



To the Finance Committee
Of Contra Costa Community College District

In planning and performing our audit of the financial statements of Contra Costa Community College District as of and for the year ended June 30, 2010, in accordance with auditing standards generally accepted in the United States of America, we considered Contra Costa Community College District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. We previously reported on the Company's internal control in our report dated December 30, 2010. This letter does not affect our report dated December 30, 2010, on the financial statements of Contra Costa Community College District.

Disbursement of Funds

Best practices over funds disbursed include internal controls that are to detect and prevent errors and misstatements and to limit the opportunity for misappropriation. As noted in prior year, the following areas have disbursement control processes that could potentially be strengthened:

- The Datatel accounts payable module does not reject duplicate invoices. The system flags a duplicate invoice to notify the user that it is a duplicate invoice, however, the accounts payable clerk and others can override the flag without approval.
- The District policies allow for a 10% deviation from the original Purchase Order amount to be processed without additional approval. However, when we walked some transactions through the system, we noted that the system allowed a 25% deviation without a flag or requirement for additional authorization.
- The District policies require credit card holders to submit credit card statements with original receipts to their manager for approval. The managers then require to review, assign correct account codes, and submit the entire listing to the District Office. We reviewed 25 credit card expenses and noted 4 of them did not have receipts present, but were approved by the managers.

Recommendation

We recommend that the District consider the potential of the design of the system and whether or not any improvements can be made to strengthening the controls over processing of disbursements in the following areas:

- The District business staff should consider consulting with the Information Technology staff to determine if the controls over duplicate invoices are operating as desired, or if there is a report that could be generated periodically listing all overrides processed. The override report could then be reviewed by a supervisor to review for any excessive use of overrides.
- The District business staff should consider consulting with the Information Technology staff to determine if the controls over dollar limit deviations are operating as desired or if there should be some type of report that could be generated on a periodic basis listing all the purchase orders with a deviation exceeding 10% that were processed. The deviation report could then be reviewed by a supervisor to review for any excessive deviations and determine whether additional approval was obtained for those items.
- The District should remind all managers who have credit card expense approval authority that they are responsible for ensuring that proper documentation is provided prior to approving the expenses.

District Response

The Director of Fiscal Services will consult with the appropriate Information Technology staff to determine if reports can be generated to address these concerns. A review of procurement card policies and procedures is scheduled to occur in 2010-11 and a recommendation will be made to strengthen language regarding documentation.

Capital Assets – Land and Donated assets

We noted the following items during our review of the capital assets:

- The land asset account in the general ledger is not supported by a schedule listing the individual costs of the land parcels owned by the District.
- There is no effective process to track and record donated items in the capital asset accounts of the general ledger. We noted donated equipment received by the Clean Energy Grant Program during the current year that did not appear to be included in the general ledger.
- Equipment purchases should be analyzed for those that meet the capitalization threshold and only those not meeting the threshold or truly repairs to previously existing equipment recorded as noncapital expenses.

Recommendation

- We recognize that the District has begun to research the land cost included in the financial records and prepare and maintain a schedule of individual parcels supporting that value. The list should include information on location, parcel number, date acquired or donated, and the original cost, or estimate cost/value of the land and should include land donated to the District, such as the parcel in Brentwood. This schedule should then be coordinated with the District's risk management program to verify that appropriate insurance or self insurance is maintained on all the land parcels owned by the District. We recommend the District continue that research and complete the project to determine if the amount of the land asset recorded is appropriate.
- We recommend that the District ensure that donated capital assets are captured in a report at least annually and that these amounts be recorded in the capital asset accounts in the long term asset fund.

- We do not believe the equipment amounts reported as repair expenses are material to the capital asset balance on the entity-wide financial statements, however, we do note that the data used for preparing the entitywide financial statements is therefore incomplete.

District Response

The Finance Department will work with the Facilities Planning Department to complete the documentation of all land values by the end of 2010-11. A procedure will be developed to capture the value of donated assets. The Purchasing and Fiscal Services departments plan to offer campus training which will include correct classification of purchases.

Equipment Inventory

We noted that the District has implemented procedures required for inventorying equipment purchased with Federal funds. However, due to limitations of time and resources the inventory has been limited just to those items charged to Federal funds.

Recommendation

We recommend that the District follow a policy of periodically inventorying all equipment not just that purchased with federal funds in order to update the financial records supporting amounts reported on the entity-wide statement of net assets and to determine if any updates to insurance coverage limits are needed.

District Response

The District's Purchasing Department is currently examining options for performing periodic physical inventories of all equipment.

Allowance for Uncollectible Student Receivables

During our review of the student receivables, we noted that the District has recorded an allowance for potentially uncollected student receivables. The amount of the allowance recorded \$1,326,526 has not changed from the prior year.

Recommendation

We encourage the District to review its method of estimating the potential allowance for uncollectible amounts and to consider any potential changes to the method that may be needed in light of changing enrollment levels. In addition, we recommend that the District update the recorded allowance for uncollectible amounts each year during year end closing procedures.

District Response

The Director of Fiscal Services will consult with the independent auditors and other districts to determine an appropriate procedure to make an annual adjustment to the allowance for uncollectible accounts.

Personnel Costs

There was no readily apparent indication of campus level review of salary worksheets. Worksheets are forwarded to the district for payroll processing, however an indication that the campuses have reviewed the information for accuracy is not apparent.

Recommendation

We recommend that the worksheets be designed to include a positive indication of campus level review and that indication be included on the worksheets forwarded to the district for processing. In addition, we encourage continued cross-training between District and site staff to foster understanding of which parties are responsible for which portions of the payroll processing.

District Response

The District will consult with the campus business offices to review current practices and determine an appropriate procedure for reviewing payroll worksheets.

Associated Student Body

We noted that the Los Medanos College ASB records do not include use of a revenue potential form for fundraising event planning to determine the desirability of a fundraiser and its potential profitability prior to the approval of the fundraiser.

Recommendation

We recommend that some type of documentation be maintained estimating the potential profits of a fundraising event to determine if the activity should be undertaken. The form should also be compared to the actual income and expenses after the fact to assist in determining that all funds collected were deposited and whether or not the activity was a success and should be considered again for future activities.

District Response

The District, in coordination with the Vice President of Administrative Services of Los Medanos College, will facilitate discussion with the Associated Students to examine current practices and make recommendations for improved fundraising procedures.

SUMMARY OF PRIOR YEAR COMMENT

Disbursement of Funds

Best practices over funds disbursed include internal controls that are to detect and prevent errors and misstatements and to limit the opportunity for misappropriation. As noted in prior year, the following areas have disbursement control processes that could potentially be strengthened:

- The Datatel accounts payable module does not reject duplicate invoices. The system flags a duplicate invoice to notify the user that it is a duplicate invoice, however, the accounts payable clerk and others can override the flag without approval.
- The District policies allow for a 10% deviation from the original Purchase Order amount to be processed without additional approval. However, when we walked some transactions through the system, we noted that the system allowed a 25% deviation without a flag or requirement for additional authorization.
- The District policies require credit card holders to submit credit card statements with original receipts to their manager for approval. The managers then require to review, assign correct account codes, and submit the entire listing to the District Office. We reviewed 25 credit card expenses and noted 4 of them did not have receipts present, but were approved by the managers.

Recommendation

We recommend that the District consider the potential of the design of the system and whether or not any improvements can be made to strengthening the controls over processing of disbursements in the following areas:

- The District business staff should consider consulting with the Information Technology staff to determine if the controls over duplicate invoices are operating as desired, or if there is a report that could be generated periodically listing all overrides processed. The override report could then be reviewed by a supervisor to review for any excessive use of overrides.
- The District business staff should consider consulting with the Information Technology staff to determine if the controls over dollar limit deviations are operating as desired or if there should be some type of report that could be generated on a periodic basis listing all the purchase orders with a deviation exceeding 10% that were processed. The deviation report could then be reviewed by a supervisor to review for any excessive deviations and determine whether additional approval was obtained for those items.
- The District should remind all managers who have credit card expense approval authority that they are responsible for ensuring that proper documentation is provided prior to approving the expenses.

Status

Not implemented – see current year comments.

Bookstore Inventory

Best practices over safeguarding district assets and accurately reflecting the assets in the accounting system include internal controls that are designed to monitor the year end physical inventory process in order to detect and prevent errors and misstatements and to limit the opportunity for misappropriation. During our physical inventory observation process, we noted that 7 out of 9 sections selected for verification had discrepancies. 2 sections had discrepancies between \$170 and \$300 and 5 sections had discrepancies between \$5 and \$100.

Recommendation

We understand that the District contracted with outside companies to perform the year end physical inventories. However, we recommend that designated district personnel be on site to monitor the entire inventory process and to ensure the counts are accurate and all items are being accounted for.

Status

Implemented

Capital Asset Cost Data

We noted that capital outlay expenditures not identified with a particular project number were not analyzed for potential inclusion in construction in process or other capital asset accounts. If a capital outlay expenditure amount did not have a project number assigned, or was inadvertently not recorded, the amounts of those disbursements were reported as expenditures rather than capital assets in the entity-wide financial statements. We do not believe the amounts reported as expense are material to the capital asset balance on the entity-wide financial statements, however, we do note that the data used for preparing the entitywide financial statements is therefore incomplete.

In addition, we noted that one of the funds requiring an audit adjustment as described in Finding 2009-1 is related to the accrual of accounts payable amounts for building fund capital assets. There were three amounts totaling approximately \$3 million that were noted during our audit and not recorded as accounts payable during the year end closing process.

We also noted that the land asset account was not supported by a schedule listing the land parcels owned by the District.

Recommendation

We recommend that all disbursements and accruals reported as capital outlay expenditures, not just those that are assigned a project number, be reviewed when summarizing data for construction in process and capital asset purposes.

In addition, we recommend that facilities work more closely with the business office at the end of the year and assist in identifying all potential significant accounts payable. Any amounts that are not known as a contractor may not have submitted an invoice can be estimated based on a reasonable method that facilities uses when considering the elements of the project such as contract price, estimated amount completed by year end and amounts previously billed.

We also recommend that the District research the land cost included in the financial records and prepare and maintain a schedule of individual parcels supporting that value. The list should include information on location, parcel number, date acquired or donated, and the original cost, or estimate cost/value of the land. This schedule should then be coordinated with the District's risk management program to verify that appropriate insurance or self insurance is maintained on all the land parcels owned by the District.

Status

Partially Implemented – See current year comments.

Equipment Inventory

We noted that the District has implemented procedures required for inventorying equipment purchased with Federal funds. However, due to limitations of time and resources the inventory has been limited just to those items charged to Federal funds.

Recommendation

We recommend that the District follow a policy of periodically inventorying all equipment not just that purchased with federal funds in order to update the financial records supporting amounts reported on the entity-wide statement of net assets and to determine if any updates to insurance coverage limits are needed.

Status

Not implemented – see current year comments.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various Company personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Vavrinek, Ture, Day & Co LLP

Pleasanton, California
December 30, 2010



To the Finance Committee
Of Contra Costa Community College District

We have audited the financial statements of the business-type activities, and the discretely presented component units, of Contra Costa Community College District for the year ended June 30, 2010. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and OMB Circular A-133), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 21, 2008. Professional standards also require that we communicate to you the following information related to our audit.

Qualitative Aspects of Accounting Practice

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Contra Costa Community College District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2010. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the business-type financial statements were.

Management's estimate of the liability for other post employment benefits is based on actuarial data. We evaluated the key factors and assumptions used to develop the actuarial data in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representation

We have requested certain representations from management that are included in the management representation letter dated December 30, 2010.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of Finance Committee, Governing Board and management of Contra Costa Community College District 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 30, 2010

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT
SUMMARY OF UNCORRECTED AMOUNTS
JUNE 30, 2010**

Entity-Wide		Financial Statements Effects			
Description of Audit Difference	Cause	Total Assets	Total Liabilities	Fund Balance	Net Income/Loss
Cash in County	Districts typically do not record the difference between Fair Market Value and Cost for County Cash funds. This is a difference on \$122M of County Cash between GAAP and industry practice.	\$ 226,657	\$ -	\$ -	\$ 226,657
Local Agency Investment Fund (LAIF)	Districts typically do not record the difference between Fair Market Value and Cost for LAIF funds. This is a difference on \$54M of LAIF between GAAP and industry practice.	89,131	-	-	89,131
Cash	Adjustments for 09/10 that are not recorded until 07/10	(114,748)	-	-	(114,748)
Capital Assets	Capital outlay equipment expenses recorded as repairs	(67,015)	-	-	(67,015)
Prepaid Assets	Advertising and marketing fee for July-Dec 2010 expensed in 09/10	(27,500)	-	-	(27,500)
		Total \$ 106,525	\$ -	\$ -	\$ 106,525
		Financial Statement Caption Totals 515,858,753	327,489,062	188,369,691	(8,125,272)
		Net Audit Differences as % of F/S Captions 0.02%	0.00%	0.00%	-1.31%

CONTRA COSTA COMMUNITY
COLLEGE DISTRICT

ANNUAL FINANCIAL REPORT

JUNE 30, 2010 AND 2009

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

TABLE OF CONTENTS

JUNE 30, 2010

FINANCIAL SECTION	
Independent Auditors' Report	2
Management's Discussion and Analysis (Required Supplementary Information)	4
Basic Financial Statements – Primary Government	
Statements of Net Assets	13
Statements of Revenues, Expenses, and Changes in Net Assets	14
Statements of Cash Flows	15
Fiduciary Funds	
Statements of Net Assets	17
Statements of Changes in Net Assets	18
Discretely Presented Component Unit – Foundations	
Statements of Financial Position	19
Statement of Activities – Contra Costa College Foundation	20
Statement of Activities – Diablo Valley College Foundation	21
Statement of Activities – Los Medanos College Foundation	22
Statements of Cash Flows	23
Notes to Financial Statements	24
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Other Postemployment Benefits (OPEB) Funding Progress and	53
SUPPLEMENTARY INFORMATION	
District Organization	55
Schedule of Expenditures of Federal Awards	56
Schedule of Expenditures of State Awards	58
Schedule of Workload Measures for State General Apportionment - Annual/Actual Attendance	59
Reconciliation of Annual Financial and Budget Report (CCFS-311) with Fund Financial Statements	60
Reconciliation of Governmental Fund Balance Sheets to the Statement of Net Assets	61
Notes to Supplementary Information	62
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 <i>Government Auditing Standards</i>	65
Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Control Over Compliance in Accordance With OMB Circular A-133	67
Report on State Compliance	69
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	
Summary of Auditors' Results	72
Financial Statement Findings and Recommendations	73
Federal Awards Findings and Questioned Costs	74
State Awards Findings and Questioned Costs	76
Summary Schedule of Prior Audit Findings	80
ADDITIONAL SUPPLEMENTARY INFORMATION	
Governmental Funds	
Balance Sheets	87
Statements of Revenues, Expenditures, and Changes in Fund Balance	89
Proprietary Funds	
Balance Sheets	91
Statements of Revenues, Expenses, and Changes in Retained Earnings	92
Statements of Cash Flows	93
Fiduciary Funds	
Balance Sheets	94
Statements of Revenues, Expenditures, and Changes in Fund Balance	96
Note to Additional Supplementary Information	97

FINANCIAL SECTION



VAVRINEK, TRINE, DAY
& COMPANY, LLP
Certified Public Accountants

VALUE THE DIFFERENCE

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Contra Costa Community College District
Martinez, California

We have audited the accompanying basic financial statements of the business-type activities of Contra Costa Community College District (the District) as of and for the years ended June 30, 2010 and 2009, (and its discretely presented component unit 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.

We conducted our audits 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. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*. 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 audits provide a reasonable basis for our opinions.

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 Contra Costa Community College District and its discretely presented component units as of June 30, 2010 and 2009, and the respective changes in financial position and cash flows, for the years 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 30, 2010, 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.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Schedule of Other Postemployment Benefits (OPEB) Funding Progress as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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*, is presented for purposes of additional analysis and is 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, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The Additional Supplementary Information as listed in the table of contents has been presented at the request of District management for purposes of additional analysis. 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.

Vavrinek, Trine, Day & Co LLP

Pleasanton, California
December 30, 2010

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2010

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, 2010. The report consists of three basic financial statements: the Statement of Net Assets, 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, 2010. 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.

FINANCIAL HIGHLIGHTS

The District's primary funding source is general revenue comprised of local property taxes, student enrollment fees, and apportionment received from the State of California, based upon student attendance. A basic allocation established by State regulations plus an amount per full time equivalent student (FTES) is the primary basis of the total general revenue. In 2009-10, CCCCD received a basic allocation of \$11,625,408 and FTES was funded at \$4,565 per credit FTES and \$2,745 per non-credit FTES, the same as in 2008-09. The State's economic crisis had a multi-layered affect on community colleges. High unemployment rates resulted in increased enrollments at the same time that the State Budget was implementing severe cuts across all programs. CCCCD experienced an increase in resident FTES from 28,566 in 2008-09 to 32,246 in 2009-10. After adding back the 2,050 FTES borrowed in 2007-08 from summer 2008 for funding purposes, the District still reported an overall increase in resident FTES of over 5.3%. Unfortunately, funding for community colleges was reduced 3.34%, distributed by the State as a "workload" reduction, thereby capping the District's funding at 27,522 FTES. 2009-10 is the second consecutive year of no cost of living adjustment (COLA) for general revenue; additionally, the State was unable to fund any FTES growth.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2010

While all employees received contractual step and column increases, no funding was available to augment salaries in the form of a cost of living adjustment. The District was able to absorb the 7.5% increase to employee health benefits at a cost of approximately \$1.5 million. The District saw additional increases to employee benefit costs in form of rate increases for workers compensation, unemployment insurance and CalPERS retirement contributions.

During the 2009-2010 fiscal year, the District provided in excess of \$28 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 March 2010 for construction and renovation projects and equipment throughout the District. This represents the second 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 \$13 million in the 2009-2010 fiscal year. These projects are funded both through State construction revenues and through our voter approved general obligation bonds.

THE DISTRICT AS A WHOLE

Net Assets

Table 1

ASSETS	2010	2009	Change	2008	Change
Current Assets					
Cash and investments	\$ 177,681,661	\$ 115,278,093	\$ 62,403,568	\$ 132,892,668	\$ (17,614,575)
Accounts receivable (net)	30,873,808	34,086,725	(3,212,917)	42,792,075	(8,705,350)
Other current assets	5,608,148	9,590,708	(3,982,560)	9,065,438	525,270
Total Current Assets	214,163,617	158,955,526	55,208,091	184,750,181	(25,794,655)
Other assets	26,226,151	25,929,533	296,618	25,155,185	774,348
Capital assets (net)	275,468,985	271,059,874	4,409,111	261,665,775	9,394,099
Total Assets	\$ 515,858,753	\$ 455,944,933	\$ 59,913,820	\$ 471,571,141	\$ (15,626,208)
LIABILITIES					
Current Liabilities					
Accounts payable and accrued liabilities	34,591,512	30,505,386	4,086,126	35,059,512	(4,554,126)
Amounts held in trust for others [1]	-	1,631,352	(1,631,352)	9,746,556	(8,115,204)
Current portion of long-term debt	8,930,852	3,586,274	5,344,578	9,179,014	(5,592,740)
Total Current Liabilities	43,522,364	35,723,012	7,799,352	53,985,082	(18,262,070)
Long-term Debt	283,966,698	223,726,958	60,239,740	211,685,139	12,041,819
Total Liabilities	327,489,062	259,449,970	68,039,092	265,670,221	(6,220,251)
NET ASSETS					
Invested in capital assets	146,929,444	138,730,749	8,198,695	146,359,631	(7,628,882)
Restricted	25,724,666	18,630,553	7,094,113	19,274,457	(643,904)
Unrestricted	15,715,581	39,133,661	(23,418,080)	40,266,832	(1,133,171)
Total Net Assets	188,369,691	196,494,963	(8,125,272)	205,900,920	(9,405,957)
Total Liabilities and Net Assets	\$ 515,858,753	\$ 455,944,933	\$ 59,913,820	\$ 471,571,141	\$ (15,626,208)

[1] The 2009-10 financial statement presentation has been changed to exclude fiduciary funds from the Statements of Net Assets – Primary Government, and to include those amounts on a separate Statement of Fiduciary Net Assets.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2010

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, other post employment benefits, and bookstore and cafeteria reserves.

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

	2010	2009	Change	2008	Change
Operating Revenues					
Tuition and fees	\$ 24,929,345	\$ 21,074,951	\$ 3,854,394	\$ 19,098,420	\$ 1,976,531
Auxiliary sales, charges and other	14,490,517	16,828,795	(2,338,278)	17,079,529	(250,734)
Total Operating Revenues	<u>39,419,862</u>	<u>37,903,746</u>	<u>1,516,116</u>	<u>36,177,949</u>	<u>1,725,797</u>
Operating Expenses					
Salaries and benefits [1]	164,004,497	181,924,813	(17,920,316)	178,671,045	3,253,768
Supplies and other expenses	68,510,796	67,345,926	1,164,870	41,218,103	26,127,823
Depreciation	9,800,292	8,797,042	1,003,250	7,351,811	1,445,231
Total Operating Expenses	<u>242,315,585</u>	<u>258,067,781</u>	<u>(15,752,196)</u>	<u>227,240,959</u>	<u>30,826,822</u>
Loss on Operations	<u>(202,895,723)</u>	<u>(220,164,035)</u>	<u>17,268,312</u>	<u>(191,063,010)</u>	<u>(29,101,025)</u>
Nonoperating Revenues					
State apportionments	67,963,777	68,800,023	(836,246)	66,840,628	1,959,395
Property taxes	85,766,697	84,283,816	1,482,881	90,518,413	(6,234,597)
State revenues [2]	24,576,399	27,487,658	(2,911,259)	29,803,076	(2,315,418)
Federal revenues [2]	32,533,611	20,001,260	12,532,351	15,075,124	4,926,136
Net interest expense	(5,293,765)	(556,755)	(4,737,010)	(581,281)	24,526
Other nonoperating revenues [1]	(14,634,696)	4,399,547	(19,034,243)	6,436,266	(2,036,719)
Total Nonoperating Revenue	<u>190,912,023</u>	<u>204,415,549</u>	<u>(13,503,526)</u>	<u>208,092,226</u>	<u>(3,676,677)</u>
Other Revenues					
State and local capital income	<u>3,858,428</u>	<u>6,342,529</u>	<u>(2,484,101)</u>	<u>9,239,695</u>	<u>(2,897,166)</u>
Net Increase in Net Assets	<u>\$ (8,125,272)</u>	<u>\$ (9,405,957)</u>	<u>\$ 1,280,685</u>	<u>\$ 26,268,911</u>	<u>\$ (35,674,868)</u>

[1] During the 2009-2010 fiscal year, the District contributed \$18,200,000 to an irrevocable trust for employee benefits. The prior year benefit expense amounts included increases for annual unfunded retirement costs, whereas, the current year unfunded change is significantly smaller than prior years due to the first time funding of this irrevocable trust.

[2] During the 2009-2010 fiscal year, grant revenues were separated into Federal and State components for purposes of this analysis, thereby, creating classification differences in those two lines. When comparing these amounts to prior year amounts it would be more appropriate to consider the two amounts in total.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

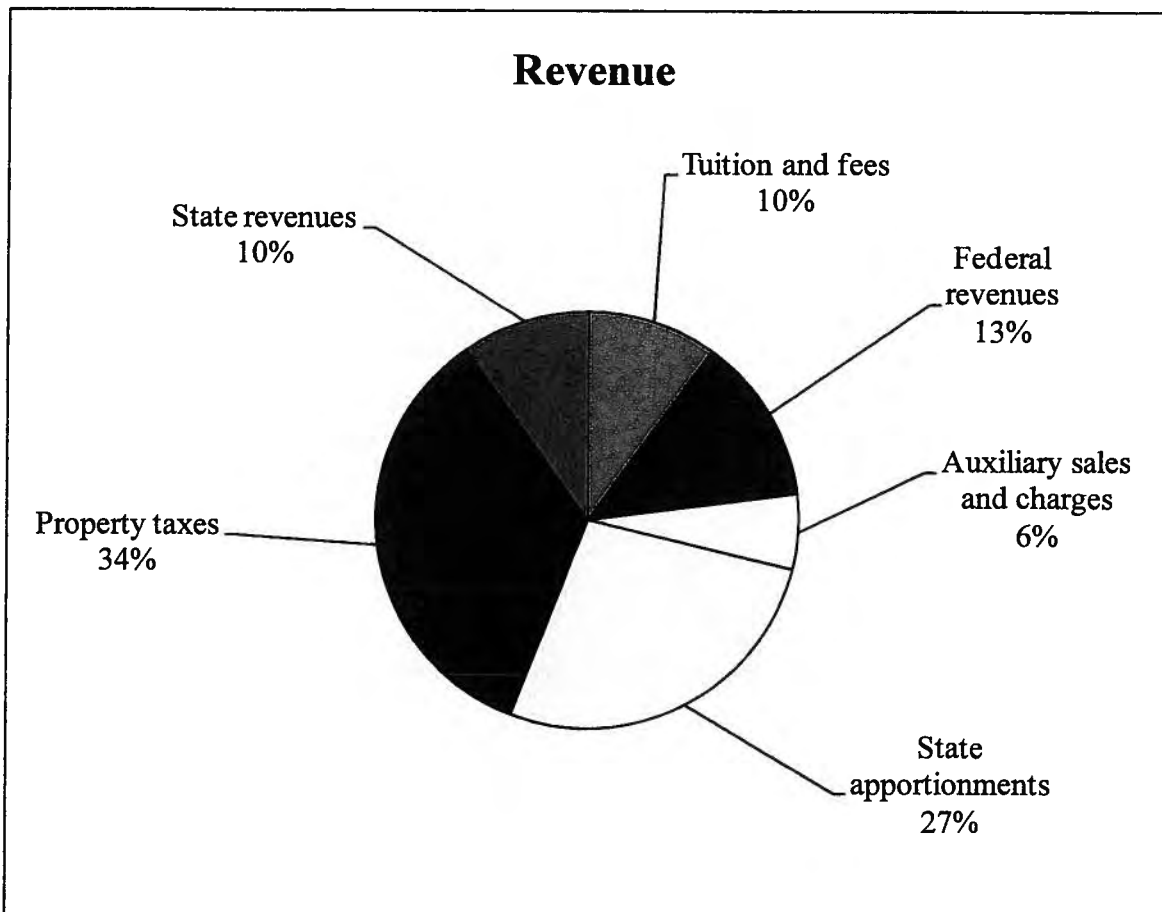
MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2010

As previously stated, the District's primary funding comes from general revenue comprised of local property taxes, student enrollment fees, and State apportionment. In 2009-10, Contra Costa County's property revenue declined, as did most of the State. Any amount short of the State's budgeted target for property taxes is absorbed by the community college districts in the form of a "deficit factor." Enrollment fees for CCCCD show an increase reflective of the increased number of students served. As with property taxes, any statewide shortfall in collection of enrollment fees could result in a deficit factor shared by all districts. The District also experienced an increase in non-resident FTES, from 1,744 in 2008-09 to 2,019 FTES in 2009-10. Revenue from non-resident tuition is retained by the District.

Auxiliary revenue consists of bookstore and cafeteria net revenues, as well as information technology services provided to Contra Costa County Office of Education and certain K-12 school districts. 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.

Federal and state 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 \$2.9 million was off-set by interest expense of \$8.3 million. Interest income is significantly down from prior years due primarily to large cash deferrals by the State (delays in distributing apportionment) and greatly reduced interest rates on pooled cash accounts and local agency investment funds (LAIF).



CONTRA COSTA COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2010

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, 2010:

	Salaries	Employee Benefits	Supplies, Material, and Other Expenses and Services	Depreciation	Total
Instructional activities	\$ 66,356,998	\$ 19,724,725	\$ 2,742,318	\$ -	\$ 88,824,041
Academic support	10,696,333	2,581,259	1,158,628	-	14,436,220
Student services	12,492,510	3,115,160	2,960,603	-	18,568,273
Plant operations and maintenance	7,244,734	2,814,124	8,991,258	-	19,050,116
Instructional support services	15,069,917	8,512,212	5,807,499	-	29,389,628
Community services and economic development	1,459,779	336,702	347,643	-	2,144,124
Ancillary services and auxiliary operations	11,139,415	2,460,629	18,300,023	-	31,900,067
Student aid	-	-	28,202,824	-	28,202,824
Unallocated depreciation	-	-	-	9,800,292	9,800,292
Total	\$ 124,459,686	\$ 39,544,811	\$ 68,510,796	\$ 9,800,292	\$ 242,315,585

Year ended June 30, 2009:

	Salaries	Employee Benefits	Supplies, Material, and Other Expenses and Services	Depreciation	Total
Instructional activities	\$ 69,758,128	\$ 32,454,387	\$ 2,253,559	\$ -	\$ 104,466,074
Academic support	10,581,692	2,868,378	1,503,834	-	14,953,904
Student services	10,381,226	2,737,127	4,647,371	-	17,765,724
Plant operations and maintenance	6,431,982	2,416,850	7,767,075	-	16,615,907
Instructional support services	13,903,889	12,707,356	7,075,793	-	33,687,038
Community services and economic development	7,711,951	1,789,298	6,570,372	-	16,071,621
Ancillary services and auxiliary operations	6,270,914	1,911,635	19,434,752	-	27,617,301
Student aid	-	-	18,093,170	-	18,093,170
Unallocated depreciation	-	-	-	8,797,042	8,797,042
Total	\$ 125,039,782	\$ 56,885,031	\$ 67,345,926	\$ 8,797,042	\$ 258,067,781

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010**

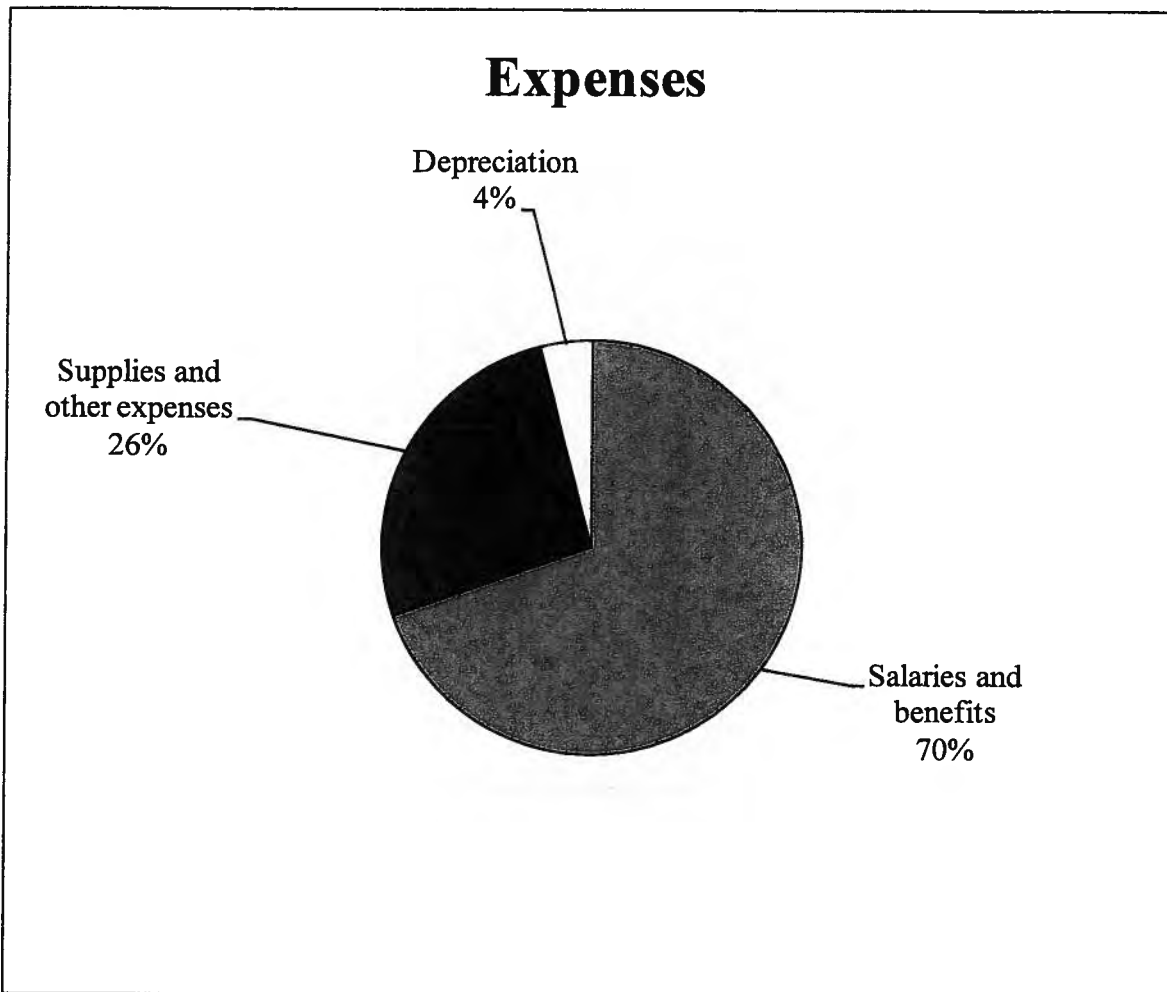


Table 4

Changes in Cash Position

	2010	2009	Change	2008	Change
Cash Provided by (Used in)					
Operating activities	\$ (196,445,959)	\$ (228,071,881)	\$ 31,625,922	\$ (156,113,620)	\$ (71,958,261)
Noncapital financing activities	190,560,451	206,395,850	(15,835,399)	171,961,384	34,434,466
Capital financing activities	65,003,591	(554,520)	65,558,111	32,178,856	(32,733,376)
Investing activities	3,530,808	4,733,525	(1,202,717)	2,950,800	1,782,725
Net Increase (Decrease) in Cash	62,648,891	(17,497,026)	80,145,917	50,977,420	(68,474,446)
Cash, Beginning of Year	115,032,770	132,529,796	(17,497,026)	81,552,376	50,977,420
Cash, End of Year	\$ 177,681,661	\$ 115,032,770	\$ 62,648,891	\$ 132,529,796	\$ (17,497,026)

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.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2010

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.

Cash Flows – Component Units

The prior year cash flow statement for Los Medanos College Foundation has been restated to reflect a change between classifications of long term CD accounts from cash to investments.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2010, the District had \$275.5 million in a broad range of capital assets, including land, buildings, and furniture and equipment. At June 30, 2009, our net capital assets were \$271.1 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 2010-2011 fiscal year and beyond with primary funding through our general obligation bond.

Table 5

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Land and construction in progress	\$ 57,167,258	\$ 11,075,187	\$33,191,160	\$ 35,051,285
Buildings and improvements	273,341,803	34,675,706	1,889	308,015,620
Furniture and equipment	46,781,094	2,119,775	1,908,610	46,992,259
Subtotal	377,290,155	47,870,668	35,101,659	390,059,164
Accumulated depreciation	(106,230,281)	(9,569,211)	(1,209,313)	(114,590,179)
	<u>\$ 271,059,874</u>	<u>\$ 38,301,457</u>	<u>\$ 33,892,346</u>	<u>\$ 275,468,985</u>

Obligations

At the end of the 2009-2010 fiscal year, the District had \$246 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 the student center and bookstore building project at Diablo Valley College and a Note Payable to fund energy retrofitting projects.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2010

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

Table 6

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
General obligation bonds	\$ 176,050,000	\$ 73,000,000	\$ 3,255,000	\$ 245,795,000
COPs and notes payable	1,050,000	-	60,000	990,000
OPEB (retiree benefits)	33,983,409	13,533,900	18,627,642	28,889,667
Other liabilities	16,229,823	1,497,315	504,255	17,222,883
Total Long-Term Debt	<u>\$ 227,313,232</u>	<u>\$ 88,031,215</u>	<u>\$ 22,446,897</u>	<u>\$ 292,897,550</u>
Amount due within one year				<u>\$ 8,930,852</u>

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 2009-2010 fiscal year on September 8, 2010.

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. Contra Costa CCD has continued to set aside funding for this long-term liability and in 2008-2009 established an irrevocable trust that was funded with \$9.1 million in July 2009. The District's Governing Board approved an additional contribution of \$9.1 million in June 2010 for the 2009-10 fiscal year and approved quarterly contributions totaling \$9.1 million to be made in 2010-11. All contributions to the irrevocable trust will be made from funds invested in a restricted reserve. The contribution amounts are included in non-operating revenues in Table 2. After making the 2010-11 contribution to the trust, the remaining reserve balance is estimated to be approximately \$32 million.

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 general revenue allocated to the District represents the majority of the total unrestricted sources of revenues received within the General Fund. The 2010-11 enacted State Budget includes no revenue COLA, as the statutory adjustment was computed at negative 0.38%. Information released in November 2010 indicates that the enacted Budget is already in the red by over \$6 billion dollars and an additional \$19 billion in 2011-12. While the State Budget did include funding for enrollment growth, it is likely these funds will be used to close the current year state budget gap.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2010

The 2009-10 State Budget passed down cuts to many State funded categorical programs that provide vital services to our students. To buffer the first year of these reductions, federal Fiscal Stabilization funds awarded through the American Recovery and Reinvestment Act (ARRA) were distributed to community colleges. CCCCD's share of the ARRA funds was over \$900,000 in 2009-10; in 2010-11, the District received just over \$100,000 of ARRA funds, and there is no expectation of any ARRA funds for this purpose in 2011-12. The colleges have made every effort to continue to provide services to the extent possible.

The District has conservatively positioned itself by maintaining reserves in excess of the five percent minimum established by Education Code and Title 5. The 2010-11 budget included a 5% contingency reserve plus a 5% Board Reserve. Under the District's new resource allocation model implemented in 2010-11, each college and the district office are also required to maintain a minimum 1% reserve. In the past few years, the District has utilized one-time funds to soften the impact of budget reductions. With the one-time funds now mostly depleted or designated for future purposes, the District and colleges have undertaken the task of right-sizing by reducing course sections and discretionary expenditures to more closely align revenues to expenditures. While employee layoffs have been minimal to date, with less than 10 full-time positions being eliminated, it is expected that an additional cost reductions may be forthcoming if revenues continue to be flat or decline. Enrollment management efforts are being implemented to constrain enrollment to our funded FTES levels.

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.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

STATEMENTS OF NET ASSETS – PRIMARY GOVERNMENT JUNE 30, 2010 AND 2009

ASSETS	2010	2009
Current Assets		
Cash and cash equivalents	\$ 56,117,827	\$ 29,798,206
Investments	-	245,323
Restricted cash and cash equivalents	121,563,834	85,234,564
Accounts receivable, net	30,873,808	34,086,725
Due from fiduciary funds	98,960	-
Notes receivable - current portion	295,094	259,385
Prepaid expenses - current portion	2,320,156	6,746,301
Stores inventories	2,804,718	2,522,738
Deferred charges - current portion	89,220	62,284
Total Current Assets	<u>214,163,617</u>	<u>158,955,526</u>
Noncurrent Assets		
Investments - noncurrent portion	24,415,970	24,696,377
Deferred charges - noncurrent portion	1,810,181	1,233,156
Nondepreciable capital assets	35,051,285	57,167,258
Depreciable capital assets, net of depreciation	240,417,700	213,892,616
Total Noncurrent Assets	<u>301,695,136</u>	<u>296,989,407</u>
TOTAL ASSETS	<u>515,858,753</u>	<u>455,944,933</u>
LIABILITIES		
Current Liabilities		
Accounts payable	13,276,453	17,786,258
Interest payable	4,384,851	3,513,486
Claims payable	98,568	90,971
Due to fiduciary funds	9,386,120	-
Deferred revenue	7,445,520	9,114,671
Amounts held in trust custody on behalf of others	-	1,631,352
Notes payable - current portion	65,000	60,000
Bonds payable - current portion	8,700,000	3,255,000
Bond premiums - current portion	158,399	116,026
Lease obligations - current portion	7,453	155,248
Total Current Liabilities	<u>43,522,364</u>	<u>35,723,012</u>
Noncurrent Liabilities		
Compensated absences payable - noncurrent portion	13,904,508	14,112,822
Notes payable - noncurrent portion	925,000	990,000
Bonds payable - noncurrent portion	237,095,000	172,795,000
Bond premiums - noncurrent portion	3,142,271	1,845,727
Lease obligations - noncurrent portion	10,252	-
OPEB Liability	28,889,667	33,983,409
Total Noncurrent Liabilities	<u>283,966,698</u>	<u>223,726,958</u>
TOTAL LIABILITIES	<u>327,489,062</u>	<u>259,449,970</u>
NET ASSETS		
Invested in capital assets, net of related debt	146,929,444	138,730,749
Restricted for:		
Debt service	18,101,437	10,710,944
Capital projects	7,078,199	7,735,995
Educational programs	331,952	-
Other activities	213,078	183,614
Unrestricted	15,715,581	39,133,661
TOTAL NET ASSETS	<u>\$ 188,369,691</u>	<u>\$ 196,494,963</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 – PRIMARY GOVERNMENT
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009**

	<u>2010</u>	<u>2009</u>
OPERATING REVENUES		
Student Tuition and Fees	\$ 32,948,032	\$ 26,108,372
Less: Scholarship discount and allowance	(8,018,687)	(5,033,421)
Net tuition and fees	<u>24,929,345</u>	<u>21,074,951</u>
Auxiliary Enterprise Sales and Charges		
Bookstore	12,261,070	12,956,786
Cafeteria	1,048,718	1,094,183
Other enterprise	1,180,729	2,777,826
TOTAL OPERATING REVENUES	<u>39,419,862</u>	<u>37,903,746</u>
OPERATING EXPENSES		
Salaries	124,459,686	125,039,782
Employee benefits	39,544,811	56,885,031
Supplies and materials	4,645,115	5,718,114
Services and other operating costs	35,676,374	43,534,642
Student financial aid	28,189,307	18,093,170
Depreciation	9,800,292	8,797,042
TOTAL OPERATING EXPENSES	<u>242,315,585</u>	<u>258,067,781</u>
OPERATING LOSS	<u>(202,895,723)</u>	<u>(220,164,035)</u>
NONOPERATING REVENUES (EXPENSES)		
State apportionments, noncapital	67,963,777	68,800,023
Local property taxes, levied for general purposes	67,376,337	73,201,516
Taxes levied for other specific purposes	18,390,360	11,082,300
Federal revenues	32,533,611	20,001,260
State revenues, other	23,611,527	26,616,080
State taxes and other revenues	964,872	871,578
Investment income	2,887,561	4,435,528
Unrealized gains/losses	54,957	-
Interest expense on capital related debt	(8,261,368)	(5,045,193)
Investment income on capital asset-related debt, net	25,085	52,910
Transfer from agency fund	123,000	-
Transfer to agency funds	(19,431,167)	-
Other nonoperating revenue	4,673,471	4,399,547
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>190,912,023</u>	<u>204,415,549</u>
INCOME BEFORE OTHER REVENUES AND EXPENSES	<u>(11,983,700)</u>	<u>(15,748,486)</u>
State revenues, capital	2,819,833	3,258,836
Local revenues, capital	1,038,595	3,083,693
TOTAL INCOME BEFORE OTHER REVENUES AND EXPENSES	<u>3,858,428</u>	<u>6,342,529</u>
CHANGE IN NET ASSETS	(8,125,272)	(9,405,957)
NET ASSETS, BEGINNING OF YEAR	<u>196,494,963</u>	<u>205,900,920</u>
NET ASSETS, END OF YEAR	<u>\$ 188,369,691</u>	<u>\$ 196,494,963</u>

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

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

STATEMENTS OF CASH FLOWS – PRIMARY GOVERNMENT FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$ 24,763,738	\$ 20,273,217
Payments to vendors for supplies and services	(40,314,176)	(71,530,114)
Payments to or on behalf of employees	(164,617,948)	(163,228,229)
Payments to students for scholarships and grants	(28,189,307)	(18,093,170)
Auxiliary enterprise sales and charges	14,490,517	14,186,327
Other operating receipts (payments)	(2,578,783)	(9,679,912)
Net Cash Flows From Operating Activities	<u>(196,445,959)</u>	<u>(228,071,881)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State apportionments	66,614,124	92,528,759
Property taxes - nondebt related	67,376,337	62,119,216
Federal grants and contracts	33,710,609	20,001,260
State grants and contracts	18,429,328	26,616,080
Local grants and contracts	4,274,355	4,006,271
Other nonoperating	155,698	1,124,264
Net Cash Flows From Noncapital Financing Activities	<u>190,560,451</u>	<u>206,395,850</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Purchase of capital assets	(14,857,465)	(18,349,547)
Loss on disposal of capital assets	-	1,546,683
State revenue, capital projects	2,819,833	3,258,836
Local revenue, capital projects	1,038,595	1,550,689
Proceeds from sale of bonds	74,059,339	-
Deferred cost on issuance	(673,411)	11,573
Property taxes - related to capital debt	18,390,360	11,082,300
Net change in OPEB obligation	(5,093,742)	14,803,276
Principal paid on capital debt	(3,315,000)	(9,285,401)
Interest paid on capital debt	(7,390,003)	(5,225,839)
Interest received on capital asset-related debt	25,085	52,910
Net Cash Flows From Capital Financing Activities	<u>65,003,591</u>	<u>(554,520)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	245,323	-
Purchase of investments	-	(343,560)
Interest received from investments	3,285,485	5,077,085
Net Cash Flows From Investing Activities	<u>3,530,808</u>	<u>4,733,525</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	62,648,891	(17,497,026)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	115,032,770	132,529,796
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 177,681,661</u>	<u>\$ 115,032,770</u>

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

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

**STATEMENTS OF CASH FLOWS, - PRIMARY GOVERNMENT Continued
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009**

	<u>2010</u>	<u>2009</u>
RECONCILIATION OF NET OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Operating Loss	<u>\$ (202,895,723)</u>	<u>\$ (220,164,035)</u>
Adjustments to Reconcile Operating Loss to Net Cash Flows from Operating Activities:		
Depreciation and amortization expense	9,800,292	8,797,042
Changes in Assets and Liabilities:		
Receivables	156,997	(331,215)
Stores inventories	(281,980)	(331,907)
Prepaid expenses	4,399,209	(173,232)
Accounts payable and accrued liabilities	(4,324,251)	1,571,808
Deferred revenue	(1,669,151)	(9,325,138)
Funds held for others	<u>(1,631,352)</u>	<u>(8,115,204)</u>
Total Adjustments	<u>6,449,764</u>	<u>(7,907,846)</u>
Net Cash Flows From Operating Activities	<u><u>\$ (196,445,959)</u></u>	<u><u>\$ (228,071,881)</u></u>
 CASH AND CASH EQUIVALENTS CONSIST OF THE FOLLOWING:		
Cash in banks	\$ 1,873,687	\$ 1,307,748
Cash in county treasury	121,962,365	21,186,516
Cash in LAIF	<u>53,845,609</u>	<u>92,538,506</u>
Total Cash and Cash Equivalents	<u><u>\$ 177,681,661</u></u>	<u><u>\$ 115,032,770</u></u>
 NON CASH TRANSACTIONS		
On behalf payments for benefits	<u><u>\$ 2,711,901</u></u>	<u><u>\$ 2,873,441</u></u>

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

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

STATEMENTS OF FIDUCIARY NET ASSETS

JUNE 30, 2010 AND 2009

	2010		2009	
	Trust	Agency Funds	Trust	Agency Funds
ASSETS				
Cash and cash equivalents	\$ 2,136,283	\$ 1,847,463	\$ 888,495	\$ 1,519,240
Investments	9,764,442	-	-	-
Accounts receivable, net	9,616,516	88,632	895,261	996
Due from other funds	168,270	115,788	122,495	111,503
Prepaid expenses	-	-	37,613	-
Total Assets	<u>21,685,511</u>	<u>\$ 2,051,883</u>	<u>1,943,864</u>	<u>\$ 1,631,739</u>
LIABILITIES				
Overdrafts	2,251,800	\$ -	-	\$ -
Accounts payable	63,308	204,988	1,351,706	617
Due to other funds	7,673	89,224	39,224	44,992
Deferred revenue	3,877	-	3,877	-
Due to student groups	-	1,757,671	-	1,586,130
Total Liabilities	<u>2,326,658</u>	<u>\$ 2,051,883</u>	<u>1,394,807</u>	<u>\$ 1,631,739</u>
NET ASSETS				
Reserved	19,358,853		549,057	
Total Net Assets	<u>\$ 19,358,853</u>		<u>\$ 549,057</u>	

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

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

**STATEMENTS CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2010 AND 2009**

	<u>2010</u>	<u>2009</u>
	<u>Trust</u>	<u>Trust</u>
ADDITIONS		
Federal revenues	\$ 26,547,394	\$ 16,599,267
State revenues	1,559,087	1,433,343
Local revenues	666,802	12,047
Total Additions	<u>28,773,283</u>	<u>18,044,657</u>
DEDUCTIONS		
Services and operating expenditures	57,006	55
Student financial aid	28,189,307	18,093,170
Total Deductions	<u>28,246,313</u>	<u>18,093,225</u>
OTHER FINANCING SOURCES (USES)		
Operating transfers in	18,282,826	60,560
Total Other Financing Sources (Uses)	<u>18,282,826</u>	<u>60,560</u>
Change in Net Assets	18,809,796	11,992
Net Assets - Beginning	549,057	537,065
Net Assets - Ending	<u>\$ 19,358,853</u>	<u>\$ 549,057</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, 2010**

	<u>Contra Costa</u>	<u>Diablo Valley</u>	<u>Los Medanos</u>	<u>Total</u>
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 824,971	\$ 833,834	\$ 213,721	\$ 1,872,526
Investments	1,204,063	1,996,955	630,790	3,831,808
Accounts receivable	-	650	-	650
Prepaid expenses	-	19,367	-	19,367
Total Current Assets	<u>2,029,034</u>	<u>2,850,806</u>	<u>844,511</u>	<u>5,724,351</u>
NONCURRENT ASSETS				
Equipment, net	-	-	941	941
Total Noncurrent Assets	<u>-</u>	<u>-</u>	<u>941</u>	<u>941</u>
TOTAL ASSETS	<u>\$ 2,029,034</u>	<u>\$ 2,850,806</u>	<u>\$ 845,452</u>	<u>\$ 5,725,292</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable	\$ -	\$ 13,020	\$ -	\$ 13,020
Deferred revenue	-	159,360	-	159,360
Funds held for others	259,279	-	184,892	444,171
TOTAL LIABILITIES	<u>259,279</u>	<u>172,380</u>	<u>184,892</u>	<u>616,551</u>
NET ASSETS				
Unrestricted	1,013,070	122,159	240,352	1,375,581
Temporarily restricted	213,327	1,449,512	420,208	2,083,047
Permanently restricted	543,358	1,106,755	-	1,650,113
Total Net Assets	<u>1,769,755</u>	<u>2,678,426</u>	<u>660,560</u>	<u>5,108,741</u>
Total Liabilities and Net Assets	<u>\$ 2,029,034</u>	<u>\$ 2,850,806</u>	<u>\$ 845,452</u>	<u>\$ 5,725,292</u>

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

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

DISCRETELY PRESENTED COMPONENT UNIT

CONTRA COSTA COLLEGE FOUNDATION

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2010

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2010 Total</u>	<u>2009 Total</u>
REVENUES					
Donations	\$ 140,469	\$ 47,210	\$ -	\$ 187,679	\$ 258,958
Program income	7,535	-	-	7,535	67,527
Event income, net of expenses	3,976	-	-	3,976	108,066
Investment income	24,786	30,554	-	55,340	34,385
Other income	(518)	-	-	(518)	(285)
Satisfaction of program restrictions	125,252	(125,252)	-	-	-
Total Revenues	<u>301,500</u>	<u>(47,488)</u>	<u>-</u>	<u>254,012</u>	<u>468,651</u>
EXPENSES					
Program services	255,097	-	-	255,097	279,631
Management and general	7,377	-	-	7,377	14,817
Fundraising	6,303	-	-	6,303	11,071
Total Expenses	<u>268,777</u>	<u>-</u>	<u>-</u>	<u>268,777</u>	<u>305,519</u>
CHANGE IN NET ASSETS	32,723	(47,488)	-	(14,765)	163,132
NET ASSETS, BEGINNING OF YEAR	<u>980,347</u>	<u>260,815</u>	<u>543,358</u>	<u>1,784,520</u>	<u>1,621,388</u>
NET ASSETS, END OF YEAR	<u>\$ 1,013,070</u>	<u>\$ 213,327</u>	<u>\$ 543,358</u>	<u>\$1,769,755</u>	<u>\$1,784,520</u>

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

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

**DISCRETELY PRESENTED COMPONENT UNIT
DIABLO VALLEY COLLEGE FOUNDATION**

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2010

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2010 Total</u>	<u>2009 Total</u>
REVENUES					
Donations	\$ 67,208	\$ 262,546	\$ 10,000	\$ 339,754	\$ 300,663
District in kind support	418,377	-	-	418,377	332,462
Other in kind donations	2,564	-	-	2,564	4,478
Event income, net of expenses	66,370	-	-	66,370	86,152
Investment income (loss)	174,785	9,100	-	183,885	(287,187)
Other income	8	8,096	-	8,104	178
Satisfaction of program restrictions	309,117	(309,117)	-	-	-
Total Revenues	<u>1,038,429</u>	<u>(29,375)</u>	<u>10,000</u>	<u>1,019,054</u>	<u>436,746</u>
EXPENSES					
Program services	359,095	-	-	359,095	316,949
Management and general	342,642	-	-	342,642	270,136
Fundraising	134,151	-	-	134,151	147,228
Total Expenses	<u>835,888</u>	<u>-</u>	<u>-</u>	<u>835,888</u>	<u>734,313</u>
CHANGE IN NET ASSETS	<u>202,541</u>	<u>(29,375)</u>	<u>10,000</u>	<u>183,166</u>	<u>(297,567)</u>
NET ASSETS, BEGINNING OF YEAR	<u>(80,382)</u>	<u>1,478,887</u>	<u>1,096,755</u>	<u>2,495,260</u>	<u>2,792,827</u>
NET ASSETS, END OF YEAR	<u>\$ 122,159</u>	<u>\$ 1,449,512</u>	<u>\$ 1,106,755</u>	<u>\$ 2,678,426</u>	<u>\$ 2,495,260</u>

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

**DISCRETELY PRESENTED COMPONENT UNIT
LOS MEDANOS COLLEGE FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2010 Total</u>	<u>2009 Total</u>
REVENUES					
Donations	\$ 9,171	\$ 239,452	\$ -	\$ 248,623	\$ 263,813
District in kind support	236,735	-	-	236,735	230,465
Other in kind donations	161,125	-	-	161,125	169,385
Event income, net of expenses	624	-	-	624	5,762
Interest income	7,359	1,514	-	8,873	20,382
Other income	140	-	-	140	44
Satisfaction of program restrictions	233,882	(203,882)	(30,000)	-	-
Total Revenues	<u>649,036</u>	<u>37,084</u>	<u>(30,000)</u>	<u>656,120</u>	<u>689,851</u>
EXPENSES					
Program services	517,971	-	-	517,971	935,992
Management and general	182,016	-	-	182,016	146,496
Total Expenses	<u>699,987</u>	<u>-</u>	<u>-</u>	<u>699,987</u>	<u>1,082,488</u>
CHANGE IN NET ASSETS	<u>(50,951)</u>	<u>37,084</u>	<u>(30,000)</u>	<u>(43,867)</u>	<u>(392,637)</u>
NET ASSETS, BEGINNING OF YEAR	<u>291,303</u>	<u>383,124</u>	<u>30,000</u>	<u>704,427</u>	<u>1,097,064</u>
NET ASSETS, END OF YEAR	<u>\$ 240,352</u>	<u>\$ 420,208</u>	<u>\$ -</u>	<u>\$ 660,560</u>	<u>\$ 704,427</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, 2010**

	<u>Contra Costa</u>	<u>Diablo Valley</u>	<u>Los Medanos</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Change in Net Assets	\$ (14,765)	\$ 183,166	\$ (43,867)	\$ 124,534
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities				
Unrealized gain	-	(125,591)	-	(125,591)
Depreciation	-	516	1,585	2,101
Donated investments	-	(5,912)	-	(5,912)
Changes in Assets and Liabilities				
Accounts receivable	-	950	2,000	2,950
Prepays assets	-	(1,221)	-	(1,221)
Accounts payable	-	6,967	-	6,967
Deferred revenue	-	31,860	-	31,860
Funds held for others	3,086	-	53,735	56,821
Net Cash Flows From Operating Activities	<u>(11,679)</u>	<u>90,735</u>	<u>13,453</u>	<u>3,828</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sales and maturities of investments	-	777,892	-	777,892
Purchase of investments	(126,000)	(834,606)	(210,403)	(1,171,009)
Interest received from investments	55,340	-	-	55,340
Net Cash Flows From Investing Activities	<u>(70,660)</u>	<u>(56,714)</u>	<u>(210,403)</u>	<u>(337,777)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(82,339)	34,021	(196,950)	(245,268)
CASH AND CASH EQUIVALENTS, BEGINNING	907,310	799,813	410,671	2,117,794
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 824,971</u>	<u>\$ 833,834</u>	<u>\$ 213,721</u>	<u>\$ 1,872,526</u>
 In kind donations	 <u>\$ -</u>	 <u>\$ 407,232</u>	 <u>\$ 397,860</u>	 <u>\$ 805,092</u>

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

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010 AND 2009

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 Statement No. 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, 2010 AND 2009

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 units 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.

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.

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are classified as operating revenues. These transactions are 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. For the District, operating revenues consist primarily of student fees and auxiliary activities through the bookstore and cafeteria.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010 AND 2009

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 are classified as nonoperating revenue. Federal and State grants received to provide direct grants to students are classified as nonoperating revenues because the District does not generally receive any direct benefit from the grants and are recognized in the fiscal year in which all eligibility requirements are satisfied. Eligibility requirements may include time and/or purpose requirements. Property tax revenue is recognized in the fiscal year received. State apportionment revenue is earned based upon criteria set forth from the Community Colleges Chancellor's Office and includes reporting of full-time equivalent student (FTES) attendance. The corresponding apportionment revenue is recognized in the period the FTES are generated.

Operating expenses are costs incurred to provide instructional services including support costs, auxiliary services, and depreciation of capital assets. All other expenses not meeting this definition are reported as nonoperating. Expenses are recorded on the accrual basis as they are incurred, when goods are received, or services are rendered.

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 Chancellor'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 Chancellor's Office's *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 unrestricted cash on hand, demand deposits, and short-term unrestricted investments with original maturities three months 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, 2010 AND 2009

Investments

Investments held at June 30, 2010 and 2009, with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost. Fair values of investments in county and State investment pools are determined by the program sponsor.

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 \$1,326,000 as of June 30, 2010 and 2009.

Prepaid Expenses

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

Inventories

Inventories consist 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 building and land improvements 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 utilizing 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.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010 AND 2009

Accrued Liabilities and Long-Term Obligations

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

Deferred Issuance Costs, Premiums, and Discounts

In the entity-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable, business-type activities, or 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. Credit for unused sick leave is applicable to all certificated employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full time.

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 imposed 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.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010 AND 2009

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.

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.

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. When known and measurable, these reclassifications and corrections are accrued in the year in which the FTES are generated.

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 \$2,963,675 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.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010 AND 2009

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.

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 years ended June 30, 2010 and 2009, the District distributed \$1,604,386 and \$1,250,672 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

Interfund transfers and interfund receivables and payables are eliminated during the consolidation process in the entity-wide financial statements.

Foundation Presentation

The Contra Costa, Diablo Valley, and Los Medanos Foundation's present its financial statements in accordance with Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. As permitted by the statement, the Foundation does not use fund accounting.

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.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010 AND 2009

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 and expenses are recorded when incurred in accordance with the accrual basis of accounting. 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.

Financial assets (Investments) are reported at fair value in accordance with SFAS No. 157.

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.

New Accounting Pronouncements

In March 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Classifications*. The objectives of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The requirements of this Statement are effective for the financial statements for periods beginning after June 15, 2010. The District does not anticipate a significant impact in reporting as a result of this Statement as fund financial information is not reported.

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.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010 AND 2009

NOTE 3 – DEPOSITS 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.

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:

<u>Authorized Investment Type</u>	<u>Maximum Remaining Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
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

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010 AND 2009

Summary of Deposits and Investments

Deposits and investments as of June 30, 2010, consist of the following:

Cash on hand and in banks	\$ 1,700,317
Cash in revolving	173,370
Investments	200,223,944
Total Deposits and Investments	<u>\$ 202,097,631</u>
Cash and cash equivalents - current	\$ 15,541,127
Cash and cash equivalents - restricted	162,140,534
Total Cash and cash equivalents	<u>177,681,661</u>
Investments - noncurrent	24,415,970
Total Investments	<u>24,415,970</u>
Total Deposits and Investments	<u>\$ 202,097,631</u>

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	\$ 2,777,027	\$ 1,690,932	\$ 1,086,095
Federal Agency Bonds	13,141,368	855,000	12,286,368
Municipal Bonds	1,034,230	34,230	1,000,000
Corporate Notes	6,008,410	286,410	5,722,000
Mortgage Backed Securities	1,454,935	39,935	1,415,000
County Pool	121,962,365	121,962,365	-
State Investment Pool	53,845,609	53,845,609	-
Total	<u>\$ 200,223,944</u>	<u>\$ 178,714,481</u>	<u>\$ 21,509,463</u>

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010 AND 2009

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, 2010.

Investment Type	Fair Value	Minimum Legal Rating	Rating as of Year End					
			AAA	AA+	AA	AA-	A+	Unrated
U.S. Treasuries	\$ 2,777,027	n/a	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,777,027
Federal Agency Bonds	13,141,368	n/a	13,141,368	-	-	-	-	-
Municipal Bonds	1,034,230	A	-	-	1,034,230	-	-	-
Corporate Notes	6,008,410	A	-	1,011,104	1,075,760	2,875,621	1,045,925	-
Mortgage Backed Securities	1,454,935	A	1,454,935	-	-	-	-	-
County Pool	121,962,365	n/a	-	-	-	-	-	121,962,365
State Investment Pool	53,845,609	n/a	-	-	-	-	-	53,845,609
Total	\$ 200,223,944		\$14,596,303	\$1,011,104	\$2,109,990	\$2,875,621	\$1,045,925	\$ 178,585,001

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 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 was approximately \$2.1 million issued by Wells Fargo and Company.

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. However, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2010, the District's bank balance of approximately \$3 million 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.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010 AND 2009

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:

	<u>2010</u>	<u>2009</u>
Federal Government		
Categorical aid	\$ 1,235,508	\$ 2,411,467
State Government		
Apportionment	17,616,391	16,266,738
Categorical aid	4,380,077	814,173
Lottery	1,377,494	1,727,287
Local Sources		
Interest	310,648	511,613
Other local sources	3,915,779	11,179,147
Total, excluding student receivables	<u>28,835,897</u>	<u>32,910,425</u>
Student receivables	3,364,447	2,502,826
Less allowance for bad debt	<u>(1,326,536)</u>	<u>(1,326,526)</u>
Student receivables, net	<u>2,037,911</u>	<u>1,176,300</u>
Total	<u>\$ 30,873,808</u>	<u>\$ 34,086,725</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.

NOTE 5 - PREPAID EXPENSES AND OTHER ASSETS

The District has prepaid health insurance costs for periods after June 30, 2010.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009**

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the District for the fiscal year ended June 30, 2010, was as follows:

2010	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Capital Assets Not Being Depreciated				
Land	\$ 13,651,216	\$ -	\$ -	\$ 13,651,216
Construction in progress	43,516,042	11,075,187	33,191,160	21,400,069
Total Capital Assets Not Being Depreciated	<u>57,167,258</u>	<u>11,075,187</u>	<u>33,191,160</u>	<u>35,051,285</u>
Capital Assets Being Depreciated				
Land improvements	16,952,148	33,339,522	1,889	50,289,781
Buildings and improvements	256,389,655	1,336,184	-	257,725,839
Furniture and equipment	46,781,094	2,119,775	1,908,610	46,992,259
Total Capital Assets Being Depreciated	<u>320,122,897</u>	<u>36,795,481</u>	<u>1,910,499</u>	<u>355,007,879</u>
Total Capital Assets	<u>377,290,155</u>	<u>47,870,668</u>	<u>35,101,659</u>	<u>390,059,164</u>
Less Accumulated Depreciation				
Land improvements	14,413,269	1,323,919	1,889	15,735,299
Buildings and improvements	57,170,982	5,038,537	-	62,209,519
Furniture and equipment	34,646,030	3,206,755	1,207,424	36,645,361
Total Accumulated Depreciation	<u>106,230,281</u>	<u>9,569,211</u>	<u>1,209,313</u>	<u>114,590,179</u>
Net Capital Assets Being Depreciated	<u>213,892,616</u>	<u>27,226,270</u>	<u>701,186</u>	<u>240,417,700</u>
Net Capital Assets	<u>\$ 271,059,874</u>	<u>\$ 38,301,457</u>	<u>\$ 33,892,346</u>	<u>\$ 275,468,985</u>

Depreciation expense for the year was \$9,569,211.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010 AND 2009

Capital asset activity for the District for the fiscal year ended June 30, 2009, was as follows:

2009	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Capital Assets Not Being Depreciated				
Land	\$ 13,651,216	\$ -	\$ -	\$ 13,651,216
Construction in progress	34,834,745	15,852,478	7,171,181	43,516,042
Total Capital Assets Not Being Depreciated	<u>48,485,961</u>	<u>15,852,478</u>	<u>7,171,181</u>	<u>57,167,258</u>
Capital Assets Being Depreciated				
Land improvements	16,952,148	-	-	16,952,148
Buildings and improvements	249,579,141	6,856,042	45,528	256,389,655
Furniture and equipment	44,161,755	2,667,481	48,142	46,781,094
Total Capital Assets Being Depreciated	<u>310,693,044</u>	<u>9,523,523</u>	<u>93,670</u>	<u>320,122,897</u>
Total Capital Assets	<u>359,179,005</u>	<u>25,376,001</u>	<u>7,264,851</u>	<u>377,290,155</u>
Less Accumulated Depreciation				
Land improvements	14,200,464	212,805	-	14,413,269
Buildings and improvements	52,266,090	4,937,672	32,780	57,170,982
Furniture and equipment	31,046,676	3,646,565	47,211	34,646,030
Total Accumulated Depreciation	<u>97,513,230</u>	<u>8,797,042</u>	<u>79,991</u>	<u>106,230,281</u>
Net Capital Assets Being Depreciated	<u>213,179,814</u>	<u>726,481</u>	<u>13,679</u>	<u>213,892,616</u>
Net Capital Assets	<u>\$ 261,665,775</u>	<u>\$ 16,578,959</u>	<u>\$ 7,184,860</u>	<u>\$ 271,059,874</u>

Depreciation expense for the year was \$8,797,042.

Discretely Presented Component Unit

All of the Foundations' capital assets are equipment purchases. At June 30, 2010, total equipment and accumulated depreciation were \$7,371 and \$6,430, respectively. Depreciation expense as of June 30, 2010 was \$2,101.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009**

NOTE 7 - ACCOUNTS PAYABLE

Accounts payable for the District consisted of the following:

	<u>2010</u>	<u>2009</u>
Accrued payroll	\$ 9,043,013	\$ 9,656,464
Claims payable	98,568	90,971
Construction	2,552,880	2,639,866
Vendors	1,680,560	5,398,957
Total	<u>\$ 13,375,021</u>	<u>\$ 17,786,258</u>

NOTE 8 - DEFERRED REVENUE

Deferred revenue consisted of the following:

	<u>2010</u>	<u>2009</u>
Federal financial assistance	\$ 1,039	\$ -
State categorical aid	2,858,021	4,825,109
Enrollment and other student fees	4,265,353	3,569,339
Other local	321,107	720,223
Total	<u>\$ 7,445,520</u>	<u>\$ 9,114,671</u>

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010 AND 2009

NOTE 9 - INTERFUND TRANSACTIONS

Interfund Receivables and Payables (Due To/Due From)

Balances owing between funds at year-end were for interfund balances at June 30, 2010 and 2009, 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.

Transfers To	Transfers From						Total
	General Unrestricted Fund	General Restricted Fund	Capital Outlay Project Fund	Bookstore Fund	Internal Service Fund	Fiduciary Fund	
General Unrestricted Fund	\$ -	\$ 5,867	\$ 74,299	\$ 53,544	\$ -	\$ -	\$ 133,710
Other Special Revenue Fund	-	-	-	-	-	123,000	123,000
Capital Outlay Projects Fund	325,132	-	-	-	-	-	325,132
Cafeteria Fund	62,911	-	-	-	-	-	62,911
Bookstore Fund	389,753	-	-	-	-	-	389,753
Self Insurance Fund	100,000	-	-	-	-	-	100,000
Retiree Benefits Fund	1,000,000	-	-	-	-	-	1,000,000
Fiduciary Funds	41,124	44,591	-	-	19,270,452	-	19,356,167
Total	\$ 1,918,920	\$ 50,458	\$ 74,299	\$ 53,544	\$ 19,270,452	\$ 123,000	\$ 21,490,673

The General Unrestricted Fund transferred to the Capital Outlay Projects Fund for locally funded projects.	\$ 325,132
The General Unrestricted Fund transferred to the Cafeteria Fund to cover multi year operating losses.	62,911
The General Unrestricted Fund transferred to the Bookstore Fund to cover multi year operating losses.	389,753
The General Unrestricted Fund transferred to the Self Insurance Fund for funding self insurance retention.	100,000
The General Unrestricted Fund transferred to the Retiree Benefits Fund for funding retiree benefits reserve.	1,000,000
The General Unrestricted Fund transferred to the Fiduciary Funds for return to Title IV obligations.	41,124
The General Restricted Fund transferred to the General Unrestricted Fund for reimbursement of grant indirect costs.	5,867
The General Restricted Fund transferred to the Fiduciary Funds for redesignating FWS to FSEOG.	44,591
The Capital Outlay Project Fund transferred to the General Unrestricted Fund for unspent DVC signage project.	74,299
The Bookstore Fund transferred to the General Unrestricted Fund for support of operating fund from profits.	53,544
The Internal Service Fund transferred to the Fiduciary Funds for funding irrevocable OPEB trust.	19,270,452
The Fiduciary Funds transferred to the Other Special Revenue Fund for annual repayment of COPS.	123,000
Total	\$ 21,490,673

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009**

NOTE 10 - LONG-TERM OBLIGATIONS

Summary

The changes in the District's long-term obligations during the 2010 fiscal year consisted of the following:

	Balance Beginning of Year	Additions/ Adjustment	Deductions	Balance End of Year	Due in One Year
Bonds and Notes Payable					
General obligation bonds	\$ 176,050,000	\$ 73,000,000	\$ 3,255,000	\$ 245,795,000	\$ 8,700,000
Certificates of participation	1,050,000	-	60,000	990,000	65,000
Debt premium, net	1,961,753	1,497,315	158,399	3,300,669	158,399
Total Bonds and Notes Payable	<u>179,061,753</u>	<u>74,497,315</u>	<u>3,473,399</u>	<u>250,085,669</u>	<u>8,923,399</u>
Other Liabilities					
Compensated absences	14,112,822	-	208,314	13,904,508	-
Capital leases	155,248	-	137,542	17,706	7,453
Net OPEB obligation	33,983,409	13,533,900	18,627,642	28,889,667	-
Total Other Liabilities	<u>48,251,479</u>	<u>13,533,900</u>	<u>18,973,498</u>	<u>42,811,881</u>	<u>7,453</u>
Total Long-Term Debt	<u>\$ 227,313,232</u>	<u>\$ 88,031,215</u>	<u>\$ 22,446,897</u>	<u>\$ 292,897,550</u>	<u>\$ 8,930,852</u>

The changes in the District's long-term obligations during the 2009 fiscal year consisted of the following:

	Balance Beginning of Year	Additions	Deductions	Balance End of Year	Due in One Year
Bonds and Notes Payable					
General obligation bonds	\$ 184,890,000	\$ -	\$ 8,840,000	\$ 176,050,000	\$ 3,255,000
Certificates of participation	1,110,000	-	60,000	1,050,000	60,000
Debt premium, net	1,713,829	363,950	116,026	1,961,753	116,026
Total Bonds and Notes Payable	<u>187,713,829</u>	<u>363,950</u>	<u>9,016,026</u>	<u>179,061,753</u>	<u>3,431,026</u>
Other Liabilities					
Compensated absences	13,181,618	931,204	-	14,112,822	-
Capital leases	424,623	-	269,375	155,248	155,248
Net OPEB obligation	19,544,083	22,986,100	8,546,774	33,983,409	-
Total Other Liabilities	<u>33,150,324</u>	<u>23,917,304</u>	<u>8,816,149</u>	<u>48,251,479</u>	<u>155,248</u>
Total Long-Term Debt	<u>\$ 220,864,153</u>	<u>\$ 24,281,254</u>	<u>\$ 17,832,175</u>	<u>\$ 227,313,232</u>	<u>\$ 3,586,274</u>

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 compensated absences and OPEB obligations will be paid by the fund for which the employee worked.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010 AND 2009

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 the third 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%.

In March 16, 2010, the District issued the second series in the amount of \$73,000,000. The bonds require annual principal payments and semi-annual interest payments beginning February 2011 through August 2034. Annual interest rates range from 0.75% to 6.504%.

Debt Maturity

General Obligation Bonds

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds			Bonds
				Outstanding July 1, 2009	Issued	Redeemed	Outstanding June 30, 2010
6/11/2002	8/1/2026	3.5%-6%	\$ 50,000,000	\$ 43,500,000	\$ -	\$ 150,000	\$ 43,350,000
8/11/2004	8/1/2029	4.0%-5.5%	45,000,000	42,800,000	-	950,000	41,850,000
4/25/2006	8/1/2030	4.0%-4.5%	25,000,000	24,150,000	-	525,000	23,625,000
8/2/2007	8/1/2032	4.0%-5.0%	73,000,000	65,600,000	-	1,630,000	63,970,000
3/16/2010	8/1/2034	0.75%-6.504%	73,000,000	-	73,000,000	-	73,000,000
				<u>\$ 176,050,000</u>	<u>\$ 73,000,000</u>	<u>\$ 3,255,000</u>	<u>\$ 245,795,000</u>

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010 AND 2009

The bonds mature through 2035 as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
2011	\$ 8,700,000	\$ 11,256,607	\$ 19,956,607
2012	9,155,000	11,617,634	20,772,634
2013	9,555,000	11,372,159	20,927,159
2014	4,530,000	11,224,934	15,754,934
2015	4,940,000	10,892,394	15,832,394
2016-2020	32,865,000	50,422,713	83,287,713
2021-2025	50,260,000	40,884,093	91,144,093
2026-2030	73,280,000	25,486,651	98,766,651
2031-2035	52,510,000	7,487,847	59,997,847
Total	<u>\$ 245,795,000</u>	<u>\$ 180,645,032</u>	<u>\$ 426,440,032</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:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 65,000	\$ 59,400	\$ 124,400
2012	70,000	55,500	125,500
2013	75,000	51,300	126,300
2014	80,000	46,800	126,800
2015	85,000	42,000	127,000
2016-2020	500,000	127,500	627,500
2021	115,000	6,900	121,900
Total	<u>\$ 990,000</u>	<u>\$ 389,400</u>	<u>\$ 1,379,400</u>

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010 AND 2009

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 \$1,981,035, at June 30, 2010. The District's liability on lease agreements with option to purchase is summarized below:

Year Ending June 30,	Lease Payment
2011	\$ 8,356
2012	5,712
2013	5,236
Total	<u>19,304</u>
Less: Amount Representing Interest	1,599
Present Value of Minimum Lease Payments	<u>\$ 17,705</u>

NOTE 11 – 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.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010 AND 2009

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:

Annual required contribution	\$ 13,533,900
Interest on net OPEB obligation	1,565,400
Adjustment to annual required contribution	(1,993,042)
Annual OPEB cost (expense)	<u>13,106,258</u>
Contributions made	<u>(18,200,000)</u>
Increase in net OPEB obligation	(5,093,742)
Net OPEB obligation, beginning of year	<u>33,983,409</u>
Net OPEB obligation, end of year	<u><u>\$ 28,889,667</u></u>

Funding Status and Funding Progress

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the past two/three years is as follows:

Year Ended June 30,	Annual OPEB Cost	Actual Contributions	Percentage Contributed	Net OPEB Obligation
2009	\$ 22,986,100	\$ 8,546,774	37%	\$ 33,983,409
2010	13,818,362	18,200,000	132%	28,889,667

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.

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.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010 AND 2009

In the July 1, 2008, actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a 4.5 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 12 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, 2009, was 28 years. The actuarial value of assets was not determined in this actuarial valuation.

NOTE 12 - LEASE REVENUES

The District has property held for lease. Currently no significant long-term lease agreements have been entered into with various lessees for terms that exceed one year.

NOTE 13 - RISK MANAGEMENT

Insurance Coverages

The District is exposed to various risks of loss related to torts; theft of, damage to, and destructions of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year ending June 30, 2010, 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 coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

The District provides a cooperative program of self-insurance for workers' compensation for member districts. The District is self insured for individual worker's compensation claims less than \$1,000,000, and is covered by insurance for individual claims exceeding such amounts to a Statutory maximum per claim. Each participant's individual claims performance dictates whether the participant will be required to contribute more to cover pooled insurance costs or derive dividends from pool savings. Participation in the JPA is limited to K-12 and community college districts that can meet the JPA's selection criteria.

<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	\$25,000,000 per occurrence
Statewide Association of Community Colleges	Property	\$250,000,000 per occurrence

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010 AND 2009

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.

Claims Liabilities

The District establishes a liability for both reported and unreported events, which includes estimates of both future payments of losses and related claim adjustment expenses. The following represent the changes in approximate aggregate liabilities for the District from July 1, 2008 to June 30, 2010:

	Property and Liability
Liability Balance, July 1, 2008	\$ 159,630
Claims and changes in estimates	721,227
Claims payments	(789,886)
Liability Balance, June 30, 2009	90,971
Claims and changes in estimates	539,103
Claims payments	(531,506)
Liability Balance, June 30, 2010	\$ 98,568
Assets Available to Pay Claims at June 30, 2010	\$ 400,097

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).

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, annual cost-of-living adjustments, 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, California 95826.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010 AND 2009

Funding Policy

Active members are required to contribute 8.0 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 2009-2010 was 8.25 percent of covered 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, 2010, 2009, and 2008, were \$5,243,305, \$5,253,436, and \$5,110,375, 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 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, California 95811.

Funding Policy

Active plan members are required to contribute 7.0 percent of their salary (7.0 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 2009-2010 was 9.709 percent of annual payroll. The District's contributions to CalPERS for fiscal years ending June 30, 2010, 2009, and 2008, were \$3,752,530, \$3,530,999, and \$3,476,364, respectively, and equaled 100 percent of the required contributions for each year.

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, 2010, was 4% of annual payroll. Contributions for the year ended June 30, 2010, were \$376,935.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010 AND 2009

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 on behalf of the District. These payments consist of State General Fund contributions to CalSTRS which amounted to \$2,963,675, \$2,873,441, for the years ended June 30, 2010, and 2009, respectively and were (4.267 percent) of salaries subject to CalSTRS. A contribution to CalPERS was not required for the years ended June 30, 2010 or, 2009. 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.

NOTE 17 - 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 JPAs. The District pays annual premiums for its property liability, health, and workers' compensation coverage. The relationship between the District and the JPA is such that it is not a component unit 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.

The District's share of year-end assets, liabilities, or fund equity has not been calculated.

During the year ended June 30, 2010, the District made payments of \$1,926,625 and \$1,027,551 to the Contra Costa Schools Insurance Group and the Bay Area Community College District JPA, respectively.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010 AND 2009

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. 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, 2010.

Apportionment

The District conducted an internal investigation into an instructional service agreement and found deficiencies in the administration of some of the agreements. These were self reported to the State Chancellor's Office (Chancellor's Office), and subsequently the Chancellor's Office has requested the District conduct an internal compliance review of all instructional service agreements. The District will file a FTES Discrepancy report with the Chancellor's Office once any FTES that may be out of compliance are determined.

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, 2010.

Operating Leases

The District has entered into various operating leases for buildings and equipment with lease terms in excess of one year. None of these agreements contain purchase options. All agreements contain a termination clause providing for cancellation after a specified number of days written notice to lessors, but it is unlikely that the District will cancel any of the agreements prior to the expiration date. Future minimum lease payments under these agreements are as follows:

Year Ending June 30,	Facility Leases
2011	\$ 648,087
2012	130,499
Total	<u>\$ 778,586</u>

Related Party Transactions

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

Supplementary Early Retirement Plan

The District implemented a retirement incentive plan (the Plan) during the year ended June 30, 2010. Eligible employees must have seven or more years of service with the District, be eligible to retire under the State Teachers Retirement System (CalSTRS) or California Public Employees' Retirement System (CalPERS), retire effective on or before July 1, 2010 and have applied for benefits under the Plan. The eligible employees receive health benefits based on an adjusted number of years of service and the benefit is funded through the payment of Other Post Employment Benefits (OPEB).

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010 AND 2009

Construction Commitments

As of June 30, 2010, the District had the following commitments with respect to the unfinished capital projects:

CAPITAL PROJECT	Remaining Construction Commitment	Expected Date of Completion
2006 Bond		
<i>Diablo Valley</i>		
Commons project	\$ 1,034,795	Nov-12
Soccer field renovations	14,610	Mar-11
<i>Los Medanos</i>		
Student services remodel	1,186,933	Jun-13
Nursing building	150,514	Dec-11
Parking lot B extension	21,934	Oct-10
Brentwood new campus	224,401	Sep-17
Facilities master plan	4,295	To be determined
<i>Contra Costa</i>		
Athletic fields	3,950	Dec-10
New science building	1,348	To be determined
Total 2006 Bond	<u>\$ 2,642,780</u>	
2002 Bond		
<i>Diablo Valley</i>		
Planetarium	\$ 6,076	Jun-11
LHS Ceiling replacement	7,535	Aug-09
Parking island landscaping	4,150	Jun-11
<i>Los Medanos</i>		
Scence building	6,454	Jun-11
Core building remodel	52,490	Sep-10
Art area remodel	592,688	Nov-10
<i>Contra Costa</i>		
Roofing	8,813	Jul-10
Card access	20,487	Dec-10
Parking lot 16	6,302	Aug-10
Applied arts building	957,282	Nov-10
Student services center	16,600	To be determined
Music building	287,708	Dec-14
VA building	77,861	Sep-10
Parking lot repaving	12,869	Jul-10
College center design	3,400,845	Jan-14
Total All Projects	<u>\$ 5,458,160</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, 2010 AND 2009

Deferral of State Apportionments

The State legislature has not enacted a budget as of June 30, 2010. As a result, certain apportionments owed to the District for funding of FTES, categorical programs, and construction reimbursements which are attributable to the 2009-2010 fiscal year have been deferred to the 2010-2011 fiscal year. The total amount of funding deferred into the 2010-2011 fiscal year and received in July 2010 was \$13,685,665. These deferrals of apportionment are considered permanent with future funding also being subject to deferral into future years.

This page left blank intentionally

REQUIRED SUPPLEMENTARY INFORMATION

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS (OPEB) FUNDING
PROGRESS
FOR THE YEAR ENDED JUNE 30, 2010**

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%
June 30, 2008	\$ -	\$ 262,768,400	\$ 262,768,400	-	\$ 70,661,000	372%

SUPPLEMENTARY INFORMATION

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

DISTRICT ORGANIZATION

JUNE 30, 2010

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 Accrediting Commission for Community and Junior Colleges Western Association of Schools and Colleges.

BOARD OF TRUSTEES

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
Dr Anthony T. Gordon	President	2010
John T. Nejedly	Vice President	2010
Jess H. Reyes	Secretary	2012
Sheila A. Grilli	Member	2010
Tomi Van de Brooke	Member	2012
Brandon Amargo	Student Trustee	2011

ADMINISTRATION

Dr Helen Benjamin	Chancellor
Kindred Murillo	Vice Chancellor, District-Wide Administrative Services
Serena Muindi	Associate Vice Chancellor, Finance
Judy Breza	Director, Fiscal Services

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Total Expenditures
U.S. DEPARTMENT OF EDUCATION			
Title V, Hispanic Serving Institutions	84.031S	[1]	\$ 662,080
TRIO - Talent Search	84.044	[1]	310,308
Bridges To The Future	84.116	[1]	42,262
Childcare Access Means Parents In School	84.335	[1]	48,841
Higher Educational Institutional Aid	84.031		-
ARRA - Workability	84.390A	[1]	35,248
Minority Science Improvement	84.120A		-
Atlas Grant	84.999	[1]	85,672
STUDENT FINANCIAL AID CLUSTER			
Federal Pell Grant Programs (PELL)	84.063	[1]	25,864,197
Federal Pell Administrative Allowance	84.063	[1]	38,260
Federal Supplemental Educational Opportunity Grants (FSEOG)	84.007	[1]	463,707
Federal Family Education Loans (FFEL)	84.032	[1]	1,604,386
Federal College Work Study (FWS)	84.033	[1]	447,333
ARRA - Federal College Work Study (FWS)	84.033	[1]	43,365
Academic Competitiveness Grants (ACG)	84.375	[1]	219,490
PASS THROUGH FUNDS			
ARRA- State Fiscal Stabilization Fund	84.394	25008	900,634
Career Technical Education Act - Basic Grants To States (Perkins IV)	84.048	03303	1,130,680
Career Technical Education Act - Title II	84.051	[2]	203,250
Career Technical Education Act - Tech Prep Demonstration	84.051	[2]	141,054
Tech Prep Demonstration	84.051	03207	-
Total U.S. Department of Education			<u>32,240,767</u>
NATIONAL SCIENCE FOUNDATION			
National Science Foundation	47.076	03797	11,462
National Science Foundation - Minority Science & Environmental	47.075	03797	61,684
National Science Foundation STEM	47.076	03797	96,854
Total National Science Foundation			<u>170,000</u>

See accompanying note to supplementary information.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2010**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Total Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
PASS THROUGH FUNDS			
Foster Care - Title IV E - Foster Parent Training	93.658	10011	301,767
Foster Care - Title IV E - Foster Relative	93.658	10011	50,550
Temporary Assistance for Needy Families (TANF)	93.558	[2]	150,990
ARRA - TANF Supplemental Grants	93.716	[2]	131,012
Total U.S. Department of Health and Human Services			<u>634,319</u>
U.S. DEPARTMENT OF LABOR			
PASS THROUGH FUNDS			
President's Community Training	17.269	03064	696,540
WORKFORCE INVESTMENT ACT CLUSTER			
WIA Adult Program	17.258	03573	177,119
Workforce Investment Act - Youth	17.259	03239	-
Veterans' Administrative Reporting Fee	17.802	[1]	4,764
U.S. DEPARTMENT OF ENERGY			
PASS THROUGH FUNDS			
ARRA - State Energy Program - Energy Commission - Green Building & Clean	17.269/	[2]	214,488
U.S. DEPARTMENT OF AGRICULTURE			
Child and Adult Care Food Program	10.558	03628	-
Total Expenditures of Federal Awards			<u><u>\$34,137,997</u></u>

[1] Pass through number not applicable.

[2] Pass through number not available.

See accompanying note to supplementary information.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF STATE AWARDS FOR THE YEAR ENDED JUNE 30, 2010

Program	Program Revenues			Total Revenue	Total Program Expenditures
	Cash Received	Accounts Receivable	Deferred Income		
AB1725 Staff Diversity	\$ 119,283	\$ 140	\$ 117,468	\$ 1,955	\$ 1,955
Basic Skills	1,712,389	-	745,569	966,820	966,821
AB602 Board Financial Aid Staffing	894,009	74,467	-	968,476	968,477
BOGG Admin Allowance Revenue	64,473	-	-	64,473	64,473
Cal Grants	1,451,783	107,303	-	1,559,086	1,559,086
CalWORKS	434,415	37,776	-	472,191	472,192
CARE	236,364	25,338	28,116	233,586	233,585
Career Tech Community Colleges	573,271	-	202,471	370,800	370,800
Career Tech Education	119,800	7,738	-	127,538	127,538
Career Tech Project Supplement	99,991	-	62,287	37,704	37,704
Career Tech Workforce Innovation	316,257	-	100,428	215,829	215,829
CGTR Center Grant	239,925	22,617	-	262,542	262,542
Disabled Student Program and Services	1,785,762	62,618	1,274	1,847,107	1,847,106
Energy Systems	104,453	19,535	-	123,988	123,988
Environmental Tech Leadership	68,377	34,559	-	102,936	102,936
Extended Opportunity Programs and Services	1,816,884	12,101	36,842	1,792,143	1,792,143
Faculty and Staff Development	43,438	-	12,387	31,051	31,052
Foster Parent Training	139,232	139,322	-	278,554	278,554
Foster Relative	-	16,850	-	16,850	16,850
IDRC EETEC Grant	145,718	3,067	-	148,785	148,785
Instructional Equipment, One-time	252,683	-	252,683	-	-
Instructional Equipment, On-going	1,045,760	-	694,111	351,649	351,649
Lottery	2,905,727	850,009	-	3,755,736	3,755,736
Lottery, Prop 20	91,095	527,485	-	618,580	618,580
Matriculation-(Credit)	969,940	34,964	80,455	924,449	924,449
Matriculation-(Non-Credit)	3,762	-	3,060	702	702
MCHS SciMath	48,765	50,762	-	99,527	99,527
Nursing Capacity Building	142,225	-	142,225	-	-
Nursing WIA LVN	-	27,410	-	27,410	27,410
Part-Time Insurance	27,923	2,428	-	30,351	30,351
Part-Time Faculty Allocation	597,508	51,957	-	649,465	649,465
Part-Time Faculty Office Hours	138,233	9,543	-	147,776	150,253
Puente Project	-	2,686,386	-	2,686,386	2,686,386
RN Enrollment Growth	380,693	20,891	66,439	335,145	355,145
State Pre-School	1,326,704	59,634	-	1,386,338	1,386,338
Strengthening Existing Programs	53,389	-	53,240	149	150
Technical Support To Workforce Development	1	-	1	-	-
Transfer and Articulation	4,000	-	617	3,383	3,383
TTIP	176,669	-	104,791	71,878	71,878
Workability III	124,996	60,618	-	185,614	185,614
State Construction Grants	627,037	2,192,796	-	2,819,833	2,819,833
Subtotal	<u>\$ 19,282,934</u>	<u>\$ 7,138,314</u>	<u>\$ 2,704,464</u>	<u>\$ 23,716,785</u>	<u>\$ 23,739,265</u>

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, 2010**

CATEGORIES	Revised Reported Data *	Audit Adjustments	Audited Data
A. Summer Intersession (Summer 2009 only)			
1. Noncredit	36	-	36
2. Credit	3,506	-	3,506
B. Summer Intersession (Summer 2010 - prior to July 1, 2010)			
1. Noncredit	-	-	-
2. Credit	7	-	7
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	23,679	-	23,679
(b) Daily Census Contact Hours	1,410	-	1,410
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit	173	-	173
(b) Credit	1,370	-	1,370
3. Independent Study/Work Experience Education Courses			
(a) Weekly Census Procedure Courses	973	-	973
(b) Daily Census Procedure Courses	1,092	-	1,092
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
D. Total FTES	32,246	-	32,246
Supplemental Information (subset of above information)			
E. In Service Training Courses (FTES)	-	-	-
H. Basis Skills Courses and Immigrant Education			
(a) Noncredit	77	-	77
(b) Credit	1,636	-	1,636

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, 2010**

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

	<u>Revenue Bond Construction Fund</u>
FUND BALANCE	
Balance, June 30, 2010, (CCFS-311)	\$ 115,304,729
Adjustments	
Accounts receivable	70,497
Accounts payable	<u>(96,068)</u>
Balance, June 30, 2010, Fund Financial Statement	<u>\$ 115,279,158</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, 2010**

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

Total Fund Balance - Governmental Funds	\$ 206,458,462
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	\$ 390,038,819
Accumulated depreciation is	<u>(114,569,834)</u>
	275,468,985
Capital assets recorded in proprietary funds	(329,987)
Expenditures relating to issuance of debt were recognized in modified accrual basis, but should not be recognized in accrual basis.	1,899,401
In governmental funds, unmatured interest on long-term debt is recognized in the period when it is due. On the government-wide statements, unmatured interest on long-term debt is recognized when it is incurred.	(4,384,851)
Internal Service funds are 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 funds are included with governmental activities.	2,155,231
Long-term liabilities at year end consist of:	
Bonds payable	245,795,000
Bond premiums, net of amortization	3,300,670
Capital leases payable	17,705
Notes payable	990,000
Compensated absences (vacations)	13,904,508
OPEB Benefits	<u>28,889,667</u>
Total Net Assets	\$ <u>188,369,691</u>

See accompanying note to supplementary information.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

NOTES TO SUPPLEMENTARY INFORMATION JUNE 30, 2010

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.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

NOTES TO SUPPLEMENTARY INFORMATION

JUNE 30, 2010

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

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

Federal revenue per financial statements	\$32,533,611
Federal Family Education Loans	<u>1,604,386</u>
Expenditures per Schedule of Expenditures of Federal Awards	<u><u>\$34,137,997</u></u>

INDEPENDENT AUDITORS' REPORTS



VAVRINEK, TRINE, DAY
& COMPANY, LLP
Certified Public Accountants

VALUE THE DIFFERENCE

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Trustees
Contra Costa Community College District
Martinez, California

We have audited the financial statements of the business-type activities of Contra Costa Community College District (the District) for the years ended June 30, 2010 and 2009, and have issued our report thereon dated December 30, 2010. We conducted our audits 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 audits, 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 Contra Costa Community College District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Contra Costa Community College District's internal control over financial reporting.

A *deficiency in internal control* 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 and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

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 30, 2010.

This report is intended solely for the information and use of the Board of Trustees, District Management, the California Community Colleges Chancellor'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 30, 2010



VAVRINEK, TRINE, DAY
& COMPANY, LLP
Certified Public Accountants

VALUE THE DIFFERENCE

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Trustees
Contra Costa Community College District
Martinez, California

Compliance

We have audited the compliance of Contra Costa Community College District (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its Contra Costa Community College District's major Federal programs for the year ended June 30, 2010. 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.

In our opinion, Contra Costa Community College District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2010.

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 to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 Contra Costa Community College District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented, or detected and corrected, on a timely basis.

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

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2010-1 to be a significant deficiency.

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.

This report is intended solely for the information and use of the Board of Trustees, District Management, the California Community Colleges Chancellor'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.

Vavrinek, Trine, Day & Co LLP

Pleasanton, California
December 30, 2010



VAVRINEK, TRINE, DAY
& COMPANY, LLP
Certified Public Accountants

VALUE THE DIFFERENCE

REPORT ON STATE COMPLIANCE

Board of Trustees
Contra Costa Community College District
Martinez, California

We have audited the compliance of Contra Costa Community College District (the District) with the types of compliance requirements described in Section 400 of the California State Chancellor's Office's *California Community College District Audit Manual (CDAM)* that are applicable to community colleges in the State of California. The specific requirements are described below.

We conducted our audit of compliance 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements with State laws and regulations have 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.

General Directive

Section 424: MIS Implementation - State General Apportionment Funding System

Administration

Section 435: Open Enrollment

Section 437: Student Fees - Instructional Materials and Health Fees

Apportionments

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 426: Students Actively Enrolled

Fiscal Operations

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

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

In our opinion, Contra Costa Community College District complied, in all material respects, with the aforementioned requirements for the year ended June 30, 2010. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported and are described in the accompanying schedule of findings and questioned costs as items 2010-2, 2010-3, and 2010-4.

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.

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

Vavrinek, Trine, Day & Co LLP

Pleasanton, California
December 30, 2010

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

**SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2010**

FINANCIAL STATEMENTS

Type of auditors' report issued:	<u>Unqualified</u>
Internal control over financial reporting:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>None reported</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>Unqualified</u>
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)	<u>No</u>
Identification of major programs:	

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.007, 84.032, 84.033 (ARRA), 84.063, 84.375	Student Financial Aid Cluster - ARRA
84.394	State Fiscal Stabilization Fund - ARRA
17.269	Presidents Community Training
17.258 (ARRA), 17.269, (ARRA), 17.802, 81.041 (ARRA)	WIA Cluster (Including ARRA), and Energy Commission Green Building and Clean Energy Retraining - ARRA
84.044	TRIO - Talent Search
93.658	Foster Care - Title IV E

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 300,000</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, 2010**

None noted.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2010

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.

2010-1 Finding – Student Financial Aid Cluster, Pell Grants, CFDA # 84.063
Significant Deficiency – Internal Control Over Compliance

Criteria or Specific Requirement

OMB A133 compliance supplement guidelines in Part 5, Cluster Programs for Student Financial Aid includes requirements that a District calculate funds not earned by students receiving financial aid and submit a report to a centralized reporting system within prescribed timelines. The critical timelines for this process are as follows: 1) determine the student's withdrawal date within 30 days after the student withdrew, 2) return the unearned Title IV funds within 45 days after the date the District determined the student withdrew, and 3) report the student to NSLDS (national system database), within 45 days from the date the student is notified of overpayment.

Condition

We reviewed the transactions related to seventeen students at Diablo Valley College and noted the following: in six cases the district did not meet the timeline for requirement #1, in seven cases the District did not meet the timeline for requirement #2. In addition, we reviewed eighteen students at Los Medanos College and noted that in eleven cases the District did not meet the timeline for requirement #1, and in seventeen cases the District did not meet the timeline for requirement #2.

Questioned Costs

None, as the report was prepared accurately but was not timely filed.

Context

We reviewed the reporting of withdrawals and other dates between December 2009 and June 2010 for seventeen students from Diablo Valley College and eighteen students from Los Medanos College, and five students from Contra Costa College.

Effect

Information on the NSDL website was not updated timely. As a result, there is a potential risk that the student would be able to obtain a grant from another college without the other institution being aware there is a repayment requirement at another District.

Cause

In Fall 2009 it was noted by Student Financial Aid department personnel that the automated system performing the Return to Title IV calculations was not operating correctly. The departments put a hold on the inaccurate automated calculations to investigate the problem. The calculation method was then switched to manual calculation. The time needed to investigate the problem and to define the manual method caused delays in processing, which resulted in the District missing the required timelines.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2010

Recommendation

The Financial Aid Departments should be proactive in monitoring progress on meeting timelines and interact with other departments to resolve issues on a more timely basis as they occur.

District Response

The District's financial aid offices receive regular reports from the District Information Technology Department, identifying students that have fully withdrawn. This triggers the normal return to Title IV process, which results in returns being processed with the compliance period. The District's Information Technology department has corrected the noted programming error and the system is functioning correctly. All campus financial aid offices have been trained to use the USDE web site for computing R2T4s should the District system be unavailable in the future.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

STATE AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2010

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

2010-2 Finding – Instructional Material Fees
Significant Deficiency – Compliance

Criteria or Specific Requirement

Per Education Code Section 76355, districts are permitted to require students to purchase instructional materials, but must demonstrate that the District supplies the materials at a cost that is no more than the district's actual cost.

Condition

It was noted that one course Health Care Provider, CPR, RNURS-014-205-2053 charged an instructional material fee that appeared to exceed the cost for the instructional materials required for the class.

Questioned Costs

None.

Context

We reviewed nine instructional material fees in order to determine if the instructional material fees charged were within allowable guidelines.

Effect

The District was not in compliance with the requirement for the upper limit on the amount established as instructional material fees.

Cause

The documentation provided for the purchase of the instructional materials indicated that a bulk purchase allowed the District to purchase the items for \$1.66 each, however the instructional material fee was set at \$3.00.

Recommendation

The District should ensure that instructional material fees are limited to the actual purchase costs of the materials.

District Response

The District concurs with the finding and will take necessary steps to ensure future compliance.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

STATE AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2010

2010-3 **Finding – Calworks**
Significant Deficiency - Compliance

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

Contra Costa College 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 was not verified at each academic term.

Questioned Costs

State Calworks expenditures for Contra Costa College were \$197,813.

Context

We reviewed eligibility documentation for 25 CalWORKS students at each of the three Colleges.

Effect

The College 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 College 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.

Recommendation

Contra Costa College should maintain documentation to support the eligibility of all individuals receiving services through the CalWORKS and TANF programs in one central program area 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.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

STATE AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2010

District Response

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

2010-4 Finding – Concurrent Enrollment *Significant Deficiency – Compliance*

Criteria or Specific Requirement

A community college district may claim FTES for the attendance of K-12 pupils who take courses offered by the district under the concurrent enrollment arrangement only if it complies with specific conditions. Per Education Code Section 48800(a), the District governing board may authorize those pupils, upon recommendation of the principal of the pupil's school of attendance, and with parental consent, to attend a community college during any session or term.

In addition, Education Code 76002(a)(4) states that not more than 10% of concurrent student enrollment in a physical education course can be claimed for apportionment.

Condition

During our testing of concurrently enrolled students, we noted the following:

- Authorizations - none of the 25 students tested at Contra Costa College had evidence of approval from the principal of the pupil's school of attendance to attend the college courses.
- Physical Education Courses - PE-002-7568 and PE-014-758 at Los Medanos College and PE-098-6211 and PE-098-4621 at Contra Costa College had more than 10% of concurrent students enrolled.

Questioned Costs

Total FTES overstated is 1.902.

Context

- We reviewed 25 concurrently enrolled student files and reports at Contra Costa College, Diablo Valley College, and Los Medanos College from the Fall 2009 and Spring 2010 semesters.
- 17 physical education courses were reviewed between the three within the District with four of the 17 being found to be over the 10% limit.

Effect

The District was out of compliance with the State requirements regarding maintaining evidence of approvals from the principal for the special full time and part time students and the limits placed on concurrent enrollment on physical education courses and therefore overstated apportionment by the amount of concurrent students that should have been removed.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

STATE AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2010

Cause

- Contra Costa College was using a form that did not include a field for a signature of the principal for the concurrent students tested.
- Contra Costa College and Los Medanos College do not appear to have a process to review for compliance with this requirement.

Recommendation

The District should work with the College to develop procedures to obtain the necessary approvals for the concurrently enrolled students and limits on enrollment used for FTES reporting in order to be in compliance with the State requirements.

District Response

The District concurs with the finding and has taken necessary steps to ensure future compliance.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

SUMMARY OF PRIOR YEAR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2010

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.

Financial Statements

2009-1 Finding – Year End Closing Process *Material Weakness*

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

We noted that several 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

Four funds required adjustments exceeding \$100,000 each, totaling approximately \$2.8 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 some 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.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

SUMMARY OF PRIOR YEAR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2010

Recommendation

We recognized that the District has made significant improvements in identifying and reconciling year end accruals decreasing the number of proposed material audit adjustments exceeding \$100,000 from eight to four. We recommend that the District continue its effort in this process so that all significant accruals and adjustments presented in the CCFS-311 reflect the current, accurate finances of the District.

Current Status

Implemented.

2009-2 Finding – Payroll Clearing Accounts *Material Weakness*

Criteria or Specific Requirement

Industry standards and general best practices emphasize recording transactions in a clear concise manner to provide for the transparency of the items being recorded. Transactions should be posted in a timely manner and reconciled periodically throughout the year.

Condition

We noted there are three payroll benefit liability accounts with significant balances totaling approximately \$3.3 million were not supported by detail payroll clearing account reconciliations or other information.

Questioned Costs

Not applicable.

Context

The District's annual payroll and benefits expenditures total over \$165 million, or 56% of total District-wide expenditures.

Effect

By not reconciling payroll related accounts in a timely manner, errors and/or misuse of accounts could occur and not be detected in timely manner. In addition, the delayed reconciliations and reviews of payroll accounts can impact the ability of the District to provide timely and accurate reporting to outside agencies of the activities during the period.

Cause

The District was unable to provide explanation and/or evidence for three payroll liability balances.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

SUMMARY OF PRIOR YEAR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2010

Recommendation

The District should ensure that the processing, posting, and reconciliation of payroll as well as other transactions through the general ledger system occurs in a timely manner. The detail of the payroll clearing account should be reviewed and the transaction detail should be validated through methods such as payroll exception reports designed to catch errors in entries prior to posting of the amounts to the general ledger. Exception reports can be used for various purposes, including but not limited to determining if retirement withholding or other liability amounts are being posted to non-existent general ledger accounts, or if student payroll is coded to a certificated salary account, etc. We recommend that reconciliations be performed monthly for the payroll clearing accounts, so that any unusual items can be identified timely and investigated.

Current Status

Implemented.

2009-3 Finding – Bookstore Subsidiary Ledger Reports *Significant deficiency*

Criteria or Specific Requirement

Industry standards and general best practices suggest a system of internal control over bookstore operations that will provide for both the safeguarding of District-owned assets and the proper recordkeeping of each account balance.

Condition

We noted the original accounts receivable and payable detail reports did not agree with amounts reported in trial balance.

Questioned Costs

Not applicable.

Context

There was approximately \$1 million in accounts receivables and \$429,000 in accounts payable recorded in the Bookstore Fund.

Effect

By not maintaining proper support and reconciling assets and liabilities in a timely manner, the effect is a transaction trail of evidence that is not clear as it could be and increases the possibility that errors may occur and not be prevented or detected in a timely manner.

Cause

Accounts receivables and payables detail maintained in the bookstore system did not agree with amounts recorded in the District general ledger.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

SUMMARY OF PRIOR YEAR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2010

Recommendation

In order to strengthen the bookstore internal controls and therefore mitigate the potential for misappropriation, regular monitoring of the bookstore accrual transactions is recommended. Providing regular review and oversight will enhance the ability of the District to accurately account for the assets and liabilities maintained by the bookstore.

Current Status

Implemented.

2009-4 Finding

Criteria or Specific Requirement

Per Education Code Section 76355, districts are permitted to require students to purchase instructional materials, but must demonstrate that the District supplies the materials at a cost that is no more than the district's actual cost.

Condition

It was noted that the District does not have a systematic procedure to document the cost for the instructional material required for each class, and therefore, instructional material fees charged are not properly documented.

Questioned Costs

None.

Context

The amount set as instructional material fees may either be too high and exceed the allowable cap, or lower than the allowable amount, in which case District operations are subsidizing the instructional material purchases.

Effect

The District does not know if it is in compliance with the requirement for the upper limit on the amount established as instructional material fees.

Cause

The District was unable to provide us with invoices that support the District's cost of instructional materials.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

SUMMARY OF PRIOR YEAR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2010

Recommendation

The District should develop a method to keep track of all costs for instructional materials by classes and compare that cost to the fee charged to students to determine if the District has charged more than its actual costs to students.

Current Status

Not Implemented – See finding 2010-4.

2009-5 Finding

Criteria or Specific Requirement

A community college district may claim FTES for the attendance of K-12 pupils who take courses offered by the district under the concurrent enrollment arrangement only if it complies with specific conditions. Per Education Code Section 48800(a), the District governing board may authorize those pupils, upon recommendation of the principal of the pupil's school of attendance, and with parental consent, to attend a community college during any session or term.

Condition

During our testing of concurrently enrolled students' applications at DVC, we noted that 6 out of 15 students tested did not have evidence of approval from the principal of the pupil's school of attendance, and/or with evidence of parental consent, to attend the college courses.

Questioned Costs

We do not anticipate that this finding would have an effect on FTES claimed, however the six students in question may have been under-assessed enrollment fees if they should have been listed as a regular status student rather than a concurring enrollment student.

Context

We reviewed concurrently enrolled student files and reports at Diablo Valley College from the Fall 2008 and Spring 2009 semesters listing the number of FTES generated by this student group.

Effect

The District was out of compliance with the State requirements regarding maintaining evidence of approvals from the principal and parents for the special full time and part time students.

Cause

Diablo Valley College was unable to provide evidence of the approvals from the principal and/or parents for 6 of the 15 concurrent students tested.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

SUMMARY OF PRIOR YEAR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2010

Recommendation

The District should work with the College to develop procedures to review and maintain the necessary approvals for the concurrently enrolled students in order to be in compliance with the State requirement.

Current Status

Not implemented – See Finding 2010-5.

This page intentionally blank

ADDITIONAL SUPPLEMENTARY INFORMATION

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

GOVERNMENTAL FUNDS
BALANCE SHEETS
JUNE 30, 2010

	General Unrestricted	General Restricted	Retiree Benefits	Other Special Revenue
ASSETS				
Cash and cash equivalents	\$17,003,275	\$ 2,088,699	\$ 20,445,375	\$ 133,906
Investments	-	-	24,415,970	-
Accounts receivable	21,916,490	6,014,163	138,513	-
Due from other funds	7,628,991	795,061	1,005,914	-
Prepaid expenses	1,856,100	445	-	79,172
Other current assets	230,954	-	-	-
Total Assets	<u>\$48,635,810</u>	<u>\$ 8,898,368</u>	<u>\$ 46,005,772</u>	<u>\$ 213,078</u>
LIABILITIES AND FUND EQUITY				
LIABILITIES				
Accounts payable	\$ 6,650,639	\$ 3,986,298	\$ 5,956	\$ -
Due to other funds	9,162,933	1,399,951	9,102,063	-
Deferred revenue	4,265,353	3,180,167	-	-
Total Liabilities	<u>20,078,925</u>	<u>8,566,416</u>	<u>9,108,019</u>	<u>-</u>
FUND EQUITY				
Fund Balances				
Reserved	59,588	331,952	-	213,078
Unreserved				
Designated	6,094,935	-	36,897,753	-
Undesignated	22,402,362	-	-	-
Total Fund Equity	<u>28,556,885</u>	<u>331,952</u>	<u>36,897,753</u>	<u>213,078</u>
Total Liabilities and Fund Equity	<u>\$48,635,810</u>	<u>\$ 8,898,368</u>	<u>\$ 46,005,772</u>	<u>\$ 213,078</u>

See accompanying note to additional supplementary information.

<u>Bond Interest and Redemption</u>	<u>Other Debt Service</u>	<u>Capital Outlay Projects</u>	<u>Revenue Bond Construction</u>	<u>Total Governmental Fund (Memorandum Only)</u>
\$ 15,292,626	\$ 2,750,000	\$ 5,078,538	\$ 116,485,296	\$ 179,277,715
-	-	-	-	24,415,970
58,811	-	2,192,795	381,955	30,702,727
-	-	353,707	458,459	10,242,132
-	-	-	384,439	2,320,156
-	-	60,140	4,000	295,094
<u>\$ 15,351,437</u>	<u>\$ 2,750,000</u>	<u>\$ 7,685,180</u>	<u>\$ 117,714,149</u>	<u>\$ 247,253,794</u>
\$ -	\$ -	\$ 531,653	\$ 2,021,227	\$ 13,195,773
-	-	75,328	413,764	20,154,039
-	-	-	-	7,445,520
<u>-</u>	<u>-</u>	<u>606,981</u>	<u>2,434,991</u>	<u>40,795,332</u>
15,351,437	-	-	115,279,158	131,235,213
-	2,750,000	7,078,199	-	52,820,887
-	-	-	-	22,402,362
<u>15,351,437</u>	<u>2,750,000</u>	<u>7,078,199</u>	<u>115,279,158</u>	<u>206,458,462</u>
<u>\$ 15,351,437</u>	<u>\$ 2,750,000</u>	<u>\$ 7,685,180</u>	<u>\$ 117,714,149</u>	<u>\$ 247,253,794</u>

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

GOVERNMENTAL FUNDS

STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE

FOR THE YEAR ENDED JUNE 30, 2010

	<u>General Unrestricted</u>	<u>General Restricted</u>	<u>Retiree Benefits</u>	<u>Other Special Revenue</u>
REVENUES				
Federal revenues	\$ 943,658	\$ 5,042,559	\$ -	\$ -
State revenues	76,100,227	14,685,065	-	-
Local revenues	93,551,826	3,521,051	2,412,320	1
Total Revenues	<u>170,595,711</u>	<u>23,248,675</u>	<u>2,412,320</u>	<u>1</u>
EXPENDITURES				
Current Expenditures				
Academic salaries	75,909,755	2,731,009	-	-
Classified salaries	35,378,878	7,013,712	-	-
Employee benefits	40,932,070	2,343,964	-	-
Books and supplies	2,692,062	1,803,100	-	-
Services and operating expenditures	13,591,548	7,576,129	120,626	-
Capital outlay	1,078,134	1,392,155	-	-
Debt service - principal	106,014	6,196	-	60,000
Debt service - interest and other	-	-	-	33,537
Total Expenditures	<u>169,688,461</u>	<u>22,866,265</u>	<u>120,626</u>	<u>93,537</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>907,250</u>	<u>382,410</u>	<u>2,291,694</u>	<u>(93,536)</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	133,710	-	1,000,000	123,000
Operating transfers out	(1,918,920)	(50,458)	(19,270,452)	-
Other sources	-	-	-	-
Other uses	2,852	-	-	-
Total Other Financing Sources (Uses)	<u>(1,782,358)</u>	<u>(50,458)</u>	<u>(18,270,452)</u>	<u>123,000</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>(875,108)</u>	<u>331,952</u>	<u>(15,978,758)</u>	<u>29,464</u>
FUND BALANCE, BEGINNING OF YEAR	29,431,993	-	52,876,511	183,614
FUND BALANCE, END OF YEAR	<u>\$ 28,556,885</u>	<u>\$ 331,952</u>	<u>\$ 36,897,753</u>	<u>\$ 213,078</u>

See accompanying note to additional supplementary information.

Bond Interest and Redemption	Other Debt Service	Capital Outlay Projects	Revenue Bond Construction	Total Governmental Fund (Memorandum Only)
\$ -	\$ -	\$ -	\$ -	\$ 5,986,217
195,797	-	2,819,833	-	93,800,922
18,415,445	-	662,279	697,149	119,260,071
<u>18,611,242</u>	<u>-</u>	<u>3,482,112</u>	<u>697,149</u>	<u>219,047,210</u>
-	-	-	-	78,640,764
-	-	16,834	620,726	43,030,150
-	-	-	208,408	43,484,442
-	-	-	-	4,495,162
-	-	142,649	783,872	22,214,824
-	-	4,231,258	8,629,165	15,330,712
3,255,000	-	-	-	3,427,210
8,351,677	-	-	-	8,385,214
<u>11,606,677</u>	<u>-</u>	<u>4,390,741</u>	<u>10,242,171</u>	<u>219,008,478</u>
<u>7,004,565</u>	<u>-</u>	<u>(908,629)</u>	<u>(9,545,022)</u>	<u>38,732</u>
-	-	325,132	-	1,581,842
-	-	(74,299)	-	(21,314,129)
385,928	-	-	73,000,000	73,385,928
-	-	-	-	2,852
<u>385,928</u>	<u>-</u>	<u>250,833</u>	<u>73,000,000</u>	<u>53,656,493</u>
7,390,493	-	(657,796)	63,454,978	53,695,225
7,960,944	2,750,000	7,735,995	51,824,180	152,763,237
<u>\$ 15,351,437</u>	<u>\$ 2,750,000</u>	<u>\$ 7,078,199</u>	<u>\$115,279,158</u>	<u>\$ 206,458,462</u>

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

**PROPRIETARY FUNDS
BALANCE SHEETS
JUNE 30, 2010**

	<u>Enterprise Funds</u>				
	<u>Cafeteria</u>	<u>Bookstore</u>	<u>Information Technology</u>	<u>Total</u>	<u>Internal Service Fund</u>
ASSETS					
Cash and cash equivalents	\$ 54,213	\$ 1,362,014	\$ 705,027	\$ 2,121,254	\$ 372,658
Accounts receivable	7,150	131,233	1,711	140,094	30,987
Due from other funds	138,703	467,375	-	606,078	100,326
Stores inventories	3,552	2,801,166	-	2,804,718	-
Furniture and equipment (net)	10,742	319,248	-	329,990	-
Total Assets	<u>\$ 214,360</u>	<u>\$ 5,081,036</u>	<u>\$ 706,738</u>	<u>\$ 6,002,134</u>	<u>\$ 503,971</u>
LIABILITIES AND FUND EQUITY					
LIABILITIES					
Overdrafts	\$ -	\$ 4,089,966	\$ -	\$ 4,089,966	\$ -
Accounts payable	46,515	32,045	2,120	80,680	98,568
Due to other funds	4,998	71,356	-	76,354	5,306
Total Liabilities	<u>51,513</u>	<u>4,193,367</u>	<u>2,120</u>	<u>4,247,000</u>	<u>103,874</u>
FUND EQUITY					
Retained earnings	162,847	887,669	704,618	1,755,134	400,097
Total Liabilities and Fund Equity	<u>\$ 214,360</u>	<u>\$ 5,081,036</u>	<u>\$ 706,738</u>	<u>\$ 6,002,134</u>	<u>\$ 503,971</u>

See accompanying note to additional supplementary information.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

**PROPRIETARY FUNDS
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN
RETAINED EARNINGS
FOR THE YEAR ENDED JUNE 30, 2010**

	Enterprise Funds				Internal Service Fund
	Cafeteria	Bookstore	Information Technology	Total	
OPERATING REVENUES					
Sales revenues	\$ 1,048,718	\$ 12,261,070	\$ 1,180,729	\$ 14,490,517	\$ 59,376
OPERATING EXPENSES					
Classified salaries	342,845	1,895,944	548,468	2,787,257	1,515
Employee benefits	101,191	658,621	185,766	945,578	219
Books and supplies	35,667	45,834	68,452	149,953	-
Services and other operating expenditures	578,538	9,844,506	246,454	10,669,498	307,268
Capital outlay	594	1,792	-	2,386	224,616
Interest expense	-	170	-	170	-
Depreciation	5,111	230,278	-	235,389	-
Total Operating Expenses	1,063,946	12,677,145	1,049,140	14,790,231	533,618
Operating Income (Loss)	(15,228)	(416,075)	131,589	(299,714)	(474,242)
NONOPERATING REVENUES (EXPENSES)					
Interest income	-	-	-	-	1,307
Gain (loss) on disposal of assets	-	-	-	-	52,105
Operating transfers in	62,911	389,753	-	452,664	100,000
Operating transfers out	-	(53,544)	-	(53,544)	-
Total Nonoperating Revenues (Expenses)	62,911	336,209	-	399,120	153,412
NET INCOME (LOSS)	47,683	(79,866)	131,589	99,406	(320,830)
RETAINED EARNINGS, BEGINNING OF YEAR	115,164	967,535	573,029	1,655,728	720,927
RETAINED EARNINGS, END OF YEAR	\$ 162,847	\$ 887,669	\$ 704,618	\$ 1,755,134	\$ 400,097

See accompanying note to additional supplementary information.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

**PROPRIETARY FUNDS
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2010**

	Enterprise Funds				Internal Service Fund
	Cafeteria	Bookstore	Information Technology	Total	
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from user charges	\$ 1,041,893	\$ 13,142,961	\$ 1,187,302	\$ 15,372,156	\$ 692,815
Cash payments to employees for services	(444,036)	(2,554,565)	(734,234)	(3,732,835)	(1,734)
Cash payments for insurance claims	-	-	-	-	59,376
Cash payments to suppliers for goods and services	(602,671)	(10,586,110)	(322,893)	(11,511,674)	(524,287)
Cash payments for other operating expenses	-	(170)	-	(170)	-
Net Cash Provided (Used) for Operating Activities	(4,814)	2,116	130,175	127,477	226,170
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Due from/to other funds	144,048	(104,907)	1,806,163	1,845,304	203,719
Net Cash Provided (Used) from Noncapital Financing Activities	144,048	(104,907)	1,806,163	1,845,304	203,719
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of capital assets	-	(3,746)	-	(3,746)	52,105
Net Cash Provided (Used) for Capital and Related Financing Activities	-	(3,746)	-	(3,746)	52,105
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest on investments	-	-	-	-	1,307
Net Cash Provided (Used) from Investing Activities	-	-	-	-	1,307
Net increase in cash and cash equivalents	139,234	(106,537)	1,936,338	1,969,035	483,301
Cash and cash equivalents - Beginning	(85,021)	(2,621,415)	(1,231,311)	(3,937,747)	(110,643)
Cash and cash equivalents - Ending	\$ 54,213	\$ (2,727,952)	\$ 705,027	\$ (1,968,712)	\$ 372,658
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating income (loss)	\$ (15,228)	\$ (416,075)	\$ 131,589	\$ (299,714)	\$ (474,242)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	5,111	230,278	-	235,389	-
Changes in assets and liabilities:					
Receivables	(6,825)	881,891	6,573	881,639	692,815
Inventories	-	(281,980)	-	(281,980)	-
Accounts payable	12,128	(411,998)	(7,987)	(407,857)	7,597
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (4,814)	\$ 2,116	\$ 130,175	\$ 127,477	\$ 226,170

See accompanying note to additional supplementary information.

This page intentionally blank

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

**FIDUCIARY FUNDS
BALANCE SHEETS
JUNE 30, 2010**

	<u>Associated Students Trust</u>	<u>Student Center Fee</u>	<u>Student Financial Aid</u>	<u>Retirement Plan</u>
ASSETS				
Cash and cash equivalents	\$ 319,761	\$ 1,280,234	\$ 1,642,598	\$ -
Investments	-	-	-	9,764,442
Accounts receivable	87,771	861	513,966	-
Due from other funds	21,527	61,904	168,031	9,102,063
Total Assets	<u>\$ 429,059</u>	<u>\$ 1,342,999</u>	<u>\$ 2,324,595</u>	<u>\$ 18,866,505</u>
LIABILITIES AND FUND EQUITY				
LIABILITIES				
Overdrafts	\$ -	\$ -	\$ 2,251,800	\$ -
Accounts payable	221	3,833	61,245	-
Due to other funds	15,516	39,989	7,673	2,063
Deferred revenue	-	-	3,877	-
Due to student groups/others	413,322	1,299,177	-	-
Total Liabilities	<u>429,059</u>	<u>1,342,999</u>	<u>2,324,595</u>	<u>2,063</u>
FUND EQUITY				
Fund Balances				
Reserved	-	-	-	18,864,442
Unreserved				
Designated	-	-	-	-
Total Fund Equity	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,864,442</u>
Total Liabilities and Fund Equity	<u>\$ 429,059</u>	<u>\$ 1,342,999</u>	<u>\$ 2,324,595</u>	<u>\$ 18,866,505</u>

See accompanying note to additional supplementary information.

Scholarship and Loan	Associated Students Other Trust	Total
\$ 493,685	\$ 247,468	\$ 3,983,746
-	-	9,764,442
487	-	603,085
239	32,357	9,386,121
<u>\$ 494,411</u>	<u>\$ 279,825</u>	<u>\$ 23,737,394</u>

\$ -	\$ -	\$ 2,251,800
-	200,934	266,233
-	33,719	98,960
-	-	3,877
-	45,172	1,757,671
<u>-</u>	<u>279,825</u>	<u>4,378,541</u>

-	-	18,864,442
494,411	-	494,411
<u>494,411</u>	<u>-</u>	<u>19,358,853</u>
<u>\$ 494,411</u>	<u>\$ 279,825</u>	<u>\$ 23,737,394</u>

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

FIDUCIARY FUNDS

**STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE**

FOR THE YEAR ENDED JUNE 30, 2010

	Student Financial Aid	Scholarship and Loan	Retirement Plan	Total
REVENUES				
Federal revenues	\$ 26,547,394	\$ -	\$ -	\$ 26,547,394
State revenues	1,559,087	-	-	1,559,087
Local revenues	-	2,360	664,442	666,802
Total Revenues	<u>28,106,481</u>	<u>2,360</u>	<u>664,442</u>	<u>28,773,283</u>
EXPENDITURES				
Current Expenditures				
Services and operating expenditures	-	57,006	-	57,006
Total Expenditures	<u>-</u>	<u>57,006</u>	<u>-</u>	<u>57,006</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>28,106,481</u>	<u>(54,646)</u>	<u>664,442</u>	<u>28,716,277</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	82,826	-	18,200,000	18,282,826
Other uses	(28,189,307)	-	-	(28,189,307)
Total Other Financing Sources (Uses)	<u>(28,106,481)</u>	<u>-</u>	<u>18,200,000</u>	<u>(9,906,481)</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	-	(54,646)	18,864,442	18,809,796
FUND BALANCE, BEGINNING OF YEAR	-	549,057	-	549,057
FUND BALANCE, END OF YEAR	<u>\$ -</u>	<u>\$ 494,411</u>	<u>\$ 18,864,442</u>	<u>\$ 19,358,853</u>

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

NOTE TO ADDITIONAL SUPPLEMENTARY INFORMATION JUNE 30, 2010

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.