CONTRA COSTA COMMUNITY COLLEGE DISTRICT

ANNUAL FINANCIAL REPORT

JUNE 30, 2011 AND 2010

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

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JUNE 30, 2011

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 Contra Costa Community College District (the District) as of and for the years ended June 30, 2011 and 2010, (and its discretely presented component units as listed in the Table of Contents. These basic financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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 Contra Costa Community College District (and its discretely presented component units), as of June 30, 2011 and 2010, 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, 2011, 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.

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Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 11 and the Schedule of Other Postemployment Benefits (OPEB) Funding Progress on page 51 be presented to supplement the basic financial statements. Such information, although not a required 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.

Vavrinek, Trine, Day & Co LLP

Pleasanton, California
December 30, 2011

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, 2011. 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, 2011. 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.

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

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 2010-11, CCCCD received a basic allocation of \$147,771,937 and FTES was funded at \$4,565 per credit FTES and \$2,745 per non-credit FTES, the same as in 2009-10. The State’s economic crisis had a multi-layered affect on community colleges. High unemployment prevailed and resulted in increased demand for enrollments at the same time that the State Budget was continuing to see severe cuts in funding. While the State restored a portion of the 2009-10 resident FTES workload reduction, CCCCD still experienced an overall decline in FTES from 32,246 in 2009-10 to 30,585 in 2010-11 in response to the reduced funding level. 2010-11 is the third consecutive year of no cost of living adjustment (COLA) for general revenue.

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 fund the 10.5-11% increase in health benefits, as well as the additional increases to unemployment insurance and CalPERS contributions. A minor reduction in workforce, primarily affecting hourly instructors and classified staff contributed to the expenditure reductions necessary due to the loss of FTES revenue.

During the 2010-2011 fiscal year, the District provided in excess of $34.4 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 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 $12.6 million in the 2010-2011 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	2011	2010	Change	2009	Change
Current Assets					
Cash and investments	$ 159,534,340	$ 177,681,661	$ (18,147,321)	$ 115,278,093	$ 62,403,568
Accounts receivable (net)	25,701,163	30,873,808	(5,172,645)	34,086,725	(3,212,917)
Other current assets	5,460,374	5,608,148	(147,774)	9,590,708	(3,982,560)
Total Current Assets	190,695,877	214,163,617	(23,467,740)	158,955,526	55,208,091
Other assets	25,873,045	26,226,151	(353,106)	25,929,533	296,618
Capital assets (net)	288,051,220	275,468,985	12,582,235	271,059,874	4,409,111
Total Assets	$ 504,620,142	$ 515,858,753	$ (11,238,611)	$ 455,944,933	$ 59,913,820
LIABILITIES					
Current Liabilities					
Accounts payable and accrued liabilities	$ 25,332,939	$ 34,591,512	$ (9,258,573)	$ 30,505,386	$ 4,086,126
Amounts held in trust for others [1]	-	-	-	1,631,352	(1,631,352)
Current portion of long-term debt	10,887,913	8,930,852	1,957,061	3,586,274	5,344,578
Total Current Liabilities	36,220,852	43,522,364	(7,301,512)	35,723,012	7,799,352
Long-term Debt	278,923,273	283,966,698	(5,043,425)	223,726,958	60,239,740
Total Liabilities	315,144,125	327,489,062	(12,344,937)	259,449,970	68,039,092
NET ASSETS					
Invested in capital assets	139,134,751	146,929,444	(7,794,693)	138,730,749	8,198,695
Restricted	26,103,285	25,724,666	378,619	18,630,553	7,094,113
Unrestricted	24,237,981	15,715,581	8,522,400	39,133,661	(23,418,080)
Total Net Assets	189,476,017	188,369,691	1,106,326	196,494,963	(8,125,272)
Total Liabilities and Net Assets	$ 504,620,142	$ 515,858,753	$ (11,238,611)	$ 455,944,933	$ 59,913,820

[1] Beginning with the 2009-10 financial statements, the 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.

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 14 and 15.

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 13.

Table 2

	2011	2010	Change	2009	Change
Operating Revenues					
Tuition and fees	$ 24,895,127	$ 24,929,345	$ (34,218)	$ 21,074,951	$ 3,854,394
Auxiliary sales, charges and other	13,787,568	14,490,517	(702,949)	16,828,795	(2,338,278)
Total Operating Revenues	38,682,695	39,419,862	(737,167)	37,903,746	1,516,116
Operating Expenses					
Salaries and benefits [1]	164,562,501	164,004,497	558,004	181,924,813	(17,920,316)
Supplies and other expenses	69,627,055	68,510,796	1,116,259	67,345,926	1,164,870
Depreciation	10,966,336	9,800,292	1,166,044	8,797,042	1,003,250
Total Operating Expenses	245,155,892	242,315,585	2,840,307	258,067,781	(15,752,196)
Loss on Operations	(206,473,197)	(202,895,723)	(3,577,474)	(220,164,035)	17,268,312
Nonoperating Revenues					
State apportionments	66,153,449	67,963,777	(1,810,328)	68,800,023	(836,246)
Property taxes	86,032,914	85,766,697	266,217	84,283,816	1,482,881
State revenues [2]	22,704,444	24,576,399	(1,871,955)	27,487,658	(2,911,259)
Federal revenues [2]	36,890,097	32,533,611	4,356,486	20,001,260	12,532,351
Net interest expense	(10,042,132)	(5,293,765)	(4,748,367)	(556,755)	(4,737,010)
Other nonoperating revenues [1]	4,052,626	(14,634,696)	18,687,322	4,399,547	(19,034,243)
Total Nonoperating Revenue	205,791,398	190,912,023	14,879,375	204,415,549	(13,503,526)
Other Revenues					
State and local capital income	1,788,125	3,858,428	(2,070,303)	6,342,529	(2,484,101)
Net Increase in Net Assets	$ 1,106,326	$ (8,125,272)	$ 9,231,598	$ (9,405,957)	$ 1,280,685

[1] During the 2010-2011 fiscal year, the District contributed $9,100,000 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.

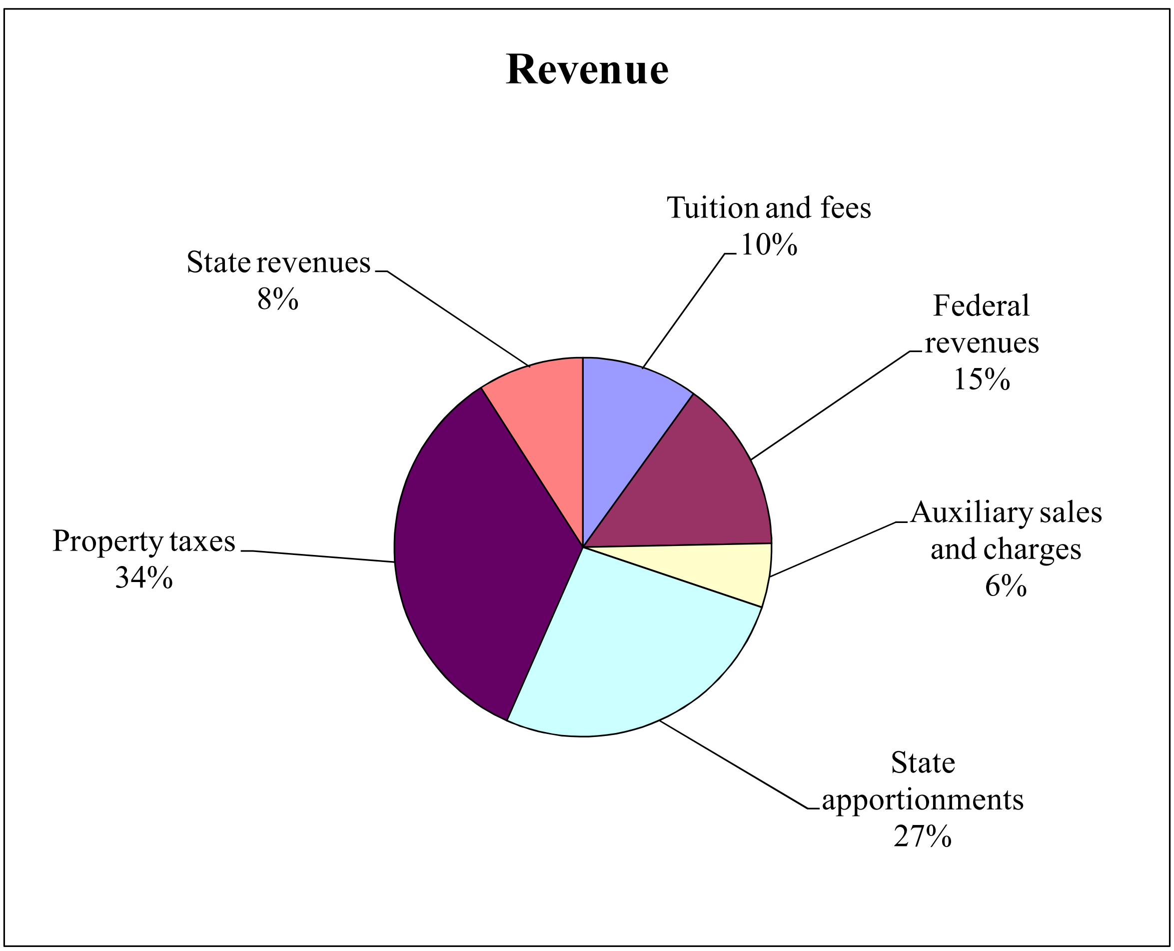
[2] Beginning in the 2009-2010 fiscal year, grant revenues were separated into Federal and State components for purposes of this analysis, thereby, creating classification differences in those two lines. When comparing these amounts to prior year amounts it would be more appropriate to consider the two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

As previously stated, the District's primary funding comes from general revenue comprised of local property taxes, student enrollment fees, and State apportionment. In 2010-11, 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 experienced a minor increase in non-resident FTES, from 2,019 in 2009-10 to 2,106 in 2010-11. 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 $1.3 million was off-set by interest expense of $11.3 million. Interest income is significantly down from prior years due primarily to large cash deferrals by the State (delays is distributing apportionment) and greatly reduced interest rates on pooled cash accounts and local agency investment funds (LAIF).



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, 2011:

	Salaries	Employee Benefits	Supplies, Material, and Other Expenses and Services	Depreciation	Total
Instructional activities	$ 63,699,912	$ 22,414,443	$ 2,531,430	$ -	$ 88,645,785
Academic support	10,408,276	3,081,601	1,046,232	-	14,536,109
Student services	12,151,390	3,698,779	3,053,469	-	18,903,638
Plant operations and maintenance	7,261,581	2,974,219	6,821,470	-	17,057,270
Instructional support services	14,121,950	11,124,722	5,864,019	8,168	31,118,859
Community services and economic development	1,377,814	382,787	291,357	-	2,051,958
Ancillary services and auxiliary operations	9,288,388	2,576,639	15,882,298	214,903	27,962,228
Student aid	-	-	34,136,780	-	34,136,780
Unallocated depreciation	-	-	-	10,743,265	10,743,265
Total	$ 118,309,311	$ 46,253,190	$ 69,627,055	$ 10,966,336	$ 245,155,892

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

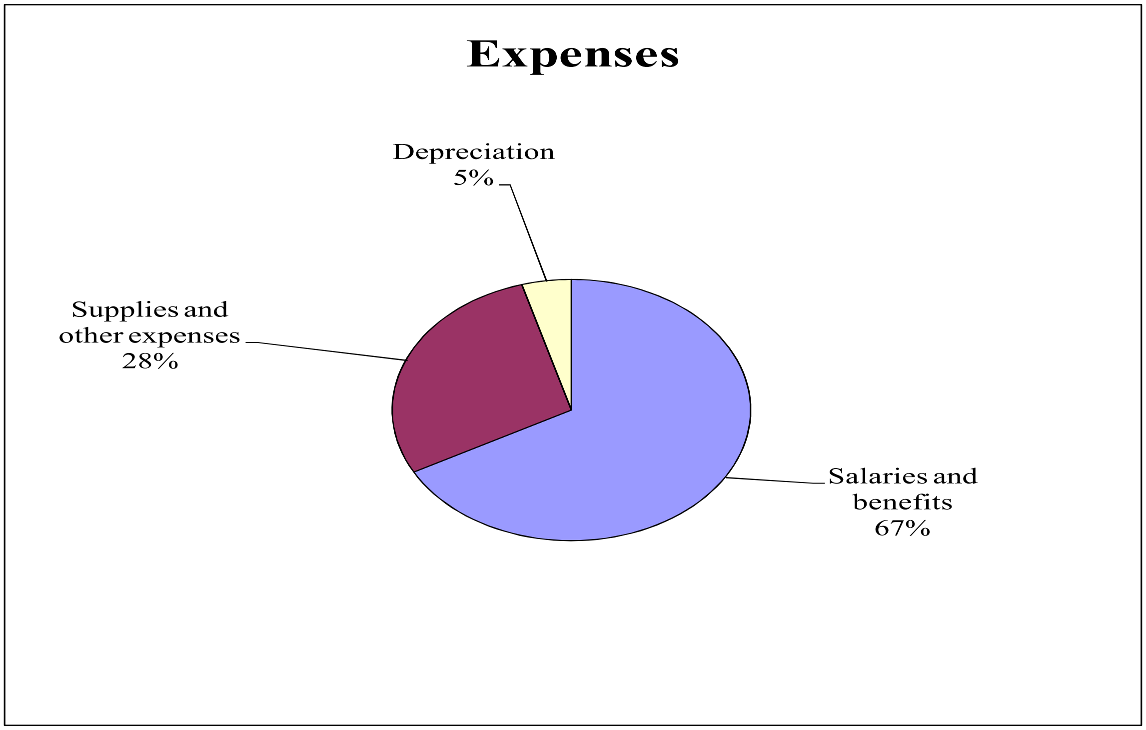


Table 4

Changes in Cash Position

	2011	2010	Change	2009	Change
Cash Provided by (Used in)					
Operating activities	$ (200,935,001)	$ (196,445,959)	$ (4,489,042)	$ (228,071,881)	$ 31,625,922
Noncapital financing activities	201,963,532	190,560,451	11,403,081	206,395,850	(15,835,399)
Capital financing activities	(20,481,084)	65,003,591	(85,484,675)	(554,520)	65,558,111
Investing activities	1,305,232	3,530,808	(2,225,576)	4,733,525	(1,202,717)
Net Increase (Decrease) in Cash	(18,147,321)	62,648,891	(80,796,212)	(17,497,026)	80,145,917
Cash, Beginning of Year	177,681,661	115,032,770	62,648,891	132,529,796	(17,497,026)
Cash, End of Year	$ 159,534,340	$ 177,681,661	$ (18,147,321)	$ 115,032,770	$ 62,648,891

The Statement of Cash Flows on pages 14 and 15 provides information about our cash receipts and payments during the year. This statement also assists users in assessing the District's ability to meet its obligations as they come due and its need for external financing. Our primary operating receipts are student tuition and fees and Federal, State, and local grants and contracts. The primary operating expense of the District is the payment of salaries and benefits to instructional and classified support staff.

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

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2011, the District had $288.0 million in a broad range of capital assets, including land, buildings, and furniture and equipment. At June 30, 2010, our net capital assets were $275.5 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 2011-2012 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	$ 35,051,285	$ 13,006,256	$ 12,423,574	$ 35,633,967
Buildings and improvements	308,015,620	20,997,821	-	329,013,441
Furniture and equipment	46,992,259	1,968,069	11,123	48,949,205
Subtotal	390,059,164	35,972,146	12,434,697	413,596,613
Accumulated depreciation	(114,590,179)	(10,966,337)	(11,123)	(125,545,393)
	$ 275,468,985	$ 25,005,809	$ 12,423,574	$ 288,051,220

Obligations

At the end of the 2010-2011 fiscal year, the District had $237.1 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 and a three-year repayment agreement with the State Chancellor’s Office for over-reported FTES in prior years related to instructional services agreements.

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	$ 245,795,000	$ -	$ 8,700,000	$ 237,095,000
COPs and notes payable	990,000	-	65,000	925,000
OPEB (retiree benefits)	28,889,667	19,655,935	18,383,262	30,162,340
Other liabilities	17,222,883	4,571,815	165,852	21,628,846
Total Long-Term Debt	$ 292,897,550	$ 24,227,750	$27,314,114	$ 289,811,186
Amount due within one year				$ 10,854,913

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 2010-2011 fiscal year on September 14, 2011.

Within the Unrestricted General Fund, operating costs continue to increase. Approximately 86% of the District budget is directed to labor-related costs and many components are experiencing predictable annual increases. Unfortunately, the revenue stream for the State Budget has not kept pace with these increases. To minimize a structural deficit, the District has reduced course offerings and personnel to align expenditures with FTES revenue. The reduction in course offerings has resulted in higher faculty productivity, allowing higher enrollments than would have been seen in previous years.

The District has continued to set aside funding for post retirement employment benefits and contributed $9.1 million in 2010-11 to the irrevocable trust established in 2008-09 for this purpose. An additional $8.8 million will be contributed in 2011-12 bringing the total contributed to the trust to $42,838,171, with an additional $22,350,324 set aside in a reserve in Fund 69 (Retiree Health Benefits Reserve Fund). The total present value of retiree health benefits per the 2011 actuarial is $217,406,689.

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 is allocated to the District represents the majority of the total unrestricted sources of revenues within the General Fund. The State approved a 2011-12 budget based on many uncertainties and provided "budget triggers" that would reduce community college funding mid-year if revenues fail to materialize. The District conservatively budgeted for these mid-year cuts and it is expected that the State will pull the budget trigger for Tier Two cuts on December 15, 2011, resulting in $102 million in reductions system-wide.

Student enrollment fees increased from $26/unit to $36/unit effective Fall 2011 and it is expected that the fees will increase to $46/unit Summer 2012. The affects of a 77% increase in fees over a one-year period on student enrollment are unknown at this time, but historically fee increases of any size have resulted in enrollment decline.

Despite the declining State revenues, the CCCCD Governing Board has conservatively maintained the District's reserves in anticipation of two to three more years of flat or declining resources. A District-wide minimum reserve of 5%, a Board Contingency Reserve of 5%, plus college-level reserves are expected to yield a $31 million ending fund balance in 2011-12.

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, 2011 AND 2010

ASSETS	2011	2010
Current Assets		
Cash and cash equivalents	$ 17,937,705	$ 56,117,827
Restricted cash and cash equivalents	141,596,635	121,563,834
Accounts receivable, net	25,701,163	30,873,808
Due from fiduciary funds	164,274	98,960
Notes receivable - current portion	266,732	295,094
Prepaid expenses - current portion	2,457,874	2,320,156
Stores inventories	2,482,274	2,804,718
Deferred charges - current portion	89,220	89,220
Total Current Assets	190,695,877	214,163,617
Noncurrent Assets		
Investments - noncurrent portion	24,152,084	24,415,970
Deferred charges - noncurrent portion	1,720,961	1,810,181
Nondepreciable capital assets	35,633,967	35,051,285
Depreciable capital assets, net of depreciation	252,417,253	240,417,700
Total Noncurrent Assets	313,924,265	301,695,136
TOTAL ASSETS	504,620,142	515,858,753
LIABILITIES		
Current Liabilities		
Accounts payable	9,251,517	13,276,453
Interest payable	5,456,984	4,384,851
Claims payable	42,480	98,568
Due to fiduciary funds	2,611,054	9,386,120
Deferred revenue	7,970,904	7,445,520
Notes payable - current portion	70,000	65,000
Bonds payable - current portion	9,155,000	8,700,000
Bond premiums - current portion	158,399	158,399
Lease obligations - current portion	5,186	7,453
Other long-term liabilities - current portion	1,499,328	-
Total Current Liabilities	36,220,852	43,522,364
Noncurrent Liabilities		
Compensated absences payable - noncurrent portion	13,978,339	13,904,508
Notes payable - noncurrent portion	855,000	925,000
Bonds payable - noncurrent portion	227,940,000	237,095,000
Bond premiums - noncurrent portion	2,983,872	3,142,271
Lease obligations - noncurrent portion	5,066	10,252
OPEB Liability	30,162,340	28,889,667
Other long-term liabilities - noncurrent portion	2,998,656	-
Total Noncurrent Liabilities	278,923,273	283,966,698
TOTAL LIABILITIES	315,144,125	327,489,062
NET ASSETS		
Invested in capital assets, net of related debt	139,134,751	146,929,444
Restricted for:		
Debt service	17,115,995	18,101,437
Capital projects	8,175,250	7,078,199
Educational programs	606,159	331,952
Other activities	205,881	213,078
Unrestricted	24,237,981	15,715,581
TOTAL NET ASSETS	$ 189,476,017	$ 188,369,691

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

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS – PRIMARY GOVERNMENT FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

	2011	2010
OPERATING REVENUES		
Student Tuition and Fees	$ 32,934,055	$ 32,948,032
Less: Scholarship discount and allowance	(8,038,928)	(8,018,687)
Net tuition and fees	24,895,127	24,929,345
Auxiliary Enterprise Sales and Charges		
Bookstore	11,533,879	12,261,070
Cafeteria	1,054,349	1,048,718
Other enterprise	1,199,340	1,180,729
TOTAL OPERATING REVENUES	38,682,695	39,419,862
OPERATING EXPENSES		
Salaries	118,309,311	124,459,686
Employee benefits	46,253,190	39,544,811
Supplies and materials	4,380,490	4,645,115
Services and other operating costs	30,889,590	35,676,374
Student financial aid	34,356,975	28,189,307
Depreciation	10,966,336	9,800,292
TOTAL OPERATING EXPENSES	245,155,892	242,315,585
OPERATING LOSS	(206,473,197)	(202,895,723)
NONOPERATING REVENUES (EXPENSES)		
State apportionments, noncapital	66,153,449	67,963,777
Local property taxes, levied for general purposes	66,602,537	67,376,337
Taxes levied for other specific purposes	19,430,377	18,390,360
Federal revenues	36,890,097	32,533,611
State revenues, other	21,905,334	23,611,527
State taxes and other revenues	799,110	964,872
Investment income	1,005,819	2,887,561
Unrealized gains/losses	299,413	54,957
Interest expense on capital related debt	(11,381,299)	(8,261,368)
Investment income on capital asset-related debt, net	33,935	25,085
Transfer from agency fund	266,559	123,000
Transfer to agency funds	(9,100,763)	(19,431,167)
Other nonoperating revenue	12,886,830	4,673,471
TOTAL NONOPERATING REVENUES (EXPENSES)	205,791,398	190,912,023
INCOME (LOSS) BEFORE OTHER REVENUES AND EXPENSES	(681,799)	(11,983,700)
State revenues, capital	240,747	2,819,833
Local revenues, capital	1,547,378	1,038,595
TOTAL INCOME BEFORE OTHER REVENUES AND EXPENSES	1,788,125	3,858,428
CHANGE IN NET ASSETS	1,106,326	(8,125,272)
NET ASSETS, BEGINNING OF YEAR	188,369,691	196,494,963
NET ASSETS, END OF YEAR	$ 189,476,017	$ 188,369,691

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

STATEMENTS OF CASH FLOWS – PRIMARY GOVERNMENT
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	$ 24,733,457	$ 24,763,738
Payments to vendors for supplies and services	(33,857,168)	(40,314,176)
Payments to or on behalf of employees	(168,734,208)	(164,617,948)
Payments to students for scholarships and grants	(34,239,393)	(28,189,307)
Auxiliary enterprise sales and charges	13,787,568	14,490,517
Other operating receipts (payments)	(2,625,257)	(2,578,783)
Net Cash Flows From Operating Activities	(200,935,001)	(196,445,959)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State apportionments	67,901,043	66,614,124
Property taxes - nondebt related	66,602,537	67,376,337
Federal grants and contracts	35,978,395	33,710,609
State grants and contracts	21,870,751	18,429,328
Local grants and contracts	2,219,952	4,274,355
Other nonoperating	7,390,854	155,698
Net Cash Flows From Noncapital Financing Activities	201,963,532	190,560,451
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Purchase of capital assets	(24,231,442)	(14,857,465)
State revenue, capital projects	240,747	2,819,833
Local revenue, capital projects	1,547,379	1,038,595
Proceeds from sale of bonds	-	74,059,339
Deferred cost on issuance	-	(673,411)
Property taxes - related to capital debt	19,430,377	18,390,360
Net change in OPEB obligation	1,272,673	(5,093,742)
Principal paid on capital debt	(8,765,000)	(3,315,000)
Interest paid on capital debt	(10,009,753)	(7,390,003)
Interest received on capital asset-related debt	33,935	25,085
Net Cash Flows From Capital Financing Activities	(20,481,084)	65,003,591
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	299,413	245,323
Interest received from investments	1,005,819	3,285,485
Net Cash Flows From Investing Activities	1,305,232	3,530,808
NET CHANGE IN CASH AND CASH EQUIVALENTS	(18,147,321)	62,648,891
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	177,681,661	115,032,770
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 159,534,340	$ 177,681,661

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

STATEMENTS OF CASH FLOWS, - PRIMARY GOVERNMENT Continued
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

	2011	2010
RECONCILIATION OF NET OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Operating Loss	$ (206,473,197)	$ (202,895,723)
Adjustments to Reconcile Operating Loss to Net Cash Flows from Operating Activities:		
Depreciation and amortization expense	10,966,336	9,800,292
Changes in Assets and Liabilities:		
Receivables	(740,538)	156,997
Stores inventories	322,444	(281,980)
Prepaid expenses	(137,718)	4,399,209
Accounts payable and accrued liabilities	1,377,355	(4,324,251)
Deferred revenue	525,384	(1,669,151)
Funds held for others	(6,775,067)	(1,631,352)
Total Adjustments	5,538,196	6,449,764
Net Cash Flows From Operating Activities	$ (200,935,001)	$ (196,445,959)
CASH AND CASH EQUIVALENTS CONSIST OF THE FOLLOWING:		
Cash in banks	$ 328,629	$ 1,873,687
Cash in county treasury	129,239,630	121,962,365
Cash in LAIF	29,966,081	53,845,609
Total Cash and Cash Equivalents	$ 159,534,340	$ 177,681,661

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

STATEMENTS OF FIDUCIARY NET ASSETS
JUNE 30, 2011 AND 2010

	2011		2010	
	Trust	Agency Funds	Trust	Agency Funds
ASSETS				
Cash and cash equivalents	$ 495,584	$ 2,119,663	$ 493,685	$ 1,847,463
Investments	28,009,468	-	9,764,442	-
Accounts receivable, net	31,800	10,902	487	88,632
Due from other funds	2,281,116	68,884	9,102,302	115,788
Total Assets	30,817,968	$ 2,199,449	19,360,916	$ 2,051,883
LIABILITIES				
Accounts payable	6,021	$ 240,914	-	$ 204,988
Due to other funds	-	164,274	2,063	89,224
Due to student groups	-	1,794,261	-	1,757,671
Total Liabilities	6,021	$ 2,199,449	2,063	$ 2,051,883
NET ASSETS				
Reserved	30,811,947		19,358,853	
Total Net Assets	$ 30,811,947		$ 19,358,853	

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, 2011 AND 2010

	2011 Trust	2010 Trust
ADDITIONS		
Investment income	$ 2,423,544	$ 666,802
Total Additions	2,423,544	666,802
DEDUCTIONS		
Services and operating expenditures	70,450	57,006
Total Deductions	70,450	57,006
OTHER FINANCING SOURCES (USES)		
Operating transfers in	9,100,000	18,200,000
Total Other Financing Sources (Uses)	9,100,000	18,200,000
Change in Net Assets	11,453,094	18,809,796
Net Assets - Beginning	19,358,853	549,057
Net Assets - Ending	$ 30,811,947	$ 19,358,853

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

DISCRETELY PRESENTED COMPONENT UNITS
CONTRA COSTA, DIABLO VALLEY, AND LOS MEDANOS FOUNDATIONS
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2011

	Contra Costa	Diablo Valley	Los Medanos	Total
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	$ 1,052,857	$ 477,000	$ 313,661	$ 1,843,518
Investments	1,110,054	2,849,976	512,832	4,472,862
Accounts receivable	-	1,193	24,688	25,881
Prepaid expenses	-	12,740	-	12,740
Total Current Assets	2,162,911	3,340,909	851,181	6,355,001
NONCURRENT ASSETS				
Investments	-	-	121,000	121,000
Equipment, net	-	-	651	651
Total Noncurrent Assets	-	-	121,651	121,651
TOTAL ASSETS	$ 2,162,911	$ 3,340,909	$ 972,832	$ 6,476,652
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable	$ -	$ 14,108	$ 109,449	$ 123,557
Deferred revenue	-	181,580	-	181,580
Funds held for others	322,225	-	310,720	632,945
TOTAL LIABILITIES	322,225	195,688	420,169	938,082
NET ASSETS				
Unrestricted	1,113,405	370,679	137,138	1,621,222
Temporarily restricted	202,167	1,606,535	415,525	2,224,227
Permanently restricted	525,114	1,168,007	-	1,693,121
Total Net Assets	1,840,686	3,145,221	552,663	5,538,570
Total Liabilities and Net Assets	$ 2,162,911	$ 3,340,909	$ 972,832	$ 6,476,652

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, 2011
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
REVENUES					
Donations	$ 7,793	$ 202,405	$ -	$ 210,198	$ 187,679
Program income	2,369	-	-	2,369	7,535
Event income, net of expenses	53,368	-	-	53,368	3,976
Investment income	41,545	14,412	-	55,957	55,340
Other income	-	-	-	-	(518)
Satisfaction of program restrictions	246,221	(227,977)	(18,244)	-	-
Total Revenues	351,296	(11,160)	(18,244)	321,892	254,012
EXPENSES					
Program services	242,910	-	-	242,910	255,097
Management and general	5,801	-	-	5,801	7,377
Fundraising	2,250	-	-	2,250	6,303
Total Expenses	250,961	-	-	250,961	268,777
CHANGE IN NET ASSETS	100,335	(11,160)	(18,244)	70,931	(14,765)
NET ASSETS, BEGINNING OF YEAR	1,013,070	213,327	543,358	1,769,755	1,784,520
NET ASSETS, END OF YEAR	$ 1,113,405	$ 202,167	$ 525,114	$1,840,686	$1,769,755

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

DISCRETELY PRESENTED COMPONENT UNIT
DIABLO VALLEY COLLEGE FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
REVENUES					
Donations	$ 41,788	$ 350,036	$ 80,000	$ 471,824	$ 339,754
District in kind support	294,120	-	-	294,120	418,377
Other in kind donations	2,831	-	-	2,831	2,564
Event income, net of expenses	86,519	-	-	86,519	66,370
Investment income (loss)	341,534	128,954	-	470,488	183,885
Other income	479	-	-	479	8,104
Satisfaction of program restrictions	340,715	(321,967)	(18,748)	-	-
Total Revenues	1,107,986	157,023	61,252	1,326,261	1,019,054
EXPENSES					
Program services	229,602	-	-	229,602	359,095
Management and general	464,345	-	-	464,345	342,642
Fundraising	165,519	-	-	165,519	134,151
Total Expenses	859,466	-	-	859,466	835,888
CHANGE IN NET ASSETS	248,520	157,023	61,252	466,795	183,166
NET ASSETS, BEGINNING OF YEAR	122,159	1,449,512	1,106,755	2,678,426	2,495,260
NET ASSETS, END OF YEAR	$ 370,679	$ 1,606,535	$ 1,168,007	$ 3,145,221	$ 2,678,426

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

DISCRETELY PRESENTED COMPONENT UNIT
LOS MEDANOS COLLEGE FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

	Unrestricted	Temporarily Restricted	Total	Total
REVENUES				
Donations	$ 33,001	$ 175,574	$ 208,575	$ 248,623
District in kind support	277,721	-	277,721	236,735
Other in kind donations	26,697	-	26,697	161,125
Event income, net of expenses	445	-	445	624
Interest income	2,657	276	2,933	8,873
Other income	52,849	-	52,849	140
Satisfaction of program restrictions	180,533	(180,533)	-	-
Total Revenues	573,903	(4,683)	569,220	656,120
EXPENSES				
Program services	405,354	-	405,354	517,971
Management and general	265,176	-	265,176	182,016
Fundraising	6,587	-	6,587	-
Total Expenses	677,117	-	677,117	699,987
CHANGE IN NET ASSETS	(103,214)	(4,683)	(107,897)	(43,867)
NET ASSETS, BEGINNING OF YEAR	240,352	420,208	660,560	704,427
NET ASSETS, END OF YEAR	$ 137,138	$ 415,525	$ 552,663	$ 660,560

DISCRETELY PRESENTED COMPONENT UNITS
CONTRA COSTA, DIABLO VALLEY AND LOS MEDANOS FOUNDATIONS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2011

	Contra Costa	Diablo Valley	Los Medanos	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Change in Net Assets	$ 70,931	$ 466,795	$ (107,897)	$ 429,829
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities				
Unrealized gain	-	(427,933)	-	(427,933)
Depreciation	-	-	290	290
Changes in Assets and Liabilities				
Accounts receivable	-	(543)	(24,688)	(25,231)
Prepaids assets	-	6,627	-	6,627
Accounts payable	-	1,088	109,449	110,537
Deferred revenue	-	22,220	-	22,220
Funds held for others	-	-	125,828	125,828
Net Cash Flows From Operating Activities	70,931	68,254	102,982	94,119
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sales and maturities of investments	-	3,116,642	466,775	3,583,417
Purchase of investments	-	(3,541,730)	(469,817)	(4,011,547)
Interest received from investments	74,616	-	-	74,616
Net Cash Flows From Investing Activities	74,616	(425,088)	(3,042)	(353,514)
NET CHANGE IN CASH AND CASH EQUIVALENTS	145,547	(356,834)	99,940	(111,347)
CASH AND CASH EQUIVALENTS, BEGINNING	907,310	833,834	213,721	1,954,865
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 1,052,857	$ 477,000	$ 313,661	$ 1,843,518

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

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.

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 (IRC) Section 501(c)(3) that reports its financial results in accordance with Financial Accounting Standards Board Codifications. 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.

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. Revenue from Federal and State grants and entitlements are recognized in the fiscal year in which all eligible requirements have been satisfied, Eligibility requirements may include time/or purpose requirements.

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.

Investments

Investments held at June 30, 2011 and 2010, 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.

Restricted Assets

Restricted assets arise when restrictions on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governmental or imposed by enabling legislation. Restricted assets represent investments required to be set aside by the District for the purpose of satisfying certain requirements of the bonded debt issuance.

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, 2011 and 2010.

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 routine maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are charged as an operating expense in the year in which the expense was incurred. 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.

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

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, retirement credit for unused sick leave is applicable to all academic 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.

Noncurrent Liabilities

Noncurrent liabilities include bonds and certificates of participation compensated absences, capital lease obligations, instructional service agreement apportionment repayments, and OPEB obligations with maturities greater than one year.

Net Assets

GASB Statements No. 34 and No. 35 report equity as "Net Assets" and represent the difference between assets and liabilities. 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.

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.

Property Taxes

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

The voters of the District passed General Obligation Bonds in 2002 and 2006 for the acquisition, construction, and remodeling of certain District capital property. 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, 2011 and 2010, the District distributed $2,171,067 and $1,604,386 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.

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 $2,600,006 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.

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 Codifications. Under these reporting requirements, 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 codification, 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.

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 FASB Topic ASC 820, *Fair Value Measurements and Disclosures.*

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 November 2010, the GASB issued GASB Statement No. 61, *The Financial Reporting Entity: Omnibus-an amendment of GASB Statements No. 14 and No. 34*. The objective of this Statement is to improve financial reporting for a governmental financial reporting entity. The requirements of Statement No. 14, *The Financial Reporting Entity*, and the related financial reporting requirements of Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments,* were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements.

This Statement modifies certain requirements for inclusion of component units in the financial reporting entity. For organizations that previously were required to be included as component units by meeting the fiscal dependency criterion, a financial benefit or burden relationship also would need to be present between the primary government and that organization for it to be included in the reporting entity as a component unit. Further, for organizations that do not meet the financial accountability criteria for inclusion as component units but that, nevertheless, should be included because the primary government's management determines that it would be misleading to exclude them, this Statement clarifies the manner in which that determination should be made and the types of relationships that generally should be considered in making the determination.

This Statement also amends the criteria for reporting component units as if they were part of the primary government (that is, blending) in certain circumstances. For component units that currently are blended based on the "substantively the same governing body" criterion, it additionally requires that (1) the primary government and the component unit have a financial benefit or burden relationship or (2) management (below the level of the elected officials) of the primary government have operational responsibility (as defined in paragraph 8a) for the activities of the component unit. New criteria also are added to require blending of component units whose total debt outstanding is expected to be repaid entirely or almost entirely with resources of the primary government. The blending provisions are amended to clarify that funds of a blended component unit have the same financial reporting requirements as a fund of the primary government. Lastly, additional reporting guidance is provided for blending a component unit if the primary government is a business-type activity that uses a single column presentation for financial reporting.

This Statement also clarifies the reporting of equity interests in legally separate organizations. It requires a primary government to report its equity interest in a component unit as an asset. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2012. Early implementation is encouraged.

Comparative Financial Information

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

NOTE 3 – 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:

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

Summary of Deposits and Investments

Deposits and investments as of June 30, 2011, consist of the following:

	Primary Government	Fiduciary Funds
Cash on hand and in banks	$ 150,259	$ 549,204
Cash in revolving	178,370	500
Investments	183,357,795	30,075,011
Total Deposits and Investments	$ 183,686,424	$ 30,624,715
Cash and cash equivalents - current	$ 17,937,705	$ -
Cash and cash equivalents - restricted	141,596,635	2,615,247
Total Cash and cash equivalents	159,534,340	2,615,247
Total Investments	24,152,084	28,009,468
Total Deposits and Investments	$ 183,686,424	$ 30,624,715

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 - Primary Government	Fair Value	12 Months or Less	More than 12 Months
U.S. Treasuries	$ 5,247,472	$ 656,652	$ 4,590,820
Federal Agency Bonds	10,362,491	988,335	9,374,156
Municipal Bonds	1,003,390	1,003,390	-
Corporate Notes	7,132,424	-	7,132,424
Mortgage Backed Securities	406,307	406,307	-
County Pool	129,239,630	129,239,630	-
State Investment Pool	29,966,081	29,966,081	-
Total	$ 183,357,795	$ 162,260,395	$21,097,400

Segmented Time Distribution (Continued)

Investment Type - Fiduciary Funds	Fair Value	12 Months or Less	More than 12 Months
Common Stocks	$ 11,661,303	$ -	$11,661,303
Fixed Income	16,348,165	-	16,348,165
County Pool	1,886,771	1,886,771	-
State Investment Pool	178,772	178,772	-
Total	$ 30,075,011	$ 2,065,543	$28,009,468

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, 2011.

Investment Type	Fair Value	Minimum Legal Rating	Rating as of Year End					
			AAA	AA+	AA	AA-	A+	Unrated
U.S. Treasuries	$ 5,247,472	n/a	$ -	$ -	$ -	$ -	$ -	$ 5,247,472
Federal Agency Bonds	10,362,491	n/a	10,362,491	-	-	-	-	-
Municipal Bonds	1,003,390	A	-	1,003,390	-	-	-	-
Corporate Notes	7,132,424	A	400,950	982,995	1,022,118	1,985,405	2,740,956	-
Mortgage Backed Securities	406,307	A	406,307	-	-	-	-	-
County Pool	129,239,630	n/a	-	-	-	-	-	129,239,630
State Investment Pool	29,966,081	n/a	-	-	-	-	-	29,966,081
Total	$ 183,357,795		$11,169,748	$1,986,385	$1,022,118	$1,985,405	$2,740,956	$ 164,453,183

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 represents five percent or more of the total investments were as follows:

Investment Type	Issuer	Reported Amount	Percentage of Investments
Federal Agency Bonds	Fannie Mae	$ 4,208,345	17.5%
Federal Agency Bonds	Freddie Mac	4,313,665	17.9%
Total		$ 8,522,010	

Concentration of Credit Risk, Continued

Investment Type - Fiduciary Funds	Issuer	Reported Amount	Percentage of Investments
Mutual Funds	Artio Total Return Bond Fund	$ 2,775,381	9.9%
Mutual Funds	Delaware Diversified Income Fund	1,493,978	5.3%
Mutual Funds	Pimco Total Return Fund	2,634,970	9.4%
Mutual Funds	Templeton Global Bond Advantage Fund	2,765,971	9.9%
Mutual Funds	Western Asset Core Plus Bond Fund	2,749,380	9.8%
Mutual Funds	Metropolitan West Total Return Bond Fund	2,782,616	9.9%
Total		$ 15,202,296	

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, 2011, the District's approximately $500,000 of the District’s $8 million bank balance was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

NOTE 4 - ACCOUNTS RECEIVABLE

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

The accounts receivable are as follows:

	Primary Government	
	2011	2010
Federal Government		
Categorical aid	$ 2,147,210	$ 1,235,508
State Government		
Apportionment	15,868,797	17,616,391
Categorical aid	1,814,654	4,380,077
Lottery	788,276	1,377,494
Local Sources		
Interest	339,964	310,648
Other local sources	1,963,813	3,915,779
Total, excluding student receivables	22,922,714	28,835,897
Student receivables	4,104,985	3,364,447
Less allowance for bad debt	(1,326,536)	(1,326,536)
Student receivables, net	2,778,449	2,037,911
Total	$ 25,701,163	$ 30,873,808

	Fiduciary Funds	
	2011	2010
Local Sources		
Interest	$ 33,922	$ 1,502
Other local sources	8,780	87,617
Total	$ 42,702	$ 89,119

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, 2011.

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the District for the fiscal year ended June 30, 2011, was as follows:

2011	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Capital Assets Not Being Depreciated				
Land	$ 13,651,216	$ -	$ 19,000	$ 13,632,216
Construction in progress	21,400,069	13,006,256	12,404,574	22,001,751
Total Capital Assets Not Being Depreciated	35,051,285	13,006,256	12,423,574	35,633,967
Capital Assets Being Depreciated				
Land improvements	50,289,781	13,091,477	-	63,381,258
Buildings and improvements	257,725,839	7,906,344	-	265,632,183
Furniture and equipment	46,992,259	1,968,069	11,123	48,949,205
Total Capital Assets Being Depreciated	355,007,879	22,965,890	11,123	377,962,646
Total Capital Assets	390,059,164	35,972,146	12,434,697	413,596,613
Less Accumulated Depreciation				
Land improvements	15,735,299	2,871,415	-	18,606,714
Buildings and improvements	62,209,519	5,159,439	-	67,368,958
Furniture and equipment	36,645,361	2,935,483	11,123	39,569,721
Total Accumulated Depreciation	114,590,179	10,966,337	11,123	125,545,393
Net Capital Assets Being Depreciated	240,417,700	11,999,553	-	252,417,253
Net Capital Assets	$ 275,468,985	$ 25,005,809	$ 12,423,574	$ 288,051,220

Depreciation expense for the year was $10,966,337.

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	57,167,258	11,075,187	33,191,160	35,051,285
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	320,122,897	36,795,481	1,910,499	355,007,879
Total Capital Assets	377,290,155	47,870,668	35,101,659	390,059,164
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	106,230,281	9,569,211	1,209,313	114,590,179
Net Capital Assets Being Depreciated	213,892,616	27,226,270	701,186	240,417,700
Net Capital Assets	$ 271,059,874	$ 38,301,457	$ 33,892,346	$ 275,468,985

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

Discretely Presented Component Unit

All of the Foundations' capital assets are equipment purchases. At June 30, 2011, total equipment and accumulated depreciation were $5,048 and $4,397, respectively. Depreciation expense as of June 30, 2011 was $290.

NOTE 7 - ACCOUNTS PAYABLE

Accounts payable for the District consisted of the following:

	Primary Government	
	2011	2010
Accrued payroll	$ 5,367,693	$ 9,043,013
Claims payable	40,630	98,568
Construction	1,889,010	2,552,880
Vendors	1,996,664	1,680,560
Total	$ 9,293,997	$ 13,375,021

Fiduciary Funds

	Fiduciary Funds	
	2011	2010
Accrued payroll	$ 4,986	$ -
Vendors	241,949	204,988
Total	$ 246,935	$ 204,988

NOTE 8 - DEFERRED REVENUE

Deferred revenue consisted of the following:

	Primary Government	
	2011	2010
Federal financial assistance	$ -	$ 1,039
State categorical aid	2,744,259	2,858,021
Enrollment and other student fees	4,844,221	4,265,353
Other local	382,424	321,107
Total	$ 7,970,904	$ 7,445,520

NOTE 9 - INTERFUND TRANSACTIONS

Interfund Receivables and Payables (Due To/Due From)

Interfund receivables and payable arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund activity within the governmental fund and fiduciary funds has been eliminated respectively in the consolidated process of the basic financial statements. Balances owing between the primary government and the fiduciary funds are not eliminated in the consolidation process.

As of June 3, 2011, the amount owed between the government and the fiduciary funds were $164,274 and $2,350,000 net of claims on cash, respectively.

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 within the funds of the District have been eliminated in the consolidation process. Transfers between the primary government and the transferred funds are not eliminated in the consolidation process. During the 2011, fiscal year the amount transferred to the primary government from the fiduciary fund amounted to $266,559. The amount transferred to the fiduciary funds from the primary government were $9,100,763.

NOTE 10 - LONG-TERM OBLIGATIONS

Summary

The changes in the District's long-term obligations during the 2011 fiscal year consisted of the following:

2011

	Balance Beginning of Year	Additions/ Adjustment	Deductions	Balance End of Year	Due in One Year
Bonds and Notes Payable					
General obligation bonds	$ 245,795,000	$ -	$ 8,700,000	$ 237,095,000	$ 9,155,000
Certificates of participation	990,000	-	65,000	925,000	70,000
Debt premium, net	3,300,669	-	158,399	3,142,270	158,399
Total Bonds and Notes Payable	250,085,669	-	8,923,399	241,162,270	9,383,399
Other Liabilities					
Compensated absences	13,904,508	73,831	-	13,978,339	-
Capital leases	17,706	-	7,453	10,253	5,186
State apportionment	-	4,497,984	-	4,497,984	1,499,328
Net OPEB obligation	28,889,667	19,655,935	18,383,262	30,162,340	-
Total Other Liabilities	42,811,881	24,227,750	18,390,715	48,648,916	1,504,514
Total Long-Term Debt	$ 292,897,550	$ 24,227,750	$27,314,114	$ 289,811,186	$ 10,887,913

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

2010

	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	179,061,753	74,497,315	3,473,399	250,085,669	8,923,399
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	48,251,479	13,533,900	18,973,498	42,811,881	7,453
Total Long-Term Debt	$ 227,313,232	$ 88,031,215	$ 22,446,897	$ 292,897,550	$ 8,930,852

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 and instructional service agreement apportionment repayments are paid by the general fund. The compensated absences and OPEB obligations will be paid by the fund for which the employee worked.

Description of Bonds

On March 5, 2002, $120,000,000 in general obligation bonds were authorized by the voters under Proposition 39/Measure A in an election held within the Contra Costa Community College District. In July 2002, the District issued its first series in the amount of $50,000,000. The bonds require annual principal payments and semi-annual interest payments beginning August 2003 through August 2026. Annual interest rates range from 3.5% to 6.0%.

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

In May 2006, the District issued 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 Outstanding July 1, 2010	Issued	Redeemed	Bonds Outstanding June 30, 2011
6/11/2002	8/1/2026	3.5%-6%	$ 50,000,000	$ 43,350,000	$ -	$ 150,000	$ 43,200,000
8/11/2004	8/1/2029	4.0%-5.5%	45,000,000	41,850,000	-	1,150,000	40,700,000
4/25/2006	8/1/2030	4.0%-4.5%	25,000,000	23,625,000	-	545,000	23,080,000
8/2/2007	8/1/2032	4.0%-5.0%	73,000,000	63,970,000	-	1,695,000	62,275,000
3/16/2010	8/1/2034	0.75%-6.504%	73,000,000	73,000,000	-	5,160,000	67,840,000
				$ 245,795,000	$ -	$ 8,700,000	$ 237,095,000

The bonds mature through 2035 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2012	$ 9,155,000	$ 11,617,634	$ 20,772,634
2013	9,555,000	11,372,159	20,927,159
2014	4,530,000	11,131,334	15,661,334
2015	4,940,000	10,892,394	15,832,394
2016	8,115,000	14,142,097	22,257,097
2017-2021	36,520,000	48,236,494	84,756,494
2022-2026	55,390,000	37,507,517	92,897,517
2027-2031	72,095,000	19,567,055	91,662,055
2032-2035	36,795,000	4,828,141	41,623,141
Total	$ 237,095,000	$ 169,294,825	$ 406,389,825

Certificates of Participation

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

Year Ending June 30,	Principal	Interest	Total
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	90,000	36,900	126,900
2017-2021	525,000	97,500	622,500
Total	$ 925,000	$ 330,000	$ 1,255,000

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 $2,147,314, at June 30, 2011. The District's liability on lease agreements with option to purchase is summarized below:

Year Ending June 30,	Lease Payment
2012	$ 5,712
2013	5,236
Total	10,948
Less: Amount Representing Interest	696
Present Value of Minimum Lease Payments	$ 10,252

State Apportionment

The District initiated a review of the District's course offerings known as Instructional Service Agreements (ISA). The initial review indicated an adjustment of $4,497,984 due back to the state. This amount will be withheld from future apportionment receipts in the amount of $1,499,328 per year for June 30, 2012, 2013, and 2014.

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.

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	$ 17,239,736
Interest on net OPEB obligation	2,416,199
Annual OPEB cost	19,655,935
Contributions made	(18,383,262)
Increase in net OPEB obligation	1,272,673
Net OPEB obligation, beginning of year	28,889,667
Net OPEB obligation, end of year	$ 30,162,340

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 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
2011	19,655,935	18,383,262	94%	30,162,340

Actuarial valuation of an ongoing plan involves 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.

In the February 1, 2011, actuarial valuation, the entry age normal method was used. The actuarial assumptions included a 6.65 percent investment rate of return (net of administrative expenses), on Plan assets funded in an irrevocable employee benefit trust fund invested in a long-term fixed income portfolio. Healthcare cost trend rates used were 4% per year. The UAAL is being amortized at a level dollar method. The remaining amortization period at February 1, 2011, was 27 years. The actuarial value of assets was $23,373,801 at the time of the 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, 2011, 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.

Insurance Program / Company Name	Type of Coverage	Limits
Contra Costa Schools Insurance Group	Workers' Compensation	State Statutory Limit
Statewide Association of Community Colleges	Liability	$25,000,000 per occurance
Statewide Association of Community Colleges	Property	$250,000,000 per occurance

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, 2009 to June 30, 2011:

	Property and Liability
Liability Balance, July 1, 2009	$ 90,971
Claims and changes in estimates	539,103
Claims payments	(531,506)
Liability Balance, June 30, 2010	98,568
Claims and changes in estimates	38,517
Claims payments	(96,455)
Liability Balance, June 30, 2011	$ 40,630
Assets Available to Pay Claims at June 30, 2011	$ 497,272

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.

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 2010-2011 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, 2011, 2010, and 2009, were $5,026,962, $5,243,305, and $5,253,436, 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 2010-2011 was 10.707 percent of annual payroll. The District's contributions to CalPERS for fiscal years ending June 30, 2011, 2010, and 2009, were $3,869,382, $3,752,530, and $3,530,999, 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 CalSTRS contribution plan for instructors. Instructors who choose not to sign up for CalSTRS or FICA may participate in the CB plan. The District contribution rate for the year ended June 30, 2011, was 4 person of annual payroll. Contributions for the year ended June 30, 2011, were $357,917.

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 $2,600,006, $2,963,675, and $2,873,441 for the years ended June 30, 2011, 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, 2011 or, 2010. 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, 2011, the District made payments of $2,037,053 and $1,186,031 to the Contra Costa Schools Insurance Group and the Bay Area Community College District JPA, respectively.

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, 2011.

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, 2011.

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
2012	$ 130,499
Total	$ 130,499

Related Party Transactions

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

Construction Commitments

As of June 30, 2011, the District had the following commitments with respect to the unfinished capital projects:

CAPITAL PROJECT	Remaining Construction Commitment	Expected Date of Completion
2006 Bond		
Diablo Valley		
Commons project	$ 1,422,128	Nov-12
Los Medanos		
Student services remodel	821,808	Jun-15
Nursing/EMT remodel	2,782,418	Mar-12
Brentwood new center	41,356	Sep-17
Campus project admin	47,751	Jun-12
Program studies	4,295	ongoing
Contra Costa		
Athletic area	30,450	Jun-11
College center	251,252	May-14
District Wide		
Energy conservation studies	5,674	ongoing
Campus project admin	20,005	Jun-12
IT Infrastructure	134,992	ongoing
Program studies	37,729	ongoing
Total 2006 Bond	5,599,858	
2002 Bond		
Diablo Valley		
Planeterium	6,076	Jun-11
Los Medanos		
Science building	6,454	Jun-11
Contra Costa		
Card access	9,556	Dec-11
Applied arts building	176,111	Oct-11
Music building	96,291	Jun-12
VA building	2,417	Jun-11
Utility upgrade	17,224	Jun-12
College center	531,535	May-14
Total 2002 Bond	845,664	
Other Funding Sources		
Diablo Valley		
Elevator controls	14,520	Jun-11
Los Medanos		
Art area remodel	305,665	Dec-11
PE alarm system	4,349	Jun-11
Gym hydronic pipe	7,727	Jun-11
Total Other Funding Sources	332,261	
Total All Sites and Funding Sources	$ 6,777,783	

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

Deferral of State Apportionments

Certain apportionments owed to the District for funding of FTES, categorical programs, and construction reimbursements which are attributable to the 2010-2011 fiscal year have been deferred to the 2011-2012 fiscal year. The total amount of funding deferred into the 2011-2012 fiscal year and received in July 2011 was $14,799,273. These deferrals of apportionment are considered permanent with future funding also being subject to deferral into future years.

Subsequent Events

In July 2011, the District acquired a land parcel that will be used to develop a Brentwood center.

REQUIRED SUPPLEMENTARY INFORMATION

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS (OPEB) FUNDING PROGRESS
FOR THE YEAR ENDED JUNE 30, 2011

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%
February 1, 2011	$ 23,373,801	$ 198,640,665	$ 175,266,864	13%	$ 73,907,620	237%

SUPPLEMENTARY INFORMATION

DISTRICT ORGANIZATION
JUNE 30, 2011

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

MEMBER	OFFICE	TERM EXPIRES
John T. Nejedly	President	2014
Tomi Van de Brooke	Vice President	2012
Sheila A. Grilli	Secretary	2014
John E. Márquez	Member	2014
Robert Calone	Member	2012
Francisco Hinojosa	Student Trustee	2012

ADMINISTRATION

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

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Total Expenditures
U.S. DEPARTMENT OF EDUCATION			
STUDENT FINANCIAL AID CLUSTER			
Federal Pell Grant Programs (PELL)	84.063	[1]	$29,757,882
Federal Pell Administrative Allowance	84.063	[1]	38,945
Federal Supplemental Educational Opportunity Grants (FSEOG)	84.007	[1]	463,716
Federal Direct Loans (FDL)	84.268	[1]	2,171,067
Federal College Work Study (FWS)	84.033	[1]	319,858
Academic Competitiveness Grants (ACG)	84.375	[1]	175,279
Subtotal Student Financial Aid Cluster			32,926,747
Title V, Hispanic Serving Institutions	84.031S	[1]	260,440
TRIO - Talent Search	84.044	[1]	316,681
Childcare Access Means Parents In School	84.335	[1]	15,050
ARRA - Workability	84.390A	[1]	15,946
Atlas Grant	84.999	[1]	94,328
PASS THROUGH FUNDS			
Career Technical Education Act - Basic Grants To States (Perkins IV)	84.048	03303	1,217,003
Career Technical Education Act - Title II	84.051	[2]	209,124
Career Technical Education Act - Tech Prep Demonstration	84.051	[2]	213,206
Subtotal Career Techncial Education Cluster			1,639,333
ARRA- State Fiscal Stabilization Fund	84.394	25008	101,551
Total U.S. Department of Education			35,370,076
NATIONAL SCIENCE FOUNDATION			
National Science Foundation - Minority Science & Environmental	47.075	03797	58,169
National Science Foundation STEM	47.076	03797	92,555
Total National Science Foundation			150,724

See accompanying note to supplementary information.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2011

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	287,157
Foster Care - Title IV E - Foster Relative	93.658	10011	50,550
Temporary Assistance for Needy Families (TANF)	93.558	[2]	153,919
Total U.S. Department of Health and Human Services			491,626
U.S. DEPARTMENT OF LABOR			
Veterans' Administrative Reporting Fee	17.802	[1]	2,135
PASS THROUGH FUNDS			
President's Community Training	17.269	03064	265,489
WORKFORCE INVESTMENT ACT CLUSTER			
ARRA WIA Green Building & Clean Energy Retraining Partnership	17.258	03573	207,052
Workforce Investment Act - Nursing LVN (ARRA)	17.258	[2]	18,605
Subtotal Workforce Investment Act Cluster			225,657
Total U.S. Department of Labor			493,281
U.S. DEPARTMENT OF ENERGY			
PASS THROUGH FUNDS			
ARRA - State Energy Program - Energy Commission - Green Building & Clean Energy Retraining Partnership	81.041	[2]	384,390
Total Expenditures of Federal Awards			$36,890,097

[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, 2011

	Program Revenues				Total
Program	Cash Received	Accounts Receivable	Deferred Income	Total Revenue	Program Expenditures
AB1725 Staff Diversity	$ 130,503	$ -	$ 129,340	$ 1,163	$ 1,163
Allied Health	247,201	152,140	-	399,341	399,341
Basic Skills	1,064,262	-	435,566	628,696	628,696
AB602 Board Financial Aid Staffing	967,208	-	148,533	818,675	818,675
BOGG Admin Allowance Revenue	127,120	-	-	127,120	127,120
Cal Grants	1,411,031	75,731	-	1,486,762	1,486,762
CalWORKS	509,826	-	-	509,826	509,826
CARE	267,964	-	-	267,964	267,964
Career Tech Collaborative	-	18,297	-	18,297	18,297
Career Tech Collaborative #3	302,262	-	65,591	236,671	236,671
Career Tech Education	202,471	-	48	202,423	202,423
Career Tech Project Supplement	141,287		64,168	77,119	77,119
Career Tech Workforce Innovation	100,428	-	-	100,428	100,428
Career Academy Advancement	664,500	-	649,481	15,019	15,019
Disabled Student Program and Services	1,921,443	-	-	1,921,443	1,921,443
Environmental Tech Leadership	169	-	169	-	-
Extended Opportunity Programs and Services	1,967,722	-	-	1,967,722	1,967,722
Faculty and Staff Development	12,386	-	-	12,386	12,386
Foster Parent Training	164,202	100,867	-	265,069	265,069
Foster Relative	7,500	9,350	-	16,850	16,850
Instructional Equipment, One-time	252,683	-	252,683	-	-
Instructional Equipment, On-going	694,111	-	677,349	16,762	16,762
Lottery	3,389,387	310,711	-	3,700,098	3,700,098
Lottery, Prop 20	117,975	477,565	-	595,540	595,540
Matriculation-(Credit)	1,066,061	-	-	1,066,061	1,066,061
Matriculation-(Non-Credit)	7,475	-	-	7,475	7,475
MCHS SciMath	39,782	59,672	-	99,454	99,454
Nursing Capacity Building	142,225	-	142,225	-	-
Nursing WIA LVN	27,310	29,837	-	57,147	57,147
Part-Time Insurance	33,015	-	-	33,015	33,015
Part-Time Faculty Allocation	649,465	-	-	649,465	649,465
Part-Time Faculty Office Hours	151,767	-	-	151,767	151,767
Puente Project	-	1,183,000	-	1,183,000	1,183,000
Responsive Training (EWD)	123,314		111,840	11,474	11,474
RN Enrollment Growth	269,782	23,340	-	293,122	293,122
State Pre-School	1,383,391	-	-	1,383,391	1,383,391
Strengthening Existing Programs	617	-	-	617	617
TTIP	104,791	-	67,266	37,525	37,525
Workability III	173,193	162,421	-	335,614	335,614
State Construction Grants	240,747	-	-	240,747	240,747
Subtotal	$ 19,076,576	$ 2,602,931	$ 2,744,259	$ 18,935,248	$ 18,935,248

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, 2011

CATEGORIES	Annual Reported Data	Audit Adjustments	Audited Data
A. Summer Intersession (Summer 2009 only)			
1. Noncredit	7.12	-	7.12
2. Credit	2,884.37	-	2,884.37
B. Summer Intersession (Summer 2010 - prior to July 1, 2010)			
1. Noncredit	-	-	-
2. Credit	10.55	-	10.55
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	23,143.76	(15.79)	23,127.97
(b) Daily Census Contact Hours	1,240.61	(0.25)	1,240.36
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit	115.44	-	115.44
(b) Credit	1,171.81	(2.80)	1,169.01
3. Independent Study/Work Experience Education Courses			
(a) Weekly Census Procedure Courses	918.45	-	918.45
(b) Daily Census Procedure Courses	1,033.40	-	1,033.40
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
D. Total FTES	30,525.51	(18.84)	30,506.67
Basic Skills Courses and Immigrant Education			
(a) Noncredit	46.66	-	46.66
(b) Credit	1,481.49	-	1,481.49

See accompanying note to supplementary information.

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT (CCFS-311) WITH FUND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

None noted

See accompanying note to supplementary information.

NOTES TO SUPPLEMENTARY INFORMATION
JUNE 30, 2011

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.

INDEPENDENT AUDITORS' REPORTS

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

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 basic financial statements of Contra Costa Community College District (the District) and its discretely presented component unit for the years ended June 30, 2011 and 2010, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 30, 2011. 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

The management of Contra Costa Community College District is responsible for establishing and maintaining effective 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.

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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, 2011.

This report is intended solely for the information and use of the Board of Trustees, Audit Committee, 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, 2011

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 Contra Costa Community College District's (the District's) compliance 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 Contra Costa Community College District's major Federal programs for the year ended June 30, 2011. 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.

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In our opinion, Contra Costa Community College District complied, in all material respects, with the compliance requirements referred to above could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2011. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2011-1.

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 was not designed to 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.

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

This report is intended solely for the information and use of the Board of Trustees, Audit Committee, 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, 2011

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 basic financial statements of Contra Costa Community College District (the District), as of and for the year ended June 30, 2011, and have issued our report thereon dated December 30, 2011.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States 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 the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

Compliance with the requirements of laws, regulations, contracts, and grants listed below is the responsibility of Contra Costa Community College District's management. In connection with the audit referred to above, we selected and tested transactions and records to determine the Contra Costa Community College District's compliance with the State laws and regulations applicable to the following items:

Section 421	Salaries of Classroom Instructors: 50 Percent Law
Section 423	Apportionment for Instructional Service Agreements/Contracts
Section 424	State General Apportionment Required Data Elements
Section 425	Residency Determination for Credit Courses
Section 426	Students Actively Enrolled
Section 427	Concurrent Enrollment of K-12 Students in Community College Credit Courses
Section 431	Gann Limit Calculation
Section 432	Enrollment Fee
Section 433	CalWORKS – Use of State and Federal TANF Funding
Section 435	Open Enrollment
Section 437	Student Fee – Instructional Materials and Health Fees
Section 473	Economic and Workforce Development (EWD)
Section 474	Extended Opportunity Programs and Services (EOPS)
Section 475	Disabled Student Programs and Services (DSPS)

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Section 477 Cooperative Agencies Resources for Education (CARE)
Section 478 Preference for Veterans and Qualified Spouses for Federally Funded Qualified Training Programs
Section 479 To Be Arranged Hours (TBA)

Based on our audit, we found that for the items tested, the Contra Costa Community College District complied with the State laws and regulations referred to above, except as described in the Schedule of State Award Findings and Questioned Costs section of the accompanying Schedule of Findings and Questioned Costs. Our audit does not provide a legal determination on Contra Costa Community College District's compliance with the State laws and regulations referred to above.

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

This report is intended solely for the information of the Board of Trustees, Audit Committee, 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, 2011

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2011

FINANCIAL STATEMENTS	
Type of auditors' report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified?	None reported
Noncompliance material to financial statements noted?	No
FEDERAL AWARDS	
Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified?	Yes
Type of auditors' report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)	No
Identification of major programs:	

CFDA Number(s)	Name of Federal Program or Cluster
84.007, 84.032, 84.033 (ARRA), 84.063, 84.268, 84.375 (ARRA)	Student Financial Aid Cluster (including ARRA)
17.258 (ARRA), 81.041	Green Building and Clean Energy Retraining Partnership (including ARRA)

Dollar threshold used to distinguish between Type A and Type B programs:	$ 300,000
Auditee qualified as low-risk auditee?	Yes
STATE AWARDS	
Internal control over State programs:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	Yes
Type of auditors' report issued on compliance for State programs:	Qualified

FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2011

None noted.

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011

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.

2011-1 Finding – Federal Direct Loans, CFDA 84.268
Significant Deficiency – Internal Control Over Compliance

Criteria or Specific Requirement

34 CFR Section 668.165(a)(2)(ii) requires that if an institution credits a student's account at the institution with Direct Loan, the institution must notify the student or parent of the student's right, or the parent's right, to cancel all or a portion of that loan and have the loan proceeds returned to the Secretary.

In addition, the Direct Loan School Guide, maps the administrative requirements for participating schools, to the systems data that the school exchanges with the Department. The Guide requires that a school that participates in the Direct Loan Program is required to reconcile the funds that it has received from the G5 system to pay its students, with the actual disbursement records that it has forwarded to the Common Origination and Disbursement (COD) system.

Condition

One College did not notify the students or parents of their right to cancel all or a portion of the loan or loan disbursement or the procedure and time by which the student or parent must notify the institution that he or she wishes to cancel the loan. In addition, two Colleges were unable to provide evidence that reconciliations of amounts received, compared to the COD system, are being performed.

Questioned Costs

Direct loans processed by the College that did not provide cancellation information were $731,509, and the amounts processed by the other College that did not provide reconciliation were $1,261,214.

Context

We reviewed 12 direct loans for the Fall 2010 and Spring 2011 semesters and noted that the cancellation information was not provided to any of the 12 students. In addition, two of the three Colleges were able to provide evidence that the amounts received were reconciled to the COD system.

Effect

Students or parents not be aware of their cancellation rights and may not have all information to make an informed decision about loan cancellation options. In addition, not maintaining evidence of reconciliation of amounts received to the COD system may result in detection of errors or potential misappropriations not being detected in a timely manner.

Cause

The Direct Loan program is a new program for the District's Colleges.

Recommendation

Consider including a cancellation procedure on each College's website or provide to students and/or parents in another manner. In addition, each College should consider the need to send a notification to the student each time a disbursement is scheduled. Each College should also reconcile the amounts received to the COD system, ensure that reconciliation is reviewed, and that the review is indication in some manner that can be verified at a later date.

District Response

The District has implemented a standardized letter for all three colleges to provide students and/or parents receiving federal direct loans, information detailing their rights and procedures. In addition, all colleges will be directed to document their existing procedures for monthly reconciliations of funds received from the G5 system and disbursed to students.

STATE AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011

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

2011-2 Finding – State General Apportionment Funding System
Significant Deficiency – Compliance

Criteria or Specific Requirement

Title 5 Section 58003.1 and the Student Attendance Accounting Manual define the characteristics of various classifications of courses used in the Form 320 reporting and the quantification of contact hours for various types of courses.

Condition

During our review of the courses claimed for apportionment on the second period Form 320, we noted differences in contact hour calculations. In addition, we noted a few courses in which the contact hours claimed for apportionment exceeded the contact hours on the outlines.

Questioned Costs

- Positive attendance courses were overstated by 2.58 FTES.
- Overstatement of 1.61 FTES for courses (daily courses 0.25 FTES, weekly courses 1.14 FTES, and positive attendance 0.22 FTES), in which hours claimed exceeded outlines.

Context

- Positive attendance courses from each site were reviewed and we noted an overstatement of 1,352 contact hours of 14,143 tested, or 9.56 percent.
- We reviewed courses from each site totaling approximately 130 courses, and noted ten courses where the contact hours claimed exceeded the contact hours per the outlines.

Effect

The FTES noted above reported on the second period Form 320, were not supported by available documents. In addition, apportionment claimed for some of the courses was inconsistent with the limit applied based on the course descriptions in the outlines.

Cause

The faculty was unaware of and/or were not complying with the requirement to retain documentation (roll sheets) for positive attendance classes. Auditors were unable to validate reported attendance hours.

Recommendation

We recommend the district review the contact hour data used for the Form 320 for the courses where differences were noted and ensure that future contact hour data is adjusted as necessary.

District Response

District and college administration/staff will communicate to faculty the importance of collecting and retaining attendance documentation and will develop a process to monitor compliance. Curricula will be reviewed to validate that hours defined in course outlines match the hours scheduled and reported on the CCFS Form 320.

2011-3 Finding – To Be Arranged Hours (TBA)
Significant Deficiency – Compliance

Criteria or Specific Requirement

Pursuant to Title 5, Sections 58003.1(b) and (c), the TBA portion of a course uses an alternative method for regularly scheduling a credit course. In addition, Legal Advisory 08-02 To Be Arranged (TBA) Hours Compliance Advice indicates that documentation is required to substantiate that each student has completed the TBA requirements as appropriate for either the Weekly or Daily census attendance accounting procedures.

Title 5, Section 55002(a)(3), 55002(b)(2), 58050(5), and 58051(a)(1) require that specific instructional activities, including those conducted during TBA hours, expected of all students enrolled in the course be included in the official course outline. In addition, Title 5 Section 58102 and 58108 require that a clear description of the course, including the number of TBA hours required be published in the official general catalog or addendum thereto and in the official schedule of classes or addendum thereto.

Condition

- We noted that contact hours for students where documentation of participation for at least 50 minutes of the To Be Arranged time was not available had not been removed from the 320.
- We noted courses where instructional activities to be conducted during the TBA hours were not indicated in the official course outlines or syllabi.
- We noted courses where the number of TBA hours required was not documented in the catalog or in the official schedule of classes.

Questioned Costs

7,690 contact hours, or 14.65 FTES, should be removed from weekly courses to remove contact hours of students who did not demonstrate TBA activity participation.

Context

- We reviewed 36 TBA weekly courses, including a selection from each College site, out of a population of approximately 800 courses. We noted that TBA contact hours of 7,689 of 529,201 tested, were not supported by documented attendance records. There was no significant level of TBA daily courses noted.
- 18 of the 36 courses reviewed did not include a clear description of the instructional activities to be conducted during the TBA hours in the official course outlines.
- 18 of the 36 courses reviewed had TBA hours that were not documented in the catalog.

Effect

FTES reported on the Form 320 were overstated and the District received apportionment funding for those FTES. In addition, course materials do not concisely and consistently describe the TBA expectations, activities and hours.

Cause

The District was not adjusting Form 320 data for those students who did not participate for a minimum amount of To Be Arranged Hours. In addition, course materials are not consistent with each other.

Recommendation

We recommend the District review participation records for all To Be Arranged courses and remove contact hours for those students who are not participating. We also recommend the District review all TBA course outline, catalogs and course schedule material, and syllabi to verify that TBA is appropriately noticed and described.

District Response

The District concurs with the finding and has taken corrective measures to ensure all TBA hours are correctly reported. All hours that were reported in the final CCFS Form 320 were corrected and in compliance. To ensure future compliance, a checklist of the compliance elements will be developed for all courses with TBA hours. Faculty is now required to review the checklist and submit it to the appropriate dean, along with appropriate TBA-related supporting documentation. The internal auditor and the instruction offices will audit to ensure that appropriate documentation supports the actual hours reported for compliance.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2011

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 Statement Findings

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.

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.

Current Status

Implemented

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.

Current Status

Implemented

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.

Current Status

Implemented.

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.

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.

Current Status

Implemented.