008 fiscal year, the District capitalized approximately \$16 million of capital outlay expenses that were paid for during 2006-2007. This adjustment affected the supplies and other expenses in that supplies and other expenses should have been approximately \$16 million less in 2007 and the same amount higher in 2008.

The District's primary revenue fund is the State apportionment calculation which is comprised of three sources of revenues: local property taxes, student enrollment fees, and State apportionment. While there is a moderate increase in the property taxes levied and received from property within Contra Costa County, tax collections fell short of the budgeted target statewide. Student enrollment fees show a slight decline, reflecting a full year of fee collections at \$20 per unit, down from the \$26 per unit levied through Fall 2006.



# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

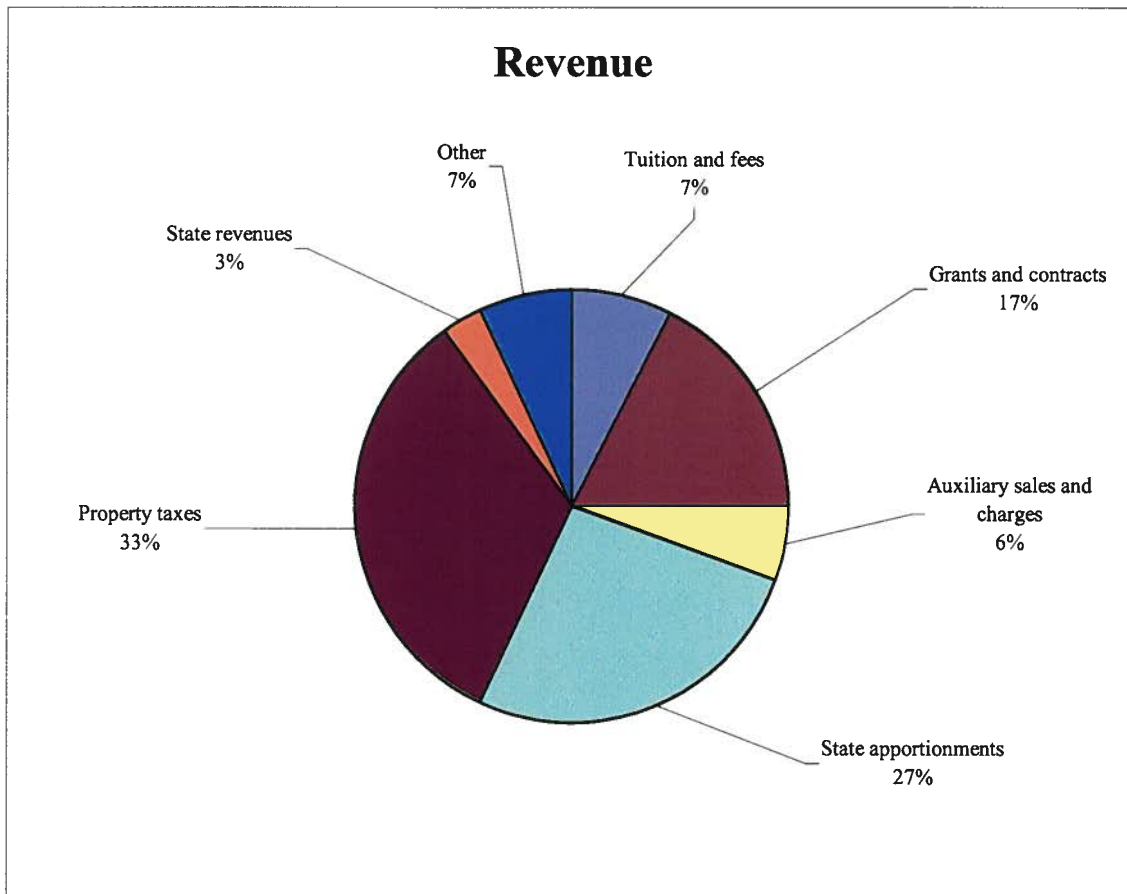
JUNE 30, 2008

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Auxiliary revenue consists of bookstore and cafeteria net revenues. The three college campuses each maintain their own bookstores and cafeterias to provide services to the students and faculty of the college. The operations are self-supporting and contribute to the student programs on each campus.

Grant and contract revenues relate primarily to student financial aid as well as to specific Federal and State grants received for programs serving the students and programs of the District. These grant and program revenues are restricted as to the allowable expenses related to the programs.

Interest income of \$7.3 million was off set by interest expense of \$7.9 million. The interest income is primarily the result of cash held in the Contra Costa County Treasury. Interest income is up approximately \$2.0 million over the 2006-2007 fiscal year due to increased balances in County Cash and higher interest rates. Interest expense has increased approximately \$2 million due to the issuance of additional bonds and increasing interest cost associated with our general obligation bonds.



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# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

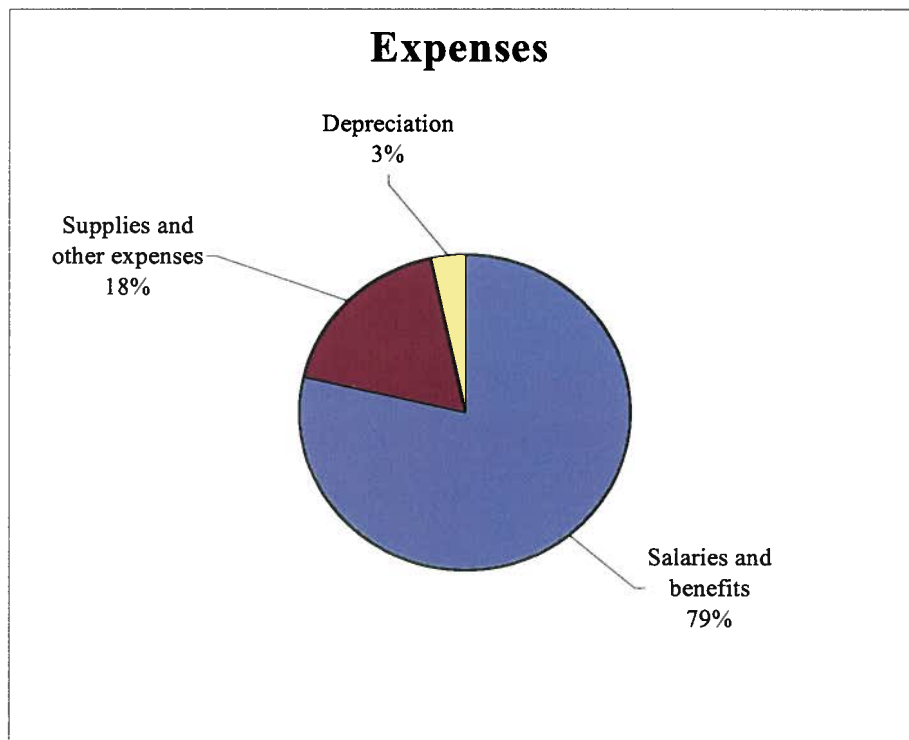
## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2008

In accordance with requirements set forth by the California Community Colleges Chancellor's Office, the District reports operating expenses by object code. Operating expenses by functional classification are as follows:

**Table 3**

Year ended June 30, 2008:

	Salaries	Employee Benefits	Material, and Other Expenses and Services	Depreciation	Total
Instructional activities	\$ 65,649,494	\$ 30,498,798	\$ 3,080,231	\$ -	\$ 99,228,523
Academic support	9,638,550	3,106,842	1,517,590	-	14,262,982
Student services	12,681,499	5,197,470	2,005,613	-	19,884,582
Plant operations and maintenance	6,347,829	3,804,985	6,113,270	-	16,266,084
Instructional support services	14,285,082	13,182,072	7,413,647	-	34,880,801
Community services and economic development	1,335,720	443,244	564,684	-	2,343,648
Ancillary services and auxiliary operations	9,127,525	3,371,936	7,645,080	-	20,144,541
Student aid	-	-	12,877,988	-	12,877,988
Unallocated depreciation	-	-	-	7,351,811	7,351,811
<b>Total</b>	<b>\$ 119,065,699</b>	<b>\$ 59,605,346</b>	<b>\$ 41,218,103</b>	<b>\$ 7,351,811</b>	<b>\$ 227,240,959</b>





# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2008

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Table 4

### Changes in Cash Position

	2008	2007	Change
Cash Provided by (Used in)			
Operating activities	\$ (112,630,197)	\$ (114,694,984)	\$ 2,064,787
Noncapital financing activities	128,477,961	152,112,480	(23,634,519)
Capital financing activities	32,178,856	(26,444,129)	58,622,985
Investing activities	2,950,800	7,644,078	(4,693,278)
Net Increase (Decrease) in Cash	50,977,420	18,617,445	32,359,975
Cash, Beginning of Year	81,552,376	62,934,931	18,617,445
Cash, End of Year	<u>\$ 132,529,796</u>	<u>\$ 81,552,376</u>	<u>\$ 50,977,420</u>

The Statement of Cash Flows on pages 15 and 16 provides information about our cash receipts and payments during the year. This statement also assists users in assessing the District's ability to meet its obligations as they come due and its need for external financing. Our primary operating receipts are student tuition and fees and Federal, State, and local grants and contracts. The primary operating expense of the District is the payment of salaries and benefits to instructional and classified support staff.

While State apportionment revenues and property taxes are the primary source of noncapital related revenue, the GASB accounting standards require that this source of revenue is shown as nonoperating revenue as it comes from the general resources of the State and not from the primary users of the college's programs and services – our students. The District depends upon this funding to continue the current level of operations.

### ***CAPITAL ASSET AND DEBT ADMINISTRATION***

#### **Capital Assets**

At June 30, 2008, the District had \$261.7 million in a broad range of capital assets, including land, buildings, and furniture and equipment. At June 30, 2007, our net capital assets were \$212.3 million. The District is currently in the middle of a major capital improvement program with construction ongoing throughout the college campuses. These projects are primarily funded through our general obligation bonds resulting from voter-approved Measure A 2002 and Measure A+ 2006. These projects are accounted for within our Construction in Progress account until the project is completed at which time the cost of the buildings and/or improvements will be brought in to the depreciable Buildings and Improvement category.

Capital projects are continuing through the 2008-2009 fiscal year and beyond with primary funding through our general obligation bond.

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# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2008

**Table 5**

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Land and construction in progress	\$ 69,037,569	\$ 28,190,770	\$48,742,378	\$ 48,485,961
Buildings and improvements	195,987,467	71,614,599	1,070,777	266,531,289
Furniture and equipment	38,295,914	6,784,850	919,009	44,161,755
Subtotal	303,320,950	106,590,219	50,732,164	359,179,005
Accumulated depreciation	(91,055,716)	(7,351,811)	(894,297)	(97,513,230)
	<u>\$ 212,265,234</u>	<u>\$ 99,238,408</u>	<u>\$49,837,867</u>	<u>\$ 261,665,775</u>

### Obligations

At the end of the 2007-2008 fiscal year, the District had \$185.0 million in general obligation bonds outstanding. These bonds are repaid annually in accordance with the obligation requirements through an increase in the assessed property taxes on property within the Contra Costa Community College District boundaries. Other obligations for the District includes Certificates of Participation issued to fund various capital improvement projects throughout the District and a Note Payable to fund energy retrofitting projects.

In addition to the above obligations, the District is obligated to employees of the District for vacation and load banking benefits and lease purchase agreements for equipment.

**Table 6**

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
General obligation bonds	\$ 112,900,000	\$ 73,000,000	\$ 1,010,000	\$ 184,890,000
COPs and notes payable	1,165,000	-	55,000	1,110,000
OPEB (retiree benefits)	-	27,172,200	7,628,117	19,544,083
Other liabilities	13,130,214	2,899,304	709,448	15,320,070
Total Long-Term Debt	<u>\$ 127,195,214</u>	<u>\$ 103,071,504</u>	<u>\$9,402,565</u>	<u>\$ 220,864,153</u>
Amount due within one year				<u>\$ 9,179,014</u>



# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2008

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### ***GENERAL FUND BUDGETARY HIGHLIGHTS***

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. The Governing Board adopted the final amendment to the budget for the 2007-2008 fiscal year on September 24, 2008.

Within the Unrestricted General Fund, operating costs have continually increased. The State Budget has not kept pace with the increased operating costs, primarily in health and welfare benefits, especially in regards to the need to recognize post retirement benefits.

### ***ECONOMIC FACTORS AFFECTING THE FUTURE OF THE CONTRA COSTA COMMUNITY COLLEGE DISTRICT***

The economic position of the District is closely tied to the State of California as State apportionments and property taxes allocated to the District represent approximately 83 percent of the total unrestricted sources of revenues received within the General Fund. The funding formula for the 2008-2009 fiscal year has not been finalized, but is not expected to adversely affect the District in its first year of implementation. After several years of declining enrollment the District enrollment has increased in 2007-2008. There is uncertainty as to the actual level of funding the District will receive for student enrollment. With the current budget situation, the District continues to monitor enrollment and operating costs of the District to ensure ongoing financial stability and retain the reserve levels required by our Board of Trustees and the State Chancellor's Office.

### ***CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT***

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Contra Costa Community College District, Finance Department, (925) 229-1000.

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# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

## STATEMENTS OF NET ASSETS JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 45,409,687	\$ 85,552,758
Investments	362,872	339,292
Restricted cash and cash equivalents	87,120,109	7,112,058
Accounts receivable, net	42,792,075	14,653,346
Notes receivable - current portion	227,681	72,990
Prepaid expenses - current portion	6,573,069	4,502,292
Stores inventories	2,190,831	2,414,556
Deferred charges - current portion	73,857	62,500
<b>Total Current Assets</b>	<u>184,750,181</u>	<u>114,709,792</u>
<b>Noncurrent Assets</b>		
Investments - noncurrent portion	24,235,268	22,637,556
Deferred charges - noncurrent portion	919,917	609,823
Nondepreciable capital assets	48,485,961	69,037,569
Depreciable capital assets, net of depreciation	213,179,814	143,227,665
<b>Total Noncurrent Assets</b>	<u>286,820,960</u>	<u>235,512,613</u>
<b>TOTAL ASSETS</b>	<u>471,571,141</u>	<u>350,222,405</u>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable	16,145,791	21,949,993
Interest payable	3,694,132	2,292,519
Claims payable	159,630	169,630
Deferred revenue	15,059,959	11,329,929
Amounts held in trust custody on behalf of others	9,746,556	7,043,288
Notes payable - current portion	60,000	55,000
Bonds payable - current portion	8,840,000	1,010,000
Lease obligations - current portion	269,375	281,069
Other long-term liabilities - current portion	9,639	-
<b>Total Current Liabilities</b>	<u>53,985,082</u>	<u>44,131,428</u>
<b>Noncurrent Liabilities</b>		
Compensated absences payable - noncurrent portion	13,181,618	11,519,560
Notes payable - noncurrent portion	1,050,000	1,110,000
Bonds payable - noncurrent portion	176,050,000	111,890,000
Lease obligations - noncurrent portion	155,248	383,386
OPEB Liability	19,544,083	-
Other long-term liabilities - noncurrent portion	1,704,190	1,556,022
<b>Total Noncurrent Liabilities</b>	<u>211,685,139</u>	<u>126,458,968</u>
<b>TOTAL LIABILITIES</b>	<u>265,670,221</u>	<u>170,590,396</u>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	146,359,631	121,678,261
Restricted for:		
Debt service	13,268,851	2,405,901
Educational programs	-	(903,887)
Unrestricted	46,272,438	56,451,734
<b>TOTAL NET ASSETS</b>	<u>\$ 205,900,920</u>	<u>\$ 179,632,009</u>

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

# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

## STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
<b>OPERATING REVENUES</b>		
Student Tuition and Fees	\$ 22,878,441	\$ 23,367,376
Less: Scholarship discount and allowance	(3,780,021)	(3,828,749)
Net tuition and fees	<u>19,098,420</u>	<u>19,538,627</u>
Grants and Contracts, noncapital:		
Federal	15,075,124	13,568,580
State	28,854,573	14,576,616
Auxiliary Enterprise Sales and Charges		
Bookstore	13,343,132	13,497,603
Cafeteria	970,100	966,943
<b>TOTAL OPERATING REVENUES</b>	<u>77,341,349</u>	<u>62,148,369</u>
<b>OPERATING EXPENSES</b>		
Salaries	119,065,699	110,715,535
Employee benefits	59,605,346	35,548,250
Supplies and materials	5,101,879	4,408,285
Services and other operating costs	23,238,236	59,057,645
Student financial aid	12,877,988	12,402,647
Depreciation	7,351,811	5,472,225
<b>TOTAL OPERATING EXPENSES</b>	<u>227,240,959</u>	<u>227,604,587</u>
<b>OPERATING LOSS</b>	<u>(149,899,610)</u>	<u>(165,456,218)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
State apportionments, noncapital	66,840,628	66,434,899
Local property taxes, levied for general purposes	73,427,484	69,968,707
Taxes levied for other specific purposes	10,822,480	8,318,829
State taxes and other revenues	7,216,952	8,591,663
Investment income	6,794,437	2,906,141
Interest expense on capital related debt	(7,879,452)	(5,773,732)
Investment income on capital asset-related debt, net	503,734	2,301,503
Other nonoperating revenue	9,202,563	4,868,754
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<u>166,928,826</u>	<u>157,616,764</u>
<b>INCOME BEFORE OTHER REVENUES AND EXPENSES</b>	<u>17,029,216</u>	<u>(7,839,454)</u>
State revenues, capital	2,088,693	14,791,363
Local revenues, capital	7,151,002	1,352,102
<b>TOTAL INCOME BEFORE OTHER</b>		
<b>— REVENUES AND EXPENSES</b>	<u>9,239,695</u>	<u>16,143,465</u>
<b>CHANGE IN NET ASSETS</b>	26,268,911	8,304,011
<b>NET ASSETS, BEGINNING OF YEAR</b>	179,632,009	171,327,998
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 205,900,920</u>	<u>\$ 179,632,009</u>

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

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Tuition and fees	\$ 16,459,052	\$ 21,120,668
Federal grants and contracts	8,980,842	13,570,600
State grants and contracts	27,278,285	20,992,068
Local grants and contracts	7,224,296	12,776,802
Payments to vendors for supplies and services	(37,250,553)	(61,540,438)
Payments to or on behalf of employees	(136,344,323)	(123,535,191)
Payments to students for scholarships and grants	(13,291,028)	(12,421,512)
Auxiliary enterprise sales and charges:		
Bookstore	13,343,132	13,375,076
Cafeteria	970,100	966,943
<b>Net Cash Flows From Operating Activities</b>	<u>(112,630,197)</u>	<u>(114,694,984)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State apportionments	45,477,983	60,936,846
Property taxes - nondebt related	73,427,484	77,662,154
State taxes and other apportionments	7,216,952	8,591,663
Other nonoperating	2,355,542	4,921,817
<b>Net Cash Flows From Noncapital Financing Activities</b>	<u>128,477,961</u>	<u>152,112,480</u>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>		
Purchase of capital assets	(55,049,569)	(39,728,074)
Proceeds from sale of bonds	74,650,316	-
State revenue, capital projects	2,088,693	17,761,306
Local revenue, capital projects	7,151,002	-
Property taxes - related to capital debt	10,822,480	1,164,014
Principal paid on capital debt	(1,352,989)	(2,526,372)
Interest paid on capital debt	(6,477,839)	(5,333,271)
Interest received on capital asset-related debt	346,762	2,218,268
<b>Net Cash Flows From Capital Financing Activities</b>	<u>32,178,856</u>	<u>(26,444,129)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales and maturities of investments	13,492,712	34,366,609
Purchase of investments	(11,895,000)	(29,501,295)
Interest received from investments	1,353,088	2,778,764
<b>Net Cash Flows From Investing Activities</b>	<u>2,950,800</u>	<u>7,644,078</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	50,977,420	18,617,445
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	81,552,376	62,934,931
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 132,529,796</u>	<u>\$ 81,552,376</u>

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

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**STATEMENTS OF CASH FLOWS, Continued  
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
<b>RECONCILIATION OF NET OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Operating Loss	<u>\$(149,899,610)</u>	<u>\$(165,456,218)</u>
Adjustments to Reconcile Operating Loss to Net Cash Flows from Operating Activities:		
Depreciation and amortization expense	7,351,811	5,472,225
Changes in Assets and Liabilities:		
Receivables	24,092,270	39,874,221
Student receivables		-
Stores inventories	223,725	(126,871)
Prepaid expenses	(2,070,777)	(3,242,843)
Notes receivables, net		
Accounts payable and accrued liabilities	(5,804,202)	2,421,791
Deferred revenue	3,730,030	4,201,781
Funds held for others	<u>9,746,556</u>	<u>2,160,930</u>
Total Adjustments	<u>37,269,413</u>	<u>50,761,234</u>
Net Cash Flows From Operating Activities	<u><u>\$(112,630,197)</u></u>	<u><u>\$(114,694,984)</u></u>
 <b>CASH AND CASH EQUIVALENTS CONSIST OF THE FOLLOWING:</b>		
Cash in banks	\$ 4,011,709	\$ 3,113,212
Cash in county treasury	28,190,283	42,287,741
Cash in LAIF	<u>100,327,804</u>	<u>36,151,423</u>
Total Cash and Cash Equivalents	<u><u>\$ 132,529,796</u></u>	<u><u>\$ 81,552,376</u></u>
 <b>NON CASH TRANSACTIONS</b>		
On behalf payments for benefits	<u><u>\$ 3,246,088</u></u>	<u><u>\$ 3,012,600</u></u>

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



**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**DISCRETELY PRESENTED COMPONENT UNITS  
CONTRA COSTA, DIABLO VALLEY, AND LOS MEDANOS FOUNDATIONS  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2008**

	<u>Contra Costa</u>	<u>Diablo Valley</u>	<u>Los Medanos</u>	<u>Total</u>
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 987,950	\$ 744,925	\$ 1,129,854	\$ 2,862,729
Investments	924,966	2,133,775	-	3,058,741
Accounts receivable	-	1,950	-	1,950
Prepaid expenses	-	7,926	-	7,926
<b>Total Current Assets</b>	<u>1,912,916</u>	<u>2,888,576</u>	<u>1,129,854</u>	<u>5,931,346</u>
<b>NONCURRENT ASSETS</b>				
Equipment, net	-	1,291	1,658	2,949
<b>Total Noncurrent Assets</b>	<u>-</u>	<u>1,291</u>	<u>1,658</u>	<u>2,949</u>
<b>TOTAL ASSETS</b>	<u>\$ 1,912,916</u>	<u>\$ 2,889,867</u>	<u>\$ 1,131,512</u>	<u>\$ 5,934,295</u>
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	\$ -	\$ -	\$ 34,448	\$ 34,448
Deferred revenue	-	97,040	-	97,040
Funds held for others	291,528	-	-	291,528
<b>TOTAL LIABILITIES</b>	<u>291,528</u>	<u>97,040</u>	<u>34,448</u>	<u>423,016</u>
<b>NET ASSETS</b>				
Unrestricted	740,881	44,412	352,787	1,138,080
Temporarily restricted	337,149	1,651,660	714,277	2,703,086
Permanently restricted	543,358	1,096,755	30,000	1,670,113
<b>Total Net Assets</b>	<u>1,621,388</u>	<u>2,792,827</u>	<u>1,097,064</u>	<u>5,511,279</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 1,912,916</u>	<u>\$ 2,889,867</u>	<u>\$ 1,131,512</u>	<u>\$ 5,934,295</u>

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

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**DISCRETELY PRESENTED COMPONENT UNIT**

**CONTRA COSTA FOUNDATION**

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2008**

**WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2007**

	Unrestricted	Temporarily Restricted	Permanently Restricted	2008 Total	2007 Total
<b>REVENUES</b>					
Donations	\$ 22,913	\$ 140,165	\$ 100	\$ 163,178	\$ 235,381
Program income	72,389	-	-	72,389	15,612
Event income, net of expenses	6,296	18,874	-	25,170	100,285
Investment income	48,273	28,096	338	76,707	90,715
Other income	2,142	-	-	2,142	-
Satisfaction of program restrictions	154,941	(154,941)	-	-	-
<b>Total Revenues</b>	<b>306,954</b>	<b>32,194</b>	<b>438</b>	<b>339,586</b>	<b>441,993</b>
<b>EXPENSES</b>					
Program services	290,070	-	-	290,070	203,834
Management and general	5,501	-	-	5,501	4,841
Fundraising	21,136	-	-	21,136	44,076
<b>Total Expenses</b>	<b>316,707</b>	<b>-</b>	<b>-</b>	<b>316,707</b>	<b>252,751</b>
<b>CHANGE IN NET ASSETS</b>	<b>(9,753)</b>	<b>32,194</b>	<b>438</b>	<b>22,879</b>	<b>189,242</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>750,634</b>	<b>304,955</b>	<b>542,920</b>	<b>1,598,509</b>	<b>1,409,267</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 740,881</b>	<b>\$ 337,149</b>	<b>\$ 543,358</b>	<b>\$ 1,621,388</b>	<b>\$ 1,598,509</b>

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

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**DISCRETELY PRESENTED COMPONENT UNIT**

**DIABLO VALLEY FOUNDATION**

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2008**

**WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2007**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>REVENUES</b>				
Donations	\$ 19,185	\$ 263,174	\$ 50,000	\$ 332,359
District in kind support	341,124	-	-	341,124
Other in kind donations	29,187	-	-	29,187
Event income, net of expenses	85,615	-	-	85,615
Investment income (loss)	(108,817)	24,643	-	(84,174)
Other income	912	-	-	912
Satisfaction of program restrictions	149,655	(149,655)	-	-
<b>Total Revenues</b>	<u>516,861</u>	<u>138,162</u>	<u>50,000</u>	<u>705,023</u>
<b>EXPENSES</b>				
Program services	377,546	-	-	377,546
Management and general	271,721	-	-	271,721
Fundraising	109,115	-	-	109,115
<b>Total Expenses</b>	<u>758,382</u>	<u>-</u>	<u>-</u>	<u>758,382</u>
<b>CHANGE IN NET ASSETS</b>	<u>(241,521)</u>	<u>138,162</u>	<u>50,000</u>	<u>(53,359)</u>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>285,933</u>	<u>1,513,498</u>	<u>1,046,755</u>	<u>2,846,186</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 44,412</u>	<u>\$ 1,651,660</u>	<u>\$ 1,096,755</u>	<u>\$ 2,792,827</u>

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**DISCRETELY PRESENTED COMPONENT UNIT  
LOS MEDANOS FOUNDATION  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>REVENUES</b>				
Donations	\$ 34,288	\$ 542,004	\$ 10,000	\$ 586,292
In kind donations	184,796	-	-	184,796
Event income, net of expenses	15,104	-	-	15,104
Interest income	18,855	668	-	19,523
Other income	53	-	-	53
Satisfaction of program restrictions	184,294	(184,294)	-	-
<b>Total Revenues</b>	<u>437,390</u>	<u>358,378</u>	<u>10,000</u>	<u>805,768</u>
<b>EXPENSES</b>				
Program services	171,451	-	-	171,451
Management and general	141,380	-	-	141,380
<b>Total Expenses</b>	<u>312,831</u>	<u>-</u>	<u>-</u>	<u>312,831</u>
<b>CHANGE IN NET ASSETS</b>	124,559	358,378	10,000	492,937
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>228,228</u>	<u>355,899</u>	<u>20,000</u>	<u>604,127</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 352,787</u>	<u>\$ 714,277</u>	<u>\$ 30,000</u>	<u>\$ 1,097,064</u>

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**DISCRETELY PRESENTED COMPONENT UNITS  
CONTRA COSTA, DIABLO VALLEY AND LOS MEDANOS FOUNDATIONS  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Contra Costa</u>	<u>Diablo Valley</u>	<u>Los Medanos</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Change in Net Assets	\$ 22,879	\$ (53,359)	\$ 492,937	\$ 462,457
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities				
Unrealized gain	-	165,340	-	165,340
Depreciation	-	774	357	1,131
Donated investments	-	(12,828)	-	(12,828)
Changes in Assets and Liabilities				
Decrease in accounts receivable	-	(1,030)	-	(1,030)
Decrease in prepaids	-	(4,277)	-	(4,277)
Decrease in accounts payable	-	(3,373)	(5,588)	(8,961)
Increase in deferred revenue	-	16,760	-	16,760
<b>Net Cash Flows From Operating Activities</b>	<u>22,879</u>	<u>108,007</u>	<u>487,706</u>	<u>601,832</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Proceeds from sales and maturities of investments	-	1,042,628	-	1,042,628
Purchase of investments	-	(876,276)	-	(876,276)
<b>Net Cash Flows From Investing Activities</b>	<u>-</u>	<u>166,352</u>	<u>-</u>	<u>166,352</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	22,879	274,359	487,706	784,944
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	965,071	470,566	642,148	2,077,785
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 987,950</u>	<u>\$ 744,925</u>	<u>\$ 1,129,854</u>	<u>\$ 2,862,729</u>
In kind donations	<u>\$ -</u>	<u>\$ 370,311</u>	<u>\$ 184,796</u>	<u>\$ 555,107</u>

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

# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008 AND 2007

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### NOTE 1 - ORGANIZATION

#### Financial Reporting Entity

The Contra Costa Community College District (the District) was established in 1948 and began operating in 1949 as a political subdivision of the State of California and provides educational services to residents of the surrounding area. The District operates under a locally elected six-member Governing Board form of government, which establishes the policies and procedures by which the District operates. The Board must approve the annual budgets for the General Fund, special revenue funds, and capital project funds, but these budgets are managed at the department level. Currently, the District operates three colleges, Diablo Valley College located in Pleasant Hill, Contra Costa College located in San Pablo, and Los Medanos College located in Pittsburg. In addition, there are two satellite centers located within Contra Costa County, California. While the District is a political subdivision of the State of California, it is not a component unit of the State in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 39.

#### Component Units

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District, in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete.

For financial reporting purposes, the financing corporation component unit has a financial and operational relationship which meets the reporting entity definition criteria of the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, and thus is included in the financial statements of the District. The component unit, although a legally separate entity, is reported in the financial statements using the blended presentation method as if were part of the District's operations because the governing board of the component unit is essentially the same as the governing board of the District and because its purpose is to finance the construction of facilities to be used for the direct benefit of the District. The Financing Corporation's financial activity is presented in the financial statements in the Capital Project and the Debt Service Funds Certificates of participation issued by the Corporation are included as long-term liabilities in the government-wide financial statements. Individually-prepared financial statements are not prepared for the Financing Corporation.

The District also applies GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*. This statement amends GASB Statement No. 14, *The Financial Reporting Entity*, to provide additional guidance to determine whether certain organizations, for which the District is not financially accountable, should be reported as component units based on the nature and significance of their relationship with the District. The three components used to determine the presentation are: providing a "direct benefit", the "environment and ability to access/influence reporting", and the "significance" criterion.

The component units determined under GASB 39, although legally separate tax-exempt entities, are reported in the financial statements using the discrete presentation method as the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the District; the District is entitled to, or has the ability to otherwise access a majority of the economic resources received or held by the separate organization; and the economic resources received from or held by an individual organization are significant to the District.

# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 AND 2007

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The discretely presented component units are as follows:

- Contra Costa, Diablo Valley and Los Medanos Foundations

The Contra Costa, Diablo Valley, and Los Medanos Foundations (the Foundations) are legally separate, tax-exempt component unit of the District. The Foundations act primarily as a fundraising organization to provide grants and scholarships to students and support to employees, programs, and departments of the District. The boards of the Foundations consist of community members, alumni, and other supporters of the Foundation. Although the District does not control the timing or amount of receipts from the Foundations, the majority of resources, or income thereon, that the Foundations holds and invests are restricted to the activities of the District by the donors. Because these restricted resources held by the Foundations can only be used by, or for the benefit of, the District, the Foundations are considered component units of the District. The Foundations are reported in separate financial statements because of the difference in its reporting model, as further described below.

The Foundations are not-for-profit organization under Internal Revenue Code (IRS) Section 501(c)(3) that reports its financial results under Financial Accounting Standards Board (FASB) Statements. Most significant to the Foundations' operations and reporting model are FASB Statement No. 116, *Accounting for Contributions Received and Contributions Made*, and FASB Statement No. 117, *Financial Reporting for Not-For-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundations' financial information in the District's financial reporting entity for these differences; however, significant note disclosures to the Foundation's financial statements have been incorporated into the District's notes to the financial statements. The Contra Costa Foundation reports its activities on the cash basis.

Financial statements for the Foundations can be obtained from the Foundations Business Offices at each of the colleges.

**Public Entity Risk Pools and Joint Powers Authorities (JPAs)** The District is associated with one public entity risk pool and one JPA. These organizations do not meet the criteria for inclusion as component units of the District. Additional information is presented in Note 16 to the financial statements. These organizations are:

- Bay Area Community College District Joint Power Authority (BACCDJPA)
- Contra Costa Schools Insurance Group (CCSIG)

### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities as defined by GASB Statements No. 34 and No. 35 as amended by GASB Statements No. 37 and No. 38. This presentation provides a comprehensive entity-wide perspective of the District's assets, liabilities, activities, and cash flows and replaces the fund group perspective previously required. Accordingly, the District's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All material intra-agency and intra-fund transactions have been eliminated.

# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008 AND 2007

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Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include State apportionments, property taxes, certain grants, entitlements, and donations. Revenue from State apportionments is generally recognized in the fiscal year in which it is apportioned from the State. Revenue from property taxes is recognized in the fiscal year in which the taxes are received. Revenue from certain grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose requirements.

The accounting policies of the District conform to accounting principles generally accepted in the United States of America (US GAAP) as applicable to colleges and universities, as well as those prescribed by the California Community Colleges System's Office. The District reports are based on all applicable GASB pronouncements, as well as applicable FASB pronouncements issued on or before November 30, 1989, unless those pronouncements conflict or contradict GASB pronouncements. The District has not elected to apply FASB pronouncements after that date. When applicable, certain prior year amounts have been reclassified to conform to current year presentation. The budgetary and financial accounts of the District are maintained in accordance with the State System's Office *Budget and Accounting Manual*.

The financial statements are presented in accordance with the reporting model as prescribed in GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, and GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*, as amended by GASB Statements No. 37 and No. 38. The Business type activities model followed by the District requires the following components of the District's financial statements:

- Management's Discussion and Analysis
- Basic Financial Statements for the District as a whole including:
  - Statement of Net Assets
  - Statement of Revenues, Expenses, and Changes in Net Assets
  - Statement of Cash Flows
- Notes to the Financial Statements

### **Cash and Cash Equivalents**

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of one year or less from the date of acquisition. Cash equivalents also include cash with county treasury balances for purposes of the statement of cash flows. Restricted cash and cash equivalents represented balances restricted by external sources such as grants and contracts or specifically restricted for the repayment of capital debt.



# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 AND 2007

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### **Investments**

In accordance with GASB Statement No. 31, *Accounting and Reporting for Certain Investments and for External Investment Pools*, investments are stated at fair value. Fair value is estimated based on published market prices at year-end. Investments for which there are no quoted market prices are not material.

### **Accounts Receivable**

Accounts receivable include amounts due from the Federal, State and/or local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the District's grants and contracts. Accounts receivable also consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff, the majority of each residing in the State of California. The District provides for an allowance for uncollectible accounts as an estimation of amounts that may not be received. This allowance is based upon management's estimates and analysis. The allowance was estimated at \$1,000,000 as of June 30, 2008 and 2007.

### **Prepaid Expenses**

Prepaid expenses represent payments made to vendors and others for services that will benefit periods beyond June 30.

### **Stores Inventories**

Stores inventories consists primarily of bookstore merchandise and cafeteria food and supplies held for resale to the students and faculty of the colleges. Inventories are stated at cost. The cafeteria fund uses the first-in, first-out method and the bookstore uses the retail method. The cost is recorded as an expense as the inventory is consumed.

### **Capital Assets and Depreciation**

Capital assets are long-lived assets of the District as a whole and include land, construction-in-progress, buildings, leasehold improvements, and equipment. The District maintains an initial unit cost capitalization threshold of \$25,000 for land and construction in progress and \$1,000 for all other capital assets. Assets are recorded at historical cost, or estimated historical cost, when purchased or constructed. The District does not possess any infrastructure. Donated capital assets are recorded at estimated fair market value at the date of donation. Improvements to buildings and land that significantly increase the value or extend the useful life of the asset are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Major outlays for capital improvements are capitalized as construction-in-progress as the projects are constructed.

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings 25 to 50 years; improvements 20 years; equipment 5 to 15 years, and vehicles 8 years.

### **Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities, and long-term obligations are reported in the entity-wide financial statements.

# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008 AND 2007

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### Deferred Issuance Costs, Premiums, and Discounts

In the government-wide financial statements and in the proprietary fund type financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight line method.

### Compensated Absences

Accumulated unpaid employee vacation benefits are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the entity-wide financial statements. The amounts have been recorded in the fund from which the employees, who have accumulated the leave, are paid. The District also participates in "load-banking" with eligible academic employees whereby the employee may teach extra courses in one period in exchange for time off in another period.

Sick leave is accumulated without limit for each employee based upon negotiated contracts. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. Therefore, the value of accumulated sick leave is not recognized as a liability in the District's financial statements. However, credit for unused sick leave is applicable to all classified school members who retire after January 1, 1999. At retirement, each member will receive .004 year of service credit for each day of unused sick leave.

### Deferred Revenue

Deferred revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period or when resources are received by the District prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Deferred revenues include (1) amounts received for tuition and fees prior to the end of the fiscal year that are related to the subsequent fiscal year and (2) amounts received from Federal and State grants received before the eligibility requirements are met.

### Net Assets

GASB Statements No. 34 and No. 35 report equity as "Net Assets." Net assets are classified according to external donor restrictions or availability of assets for satisfaction of District obligations according to the following net asset categories:

**Invested in Capital Assets, Net of Related Debt:** Capital Assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.

**Restricted - Nonexpendable:** Net assets whose use by the District has been externally restricted in perpetuity such as Endowment funds where future investment earnings may be used for the donor stipulated purpose. The District has no nonexpendable net assets.

# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 AND 2007

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**Restricted - Expendable:** Net assets whose use by the District is subject to externally imposed constraints that can be fulfilled by actions of the District pursuant to those constraints or by the passage of time. Net assets may be restricted for capital projects, debt repayment, and/or educational programs.

None of the District's restricted net assets have resulted from enabling legislation adopted by the District.

**Unrestricted:** Net assets that are not subject to externally imposed constraints. Unrestricted net assets may be designated for specific purposes by action of the Governing Board or may otherwise be limited by contractual agreements with outside parties.

When both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first and the unrestricted resources when they are needed.

### Operating Revenues and Expenses

**Classification of Revenues** - The District has classified its revenues as either operating or nonoperating. Certain significant revenue streams relied upon for operation are classified as nonoperating as defined by GASB Statement No. 35. Classifications are as follows:

**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, net of scholarship discounts and allowances, (3) most Federal, State, and local grants and contracts, and (4) interest on institutional student loans.

**Nonoperating revenues** - Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as State apportionments, property taxes, investment income, gifts and contributions, and other revenue sources described in GASB Statement No. 34.

**Classification of Expenses** - Nearly all the District's expenses are from exchange transactions and are classified as either operating or nonoperating according to the following criteria:

**Operating expenses** - Operating expenses are necessary costs to provide the services of the District and include employee salaries and benefits, supplies, operating expenses, and student financial aid.

**Nonoperating expenses** - Nonoperating expenses include interest expense and other expenses not directly related to the services of the District.

### State Apportionments

Certain current year apportionments from the State are based on financial and statistical information of the previous year. Any corrections due to the recalculation of the apportionment are made in February of the subsequent year and are recorded in the District's financial records when received.

# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 AND 2007

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### **On-Behalf Payments**

GASB Statement No. 24 requires direct on-behalf payments for fringe benefits and salaries made by one entity to a third party recipient for the employees for another legally separate entity be recognized as revenues and expenditures by the employer entity. The State of California makes direct on-behalf payments to the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) on behalf of all community colleges in California. The amounts of on-behalf payments were \$3,246,088 and \$0 for CalSTRS and CalPERS, respectively.

### **Estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

### **Property Taxes**

Secured property taxes attach as an enforceable lien on property as of January 1. The County Assessor is responsible for assessment of all taxable real property. Taxes are payable in two installments on November 1 and February 1 and become delinquent on December 10 and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31. The County of Contra Costa bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

The voters of the District passed General Obligation Bonds in 2002 and 2006 for the acquisition, construction, and remodeling of District capital assets. As a result of the passage of the Bond, property taxes are assessed on the property within the District specifically for the repayment of the debt incurred. The taxes are billed and collected as noted above and remitted to the District when collected.

### **Scholarship Discounts and Allowances**

Student tuition and fee revenue is reported net of scholarship discounts and allowances in the Statement of Revenues, Expenditures, and Changes in Net Assets. Scholarship discounts and allowances represent the difference between stated charges for enrollment fees and the amount that is paid by students or third parties making payments on the students' behalf. To the extent that fee waivers and discounts have been used to satisfy tuition and fee charges, the District has recorded a scholarship discount and allowance.

# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 AND 2007

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### **Federal Financial Assistance Programs**

The District participates in federally funded Pell Grants, SEOG Grants, Federal Work-Study, and Stafford Loan programs, as well as other programs funded by the Federal government. Financial aid to students is either reported as operating expenses or scholarship allowances, which reduce revenues. The amount reported as operating expense represents the portion of aid that was provided to the student in the form of cash. These programs are audited in accordance with the Single Audit Act Amendments of 1996, and the U.S. Office of Management and Budget's revised Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and the related *Compliance Supplement*. During the year ended June 30, 2008 and 2007, the District distributed \$246,268 and \$246,016 in direct lending through the U.S. Department of Education. These amounts have not been included as revenues or expenses within the accompanying financial statements as the amounts were passed directly to qualifying students; however, the amounts are included on the Schedule of Expenditures of Federal Awards.

### **Interfund Activity**

Exchange transactions between funds of the District are reported as revenues and expenses within the Statement of Revenues, Expenses, and Changes in Net Assets. Flows of cash or goods from one fund to another without a requirement for repayment are recognized as interfund transfers within the District's fund financial statements. Amounts owing between funds for both exchange and non-exchange transactions are recorded as interfund receivables and payables within the District's fund financial statements. Interfund transfers and interfund receivables and payables are eliminated during the consolidation process in the entity-wide financial statements.

### **Component Units**

The Contra Costa, Diablo Valley, and Los Medanos Foundations maintain their accounts in accordance with the principles and practices of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified for accounting purposes in accordance with activities or objectives specified by donors. Accordingly, net assets and the changes in net assets are classified as follows:

**Permanently Restricted Net Assets** - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on related investments for general or specific purposes.

**Temporarily Restricted Net Assets** - Net assets subject to donor-imposed stipulations that will be met by actions of the Foundation and/or the passage of time.

**Unrestricted Net Assets** - Net assets not subject to donor-imposed restrictions.

Revenues are reported as increases in the unrestricted net assets classification unless use of the related assets is limited by donor-imposed restrictions. Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized as revenue until the conditions on which they depend are substantially met. Contributions for in-kind gifts from outside sources are recorded at their fair market value on the date of the donation.

Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law.

# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 AND 2007

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Investments are reported at fair value based upon quoted market prices.

The Foundations are not-for-profit organizations that are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and related California Franchise Tax Codes.

### Changes in Accounting Principles

In July 2004, GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. This Statement requires local governmental employers who provide other postemployment benefits (OPEB) as part of the total compensation offered to employees to recognize the expense and related liabilities (assets) in the entity-wide financial statements of net assets and activities. This Statement established standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information (RSI) in the financial reports of State and local government employers.

This Statement provided for prospective implementation – that is that employers set the beginning OPEB obligation at zero as of the beginning of the initial year. The District has implemented the provision of the Statement for the fiscal year ended June 30, 2008. The District had an annual required contribution of \$27,172,200 for the year June 30, 2008, and made a contribution of \$7,628,117 for an OPEB obligation of \$19,544,083.

In July 2004, GASB issued Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*. The standards in the Statement apply for OPEB trust funds included in the financial reports of plan sponsors or employers, as well as the stand-alone financial reports of OPEB plans or the public employee retirement systems, or other third parties, that administer them. This Statement also provides requirements for reporting of OPEB funds by administrators of multiple-employer OPEB plans when the fund used to accumulate assets and pay benefits or premiums when due is not a trust fund. The District is not a plan sponsor of an OPEB Plan.

### New Accounting Pronouncements

In May 2007, GASB issued Statement No. 50, *Pension Disclosures – an amendment of GASB Statements No. 25 and No. 27*. This Statement more closely aligns the financial reporting requirements for pensions with those for OPEB and, in doing so, enhances information disclosed in notes to financial statements or presented as RSI by pension plans and by employers that provide pension benefits. The reporting changes required by this Statement amend applicable note disclosure and RSI requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 27, *Accounting for Pensions by State and Local Governmental Employers*, to conform with requirements of Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, and No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. This Statement is effective for periods beginning after June 15, 2007, except for requirements related to the use of the entry age actuarial cost method for the purpose of reporting a surrogate funded status and funding progress of plans that use the aggregate actuarial cost method, which are effective for periods for which the financial statements and RSI contain information resulting from actuarial valuations as of June 15, 2007, or later. Early implementation is encouraged. The District does not believe implementation of this Statement will have a significant impact on the financial statements.

# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 AND 2007

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In June 2007, GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. This Statement requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets. Accordingly, existing authoritative guidance related to the accounting and financial reporting for capital assets should be applied to those intangible assets, as applicable. Such guidance should be applied in addition to the existing authoritative guidance for capital assets. The requirements of this Statement are effective for financial statements beginning after June 15, 2009. The provisions of this Statement generally are required to be applied retroactively. For governments that were classified as Phase 1 or Phase 2 governments for the purpose of implementing Statement No 34, retroactive reporting is required for intangible assets acquired in fiscal years ending after June 30, 1980, except for those considered to have indefinite useful lives as of the effective date of this Statement and those that would be considered internally generated. The District does not believe implementation of this Statement will have a significant impact on the financial statements.

In November 2007, GASB issued Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*. This Statement establishes consistent standards for the reporting of land and other real estate held as investments by essentially similar entities. It requires endowments to report their land and other real estate investments at fair value. Governments are required to report the changes in fair value as investment income and to disclose the methods and significant assumptions employed to determine fair value and other information that they currently present for other investments reported at fair value. The guidance in this Statement is effective for financial statements for reporting periods beginning after June 15, 2008, with earlier application encouraged. The District does not believe implementation of this Statement will have a significant impact on the financial statements.

In June 2008, GASB issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. This Statement is intended to improve how State and local governments report information about derivative instruments, financial arrangements used by governments to manage specific risks or make investments, in their financial statements. The Statement specifically requires governments to measure most derivative instruments at fair value in their financial statements that are prepared using the economic resources measurement focus and the accrual basis of accounting. The guidance in this Statement also addresses hedge accounting requirements and is effective for financial statements for reporting periods beginning after June 15, 2009, with earlier application encouraged. The District does not believe implementation of this Statement will have a significant impact on the financial statements.

### **Comparative Financial Information**

Comparative financial information for the prior year has been presented for additional analysis; certain amounts presented in the prior year data may have been reclassified in order to be consistent with the current year's presentation.

### **NOTE 3 - CASH AND INVESTMENTS**

#### **Policies and Practices**

The District is authorized under California Government Code or the Entity's investment policy if different to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security; and collateralized mortgage obligations.

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008 AND 2007**

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**Investment in County Treasury** - The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (Education Code Section 41001). The fair value of the District's investment in the pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

**Investment in the State Investment Pool** - The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California government code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the District's investment in the pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which is recorded on the amortized cost basis.

**General Authorizations**

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedules below:

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds, Notes, Warrants	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 Fund (LAIF)	N/A	50%	None

**Summary of Deposits and Investments**

Deposits and investments as of June 30, 2008, consist of the following:

Cash on hand and in banks	\$ 3,886,709
Cash in revolving	125,000
Investments	153,116,227
Total Deposits and Investments	<u>\$ 157,127,936</u>
Cash and cash equivalents	\$ 132,529,796
Investments	24,598,140
Total Deposits and Investments	<u>\$ 157,127,936</u>



# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 AND 2007

### 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. The District manages its exposure to interest rate risk by investing in the County pool and LAIF and purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

### Segmented Time Distribution

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

Investment Type	Fair Value	12 Months or Less	More than 12 Months
U.S. Treasuries	\$ 5,370,822	\$ 134,102	\$ 5,236,720
Federal Agency Bonds	9,891,182	946,182	8,945,000
Municipal Bonds	2,121,476	1,421,476	700,000
Corporate Notes	6,303,824	2,016,824	4,287,000
Mortgage Backed Securities	682,065	682,065	-
County Pool	28,190,283	28,190,283	-
State Investment Pool	100,327,804	100,327,804	-
Total	<u>\$ 152,887,456</u>	<u>\$ 133,718,736</u>	<u>\$ 19,168,720</u>

### Credit Risk

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. The District's investments in the County pool and LAIF are not required to be rated, nor have they been rated as of June 30, 2008.

Investment Type	Fair Value	Minimum Legal Rating	Rating as of Year End				
			AAA	AA	AA-	A+	Unrated
U.S. Treasuries	\$ 5,370,822	n/a	\$ -	\$ -	\$ -	\$ -	\$ 5,370,822
Federal Agency Bonds	9,891,182	n/a	9,891,182	-	-	-	-
Municipal Bonds	2,121,476	A	-	1,421,476	-	700,000	-
Corporate Notes	6,303,824	A	1,000,000	2,950,000	2,353,824	-	-
Mortgage Backed Securities	682,065	A	362,065	-	-	320,000	-
County Pool	28,190,283	n/a	-	-	-	-	28,190,283
State Investment Pool	100,327,804	n/a	-	-	-	-	100,327,804
Total	<u>\$ 152,887,456</u>		<u>\$ 11,253,247</u>	<u>\$ 4,371,476</u>	<u>\$ 2,353,824</u>	<u>\$ 1,020,000</u>	<u>\$ 133,888,909</u>

# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 AND 2007

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### 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 the stipulated by the California Government code. The District has no investments (other than U.S Treasuries, mutual funds and external investment pools, which are exempt from this disclosure) in any one issuer that represent five percent or more of the total investments.

### Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk. As of June 30, 2008, approximately \$5.5 million of the District's bank balance was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

### NOTE 4 - ACCOUNTS RECEIVABLE

Receivables for the District consisted primarily of intergovernmental grants, entitlements, interest, and other local sources.

The accounts receivable are as follows:

	2008	2007
Federal Government		
Categorical aid	\$ 1,610,594	\$ -
State Government		
Apportionment	21,362,645	-
Categorical aid	4,217,183	-
Lottery	2,424,251	-
Local Sources		
Interest	1,153,170	-
Other local sources	7,004,368	-
Total, excluding student receivables	<u>37,772,211</u>	<u>13,984,910</u>
Student receivables	6,019,864	1,658,436
Less allowance for bad debt	<u>(1,000,000)</u>	<u>(1,000,000)</u>
Student receivables, net	<u>5,019,864</u>	<u>658,436</u>
Total	<u>\$ 42,792,075</u>	<u>\$ 14,643,346</u>

### Discretely Presented Component Unit

The Foundations' accounts receivable consist primarily of short-term donations. In the opinion of management, all amounts have been deemed to be fully collectable.

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008 AND 2007**

**NOTE 5 - PREPAID EXPENSES AND OTHER ASSETS**

The District has prepaid health insurance costs for periods after June 30, 2008.

**NOTE 6 - CAPITAL ASSETS**

Capital asset activity for the District for the fiscal year ended June 30, 2008, was as follows:

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
<b>Capital Assets Not Being Depreciated</b>				
Land	\$ 13,651,216	\$ -	\$ -	\$ 13,651,216
Construction in progress	55,386,353	28,190,770	48,742,378	34,834,745
<b>Total Capital Assets Not Being Depreciated</b>	<u>69,037,569</u>	<u>28,190,770</u>	<u>48,742,378</u>	<u>48,485,961</u>
<b>Capital Assets Being Depreciated</b>				
Land improvements	14,914,367	2,037,781	-	16,952,148
Buildings and improvements	181,073,100	69,576,818	1,070,777	249,579,141
Furniture and equipment	38,295,914	6,784,850	919,009	44,161,755
<b>Total Capital Assets Being Depreciated</b>	<u>234,283,381</u>	<u>78,399,449</u>	<u>1,989,786</u>	<u>310,693,044</u>
<b>Total Capital Assets</b>	<u>303,320,950</u>	<u>106,590,219</u>	<u>50,732,164</u>	<u>359,179,005</u>
<b>Less Accumulated Depreciation</b>				
Land improvements	14,055,585	144,879	-	14,200,464
Buildings and improvements	48,069,108	4,207,690	10,708	52,266,090
Furniture and equipment	28,931,023	2,999,242	883,589	31,046,676
<b>Total Accumulated Depreciation</b>	<u>91,055,716</u>	<u>7,351,811</u>	<u>894,297</u>	<u>97,513,230</u>
<b>Net Capital Assets</b>	<u>\$ 212,265,234</u>	<u>\$ 99,238,408</u>	<u>\$ 49,837,867</u>	<u>\$ 261,665,775</u>

Depreciation expense for the year was \$7,351,811.

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008 AND 2007**

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

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
<b>Capital Assets Not Being Depreciated</b>				
Land	\$ 13,651,216	\$ -	\$ -	\$ 13,651,216
Construction in progress	45,243,973	23,680,593	13,538,213	55,386,353
<b>Total Capital Assets Not Being Depreciated</b>	<b>58,895,189</b>	<b>23,680,593</b>	<b>13,538,213</b>	<b>69,037,569</b>
<b>Capital Assets Being Depreciated</b>				
Land improvements	14,914,367	-	-	14,914,367
Buildings and improvements	159,076,662	21,996,438	-	181,073,100
Furniture and equipment	36,800,841	6,964,318	5,469,245	38,295,914
<b>Total Capital Assets Being Depreciated</b>	<b>210,791,870</b>	<b>28,960,756</b>	<b>5,469,245</b>	<b>234,283,381</b>
<b>Total Capital Assets</b>	<b>269,687,059</b>	<b>52,641,349</b>	<b>19,007,458</b>	<b>303,320,950</b>
<b>Less Accumulated Depreciation</b>	<b>90,873,191</b>	<b>5,472,225</b>	<b>5,289,700</b>	<b>91,055,716</b>
<b>Net Capital Assets</b>	<b>\$ 178,813,868</b>	<b>\$ 47,169,124</b>	<b>\$ 13,717,758</b>	<b>\$ 212,265,234</b>

Depreciation expense for the year was \$5,472,225.

**NOTE 7 - ACCOUNTS PAYABLE**

Accounts payable for the District consisted of the following:

	2008	2007
Accrued payroll	\$ 6,330,410	\$ -
Construction	2,798,272	-
Vendors	7,017,109	-
<b>Total</b>	<b>\$ 16,145,791</b>	<b>\$ 21,949,993</b>

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008 AND 2007**

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***NOTE 8 - DEFERRED REVENUE***

Deferred revenue consisted of the following:

	<u>2008</u>	<u>2007</u>
Federal financial assistance	\$ 123,544	\$ -
State categorical aid	1,321,715	-
Enrollment and other student fees	8,214,647	-
Other local	5,400,053	-
Total	<u>\$ 15,059,959</u>	<u>\$ 11,329,929</u>

***NOTE 9 - INTERFUND TRANSACTIONS***

**Interfund Receivables and Payable (Due To/Due From)**

Interfund receivable and payable balances at June 30, 2008, have been eliminated in the consolidation process.

**Interfund Operating Transfers**

Operating transfers between funds of the District are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use restricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Operating transfers between funds of the District have been eliminated in the consolidation process.

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008 AND 2007**

**NOTE 10 - LONG-TERM OBLIGATIONS**

**Summary**

The changes in the District's long-term obligations during the 2008 fiscal year consisted of the following:

	Balance Beginning of Year	Additions	Deductions	Balance End of Year	Due in One Year
<b>Bonds and Notes Payable</b>					
General obligation bonds	\$ 112,900,000	\$ 73,000,000	\$ 1,010,000	\$ 184,890,000	\$ 8,840,000
Certificates of participation	1,165,000	-	55,000	1,110,000	60,000
Debt premium, net	1,556,023	231,336	73,530	1,713,829	9,639
<b>Total Bonds and Notes Payable</b>	<u>115,621,023</u>	<u>73,231,336</u>	<u>1,138,530</u>	<u>187,713,829</u>	<u>8,909,639</u>
<b>Other Liabilities</b>					
Compensated absences	11,519,560	1,662,058	-	13,181,618	-
Capital leases	664,455	48,157	287,989	424,623	269,375
Net OPEB obligation	-	27,172,200	7,628,117	19,544,083	-
<b>Total Other Liabilities</b>	<u>12,184,015</u>	<u>28,882,415</u>	<u>7,916,106</u>	<u>33,150,324</u>	<u>269,375</u>
<b>Total Long-Term Debt</b>	<u>\$ 127,805,038</u>	<u>\$ 102,113,751</u>	<u>\$ 9,054,636</u>	<u>\$ 220,864,153</u>	<u>\$ 9,179,014</u>

The changes in the District's long-term obligations during the 2007 fiscal year consisted of the following:

	Balance Beginning of Year	Additions	Deductions	Balance End of Year	Due in One Year
<b>Bonds and Notes Payable</b>					
General obligation bonds	\$ 115,044,440	\$ -	\$ 2,144,440	\$ 112,900,000	\$ 1,010,000
Certificates of participation	1,215,000	-	50,000	1,165,000	55,000
Debt premium, net	946,199	-	-	946,199	-
<b>Total Bonds and Notes Payable</b>	<u>117,205,639</u>	<u>-</u>	<u>2,194,440</u>	<u>115,011,199</u>	<u>1,065,000</u>
<b>Other Liabilities</b>					
Compensated absences	10,820,670	698,890	-	11,519,560	-
Capital leases	1,002,288	38,539	376,372	664,455	281,069
<b>Total Other Liabilities</b>	<u>11,822,958</u>	<u>737,429</u>	<u>376,372</u>	<u>12,184,015</u>	<u>281,069</u>
<b>Total Long-Term Debt</b>	<u>\$ 129,028,597</u>	<u>\$ 737,429</u>	<u>\$ 2,570,812</u>	<u>\$ 127,195,214</u>	<u>\$ 1,346,069</u>

# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 AND 2007

Payments on the Certificates of Participation are paid by the Debt Service Fund. Payments on the general obligation bonds are made by the bond interest and redemption fund with local property tax revenues. Payments on the capital leases are paid by the general fund. The accrued vacation will be paid by the fund for which the employee worked.

### Description of Bonds

On March 5, 2002, \$120,000,000 in general obligation bonds were authorized by the 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 in the amount of \$50,000,000. The bonds require annual principal payments and semi-annual interest payments beginning August 2003 through August 2026. Annual interest rates range from 3.5% to 6.0%.

In August 2004, the District issued its second series in the amount of \$45,000,000. The bonds require annual principal payments and semi-annual interest payments beginning February 2005 through August 2029. Annual interest rates range from 4.0% to 5.0%.

In May 2006, the District issued its first series in the amount of \$25,000,000. The bonds require annual principal payments and semi-annual interest payments beginning February 2007 through August 2027. Annual interest rates range from 4.0% to 4.5%.

On June 6, 2006, \$286,500,000 in general obligation bonds were authorized by the voters under Proposition 39/Measure A+ in an election held within the Contra Costa Community College District. In August 2007, the District issued its first series in the amount of \$73,000,000. The bonds require annual principal payments and semi-annual interest payments beginning August 2008 through August 2028. Annual interest rates range from 4.0% to 5.0%.

### Debt Maturity

#### General Obligation Bonds

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds			Bonds
				Outstanding July 1, 2007	Issued	Redeemed	Outstanding June 30, 2008
6/11/2002	8/1/2026	3.5%-6%	\$ 50,000,000	\$ 44,650,000	\$ -	\$ 550,000	\$ 44,100,000
8/11/2004	8/1/2029	4.0%-5.5%	45,000,000	43,250,000	-	125,000	43,125,000
4/25/2006	8/1/2030	4.0%-4.5%	25,000,000	25,000,000	-	335,000	24,665,000
8/2/2007	8/1/2032	4.0%-5.0%	73,000,000	-	73,000,000	-	73,000,000
				<u>\$112,900,000</u>	<u>\$73,000,000</u>	<u>\$1,010,000</u>	<u>\$ 184,890,000</u>

# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 AND 2007

The bonds mature through 2029 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2009	\$ 8,840,000	\$ 8,649,143	\$ 17,489,143
2010	3,255,000	8,349,180	11,604,180
2011	3,540,000	8,175,230	11,715,230
2012	3,855,000	7,989,881	11,844,881
2013	4,185,000	7,791,043	11,976,043
2014-2018	26,150,000	35,430,870	61,580,870
2019-2023	37,065,000	28,290,362	65,355,362
2024-2028	51,680,000	17,911,195	69,591,195
2029-2033	46,320,000	4,384,993	50,704,993
Total	<u>\$ 184,890,000</u>	<u>\$ 126,971,897</u>	<u>\$ 311,861,897</u>

### Certificates of Participation

In June 1996, the Financing Corporation issued \$1,605,000 of Certificates of Participation (COPs), with effective interest rates ranging from 4.5% to 5.35% maturing through 2021. The COPs proceeds were used to fund various construction projects. The COPs mature as follows:

Year Ending June 30,	Principal	Interest	Total
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	75,000	51,300	126,300
2014-2018	780,000	223,200	1,003,200
Total	<u>\$ 1,110,000</u>	<u>\$ 519,000</u>	<u>\$ 1,629,000</u>

### Capital Leases

The District has entered into various capital lease arrangements and has recorded capital assets in the amount of \$2,166,463 with corresponding depreciation of \$1,295,996 at June 30, 2008. The District's liability on lease agreements with option to purchase is summarized below:

Year Ending June 30,	Lease Payment
2008	\$ 285,953
2009	142,062
2010	8,356
2011	5,712
2012	5,236
Total	<u>447,319</u>
Less: Amount Representing Interest	<u>22,696</u>
Present Value of Minimum Lease Payments	<u>\$ 424,623</u>



**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008 AND 2007**

**NOTE 11 - LEASE REVENUES**

The District has property held for lease. Lease agreements have been entered into with various lessees for terms that exceed one year. None of the agreements contain purchase options. All of the agreements contain a termination clause providing for cancellation after a specified number of days written notice to lessees, but is unlikely that the District will cancel any of the agreements prior to their expiration date. The future minimum lease payments expected to be received under these agreements are as follows:

Year Ending June 30,	Lease Revenue
2009	\$ 533,736
2010	533,736
2011	533,736
2012	110,184
Total	<u>\$ 1,711,392</u>

**NOTE 12 – POSTEMPLOYMENT HEALTH CARE PLAN AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) OBLIGATION**

The District provides postemployment health care benefits for retired employees in accordance with negotiated contracts with the various bargaining units of the District.

**Funding Policy**

The contribution requirements of plan members and the District are established and may be amended by the District and the District's bargaining units. The required contribution is based on projected pay-as-you-go financing requirements with an additional amount to prefund benefits as determined annually through agreements between the District and the bargaining units. For fiscal year 2007-2008, the District contributed \$1,000,000 to a special reserve fund designated for future premiums.

**Annual OPEB Cost and Net OPEB Obligation**

The District's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the payments of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial accrued liabilities (UAAL) (or funding costs) over a period not to exceed 30 years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually paid during the year, and changes in the District's net OPEB obligation:

Year Ended June 30, 2008	Annual Required Contribution	Percentage Contributed	Net OPEB Obligation
2008	\$ 27,172,200	28%	\$ 19,544,083

# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 AND 2007

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### **Funding Status and Funding Progress**

Actuarial valuation of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information, follow the notes to the financial statements, presents multi-year trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. Since this is the first year of implementation, only the current year information is presented.

### **Actuarial Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive Plan (the Plan as understood by the employer and the Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the Plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial values of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2006, actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a 3.5 percent investment rate of return (net of administrative expenses), if the Plan is not being funded in an irrevocable employee benefit trust fund invested in a long-term fixed income portfolio. Healthcare cost trend rates ranged from an initial 7.5 percent to an ultimate rate of 14 percent. The cost trend rate used for the Dental and Vision Programs was 6.5 percent. The UAAL is being amortized at a level dollar method. The remaining amortization period at July 1, 2008, was 29 years. The actuarial value of assets was not determined in this actuarial valuation.

### ***NOTE 13 - RISK MANAGEMENT***

#### **Property and Liability**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year ending June 30, 2008, the District contracted with the Bay Area Community College District Joint Powers Authority for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 AND 2007

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### Workers' Compensation

For fiscal year 2007-2008, the District participated in the Contra Costa Schools Insurance Group Joint Powers Authority (JPA), an insurance purchasing pool. The District is self insured for the first \$1,000,000 of each workers' compensation claim. The intent of the JPA is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the JPA. The workers' compensation experience of the participating districts is calculated as one experience, and a common premium rate is applied to all districts in the JPA. Each participant pays its workers' compensation premium based on its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall saving. A participant will then either receive money from or be required to contribute to the "equity-pooling fund." This "equity pooling" arrangement ensures that each participant shares equally in the overall performance of the JPA. Participation in the JPA is limited to K-12 and community college districts that can meet the JPA's selection criteria.

Coverage provided by Bay Area Community College District JPA for property and liability and workers' compensation is as follows:

<u>Insurance Program / Company Name</u>	<u>Type of Coverage</u>	<u>Limits</u>
Contra Costa Schools Insurance Group	Workers' Compensation	State Statutory Limit
Statewide Association of Community Colleges	Liability	\$20,000,000 per occurrence
Statewide Association of Community Colleges	Property	\$250,000,000 per occurrence

### Employee Medical Benefits

The District has contracted with Kaiser, Healthnet, and Blue Cross to provide employee medical benefits. Rates are set through an annual calculation process. The District pays monthly contributions as applicable to each of these plans.

### **NOTE 14 - EMPLOYEE RETIREMENT SYSTEMS**

Qualified employees are covered under multiple-employer contributory retirement plans maintained by agencies of the State of California. Certificated employees are members of the California State Teachers' Retirement System (CalSTRS) and classified employees are members of the California Public Employees' Retirement System (CalPERS).

# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008 AND 2007

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### CalSTRS

#### Plan Description

The District contributes to CalSTRS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalSTRS. The plan provides retirement and disability benefits and survivor benefits to beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, 7919 Folsom Blvd., Sacramento, CA 95826.

#### Funding Policy

Active members are required to contribute eight percent of their salary while 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 CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2007-2008 was 8.25 percent of annual payroll. The contribution requirements of the plan members are established by State statute. The District's total contributions to CalSTRS for the fiscal years ended June 30, 2008, 2007, and 2006, were \$5,110,375, \$7,449,721, and \$4,946,091, respectively, and equal 100 percent of the required contributions for each year.

### 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 Laws. 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, CA 95811.

#### Funding Policy –

Active plan members are required to contribute seven percent of their salary (seven percent 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 District's contribution rate to CalPERS for fiscal year 2007-2008 was 9.306 percent of annual payroll. The District's contributions to CalPERS for fiscal years ending June 30, 2008, 2007, and 2006, were \$3,476,364, \$3,032,200, and \$2,811,791, respectively, and equaled 100 percent of the required contributions for each year.

# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 AND 2007

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### **Other**

As established by Federal law, all public section employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by Social Security or an alternative plan. The District has elected to use the Cash Balance Plan as its alternative plan. The Cash Balance Plan (CB Plan), is an alternative to the STRS contribution plan for instructors. Instructors who choose not to sign up for STRS or FICA may participate in the CB plan. The District contribution rate for the year ended June 30, 2008, was 4% of annual payroll. Contributions for the year ended June 30, 2008, were \$396,795.

The District also provides a 403(b) Tax Deferred Annuity Plan (TDA), which is a defined contribution pension plan. A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on investments of those contributions, and forfeitures of other participants' benefits that may be allocated to such participant's account. The District does not contribute to this plan.

### **On-Behalf Payments**

The State of California makes contributions to CalSTRS and CalPERS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS which amounted to \$3,246,088 , \$3,012,600, for the years ended June 30, 2008, and 2007, respectively and were (4.517 percent) of salaries subject to CalSTRS. A contribution to CalPERS was not required for the years ended June 30, 2008, 2007, and 2006. These amounts have been reflected in the basic financial statements as a component of nonoperating revenue and employee benefit expense.

### **Deferred Compensation**

The District offers its employees a CalPERS administered 457 Deferred Compensation Program (the Program). The Program, available to all permanent employees, permits them to defer a portion of pre-tax salary into investment of an individual's own choosing until future years. The deferred compensation is not available to the employees or their beneficiaries until termination, retirement, death, or an unforeseeable emergency. The CalPERS Board controls the investment and administrative functions of the CalPERS 457 Deferred Compensation Program. The Board for the exclusive benefit of participating employees, which adds security, holds the assets in-trust. The District does not contribute to this plan.

# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008 AND 2007

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### *NOTE 15 - COMMITMENTS AND CONTINGENCIES*

#### **Grants**

The District receives financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2008.

#### **Litigation**

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2008.

#### **Related Party Transactions**

The District provides facilities, staff, and operational support to each of the three Foundations.

# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 AND 2007

### Construction Commitments

As of June 30, 2008, the District had the following commitments with respect to the unfinished capital projects:

<u>CAPITAL PROJECT</u>	<u>Remaining Construction Commitment</u>	<u>Expected Date of Completion</u>
<b>2006 Bond</b>		
<i>Diablo Valley</i>		
Master Plan	\$ 166,908	Jun-09
Athletic Fields	2,212,937	Nov-08
Parking Lot Paving	185,282	Dec-08
Quad	75,200	Jul-12
<i>Los Medanos</i>		
Master Plan	68,791	Jun-09
Athletic Fields	62,693	Jan-09
Parking Lot Paving	192,676	Dec-08
<i>Contra Costa</i>		
Master Plan	94,999	Jun-09
Athletic Fields	103,101	Nov-08
PE Education Annex Renovation	9,985	To be determined
<i>District Wide</i>		
Solar Panels and Energy Measures	2,516,152	Jan-09
IT Infrastructure	231,621	To be determined
District ADA	132,276	To be determined
Total 2006 Bond	<u>6,052,621</u>	
<b>2002 Bond</b>		
<i>Diablo Valley</i>		
Planetarium	175,405	To be determined
San Ramon Valley Center Site	120,194	Nov-07
Advanced Technology Center	3,517	Aug-06
<i>Los Medanos Brentwood Center</i>		
Learning Resource Center	7,025	Feb-07
Science Building	802,003	Jun-08
Core Building Remodel	2,344,800	Apr-09
New Quad Area	31,524	Apr-08
Art Area Remodel	181,282	Mar-10
<i>Contra Costa</i>		
Remodel Library Bldg	517,091	Jul-08
ADA Path of Travel 2	79,532	Aug-08
Smart Classrooms	2,771	Sep-07
Total 2002 Bond	<u>4,265,144</u>	
<b>Scheduled Maintenance</b>		
Art Bldg Exterior Railing	87,162	Aug-08
LA Exterior Railing	100,898	Aug-08
Sidewalk Lighting	735	Aug-08
Bridge at Family Lift Ct	2,914	Apr-08
Replace PAC Office roof	206,700	Aug-08
Repaint Math Bldg	51,000	Aug-08
Student Service Boiler	30,579	Aug-08
Carpeting in Music	1,490	Jul-08
Paving Rehavilitation	(8,441)	Jul-08
Sewer Repair	26	Aug-08
Total Scheduled Maintenance	<u>473,063</u>	
<b>Campus Projects</b>		
EETEC	402,800	Nov-08
Generator	60,000	To be determined
Total Campus Projects	<u>462,800</u>	
Total All Projects	<u>\$ 11,253,628</u>	

The projects are funded through a combination of general obligation bonds, certificates of participation, and capital project apportionments from the State Chancellor's Office.

# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 AND 2007

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### *NOTE 16 - PARTICIPATION IN PUBLIC ENTITY RISK POOLS AND JOINT POWERS AUTHORITIES*

The District is a member of the Contra Costa Schools Insurance Group and the Bay Area Community College District Joint Powers Authority JPA. The District pays annual premiums for its property liability, health, and workers' compensation coverage. The relationship between the District and the entities is such that they are not component units of the District for financial reporting purposes.

The JPAs have budgeting and financial reporting requirements independent of member units and their financial statements are not presented in these financial statements; however, transactions between the JPAs and the District are included in these statements. Audited financial statements are available from the respective entities.

During the year ended June 30, 2008, the District made payments of \$1,175,533 and \$1,814,094 to Contra Costa Schools Insurance Group and Bay Area Community College District JPA, respectively.



***REQUIRED SUPPLEMENTARY INFORMATION***

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS (OPEB) FUNDING  
 PROGRESS AND EMPLOYER CONTRIBUTION  
 FOR THE YEAR ENDED JUNE 30, 2008**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b-a] / c)
June 30, 2006	-	\$ 335,136,700	\$ 335,136,700	-	\$ 65,849,200	509%

***SUPPLEMENTARY INFORMATION***

# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

## DISTRICT ORGANIZATION JUNE 30, 2008

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The Contra Costa Community College District was established in 1948, and is comprised of an area of approximately 686 square miles located in Contra Costa County. There were no changes in the boundaries of the District during the current year. The District's three colleges are each accredited by the Western Association of Schools and Junior Colleges.

### BOARD OF TRUSTEES

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
Tomi Van de Brooke	President	2008
Sheila A. Grilli	Vice President	2010
John T. Neiedly	Secretary	2010
Jo Ann Cookman	Member	2008
Dr. Anthony T. Gordon	Member	2009
Bundit Kertbundit	Student Trustee	2009

### ADMINISTRATION

Dr. Helen Benjamin	Chancellor
Dr. Mark Zacovic	Vice Chancellor, Administrative Services
Ms. Judy Breza	Director, Fiscal Services

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2008**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Total Expenditures
<b>U.S. DEPARTMENT OF EDUCATION</b>		
Title V, Hispanic Serving Institutions	84.031S	\$ 795,986
TRIO talent search	84.044	67,055
Child Care Means Parents School	84.335	59,917
Higher Educational Institutional Aid	84.031	251,402
<b>STUDENT FINANCIAL AID CLUSTER</b>		
Federal Pell Grant Programs	84.063	11,196,874
Federal Supplemental Educational Opportunity Grant - SEOG	84.007	409,869
Federal College Work Study - FWS	84.033	314,815
Federal Family Education Loans	84.032	246,248
<b>PASS THROUGH FUNDS</b>		
Vocational Education - Basic Grants to States	84.048	871,226
Independent Living - State Grants	84.169	39,343
Special Education Grants to States	84.048	102,903
VTEA II Tech Prep Education	84.243	430,098
Total U.S. Department of Education		<u>14,785,735</u>
<b>NATIONAL SCIENCE FOUNDATION</b>		
Incorporating 2D Laser Scanning Curriculum	47.076	<u>250,933</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>		
<b>PASS THROUGH FUNDS</b>		
Foster Parent Training	93.600	301,538
Foster Care Title IV-E	93.658	243,721
Child Care and Development Improvement/Yosemite	93.575	6,056
Total U.S. Department of Health and Human Services		<u>551,315</u>
<b>U.S. DEPARTMENT OF LABOR</b>		
President's Community Training	17.269	181,532
Total Expenditures of Federal Awards		<u>\$ 15,769,515</u>

See accompanying note to supplementary information.

# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

## SCHEDULE OF EXPENDITURES OF STATE AWARDS FOR THE YEAR ENDED JUNE 30, 2008

Program	Program Revenues				Total Program Expenditures
	Cash Received	Accounts Receivable	Deferred Income	Total Revenue	
AB602 Board Financial Aid Staffing	\$ 855,461	\$ 49,923	\$ -	\$ 905,384	\$ 905,384
Basic Skills	864,637	-	743,798	120,839	120,839
CAHSEE	45,000	115,195	-	160,195	160,195
CalWORKS	734,639	65,264	-	799,903	799,903
CAN/Assist	15,000	-	-	15,000	15,000
Capacity Building Start Up	144,824	-	21,260	123,564	123,564
Capital Outlay	18,082	1,836,181	-	1,854,262	1,854,262
CARE	372,291	41,630	-	413,921	413,921
Career Tech ED	142,213	-	142,213	-	-
CGTR Center Grant	197,800	-	67,097	130,703	130,703
CNET (Telecom Infrastructure) TTIP	100,362	64,238	-	164,600	164,600
CTE Equipment Funds	-	489,480	-	489,480	489,480
DSPS	2,627,237	201,857	-	2,829,094	2,829,094
Environmental Tec State Leadership	184,700	-	32,382	152,319	152,319
EOPS	2,469,275	467,888	-	2,937,163	2,937,163
Evaluation & Technology Support	184,000	-	57,614	126,386	126,386
Faculty and Staff Diversity	24,971	-	15,479	9,492	9,492
Foster Parent Training	75,238	203,104	-	278,343	278,343
Heritage Project	67,400	-	2,049	65,351	65,351
IDRC Multimedia Expansion	185,488	-	13,741	171,747	171,747
Instructional Equipment	436,325	248,987	-	685,312	685,312
Lottery	714,973	122,420	-	837,393	837,393
Matriculation-(Credit)	1,743,799	177,789	-	1,921,588	1,921,588
Matriculation-(Non-Credit)	6,216	541	-	6,757	6,757
MCHS SciMath	95,739	41,030	-	136,769	136,769
Nursing Capacity Building	102,202	99,120	-	201,322	201,322
PUENTE Project	823,070	1,097,930	-	1,921,000	1,921,000
Scheduled Maintenance	559,610	-	15,369	544,241	544,241
Staff Development	-	139,731	-	139,731	139,731
State Pre-School Grant	1,234,754	153,267	-	1,388,021	1,388,021
Strengthening Existing Programs	229,980	-	209,825	20,155	20,155
Technical Support to Workforce Development	-	488,856	-	488,856	488,856
Web-Based Data Collection	-	71,153	-	71,153	71,153
Workability III	103,793	-	890	102,903	102,903
<b>Subtotal</b>	<b>\$15,359,078</b>	<b>\$ 6,175,584</b>	<b>\$ 1,321,715</b>	<b>\$20,212,948</b>	<b>\$ 20,212,948</b>

See accompanying note to supplementary information.

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**SCHEDULE OF WORKLOAD MEASURES FOR STATE  
GENERAL APPORTIONMENT - ANNUAL/ACTUAL ATTENDANCE  
FOR THE YEAR ENDED JUNE 30, 2008**

<b>CATEGORIES</b>	<u>Reported Data</u>	<u>Audit Adjustments</u>	<u>Audited Data</u>
<b>A. Summer Intersession (Summer 2007 only)</b>			
1. Noncredit	40	-	40
2. Credit	3,044	-	3,044
<b>B. Summer Intersession (Summer 2008 - prior to July 1, 2008)</b>			
1. Noncredit	6	-	6
2. Credit	2,235	-	2,235
<b>C. Primary Terms (Exclusive of Summer Intersession)</b>			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	19,913	-	19,913
(b) Daily Census Contact Hours	1,912	-	1,912
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit	410	-	410
(b) Credit	1,477	-	1,477
3. Independent Study/Work Experience			
(a) Weekly Census Contact Hours	725	-	725
(b) Daily Census Contact Hours	1,115	-	1,115
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
<b>D. Total FTES</b>	<u>30,877</u>	<u>-</u>	<u>30,877</u>
<b>Supplemental Information (subset of above information)</b>			
<b>E. In Service Training Courses (FTES)</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>H. Basis Skills Courses and Immigrant Education</b>			
(a) Noncredit	<u>59</u>	<u>-</u>	<u>59</u>
(b) Credit	<u>2,417</u>	<u>-</u>	<u>2,417</u>

See accompanying note to supplementary information.

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT (CCFS-311)  
WITH FUND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2008**

Summarized below are the fund balance reconciliations between the Annual Financial and Budget Report (CCFS-311) and the fund financial statements.

	<b>General Unrestricted</b>	<b>General Restricted</b>	<b>Bond Interest and Redemption</b>	<b>Revenue Bond Interest and Redemption</b>
<b>FUND BALANCE</b>				
Balance, June 30, 2008, (CCFS-311)	\$ 27,436,521	\$ (624,949)	\$ 2,392,975	\$ 9,527,490
Adjustments	(15,247)	624,949	8,125,876	(9,527,490)
Balance, June 30, 2008, Fund Financial Statement	<u>\$ 27,421,274</u>	<u>\$ -</u>	<u>\$ 10,518,851</u>	<u>\$ -</u>

	<b>Other Debt Service</b>	<b>Revenue Bond Construction</b>	<b>Associated Students Trust</b>	<b>Student Financial Aid</b>
<b>FUND BALANCE</b>				
Balance, June 30, 2008, (CCFS-311)	\$ 2,750,234	\$ 66,949,317	\$ 480,290	\$ 45,232
Adjustments	(234)	(122,615)	1,685	(45,232)
Balance, June 30, 2008, Fund Financial Statement	<u>\$ 2,750,000</u>	<u>\$ 66,826,702</u>	<u>\$ 481,975</u>	<u>\$ -</u>

See accompanying note to supplementary information.



**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**RECONCILIATION OF GOVERNMENTAL FUND BALANCE SHEETS TO THE  
STATEMENT OF NET ASSETS  
JUNE 30, 2008**

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Amounts Reported in the Statement of Net Assets are  
Different Because:

<b>Total Fund Balance - All District Funds</b>		<b>\$ 163,138,764</b>
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is	\$ 359,177,205	
Accumulated depreciation is	<u>(97,511,430)</u>	261,665,775
Capital assets recorded in proprietary funds		1,126,390
Expenditures relating to issuance of debt were recognized in modified accrual basis, but should not be recognized in accrual basis.		993,774
An internal service fund is used by the District's management to charge the costs of the workers' compensation insurance program to the individual funds. The assets and liabilities of the internal service fund are included with governmental activities.		(159,630)
Long-term liabilities at year end consist of:		
Bonds payable	184,890,000	
Bond premiums, net of amortization	1,713,829	
Capital leases payable	424,623	
Contracts payable	1,110,000	
Compensated absences (vacations)	13,181,618	
OPEB Benefits	<u>19,544,083</u>	(220,864,153)
<b>Total Net Assets</b>		<b><u>\$ 205,900,920</u></b>

See accompanying note to supplementary information.

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**NOTES TO SUPPLEMENTARY INFORMATION**

**JUNE 30, 2008**

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**NOTE 1 - PURPOSE OF SCHEDULES**

**Schedule of Expenditures of Federal Awards**

The accompanying schedule of expenditures of Federal awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the United States Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

**Schedule of Expenditures of State Awards**

The accompanying schedule of expenditures of State awards includes the State grant activity of the District and is presented on the modified accrual basis of accounting. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

**Schedule of Workload Measures for State General Apportionment - Annual/Actual Attendance**

Full-Time Equivalent Students (FTES) is a measurement of the number of pupils attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds are made to community college districts. This schedule provides information regarding the attendance of students throughout the District.

**Reconciliation of Annual Financial and Budget Report with Fund Financial Statements**

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

**Reconciliation of the Governmental Fund Balance Sheets to the Statement of Net Assets**

This schedule provides a reconciliation of the adjustments necessary to bring the District's fund financial statements, prepared on a modified accrual basis, to the accrual basis required under GASB Statement No. 35.

**NOTE 2 - RECONCILIATION OF EXPENDITURES OF GRANT ACTIVITY WITH THE DISTRICT'S ACCOUNTING SYSTEM**

The following is a list of the grants and the unreconciled differences between the District's accounting records and the Schedule of Expenditures of Federal Awards.

Federal revenue per financial statements	\$15,075,124
Federal Family Education Loans	246,248
Student Financial Aid	69,813
TANF	145,171
Unreconciled differences	233,159
Expenditures per Schedule of Expenditures of Federal Awards	<u>\$15,769,515</u>

***INDEPENDENT AUDITORS' 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 *GOVERNMENT AUDITING STANDARDS***

Governing Board  
Contra Costa Community College District  
Martinez, California

We have audited the financial statements of the business-type activities of the Contra Costa Community College District (the District) for the year ended June 30, 2008, and have issued our report thereon dated December 19, 2008. 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 Contra Costa Community College District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Contra Costa Community College District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Contra Costa Community College District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

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 District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2008-1 and 2008-2 to be significant deficiencies 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 the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider items 2008-1 and 2008-2 to be material weaknesses

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Contra Costa Community College 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 audits, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Contra Costa Community College District in a separate letter dated December 19, 2008.

This report is intended solely for the information and use of the Governing Board, Finance Committee, District Management, the California Community Colleges System's Office, and the District's Federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Vavinek, Trine, Day & Co LLP*

Pleasanton, California  
December 19, 2008



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

Governing Board  
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 each of its major Federal programs for the year ended June 30, 2008. Contra Costa Community College District's major Federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major Federal programs is the responsibility of Contra Costa Community College District's management. Our responsibility is to express an opinion on Contra Costa Community College 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 Contra Costa Community College 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 of Contra Costa Community College District's compliance with those requirements.

As described in the accompanying schedule of findings and questioned costs as item 2008-3, the District did not comply with requirements regarding equipment management that are applicable to its Vocational Education – Special Education Grants to States (CFDA #84.048). Compliance is necessary, in our opinion, for the District to comply with requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, Contra Costa Community College 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, 2008.

## Internal Control Over Compliance

The management of Contra Costa Community College 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 Contra Costa Community College 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 Contra Costa Community College District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the District's internal control that might be significant deficiencies or material weaknesses as defined below.

A *control deficiency* in a district'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 District'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 District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material noncompliance with a type of compliance requirement of a Federal program will not be prevented or detected by the District's internal control. We did not consider any of the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses.<sup>9</sup>

Contra Costa Community College District's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Contra Costa Community College District's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Governing Board, Finance Committee, District Management, the California Community Colleges System's Office, and the District's Federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Vavinek, Tine, Day & Co LLP

Pleasanton, California  
December 19, 2008





## REPORT ON STATE COMPLIANCE

Governing Board  
Contra Costa Community College District  
Martinez, California

We have audited the financial statements of the Contra Costa Community College District (the District) for the year ended June 30, 2008, and have issued our report thereon dated December 19, 2008.

Our audit was made in accordance with auditing standards generally accepted in the United States of America and the standards for financial and compliance audits contained in *Government Auditing Standards*, issued by the Comptroller General of 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 the audit referred to above, we selected and tested transactions and records to determine the District's compliance with the following State laws and regulations in accordance with Section 400 of the Chancellor's Office's *California Community Colleges Contracted District Audit Manual (CDAM)*.

### General Directive

Section 424: MIS Implementation - State General Apportionment Funding System

### Administration

Section 435: Open Enrollment

Section 436: Minimum Conditions - Standards of Scholarship

Section 437: Student Fee - Instructional Materials and Health Fees

Section 423: Apportionment of Instructional Service Agreements/Contracts

Section 425: Residency Determination for Credit Courses

Section 427: Concurrent Enrollment of K-12 Students in Community College Credit Courses

Section 432: Enrollment Fee

Section 421: Salaries of Classroom Instructors (50% Law)

Section 426: Students Actively Enrolled

Section 431: Gann Limit Calculation

## **Student Services**

Section 428: Use of Matriculation Funds

Section 433: CalWORKs - Use of State and Federal TANF Funding

## **Facilities**

Section 434: Scheduled Maintenance Program

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 that 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, except for findings 2008-4 and 2008-5 as described in the accompanying Schedule of State Award Findings and Questioned Costs, the Contra Costa Community College District complied, in all material respects, with the aforementioned requirements for the year ended June 30, 2008.

Contra Costa Community College District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Contra Costa Community College District's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information of the Governing Board, Finance Committee, District Management, the California Community Colleges System'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.

*Varinek, Tine, Day & Co LLP*

Pleasanton, California  
December 19, 2008

***SCHEDULE OF FINDINGS AND QUESTIONED COSTS***

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**SUMMARY OF AUDITORS' RESULTS  
FOR THE YEAR ENDED JUNE 30, 2008**

**FINANCIAL STATEMENTS**

Type of auditors' report issued:	<u>Unqualified</u>
Internal control over financial reporting:	
Material weaknesses identified?	<u>Yes</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>Yes</u>
Noncompliance material to financial statements noted?	<u>No</u>

**FEDERAL AWARDS**

Internal control over major programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>Yes</u>
Type of auditors' report issued on compliance for major programs:	<u>Qualified</u>
Unqualified for all major programs except for the following program which was qualified:	
<u>84.048</u> Vocational Education –Special Education Grants to States	

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)	<u>Yes</u>
Identification of major programs:	

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>84.007, 84.032, 84.033, 84.063</u>	<u>Student Financial Aid Cluster</u>
<u>84.048</u>	<u>VATEA</u>
<u>84.031</u>	<u>Higher Educational Institutional Aid</u>
<u>84.031S</u>	<u>Title V, Hispanic Serving Institutions</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 473,085</u>
Auditee qualified as low-risk auditee?	<u>No</u>

**STATE AWARDS**

Internal control over State programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>Yes</u>
Type of auditors' report issued on compliance for State programs:	<u>Qualified</u>

# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

## FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS FOR THE YEAR ENDED JUNE 30, 2008

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The following findings represent significant deficiencies, material weaknesses, and/or instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

### 2008-1 ACCOUNT RECONCILIATIONS AND FINANCIAL STATEMENTS

#### **Criteria or Specific Requirement**

One element of a District's internal control over financial reporting is its ability to prepare financial statements from its trial balance in accordance with Generally Accepted Accounting Standards. This includes development of a system of internal control procedures that allow for accurate, timely closing of accounting records.

#### **Condition**

*Material Weakness* - We noted that many adjustments to the District trial balance were necessary after the start of the audit. Some of these adjustments were noted by District personnel, and some were a result of our inquiries during the completion of the audit. The CCFS-311 was filed prior to the discovery of these adjustments, and therefore, these variances are included on the fund balance reconciliation page of this report

#### **Questioned Costs**

Not applicable

#### **Context**

Eight funds required adjustments totaling approximately \$1.0 million after the year end close was completed. In addition, many smaller differences that were considered immaterial in relation to the financial statements as a whole, remain under investigation and have not been reconciled or corrected

#### **Effect**

Reconciliations and adjustments to the year end balances occurring after the filing of the form CCFS-311, and after financial reports have been presented to management and the governing board decrease the relevance and usefulness of the data that was previously provided.

#### **Cause**

Year end closing procedures were not sufficient to identify and correct errors in a timely manner.

#### **Recommendation**

We recommend that reconciliations and adjustments be performed prior to completion of year end reports for the board and filing of the CCFS-311, so as to reflect the most up to date, accurate amounts. Tasks and timelines for the processes involved in year end closing should be mapped out and consideration given to the appropriate level of resources necessary to complete these tasks in a timely manner that allows for reconciliations and adjustments to be completed at an earlier date.

#### **District Response**

The District concurs with the recommendation to perform reconciliations and adjustments in a timelier manner. Steps have been initiated to develop and implement procedures to review and reconcile accounts periodically through the fiscal year to facilitate an earlier year end fiscal close.

# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

## FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS FOR THE YEAR ENDED JUNE 30, 2008

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### 2008-2    **Subsidiary Accounting Ledgers**

#### **Criteria or Specific Requirement**

One element of a District's internal control over financial reporting is its ability to prepare accurate financial statements from its trial balance in accordance with Generally Accepted Accounting Standards. This includes maintaining and reviewing support for amounts reported in the trial balance.

#### **Condition**

*Material Weakness* - We noted that accounts receivable and accounts payable aging reports supporting the outstanding receivable and payable balances are not available. The District does have general ledger detail of these accounts. However, general ledger detail contains many transactions that were accrued and then subsequently reviewed and due to the large volume of detail, does not allow for a clear concise report of amounts that remain outstanding. In addition, we noted that an allowance for uncollectible receivables in the amount of \$1 million has been recorded however, there is no support or rationale that was able to be located to indicate the basis on which \$1 million was decided upon as a reasonable allowance for uncollectible amounts.

#### **Questioned Costs**

Not applicable

#### **Context**

Accounts receivable at June 30, 2008 totaled \$43 million, of which \$6 million was from student receivables. Accounts payable at June 30, 2008 totaled \$26 million. These amounts include grant receivables and payables as well as other types of receivables and payables.

#### **Effect**

Without aging reports showing year end balances by name, management is not able to effectively identify for review and follow up old balances that may no longer be valid and it appears that old uncollectible or even previously collected items remain in student receivables, grant receivables and other accruals. Not having a rationale for the determination of the amount of the allowance and not updating the amount from historical levels indicates that receivables reported in the financial records may be over or under stated.

#### **Cause**

The District has not developed processes to effectively monitor receivables and payables to ensure that only valid balances remain in these accounts at the end of year fiscal year. In addition, the District has not considered the need for any change to the allowance for doubtful accounts.

#### **Recommendation**

We recommend the District determine how best to prepare management reports that will allow for review of old outstanding items and assessment of whether they continue to be valid or need to be written off.

# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

## FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS FOR THE YEAR ENDED JUNE 30, 2008

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### **District Response**

The District concurs with the recommendation. The District will contact Datatel and other community colleges using Datatel Colleague to determine best practices related to generating accounts payable and accounts receivable management reports. Procedures will be developed and implemented to generate and review periodic customer and vendor aging reports and the timely disposition of uncollectable debts.

# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

## FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2008

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The following findings represent significant deficiencies, material weaknesses, and/or instances of noncompliance including questioned costs that are required to be reported by OMB Circular A-133.

### 2008-3 Vocational Education –Special Education Grants to States (CFDA #84.048)

#### **Criteria or Specific Requirement**

One objective of internal control pertaining to the compliance requirements for Federal programs is that transactions are properly recorded and accounted for to maintain accountability over assets. Institutions of higher education follow the provisions of OMB Circular A-110. Included among the compliance requirements over equipment management is a requirement that a physical inventory of equipment be taken at least once every two years and reconciled to the equipment records.

#### **Condition**

During our review of internal controls and compliance requirements over equipment management, we noted that District management was not able to determine when the last equipment inventory observation was taken and that there is no reconciliation procedure performed between the physical inventory listing and the equipment records.

#### **Questioned Costs**

The total program expenditures during 2007-2008 was \$871,226, of which \$263,103 was used to purchase equipment and other capital assets.

#### **Context**

We reviewed the Student Financial Aid Federal Cluster of Programs, VATEA, Title III and Title V and compared internal control and compliance requirements to the applicable Office of Management and Budget circulars.

#### **Effect**

Equipment inventory may be overstated or understated. In addition, the disposition of an asset may not be detected and the Federal awarding agency may not receive its proportionate amount of the current fair market value of the disposed equipment.

#### **Cause**

Management has no control activity in place requiring a physical inventory observation of equipment once every two years and a corresponding reconciliation between the physical inventory listing and the equipment records.

#### **Recommendation**

We recommend that management establish a policy requiring an annual observation of equipment inventory and a reconciliation procedure between the inventory listing and equipment records. We recommend that any discrepancies between the reports should be investigated and corrected timely. Review of the reconciliation should be documented by management.

#### **District Response**

The District acknowledges the lack of a physical inventory and will update the policy and procedure, and implement a process for an annual reconciliation of equipment inventory and records. The District will implement an annual management review of physical inventory.



# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

## STATE AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2008

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The following findings represent instances of noncompliance and/or questioned costs relating to State program laws and regulations.

### 2008-4 Apportionment for Instructional Services Agreement (ISA)

#### Criteria or Specific Requirement

Education Code Section 84752 requires community college districts that offer ISAs to comply with following regulations in order to claim FTES for state funding:

- Program must be approved by the State Chancellor's Office and courses must be part of those approved programs or the colleges must received delegated authority to separately approve those courses,
- Courses must be open to all admitted students who meet any approved prerequisites for the courses,
- Students must be under the immediate supervision of a district employee,
- The district employee must possess valid credentials or meet the minimum qualifications required for the assignment, and
- The district and public or private agency, individual, or group of individuals with who the district has an ISA may not receive full compensation for the direct education costs for conduct of the class from any other source.

#### Condition

During our review of Instructional Service Agreements with Paris Beauty we found two missing items. One, which the contract does not include the signed copy stating that "funds were not received by any other outside sources" (attribute 9-10). Two, the contract fails to state the amount of FTES hours claimed by the district (attribute 1). We also found that all three contracts do not specify that they "did not receive full compensation for the direct education costs" (attribute 8).

#### Questioned Costs

The total 2007-08 Resident FTES of 321.05 attributable to the LMC contract with Paris Beauty School.

#### Context

Only one of the two contracts that the College claimed state apportionment for was out of compliance. The College has since created a master contract and we have determined that the master contract has the required disclosures. Therefore, it appears to be an isolated incident.

#### Effect

Certification statements verifying that the requirements of the program were not documented.

#### Cause

The contracts with Paris Beauty School did not include all elements required for the receipt of FTES funding.

# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

## STATE AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2008

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### **Recommendation**

We recommend the District prepare a master contract that contains all required elements and can be used for future instructional service agreements. Prior to the start of each course, the contract should be reviewed for completeness, including verification that it includes all required disclosures and has been signed by all appropriate parties. A secondary review performed as part of the preparation of the 320 Attendance Reports, where these FTES are included should be done to review the contracts and verify the FTES amounts being reported.

### **District Response**

The District has developed a new standard format for all instructional services agreement that addresses all the elements required by the System Office. The new contract is in place for all current ISAs.

## **2008-5 CalWorks**

### **Criteria or Specific Requirement**

Calworks requirements are incorporated in Education Code 79200-79203 & 84759 and the CalWORKS Program Handbook Section V (Eligibility Determination) and requirements of the State System's Office requires certain eligibility documents to be obtained and included within student files as support for eligibility determinations. Education code and the Handbook also indicate that the student's eligibility should be verified at the beginning of each semester.

### **Condition**

The District does not have a procedure in place to document and maintain the required eligibility documentation through the County Welfare Department for each academic term the recipient was served. In addition, the eligibility of CalWORKS program is not verified at each academic term.

### **Questioned Costs**

Program funding is \$799,903 from state and \$145,171 from federal sources.

### **Context**

4 out of 10 CalWORKS students from Los Medanos College and all of ten students from Contra Costa College, selected for review of CalWorks-files were missing Welfare to Work Plans in the student files. We noted that Contra Costa College has historically relied on weekly on-site visit from County coordinators, rather than obtaining Welfare to Work Plans.

### **Effect**

The District may be at risk of providing services to individuals who are not eligible to receive the specific services from the CalWORKS and/or TANF programs.

### **Cause**

The District does not have a procedure in place to effectively coordinate with the County Welfare Department to ensure that required documentation is obtained for each academic term the recipient was served.

# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

## STATE AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2008

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### **Recommendation**

Documentation to support the eligibility of all individuals receiving services through the CalWORKS and TANF programs should be maintained in one central program area for each site and maintained to support that services are properly provided. Student files should be checked at the beginning of each semester to determine that all required documents are included as well as the required certification from the County. Use of a checklist may assist in ensuring the student files are well organized and complete.

### **District Response**

The District will develop and implement procedures to ensure all student files are complete to include eligibility documentation.

# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2008

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Except as specified in previous sections of this report, summarized below is the current status of all audit findings reported in the prior year's schedule of audit findings and questioned costs.

### 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.

##### **Status**

Not implemented, See 2008-1.

# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2008

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### 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

**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.

**Status:**

Not implemented, See 2008-1.

### 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.

# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2008

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### **Current Status:**

Implemented through alternative methods.

### **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.

### **Current Status:**

Implemented

#### **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 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)

# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2008

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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. 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.

### **Current Status:**

Implemented

### **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.

#### **Current Status:**

Implemented.

## **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.

# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2008

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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.

**Current Status:**

Implemented



***ADDITIONAL SUPPLEMENTARY INFORMATION***

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**GOVERNMENTAL FUNDS  
BALANCE SHEETS - (UNAUDITED)  
JUNE 30, 2008**

	<u>General Unrestricted</u>	<u>General Restricted</u>	<u>Retiree Benefits</u>	<u>Other Special Revenue</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$12,268,272	\$ 914,211	\$ 24,839,444	\$ -
Investments	-	-	24,235,268	134,102
Accounts receivable	29,981,501	8,095,695	339,083	-
Due from other funds	10,889,218	3,040,025	16,441	89,489
Prepaid expenses	4,926,654	186,972	-	56,907
<b>Total Assets</b>	<u><u>\$58,293,326</u></u>	<u><u>\$ 12,236,903</u></u>	<u><u>\$ 49,430,236</u></u>	<u><u>\$ 280,498</u></u>
<b>LIABILITIES AND FUND EQUITY</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 9,272,220	\$ 3,205,289	\$ 4,527	\$ 89,489
Due to other funds	13,197,828	2,360,868	387	-
Other current liabilities	-	16,668	-	-
Deferred revenue	8,402,004	6,654,078	-	-
<b>Total Liabilities</b>	<u><u>30,872,052</u></u>	<u><u>12,236,903</u></u>	<u><u>4,914</u></u>	<u><u>89,489</u></u>
<b>FUND EQUITY</b>				
Fund Balances				
Reserved	7,969,396	-	-	191,009
Unreserved				
Designated	695,697	-	49,425,322	-
Undesignated	18,756,181	-	-	-
<b>Total Fund Equity</b>	<u><u>27,421,274</u></u>	<u><u>-</u></u>	<u><u>49,425,322</u></u>	<u><u>191,009</u></u>
<b>Total Liabilities and Fund Equity</b>	<u><u>\$58,293,326</u></u>	<u><u>\$ 12,236,903</u></u>	<u><u>\$ 49,430,236</u></u>	<u><u>\$ 280,498</u></u>

See accompanying note to additional supplementary information.

<b>Bond Interest and Redemption</b>	<b>Other Debt Service</b>	<b>Capital Outlay Projects</b>	<b>Revenue Bond Construction</b>	<b>Governmental Fund (Memorandum Only)</b>
\$ 14,048,075	\$ 2,750,000	\$ 3,280,899	\$ 67,130,624	\$ 125,231,525
-	-	-	-	24,369,370
164,908	-	2,548,824	525,155	41,655,166
-	-	1,013,247	9,524,741	24,573,161
-	-	-	1,297,161	6,467,694
<u>\$ 14,212,983</u>	<u>\$ 2,750,000</u>	<u>\$ 6,842,970</u>	<u>\$ 78,477,681</u>	<u>\$ 222,524,597</u>
\$ -	\$ -	\$ 765,862	\$ 2,282,351	\$ 15,619,738
-	-	71,502	9,368,628	24,999,213
3,694,132	-	-	-	3,710,800
-	-	-	-	15,056,082
<u>3,694,132</u>	<u>-</u>	<u>837,364</u>	<u>11,650,979</u>	<u>59,385,833</u>
10,518,851	2,750,000	6,005,606	66,826,702	94,261,564
-	-	-	-	50,121,019
-	-	-	-	18,756,181
<u>10,518,851</u>	<u>2,750,000</u>	<u>6,005,606</u>	<u>66,826,702</u>	<u>163,138,764</u>
<u>\$ 14,212,983</u>	<u>\$ 2,750,000</u>	<u>\$ 6,842,970</u>	<u>\$ 78,477,681</u>	<u>\$ 222,524,597</u>

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**GOVERNMENTAL FUNDS**

**STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES**

**IN FUND BALANCE - (UNAUDITED)**

**FOR THE YEAR ENDED JUNE 30, 2008**

	<u>General Unrestricted</u>	<u>General Restricted</u>	<u>Retiree Benefits</u>	<u>Other Special Revenue</u>
<b>REVENUES</b>				
Federal revenues	\$ 22,601	\$ 3,200,778	\$ -	\$ -
State revenues	77,089,013	18,018,911	-	-
Local revenues	94,670,226	3,102,220	3,925,576	124,950
<b>Total Revenues</b>	<u>171,781,840</u>	<u>24,321,909</u>	<u>3,925,576</u>	<u>124,950</u>
<b>EXPENDITURES</b>				
<b>Current Expenditures</b>				
Academic salaries	72,384,188	3,712,792	-	-
Classified salaries	31,900,933	6,958,202	-	-
Employee benefits	36,896,118	2,378,788	-	-
Books and supplies	2,832,475	2,120,516	-	-
Services and operating expenditures	15,794,623	8,751,720	40,539	-
Capital outlay	1,750,007	1,638,298	-	-
Debt service - principal	256,977	-	-	55,000
Debt service - interest and other	15,476	-	-	69,900
<b>Total Expenditures</b>	<u>161,830,797</u>	<u>25,560,316</u>	<u>40,539</u>	<u>124,900</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>9,951,043</u>	<u>(1,238,407)</u>	<u>3,885,037</u>	<u>50</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	926,120	2,204,922	-	-
Operating transfers out	(4,071,314)	(62,628)	-	(4,579)
Other sources	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>(3,145,194)</u>	<u>2,142,294</u>	<u>-</u>	<u>(4,579)</u>
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<u>6,805,849</u>	<u>903,887</u>	<u>3,885,037</u>	<u>(4,529)</u>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>20,615,425</u>	<u>(903,887)</u>	<u>45,540,285</u>	<u>195,538</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$27,421,274</u>	<u>\$ -</u>	<u>\$ 49,425,322</u>	<u>\$ 191,009</u>

See accompanying note to additional supplementary information.

<b>Bond Interest and Redemption</b>	<b>Other Debt Service</b>	<b>Capital Outlay Projects</b>	<b>Revenue Bond Construction</b>	<b>Total Governmental Fund (Memorandum Only)</b>
\$ -	\$ -	\$ -	\$ -	\$ 3,223,379
6,437,492	-	2,088,693	-	103,634,109
11,326,214	-	1,385,742	9,973,023	124,507,951
<u>17,763,706</u>	<u>-</u>	<u>3,474,435</u>	<u>9,973,023</u>	<u>231,365,439</u>
-	-	-	-	76,096,980
-	-	-	270,084	39,129,219
-	-	-	80,292	39,355,198
-	-	-	-	4,952,991
-	-	-	491,740	25,078,622
-	-	2,959,233	34,673,848	41,021,386
1,010,000	-	-	-	1,321,977
8,445,217	-	-	-	8,530,593
<u>9,455,217</u>	<u>-</u>	<u>2,959,233</u>	<u>35,515,964</u>	<u>235,486,966</u>
<u>8,308,489</u>	<u>-</u>	<u>515,202</u>	<u>(25,542,941)</u>	<u>(4,121,527)</u>
-	10,957	675,253	14,958,817	18,776,069
-	-	-	(14,958,817)	(19,097,338)
-	-	-	73,000,000	73,000,000
<u>-</u>	<u>10,957</u>	<u>675,253</u>	<u>73,000,000</u>	<u>72,678,731</u>
8,308,489	10,957	1,190,455	47,457,059	68,557,204
2,210,362	2,739,043	4,815,151	19,369,643	94,581,560
<u>\$ 10,518,851</u>	<u>\$ 2,750,000</u>	<u>\$ 6,005,606</u>	<u>\$ 66,826,702</u>	<u>\$ 163,138,764</u>

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**PROPRIETARY FUNDS  
BALANCE SHEETS - (UNAUDITED)  
JUNE 30, 2008**

	<u>Cafeteria</u>	<u>Bookstore</u>	<u>Training Institute</u>	<u>Information Technology</u>	<u>Total</u>	<u>Internal Service Fund</u>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 89,767	\$ 1,296,534	\$ 10,325	\$ -	\$ 1,396,626	\$ 169,630
Accounts receivable	-	920,085	-	22,264	942,349	-
Due from other funds	332,917	305,693	-	488	639,098	-
Prepaid expenses	-	-	-	105,375	105,375	-
Stores inventories	3,552	2,187,279	-	-	2,190,831	-
Furniture and equipment (net)	8,570	794,977	-	232,229	1,035,776	-
<b>Total Assets</b>	<b>\$ 434,806</b>	<b>\$ 5,504,568</b>	<b>\$ 10,325</b>	<b>\$ 360,356</b>	<b>\$ 6,310,055</b>	<b>\$ 169,630</b>
<b>LIABILITIES AND FUND EQUITY</b>						
<b>LIABILITIES</b>						
Overdrafts	\$ 222,267	\$ 3,344,271	\$ -	\$ 1,817	\$ 3,568,355	\$ -
Accounts payable	22,632	71,922	-	59,251	153,805	10,000
Due to other funds	173,807	464,695	10,325	8,879	657,706	-
Capital lease	-	49,386	-	-	49,386	-
<b>Total Liabilities</b>	<b>418,706</b>	<b>3,930,274</b>	<b>10,325</b>	<b>69,947</b>	<b>4,429,252</b>	<b>10,000</b>
<b>FUND EQUITY</b>						
Retained earnings	16,100	1,574,294	-	290,409	1,880,803	159,630
<b>Total Liabilities and Fund Equity</b>	<b>\$ 434,806</b>	<b>\$ 5,504,568</b>	<b>\$ 10,325</b>	<b>\$ 360,356</b>	<b>\$ 6,310,055</b>	<b>\$ 169,630</b>

See accompanying note to additional supplementary information.

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**PROPRIETARY FUNDS**

**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN  
RETAINED EARNINGS - (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2008**

	Enterprise Funds					Internal Service Fund
	Cafeteria	Bookstore	Regional	Information	Total	
			Training Institute	Technology		
<b>OPERATING REVENUES</b>						
Sales revenues	\$ 970,100	\$13,343,132	\$ -	\$ 2,766,297	\$17,079,529	\$ -
<b>OPERATING EXPENSES</b>						
Classified salaries	386,942	1,956,316	-	1,496,242	3,839,500	-
Employee benefits	100,125	536,907	-	472,916	1,109,948	-
Books and supplies	32,615	76,474	-	39,799	148,888	-
Services and other operating expenditures	587,546	9,679,660	-	269,553	10,536,759	10,000
Capital outlay	9,568	48,848	-	-	58,416	-
Interest expense	-	33,886	-	-	33,886	-
Depreciation	2,958	265,319	-	84,193	352,470	-
<b>Total Operating Expenses</b>	<b>1,119,754</b>	<b>12,597,410</b>	<b>-</b>	<b>2,362,703</b>	<b>16,079,867</b>	<b>10,000</b>
<b>Operating Income (Loss)</b>	<b>(149,654)</b>	<b>745,722</b>	<b>-</b>	<b>403,594</b>	<b>999,662</b>	<b>(10,000)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Interest income	-	-	-	-	-	-
Miscellaneous income	-	-	-	-	33,886	-
Operating transfers in	176,022	-	-	-	176,022	-
Operating transfers out	-	-	(10,325)	-	-	-
<b>Total Nonoperating Revenues (Expenses)</b>	<b>176,022</b>	<b>-</b>	<b>(10,325)</b>	<b>-</b>	<b>209,908</b>	<b>-</b>
<b>NET INCOME (LOSS)</b>	<b>26,368</b>	<b>745,722</b>	<b>(10,325)</b>	<b>403,594</b>	<b>1,209,570</b>	<b>(10,000)</b>
<b>RETAINED EARNINGS, BEGINNING OF YEAR</b>	<b>(10,268)</b>	<b>828,572</b>	<b>10,325</b>	<b>(113,185)</b>	<b>715,444</b>	<b>169,630</b>
<b>RETAINED EARNINGS, END OF YEAR</b>	<b>\$ 16,100</b>	<b>\$ 1,574,294</b>	<b>\$ -</b>	<b>\$ 290,409</b>	<b>\$ 1,880,803</b>	<b>\$ 159,630</b>

See accompanying note to additional supplementary information.

# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

## PROPRIETARY FUNDS STATEMENTS OF CASH FLOWS - (UNAUDITED) FOR THE YEAR ENDED JUNE 30, 2008

	Enterprise Funds					Internal Service Fund
	Cafeteria	Bookstore	Regional Training Institute	Information Technology	Total	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Cash received from user charges	\$ 970,100	\$ 12,524,689	\$ -	\$ 2,766,519	\$ 16,261,308	\$ -
Cash payments to employees for services	(487,067)	(2,493,223)	-	(1,969,158)	(4,949,448)	-
Cash payments to suppliers for goods and services	(639,754)	(9,423,917)	-	(418,423)	(10,482,094)	-
Cash payments for facility use	-	-	-	-	-	-
Cash payments for other operating expenses	-	(33,886)	-	-	(33,886)	-
Net Cash Provided (Used) for Operating Activities	(156,721)	573,663	-	378,938	795,880	-
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Due from/to other funds	(40,686)	(189,851)	-	8,391	(222,146)	-
Net Cash Provided (Used) from Noncapital Financing Activities	(40,686)	(189,851)	-	8,391	(222,146)	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Payment of capital lease principal	-	(38,765)	-	-	(38,765)	-
Acquisition of capital assets	(2,265)	(56,212)	-	-	(58,477)	-
Net Cash Provided (Used) for Capital and Related Financing Activities	(2,265)	(94,977)	-	-	(97,242)	-
Net increase in cash and cash equivalents	(199,672)	288,835	-	387,329	476,492	-
Cash and cash equivalents - Beginning	67,172	(2,336,572)	10,325	(389,146)	(2,648,221)	169,630
Cash and cash equivalents - Ending	\$ (132,500)	\$ (2,047,737)	\$ 10,325	\$ (1,817)	\$ (2,171,729)	\$ 169,630
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>						
Operating income (loss)	\$ (149,654)	\$ 745,722	\$ -	\$ 403,594	\$ 999,662	\$ (10,000)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation	2,958	265,319	-	84,193	352,470	-
Changes in assets and liabilities:						
Receivables	-	(818,443)	-	(222)	(818,665)	-
Prepaid expenses	-	-	-	(104,481)	(104,481)	-
Inventories	-	223,725	-	-	223,725	-
Accounts payable	(10,025)	157,340	-	(4,146)	143,169	-
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$ (156,721)</b>	<b>\$ 573,663</b>	<b>\$ -</b>	<b>\$ 378,938</b>	<b>\$ 795,880</b>	<b>\$ (10,000)</b>

See accompanying note to additional supplementary information.



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**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**FIDUCIARY FUNDS  
BALANCE SHEETS - (UNAUDITED)  
JUNE 30, 2008**

	<b>Associated Students Trust</b>	<b>Student Center Fee</b>	<b>Student Financial Aid</b>	<b>Scholarship and Loan</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 455,761	\$ 696,645	\$ 1,706,609	\$ 300,582
Investments	-	-	-	228,770
Accounts receivable	-	-	126,741	5,086
Due from other funds	39,263	317,132	329,038	2,640
<b>Total Assets</b>	<b>\$ 495,024</b>	<b>\$ 1,013,777</b>	<b>\$ 2,162,388</b>	<b>\$ 537,078</b>
<b>LIABILITIES AND FUND EQUITY</b>				
<b>LIABILITIES</b>				
Overdrafts	\$ -	\$ -	\$ 1,980,119	\$ -
Accounts payable	221	3,894	62,799	13
Due to other funds	12,828	174,106	115,594	-
Deferred revenue	-	-	3,876	-
Due to student groups/others	481,975	835,777	-	-
<b>Total Liabilities</b>	<b>495,024</b>	<b>1,013,777</b>	<b>2,162,388</b>	<b>13</b>
<b>FUND EQUITY</b>				
Fund Balances				
Reserved	-	-	-	537,065
<b>Total Fund Equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>537,065</b>
<b>Total Liabilities and Fund Equity</b>	<b>\$ 495,024</b>	<b>\$ 1,013,777</b>	<b>\$ 2,162,388</b>	<b>\$ 537,078</b>

See accompanying note to additional supplementary information.

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<b>Associated Students Other Trust</b>	<b>East Bay Community College Foundation</b>	<b>Total</b>
\$ 238,517	\$ 3,584,078	\$ 6,982,192
-	4,387,786	4,616,556
-	62,733	194,560
25,972	287,241	1,001,286
<u>\$ 264,489</u>	<u>\$ 8,321,838</u>	<u>\$ 12,794,594</u>

\$ -	\$ -	\$ 1,980,119
189,547	250,726	507,200
29,710	224,605	556,843
-	-	3,876
45,232	7,846,507	9,209,491
<u>264,489</u>	<u>8,321,838</u>	<u>12,257,529</u>

-	-	537,065
-	-	537,065
<u>\$ 264,489</u>	<u>\$ 8,321,838</u>	<u>\$ 12,794,594</u>

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**FIDUCIARY FUNDS**

**STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2008**

	<b>Student Financial Aid</b>	<b>Scholarship and Loan</b>	<b>Total</b>
<b>REVENUES</b>			
Federal revenues	\$ 11,851,745	\$ -	\$ 11,851,745
State revenues	1,366,737	-	1,366,737
Local revenues	-	30,723	30,723
<b>Total Revenues</b>	<u>13,218,482</u>	<u>30,723</u>	<u>13,249,205</u>
<b>EXPENDITURES</b>			
Current Expenditures			
Services and operating expenditures	-	122	122
<b>Total Expenditures</b>	<u>-</u>	<u>122</u>	<u>122</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>13,218,482</u>	<u>30,601</u>	<u>13,249,083</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating transfers in	123,097	(9,578)	113,519
Operating transfers out	(1,000)	5,104	4,104
Other uses	(13,291,028)	-	(13,291,028)
<b>Total Other Financing Sources (Uses)</b>	<u>(13,168,931)</u>	<u>(4,474)</u>	<u>(13,173,405)</u>
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	49,551	26,127	75,678
<b>FUND BALANCE, BEGINNING OF YEAR</b>	(49,551)	510,938	461,387
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ -</u>	<u>\$ 537,065</u>	<u>\$ 537,065</u>

See accompanying note to additional supplementary information.

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**NOTE TO ADDITIONAL SUPPLEMENTARY INFORMATION  
JUNE 30, 2008**

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***NOTE 1 - PURPOSE OF SCHEDULES***

**Fund Financial Statements**

The accompanying financial statements report the governmental, proprietary, and fiduciary fund activities of Contra Costa Community College District and are presented on the modified accrual basis of accounting. Therefore, some amounts presented in these financial statements may differ from amounts presented in, or used in, the preparation of the basic financial statements. The information is unaudited and is presented at the request of the District management.

