

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**FINANCIAL STATEMENTS**

June 30, 2017

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

ORGANIZATION

June 30, 2017  
(Unaudited)

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

**BOARD OF TRUSTEES**

<u>Members</u>	<u>Office</u>	<u>Term Expires</u>
Vicki Gordon	President	2020
Timothy J. Farley	Vice President	2018
John E. Márquez	Secretary	2018
Greg Enholm	Member	2020
Gary Walker-Roberts	Member	2018
Jessica Cisneros	Student Trustee	2018

**ADMINISTRATION**

Fred E. Wood  
Chancellor

Eugene Huff  
Executive Vice Chancellor  
Administrative Services

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

FINANCIAL STATEMENTS  
WITH SUPPLEMENTARY INFORMATION  
For the Year Ended June 30, 2017  
(Continued)

CONTENTS

INDEPENDENT AUDITOR'S REPORT .....	1
REQUIRED SUPPLEMENTARY INFORMATION:	
MANAGEMENT'S DISCUSSION AND ANALYSIS.....	4
BASIC FINANCIAL STATEMENTS:	
STATEMENT OF NET POSITION.....	11
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION.....	12
STATEMENT OF CASH FLOWS.....	13
STATEMENT OF FIDUCIARY NET POSITION.....	15
STATEMENT OF CHANGE IN FIDUCIARY NET POSITION.....	16
NOTES TO THE BASIC FINANCIAL STATEMENTS.....	17
REQUIRED SUPPLEMENTARY INFORMATION:	
SCHEDULE OF CHANGES IN NET OTHER POSTEMPLOYMENT BENEFITS (OPEB) LIABILITY..	53
SCHEDULE OF MONEY-WEIGHTED RATE OF RETURN OF OPEB PLAN INVESTMENTS.....	55
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY.	56
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS.....	58
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION.....	60

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

FINANCIAL STATEMENTS  
WITH SUPPLEMENTARY INFORMATION  
For the Year Ended June 30, 2017

CONTENTS

SUPPLEMENTARY INFORMATION:

SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS.....	61
SCHEDULE OF STATE FINANCIAL AWARDS.....	63
SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL APPORTIONMENT.....	64
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT (CCFS-311) WITH AUDITED FINANCIAL STATEMENTS.....	65
RECONCILIATION OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION.....	66
RECONCILIATION OF ECS 84362 (50 PERCENT LAW) CALCULATION.....	67
PROP 55 EPA EXPENDITURE REPORT.....	69
NOTE TO SUPPLEMENTARY INFORMATION.....	70
INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE REQUIREMENTS.....	71
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i> .....	73
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE .....	75
FINDINGS AND RECOMMENDATIONS:	
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS.....	77
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS.....	81

## INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Contra Costa Community College District  
Martinez, California

**Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities and the fiduciary activities of Contra Costa Community College District, as of and for the year ended June 30, 2017, and the related notes to the basic financial statements, which collectively comprise Contra Costa Community College District's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse and unmodified audit opinions.

**Summary of Opinions**

Opinion Unit:	Type of Opinion:
Business Type Activities	Unmodified
Aggregate discretely presented component units	Adverse
Fiduciary Activities	Unmodified

**Basis for Adverse Opinion on Aggregate Discretely Presented Component Units**

The basic financial statements referred to in the first paragraph do not include financial data for Contra Costa Community College District's legally separate aggregate discretely presented component units, Contra Costa College Foundation, Diablo Valley College Foundation and Los Medanos College Foundation.

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(Continued)

Accounting principles generally accepted in the United States of America require the financial data for those aggregate discretely presented component units to be discretely presented with the financial data of Contra Costa Community College District unless Contra Costa Community College District also issues financial statements for Contra Costa Community College District that include the financial data for its aggregate discretely presented component units. Contra Costa Community College District has not issued such financial statements. The assets, liabilities, net assets, revenues, and expenses of the aggregate discretely presented component units that are required to be presented under accounting principles generally accepted in the United States of America cannot practicably be quantified.

### ***Adverse opinion***

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units" paragraph, the financial statements referred to above do not present fairly, the financial position of the aggregate discretely presented component units of Contra Costa Community College District as of June 30, 2017, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Unmodified Opinions***

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of the business-type activities and the fiduciary activities of Contra Costa Community College District, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note 1 to the financial statements, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 74, "Financial Reporting for Postemployment Benefit Plans Other than Pension Plans" and GASB Statement No. 75, "Accounting for Financial Reporting for Postemployment Benefits Other than Pensions". These statements replace the requirements of GASB Statement No. 45, "Accounting and Reporting for Employers Post Employment Benefits Other than Pensions" and GASB Statement No. 57, "OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans." Based on the implementation of GASB Statement No. 75, the District's July 1, 2016 net position was restated by \$129,753,545 because of the recognition of the net OPEB liability. Based on the Note disclosures and required supplementary information requirements about OPEB are also discussed. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 10 and the Schedule of Changes in Net OPEB Liability, the Schedule of Money-Weighted Rate of Return, the Schedule of the District's Proportionate Share of the Net Pension Liability, and the Schedule of the District's Contributions on pages 53 to 59 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by 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.

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(Continued)

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Contra Costa Community College District's basic financial statements. The accompanying schedule of expenditure of federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Because of the significance of the matter discussed above, it is inappropriate to and we do not express an opinion on the supplementary information referred to above.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2017 on our consideration of Contra Costa Community College 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Contra Costa Community College District's internal control over financial reporting and compliance.

*Crowe Horwath LLP*  
Crowe Horwath LLP

Sacramento, California  
December 20, 2017

# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2017

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### ***USING THE INDEPENDENT AUDITOR'S 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, 2017. The report consists of three basic financial statements that provide information about the District as a whole:

- Statement of Net Position
- Statement of Revenues, Expenses, and Change in Net Position
- Statement of Cash Flows

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, 2017. 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 Position 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 Position 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 fundraising organizations to provide grants and scholarships to students and support to employees, programs, and departments of the District. The financials for these discrete component units are not included in the overall financial statements of the District due to an adverse opinion on the aggregate financial statements of the discrete component units.

### ***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 FY 2016-17, the District received apportionment and Education Protection Account (Proposition 30) funding of \$164,895,870. This amount is mostly due to FTES funding at \$5,006 per credit FTES and \$3,010 per non-credit FTES. These dollar amounts per FTES are reflective of a 0 percent cost of living adjustment (COLA), meaning only three COLAs have provided to the California Community Colleges since FY 2007-08. However, the District did receive an ongoing allocation through an enhancement in its base funding; in subsequent years, these dollars will be rolled into the dollars per FTES the District receives.



# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2017

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On the personnel side, the District experienced a \$2.5 million year-over-year increase in its salary costs within its Unrestricted General Fund, mostly attributable to increases in salary steps for employees as well as the recent enactment of a reclassification study. District benefit costs within the Unrestricted General Fund, including health benefits and pension contributions, also increased approximately \$2.7 million year-over-year, not including the state's on-behalf payments for CalSTRS.

The District acts as a pass-through for financial aid funds distributed to its students. During FY 2016-2017, the District provided in excess of \$37.4 million in financial aid to students attending classes at its three colleges and two centers. This aid was provided in the form of grants, scholarships and loans funded through the Federal government and the State System Office.

In 2006 and 2014 the voters of Contra Costa County approved over \$736 million in capital bonds to be financed through property tax assessments. The District is utilizing these funds for several construction and modernization projects at its three college campuses. Current project commitments total \$11.1 million to be funded with the District's bond programs.

### ***THE DISTRICT AS A WHOLE***

**Table 1**

#### **Statement of Net Position**

	<u>2017</u>	<u>2016</u>	<u>Change</u>
<b>ASSETS</b>			
Current Assets			
Cash and cash equivalents	\$ 49,854,202	\$ 157,784,927	\$ (107,930,725)
Accounts receivable (net)	16,059,469	25,412,635	(9,353,166)
Other current assets	2,351,730	2,674,285	(322,555)
Total Current Assets	<u>68,265,401</u>	<u>185,871,847</u>	<u>(117,606,446)</u>
Restricted cash, cash equivalents, and investments	248,690,334	152,879,398	95,810,936
Capital assets (net)	416,080,916	406,617,983	9,462,933
Total Assets	<u>733,036,651</u>	<u>745,369,228</u>	<u>(12,332,577)</u>
<b>DEFERRED OUTFLOWS</b>	<u>49,246,425</u>	<u>37,721,222</u>	<u>11,525,203</u>
Total Assets and Deferred Outflows	<u>\$ 782,283,076</u>	<u>\$ 783,090,450</u>	<u>\$ (807,374)</u>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts payable and accrued liabilities	\$ 40,756,267	\$ 34,860,609	\$ 5,895,658
Current portion of long-term debt	7,458,776	22,555,000	(15,096,224)
Total Current Liabilities	<u>48,215,043</u>	<u>57,415,609</u>	<u>(9,200,566)</u>
Long-term debt	758,065,522	590,480,164	167,585,358
Total Liabilities	<u>806,280,565</u>	<u>647,895,773</u>	<u>158,384,792</u>
<b>DEFERRED INFLOWS</b>	<u>12,371,000</u>	<u>33,337,901</u>	<u>(20,966,901)</u>
Total Liabilities and Deferred Inflows	<u>818,651,565</u>	<u>681,233,674</u>	<u>137,417,891</u>
<b>NET POSITION</b>			
Invested in capital assets	148,755,935	158,749,884	(9,993,949)
Restricted	60,517,256	65,433,139	(4,915,883)
Unrestricted	(245,641,680)	(122,326,247)	(123,315,433)
Total Net Position	<u>(36,368,489)</u>	<u>101,856,776</u>	<u>(138,225,265)</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 782,283,076</u>	<u>\$ 783,090,450</u>	<u>\$ (807,374)</u>

# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2017

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Cash and investments consist primarily of funds held in the Contra Costa County Treasury, actively managed investment accounts, and the Local Agency Investment Fund (LAIF). The changes in our cash position are explained in the Statement of Cash Flows on pages 13 and 14.

Much of the unrestricted net assets have been designated by the Board or by contracts for purposes such as our required general reserve for ongoing financial health, commitments on contracts, other post-employment benefits, and auxiliary services 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 Position* on page 12.

**Table 2**

OPERATING REVENUES	2017	2016	Change
Tuition and fees	\$ 35,786,228	\$ 35,420,132	\$ 366,096
Grants and Contracts, Non-capital	60,872,723	-	60,872,723
Auxiliary sales, charges and other	11,482,240	12,125,351	(643,111)
Total Operating Revenues	108,141,191	47,545,483	60,595,708
OPERATING EXPENSES			-
Salaries and benefits	218,004,675	165,385,974	52,618,701
Supplies and other expenses	75,598,287	79,996,685	(4,398,398)
Depreciation	14,159,310	12,467,028	1,692,282
Total Operating Expenses	307,762,272	257,849,687	49,912,585
Loss on operations	(199,621,081)	(210,304,204)	10,683,123
NONOPERATING REVENUES			
State apportionments	50,365,667	54,371,681	(4,006,014)
Property taxes	122,831,979	128,671,279	(5,839,300)
State revenues	817,995	60,177,572	(59,359,577)
Federal revenues	29,612,566	41,673,969	(12,061,403)
Net interest expense	(14,002,452)	(17,145,628)	3,143,176
Other nonoperating revenues	(6,857,710)	3,185,407	(10,043,117)
Total Nonoperating Revenue	182,768,045	270,934,280	(88,166,235)
OTHER REVENUES			
State and local capital income	8,381,316	3,845,290	4,536,026
Change in Net Position	\$ (8,471,720)	\$ 64,475,366	\$ (72,947,086)

Highlights and other operational information for the District in FY 2016-17 include:

- The District contributed \$5.7 million to an irrevocable trust for retiree health benefits. This contribution continued the District's commitment to fully fund its actuarially determined annual required contribution for other post-employment benefits.
- The District continued to operate well-above the 50% law threshold, coming in at 54.04% in FY 2016-17.

# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

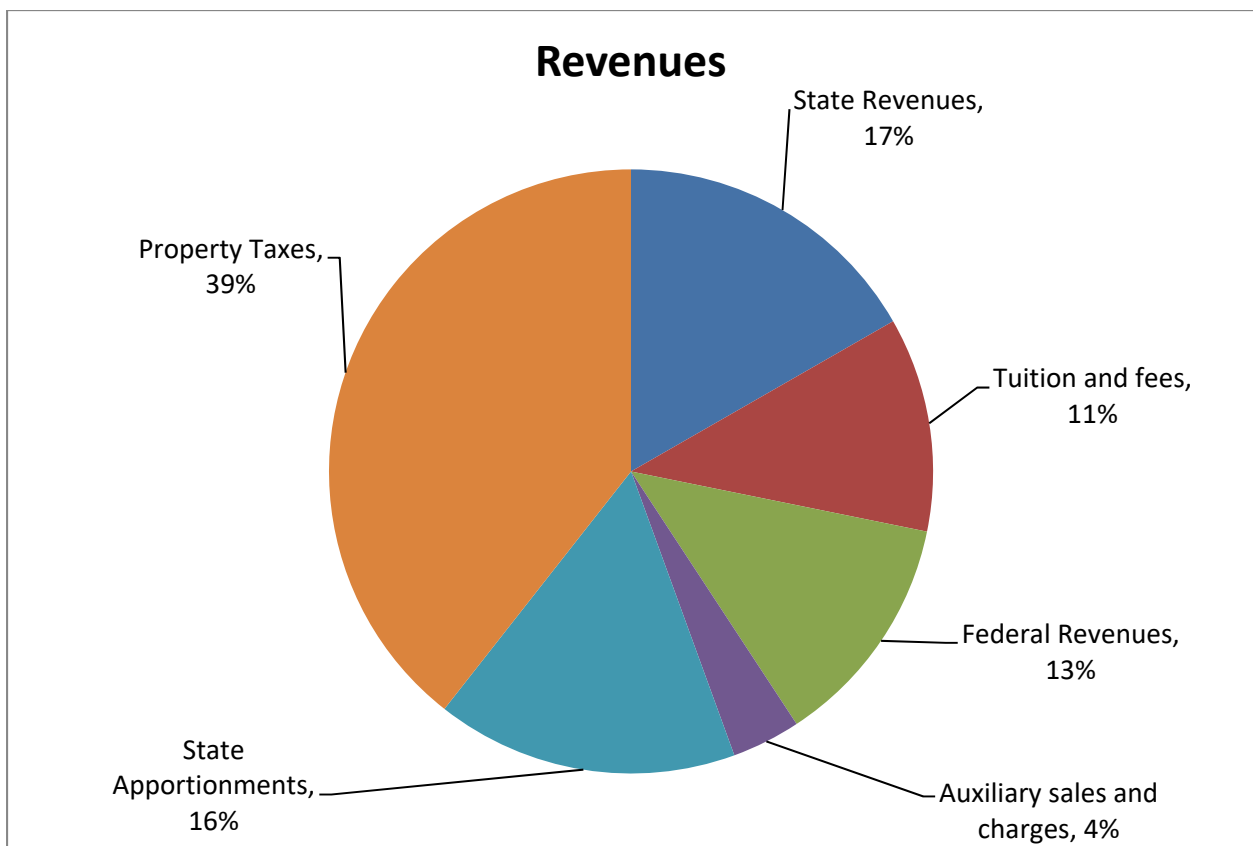
## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2017

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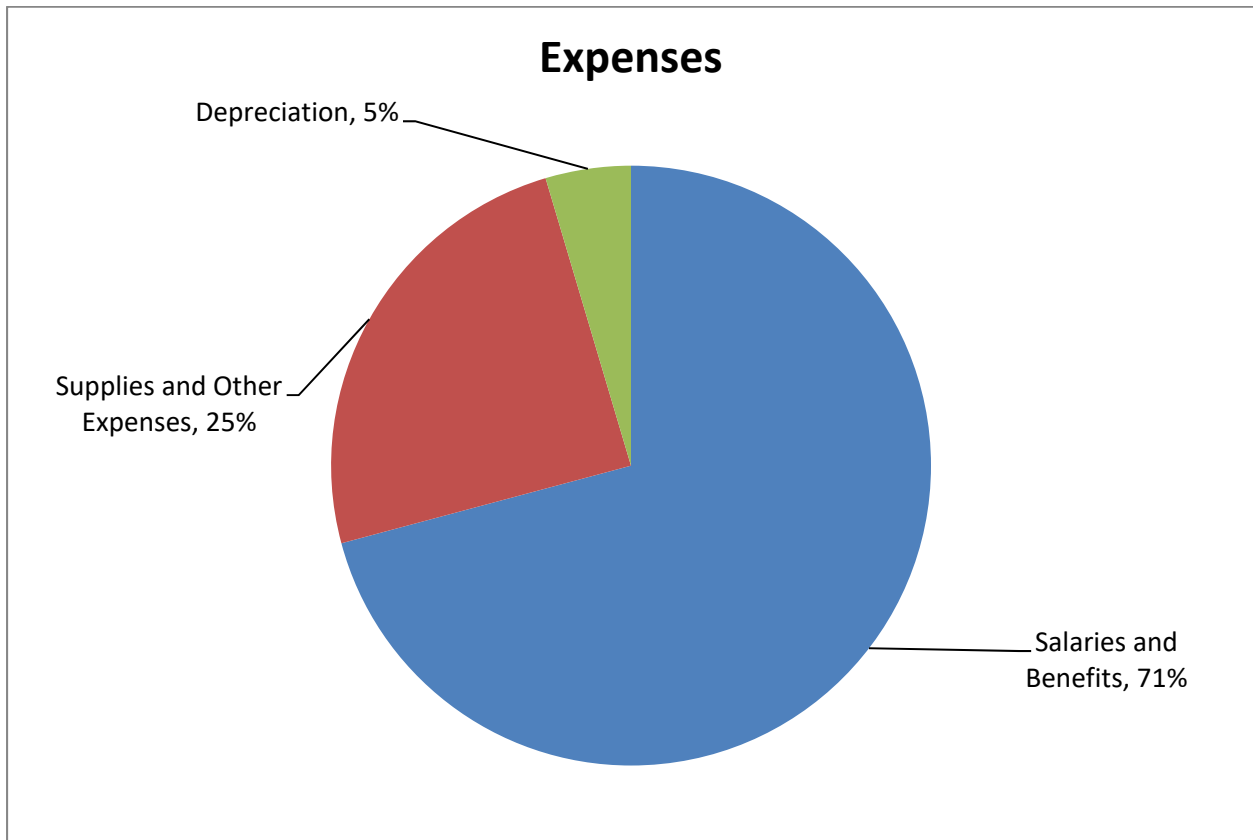
- Property tax revenue as a component of apportionment funding increased from \$90.97 million in FY 2015-16 to \$98.97 million in FY 2016-17. This is a testament to the improving local and state economy.
- Non-resident FTES revenue held strong from \$13.27 million in FY 2015-16 to \$13.26 million in FY 2016-17.
- Auxiliary revenue consists of bookstore and cafeteria operations.
- 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 to allowable expenses related to the programs.

Shown below are two graphs that show the components of the District's revenues and expenses.



**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**MANAGEMENT’S DISCUSSION AND ANALYSIS  
JUNE 30, 2017**



The Statement of Cash Flows on pages 13 and 14 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. The District’s 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. The statement of cash flows is summarized in Table 3.

**Table 3**

**Statement of Cash Flows**

	<u>2017</u>	<u>2016</u>	<u>Change</u>
Cash Provided by (Used in)			
Operating Activities	\$ (155,311,221)	\$ (230,411,460)	\$ 75,100,239
Noncapital financing activities	172,187,000	248,070,274	(75,883,274)
Capital financing activities	(31,954,647)	(39,057,033)	7,102,386
Investing activities	41,819,421	23,195,890	18,623,531
Net Increase (Decrease) in Cash	26,740,553	1,797,671	24,942,882
Cash, Beginning of Year	157,784,927	155,987,256	1,797,671
Cash, End of Year	<u>\$ 184,525,480</u>	<u>\$ 157,784,927</u>	<u>\$ 26,740,553</u>

# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2017

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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 its current level of operations.

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

#### **Capital Assets**

At June 30, 2017, the District had \$406.6 million in a broad range of capital assets, including land, buildings, furniture and equipment. As a comparison, at June 30, 2016, the District's net capital assets were \$406.6 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+ 2006 and Measure E 2014. 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 will continue for the next several fiscal years, with primary funding provided by the District's general obligation bonds.

**Table 4**

	Balance Beginning of Year	Additions	Deductions	Transfers	Balance End of Year
Land and construction in progress	\$ 103,521,298	\$ 13,015,284	\$ -	\$ (84,481,259)	\$ 32,055,323
Buildings and improvements	430,810,160	8,609,468	-	73,041,493	512,461,121
Furniture and equipment	55,841,012	1,997,491	-	11,439,766	69,278,269
Subtotal	590,172,470	23,622,243	-	-	613,794,713
Accumulated depreciation	(183,554,487)	(14,159,310)	-	-	(197,713,797)
	<u>\$ 406,617,983</u>	<u>\$ 9,462,933</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 416,080,916</u>

#### **Obligations**

At the end of the 2016-2017 fiscal year, the District had \$432.1 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.

In addition to the above obligation, the District is obligated to employees of the District for vacation and load banking benefits, retiree benefits, lease purchase agreements for equipment, and its share of unfunded pension liabilities for the CalSTRS and CalPERS retirement systems. Table 5 summarizes these obligations and is inclusive of the newly implemented GASB 74 and 75 for Other Post-Employment Benefits (OPEB) Other Than Pension Plans (Retiree Health Benefits). These statements require extensive note disclosures and recognition of the net OPEB liability. The overall effect is a restatement of the July 1, 2016 net position by \$129,753,545.

**Table 5**

	Balance Beginning of Year, as restated	Additions	Deletions	Balance End of Year	Amounts Due Within One Year
General obligation bonds	\$ 432,135,000	\$ -	\$ 22,555,000	\$ 409,580,000	\$ 5,980,000
Bond Premium	24,045,963	-	1,478,776	22,567,187	1,478,776
Compensated Absences and Capital Leases	13,541,535	-	639,262	12,902,273	-
OPEB (retiree benefits)	151,307,900	-	8,538,062	142,769,838	-
Net Pension Liability	145,804,274	31,900,726	-	177,705,000	-
Total Long-Term Debt	<u>\$ 766,834,672</u>	<u>\$ 31,900,726</u>	<u>\$ 33,211,100</u>	<u>\$ 765,524,298</u>	<u>\$ 7,458,776</u>

## **CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2017**

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#### ***UNRESTRICTED 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 2016-2017 fiscal year on September 13, 2017.

The District continued to see a vast majority of its expenditures within the unrestricted general fund go towards employee salary and benefits. In FY 2016-17, approximately 89% of all expenses within the unrestricted general fund went towards paying the salaries and benefits of current and retired employees. Retiree health benefit expenses as a stand-alone item constitute approximately 6.0% of the unrestricted general fund expenses.

#### ***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 the general revenue allocated to the District represents the majority of the total unrestricted sources of revenues within the General Fund.

The approval of Proposition 30 and the subsequent extension of the personal income tax through Proposition 55 by the voters of California allows the community college system to maintain its base funding levels and stabilize the system revenue through 2030. In addition, the state continues to increase categorical funding earmarked for student success, equity, and career and technical education.

The CCCCD Governing Board continues to maintain the District's reserves in anticipation of an economic slowdown or recession. A Districtwide minimum reserve of 5%, a Board Contingency Reserve of 5%, plus college-level reserves yield a \$32.7 million budgeted ending fund balance for FY 2017-18.

#### ***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) 229-6944.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT  
STATEMENT OF NET POSITION  
June 30, 2017

**ASSETS**

Current assets:

Cash and cash equivalents	\$ 49,854,202
Receivables, net	16,059,469
Prepaid expenses	67,122
Stores inventories	<u>2,284,608</u>
Total current assets	<u>68,265,401</u>

Noncurrent assets:

Restricted cash and cash equivalents	134,671,278
Restricted Investments	114,019,056
Non-depreciable capital assets	32,055,323
Depreciable capital assets, net	<u>384,025,593</u>
Total noncurrent assets	<u>664,771,250</u>
Total assets	<u>733,036,651</u>

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred outflows of resources - pensions	<u>49,246,425</u>
Total assets and deferred outflows	<u>\$ 782,283,076</u>

**LIABILITIES**

Current liabilities:

Accounts payable	\$ 13,879,113
Interest payable	7,633,064
Unearned revenue	19,244,090
Long-term debt - current portion	<u>7,458,776</u>
Total current liabilities	<u>48,215,043</u>

Noncurrent liabilities:

Compensated absences payable	12,902,273
Net OPEB liability	142,769,838
Net Pension Liability	177,705,000
Long-term liabilities - noncurrent portion	<u>424,688,411</u>
Total noncurrent liabilities	<u>758,065,522</u>
Total liabilities	<u>806,280,565</u>

**DEFERRED INFLOWS OF RESOURCES**

Deferred inflows of resources - pensions	<u>12,371,000</u>
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**NET POSITION**

Net investment in capital assets	148,755,935
Restricted for:	
Debt services	30,833,547
Capital projects	29,077,319
Education programs	606,390
Unrestricted	<u>(245,641,680)</u>
Total net position	<u>(36,368,489)</u>
Total liabilities, deferred inflows and net position	<u>\$ 782,283,076</u>

See accompanying notes to the basic financial statements.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT  
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION  
For the Year Ended June 30, 2017

Operating revenues:	
Tuition and Fees (net of scholarship allowances of \$14,968,758)	\$ 35,786,228
Grants and contracts, non-capital:	
Federal	9,569,411
State and local	51,303,312
Auxiliary enterprise sales and charges	
Bookstore	9,714,369
Cafeteria	<u>1,767,871</u>
Total operating revenues	<u>108,141,191</u>
Operating expenses:	
Salaries	134,201,481
Employee benefits	83,803,194
Supplies, materials	4,669,534
Services and other operating costs	33,513,953
Student financial aid and scholarship	37,414,800
Depreciation	<u>14,159,310</u>
Total operating expenses	<u>307,762,272</u>
Loss from operations	<u>(199,621,081)</u>
Non-operating revenues (expenses):	
State apportionment, non-capital	50,365,667
Local property taxes, levied for general purposes	98,311,175
Taxes levied for other specific purposes	24,520,804
State taxes and other revenues	817,995
Federal grants - Pell	29,612,566
Investment income	2,964,839
Interest expense on capital asset-related debt	(16,967,291)
Transfer from agency fund	244,718
Transfer to OPEB trust	(5,711,570)
Other non-operating expenses	<u>(1,390,858)</u>
Total non-operating revenues	<u>182,768,045</u>
Loss before other revenues and expenses	<u>(16,853,036)</u>
Other revenues, capital:	
State revenues	3,899,193
Local revenues	<u>4,482,123</u>
Total other revenues, capital	<u>8,381,316</u>
Change in net position	(8,471,720)
Net position, July 1, 2016	101,856,776
Cumulative effect of GASB 75 implementation	<u>(129,753,545)</u>
Net position, July 1, 2016, as restated	<u>(27,896,769)</u>
Net position, June 30, 2017	<u><u>\$ (36,368,489)</u></u>

See accompanying notes to the basic financial statements.



CONTRA COSTA COMMUNITY COLLEGE DISTRICT  
STATEMENT OF CASH FLOWS  
For the Year Ended June 30, 2017

Cash flows from operating activities:	
Tuition and fees	\$ 35,682,812
Federal, state and local grants and contracts	77,682,897
Payments to vendors for supplies and services	(39,016,955)
Payments to behalf of students	(37,414,800)
Auxiliary enterprise sales and charges	11,482,240
Payments to employees	<u>(203,727,415)</u>
Net cash used in operating activities	<u>(155,311,221)</u>
Cash flows from noncapital financing activities:	
State apportionments	50,365,667
Local property taxes	98,311,175
State taxes and other revenues	817,995
OPEB contribution	(5,711,570)
Net transfers	182,025
Other non-operating expenses	(1,390,858)
Pell grants	<u>29,612,566</u>
Net cash provided by noncapital financing activities	<u>172,187,000</u>
Cash flows from capital and related financing activities:	
Purchase of capital assets	(23,622,243)
State revenue, capital projects	3,899,193
Local revenue, capital projects	4,482,123
Property taxes - related to capital debt	24,520,804
Principal paid on capital debt	(22,555,000)
Interest paid on capital debt	<u>(18,679,524)</u>
Net cash used in capital and related financing activities	<u>(31,954,647)</u>
Cash flows provided by investing activities:	
Proceeds from sales/maturity of investments	130,735,147
Purchase of investments	(91,874,805)
Interest income on received	<u>2,959,079</u>
Net cash provided by investing activities	<u>41,819,421</u>
Net change in cash and cash equivalents	<u>26,740,553</u>
Cash and cash equivalents, beginning of year	<u>157,784,927</u>
Cash and cash equivalents, end of year	<u>\$ 184,525,480</u>

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT  
STATEMENT OF CASH FLOWS  
For the Year Ended June 30, 2017

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Reconciliation of loss from operations to net cash used in operating activities:	
Loss from operations	\$ (199,621,081)
Adjustments to reconcile loss from operations to net cash used in operating activities:	
Depreciation expense	14,159,310
(Increase) decrease in:	
Accounts receivable	9,493,094
Stores inventories	51,871
Prepaid expenses	177,757
Deferred outflows of resources - pensions	(11,525,203)
Increase (decrease) in:	
Accounts payable and accrued liabilities	(1,063,096)
Unearned revenue	7,213,664
Compensated absences	(639,262)
Net pension liability	31,900,726
OPEB liability	(8,538,063)
Deferred inflows of resources - pensions	<u>3,079,062</u>
Net cash used in operating activities	<u>\$ (155,311,221)</u>
Noncash capital and related financing activities:	
Amortization of premium on capital debt	\$ 1,478,776

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See accompanying notes to the basic financial statements.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
June 30, 2017

	<u>Agency Funds</u>	<u>Loan and Scholarship Fund</u>	<u>Trust Fund Retiree Benefits Program</u>	<u>Total Trust Fund</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 3,149,815	\$ 312,086	\$ 3,098	\$ 315,184
Investments	-	182,807	-	182,807
Mutual funds - fixed income	-	-	36,808,258	36,808,258
Mutual funds - equity	-	-	50,516,953	50,516,953
Mutual funds - real estate	-	-	8,512,260	8,512,260
Accounts receivable	<u>32,611</u>	<u>1,151</u>	<u>253</u>	<u>1,404</u>
Total assets	<u>\$ 3,182,426</u>	<u>\$ 496,044</u>	<u>\$ 95,840,822</u>	<u>\$ 96,336,866</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 338,270	\$ 2	\$ -	\$ 2
Accrued payroll	1,179	-	-	-
Due to student groups	<u>2,842,977</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>\$ 3,182,426</u>	<u>2</u>	<u>-</u>	<u>2</u>
<b>NET POSITION</b>				
Restricted for loans and scholarships	-	496,042	-	496,042
Restricted for OPEB benefits	<u>-</u>	<u>-</u>	<u>95,840,822</u>	<u>95,840,822</u>
Total liabilities and restricted net position	<u>\$ 3,182,426</u>	<u>\$ 496,044</u>	<u>\$ 95,840,822</u>	<u>\$ 96,336,866</u>

See accompanying notes to the basic financial statements.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT  
STATEMENT OF CHANGE IN FIDUCIARY NET POSITION  
For the Year Ended June 30, 2017

	Loan and Scholarship Fund	Retiree Benefits Program	Total Trust Fund
Additions:			
Net investment income:			
Dividends and interest income	\$ 4,530	\$ 2,836,311	\$ 2,840,841
Realized and unrealized losses, net		7,607,497	7,607,497
Investment/bank fees	<u>(7)</u>	<u>(302,333)</u>	<u>(302,340)</u>
Total net investment income	4,523	10,141,475	10,145,998
Contributions:			
Employer	<u>                    </u>	<u>16,414,515</u>	<u>16,414,515</u>
Total additions	4,523	26,555,990	26,560,513
Deductions:			
Employer retiree benefits	<u>                    </u>	<u>10,714,315</u>	<u>10,714,315</u>
Change in net position	4,523	15,841,675	15,846,198
Restricted net position, July 1, 2016	<u>491,519</u>	<u>79,999,147</u>	<u>80,490,666</u>
Restricted net position, June 30, 2017	<u>\$ 496,042</u> *	<u>\$ 95,840,822</u> **	<u>\$ 96,336,864</u>

\* Net position restricted for loans and scholarships

\*\* Net position restricted for OPEB benefits

See accompanying notes to the basic financial statements.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2017

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Reporting Entity: 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 five-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 Pittsburgh. In addition, there are two satellite centers located within Contra Costa County, California. While the District is a political subdivision of the State, it is not a component unit of the State in accordance with the provisions of Governmental Accounting Standards Board ("GASB") Codification Section (Cod. Sec) 2100.101. The District is classified as a state instrumentality under Internal Revenue Code Section 115.

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 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.

The decision to include potential component units in the reporting entity was made by applying the criteria set forth in accounting principles generally accepted in the United States of America (GAAP) and GASB Cod. Sec. 2100.101 as amended by GASB Cod. Sec. 2100.138. The three criteria for requiring a legally separate, tax-exempt organization to be presented as a component unit are the "direct benefit" criterion, the "entitlement/ability to access" criterion, and the "significance" criterion.

The component units determined under GASB Cod. Sec 2100.138, 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 the individual organization are significant to the District.

The discretely presented component units are as follows:

- Contra Costa College, Diablo Valley College and Los Medanos College Foundations

The Contra Costa College, Diablo Valley College, and Los Medanos College Foundations (the Foundations) are legally separate, tax-exempt component units of the District. Each Foundation acts 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 hold and invest is 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.

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(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2017

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

The Foundations are nonprofit public benefit corporations exempt from federal income tax under Section 501(c)(3) of the U.S. Internal Revenue Code. The Foundations have been classified as organizations that are not a private foundation and have been designated as a "publicly supported" organization. Contributions to the Foundations are deductible under Section 170(c)(2). The Foundation believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The Contra Costa College, Diablo Valley College, and Los Medanos College Foundations does not expect the total amount of unrecognized total benefits to significantly change in the next 12 months. Interest and penalties on tax assessments are classified as an expense when incurred. For the year ended June 30, 2017, the Foundations did not incur any interest or penalties.

Financial statements for the Foundations can be obtained from the Foundation's Business Offices at each of the colleges. Contra Costa Community College District's legally separate aggregate discretely presented component units, Contra Costa College Foundation, Diablo Valley College Foundation and Los Medanos College Foundation have been omitted from the these financial statements.

Basis of Presentation and Accounting: For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities as defined by GASB. Under this model, the District's financial statements provide a comprehensive entity-wide perspective of the District's financial position and activities. 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 the obligation has been incurred. All significant intra-agency transactions have been eliminated.

Fiduciary funds for which the District acts only as an agent or trust are not included in the business-type activities of the District. These funds are reported in the Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position at the fund financial statement level.

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 acquisitions. 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.

Restricted Cash and Cash Equivalents: Cash that is externally restricted to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital or other noncurrent assets, is classified as non current assets in the statement of net position.

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(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2017

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Investments: Investments held at June 30, 2017 with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. Fair values of investments in county and State investment pools are determined by the program sponsor.

Receivables: Receivables 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. Receivable also include amounts due from the Federal Government, State and Local Governments, or private sources, in connection with reimbursements of allowable expenditures made pursuant to the District's grants and contracts. The District provides an allowance for doubtful accounts as an estimation of amounts that may not be received. The allowance is based on management's estimates and historical analysis.

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 determined on the first-in, first-out (FIFO) method and are stated at the lower of cost or market.

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 \$250,000 for building and land improvements and \$5,000 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 government-wide financial statements.

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 government-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.

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(Continued)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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 years 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 the base service days required to complete the last school year, if employed full time.

Unearned Revenue: Unearned 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 unearned revenue is removed from the combined balance sheet and revenue is recognized. Unearned 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.

Postemployment Benefits Other Than Pensions (OPEB): For purpose of measuring the net OPEB liability, information about the fiduciary net position of the Contra Costa Community College District's Plan (the "Plan") and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and interest-earning investment contracts that are reported at cost.

Deferred Outflows/Inflows of Resources: In addition to assets, the Statement of Net Position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s), and as such will not be recognized as an outflow of resources (expense/expenditures) until then. The District has recognized a deferred outflow of resources related to the recognition of the pension liability reported in the Statement of Net Position.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and as such, will not be recognized as an inflow of resources (revenue) until that time. The District has recognized a deferred inflow of resources related to the recognition of the pension liability reported which is in the Statement of Net Position.

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(Continued)



CONTRA COSTA COMMUNITY COLLEGE DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 June 30, 2017

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the State Teachers' Retirement Plan (STRP) and Public Employers Retirement Fund B (PERF B) and additions to/deductions from STRP's and PERF B's fiduciary net position have been determined on the same basis as they are reported by STRP and PERF B. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Certain investments are reported at fair value. The following is a summary of pension amounts in aggregate:

	<u>STRP</u>	<u>PERF B</u>	<u>Total</u>
Deferred outflows of resources	<u>\$ 18,194,255</u>	<u>\$ 31,052,170</u>	<u>\$ 49,246,425</u>
Deferred inflows of resources	<u>\$ 8,828,000</u>	<u>\$ 3,543,000</u>	<u>\$ 12,371,000</u>
Net pension liability	<u>\$ 108,983,000</u>	<u>\$ 68,722,000</u>	<u>\$ 177,705,000</u>
Pension expense	<u>\$ 20,273,363</u>	<u>\$ 19,171,646</u>	<u>\$ 39,445,009</u>

On-Behalf Payments: GASB Statement No. 24 requires that direct on-behalf payments for fringe benefits and salaries made by one entity to a third party recipient for the employees of another, legally separate entity be recognized as revenue and expenditures by the employer government. The State of California makes direct on-behalf payments for retirement benefits to the State Teachers' Retirement System on behalf of all Community Colleges in California.

Net Position: The District's net position is classified as follows:

*Net investment in capital assets*: This represents the District's total investment in capital assets, net of associated outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

*Restricted net position*: Restricted expendable net position includes resources in which the District is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties. Nonexpendable restricted net position consist of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal. At June 30, 2017, there is no balance of nonexpendable restricted net position.

*Unrestricted net position*: Unrestricted net position represents resources derived from student tuition and fees, State apportionments, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the District, and may be used at the discretion of the governing board to meet current expenses for any purpose.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the District typically first applies the expense toward restricted resources, then to unrestricted resources. This practice ensures fully utilizing restricted funding each fiscal year.

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(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2017

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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.

Classification of Revenue: The District has classified its revenues as either operating or nonoperating revenues. Certain significant revenue streams relied upon for operations are recorded as nonoperating revenues, as defined by GASB Cod. Sec. C05.101 including State appropriations, local property taxes, and investment income. Nearly all the District's expenses are from exchange transactions. Revenues and expenses are classified according to the following criteria:

*Operating revenues and expenses:* Operating revenues and expenses include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of fee waivers and allowances, (2) sales and services of auxiliary enterprises, and (3) most Federal, State and local grants and contracts and Federal appropriations. All expenses are considered operating expenses except for interest expense on capital asset related debt.

*Nonoperating revenues and expenses:* Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as Pell grants, gifts and contributions, and other revenue sources described in GASB Cod. Sec. C05.101, such as State appropriations and investment income. Interest expense on capital related debt is the only non-operating expense.

Contributions: Contributions are recognized as revenues in the period received. Unconditional promises to give (pledges) are recognized as revenue when the commitment is communicated to the Foundation. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at the date of donation. Contributions are considered available for unrestricted use unless specifically restricted by the donor. Event revenues received in advance are unearned and recognized in the period as the events occur.

Fee Waivers: Student tuition and fee revenue are reported net of the Board of Governors fee waivers in the Statement of Revenues, Expenses and Change in Net Position. Certain governmental grants, and other federal, state and nongovernmental programs are recorded as operating revenues, while Federal Pell Grants are classified as non-operating revenues in the District's financial statements.

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.

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Accordingly, actual results may differ from those estimates.

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(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 June 30, 2017

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

New Accounting Pronouncements: In June 2015, the GASB issued GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, which replaces GASB Statement No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans. GASB Statement No. 74 addresses the financial reports of defined benefit OPEB plans that are administered through trusts that meet specified criteria. The GASB Statement follows the framework for financial reporting of defined benefit OPEB plans in GASB Statement No. 45 by requiring a statement of fiduciary net position and a statement of changes in fiduciary net position. The Statement requires more extensive note disclosures and RSI related to the measurement of the OPEB liabilities for which assets have been accumulated, including information about the annual money-weighted rates of return on plan investments. GASB Statement No. 74 also sets forth note disclosure requirements for defined contribution OPEB plans.

In June 2015, the GASB issued GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions. This Statement improves accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The provisions in GASB Statement No. 75 are effective for fiscal years beginning after June 15, 2017. Earlier application is encouraged. Based on the implementation of Statement No. 75, the District's July 1, 2016 net position was restated by \$129,753,545 because of the recognition of the net OPEB liability.

**NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS**

Cash, cash equivalents and investments at June 30, 2017, consisted of the following:

	<u>District</u>	<u>Agency Funds</u>	<u>Trust Fund</u>
Pooled Funds:			
Cash in County Treasury	\$ 184,198,218	\$ 1,816,199	\$ 315,184
LAIF	438,066	-	182,807
Deposits:			
Cash on hand and in banks	198,562	1,333,116	-
Cash in revolving	128,700	500	-
Investments	<u>113,580,990</u>	<u>-</u>	<u>95,837,471</u>
Total cash, cash equivalents and investments	<u>298,544,536</u>	<u>3,149,815</u>	<u>96,335,462</u>
Less: restricted cash, cash equivalents and investments	<u>248,690,334</u>	<u>-</u>	<u>96,335,462</u>
Net cash, cash equivalents and investments	<u>\$ 49,854,202</u>	<u>\$ 3,149,815</u>	<u>\$ -</u>

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2017

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**NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

Pooled Funds: In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the interest bearing Contra Costa County Treasurer's Pooled Investment Fund. The District is considered to be an involuntary participant in an external investment pool. The fair value of the District's investment in the pool is reported in the 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 Treasury, 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 the 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.

OPEB Trust Fund Investments: The Trust agreement authorizes the use of a broad range of investment choices that have distinctly different risks and return characteristics. In general, investments held in the Trust Fund are for the primary purpose of meeting present and future OPEB liability obligations and may be invested in accordance with California Government Code Sections 53600 through 53622 that, subject to applicable legal requirements, may provide greater latitude to increase purchasing power and capital growth potential if deemed prudent to do so.

The fair value of the Trust's individual investments at June 30, 2017 are as follows:

Mutual Fund - Fixed income	\$ 36,808,258
Mutual Fund - Equity	50,516,953
Mutual Fund - Real estate	<u>8,512,260</u>
Total investments	<u>\$ 95,837,471</u>

The California Government Code requires California banks and savings and loan associations to secure the District's deposits by pledging government securities as collateral. The market value of pledged securities must equal 110 percent of an agency's deposits. California law also allows financial institutions to secure an agency's deposits by pledging first trust deed mortgage notes having a value of 150 percent of an agency's total deposits and collateral is considered to be held in the name of the District. All cash held by the financial institutions that is not insured is collateralized.

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(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 June 30, 2017

**NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

**Credit Risk:** Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the Contra Costa County Treasury Investment Policy based on California Government Code Section 53635, the District's investment policy, or debt agreements, and the actual rating as of year end for each investment type. This table also identifies certain provisions of the California Government Code that address interest rate risk, credit risk, and concentrations of credit risk.

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

The following presents information about the District's and Trust's assets measured at fair value on a recurring basis as of June 30, 2017, and indicates the fair value hierarchy of the valuation techniques utilized by the Foundation to determine such fair value based on the hierarchy:

*Level 1* - Quoted market prices for identical instruments traded in active exchange markets.

*Level 2* - Significant other observable inputs such as quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable or can be corroborated by observable market data.

*Level 3* - Significant unobservable inputs that reflect a reporting entity's own assumptions about the methods that market participants would use in pricing an asset or liability.

The District is required or permitted to record the following assets at fair value on a recurring basis:

<u>Description</u>	<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
U.S. Treasuries	\$ 15,780,814	\$ -	\$ 15,780,814	\$ -
Federal Agency Bonds	52,378,478	-	52,378,478	-
Federal Agency Collateralized Mortgage Obligation	271,848	-	271,848	-
Municipal Bonds	196,065	-	196,065	-
Corporate Notes	25,203,497	-	25,203,497	-
Commercial Paper	12,058,065	12,058,065	-	-
Certificate of Deposit	7,692,223	7,692,223	-	-
Total	<u>\$ 113,580,990</u>	<u>\$ 19,750,288</u>	<u>\$ 93,830,702</u>	<u>\$ -</u>

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 June 30, 2017

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**NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

Valuation Approach: The District's fund investments are generally classified within Level 2 of the fair value hierarchy because they are valued using observable inputs such as quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable or can be corroborated by observable market data.

There were no changes in the valuation techniques used during the year ended June 30, 2017. There were no transfers of assets between the fair value levels for the year ended June 30, 2017.

The Trust is required or permitted to record the following assets at fair value on a recurring basis:

<u>Description</u>	<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investment securities:				
Mutual Fund - Equities	\$ 50,516,953	\$ 50,516,953	\$ -	\$ -
Mutual Fund - Fixed income	36,808,258	36,808,258	-	-
Mutual Fund - Real estate	<u>8,512,260</u>	<u>8,512,260</u>	<u>-</u>	<u>-</u>
 Total investment securities	 <u>\$ 95,837,471</u>	 <u>\$ 95,837,471</u>	 <u>\$ -</u>	 <u>\$ -</u>

Valuation Approach: The Trust's mutual fund investments are classified within Level 1 of the fair value hierarchy because they are valued using quoted market prices or broker or dealer quotations.

There were no changes in the valuation techniques used during the year ended June 30, 2017. There were no transfers of assets between the fair value levels for the year ended June 30, 2017.

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.

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(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2017

**NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

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, 2017.

Investment Type	Fair Value	Minimum Legal Rating	Ratings as of Year End							
			AAA	AA+	AA	AA-	A+	A	A-	BBB+
U.S. Treasuries	\$ 15,780,814	N/A	\$ -	\$ 15,780,814	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Agency Bonds	52,378,478	N/A	-	52,378,478	-	-	-	-	-	-
Federal Agency Collateralized Mortgage Obligation	271,848	N/A	-	271,848	-	-	-	-	-	-
Municipal Bonds	196,065	A	-	-	196,065	-	-	-	-	-
Corporate Notes	25,203,497	A	1,468,771	-	1,977,622	2,277,422	1,966,234	4,306,502	5,400,954	7,805,992
Commercial Paper	12,058,065	A-3	-	-	-	-	1,994,595	-	10,063,470	-
Certificate of Deposit	<u>7,692,223</u>	A-1	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,617,871</u>	<u>4,823,972</u>	<u>250,380</u>	<u>-</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 113,580,990</u></b>		<b><u>\$ 1,468,771</u></b>	<b><u>\$ 68,431,140</u></b>	<b><u>\$ 2,173,687</u></b>	<b><u>\$ 4,895,293</u></b>	<b><u>\$ 8,784,801</u></b>	<b><u>\$ 4,556,882</u></b>	<b><u>\$ 15,464,424</u></b>	<b><u>\$ 7,805,992</u></b>

The District's Trust investment policy requires all fixed income investments to be of investment grade quality or higher at purchase; that is, at the time of purchases, rated no lower than "BBB" by Standard and Poor's. At June 30, 2017, the Trust investments consisted of open and closed-end mutual funds, therefore there are no credit ratings to disclose.

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2017

**NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

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:

<u>Investment Type - Primary Government</u>	<u>Fair Value</u>	<u>12 Months or Less</u>	<u>More Than 12 Months</u>
U.S. Treasuries	\$ 15,780,814	\$ 1,693,691	\$ 14,087,123
Federal Agency Bonds	52,378,478	10,305,495	42,072,983
Federal Agency Collateralized Mortgage Obligation	271,848	-	271,848
Municipal Bonds	196,065	196,065	-
Corporate Notes	25,203,497	7,556,832	17,646,665
Commercial Paper	12,058,065	12,058,065	-
Certificate of Deposit	<u>7,692,223</u>	<u>-</u>	<u>7,692,223</u>
Total	<u>\$113,580,990</u>	<u>\$ 31,810,148</u>	<u>\$ 81,770,842</u>

The District's OPEB Trust (the "Trust") investments consisted of open and closed-end mutual funds, therefore, there are no significant interest rate risk related to the investments held, as there are no maturities related to the mutual funds held.

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 what is 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:

<u>Investment Type</u> <u>Primary Government</u>	<u>Issuer</u>	<u>Reported Amount</u>	<u>Percentage of Investment</u>
Federal Agency Bonds	Fannie Mae	\$ 6,659,088	5.86
Federal Agency Bonds	Freddie Mac	5,973,042	5.26

<u>Investment Type - Trust Funds</u>	<u>Issuer</u>	<u>Reported Amount</u>	<u>Percentage of Investment</u>
Mutual Funds	Oakmark Select	\$ 5,558,191	5.80
Mutual Funds	Blackrock Total Return	5,719,626	5.97
Mutual Funds	Guggenheim Macro Opportunities	5,538,439	5.78
Mutual Funds	Guggenheim Investment Grade Bond	5,609,603	5.85
Mutual Funds	Prudential Bond CL Q	5,602,995	5.85
Mutual Funds	Western Assets Core Plus Bond	5,718,949	5.97
Mutual Funds	Cohen and Steers Securities -z	4,804,157	5.01

Custodial Credit Risk: The California Government Code requires California bank, savings and loan associations to secure the District's deposit by pledging government securities as collateral. The market value of pledged securities must equal 110 percent of an agency's deposits. California law also allows financial institutions to secure an agency's deposits by pledging first trust deed mortgage notes having value of 150 percent of an agency's deposits and collateral is considered to be held in the name of the District. All cash held by the financial institution is entirely insured or collateralized.

(Continued)



CONTRA COSTA COMMUNITY COLLEGE DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 June 30, 2017

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**NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

The District limits custodial credit risk by ensuring uninsured balances are collateralized by the respective financial institution. Cash balances held in banks are insured up to \$250,000 by the Federal Deposit Insurance Corporation ("FDIC") and are collateralized by the respective financial institution. At June 30, 2017, the carrying amount of the District's cash on hand and in banks for the District and its fiduciary funds was \$1,660,878 and the bank balance was \$1,560,298. The bank balance amount insured was \$500,000.

**NOTE 3 - RECEIVABLES**

Receivables at June 30, 2017 are summarized as follows:

	<u>District</u>	<u>Agency Funds</u>	<u>Trust Funds</u>
Federal Government			
Categorical aid	\$ 1,987,920	\$ -	\$ -
State Government			
Categorical aid	4,140,099	-	-
Local Sources			
Interest	646,997	1,312	781
Other local sources	<u>1,611,792</u>	<u>31,299</u>	<u>623</u>
Total excluding student receivables	<u>8,386,808</u>	<u>32,611</u>	<u>1,404</u>
Student receivables	9,902,086	-	-
Less allowance for bad debt	<u>(2,229,425)</u>	<u>-</u>	<u>-</u>
Student receivables, net	<u>7,672,661</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 16,059,469</u>	<u>\$ 32,611</u>	<u>\$ 1,404</u>

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(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 June 30, 2017

**NOTE 4 - CAPITAL ASSETS**

Capital asset activity for the District for the fiscal year ended June 30, 2017, was as follows:

	Balance <u>July 1, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Transfers</u>	Balance <u>June 30, 2017</u>
Non-depreciable:					
Land	\$ 14,054,708	\$ -	\$ -	\$ -	\$ 14,054,708
Construction in progress	89,466,590	13,015,284	-	(84,481,259)	18,000,615
Depreciable:					
Land improvements	69,157,959	-	-	-	69,157,959
Building & improvements	361,652,201	8,609,468	-	73,041,493	443,303,162
Furniture and equipment	<u>55,841,012</u>	<u>1,997,491</u>	<u>-</u>	<u>11,439,766</u>	<u>69,278,269</u>
Total	<u>590,172,470</u>	<u>23,622,243</u>	<u>-</u>	<u>-</u>	<u>613,794,713</u>
Less accumulated depreciation:					
Land improvements	36,312,992	3,693,204	-	-	40,006,196
Building & improvements	96,889,604	7,867,972	-	-	104,757,576
Furniture and equipment	<u>50,351,891</u>	<u>2,598,134</u>	<u>-</u>	<u>-</u>	<u>52,950,025</u>
Total	<u>183,554,487</u>	<u>14,159,310</u>	<u>-</u>	<u>-</u>	<u>197,713,797</u>
Capital assets, net	<u>\$406,617,983</u>	<u>\$ 9,462,933</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$416,080,916</u>

Depreciation expense was \$14,159,310 for the year ended June 30, 2017.

The District capitalizes interest paid on obligations related to the acquisition, construction or rehabilitation of District capital assets. At June 30, 2017, the amount of interest expense on capital asset-related debt totaled \$12,763,300, which is net of interest capitalized of \$2,163,395.

**NOTE 5 - UNEARNED REVENUE**

Unearned revenue as of June 30, 2017 consisted of the following:

Unearned Federal and State revenue	\$ 11,415,438
Unearned Tuition and student fees	7,394,555
Unearned local revenue	<u>434,097</u>
Total	<u>\$ 19,244,090</u>

**NOTE 6 - RISK MANAGEMENT**

Workers' Compensation: The District provides a cooperative program of self-insurance for workers' compensation for its employees. The District is self insured for individual worker's compensation claims less than \$1,000,000, and is covered by CCSIG for individual claims exceeding such amounts to a Statutory maximum per claim.

Property and Liability: The District is self insured for individual property and liability claims less than \$10,000, and is covered by BACCDJPA for individual claims exceeding such amounts to \$250 million for property and \$25 million for liability.

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2017

**NOTE 6 - RISK MANAGEMENT (Continued)**

Employee Medical Benefits: The District has contracted with Kaiser and Anthem 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:

Beginning liability balance, July 1, 2016	\$	699,447
Claims and changes in estimate		125,950
Claims Payments		<u>(49,159)</u>
 Ending liability balance, June 30, 2017	 \$	 <u><u>776,238</u></u>

**NOTE 7 - LONG-TERM OBLIGATIONS**

Summary: The changes in the District's long-term obligations for the year ended June 30, 2017 consisted of the following:

	Balance July 1, 2016 <u>as restated</u>	<u>Additions</u>	<u>Deductions</u>	Balance June 30, 2017	Amounts Due Within <u>One Year</u>
General Obligation Bonds	\$ 432,135,000	\$ -	\$ 22,555,000	\$ 409,580,000	\$ 5,980,000
Bond premium	24,045,963	-	1,478,776	22,567,187	1,478,776
Compensated absences	13,541,535	-	639,262	12,902,273	-
Net pension liability	145,804,274	31,900,726	-	177,705,000	-
Net OPEB obligation	<u>151,307,900</u>	<u>-</u>	<u>8,538,062</u>	<u>142,769,838</u>	<u>-</u>
 Total long-term debt	 <u>\$ 766,834,672</u>	 <u>\$ 31,900,726</u>	 <u>\$ 33,211,100</u>	 <u>\$ 765,524,298</u>	 <u>\$ 7,458,776</u>

Payments on the general obligation bonds are made by the bond interest and redemption fund with local property tax revenues. The compensated absences and OPEB obligations are paid by the fund for which the employee worked.

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2016	<u>Additions</u>	<u>Deductions</u>	Bonds Outstanding June 30, 2017
March 2010	8/1/2034	.75%-6.504%	\$ 73,000,000	\$ 56,855,000	\$ -	\$ 390,000	\$ 56,465,000
October 2011	8/1/2026	4.0%-5.0%	38,595,000	31,975,000	-	2,205,000	29,770,000
October 2012	8/1/2032	2.0%-5.0%	106,565,000	104,540,000	-	2,865,000	101,675,000
October 2013	8/1/2038	1.0%-5.0%	140,500,000	137,230,000	-	-	137,230,000
August 2014	8/1/2039	2.0%-4.0%	120,000,000	<u>101,535,000</u>	<u>-</u>	<u>17,095,000</u>	<u>84,440,000</u>
				 <u>\$ 432,135,000</u>	 <u>\$ -</u>	 <u>\$ 22,555,000</u>	 <u>\$ 409,580,000</u>

On 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 August 2010 through August 2034. Annual interest rates range from 0.75% to 6.504%.

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 June 30, 2017

**NOTE 7 - LONG-TERM OBLIGATIONS** (Continued)

The following is a schedule of the future payments:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 550,000	\$ 3,524,929	\$ 4,074,929
2019	715,000	3,496,054	4,211,054
2020	905,000	3,455,554	4,360,554
2021	1,105,000	3,405,304	4,510,304
2022	1,325,000	3,344,554	4,669,554
2023-2027	10,310,000	15,243,780	25,553,780
2028-2032	17,455,000	10,882,980	28,337,980
2033-2035	<u>24,100,000</u>	<u>2,714,770</u>	<u>26,814,770</u>
	<u>\$ 56,465,000</u>	<u>\$ 46,067,925</u>	<u>\$ 102,532,925</u>

In October 2011, the District issued general obligation refunding bonds in the amount of \$38,595,000 to refund all or a portion of the Series 2002 bonds issued on July 2, 2002. The bonds require annual principal payments and semi-annual interest payments beginning February 2012 through August 2026. Annual interest rates range from 4.0% to 5.0%.

The following is a schedule of the future payments:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 2,315,000	\$ 1,430,625	\$ 3,745,625
2019	2,445,000	1,311,625	3,756,625
2020	2,590,000	1,185,750	3,775,750
2021	2,725,000	1,052,875	3,777,875
2022	2,865,000	913,125	3,778,125
2023-2027	<u>16,830,000</u>	<u>2,195,000</u>	<u>19,025,000</u>
	<u>\$ 29,770,000</u>	<u>\$ 8,089,000</u>	<u>\$ 37,859,000</u>

In October 2012, the District issued general obligation refunding bonds in the amount of \$106,565,000 to refund all or a portion of the Series 2004, Series 2006 and Series 2007 bonds issued on August 25, 2004, May 11, 2006 and August 16, 2007, respectively. The bonds require annual principal payments and semi-annual interest payments beginning in February 2013 through August 2032. Annual interest rates range from 2% to 5%.

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 June 30, 2017

**NOTE 7 - LONG-TERM OBLIGATIONS** (Continued)

The following is a schedule of the future payments:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 3,115,000	\$ 4,261,525	\$ 7,376,525
2019	3,375,000	4,131,725	7,506,725
2020	3,685,000	3,972,100	7,657,100
2021	4,025,000	3,799,475	7,824,475
2022	4,385,000	3,609,350	7,994,350
2023-2027	27,855,000	14,558,500	42,413,500
2028-2032	51,245,000	5,107,563	56,352,563
2033	<u>3,990,000</u>	<u>69,825</u>	<u>4,059,825</u>
	<u>\$ 101,675,000</u>	<u>\$ 39,510,063</u>	<u>\$ 141,185,063</u>

In October 2013, the District issued general obligation bonds in the amount of \$140,500,000. The bonds require annual principal payments and semi-annual interest payments beginning February 2014 through August 2038. Annual interest rates range from 1.00% to 5.00%.

The following is a schedule of the future payments:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ -	\$ 6,786,100	\$ 6,786,100
2019	-	6,786,100	6,786,100
2020	-	6,786,100	6,786,100
2021	-	6,786,100	6,786,100
2022	-	6,786,100	6,786,100
2023-2027	6,230,000	33,445,475	39,675,475
2028-2032	22,080,000	30,302,375	52,382,375
2033-2037	61,865,000	21,384,125	83,249,125
2038-2039	<u>47,055,000</u>	<u>2,406,375</u>	<u>49,461,375</u>
	<u>\$ 137,230,000</u>	<u>\$ 121,468,850</u>	<u>\$ 258,698,850</u>

In August 2014, the District issued general obligation bonds in the amount of \$120,000,000. The bonds require annual principal payments and semi-annual interest payments beginning February 2015 through August 2039. Annual interest rates range from 2.00% to 4.00%.

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 June 30, 2017

**NOTE 7 - LONG-TERM OBLIGATIONS (Continued)**

The following is a schedule of the future payments:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ -	\$ 3,316,700	\$ 3,316,700
2019	-	3,316,700	3,316,700
2020	-	3,316,700	3,316,700
2021	-	3,316,700	3,316,700
2022	-	3,316,700	3,316,700
2023-2027	7,805,000	16,118,825	23,923,825
2028-2032	18,240,000	13,663,525	31,903,525
2033-2037	31,330,000	8,791,000	40,121,000
2038-2040	<u>27,065,000</u>	<u>1,686,700</u>	<u>28,751,700</u>
	<u>\$ 84,440,000</u>	<u>\$ 56,843,550</u>	<u>\$ 141,283,550</u>

**NOTE 8 – NET PENSION LIABILITY – STATE TEACHERS’ RETIREMENT PLANS**

*General Information about the State Teachers’ Retirement Plan*

Plan Description: Teaching-certificated employees of the District are provided with pensions through the State Teachers’ Retirement Plan (STRP) – a cost-sharing multiple-employer defined benefit pension plan administered by the California State Teachers’ Retirement System (CalSTRS). The Teachers’ Retirement Law (California Education Code Section 22000 et seq.), as enacted and amended by the California Legislature, established this plan and CalSTRS as the administrator. The benefit terms of the plans may be amended through legislation. CalSTRS issues a publicly available financial report that can be obtained at <http://www.calstrs.com/comprehensive-annual-financial-report>.

Benefits Provided: The STRP Defined Benefit Program has two benefit formulas:

- CalSTRS 2% at 60: Members first hired on or before December 31, 2012, to perform service that could be creditable to CalSTRS.
- CalSTRS 2% at 62: Members first hired on or after January 1, 2013, to perform service that could be creditable to CalSTRS.

The Defined Benefit Program provides retirement benefits based on members’ final compensation, age and years of service credit. In addition, the retirement program provides benefits to members upon disability and to survivors/beneficiaries upon the death of eligible members. There are several differences between the two benefit formulas which are noted below.

*CalSTRS 2% at 60*

CalSTRS 2% at 60 members are eligible for normal retirement at age 60, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. Early retirement options are available at age 55 with five years of credited service or as early as age 50 with 30 years of credited service. The age factor for retirements after age 60 increases with each quarter year of age to 2.4 percent at age 63 or older. Members who have 30 years or more of credited service receive an additional increase of up to 0.2 percent to the age factor, known as the career factor. The maximum benefit with the career factor is 2.4 percent of final compensation.

(Continued)

**NOTE 8 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLANS (Continued)**

CalSTRS calculates retirement benefits based on a one-year final compensation for members who retired on or after January 1, 2001, with 25 or more years of credited service, or for classroom teachers with less than 25 years of credited service if the employer elected to pay the additional benefit cost prior to January 1, 2014. One-year final compensation means a member's highest average annual compensation earnable for 12 consecutive months calculated by taking the creditable compensation that a member could earn in a school year while employed on a fulltime basis, for a position in which the person worked. For members with less than 25 years of credited service, final compensation is the highest average annual compensation earnable for any three consecutive years of credited service.

*CalSTRS 2% at 62*

CalSTRS 2% at 62 members are eligible for normal retirement at age 62, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. An early retirement option is available at age 55. The age factor for retirement after age 62 increases with each quarter year of age to 2.4 percent at age 65 or older.

All CalSTRS 2% at 62 members have their final compensation based on their highest average annual compensation earnable for three consecutive years of credited service.

Contributions: Required member, employer and state contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. Contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial cost method.

A summary of statutory contribution rates and other sources of contributions to the Defined Benefit Program are as follows:

*Members* – Under CalSTRS 2% at 60, the member contribution rate was 10.25 percent of applicable member earnings for fiscal year 2016-17. Under CalSTRS 2% at 62, members contribute 50 percent of the normal cost of their retirement plan, which resulted in a contribution rate of 9.205 percent of applicable member earnings for fiscal year 2016-17.

In general, member contributions cannot increase unless members are provided with some type of "comparable advantage" in exchange for such increases. Under previous law, the Legislature could reduce or eliminate the 2 percent annual increase to retirement benefits. As a result of AB 1469, effective July 1, 2014, the Legislature cannot reduce the 2 percent annual benefit adjustment for members who retire on or after January 1, 2014, and in exchange for this "comparable advantage," the member contribution rates have been increased by an amount that covers a portion of the cost of the 2 percent annual benefit adjustment.

Effective July 1, 2014, with the passage of AB 1469, member contributions for those under the 2% at 60 benefit structure increase from 8.0 percent to a total of 10.25 percent of applicable member earnings, phased in over the next three years. For members under the 2% at 62 benefit structure, contributions will increase from 8.0 percent to 9.205 percent of applicable member earnings, again phased in over three years, if there is no change to normal cost.

*Employers* – 12.58 percent of applicable member earnings.

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(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2017

**NOTE 8 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLANS (Continued)**

In accordance with AB 1469, employer contributions will increase from 8.25 percent to a total of 19.1 percent of applicable member earnings phased in over seven years starting in 2014. The new legislation also gives the board limited authority to adjust employer contribution rates from July 1, 2021 through June 2046 in order to eliminate the remaining unfunded actuarial obligation related to service credited to members prior to July 1, 2014. The board cannot adjust the rate by more than 1 percent in a fiscal year, and the total contribution rate in addition to the 8.25 percent cannot exceed 12 percent.

The CalSTRS employer contribution rate increases effective for fiscal year 2016-17 through fiscal year 2045-46 are summarized below:

<u>Effective Date</u>	<u>Prior Rate</u>	<u>Increase</u>	<u>Total</u>
July 01, 2016	8.25%	4.33%	12.58%
July 01, 2017	8.25%	6.18%	14.43%
July 01, 2018	8.25%	8.03%	16.28%
July 01, 2019	8.25%	9.88%	18.13%
July 01, 2020	8.25%	10.85%	19.10%
July 01, 2046	8.25%	Increase from prior rate ceases in 2046-47	

The District contributed \$8,747,255 to the plan for the fiscal year ended 2016-17.

*State* – 8.828 percent of the members' creditable earnings from the fiscal year ending in the prior calendar year.

Also as a result of AB1469, the additional state appropriation required to fully fund the benefits in effect as of 1990 by 2046 is specific in subdivision (b) of Education Code Section 22955.1. The increased contributions end as of fiscal year 2046-2047. The CalSTRS state contribution rates effective for fiscal year 2016-17 and beyond are summarized in the table below.

As shown in the subsequent table, the state rate will increase to 4.811 percent on July 1, 2017, to continue paying down the unfunded liabilities associated with the benefits structure that was in place 1990 prior to certain enhancements in benefits and reductions in contributions.

<u>Effective Date</u>	<u>Base Rate</u>	<u>AB 1469 Increase For 1990 Benefit Structure</u>	<u>SBMA Funding</u>	<u>Total State Appropriation to DB Program</u>
July 01, 2016	2.017%	4.311%	2.50%	8.828%
July 01, 2017	2.017%	4.811%(2)	2.50%	9.328%
July 2018 to June 30, 2046	2.017%	(3)	2.50%	(3)
July 01, 2046 and thereafter	2.017%	(3)	2.50%	4.517%(3)

(1) This rate does not include \$72 million reduction with Education Code 22954

(2) During its April 2017 meeting, the board of CalSTRS exercised its limited authority to increase the state contribution rate by 0.5 percent of the payroll effective July 1, 2017.

(3) The CalSTRS board has limited authority to adjust state contribution rates from July 1, 2017, through June 30, 2046 in order to eliminate the remaining unfunded actuarial obligation associated with the 1990 benefit structure. The board cannot increase the rate by more than 0.50 percent in a fiscal year, and if there is no unfunded actuarial obligation, the contribution rate imposed to pay for the 1990 benefit structure would be reduced to 0 percent. Rates in effect prior to July 1, 2014, are reinstated if necessary to address any remaining 1990 unfunded actuarial obligation from July 1, 2046, and thereafter.

(Continued)



CONTRA COSTA COMMUNITY COLLEGE DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 June 30, 2017

**NOTE 8 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLANS (Continued)**

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

At June 30, 2017, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$ 108,983,000
State's proportionate share of the net pension liability associated with the District	<u>62,048,000</u>
Total	<u><u>\$ 171,031,000</u></u>

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating school Districts and the State. At June 30, 2016, the District's proportion was 0.135 percent, which was an decrease of 0.009 percent from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the District recognized pension expense of \$20,273,363 and revenue of \$1,216,000 for support provided by the State. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 2,659,000
Changes of assumptions	-	-
Net differences between projected and actual earnings on investments	8,664,000	-
Changes in proportion and differences between District contributions and proportionate share of contributions	783,000	6,169,000
Contributions made subsequent to measurement date	<u>8,747,255</u>	<u>-</u>
Total	<u><u>\$ 18,194,255</u></u>	<u><u>\$ 8,828,000</u></u>

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2017

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**NOTE 8 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLANS (Continued)**

\$8,747,255 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2018	\$ (806,417)
2019	\$ (806,417)
2020	\$ 2,956,582
2021	\$ 1,892,916
2022	\$ (1,356,834)
2023	\$ (1,260,830)

Differences between expected and actual experience and changes in assumptions are amortized over a closed period equal to the average remaining service life of plan members, which is 7 years as of the June 30, 2016 measurement date. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

Actuarial Methods and Assumptions: The total pension liability for the STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2015, and rolling forward the total pension liability to June 30, 2016. The financial reporting actuarial valuation as of June 30, 2015, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2015
Experience Study	July 1, 2006 through June 30, 2010
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.60%
Consumer Price Inflation	3.00%
Wage Growth	3.75%
Post-retirement Benefit Increases	2.00% simple for DB Not applicable for DBS/CBB

CalSTRS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are based on RP2000 series tables adjusted to fit CalSTRS experience. RP2000 series tables are an industry standard set of mortality rates published by the Society of Actuaries. See CalSTRS July 1, 2006 – June 30, 2010 experience analysis and June 30, 2015 Actuarial Program Valuations for more information.

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(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 June 30, 2017

**NOTE 8 – NET PENSION LIABILITY – STATE TEACHERS’ RETIREMENT PLANS (Continued)**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant as an input to the process. The actuarial investment rate of return assumption was adopted by the board in 2012 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometric real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized in the following table:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term* Expected Real Rate of Return</u>
Global Equity	47%	6.30%
Private Equity	13	9.30
Real Estate	13	5.20
Inflation Sensitive	4	3.80
Fixed Income	12	0.30
Absolute Return / Risk Mitigating Strategies	9	2.90
Cash / Liquidity	2	(1.00)

\* 20-year geometric average

Discount Rate: The discount rate used to measure the total pension liability was 7.60 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates in accordance with the rate increase per Assembly Bill 1469. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.60 percent) and assuming that contributions, benefit payments, and administrative expense occur midyear. Based on those assumptions, the STRP’s fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.60 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.60 percent) or 1-percentage-point higher (8.60 percent) than the current rate:

	1% Decrease (6.60%)	Current Discount Rate (7.60%)	1% Increase (8.60%)
District’s proportionate share of the net pension liability	<u>\$156,851,000</u>	<u>\$108,983,000</u>	<u>\$ 69,226,000</u>

(Continued)

**NOTE 8 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLANS (Continued)**

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in the separately issued CalSTRS financial report.

**NOTE 9 – NET PENSION LIABILITY – PUBLIC EMPLOYER'S RETIREMENT FUND B**

*General Information about the Public Employer's Retirement Fund B*

Plan Description: The schools cost-sharing multiple-employer defined benefit pension plan Public Employer's Retirement Fund B (PERF B) is administered by the California Public Employees' Retirement System (CalPERS). Plan membership consists of non-teaching and non-certified employees of public schools (K-12), community college districts, offices of education, charter and private schools (elective) in the State of California.

The Plan was established to provide retirement, death and disability benefits to non-teaching and noncertified employees in schools. The benefit provisions for Plan employees are established by statute. CalPERS issues a publicly available financial report that can be obtained at <https://www.calpers.ca.gov/docs/forms-publications/cafr-2016.pdf>.

Benefits Provided: The benefits for the defined benefit plans are based on members' years of service, age, final compensation, and benefit formula. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. Members become fully vested in their retirement benefits earned to date after five years (10 years for State Second Tier members) of credited service.

Contributions: The benefits for the defined benefit pension plans are funded by contributions from members and employers, and earnings from investments. Member and employer contributions are a percentage of applicable member compensation. Member contribution rates are defined by law and depend on the respective employer's benefit formulas. Employer contribution rates are determined by periodic actuarial valuations or by state statute. Actuarial valuations are based on the benefit formulas and employee groups of each employer. Employer contributions, including lump sum contributions made when agencies first join the PERF, are credited with a market value adjustment in determining contribution rates.

The required contribution rates of most active plan members are based on a percentage of salary in excess of a base compensation amount ranging from zero dollars to \$863 monthly.

Required contribution rates for active plan members and employers as a percentage of payroll for the year ended June 30, 2017 were as follows:

*Members* – The member contribution rate was 6.0 or 7.0 percent of applicable member earnings for fiscal year 2016-17.

*Employers* – The employer contribution rate was 13.888 percent of applicable member earnings.

The District contributed \$6,027,170 to the plan for the fiscal year ended June 30, 2017.

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(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 June 30, 2017

**NOTE 9 – NET PENSION LIABILITY – PUBLIC EMPLOYER’S RETIREMENT FUND B** (Continued)

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

At June 30, 2017, the District reported a liability of \$68,722,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015. The District’s proportion of the net pension liability was based on the District’s share of contributions to the pension plan relative to the contributions of all participating school Districts. At June 30, 2016, the District’s proportion was 0.327 percent, which was a decrease of 0.002 percent from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the District recognized pension expense of \$19,171,646. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 2,780,000	\$ 28,000
Changes of assumptions	-	2,064,000
Net differences between projected and actual earnings on investments	10,629,000	-
Changes in proportion and differences between District contributions and proportionate share of contributions	11,616,000	1,451,000
Contributions made subsequent to measurement date	<u>6,027,170</u>	<u>-</u>
Total	<u>\$ 31,052,170</u>	<u>\$ 3,543,000</u>

\$6,027,170 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2018	\$ 7,137,853
2019	\$ 7,137,854
2020	\$ 4,438,793
2021	\$ 2,767,500

Differences between expected and actual experience and changes in assumptions are amortized over a closed period equal to the average remaining service life of plan members, which is 4 years as of the June 30, 2016 measurement date. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 June 30, 2017

**NOTE 9 – NET PENSION LIABILITY – PUBLIC EMPLOYER’S RETIREMENT FUND B (Continued)**

Actuarial Methods and Assumptions: The total pension liability for the Plan was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2015, and rolling forward the total pension liability to June 30, 2016. The financial reporting actuarial valuation as of June 30, 2015, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2015
Experience Study	June 30, 1997 through June 30, 2011
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.65%
Consumer Price Inflation	2.75%
Wage Growth	Varies by entry age and service
Post-retirement Benefit Increases	Contract COLA up to 2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies 2.75% thereafter

The mortality table used was developed based on CalPERS specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

All other actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found at CalPERS’ website.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

<u>Asset Class</u>	<u>Long-Term* Assumed Asset Allocation</u>	<u>Expected Real Rate of Return</u>
Global Equity	51%	5.25%
Global Fixed Income	20	0.99
Inflation Insensitive	6	0.45
Private Equity	10	6.83
Real Estate	10	4.50
Infrastructure & Forestland	2	4.50
Liquidity	1	(0.55)

\* 10-year geometric average

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 June 30, 2017

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**NOTE 9 – NET PENSION LIABILITY – PUBLIC EMPLOYER’S RETIREMENT FUND B (Continued)**

Discount Rate: The discount rate used to measure the total pension liability was 7.65 percent. A projection of the expected benefit payments and contributions was performed to determine if assets would run out. The test revealed the assets would not run out. Therefore the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Plan. The results of the crossover testing for the Plan are presented in a detailed report that can be obtained at CalPERS’ website.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected cash flows of the Plan. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the Plan’s asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

Sensitivity of the District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.65 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.65 percent) or 1-percentage-point higher (8.65 percent) than the current rate:

	1% Decrease (6.65%)	Current Discount Rate (7.65%)	1% Increase (8.65%)
District's proportionate share of the net pension liability	<u>\$102,555,000</u>	<u>\$ 68,722,000</u>	<u>\$ 40,574,000</u>

Pension Plan Fiduciary Net Position: Detailed information about the pension plan’s fiduciary net position is available in the separately issued CalPERS financial report.

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(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 June 30, 2017

**NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS**

Plan Description: The District provides medical insurance benefits or cash in-lieu of benefits to eligible retirees and their spouses. Eligible requirements and benefits may vary according to hire date. The District provides the OPEB benefits through a single employer defined benefit OPEB plan that is administered by Benefit Trust Company. OPEB provisions are established and amended per contractual agreement with employee groups. The plan does issue separate financial statements, which are produced by the District and available upon request.

The following summarizes the benefits provided under the current *retiree benefit plan*:

	<u>Faculty</u>	<u>Classified</u>	<u>Management</u>
Applies to	Hired<7/1/84	Hired<7/1/84	Hired<7/1/84
Benefit types provided	Medical, dental and Part B	Medical, dental and Part B	Medical, dental and Part B
Duration of Benefits	Lifetime	Lifetime	Lifetime
Required Service	10 years	10 years	10 years
Minimum Age	55	50	50/55
Dependent Coverage	Yes	Yes	Yes
College Contribution	100%	100%	100%
College Cap	Active	Active	Active
	<u>Faculty</u>	<u>Classified</u>	<u>Management</u>
Applies to	Hired 7/1/84 to 6/30/05	Hired 7/1/84 to 6/30/05	Hired 7/1/84 to 6/30/05
Benefit types provided	Medical, dental and Part B	Medical, dental and Part B	Medical, dental and Part B
Duration of Benefits	Lifetime	Lifetime	Lifetime
Required Service	10 years	10 years	10 years
Minimum Age	55	50	50/55
Dependent Coverage	Yes	Yes	Yes
College Contribution	<u>Age+Service: 80+</u> 100% for employee 50% for dependent	<u>Age+Service: 80+</u> 100% for employee 50% for dependent	<u>Age+Service: 80+</u> 100% for employee 50% for dependent
	<u>Age+Service: 70-79</u> 50% for employee 25% for dependent	<u>Age+Service: 70-79</u> 50% for employee 25% for dependent	<u>Age+Service: 70-79</u> 50% for employee 25% for dependent
College Cap	Active	Active	Active
	<u>Faculty</u>	<u>Classified</u>	<u>Management</u>
Applies to	Hired>6/30/05	Hired>6/30/05	Hired>6/30/05
Benefit types provided	Medical, dental and Part B	Medical, dental and Part B	Medical, dental and Part B
Duration of Benefits	Lifetime	Lifetime	Lifetime
Required Service	10 years	10 years	10 years
Minimum Age	55	50	50/55
Dependent Coverage	Yes	Yes	Yes
College Contribution	<u>Age+Service: 80+</u> <65: 100% for employee 50% for dependent	<u>Age+Service: 80+</u> <65: 100% for employee 50% for dependent	<u>Age+Service: 80+</u> <65: 100% for employee 50% for dependent
	<u>Age 65+:</u> 50% Employee only	<u>Age 65+:</u> 50% Employee only	<u>Age 65+:</u> 50% Employee only
	<u>Age+Service: 70-79</u> <65: 50% for employee 25% for dependent	<u>Age+Service: 70-79</u> <65: 50% for employee 25% for dependent	<u>Age+Service: 70-79</u> <65: 50% for employee 25% for dependent
College Cap	<u>Age 65+:</u> 25% Employee only Active	<u>Age 65+:</u> 25% Employee only Active	<u>Age 65+:</u> 25% Employee only Active

(Continued)



CONTRA COSTA COMMUNITY COLLEGE DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2017

**NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS (Continued)**

The following summarizes the benefits provided under the current **cash in-lieu plan**:

	<u>Faculty</u>	<u>Classified</u>	<u>Management</u>
Applies to	Hired<7/1/84	Hired<7/1/84	Hired<7/1/84
Benefit types provided	Cash	Cash	Cash
Duration of Benefits	Lifetime	Lifetime	Lifetime
Required Service	10 years	10 years	10 years
Minimum Age	55	50	50/55
College Cap	Kaiser Premium	Kaiser Premium	Kaiser Premium
Applies to	Hired 7/1/84 to 6/30/05	Hired 7/1/84 to 6/30/05	Hired 7/1/84 to 6/30/05
Benefit types provided	Cash	Cash	Cash
Duration of Benefits	Lifetime	Lifetime	Lifetime
Required Service	10 years	10 years	10 years
Minimum Age	55	50	50/55
College Contribution	<u>Age+Service: 80+</u> 100% for employee	<u>Age+Service: 80+</u> 100% for employee	<u>Age+Service: 80+</u> 100% for employee
	<u>Age+Service: 70-79</u> 50% for employee	<u>Age+Service: 70-79</u> 50% for employee	<u>Age+Service: 70-79</u> 50% for employee
College Cap	Applicable % of Single Kaiser Premium	Applicable % of Single Kaiser Premium	Applicable % of Single Kaiser Premium
Applies to	Hired>6/30/05	Hired>6/30/05	Hired>6/30/05
Benefit types provided	Cash	Cash	Cash
Duration of Benefits	Lifetime	Lifetime	Lifetime
Required Service	10 years	10 years	10 years
Minimum Age	55	50	50/55
College Contribution	<u>Age+Service: 80+</u> <65: 100% for employee	<u>Age+Service: 80+</u> < 65: 100% for employee	<u>Age+Service: 80+</u> < 65: 100% for employee
	<u>Age 65+:</u> 50% Employee	<u>Age 65+:</u> 50% Employee	<u>Age 65+:</u> 50% Employee
	only <u>Age+Service: 70-79</u> <65: 50% for employee	only <u>Age+Service: 70-79</u> <65: 50% for employee	only <u>Age+Service: 70-79</u> <65: 50% for employee
	25% for dependent	25% for dependent	25% for dependent
	<u>Age 65+:</u> 25% Employee	<u>Age 65+:</u> 25% Employee	<u>Age 65+:</u> 25% Employee
College Cap	only Applicable % of Single Kaiser Premium	only Applicable % of Single Kaiser Premium	only Applicable % of Single Kaiser Premium

Employees Covered by Benefit Term: At June 30, 2017, Plan membership in the **retiree benefit plan** consisted of the following:

	<u>Number of Participants</u>
Inactive Employees/Dependents Receiving Benefits	721
Inactive Employees/Dependents Entitled to but not yet Receiving Benefits	-
Active Employees	<u>1,087</u>
	<u><u>1,808</u></u>

Employees Covered by Benefit Term: At June 30, 2017, Plan membership in the **cash in-lieu plan** consisted of the following:

	<u>Number of Participants</u>
Inactive Employees/Dependents Receiving Benefits	46
Inactive Employees/Dependents Entitled to but not yet Receiving Benefits	-
Active Employees	<u>1,087</u>
	<u><u>1,133</u></u>

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2017

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**NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS (Continued)**

During the year ended June 30, 2007 the District signed an irrevocable trust (the Trust) agreement. The District appointed a Board of Authority with authority to make decisions on behalf of the District with respect to the *Futuris Public Entity Investment Trust Program*. Benefit Trust Company was appointed as the custodian and trustee to administer the *Futuris Public Entity Investment Trust*.

The Board of Authority is comprised of the following seven positions: Executive Vice Chancellor, Administrative Services, Associate Vice Chancellor/Chief Financial Officer, College President, Director of Business Services, United Faculty Representative, Local 1 Representative and Management Council Representative. Board members are appointed by resolution of the governing body of the District.

Plan Termination: In the event of Plan termination, the net position of the Trust would be allocated as prescribed in the Trust documents, generally to pay in the order indicated below:

- District's remaining retiree medical benefit liabilities.
- Reasonable expenses of administering the Trust.

Any assets remaining in the Trust after paying off the above liabilities shall revert back to the District.

Contributions: 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.

OPEB Plan Investments: The plan discount rate of 6.5% was determined using the following asset allocation and assumed rate of return:

<u>Asset Class</u>	<u>Percentage of Portfolio</u>	<u>Rate of Return*</u>
U.S. Domestic Stock	50%	7.8%
Long-term Corporate Bonds	50%	5.3%

\* Geometric average

Rolling periods of time for all asset classes in combination we used to appropriately reflect correlation between asset classes. This means that the average returns for any asset class do not necessarily reflect the averages over time individually, but reflect the return for the asset class for the portfolio average. Additionally, the historic 30 year real rates of return for each asset class along with the assumed long-term inflation assumption was used to set the discount rate. The investment return was offset by assumed investment expenses of 25 basis points. It was further assumed that contributions to the plan would be sufficient to fully fund the obligation over a period not to exceed 30 years.

Money-weighted rate of return on OPEB retiree benefit plan investments	6.50%
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The money-weighted rate of return expresses investment performance, net of OPEB plan investment expenses, adjusted for the changing amounts actually invested.

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(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2017

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**NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS (Continued)**

Actuarial Assumptions: The total OPEB liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

**Retiree Benefit Plan**

Valuation date	June 30, 2017
Measurement date	June 30, 2017
Census data	The census was provided by the District as of February 2017
Actuarial cost method	Entry age actuarial cost method
Amortization methods	Flat dollar amount allocation with 18 year closed amortization
Inflation rate	2.75%
Investment rate of return	6.50%
Discount rate	6.50%; assuming contributions would be sufficient to fully fund the obligation over a period not to exceed 30 years.
Health care cost trend rate	4.00%
Payroll increase	2.75%
Participation rates	100% for certificated and classified employees.
Mortality	For certificated employees the 2009 CalSTRS mortality tables were used. For classified employees the 2014 CalPERS active mortality for miscellaneous employees were used.
Spouse relevance	To the extent not provided and when needed to calculate benefit liabilities, 80% of retirees assumed to be married at retirement. After retirement, the percentage married is adjusted to reflect mortality.
Spouse ages	To the extent spouse dates of birth are not provided and when needed to calculate benefit liabilities, female spouse assumed to be three years younger than male.
Turnover	For certificated employees the 2009 CalSTRS termination rates were used. For classified employees the 2009 CalPERS termination rates for school employees were used.

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(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2017

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**NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS (Continued)**

**Retiree Benefit Plan**

Service requirement	For certificated employees 100% at 20 years of service. For classified employees 100% at 20 years of service. For management 100% at 12 years of service.
Retirement rates	For certificated employees the 2009 CalSTRS retirement rates were used. For classified employees the 2009 CalPERS retirement rates for school employees were used.

**Cash In-Lieu Plan**

Valuation date	June 30, 2017
Measurement date	June 30, 2017
Census data	The census was provided by the District as of February 2017
Actuarial cost method	Entry age actuarial cost method
Amortization methods	Flat dollar amount allocation with 18 year closed amortization
Inflation rate	2.75%
Investment rate of return	3.50%
Discount rate	3.50%; assuming contributions would be sufficient to fully fund the obligation over a period not to exceed 20 years.
Payroll increase	2.75%
Participation rates	100% for certificated and classified employees.
Mortality	For certificated employees the 2009 CalSTRS mortality tables were used. For classified employees the 2014 CalPERS active mortality for miscellaneous employees were used.
Spouse relevance	To the extent not provided and when needed to calculate benefit liabilities, 80% of retirees assumed to be married at retirement. After retirement, the percentage married is adjusted to reflect mortality.
Spouse ages	To the extent spouse dates of birth are not provided and when needed to calculate benefit liabilities, female spouse assumed to be three years younger than male.

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(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 June 30, 2017

**NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS (Continued)**

**Cash In-Lieu Plan**

Turnover	For certificated employees the 2009 CalSTRS termination rates were used. For classified employees the 2009 CalPERS termination rates for school employees were used.
Service requirement	For certificated employees 100% at 20 years of service. For classified employees 100% at 20 years of service. For management 100% at 12 years of service.
Retirement rates	For certificated employees the 2009 CalSTRS retirement rates were used. For classified employees the 2009 CalPERS retirement rates for school employees were used.

**Changes in the Net OPEB Liability - Retiree Benefit Plan:**

	Total OPEB Liability (a)	Total Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance, June 30, 2016	<u>\$212,287,794</u>	<u>\$ 79,999,147</u>	<u>\$132,288,647</u>
Changes for the year:			
Service cost	4,145,633	-	4,145,633
Interest	13,581,519	-	13,581,519
Plan member contributions	-	-	-
Employer contributions	-	16,414,515	(16,414,515)
Investment income	-	10,443,808	(10,443,808)
Investment gains	-	-	-
Administrative expense	-	(302,333)	302,333
Benefit payments	<u>(10,714,315)</u>	<u>(10,714,315)</u>	<u>-</u>
Net change	<u>7,012,837</u>	<u>15,841,675</u>	<u>(8,828,838)</u>
Balance, June 30, 2017	<u>\$219,300,631</u>	<u>\$ 95,840,822</u>	<u>\$123,459,809</u>

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2017

**NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS** (Continued)

Changes in the Total OPEB Liability - Cash In-Lieu Plan:

	Total OPEB Liability (a)	Total Net Position (b)	Net Liability (a) - (b)
Balance, June 30, 2016	<u>\$ 19,016,561</u>	<u>\$ -</u>	<u>\$ 19,016,561</u>
Changes for the year:			
Service cost	360,511	-	360,511
Interest	659,009	-	659,009
Plan member contributions	-	-	-
Employer contributions	-	-	-
Investment income	-	-	-
Investment gains	-	-	-
Administrative expense	-	-	-
Benefit payments	<u>(726,052)</u>	<u>-</u>	<u>(726,052)</u>
Net change	<u>293,468</u>	<u>-</u>	<u>293,468</u>
Balance, June 30, 2017	<u>\$ 19,310,029</u>	<u>\$ -</u>	<u>\$ 19,310,029</u>

	<u>Medical Benefits</u>	<u>Cash In-Lieu</u>	<u>Total</u>
Total OPEB Liability	\$219,300,631	\$ 19,320,029	\$238,610,660
Fiduciary Net Position	<u>95,840,822</u>	<u>-</u>	<u>95,840,822</u>
Net OPEB Liability	<u>\$123,459,809</u>	<u>\$ 19,320,029</u>	<u>\$142,769,838</u>

Retiree Benefit Plan - Fiduciary Net Position as a % of the Total OPEB Liability: 43.70%

Cash In-Lieu Plan - Fiduciary Net Position as a % of the Total OPEB Liability: 0%

Sensitivity of the Net Pension Liability to Assumptions: The following presents the net OPEB liability calculated using the discount rates of the retiree benefit and cash in-lieu plans. The schedule also shows what the net OPEB liability would be if it were calculated using a discount rate that is 1 percent lower and 1 percent higher:

	Discount Rate 1% Lower (5.5%)	Valuation Discount Rate (6.5%)	Discount Rate 1% Higher (7.5%)
Net OPEB liability - retiree benefit plan	<u>\$151,575,547</u>	<u>\$123,459,809</u>	<u>\$100,393,365</u>
	Discount Rate 1% Lower (2.5%)	Valuation Discount Rate (3.5%)	Discount Rate 1% Higher (4.5%)
Net OPEB liability - cash in-lieu plan	<u>\$ 22,666,856</u>	<u>\$ 19,310,029</u>	<u>\$ 16,691,086</u>

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2017

**NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS (Continued)**

The following table presents the net OPEB liability calculated using the health care cost trend rate of 4.0 percent. The schedule also shows what the net OPEB liability would be if it were calculated using a health care cost trend rate that is 1 percent lower (3.0 percent) and 1 percent higher (5.0 percent):

	Health Care Trend Rate 1% <u>Lower (3.0%)</u>	Valuation Health Care Trend Rate (4.0%)	Health Care Trend Rate 1% <u>Higher (5.0%)</u>
Net OPEB liability - retiree benefit plan	<u>\$100,393,365</u>	<u>\$123,459,809</u>	<u>\$151,575,547</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: For the year ended June 30, 2017, the District recognized OPEB expense of \$8,605,856. At June 30, 2017, the District did not report any deferred outflows of resources or inflows of resources related to OPEB.

**NOTE 11 - JOINT POWERS AGREEMENTS**

Contra Costa Community College District participates in Joint Power Agreements ("JPAs"), with Contra Costa County Schools Insurance Group (CCCSIG), for workers' compensation insurance and Bay Area Community College District Joint Powers Authority (BACCDJPA) for property and liability insurance. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three years. There have been no significant reductions in insurance coverage from coverage in the prior year. The relationship between the District and the JPAs is such that the JPAs are not component units of the District for financial reporting purposes. The JPAs are governed by boards consisting of a representative from each member district. The boards control the operations of the JPAs, including the selection of management and approval of operating budgets, independent of any influence by the member district beyond their representation on the governing board. The District pays a premium commensurate with the level of coverage requested.

Member districts share surpluses and deficits proportionate to their participation in the JPAs. The JPAs are independently accountable for their fiscal matters and maintain their own accounting records. Budgets are not subject to any approval other than that of the governing board.

Condensed financial information of the JPAs for the most recent year available is as follows:

	<u>CCCSIG</u> <u>June 30 2016</u>	<u>BACCDJPA</u> <u>June 30, 2016</u>
Total assets	\$ 105,800,073	\$ 8,977,451
Deferred outflows of resources	\$ 2,414,930	\$ -
Total liabilities	\$ 84,624,321	\$ 3,078,934
Deferred inflows of resources	\$ 298,653	\$ -
Net position	\$ 23,292,029	\$ 5,898,517
Total revenues	\$ 45,076,780	\$ 4,486,339
Total expenses	\$ (39,945,013)	\$ (4,265,546)
Change in net position	\$ 5,131,767	\$ 220,793

(Continued)

**NOTE 12 - COMMITMENTS AND CONTINGENCIES**

Contingent Liabilities: The District is subject to legal proceedings and claims which arise in the ordinary course of business. In the opinion of management, the amount of ultimate liability with respect to these actions will not materially affect the financial position or results of operations of the District.

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

Construction Commitments:

2006 Bond: At June 30, 2017, the District has \$3,061,336 in outstanding commitments on construction contracts.

2014 Bond: At June 30, 2017, the District has \$8,066,433 in outstanding commitments on construction contracts



**REQUIRED SUPPLEMENTARY INFORMATION**

CONTRA COSTA COMMUNITY COLLEGE DISTRICT  
 SCHEDULE OF CHANGES IN NET OPEB LIABILITY  
 For the Year Ended June 30, 2017

Last 10 Fiscal Years

Retiree Benefit Plan

Total OPEB liability	
Service Cost	\$ 4,145,633
Interest	13,581,519
Benefit payments	<u>(10,714,315)</u>
Net change in total OPEB liability	7,012,837
Total OPEB liability, beginning of year	<u>212,287,794</u>
Total OPEB liability, end of year (a)	<u>\$ 219,300,631</u>
Plan fiduciary net position	
Plan member contributions	-
Employer contributions	16,414,515
Investment income	10,443,808
Investment gains	-
Administrative expense	(302,333)
Benefits payment	<u>(10,714,315)</u>
Change in plan fiduciary net position	15,841,675
Fiduciary trust net position, beginning of year	<u>79,999,147</u>
Fiduciary trust net position, end of year (b)	<u>\$ 95,840,822</u>
Net OPEB liability, ending (a) - (b)	<u>\$ 123,459,809</u>
Covered-employee payroll	\$89,504,733
Plan fiduciary net position as a percentage of the total OPEB liability	43.70%
Net OPEB liability as a percentage of covered-employee payroll	138%

*This is a 10 year schedule, however the information in this schedule is not required to be presented retrospectively.*

CONTRA COSTA COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF CHANGES IN NET OPEB LIABILITY  
For the Year Ended June 30, 2017

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Last 10 Fiscal Years

Cash In-Lieu Plan

Total OPEB liability	
Service Cost	\$ 360,511
Interest	659,009
Benefit payments	<u>(726,052)</u>
Net change in total OPEB liability	293,468
Total OPEB liability, beginning of year	<u>19,016,561</u>
Total OPEB liability, end of year (a)	<u>\$ 19,310,029</u>
Covered-employee payroll	\$89,504,733
Plan fiduciary net position as a percentage of the total OPEB liability	0%
Net OPEB liability as a percentage of covered-employee payroll	22%

*This is a 10 year schedule, however the information in this schedule is not required to be presented retrospectively.*

CONTRA COSTA COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF MONEY-WEIGHTED RATE OF RETURN OF OPEB PLAN INVESTMENTS  
For the Year Ended June 30, 2017

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Last 10 Fiscal Years

Money-weighted rate of return on OPEB retiree benefit plan investments 6.50%

*This is a 10 year schedule, however the information in this schedule is not required to be presented retrospectively.*

CONTRA COSTA COMMUNITY COLLEGE DISTRICT  
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE  
 SHARE OF THE NET PENSION LIABILITY  
 For the Year Ended June 30, 2017

State Teacher's Retirement Plan  
 Last 10 Fiscal Years

	<u>2015</u>	<u>2016</u>	<u>2017</u>
District's proportion of the net pension liability	0.133%	0.144%	0.135%
District's proportionate share of the net pension liability	\$ 84,557,797	\$ 97,268,576	\$ 108,983,000
State's proportionate share of the net pension liability associated with the District	<u>47,048,000</u>	<u>51,444,000</u>	<u>62,048,000</u>
Total net pension liability	<u>\$ 131,605,797</u>	<u>\$ 148,712,576</u>	<u>\$ 171,031,000</u>
District's covered payroll	\$ 59,386,000	\$ 67,059,000	\$ 67,153,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	142.39%	145.05%	162.29%
Plan fiduciary net position as a percentage of the total pension liability	76.52%	74.02%	70.04%

The amounts presented for each fiscal year were determined as of the yearend that occurred one year prior.

All years prior to 2015 are not available.

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT  
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE  
 SHARE OF THE NET PENSION LIABILITY  
 For the Year Ended June 30, 2017

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Public Employers Retirement Fund B  
 Last 10 Fiscal Years

	<u>2015</u>	<u>2016</u>	<u>2017</u>
District's proportion of the net pension liability	0.365%	0.329%	0.327%
District's proportionate share of the net pension liability	\$ 41,440,016	\$ 48,535,698	\$ 68,722,000
District's covered payroll	\$ 38,123,677	\$ 40,332,000	\$ 39,269,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	108.70%	120.34%	175.00%
Plan fiduciary net position as a percentage of the total pension liability	83.38%	79.43%	73.89%

The amounts presented for each fiscal year were determined as of the yearend that occurred one year prior.

All years prior to 2015 are not available.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS  
For the Year Ended June 30, 2017

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State Teachers' Retirement Plan  
Last 10 Fiscal Years

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Contractually required contribution	\$ 5,954,852	\$ 7,205,507	\$ 8,747,255
Contributions in relation to the contractually required contribution	<u>\$ (5,954,852)</u>	<u>\$ (7,205,507)</u>	<u>\$ (8,747,255)</u>
District's covered payroll	\$ 67,059,000	\$ 67,153,000	\$ 69,533,000
Contributions as a percentage of covered payroll	8.88%	10.73%	12.58%

All years prior to 2015 are not available.

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(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS  
For the Year Ended June 30, 2017

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Public Employers Retirement Fund B  
Last 10 Fiscal Years

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Contractually required contribution	\$ 4,747,127	\$ 4,652,198	\$ 6,027,000
Contributions in relation to the contractually required contribution	<u>\$ (4,747,127)</u>	<u>\$ (4,652,198)</u>	<u>\$ (6,027,000)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 40,332,000	\$ 39,269,000	\$ 43,392,000
Contributions as a percentage of covered payroll	11.77%	11.85%	13.89%

All years prior to 2015 are not available.



CONTRA COSTA COMMUNITY COLLEGE DISTRICT  
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION  
June 30, 2017

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**NOTE 1 - PURPOSE OF SCHEDULE**

A - Schedule of Changes in Net Other Postemployment Benefits (OPEB) liability

The Schedule of Changes in Net OPEB liability is presented to illustrate the elements of the District's Net OPEB liability. There is a requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

B - Schedule of Money-Weighted Rate of Return of OPEB Plan Investments

The Schedule of Money-Weighted Rate of Return of OPEB Plan Investments presents the weighted average rate of return for the District's OPEB Plan investments.

C - Schedule of the District's Proportionate Share of the Net Pension Liability

The Schedule of the District's Proportionate Share of the Net Pension Liability is presented to illustrate the elements of the District's Net Pension Liability. There is a requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

D - Schedule of the District's Contributions

The Schedule of the District's Contributions is presented to illustrate the District's required contributions relating to the pensions. There is a requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

E - Changes of Benefit Terms

There are no changes in benefit terms reported in the Required Supplementary Information.

F - Changes of Assumptions

The discount rate for Public Employer's Retirement Fund B was 7.50, 7.65, and 7.65 percent in the June 30, 2013, 2014, and 2015 actuarial reports, respectively. There are no changes in assumptions reported for the State Teachers' Retirement Plan and the OPEB liability.

**SUPPLEMENTARY INFORMATION**

CONTRA COSTA COMMUNITY COLLEGE DISTRICT  
 SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS  
 For the Year Ended June 30, 2017

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Contract Entity Identifying Number</u>	<u>Federal Expend- itures</u>
<u>U.S. Department of Agriculture</u>			
USDA NIFA	10.223	[1]	\$ 18,563
<u>U.S. Department of Education</u>			
Student Financial Aid Cluster:			
Pell Grant Program	84.063	[1]	29,612,566
Administrative Allowance	84.063	[1]	44,740
SEOG	84.007	[1]	777,683
Federal Direct Student Loans	84.268	[1]	3,788,773
College Work Study Program	84.033	[1]	<u>617,208</u>
Subtotal Student Financial Aid Cluster			<u>34,840,970</u>
Hispanic Serving Institutions Program:			
Title III, Hispanic Serving Institutions	84.031C	[1]	1,036,762
Title V, Hispanic Serving Institutions	84.031S	[1]	368,688
Subtotal Hispanic Serving Institution Program			<u>1,405,450</u>
TRIO Cluster:			
TRIO - Talent Search	84.044	[1]	312,486
TRIO - Upward Bound	84.047A	[1]	281,090
Subtotal TRIO Cluster			<u>593,576</u>
Parent Success Initiative	84.335A	[1]	95,468
<i>Passed through California Community College Chancellor's Office:</i>			
Career Technical Education Program:			
Basic Grants To States (Perkins IV)	84.048A	03303	951,260
Career Technical Education Transitions	84.048A	[2]	<u>131,244</u>
Subtotal Career Technical Education Program			<u>1,082,504</u>
Total U.S. Department of Education			<u>38,017,968</u>
<u>U.S. Department of Labor</u>			
TAACCCT	17.282	[1]	<u>176,255</u>
<u>U.S. Department of Transportation (Federal Transit Administration)</u>			
<i>Passed through San Francisco Bay Area Rapid Transit District</i>			
Transit Career Ladders Training Program	20.514	[2]	<u>152,931</u>

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT  
 SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS  
 For the Year Ended June 30, 2017

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Contract Entity Identifying Number</u>	<u>Federal Expend- itures</u>
<u>U.S. Department of Health and Human Services</u>			
<i>Passed through Contra Costa County:</i>			
Foster Care Program:			
Foster Care - Title IV E - Foster Parent Training	93.658	10011	\$ 192,821
Foster Care - Title IV E - Foster Relative	93.658	10011	32,171
Foster Care - Title IV E - Foster Pride	93.658	10011	<u>56,834</u>
Subtotal Foster Care Program			<u>281,826</u>
TANF Cluster: Temporary Assistance for Needy Families	93.558	[2]	<u>129,443</u>
Total U.S. Department of Health and Human Services			<u>411,269</u>
Research & Development Cluster:			
<u>Natural Science Foundation</u>			
National Science Foundation (DMAF)	47.076	[1]	55,279
National Science Foundation (Chem Wiki)	47.076	[1]	27,337
National Science Foundation (STEM Scholars)	47.076	[1]	316,066
<i>Passed through University of California Regents:</i>			
National Science Foundation	47.076	08286	<u>6,309</u>
Total Research & Development Cluster			<u>404,991</u>
Total Federal Programs			<u>\$ 39,181,977</u>

[1] Not applicable

[2] Not available

See accompanying note to supplemental information.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF STATE FINANCIAL AWARDS  
For the Year Ended June 30, 2017

	Program Revenues			Total	Total Program Expenditures
	Cash Received	Accounts Receivable	Unearned Income/ Accounts Payable		
AB 104 (2015-2016)	\$ 612,525	\$ -	\$ 139,501	\$ 473,024	\$ 473,024
AB 104 (2016-2017)	213,728	-	142,760	70,968	70,968
AB602 Board Fin Aid Staffing	1,013,706	14,835	-	1,028,541	1,028,541
Basic Skills	510,068	-	236,401	273,667	273,640
Basic Skills Student Outcome Transformation Program	847,399	-	509,958	337,441	337,441
Career Academy Advancement IV/V	300,000	-	170,102	129,898	129,898
CA Apprenticeship Initiative	370,006	11,128	-	381,134	381,134
CalWORKS	741,801	-	172,059	569,742	569,742
CARE	408,893	3,282	3,408	408,767	408,767
CCPT CCCOE	514,705	-	218,290	296,415	296,415
CCPT Peralta	87,735	76,606	-	164,341	164,341
CCPT II	198,407	101,622	-	300,029	300,029
Child Dev Training Consortium	13,156	1,792	-	14,948	14,948
College Promise	750,000	-	750,000	-	-
CSEC	7,650	2,991	-	10,641	10,641
CTE Data Unlocked	150,000	-	149,970	30	30
CTE Enhancement - 40%	13,968	-	-	13,968	13,968
CTE Enhancement - 60%	10,095	-	-	10,095	10,095
CTE Pathways SB 1070 (2014-2015)	-	1,010,143	-	1,010,143	940,296
Deputy Sec. Navigator	120,000	160,119	-	280,119	280,119
DSPS	3,007,737	-	-	3,007,737	3,007,737
DSPS (2015-2016)	18,175	-	-	18,175	18,175
Education Planning	82,500	19,894	30,000	72,394	72,394
Energy Efficiency	1,881	-	-	1,881	1,881
Energy Efficiency Year 2	79,000	-	-	79,000	79,000
EOPS	2,856,806	404	99,615	2,757,595	2,764,041
Faculty and Staff Diversification	147,900	-	144,584	3,316	3,316
Financial Aid Cal Grants	3,259,771	32,011	248,612	3,043,170	3,043,170
Foster Parent Training	133,337	112,073	-	245,410	245,409
Instructional Equipment	2,401,166	-	1,457,188	943,978	943,978
Lottery Prop 20	945,345	381,747	-	1,327,092	1,327,092
MCHS SciMath	39,600	69,400	-	109,000	109,000
MESA	30,300	49,306	-	79,606	79,606
Nursing Assessment	52,440	-	28,738	23,702	23,702
Puente Project	38,420	1,921,000	-	1,959,420	1,959,420
RN Enrollment Growth	283,360	10,496	16,770	277,086	277,086
Strong Workforce Program	3,250,714	-	2,554,497	696,217	696,217
Student Equity	2,824,601	-	909,007	1,915,594	1,915,594
Student Equity (2015-2016)	1,413,559	-	-	1,413,559	1,413,560
Student Success	7,898,712	-	3,373,025	4,525,687	4,525,687
Student Success (2015-2016)	1,215,596	-	-	1,215,596	1,215,596
TTIP	46,422	-	46,422	-	-
Workability III	72,653	161,251	-	233,904	233,904

See accompany note to supplemental information.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT  
 SCHEDULE OF WORKLOAD MEASURES FOR  
 STATE GENERAL APPORTIONMENT  
 Annual Attendance as of June 30, 2017

<u>Categories</u>	<u>Reported Data</u>	<u>Audit Adjustments</u>	<u>Revised Data</u>
A. Summer Intersession (Summer 2016 only)			
1. Noncredit	17	-	17
2. Credit	163	-	163
B. Summer Intersession (Summer 2016 - Prior to July 1, 2017)			
1. Noncredit	-	-	-
2. Credit	127	-	127
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
a. Weekly Census Contact Hours	19,144	-	19,144
b. Daily Census Contact Hours	1,033	-	1,033
2. Actual Hours of Attendance Procedure Courses			
a. Noncredit	137	-	137
b. Credit	579	-	579
3. independent Study/Work Experience Education Courses			
a. Weekly Census Procedure Hours	1,882	-	1,882
b. Daily Census Procedure Hours	1,034	-	1,034
c. Noncredit Independent Study/ Distance Education Courses	-	-	-
D. Total FTES	<u>24,116</u>	<u>-</u>	<u>24,116</u>

Supplementary Information:

E. Basic Skills Courses and Immigrant Education			
a. Noncredit	105	-	105
b. Credit	1,292	-	1,292

See accompanying note to supplemental information.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT  
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT  
(CCFS-311) WITH AUDITED FINANCIAL STATEMENTS  
For the Year Ended June 30, 2017

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There were no adjustments proposed to any funds of the District.

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See accompanying note to supplemental information.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT  
RECONCILIATION OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
June 30, 2017

General Fund	\$ 37,022,844
Bond Interest and Redemption Fund	18,395,737
Other Debt Service Fund	12,437,810
Capital Outlay Fund	29,077,319
Revenue Bond Construction Fund	164,842,206
Retiree Benefits Fund	17,745,707
Cafeteria Fund	1,015,147
Bookstore Fund	1,579,277
Information Technology Fund	999,786
Internal Service Fund	753,855
Student Financial Aid Fund	<u>-</u>
Total Audited Fund Balances as reported on the Annual Financial and Budget Report (CCFS-311)	283,869,688
 Amounts reported for governmental activities in the statement of net position are different because:	
 Capital assets used for governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. However, capital assets, net of accumulated depreciation are added to total net assets.	
	416,043,760
 In government funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported:	
Deferred outflows of resources relating to pensions	49,246,425
Deferred inflows of resources relating to pensions	<u>(12,371,000)</u>
	36,875,425
 Unmatured interest on long-term liabilities is not recognized until the period in which it matures and is paid. In the government- wide statement of activities, it is recognized in the period that it is incurred.	
	(7,633,064)
 Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at June 30, 2017 consisted of:	
General Obligation Bonds	(409,580,000)
Bond premiums	(22,567,187)
Net pension liability	(177,705,000)
Compensated absences	(12,902,273)
OPEB liability	<u>(142,769,838)</u>
	<u>(765,524,298)</u>
Total net position - business-type activities	<u>\$ (36,368,489)</u>

See accompanying note to supplemental information.



CONTRA COSTA COMMUNITY COLLEGE DISTRICT  
RECONCILIATION OF ECS 84362 (50 PERCENT LAW) CALCULATION  
For the Year Ended June 30, 2017

	Object/TOP Codes	Activity (ECSA) ECS 84362 A Instructional Salary Cost AC 0100-5900 & AC 6110			Activity (ECSB) ECS 84362 B Total CEE AC 0100-6799		
		Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
<b>Academic Salaries</b>							
Instructional salaries:							
Contract or regular	1100	\$ 34,609,214	\$ -	\$ 34,609,214	\$ 34,609,214	\$ -	\$ 34,609,214
Other	1300	<u>29,928,311</u>	<u>-</u>	<u>29,928,311</u>	<u>29,958,920</u>	<u>-</u>	<u>29,958,920</u>
Total instructional salaries		<u>64,537,525</u>	<u>-</u>	<u>64,537,525</u>	<u>64,568,134</u>	<u>-</u>	<u>64,568,134</u>
Non-instructional salaries:							
Contract or regular	1200	-	-	-	12,633,377	-	12,633,377
Other	1400	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,703,410</u>	<u>-</u>	<u>1,703,410</u>
Total non-instructional salaries		<u>-</u>	<u>-</u>	<u>-</u>	<u>14,336,787</u>	<u>-</u>	<u>14,336,787</u>
Total academic salaries		<u>64,537,525</u>	<u>-</u>	<u>64,537,525</u>	<u>78,904,921</u>	<u>-</u>	<u>78,904,921</u>
<b>Classified Salaries</b>							
Non-instructional salaries:							
Regular status	2100	-	-	-	23,719,545	-	23,719,545
Other	2300	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,088,779</u>	<u>-</u>	<u>4,088,779</u>
Total non-instructional salaries		<u>-</u>	<u>-</u>	<u>-</u>	<u>27,808,324</u>	<u>-</u>	<u>27,808,324</u>
Instructional aides:							
Regular status	2200	2,933,798	-	2,933,798	2,933,798	-	2,933,798
Other	2400	<u>889,792</u>	<u>-</u>	<u>889,792</u>	<u>889,792</u>	<u>-</u>	<u>889,792</u>
Total instructional aides		<u>3,823,590</u>	<u>-</u>	<u>3,823,590</u>	<u>3,823,590</u>	<u>-</u>	<u>3,823,590</u>
Total classified salaries		<u>3,823,590</u>	<u>-</u>	<u>3,823,590</u>	<u>31,631,914</u>	<u>-</u>	<u>31,631,914</u>
Employee benefits	3000	30,841,799	-	30,841,799	60,396,462	-	60,396,462
Supplies and materials	4000	-	-	-	1,700,219	-	1,700,219
Other operating expenses	5000	-	-	-	16,795,943	-	16,795,943
Equipment replacement	6420	<u>-</u>	<u>-</u>	<u>-</u>	<u>135,728</u>	<u>-</u>	<u>135,728</u>
Total expenditures prior to exclusions		<u>\$ 99,202,914</u>	<u>\$ -</u>	<u>\$ 99,202,914</u>	<u>\$189,565,187</u>	<u>\$ -</u>	<u>\$189,565,187</u>

(Continued).

CONTRA COSTA COMMUNITY COLLEGE DISTRICT  
RECONCILIATION OF ECS 84362 (50 PERCENT LAW) CALCULATION  
For the Year Ended June 30, 2017

	Object/TOP Codes	Activity (ECSA) ECS 84362 A Instructional Salary Cost AC 0100-5900 & AC 6110			Activity (ECSB) ECS 84362 B Total CEE AC 0100-6799		
		Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Exclusions							
Activities to exclude:							
Instructional staff-retirees' benefits and retirement incentives	5900	\$ 6,747,768	\$ -	\$ 6,747,768	\$ 6,747,768	\$ -	\$ 6,747,768
Student health services above amount collected	6441	-	-	-	2,071,083	-	2,071,083
Student transportation	6491	-	-	-	-	-	-
Noninstructional staff-retirees' benefits and retirement incentives	6740	-	-	-	5,331,253	-	5,331,253
Objects to exclude:							
Rents and leases	5060	-	-	-	413,149	-	413,149
Lottery expenditures		-	-	-	-	-	-
Academic salaries	1000	-	-	-	1,222,957	-	1,222,957
Classified salaries	2000	-	-	-	1,044,188	-	1,044,188
Employee benefits	3000	-	-	-	1,016,438	-	1,016,438
Supplies and materials:							
Software	4100	-	-	-	-	-	-
Books, magazines and periodicals	4200	-	-	-	-	-	-
Instructional supplies and materials	4300	-	-	-	-	-	-
Noninstructional supplies and materials	4400	-	-	-	65,227	-	65,227
Total supplies and materials		-	-	-	65,227	-	65,227
Other operating expenses and services	5000	-	-	-	575,242	-	575,242
Capital outlay	6000	-	-	-	-	-	-
Library books	6300	-	-	-	-	-	-
Equipment:							
Equipment - additional	6410	-	-	-	-	-	-
Equipment - replacement	6420	-	-	-	-	-	-
Total equipment		-	-	-	-	-	-
Total capital outlay		-	-	-	-	-	-
Other outgo	7000	-	-	-	-	-	-
Total exclusions		<u>6,747,768</u>	<u>-</u>	<u>6,747,768</u>	<u>18,487,305</u>	<u>-</u>	<u>18,487,305</u>
Total for ECS 84362, 50% Law		<u>\$ 92,455,146</u>	<u>\$ -</u>	<u>\$ 92,455,146</u>	<u>\$ 171,077,882</u>	<u>\$ -</u>	<u>\$ 171,077,882</u>
Percent of CEE (instructional salary cost /Total CEE)		<u>54.04%</u>	<u>-</u>	<u>54.04%</u>	<u>100.00%</u>	<u>-</u>	<u>100.00%</u>
50% of current expense of education		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 85,538,941</u>	<u>\$ -</u>	<u>\$ 85,538,941</u>

See accompanying note to supplemental information.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT  
 PROP 55 EPA EXPENDITURE REPORT  
 For the Year Ended June 30, 2017

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**EPA Proceeds:** \$ 22,884,132

<u>Activity Classification</u>	<u>Activity Code (0100-5900)</u>	<u>Salaries and Benefits (1000-3000)</u>	<u>Operating Expenses (4000-5000)</u>	<u>Capital Outlay (6000)</u>	<u>Total</u>
Instructional Activities	-	\$ 22,884,132	\$ -	\$ -	\$ 22,884,132

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See accompanying note to supplemental information.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT  
NOTE TO SUPPLEMENTARY INFORMATION  
June 30, 2017

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**NOTE 1 - PURPOSE OF SCHEDULES**

A - Schedule of Expenditure of Federal Awards

The Schedule of Expenditure of Federal Awards includes the federal award activity of Contra Costa Community College District, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

B - Schedule of State Financial Awards

The accompanying Schedule of State Financial Awards includes State grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented to comply with reporting requirements of the California Community College Chancellor's Office.

C - Schedule of Workload Measures for State General Apportionment

Full-time equivalent students is a measurement of the number of students attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds are made to community college districts. This schedule provides information regarding the attendance of students based on various methods of accumulating attendance data.

D - Reconciliation of Annual Financial and Budget Report (CCFS-311) with Audited Financial Statements

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

E - Reconciliation of Governmental Funds to the Statement of Net Position

This schedule provides the information necessary to reconcile the fund balances to the audited financial statements.

F - Reconciliation of ECS 84362 (50 Percent Law) Calculation

This schedule provides the information necessary to reconcile the 50 Percent Law Calculation reported on the CCFS-311 to the audited data.

G - Prop 55 EPA Expenditure Report

This schedule provides information about the District's EPA proceeds and summarizes how the EPA proceeds were spent.

INDEPENDENT AUDITOR'S REPORT  
ON STATE COMPLIANCE REQUIREMENTS

Board of Trustees  
Contra Costa Community College District  
Martinez, California

**Report on Compliance with State Laws and Regulations**

We have audited the compliance of Contra Costa Community College District with the types of compliance requirements described in Section 400 of the *California State Chancellor's Office's California Community College Contracted District Audit Manual (CDAM)* that are applicable to community colleges in the State of California for the year ended June 30, 2017:

- Salaries of Classroom Instructors (50 Percent Law)
- Apportionment for Instructional Service Agreements/Contracts
- State General Apportionment Funding System
- Residency Determination for Credit Courses
- Students Actively Enrolled
- Dual Enrollment of K-12 Students in Community College Credit Courses
- Student Equity
- Student Success and Support Program (SSSP)
- Scheduled Maintenance Program
- Gann Limit Calculation
- Open Enrollment
- Proposition 39 Clean Energy
- Interession Extension Program
- Disabled Student Programs and Services (DSPS)
- To Be Arranged Hours (TBA)
- Proposition 1D and 51 State Bond Funded Projects
- Proposition 55 Education Protection Account Funds

**Management's Responsibility**

Management is responsible for compliance with the requirements of state laws and regulations.

**Auditor's Responsibility**

Our responsibility is to express an opinion on Contra Costa Community College District's compliance with state laws and regulations as listed above based on our audit of the types of compliance requirements referred to above. 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 the *California State Chancellor's Office's California Community College Contracted District Audit Manual (Audit Manual)*. Those standards and the Audit Manual require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on Contra Costa Community College District's compliance with the state laws and regulations listed above 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 on compliance with state laws and regulations. However, our audit does not provide legal determination of Contra Costa Community College District's compliance with those requirements.

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(Continued)

## Opinion with State Laws and Regulations

In our opinion, Contra Costa Community College District complied, in all material respects, with the compliance requirements referred to above that are applicable to the state laws and regulations for the year ended June 30, 2017.

### Purpose of this Report

This report is intended solely to describe the scope of our testing of compliance and the results of that testing based on requirements of the *Contracted District Audit Manual*. Accordingly, this report is not suitable for any other purpose.

*Crowe Horwath LLP*  
Crowe Horwath LLP

Sacramento, California  
December 20, 2017

INDEPENDENT AUDITOR'S 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, in accordance with the 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, the financial statements of the business-type activities and the fiduciary activities of Contra Costa Community College District as of and for the year ended June 30, 2017, and the related notes to the basic financial statements, which collectively comprise Contra Costa Community College District's basic financial statements, and have issued our report thereon dated December 20, 2017. In that report, we provided an adverse opinion on the aggregate discretely presented component units, which were not presented in the financial statements in accordance with accounting principles generally accepted in the United States.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Contra Costa Community College District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of Contra Costa Community College District's internal control.

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 a 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control 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 material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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(Continued)

## 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 audit, 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*.

## Purpose of this Report

The purpose of this report is solely 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 effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Crowe Horwath LLP*  
Crowe Horwath LLP

Sacramento, California  
December 20, 2017



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL  
PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Board of Trustees  
Contra Costa Community College District  
Martinez, California

**Report on Compliance for Each Major Federal Program**

We have audited Contra Costa Community College District's compliance with the types of compliance requirements described in the *OMB 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, 2017. Contra Costa Community College District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the Federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Contra Costa Community College District's major federal programs based on our audit of the types of compliance requirements referred to above. 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Contra Costa Community College District's compliance.

***Opinion on Each Major Federal Program***

In our opinion, Contra Costa Community College District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

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(Continued)

## Report on Internal Control Over Compliance

Management of Contra Costa Community College District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Contra Costa Community College District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Crowe Horwath LLP*  
Crowe Horwath LLP

Sacramento, California  
December 20, 2017

## **FINDINGS AND RECOMMENDATIONS**

CONTRA COSTA COMMUNITY COLLEGE DISTRICT  
 SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
 Year Ended June 30, 2017

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**FINANCIAL STATEMENTS**

Type of auditor's report issued:

Opinion Unit:

Type of Opinion

Business Type Activities:  
 Aggregate discretely presented component units:  
 Fiduciary Activities

Unmodified  
 Adverse  
 Unmodified

Internal control over financial reporting:  
 Material weakness(es) identified?  
 Significant deficiency(ies) identified not considered  
 to be material weakness(es)?

\_\_\_\_\_ Yes      X   No  
 \_\_\_\_\_ Yes      X   None reported

Noncompliance material to financial statements  
 noted?

\_\_\_\_\_ Yes      X   No

**FEDERAL AWARDS**

Internal control over major programs:  
 Material weakness(es) identified?  
 Significant deficiency(ies) identified not considered  
 to be material weakness(es)?

\_\_\_\_\_ Yes      X   No  
 \_\_\_\_\_ Yes      X   None reported

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

Unmodified

Any audit findings disclosed that are required to be  
 reported in accordance with 2 CFR 200.516(a)?

\_\_\_\_\_ Yes      X   No

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

84.007, 84063, 84.268, 84.033

Student Financial Aid Cluster

Dollar threshold used to distinguish between Type A  
 and Type B programs:

\$ 1,175,459

Auditee qualified as low-risk auditee?

  X   Yes    \_\_\_\_\_ No

**STATE AWARDS**

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

Unmodified

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(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2017

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SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

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(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2017

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SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

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(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2017

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SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**



CONTRA COSTA COMMUNITY COLLEGE DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
Year Ended June 30, 2017

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<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>District Explanation If Not Fully Implemented</u>
No matters were reported.		