

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

FINANCIAL STATEMENTS

June 30, 2020 and 2019

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

ORGANIZATION

June 30, 2020
(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>
Rebecca Barrett	President	2022
Andy Li	Vice President	2022
Vicki Gordon	Secretary	2020
John E. Márquez	Member	2022
Greg Enholm	Member	2020
Mansu Kim	Student Trustee	2021

ADMINISTRATION

Eugene Huff
Interim Chancellor

Mojdeh Mehdizadeh
Executive Vice Chancellor, Education and Technology

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
For the Years Ended June 30, 2020 and 2019
(Continued)

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CONTRA COSTA COMMUNITY COLLEGE DISTRICT

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
For the Years Ended June 30, 2020 and 2019

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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 years ended June 30, 2020 and 2019, 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 audit opinions.

(Continued)

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, 2020 and 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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 Other Postemployment Benefits (OPEB) Liability, the Schedule of Money-Weighted Rate of Return of OPEB Plan Investments, the Schedule of the District's Proportionate Share of the Net OPEB Liability - MPP Program, the Schedule of the District's Proportionate Share of the Net Pension Liability, and the Schedule of the District's Contributions on pages 69 to 76 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.

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.

The schedule of expenditure of federal awards and other supplementary information as listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The schedule of expenditures of federal awards and other supplementary information as listed in the table of contents have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards and other supplementary information as listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2021 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 the effectiveness of the Contra Costa Community College District's 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 LLP

Sacramento, California
February 15, 2021

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2020

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, 2020. 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 Changes 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, 2020. 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 model for financial statement reporting purposes. This reporting model does not require fund financial statements to be included with the district's annual financial report.

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. Total funding available is determined by a formula established by the legislature. Prior to Fiscal Year 2018-19, the funding formula consisted of a basic allocation established by State regulations plus an amount per full time equivalent student (FTES). In 2018-19 legislature adopted the Student Centered Funding Formula (SCFF) which realigned how allocations are determined. Under SCFF, 70 percent of the general revenue is determined by a base allocation plus an amount per FTES; the remaining 30 percent of the funding is based on other metrics such as enrollment of special populations and various student success measures. The District is currently taking advantage of a hold harmless provision that maintains revenue levels under the old funding formula. The hold harmless provisions will be available to the community college system through Fiscal Year 2023-24.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2020

In 2019-20, the District received general revenue funding of \$178,844,555. In addition to this general revenue, the District also received an ongoing allocation to hire additional full-time faculty. On the personnel side, the District experienced a \$4.5 million year-over-year increase in its salary costs within its Unrestricted General Fund; this salary expense increase represents a 3.9 percent year-over year increase and is in line with historical trends. In addition to the increases in salary expenses, District benefit and payroll tax costs within the Unrestricted General Fund, including health benefits and pension contributions, increased approximately \$1.8 million year-over-year, not including the state's on-behalf payments for CalSTRS and CalPERS. This represents a 3.2 percent year-over-year increase.

The District acts as a pass-through for financial aid funds distributed to its students. During FY 2019-2020, the District provided in excess of \$44.8 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 \$146.2 million to be funded with the District's bond programs.

THE DISTRICT AS A WHOLE

Table 1

Statement of Net Position

ASSETS	2020	2019	Change
Current Assets			
Cash and cash equivalents	\$ 33,825,605	\$ 50,017,511	\$ (16,191,906)
Accounts receivable (net)	24,077,909	15,446,124	8,631,785
Other current assets	3,806,341	4,998,393	(1,192,052)
Total Current Assets	61,709,855	70,462,028	(8,752,173)
Restricted cash, cash equivalents, and investments	176,902,697	145,559,420	31,343,277
Capital assets (net)	585,671,292	508,906,779	76,764,513
Total Assets	824,283,844	724,928,227	99,355,617
DEFERRED OUTFLOWS	72,548,589	57,620,509	14,928,080
Total Assets and Deferred Outflows	\$896,832,433	\$782,548,736	\$114,283,697
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	\$ 48,569,949	\$ 48,756,013	\$ (186,064)
Current portion of long-term debt	27,016,004	8,658,776	18,357,228
Total Current Liabilities	75,585,953	57,414,789	18,171,164
Long-term debt	851,445,727	754,524,777	96,920,950
Total Liabilities	927,031,680	811,939,566	115,092,114
DEFERRED INFLOWS	22,217,032	23,093,767	(876,735)
Total Liabilities and Deferred Inflows	949,248,712	835,033,333	114,215,379
NET POSITION			
Invested in capital assets	111,809,621	137,248,688	(25,439,067)
Restricted	89,183,137	68,005,179	21,177,958
Unrestricted	(253,409,037)	(257,738,464)	4,329,427
Total Net Position	(52,416,279)	(52,484,597)	68,318
Total Liabilities, Deferred Inflows and Net Position	\$896,832,433	\$782,548,736	\$114,283,697

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2020

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	2020	2019	Change
Tuition and fees	\$ 29,794,745	\$ 33,446,838	\$ (3,652,093)
Grants and Contracts, Non-capital	66,211,405	72,438,739	(6,227,334)
Auxiliary sales, charges and other	7,453,787	9,753,713	(2,299,926)
Total Operating Revenues	103,459,937	115,639,290	(12,179,353)
OPERATING EXPENSES			
Salaries and benefits	218,551,364	217,848,389	702,975
Supplies and other expenses	83,961,075	82,432,662	1,528,413
Depreciation	17,670,060	16,711,659	958,401
Total Operating Expenses	320,182,499	316,992,710	3,189,789
Loss on operations	(216,722,562)	(201,353,420)	(15,369,142)
NONOPERATING REVENUES			
State apportionments	48,070,489	48,393,182	(322,693)
Property taxes	159,638,503	136,113,016	23,525,487
State revenues	870,529	774,996	95,533
Federal revenues	31,398,564	29,915,227	1,483,337
Net interest expense	(11,775,915)	(11,880,574)	104,659
Other nonoperating revenues	(13,944,008)	(3,459,699)	(10,484,309)
Total Nonoperating Revenue	214,258,162	199,856,148	14,402,014
OTHER REVENUES			
State and local capital income	2,532,718	2,427,807	104,911
Change in Net Position	\$ 68,318	\$ 930,535	\$ (862,217)

Highlights and other operational information for the District in FY 2019-20 include:

- The District contributed \$14.6 million to an irrevocable trust for retiree health benefits. This contribution continued the District's commitment towards setting aside funds for its long-term liabilities.
- The District continued to operate above the 50% law threshold, coming in at 50.71% in FY 2019-20.

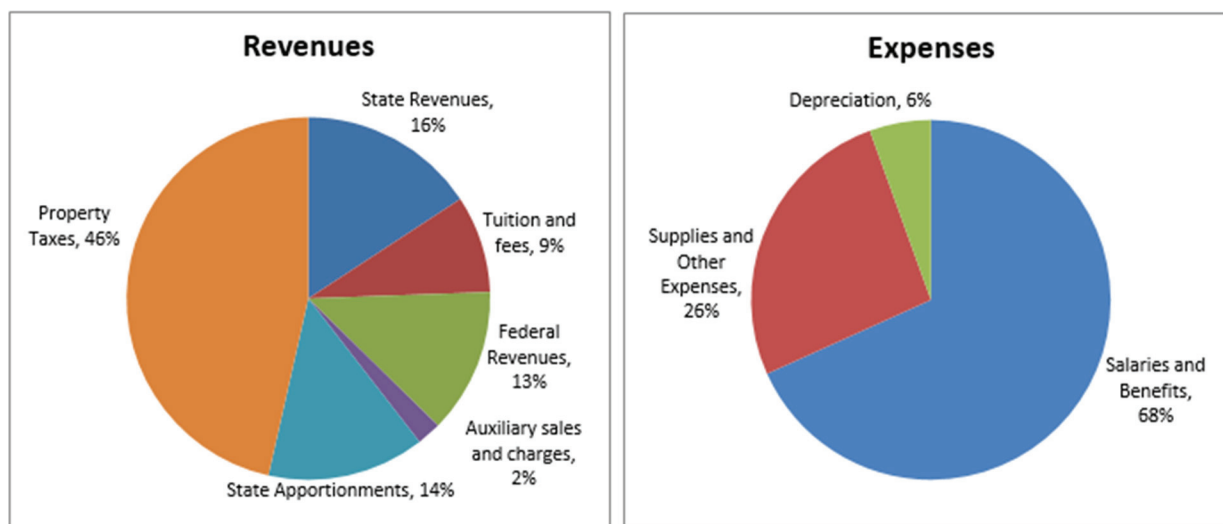
CONTRA COSTA COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2020

- Property tax revenue as a component of apportionment funding increased from \$112.24 million in FY 2018-19 to \$117.82 million in FY 2019-20. This is a testament to the strong local and state economy. Increased local property tax revenue makes the District less reliant on state funding and generally improves our cash position. Other property tax revenue received by the District include the ad valorem taxes collected to pay the bondholders for the District's general obligation bonds.
- Non-resident FTES enrollment revenue was fairly flat year-over-year resulting in a minor change from \$11.14 million in FY 2018-19 to \$10.95 million in FY 2019-20.
- Auxiliary revenue consists of bookstore and cafeteria operations and continues to decline, primarily in the bookstores. These operations were especially impacted by the pandemic resulting in a significant drop in revenues from \$9.85 million in 2018-19 to \$7.45 million in 2019-20.
- 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 in all funds.



The Statement of Cash Flows on pages 13 and 14 provides information about 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.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2020

Table 3

Statement of Cash Flows

	2020	2019	Change
Cash Provided by (Used in)			
Operating Activities	\$ (214,631,987)	\$ (181,014,169)	\$ (33,617,818)
Noncapital financing activities	211,243,815	211,690,040	\$ (446,225)
Capital financing activities	14,511,278	(105,498,468)	\$ 120,009,746
Investing activities	35,373,530	55,323,798	(19,950,268)
Net Increase (Decrease) in Cash	46,496,636	(19,498,799)	65,995,435
Cash, Beginning of Year	164,231,666	183,730,465	(19,498,799)
Cash, End of Year	\$ 210,728,302	\$ 164,231,666	\$ 46,496,636

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, 2020, the District had \$585.7 million in a broad range of capital assets, including land, buildings, furniture and equipment. As a comparison, at June 30, 2019, the District's net capital assets were \$508.9 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 Improvements 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	Balance End of Year
Land and construction in progress	\$ 129,589,148	\$ 69,895,648	\$ 54,717,071	\$ 144,767,725
Buildings and improvements	535,601,192	75,096,785	-	610,697,977
Furniture and equipment	74,323,318	4,175,123	15,912	78,482,529
Subtotal	739,513,658	149,167,556	54,732,983	833,948,231
Accumulated depreciation	(230,606,879)	(17,685,972)	(15,912)	(248,276,939)
	\$ 508,906,779	\$ 131,481,584	\$ 54,717,071	\$ 585,671,292

Obligations

At the end of the 2019-2020 fiscal year, the District had \$533.7 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.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2020

In addition to the above obligation, the District is obligated to employees or other vendors of the District for vacation and load banking benefits, retiree benefits, lease purchase agreements for equipment, and its share of unfunded pension and OPEB liabilities for the CalSTRS and CalPERS retirement systems. Table 5 summarizes these obligations.

Table 5

	Balance Beginning of Year	Additions	Deductions	Balance End of Year	Amounts Due Within One Year
General obligation bonds	\$ 397,065,000	\$ 331,660,000	\$ 214,770,000	\$ 513,955,000	\$ 25,185,000
Bond Premium	19,609,635	11,080,152	10,948,004	19,741,783	1,831,004
Compensated Absences and Capital Leases	13,802,868	1,177,457		14,980,325	-
OPEB (retiree benefits)	131,707,971	-	7,618,958	124,089,013	-
OPEB (CalSTRS MPP Program)	713,079	85,531	-	798,610	-
Net Pension Liability	200,285,000	4,612,000	-	204,897,000	-
Total Long-Term Debt	<u>\$ 763,183,553</u>	<u>\$ 348,615,140</u>	<u>\$ 233,336,962</u>	<u>\$ 878,461,731</u>	<u>\$ 27,016,004</u>

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 2019-20 fiscal year on September 9, 2020.

The District continued to see a vast majority of its expenditures within the unrestricted general fund go towards employee salary and benefits. In FY 2019-20, 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 6.2% 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 uncertainty surrounding the SCFF and the potential elimination of the hold harmless provision after Fiscal Year 2023-24 is being watched closely by District management.

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 \$36.1 million budgeted ending fund balance for FY 2020-21.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2020

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
STATEMENTS OF NET POSITION
June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 33,825,605	\$ 50,017,511
Receivables, net	24,077,909	15,446,124
Prepaid expenses	1,812,287	3,059,717
Stores inventories	<u>1,994,054</u>	<u>1,938,676</u>
Total current assets	<u>61,709,855</u>	<u>70,462,028</u>
Noncurrent assets:		
Restricted cash and cash equivalents	176,902,697	114,214,155
Restricted Investments	-	31,345,265
Non-depreciable capital assets	144,767,725	129,589,148
Depreciable capital assets, net	<u>440,903,567</u>	<u>379,317,631</u>
Total noncurrent assets	<u>762,573,989</u>	<u>654,466,199</u>
Total assets	<u>824,283,844</u>	<u>724,928,227</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources - OPEB	7,562,828	2,342,894
Deferred outflows of resources - Refunding	14,781,789	-
Deferred outflows of resources - Pensions	<u>50,203,972</u>	<u>55,277,615</u>
Total deferred outflows of resources	<u>72,548,589</u>	<u>57,620,509</u>
Total assets and deferred outflows	<u>\$ 896,832,433</u>	<u>\$ 782,548,736</u>
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 22,140,188	\$ 20,938,513
Interest payable	7,079,846	7,401,667
Unearned revenue	19,349,915	20,415,833
Long-term debt - current portion	<u>27,016,004</u>	<u>8,658,776</u>
Total current liabilities	<u>75,585,953</u>	<u>57,414,789</u>
Noncurrent liabilities:		
Compensated absences payable	14,980,325	13,802,868
Net OPEB liability	124,887,623	132,421,050
Net Pension Liability	204,897,000	200,285,000
Long-term liabilities - noncurrent portion	<u>506,680,779</u>	<u>408,015,859</u>
Total noncurrent liabilities	<u>851,445,727</u>	<u>754,524,777</u>
Total liabilities	<u>927,031,680</u>	<u>811,939,566</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources - pensions	18,481,000	18,328,000
Deferred inflows of resources - OPEB	<u>3,736,032</u>	<u>4,765,767</u>
Total deferred inflows of resources	<u>22,217,032</u>	<u>23,093,767</u>
NET POSITION		
Net investment in capital assets	111,809,621	137,248,688
Restricted for:		
Debt services	54,146,230	34,872,850
Capital projects	33,989,464	32,595,554
Education programs	1,047,443	536,775
Unrestricted	<u>(253,409,037)</u>	<u>(257,738,464)</u>
Total net position	<u>(52,416,279)</u>	<u>(52,484,597)</u>
Total liabilities, deferred inflows and net position	<u>\$ 896,832,433</u>	<u>\$ 782,548,736</u>

See accompanying notes to the basic financial statements.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
STATEMENTS OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
For the Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Operating revenues:		
Tuition and Fees (net of scholarship allowances of \$13,710,431 and \$13,747,842 at 2020 and 2019, respectively)	\$ 29,794,745	\$ 33,446,838
Grants and contracts, non-capital:		
Federal	12,966,682	8,588,789
State and local	53,244,723	63,849,950
Auxiliary enterprise sales and charges		
Bookstore	6,194,281	8,081,013
Cafeteria	<u>1,259,506</u>	<u>1,672,700</u>
Total operating revenues	<u>103,459,937</u>	<u>115,639,290</u>
Operating expenses:		
Salaries	146,091,202	140,931,710
Employee benefits	72,460,162	76,916,679
Supplies, materials	4,029,424	5,319,665
Services and other operating costs	35,118,875	38,103,391
Student financial aid and scholarship	44,812,776	39,009,606
Depreciation	<u>17,670,060</u>	<u>16,711,659</u>
Total operating expenses	<u>320,182,499</u>	<u>316,992,710</u>
Loss from operations	<u>(216,722,562)</u>	<u>(201,353,420)</u>
Non-operating revenues (expenses):		
State apportionment, non-capital	48,070,489	48,393,182
Local property taxes, levied for general purposes	117,190,560	111,605,503
Taxes levied for other specific purposes	42,447,943	24,507,513
State taxes and other revenues	870,529	774,996
Federal grants - Pell	31,398,564	29,915,227
Investment income	3,889,917	4,505,498
Interest expense on capital asset-related debt	(15,665,832)	(16,386,072)
Transfer from agency fund	116,750	346,971
Transfer to OPEB trust	(14,607,900)	(5,215,800)
Other non-operating revenues	<u>547,142</u>	<u>1,409,130</u>
Total non-operating revenues	<u>214,258,162</u>	<u>199,856,148</u>
Loss before other revenues and expenses	<u>(2,464,400)</u>	<u>(1,497,272)</u>
Other revenues, capital:		
State revenues	112,838	170,839
Local revenues	<u>2,419,880</u>	<u>2,256,968</u>
Total other revenues, capital	<u>2,532,718</u>	<u>2,427,807</u>
Change in net position	68,318	930,535
Net position, beginning of the year	<u>(52,484,597)</u>	<u>(53,415,132)</u>
Net position, end of year	<u>\$ (52,416,279)</u>	<u>\$ (52,484,597)</u>

See accompanying notes to the basic financial statements.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Tuition and fees	\$ 28,583,730	\$ 32,418,743
Federal, state and local grants and contracts	57,593,103	73,981,176
Payments to vendors for supplies and services	(42,131,471)	(39,413,642)
Payments to/on behalf of students	(44,812,776)	(39,009,606)
Auxiliary enterprise sales and charges	7,453,787	9,753,713
Payments to/on behalf of employees	<u>(221,318,360)</u>	<u>(218,744,553)</u>
Net cash used in operating activities	<u>(214,631,987)</u>	<u>(181,014,169)</u>
Cash flows from noncapital financing activities:		
State apportionments	48,070,489	48,393,182
Local property taxes, levied for general purposes	117,190,560	111,605,503
Local property taxes, levied for special purposes	42,447,943	24,507,513
State taxes and other revenues	870,529	774,996
OPEB contribution	(14,607,900)	(5,215,800)
Net transfers	108,277	300,289
Other non-operating revenues (expenses)	(14,234,647)	1,409,130
Pell grants	<u>31,398,564</u>	<u>29,915,227</u>
Net cash provided by noncapital financing activities	<u>211,243,815</u>	<u>211,690,040</u>
Cash flows from capital and related financing activities:		
Purchase of capital assets	(89,057,674)	(83,420,969)
State revenue, capital projects	112,838	170,839
Local revenue, capital projects	2,419,880	2,256,968
Proceeds from issuance	211,138,325	-
Principal paid on capital debt	(94,248,325)	(6,535,000)
Interest paid on capital debt	<u>(15,853,766)</u>	<u>(17,970,306)</u>
Net cash provided by (used) in capital and related financing activities	<u>14,511,278</u>	<u>(105,498,468)</u>
Cash flows provided by investing activities:		
Proceeds from sales/maturity of investments	33,637,745	56,512,347
Purchase of investments	(2,292,480)	(5,872,207)
Interest income on received	<u>4,028,265</u>	<u>4,683,658</u>
Net cash provided by investing activities	<u>35,373,530</u>	<u>55,323,798</u>
Net change in cash and cash equivalents	<u>46,496,636</u>	<u>(19,498,799)</u>
Cash and cash equivalents, beginning of year	<u>164,231,666</u>	<u>183,730,465</u>
Cash and cash equivalents, end of year	<u>\$ 210,728,302</u>	<u>\$ 164,231,666</u>

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Reconciliation of loss from operations to net cash used in operating activities:		
Loss from operations	\$ (216,722,562)	\$ (201,353,420)
Adjustments to reconcile loss from operations to net cash used in operating activities:		
Depreciation expense	17,670,060	16,711,659
(Increase) decrease in:		
Accounts receivable	(8,763,399)	849,266
Stores inventories	(55,378)	296,930
Prepaid expenses	1,247,430	(129,540)
Deferred outflows of resources - pensions	(146,291)	(1,437,979)
Increase (decrease) in:		
Accounts payable and accrued liabilities	(4,175,224)	3,842,024
Unearned revenue	(1,065,918)	(334,924)
Compensated absences	1,177,457	593,812
Net pension liability	4,612,000	4,309,000
OPEB liability	(7,533,427)	(6,347,643)
Deferred inflows of resources - pensions	153,000	(1,442,000)
Deferred inflows of resources - OPEB	<u>(1,029,735)</u>	<u>3,428,646</u>
Net cash used in operating activities	<u>\$ (214,631,987)</u>	<u>\$ (181,014,169)</u>
Noncash capital and related financing activities:		
Amortization of premium on capital debt	\$ 1,831,004	\$ 1,478,776
Refunding of debt directly through issuance of new debt	\$ 120,521,675	\$ -

See accompanying notes to the basic financial statements.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2020

	Agency Funds	Loan and Scholarship Fund	Trust Fund Retiree Benefits Program	Total Trust Fund
ASSETS				
Cash and cash equivalents	\$ 2,568,037	\$ 499,457	\$ 8,581	\$ 508,038
Investments	-	-	-	-
Mutual funds - fixed income	-	-	65,901,783	65,901,783
Mutual funds - equity	-	-	60,974,590	60,974,590
Mutual funds - real estate	-	-	10,466,766	10,466,766
Accounts receivable	1,155	1,108	103	1,211
Due from other funds	<u>51,839</u>	<u>432</u>	<u>-</u>	<u>432</u>
Total assets	<u>\$ 2,621,031</u>	<u>\$ 500,997</u>	<u>\$137,351,823</u>	<u>\$137,852,820</u>
LIABILITIES				
Accounts payable	\$ 171,898	\$ 4	\$ -	\$ 4
Accrued payroll	-	-	-	-
Due to other funds	238,918	-	342	342
Due to student groups	<u>2,210,215</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>2,621,031</u>	<u>4</u>	<u>342</u>	<u>346</u>
NET POSITION				
Restricted for loans and scholarships	-	500,993	-	500,993
Restricted for OPEB benefits	<u>-</u>	<u>-</u>	<u>137,351,481</u>	<u>137,351,481</u>
Total liabilities and restricted net position	<u>\$ 2,621,031</u>	<u>\$ 500,997</u>	<u>\$137,351,823</u>	<u>\$137,852,820</u>

See accompanying notes to the basic financial statements.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2019

		Trust Fund		
	Agency Funds	Loan and Scholarship Fund	Retiree Benefits Program	Total Trust Fund
ASSETS				
Cash and cash equivalents	\$ 2,219,211	\$ 311,315	\$ 4,534	\$ 315,849
Investments	-	189,163	-	189,163
Mutual funds - fixed income	-	-	52,892,654	52,892,654
Mutual funds - equity	-	-	58,305,057	58,305,057
Mutual funds - real estate	-	-	6,921,639	6,921,639
Accounts receivable	1,880	1,742	25	1,767
Due from other funds	<u>61,875</u>	<u>630</u>	<u>31</u>	<u>661</u>
Total assets	<u>\$ 2,282,966</u>	<u>\$ 502,850</u>	<u>\$118,123,940</u>	<u>\$118,626,790</u>
LIABILITIES				
Accounts payable	\$ 175,961	\$ 4	\$ -	\$ 4
Accrued payroll	50	-	-	-
Due to other funds	232,525	-	-	-
Due to student groups	<u>1,874,430</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>2,282,966</u>	<u>4</u>	<u>-</u>	<u>4</u>
NET POSITION				
Restricted for loans and scholarships	-	502,846	-	502,846
Restricted for OPEB benefits	<u>-</u>	<u>-</u>	<u>118,123,940</u>	<u>118,123,940</u>
Total liabilities and restricted net position	<u>\$ 2,282,966</u>	<u>\$ 502,850</u>	<u>\$118,123,940</u>	<u>\$118,626,790</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, 2020

	Loan and Scholarship <u>Fund</u>	Retiree Benefits <u>Program</u>	Total Trust <u>Fund</u>
Additions:			
Net investment income:			
Dividends and interest income	\$ 9,182	\$ 4,978,262	\$ 4,987,444
Realized and unrealized losses, net	-	52,971	52,971
Investment/bank fees	<u>(35)</u>	<u>(411,592)</u>	<u>(411,627)</u>
Total net investment income	9,147	4,619,641	4,628,788
Contributions:			
Employer	<u>-</u>	<u>26,977,784</u>	<u>26,977,784</u>
Total additions	<u>9,147</u>	<u>31,597,425</u>	<u>31,606,572</u>
Deductions:			
Scholarships	11,000	-	11,000
Employer retiree benefits	<u>-</u>	<u>12,369,884</u>	<u>12,369,884</u>
Total deductions	<u>11,000</u>	<u>12,369,884</u>	<u>12,380,884</u>
Change in net position	(1,853)	19,227,541	19,225,688
Restricted net position, June 30, 2019	<u>502,846</u>	<u>118,123,940</u>	<u>118,626,786</u>
Restricted net position, June 30, 2020	<u><u>\$ 500,993</u></u> *	<u><u>\$137,351,481</u></u> **	<u><u>\$137,852,474</u></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
STATEMENT OF CHANGE IN FIDUCIARY NET POSITION
For the Year Ended June 30, 2019

	Loan and Scholarship Fund	Retiree Benefits Program	Total Trust Fund
Additions:			
Net investment income:			
Dividends and interest income	\$ 11,657	\$ 5,519,557	\$ 5,531,214
Realized and unrealized losses, net	-	-	-
Investment/bank fees	<u>(15)</u>	<u>(377,549)</u>	<u>(377,564)</u>
Total net investment income	11,642	5,142,008	4,776,086
Contributions:			
Employer	<u>-</u>	<u>16,847,901</u>	<u>16,847,901</u>
Total additions	<u>11,642</u>	<u>21,989,909</u>	<u>22,001,551</u>
Deductions:			
Scholarships	6,000	-	6,000
Employer retiree benefits	<u>-</u>	<u>11,632,101</u>	<u>11,632,101</u>
Total deductions	<u>6,000</u>	<u>11,632,101</u>	<u>11,638,101</u>
Change in net position	5,642	10,357,808	10,363,450
Restricted net position, June 30, 2018	<u>497,204</u>	<u>107,766,132</u>	<u>108,263,336</u>
Restricted net position, June 30, 2019	<u><u>\$ 502,846</u></u> *	<u><u>\$118,123,940</u></u> **	<u><u>\$118,626,786</u></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, 2020 and 2019

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. The District identified that the Contra Costa College, Diablo Valley College, and Los Medanos College Foundations do not meet the criteria as a component unit under GASB Statement No. 14, 39, and 61, therefore, the Foundations' assets, liabilities, and disbursements are not included in the District 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: 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.

Investments: Investments held at June 30, 2020 and 2019 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. Receivables 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.

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 and OPEB liabilities reported in the Statements of Net Position. The District has recognized a loss on refunding resulting from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter life of the refunded or refunding debt.

In addition to liabilities, the Statements 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 and OPEB liability reported which is in the Statements of Net Position.

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>\$ 27,256,234</u>	<u>\$ 22,947,738</u>	<u>\$ 50,203,972</u>
Deferred inflows of resources	<u>\$ 15,740,000</u>	<u>\$ 2,741,000</u>	<u>\$ 18,481,000</u>
Net pension liability	<u>\$ 111,786,000</u>	<u>\$ 93,111,000</u>	<u>\$ 204,897,000</u>
Pension expense	<u>\$ 22,629,111</u>	<u>\$ 19,177,526</u>	<u>\$ 41,806,637</u>

The following is a summary of pension amounts in aggregate as of June 30, 2019:

	<u>STRP</u>	<u>PERF B</u>	<u>Total</u>
Deferred outflows of resources	<u>\$ 29,684,308</u>	<u>\$ 25,593,307</u>	<u>\$ 55,277,615</u>
Deferred inflows of resources	<u>\$ 16,146,000</u>	<u>\$ 2,182,000</u>	<u>\$ 18,328,000</u>
Net pension liability	<u>\$ 114,269,000</u>	<u>\$ 86,016,000</u>	<u>\$ 200,285,000</u>
Pension expense	<u>\$ 22,034,634</u>	<u>\$ 16,172,901</u>	<u>\$ 38,207,535</u>

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2020 and 2019, 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.

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.

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

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

NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash, cash equivalents and investments at June 30, 2020, consisted of the following:

	<u>District</u>	<u>Agency Funds</u>	<u>Trust Fund</u>
Pooled Funds:			
Cash in County Treasury	\$ 207,947,803	\$ 1,146,731	\$ 310,927
LAIF	463,964	-	193,615
Deposits:			
Cash on hand and in banks	2,187,635	1,420,866	3,496
Cash in revolving	128,900	440	-
Investments	<u>-</u>	<u>-</u>	<u>137,343,139</u>
Total cash, cash equivalents and investments	<u>210,728,302</u>	<u>2,568,037</u>	<u>137,851,177</u>
Less: restricted cash, cash equivalents and investments	<u>176,902,697</u>	<u>-</u>	<u>137,851,177</u>
Net cash, cash equivalents and investments	<u>\$ 33,825,605</u>	<u>\$ 2,568,037</u>	<u>\$ -</u>

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2020 and 2019

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

Cash, cash equivalents and investments at June 30, 2019, consisted of the following:

	<u>District</u>	<u>Agency Funds</u>	<u>Trust Fund</u>
Pooled Funds:			
Cash in County Treasury	\$ 161,492,364	\$ 980,646	\$ 312,337
LAIF	453,298	-	189,163
Deposits:			
Cash on hand and in banks	2,157,104	1,238,125	3,512
Cash in revolving	128,900	440	-
Investments	<u>31,345,265</u>	<u>-</u>	<u>118,119,350</u>
Total cash, cash equivalents and investments	<u>195,576,931</u>	<u>2,219,211</u>	<u>118,624,362</u>
Less: restricted cash, cash equivalents and investments	<u>145,559,420</u>	<u>-</u>	<u>118,119,350</u>
Net cash, cash equivalents and investments	<u>\$ 50,017,511</u>	<u>\$ 2,219,211</u>	<u>\$ 505,012</u>

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.

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2020 and 2019

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

The fair value of the Trust's individual investments at June 30, 2020 are as follows:

Mutual Fund - Fixed income	\$ 65,901,783
Mutual Fund - Equity	60,974,590
Mutual Fund - Real estate	<u>10,466,766</u>
Total investments	<u><u>\$ 137,343,139</u></u>

The fair value of the Trust's individual investments at June 30, 2019 are as follows:

Mutual Fund - Fixed income	\$ 52,892,654
Mutual Fund - Equity	58,305,057
Mutual Fund - Real estate	<u>6,921,639</u>
Total investments	<u><u>\$ 118,119,350</u></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.

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>
Bonds issued by local agencies	5 years	100%	None
U.S. Treasury Obligations	5 years	100%	None
Registered State Warrants and CA Treasury Notes and Bonds	5 years	100%	None
Bonds and Notes Issued by Other Local Agencies	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

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2020 and 2019

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

The following presents information about the Trust's assets measured at fair value on a recurring basis as of June 30, 2020, and indicates the fair value hierarchy of the valuation techniques utilized by the District and Trust 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.

As of June 30, 2020 the District did not have investments.

The following table presents information about the District's assets measured at fair value on a recurring basis as of June 30, 2019:

<u>Description</u>	<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
U.S. Treasuries	\$ 14,162,993	\$ -	\$ 14,162,993	\$ -
Federal Agency Bonds	10,538,214	-	10,538,214	-
Federal Agency Collateralized Mortgage Obligation	381,672	-	381,672	-
Asset-Backed Securities	1,014,902	-	1,014,902	-
Corporate Notes	3,541,112	-	3,541,112	-
Supra-National Agency Bond	645,180	-	645,180	-
Certificate of Deposit	<u>1,061,192</u>	<u>1,061,192</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 31,345,265</u>	<u>\$ 1,061,192</u>	<u>\$ 30,284,073</u>	<u>\$ -</u>

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 years ended June 30, 2020 and 2019. There were no transfers of assets between the fair value levels for the years ended June 30, 2020 and 2019.

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2020 and 2019

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

At June 30, 2020, 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	\$ 60,974,590	\$ 60,974,590	\$ -	\$ -
Mutual Fund - Fixed income	65,901,783	65,901,783	-	-
Mutual Fund - Real estate	<u>10,466,766</u>	<u>10,466,766</u>	<u>-</u>	<u>-</u>
Total investment securities	<u>\$137,343,139</u>	<u>\$137,343,139</u>	<u>\$ -</u>	<u>\$ -</u>

At June 30, 2019, 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	\$ 58,305,057	\$ 58,305,057	\$ -	\$ -
Mutual Fund - Fixed income	52,892,654	52,892,654	-	-
Mutual Fund - Real estate	<u>6,921,639</u>	<u>6,921,639</u>	<u>-</u>	<u>-</u>
Total investment securities	<u>\$118,119,350</u>	<u>\$118,119,350</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 years ended June 30, 2020 and 2019. There were no transfers of assets between the fair value levels for the years ended June 30, 2020 and 2019.

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.

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 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, 2019.

Investment Type	Fair Value	Minimum Legal Rating	Ratings as of Year End							
			AAA	AA+	AA	AA-	A+	A	A-	BBB+
2019 U.S. Treasuries	\$ 14,162,993	N/A	\$ -	\$ 14,162,993	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Agency Bonds	10,538,214	N/A	-	10,538,214	-	-	-	-	-	-
Federal Agency Collateralized Mortgage Obligation	381,672	N/A	-	381,672	-	-	-	-	-	-
Asset-Backed Securities	1,014,902	BBB	1,014,902	-	-	-	-	-	-	-
Corporate Notes	3,541,112	A	-	-	123,712	281,713	69,981	404,559	1,842,739	818,411
Supra-National Agency Bond	645,180	BBB	645,180	-	-	-	-	-	-	-
Certificate of Deposit	<u>1,061,192</u>	A-1	<u>432,169</u>	<u>-</u>	<u>-</u>	<u>224,338</u>	<u>176,217</u>	<u>228,468</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 31,345,265</u>		<u>\$ 2,092,251</u>	<u>\$ 25,082,879</u>	<u>\$ 123,712</u>	<u>\$ 506,051</u>	<u>\$ 246,198</u>	<u>\$ 633,027</u>	<u>\$ 1,842,739</u>	<u>\$ 818,411</u>

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2020 and 2019

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

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, 2020 and 2019, the Trust investments consisted of open and closed-end mutual funds, therefore there are no credit ratings to disclose.

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 at June 30, 2019:

<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	\$ 14,162,993	\$ 10,020,483	\$ 4,142,510
Federal Agency Bonds	10,538,214	9,098,124	1,440,090
Federal Agency Collateralized Mortgage Obligation	381,672	758	380,914
Asset Backed Securities	1,014,902	-	1,014,902
Corporate Notes	3,541,112	1,610,059	1,931,053
Supra-National Agency Bond	645,180	-	645,180
Certificate of Deposit	<u>1,061,192</u>	<u>432,169</u>	<u>629,023</u>
Total	<u>\$ 31,345,265</u>	<u>\$ 21,161,593</u>	<u>\$ 10,183,672</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 at June 30, 2020 and 2019 were as follows:

2020

<u>Investment Type - Trust Funds</u>	<u>Issuer</u>	<u>Reported Amount</u>	<u>Percentage of Investment</u>
Mutual Funds	Blackrock Total Return - K	\$ 14,109,913	10.27%
Mutual Funds	Guggenheim Investments Investment Grade Bond	\$ 14,463,786	10.53%
Mutual Funds	Prudential Funds Total Return Bond CL Q	\$ 13,847,681	10.08%
Mutual Funds	Western Assets Core Plus Bond IS	\$ 13,975,350	10.18%
Mutual Funds	Alger Funds Small Cap Focus Z	\$ 7,471,513	5.44%
Mutual Funds	Alger Funds Focus Equity CL Y	\$ 8,600,186	6.26%

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2020 and 2019

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

2019

<u>Investment Type</u> <u>Primary Government</u>	<u>Issuer</u>	<u>Reported</u> <u>Amount</u>	<u>Percentage</u> <u>of Investment</u>
Federal Agency Bonds	Fannie Mae	\$ 3,946,170	10.8%
Federal Agency Bonds	Fannie Mae - Benchmark	\$ 3,395,879	12.6%

<u>Investment Type - Trust Funds</u>	<u>Issuer</u>	<u>Reported</u> <u>Amount</u>	<u>Percentage</u> <u>of Investment</u>
Mutual Funds	Blackrock Total Return	\$ 7,341,980	6.22%
Mutual Funds	Guggenheim Macro Opportunities	\$ 6,908,681	5.85%
Mutual Funds	Guggenheim Investment Grade Bond	\$ 7,105,606	6.02%
Mutual Funds	Prudential Bond CL Q	\$ 7,421,971	6.28%
Mutual Funds	Thornburg Investment Income		
	Builder R6	\$ 6,003,605	5.08%
Mutual Funds	Western Assets Core Plus Bond	\$ 7,423,394	6.28%
Mutual Funds	Alger Funds Focus Z	\$ 6,465,791	5.47%
Mutual Funds	Alger Funds Focus Y	\$ 7,297,057	6.18%
Mutual Funds	Columbia Contrarian Core	\$ 6,125,576	5.19%
Mutual Funds	Oakmark Select	\$ 6,262,036	5.30%

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.

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, 2020, the carrying amount of the District's cash on hand and in banks for the District and its fiduciary funds was \$3,611,997 and the bank balance was \$3,265,980. The bank balance amount insured was \$281,004. At June 30, 2019, the carrying amount of the District's cash on hand and in banks for the District and its fiduciary funds was \$3,398,741 and the bank balance was \$3,356,762. The bank balance amount insured was \$294,443.

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 3 - RECEIVABLES

Receivables at June 30, 2020 are summarized as follows:

	<u>District</u>	<u>Agency Funds</u>	<u>Trust Funds</u>
Federal Government			
Categorical aid	\$ 4,903,386	\$ -	\$ -
State Government			
Apportionment	5,350,053	-	-
Categorical aid	2,923,299	-	-
Lottery	1,278,862	-	-
Local Sources			
Interest	295,717	1,155	1,211
Other local sources	<u>761,744</u>	<u>-</u>	<u>-</u>
Total excluding student receivables	<u>15,513,061</u>	<u>1,155</u>	<u>1,211</u>
Student receivables	12,100,612	-	-
Less allowance for bad debt	<u>(3,535,764)</u>	<u>-</u>	<u>-</u>
Student receivables, net	<u>8,564,848</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 24,077,909</u>	<u>\$ 1,155</u>	<u>\$ 1,211</u>

Receivables at June 30, 2019 are summarized as follows:

	<u>District</u>	<u>Agency Funds</u>	<u>Trust Funds</u>
Federal Government			
Categorical aid	\$ 2,411,555	\$ -	\$ -
State Government			
Apportionment	193,731	-	-
Categorical aid	1,162,762	-	-
Lottery	1,530,213	-	-
Local Sources			
Interest	434,069	1,880	1,767
Other local sources	<u>1,856,561</u>	<u>-</u>	<u>-</u>
Total excluding student receivables	<u>7,588,891</u>	<u>1,880</u>	<u>1,767</u>
Student receivables	10,737,263	-	-
Less allowance for bad debt	<u>(2,880,030)</u>	<u>-</u>	<u>-</u>
Student receivables, net	<u>7,857,233</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 15,446,124</u>	<u>\$ 1,880</u>	<u>\$ 1,767</u>

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the District for the fiscal year ended June 30, 2020, was as follows:

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
Non-depreciable:				
Land	\$ 14,054,708	\$ -	\$ -	\$ 14,054,708
Construction in progress	115,534,440	69,895,648	(54,717,071)	130,713,017
Depreciable:				
Land improvements	70,232,818	-	-	70,232,818
Building & improvements	465,368,374	75,096,785	-	540,465,159
Furniture and equipment	74,323,318	4,175,123	(15,912)	78,482,529
Total	<u>739,513,658</u>	<u>149,167,556</u>	<u>(54,732,983)</u>	<u>833,948,231</u>
Less accumulated depreciation:				
Land improvements	47,372,152	3,685,112	-	51,057,264
Building & improvements	122,547,446	9,849,166	-	132,396,612
Furniture and equipment	60,687,281	4,151,694	(15,912)	64,823,063
Total	<u>230,606,879</u>	<u>17,685,972</u>	<u>(15,912)</u>	<u>248,276,939</u>
Capital assets, net	<u>\$ 508,906,779</u>	<u>\$ 131,481,584</u>	<u>\$ (54,717,071)</u>	<u>\$ 585,671,292</u>

Depreciation expense was \$17,670,060 for the year ended June 30, 2020.

Capital asset activity for the District for the fiscal year ended June 30, 2019, was as follows:

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
Non-depreciable:				
Land	\$ 14,054,708	\$ -	\$ -	\$ 14,054,708
Construction in progress	44,355,196	78,023,145	(6,843,901)	115,534,440
Depreciable:				
Land improvements	69,157,959	1,074,859	-	70,232,818
Building & improvements	454,928,541	10,439,833	-	465,368,374
Furniture and equipment	72,223,081	2,110,987	(10,750)	74,323,318
Total	<u>654,719,485</u>	<u>91,648,824</u>	<u>(6,854,651)</u>	<u>739,513,658</u>
Less accumulated depreciation:				
Land improvements	43,689,917	3,682,235	-	47,372,152
Building & improvements	113,547,560	8,999,886	-	122,547,446
Furniture and equipment	56,668,493	4,029,538	(10,750)	60,687,281
Total	<u>213,905,970</u>	<u>16,711,659</u>	<u>(10,750)</u>	<u>230,606,879</u>
Capital assets, net	<u>\$ 440,813,515</u>	<u>\$ 74,937,165</u>	<u>\$ (6,843,901)</u>	<u>\$ 508,906,779</u>

Depreciation expense was \$16,711,659 for the year ended June 30, 2019.

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 5 - UNEARNED REVENUE

Unearned revenue as of June 30, 2020 and 2019 consisted of the following:

	<u>2020</u>	<u>2019</u>
Unearned Federal and State revenue	\$ 13,441,206	\$ 13,219,402
Unearned tuition and student fees	5,788,815	6,162,010
Unearned local revenue	<u>119,894</u>	<u>1,034,421</u>
Total	<u>\$ 19,349,915</u>	<u>\$ 20,415,833</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 CCCSIG 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.

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, 2018	\$ 13,801
Claims and changes in estimate	72,045
Claims payments	<u>(78,086)</u>
Ending liability balance, June 30, 2019	<u>\$ 7,760</u>
Beginning liability balance, July 1, 2019	\$ 7,760
Claims and changes in estimate	94,837
Claims payments	<u>(95,270)</u>
Ending liability balance, June 30, 2020	<u>\$ 7,327</u>

At June 30, 2020 and 2019, the District had \$843,355 and \$876,287, respectively, in cash available to pay future claims.

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 7 - LONG-TERM OBLIGATIONS

Summary: The changes in the District's long-term obligations for the year ended June 30, 2020 consisted of the following:

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020	Amounts Due Within One Year
General Obligation Bonds	\$ 397,065,000	\$ 331,660,000	\$ 214,770,000	\$ 513,955,000	\$ 25,185,000
Bond premium	19,609,635	11,080,152	10,948,004	19,741,783	1,831,004
Compensated absences	13,802,868	1,177,457	-	14,980,325	-
Net pension liability	200,285,000	4,612,000	-	204,897,000	-
Net OPEB liability - MPP	713,079	85,531	-	798,610	-
Net OPEB liability - Retiree Benefit and Cash in-Lieu	<u>131,707,971</u>	<u>-</u>	<u>7,618,958</u>	<u>124,089,013</u>	<u>-</u>
Total long-term debt	<u>\$ 763,183,553</u>	<u>\$ 348,615,140</u>	<u>\$ 233,336,962</u>	<u>\$ 878,461,731</u>	<u>\$ 27,016,004</u>

The changes in the District's long-term obligations for the year ended June 30, 2019 consisted of the following:

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019	Amounts Due Within One Year
General Obligation Bonds	\$ 403,600,000	\$ -	\$ 6,535,000	\$ 397,065,000	\$ 7,180,000
Bond premium	21,088,411	-	1,478,776	19,609,635	1,478,776
Compensated absences	13,209,056	593,812	-	13,802,868	-
Net pension liability	195,976,000	4,309,000	-	200,285,000	-
Net OPEB liability - MPP	1,286,745	-	573,666	713,079	-
Net OPEB liability - Retiree Benefit and Cash in-Lieu	<u>137,481,948</u>	<u>-</u>	<u>5,773,977</u>	<u>131,707,971</u>	<u>-</u>
Total long-term debt	<u>\$ 772,642,160</u>	<u>\$ 4,902,812</u>	<u>\$ 14,361,419</u>	<u>\$ 763,183,553</u>	<u>\$ 8,658,776</u>

Payments on the general obligation bonds are made by the bond interest and redemption fund with local property tax revenues.

The following table summarizes the outstanding General Obligation Bonds at June 30, 2020:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2019	Additions	Deductions	Bonds Outstanding June 30, 2020
March 2010	8/1/2034	.75%-6.504%	\$ 73,000,000	\$ 55,200,000	\$ -	\$ 3,790,000	\$ 51,410,000
October 2011	8/1/2026	4.0%-5.0%	38,595,000	25,010,000	-	19,420,000	5,590,000
October 2012	8/1/2032	2.0%-5.0%	106,565,000	95,185,000	-	56,495,000	38,690,000
October 2013	8/1/2038	1.0%-5.0%	140,500,000	137,230,000	-	124,415,000	12,815,000
August 2014	8/1/2039	2.0%-4.0%	120,000,000	84,440,000	-	-	84,440,000
August 2019	11/1/2019	2.010%	10,650,000	-	10,650,000	10,650,000	-
August 2019	8/1/2039	3.0%-5.0%	99,350,000	-	99,350,000	-	99,350,000
August 2019	8/1/2038	1.7%-2.6%	221,660,000	-	221,660,000	-	221,660,000
				<u>\$ 397,065,000</u>	<u>\$ 331,660,000</u>	<u>\$ 214,770,000</u>	<u>\$ 513,955,000</u>

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 7 - LONG-TERM OBLIGATIONS (Continued)

The following table summarizes the outstanding General Obligation Bonds at June 30, 2019:

<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Bonds Outstanding July 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Bonds Outstanding June 30, 2019</u>
March 2010	8/1/2034	.75%-6.504%	\$ 73,000,000	\$ 55,915,000	\$ -	\$ 715,000	\$ 55,200,000
October 2011	8/1/2026	4.0%-5.0%	38,595,000	27,455,000	-	2,445,000	25,010,000
October 2012	8/1/2032	2.0%-5.0%	106,565,000	98,560,000	-	3,375,000	95,185,000
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	84,440,000	-	-	84,440,000
				<u>\$ 403,600,000</u>	<u>\$ -</u>	<u>\$ 6,535,000</u>	<u>\$ 397,065,000</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%.

The following is a schedule of the future payments:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 1,105,000	\$ 3,261,054	\$ 4,366,054
2022	-	3,233,429	3,233,429
2023	-	3,233,429	3,233,429
2024	1,810,000	3,180,197	4,990,197
2025	2,055,000	3,066,527	5,121,527
2026-2030	14,390,000	12,944,556	27,334,556
2031-2035	<u>32,050,000</u>	<u>6,377,821</u>	<u>38,427,821</u>
	<u>\$ 51,410,000</u>	<u>\$ 35,297,013</u>	<u>\$ 86,707,013</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 required annual principal payments and semi-annual interest payments beginning February 2012 through August 2026. Annual interest rates range from 4.0% to 5.0%. During the year ended June 30, 2020, \$16,830,000 of the bonds were refunded and the bonds now mature in August 2021.

The following is a schedule of the future payments:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 2,725,000	\$ 211,375	\$ 2,936,375
2022	<u>2,865,000</u>	<u>71,625</u>	<u>2,936,625</u>
	<u>\$ 5,590,000</u>	<u>\$ 283,000</u>	<u>\$ 5,873,000</u>

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 7 - LONG-TERM OBLIGATIONS (Continued)

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 2.00% to 5.00%. During the year ended June 30, 2020, \$52,810,000 of the bonds were refunded.

The following is a schedule of the future payments:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 4,025,000	\$ 1,470,725	\$ 5,495,725
2022	4,385,000	1,280,600	5,665,600
2023	4,800,000	1,074,975	5,874,975
2024	5,115,000	851,100	5,966,100
2025	5,530,000	598,725	6,128,725
2026-2030	7,000,000	1,946,125	8,946,125
2031-2033	<u>7,835,000</u>	<u>550,988</u>	<u>8,385,988</u>
	<u>\$ 38,690,000</u>	<u>\$ 7,773,238</u>	<u>\$ 46,463,238</u>

In October 2013, the District issued general obligation bonds in the amount of \$140,500,000. The bonds required annual principal payments and semi-annual interest payments beginning February 2014 through August 2038. Annual interest rates range from 1.00% to 5.00%. During the year ended June 30 2020, \$124,415,000 of the bonds were refunded. The bonds now mature in August 2029.

The following is a schedule of the future payments:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ -	\$ 565,350	\$ 565,350
2022	-	565,350	565,350
2023	280,000	559,750	839,750
2024	675,000	540,650	1,215,650
2025	1,210,000	496,900	1,706,900
2026-2030	<u>10,650,000</u>	<u>1,020,925</u>	<u>11,670,925</u>
	<u>\$ 12,815,000</u>	<u>\$ 3,748,925</u>	<u>\$ 16,563,925</u>

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 7 - LONG-TERM OBLIGATIONS (Continued)

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%.

The following is a schedule of the future payments:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ -	\$ 3,316,700	\$ 3,316,700
2022	-	3,316,700	3,316,700
2023	-	3,316,700	3,316,700
2024	1,495,000	3,294,275	4,789,275
2025	1,780,000	3,245,150	5,025,150
2026-2030	14,145,000	14,899,925	29,044,925
2031-2035	25,565,000	11,063,100	36,628,100
2036-2040	<u>41,455,000</u>	<u>4,440,900</u>	<u>45,895,900</u>
	<u>\$ 84,440,000</u>	<u>\$ 46,893,450</u>	<u>\$ 131,333,450</u>

In August 2019, the District issued general obligation bonds in the amount of \$10,650,000 bearing interest of 2.010%. The bonds matured in November 2019.

In August 2019, the District issued general obligation bonds in the amount of \$99,350,000. The bonds require annual principal payments and semi-annual interest payments beginning February 2020 through August 2039. Annual interest rates range from 3.00% 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>
2021	\$ 14,045,000	\$ 3,459,125	\$ 17,504,125
2022	15,535,000	2,937,750	18,472,750
2023	17,040,000	2,286,250	19,326,250
2024	1,470,000	1,916,050	3,386,050
2025	1,620,000	1,846,150	3,466,150
2026-2030	10,850,000	7,784,400	18,634,400
2031-2035	16,275,000	4,931,800	21,206,800
2036-2040	<u>22,515,000</u>	<u>1,768,875</u>	<u>24,283,875</u>
	<u>\$ 99,350,000</u>	<u>\$ 26,930,400</u>	<u>\$ 126,280,400</u>

In August 2019, the District issued general obligation refunding bonds in the amount of \$221,660,000. The bonds require annual principal payments and semi-annual interest payments beginning February 2020 through August 2038. Annual interest rates range from 1.704% to 2.96%.

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 7 - LONG-TERM OBLIGATIONS (Continued)

Calculation of Difference in Cash Flow Requirements and Economic Gain

<u>Cash Flow Difference</u>	
Old debt service cash flows	322,613,100
New debt service cash flows	<u>292,423,407</u>
	<u>30,189,693</u>

Economic Gain: The economic gain or difference between the present value of the old debt service requirements and the present value of the new debt service requirements, discount at the effective interest rate is \$23,838,375.

There was no accrued interest or sinking fund resources related to the new debt proceeds.

The following is a schedule of the future payments:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 3,285,000	\$ 5,424,090	\$ 8,709,090
2022	3,865,000	5,363,172	9,228,172
2023	7,100,000	5,271,595	12,371,595
2024	5,615,000	5,165,110	10,780,110
2025	5,730,000	5,066,446	10,796,446
2026-2030	62,205,000	22,136,849	84,341,849
2031-2035	49,645,000	15,058,089	64,703,089
2036-2039	<u>84,215,000</u>	<u>5,172,949</u>	<u>89,387,949</u>
	<u>\$ 221,660,000</u>	<u>\$ 68,658,300</u>	<u>\$ 290,318,300</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>.

(Continued)

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

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 (DB) 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.

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.

In June 2019, California Senate Bill 90 (SB 90) was signed into law and appropriated approximately \$2.2 billion in fiscal year 2018–19 from the state's General Fund as contributions to CalSTRS on behalf of employers. The bill requires portions of the contribution to supplant the amounts remitted by employers such that the amounts remitted will be 1.03 and 0.70 percentage points less than the statutorily required amounts due for fiscal years 2019–20 and 2020–21, respectively. The remaining portion of the contribution, approximately \$1.6 billion, was allocated to reduce the employers' share of the unfunded actuarial obligation of the DB Program.

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2020 and 2019

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

California Assembly Bill 84, Chapter 16, Statutes of 2020, (AB 84) was signed into law in June 2020 and revised certain provisions of Teachers’ Retirement Law enacted by SB 90. Specifically, AB 84 repurposed the aforementioned \$1.6 billion contribution originally intended to reduce employers’ long-term liabilities, to further supplant employer contributions through fiscal year 2021–22. Pursuant to AB 84, employers will remit contributions to CalSTRS based on a rate that is 2.95% less than the statutory rate for fiscal year 2020–21 and 2.18% less than the rate set by the board for fiscal year 2021–22. Any remaining amounts must be allocated to reduce the employers’ share of the unfunded actuarial obligation of the DB Program. The rate reduction for fiscal year 2019-20 under SB 90 was not changed by AB 84. The employer contribution rates set in statute and the CalSTRS board’s authority to adjust those rates starting in fiscal year 2021–22 under the CalSTRS Funding Plan were not changed by the passage of SB 90 or AB 84.

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 years 2019-20 and 2018-19, respectively. Under CalSTRS 2% at 62, members contribute 50 percent of the normal cost of their retirement plan, which resulted in a contribution rate of 10.205 of applicable member earnings for fiscal years 2019-20 and 2018-19, respectively.

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.

Employers – 17.10 percent and 16.28 percent of applicable member earnings for fiscal years 2019-2020 and 2018-2019. 17.10 percent reflects the original employer contribution rate of 18.13 percent under AB1469, reduced for the 1.03 percentage points to be paid on behalf of employers pursuant to SB 90.

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.

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2020 and 2019

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

The CalSTRS employer contribution rate increases effective for fiscal year 2019-20 through fiscal year 2045-46 are summarized below:

<u>Effective Date</u>	<u>Prior Rate</u>	<u>Increase</u>	<u>Total</u>
July 01, 2019	8.25%	9.88%	17.10% ⁽¹⁾
July 01, 2020	8.25%	10.85%	16.51% ⁽¹⁾
July 01, 2021 to June 30, 2046	8.25%	(2)	(2)
July 01, 2046	8.25%	Increase from prior rate ceases in 2046-47	

(1) Pursuant to SB 90 and AB 84, the fiscal year 2018-19 state contribution of approximately \$2.2 billion made in advance on behalf of employers will be used to pay the contributions required by employers for the 2019-20, 2020-21 and 2021-22 fiscal years, such that employers will remit 1.030%, 2.950% and 2.180% less, respectively, than is required by the CalSTRS Funding Plan.

(2) The CalSTRS Funding Plan authorizes the board to adjust the employer contribution rate up or down 1% each year, but no higher than 20.25% total and no lower than 8.25%.

The District contributed \$12,835,234 and \$11,578,308 to the plan for the fiscal years ended June 30, 2020 and 2019, respectively.

State – 10.328 and 9.828 percent of the members' creditable earnings from the fiscal years 2019-20 and 2018-19, respectively.

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 2045-2046.

The state's base contribution to the Defined Benefit Program is calculated based on creditable compensation from two fiscal years prior. The state rate increased to 5.811% on July 1, 2019, to continue paying down the unfunded liabilities associated with the benefits structure that was in place in 1990 prior to certain enhancements in benefits and reductions in contributions. Additionally, the enactment of SB 90 will result in future supplemental contributions to be made by the state to pay down its portion of the unfunded actuarial obligation of the Defined Benefit Program in fiscal years 2019–20 through 2022–23.

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2020 and 2019

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

The CalSTRS state contribution rates effective for fiscal year 2019-20 and beyond are summarized in the table below.

<u>Effective Date</u>	<u>Base Rate</u>	<u>AB 1469 Increase for 1990 Benefit Structure</u>	<u>SBMA Funding ⁽¹⁾</u>	<u>Total State Appropriation to DB Program</u>
July 01, 2019	2.017%	5.811%	2.50%	10.328% ⁽²⁾
July 01, 2020	2.017%	5.811% ⁽³⁾	2.50%	10.328% ⁽²⁾
July 01, 2021 to June 30, 2046	2.017%	(4)	2.50%	(4)
July 01, 2046 and thereafter	2.017%	(5)	2.50%	(5)

(1) This rate does not include the \$72 million reduction in accordance with Education Code Section 22954.

(2) This rate does not include the \$2.2 billion supplemental state contribution on behalf of employers pursuant to SB 90.

(3) In May 2020, the CalSTRS board exercised its limited authority to increase the state contribution rate by 0.5% of the creditable compensation effective July 1, 2020. However, pursuant to AB 84, the state suspended the board's rate-setting authority for state contributions for fiscal year 2020–21, thereby negating the board's rate increase of 0.5%.

(4) The CalSTRS board has limited authority to adjust state contribution rates annually 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.

(5) From July 1, 2046, and thereafter, the rates in effect prior to July 1, 2014, are reinstated, if necessary, to address any remaining 1990 unfunded actuarial obligation.

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

At June 30, 2020 and 2019, 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:

	<u>2020</u>	<u>2019</u>
District's proportionate share of the net pension liability	\$ 111,786,000	\$ 114,269,000
State's proportionate share of the net pension liability associated with the District	<u>60,987,000</u>	<u>65,425,000</u>
Total	<u>\$ 172,773,000</u>	<u>\$ 179,694,000</u>

For fiscal year 2019-20, the net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. For fiscal year 2018-19, the net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017. 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, 2020, the District's proportion was 0.124 percent, which was a decrease of 0.001 percent from its proportion measured as of June 30, 2019. At June 30, 2019, the District's proportion was .124 percent, which was a decrease of .002 percent from its proportion measured as of June 30, 2018.

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2020 and 2019

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

For the year ended June 30, 2020, the District recognized pension expense of \$22,629,111 and revenue of \$18,748,606 for support provided by the State. At June 30, 2020, 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	\$ 282,000	\$ 3,150,000
Changes of assumptions	14,139,000	-
Net differences between projected and actual earnings on investments	-	4,306,000
Changes in proportion and differences between District contributions and proportionate share of contributions	-	8,284,000
Contributions made subsequent to measurement date	<u>12,835,234</u>	<u>-</u>
Total	<u>\$ 27,256,234</u>	<u>\$ 15,740,000</u>

For the year ended June 30, 2019, the District recognized pension expense of \$22,034,634 and revenue of \$10,456,326 for support provided by the State. At June 30, 2019, 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	\$ 354,000	\$ 1,660,000
Changes of assumptions	17,752,000	-
Net differences between projected and actual earnings on investments	-	4,400,000
Changes in proportion and differences between District contributions and proportionate share of contributions	-	10,086,000
Contributions made subsequent to measurement date	<u>11,578,308</u>	<u>-</u>
Total	<u>\$ 29,684,308</u>	<u>\$ 16,146,000</u>

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2020 and 2019

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

\$12,835,234 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2021	\$ 122,533
2022	\$ (2,863,467)
2023	\$ 101,533
2024	\$ 2,310,200
2025	\$ (597,300)
2026	\$ (392,500)

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 7 years as of the June 30, 2019 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 2019-20 STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2018, and rolling forward the total pension liability to June 30, 2019. The total pension liability for the 2018-19 STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2017, and rolling forward the total pension liability to June 30, 2018. The financial reporting actuarial valuation as of June 30, 2018 and 2017, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2018 and 2017
Experience Study	July 1, 2010 through June 30, 2015
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.10% and 7.60%
Consumer Price Inflation	2.75%
Wage Growth	3.50%
Post-retirement Benefit Increases	2.00% simple for DB Not applicable for DBS/CBB

CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table, issued by the Society of Actuaries.

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2020 and 2019

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 CalSTRS board in February 2017 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 for valuation as of June 30, 2018:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term* Expected Real Rate of Return</u>
Global Equity	47%	4.8%
Fixed Income	12	1.30
Real Estate	13	3.60
Private Equity	13	6.30
Absolute Return / Risk Mitigating Strategies	9	1.80
Inflation Sensitive	4	3.30
Cash / Liquidity	2	(0.40)

* 20-year geometric average

For the valuation as of June 30, 2017, the following best estimates of 10-year geometric real rates of return and the assumed asset allocation for each major asset class used as input to develop 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%
Fixed Income	12	0.30
Real Estate	13	5.20
Private Equity	13	9.30
Absolute Return / Risk Mitigating Strategies	9	2.90
Inflation Sensitive	4	3.80
Cash / Liquidity	2	(1.00)

* 20-year geometric average

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2020 and 2019

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

Discount Rate: The discount rate used to measure the total pension liability recorded as of June 30, 2020 and 2019 was 7.10%, respectively. 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 AB 1469. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10 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 7.10 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 (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
District's proportionate share of the net pension liability - 2020	<u>\$166,459,000</u>	<u>\$111,786,000</u>	<u>\$ 66,452,000</u>

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 7.10 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 (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
District's proportionate share of the net pension liability - 2019	<u>\$167,391,000</u>	<u>\$114,269,000</u>	<u>\$ 70,226,000</u>

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.

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2020 and 2019

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

The Plan was established to provide retirement, death and disability benefits to non-teaching and non-certified 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-2019.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 B, 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, 2020 and 2019 were as follows:

Members – The member contribution rate was 7.00 and 6.5 percent of applicable member earnings for fiscal year 2019-20 and 2018-19, respectively.

Employers – The employer contribution rate was 19.720 and 18.062 percent of applicable member earnings for fiscal years 2019-20 and 2018-19 respectively. The member contribution rate was 7.0 and 6.0 percent of applicable member earnings for fiscal year 2019-20 and 2018-19, respectively.

The District contributed \$9,409,738 and \$8,620,307 to the plan for the fiscal years ended June 30, 2020 and 2019, respectively.

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

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2020 and 2019

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

At June 30, 2020, the District reported a liability of \$93,111,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. 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, 2019, the District’s proportion was 0.306 percent, which was a decrease of 0.003 percent from its proportion measured as of June 30, 2018.

At June 30, 2019, the District reported a liability of \$86,016,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017. 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, 2018 the District’s proportion was 0.309 percent, which was a decrease of 0.011 percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2020, the District recognized pension expense of \$19,177,526. At June 30, 2020, 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	\$ 6,735,000	\$ -
Changes of assumptions	4,407,000	31,000
Net differences between projected and actual earnings on investments	-	882,000
Changes in proportion and differences between District contributions and proportionate share of contributions	2,396,000	1,828,000
Contributions made subsequent to measurement date	<u>9,409,738</u>	<u>-</u>
Total	<u>\$ 22,947,738</u>	<u>\$ 2,741,000</u>

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2020 and 2019

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

For the year ended June 30, 2019, the District recognized pension expense of \$16,172,901. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 5,482,000	\$ -
Changes of assumptions	8,582,000	47,000
Net differences between projected and actual earnings on investments	700,000	-
Changes in proportion and differences between District contributions and proportionate share of contributions	2,209,000	2,135,000
Contributions made subsequent to measurement date	<u>8,620,307</u>	<u>-</u>
Total	<u>\$ 25,593,307</u>	<u>\$ 2,182,000</u>

\$9,409,738 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2021	\$ 7,767,991
2022	\$ 1,428,129
2023	\$ 1,355,954
2024	\$ 244,925

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, 2019 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 Plan was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2018, and rolling forward the total pension liability to June 30, 2019. The financial reporting actuarial valuation as of June 30, 2018, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2018 and June 30, 2017
Experience Study	June 30, 1997 through June 30, 2015
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.15%
Consumer Price Inflation	2.50%
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 2.50% thereafter

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2020 and 2019

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

The mortality table used was developed based on CalPERS specific data. The table includes 15 years of mortality improvements using Society of Actuaries 90% of scale MP 2016. For more details on this table, please refer to the 2017 experience study report.

All other actuarial assumptions used in the June 30, 2018 and 2017 valuations were based on the results of an actuarial experience study for the period from 1997 to 2015, 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 for the valuation date June 30, 2017. 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 Years 1-10 (1)</u>	<u>Expected Real Rate of Return Years 11+(2)</u>
Global Equity	50%	4.8%	5.98%
Fixed Income	28	1.00	2.62
Inflation Assets	-	0.77	1.81
Private Equity	8	6.30	7.23
Real Estate	13	3.75	4.93
Liquidity	1	-	(0.92)

* 10-year geometric average

(1) An expected inflation rate of 2.00% used for this period

(2) An expected inflation rate of 2.92% used for this period

The table below reflects long-term expected real rate of return by asset class for the valuation date June 30, 2016. 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	47%	4.90%
Global Fixed Income	19	0.80
Inflation Insensitive	6	0.60
Private Equity	12	6.60
Real Estate	11	2.80
Infrastructure & Forestland	3	3.90
Liquidity	2	(0.40)

* 10-year geometric average

Discount Rate: The discount rate used to measure the total pension liability was 7.15 percent in fiscal years 2019-20 and 2018-19, respectively. 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.

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 9 – NET PENSION LIABILITY – PUBLIC EMPLOYER’S RETIREMENT FUND B (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.

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 7.15 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 (6.15 percent) or 1-percentage-point higher (8.15 percent) than the current rate:

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
District's proportionate share of the net pension liability - 2020	<u>\$134,681,000</u>	<u>\$ 93,111,000</u>	<u>\$ 58,649,000</u>

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 7.15 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 (6.15 percent) or 1-percentage-point higher (8.15 percent) than the current rate:

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
District's proportionate share of the net pension liability - 2019	<u>\$125,653,000</u>	<u>\$ 86,016,000</u>	<u>\$ 53,149,000</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.

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS - RETIREE BENEFIT PLAN AND CASH IN-LIEU PLAN

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 Retiree Benefit Plan is a single employer defined benefit OPEB plan that is administered by Benefit Trust Company. 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, Vice President, United Faculty Representative, Local 1 Representative and Management Council Representative. Board members are appointed by resolution of the governing body of the District. OPEB provisions are established and amended per contractual agreement with employee groups. The Retiree Benefit Plan issues separate financial statements, which are produced by the District and available upon request.

The cash in-lieu plan is a single employer defined benefit OPEB plan administered by the District. Retired employees who choose not to receive health contributions by the District and who submit an affidavit of other coverage shall receive a monthly amount equal to, or applicable percentage of, the Kaiser single premium rate, as determined by the provisions of the substantive cash in-lieu plan. There are no assets accumulated in a qualifying trust for this plan.

The following summarizes the benefits provided under the **retiree benefit plan** for fiscal years 2019-2020 and 2018-2019, respectively:

Applies to	<u>Faculty</u> Hired<7/1/84	<u>Classified</u> Hired<7/1/84	<u>Management</u> 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
Applies to	<u>Faculty</u> Hired 7/1/84 to 6/30/05	<u>Classified</u> Hired 7/1/84 to 6/30/05	<u>Management</u> 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: 70-79</u> 50% for employee 25% 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: 80+</u> 100% for employee 50% for dependent <u>Age+Service: 70-79</u> 50% for employee 25% for dependent
College Cap	Active	Active	Active
Applies to	<u>Faculty</u> Hired>6/30/05	<u>Classified</u> Hired>6/30/05	<u>Management</u> Hired>6/30/05
Benefit types provided	Medical, dental and Part B	Medical, dental and Part B	Medical, dental and Part B

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS - RETIREE BENEFIT PLAN AND CASH IN-LIEU PLAN (Continued)

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 65+: 50% Employee only</u> <u>Age+Service: 70-79</u> <65: 50% for employee 25% for dependent <u>Age 65+: 25% Employee only</u>	<u>Age+Service: 80+</u> <65: 100% for employee 50% for dependent <u>Age 65+: 50% Employee only</u> <u>Age+Service: 70-79</u> <65: 50% for employee 25% for dependent <u>Age 65+: 25% Employee only</u>	<u>Age+Service: 80+</u> <65: 100% for employee 50% for dependent <u>Age 65+: 50% Employee only</u> <u>Age+Service: 70-79</u> <65: 50% for employee 25% for dependent <u>Age 65+: 25% Employee only</u>
College Cap	Active	Active	Active

The following summarizes the benefits provided under the ***cash in-lieu plan*** for fiscal years 2019-2020 and 2018-2019, respectively:

Applies to	<u>Faculty</u> Hired<7/1/84	<u>Classified</u> Hired<7/1/84	<u>Management</u> 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	<u>Faculty</u> Hired 7/1/84 to 6/30/05	<u>Classified</u> Hired 7/1/84 to 6/30/05	<u>Management</u> 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: 70-79</u> 50% for employee	<u>Age+Service: 80+</u> 100% for employee <u>Age+Service: 70-79</u> 50% for employee	<u>Age+Service: 80+</u> 100% 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	<u>Faculty</u> Hired>6/30/05	<u>Classified</u> Hired>6/30/05	<u>Management</u> 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: 70-79</u> <65: 50% for employee	<u>Age+Service: 80+</u> <65: 100% for employee <u>Age+Service: 70-79</u> <65: 50% for employee	<u>Age+Service: 80+</u> <65: 100% for employee <u>Age+Service: 70-79</u> <65: 50% for employee
College Cap	Applicable % of Single Kaiser Premium	Applicable % of Single Kaiser Premium	Applicable % of Single Kaiser Premium

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS - RETIREE BENEFIT PLAN AND CASH IN-LIEU PLAN (Continued)

Employees Covered by Benefit Term: At June 30, 2020, Plan membership in the **retiree benefit plan** consisted of the following:

	<u>Number of Participants</u>
Inactive Employees/Dependents Receiving Benefits	763
Inactive Employees/Dependents Entitled to but not yet Receiving Benefits	-
Active Employees	<u>1,125</u>
	<u><u>1,888</u></u>

At June 30, 2019, Plan membership in the **retiree benefit plan** consisted of the following:

	<u>Number of Participants</u>
Inactive Employees/Dependents Receiving Benefits	763
Inactive Employees/Dependents Entitled to but not yet Receiving Benefits	-
Active Employees	<u>1,125</u>
	<u><u>1,888</u></u>

Employees Covered by Benefit Term: At June 30, 2020, Plan membership in the **cash in-lieu plan** consisted of the following:

	<u>Number of Participants</u>
Inactive Employees/Dependents Receiving Benefits	41
Inactive Employees/Dependents Entitled to but not yet Receiving Benefits	-
Active Employees	<u>1,126</u>
	<u><u>1,167</u></u>

At June 30, 2019, Plan membership in the **cash in-lieu plan** consisted of the following:

	<u>Number of Participants</u>
Inactive Employees/Dependents Receiving Benefits	41
Inactive Employees/Dependents Entitled to but not yet Receiving Benefits	-
Active Employees	<u>1,126</u>
	<u><u>1,167</u></u>

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS - RETIREE BENEFIT PLAN AND CASH IN-LIEU PLAN (Continued)

Retiree Benefit Plan Termination: In the event of 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.

Retiree Benefit Plan 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.

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

<u>Asset Class - Futuris Moderate Growth</u>	<u>Percentage of Portfolio</u>	<u>Rate of Return*</u>
Fixed Income	55%	4.500%
Real Estate Investment Trusts	4%	7.500%
Domestic Equities	22%	7.500%
International Equities	19%	7.500%

<u>Asset Class - Futuris Conservative</u>	<u>Percentage of Portfolio</u>	<u>Rate of Return*</u>
Fixed Income	84%	4.500%
Real Estate Investment Trusts	1%	7.500%
Domestic Equities	7%	7.500%
International Equities	8%	7.500%

* 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 within a period of 30 years

Money-weighted rate of return on OPEB retiree benefit plan investments was 3.9% and 4.6% for the year ending June 30, 2020 and 2019, respectively

The money-weighted rate of return expresses investment performance, net of OPEB plan investment expenses, adjusted for the changing amounts actually invested.

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS - RETIREE BENEFIT PLAN AND CASH IN-LIEU PLAN (Continued)

Actuarial Assumptions: The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions.

Retiree Benefit Plan

Valuation date	June 30, 2019
Measurement date	June 30, 2020
Census data	The census was provided by the District as of June 2019
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	94% 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.

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS - RETIREE BENEFIT PLAN AND CASH IN-LIEU PLAN (Continued)

Retiree Benefit Plan

Service requirement	For certificated employees 100% at 10 years of service. For classified employees 100% at 10 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, 2019
Measurement date	June 30, 2020
Census data	The census was provided by the District as of June 2019
Actuarial cost method	Entry age actuarial cost method
Amortization methods	Flat dollar amount allocation with 18 year closed amortization
Inflation rate	2.75%
Discount rate	2.2%; assuming contributions would be sufficient to fully fund the obligation over a period not to exceed 20 years.
Payroll increase	2.75%
Participation rates	6% 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.

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS - RETIREE BENEFIT PLAN AND CASH IN-LIEU PLAN (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 10 years of service. For classified employees 100% at 10 years of service. For management 100% at 10 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.

The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions.

Retiree Benefit Plan

Valuation date	June 30, 2019
Measurement date	June 30, 2019
Census data	The census was provided by the District as of June 2019
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	94% 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.

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS - RETIREE BENEFIT PLAN AND CASH IN-LIEU PLAN (Continued)

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.
Service requirement	For certificated employees 100% at 10 years of service. For classified employees 100% at 10 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, 2019
Measurement date	June 30, 2019
Census data	The census was provided by the District as of June 2019
Actuarial cost method	Entry age actuarial cost method
Amortization methods	Flat dollar amount allocation with 18 year closed amortization
Inflation rate	2.75%
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	6% for certificated and classified employees.

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS - RETIREE BENEFIT PLAN AND CASH IN-LIEU PLAN (Continued)

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.
Service requirement	For certificated employees 100% at 10 years of service. For classified employees 100% at 10 years of service. For management 100% at 10 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.

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS - RETIREE BENEFIT PLAN AND CASH IN-LIEU PLAN (Continued)

Changes in the Net OPEB Liability - Retiree Benefit Plan:

	Total OPEB Liability (a)	Total Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance, July 1, 2018	\$ 226,448,216	\$ 107,766,132	\$ 118,682,084
Changes for the year:			
Service cost	4,376,778	-	4,376,778
Interest	14,487,926	-	14,487,926
Plan member contributions	-	-	-
Employer contributions	-	16,847,901	(16,847,901)
Investment income	-	7,166,571	(7,166,571)
Investment gains	-	(1,647,014)	1,647,014
Experience gains/losses	(1,073,071)	-	(1,073,071)
Administrative expense	-	(377,549)	377,549
Benefit payments	(11,632,101)	(11,632,101)	-
Net change	6,159,532	10,357,808	(4,198,276)
Balance, June 30, 2019	\$ 232,607,748	\$ 118,123,940	\$ 114,483,808
Changes for the year:			
Service cost	4,896,415	-	4,896,415
Interest	14,880,070	-	14,880,070
Plan member contributions	-	-	-
Employer contributions	-	26,977,784	(26,977,784)
Investment income	-	5,031,233	(5,031,233)
Investment gains	-	-	-
Experience gains/losses	-	-	-
Administrative expense	-	(411,592)	411,592
Benefit payments	(12,369,884)	(12,369,884)	-
Net change	7,406,601	19,227,541	(11,820,940)
Balance, June 30, 2020	\$ 240,014,349	\$ 137,351,481	\$ 102,662,868

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS - RETIREE BENEFIT PLAN AND CASH IN-LIEU PLAN (Continued)

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

Balance, July 1, ,2018	<u>\$ 18,799,864</u>	<u>\$ -</u>	<u>\$ 18,799,864</u>
Changes for the year:			
Service cost	380,612	-	380,612
Interest	707,085	-	707,085
Plan member contributions	-	-	-
Employer contributions	-	765,324	(765,324)
Investment income	-	-	-
Investment gains	(2,593,954)	-	(2,593,954)
Changes in assumptions	695,880	-	695,880
Administrative expense	-	-	-
Benefit payments	<u>(765,324)</u>	<u>(765,324)</u>	<u>-</u>
Net change	<u>(1,575,701)</u>	<u>-</u>	<u>(1,575,701)</u>
Balance, June 30, 2019	<u>\$ 17,224,163</u>	<u>\$ -</u>	<u>\$ 17,224,163</u>
Changes for the year:			
Service cost	620,964	-	620,964
Interest	378,174	-	378,174
Plan member contributions	-	-	-
Employer contributions	-	689,855	(689,855)
Investment income	-	-	-
Investment gains	-	-	-
Changes in assumptions	3,892,699	-	3,892,699
Administrative expense	-	-	-
Benefit payments	<u>(689,855)</u>	<u>(689,855)</u>	<u>-</u>
Net change	<u>4,201,982</u>	<u>-</u>	<u>4,201,982</u>
Balance, June 30, 2020	<u><u>\$ 21,426,145</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 21,426,145</u></u>

	<u>Medical Benefits</u>	<u>Cash In-Lieu</u>	<u>Total</u>
Total OPEB Liability, June 30, 2020	\$240,014,349	\$ 21,426,145	\$261,440,494
Fiduciary Net Position, June 30, 2020	<u>137,351,481</u>	<u>-</u>	<u>137,351,481</u>
Net OPEB Liability, June 30, 2020	<u><u>\$102,662,868</u></u>	<u><u>\$ 21,426,145</u></u>	<u><u>\$124,089,013</u></u>
	<u>Medical Benefits</u>	<u>Cash In-Lieu</u>	<u>Total</u>
Total OPEB Liability, June 30, 2019	\$232,603,158	\$ 17,224,163	\$249,827,321
Fiduciary Net Position, June 30, 2019	<u>118,119,350</u>	<u>-</u>	<u>118,119,350</u>
Net OPEB Liability, June 30, 2019	<u><u>\$114,483,808</u></u>	<u><u>\$ 17,224,163</u></u>	<u><u>\$131,707,971</u></u>

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS - RETIREE BENEFIT PLAN AND CASH IN-LIEU PLAN (Continued)

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 - 2020	<u>\$132,374,161</u>	<u>\$102,662,868</u>	<u>\$ 78,185,559</u>
	Discount Rate 1% Lower (1.2%)	Valuation Discount Rate (2.2%)	Discount Rate 1% Higher (3.2%)
Net OPEB liability - cash in-lieu plan - 2020	<u>\$ 25,308,077</u>	<u>\$ 21,426,145</u>	<u>\$ 18,528,579</u>
	Discount Rate 1% Lower (5.5%)	Valuation Discount Rate (6.5%)	Discount Rate 1% Higher (7.5%)
Net OPEB liability - retiree benefit plan - 2019	<u>\$143,653,181</u>	<u>\$114,483,808</u>	<u>\$ 90,486,976</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 - 2019	<u>\$ 19,908,886</u>	<u>\$ 17,224,163</u>	<u>\$ 15,072,029</u>

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% Lower (3.0%)	Valuation Health Care Trend Rate (4.0%)	Health Care Trend Rate 1% Higher (5.0%)
Net OPEB liability - retiree benefit plan - 2020	<u>\$ 75,357,359</u>	<u>\$102,662,868</u>	<u>\$135,382,068</u>
	Health Care Trend Rate 1% Lower (3.0%)	Valuation Health Care Trend Rate (4.0%)	Health Care Trend Rate 1% Higher (5.0%)
Net OPEB liability - retiree benefit plan - 2019	<u>\$ 90,049,007</u>	<u>\$114,483,808</u>	<u>\$143,556,643</u>

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS - RETIREE BENEFIT PLAN AND CASH IN-LIEU PLAN (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: For the year ended June 30, 2020, the District recognized OPEB expense of \$13,799,012. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 2,842,761
Changes of assumptions	4,085,295	622,278
Net differences between projected and actual earnings on investments	3,477,533	270,993
Changes in proportion and differences between District contributions and proportionate share of contributions	-	-
Contributions made subsequent to measurement date	<u>-</u>	<u>-</u>
Total	<u>\$ 7,562,828</u>	<u>\$ 3,736,032</u>

For the year ended June 30, 2019, the District recognized OPEB expense of \$5,266,482. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 3,254,893
Changes of assumptions	695,880	774,981
Net differences between projected and actual earnings on investments	1,647,014	735,893
Changes in proportion and differences between District contributions and proportionate share of contributions	-	-
Contributions made subsequent to measurement date	<u>-</u>	<u>-</u>
Total	<u>\$ 2,342,894</u>	<u>\$ 4,765,767</u>

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS - RETIREE BENEFIT PLAN AND CASH IN-LIEU PLAN (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources at June 30, 2020, related to OPEB will be recognized in pension expense as follows:

2021	\$	754,687
2022	\$	754,688
2023	\$	890,183
2024	\$	560,778
2025	\$	20,994
Thereafter	\$	845,466

Changes in assumptions are amortized over a closed period equal to the average remaining service life of plan members, which is 10.2 years as of the June 30, 2018 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.

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS - MPP PROGRAM

Plan Description: The MPP Program is a cost-sharing multiple-employer other postemployment benefit plan (OPEB) established pursuant to Chapter 1032, Statutes 2000 (SB 1435). CalSTRS administers the MPP Program through the Teachers' Health Benefits Fund (THBF).

Benefits Provided: The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the STRP DB Program who were retired or began receiving a disability allowance prior to July 1, 2012 and were not eligible for premium free Medicare Part A. The MPP Program is closed to new entrants as members who retire after July 1, 2012, are not eligible for coverage under the MPP Program.

MPP provides healthcare benefits for retirees and their dependents through payment of 100 percent of insurance premiums for non-Medicare-eligible retirees and supplemental health insurance for Medicare-eligible retirees.

Contributions: The MPP Program is funded on a pay-as-you-go basis from a portion of monthly employer contributions. In accordance with California Education Code Section 25930, contributions that would otherwise be credited to the DB Program each month are instead credited to the MPP Program to fund monthly program and administrative costs. Total redirections to the MPP Program are monitored to ensure that total incurred costs do not exceed the amount initially identified as the cost of the program.

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS - MPP PROGRAM (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2020, Contra Costa Community College District reported a liability of \$798,610 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018. Contra Costa Community College District's proportion of the net OPEB liability was based on Contra Costa Community College District's share of benefit payments under the program for the year ending June 30, 2019. At June 30, 2019, Contra Costa Community College District's proportion was 0.183 percent.

At June 30, 2019, Contra Costa Community College District reported a liability of \$713,079 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017. Contra Costa Community College District's proportion of the net OPEB liability was based on Contra Costa Community College District's share of benefit payments under the program for the year ending June 30, 2018. At June 30, 2018, Contra Costa Community College District's proportion was 0.186 percent.

For the years ended June 30, 2020 and 2019, Contra Costa Community College District recognized OPEB expense of (\$22,162) and (\$573,666), respectively, related to the MPP Program. At June 30, 2020 and 2019, the District did not recognize any Deferred Outflows or Inflows of Resources related to the MPP Program.

NOTE 12 - 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.

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 12 - JOINT POWERS AGREEMENTS (Continued)

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

	CCCSIG <u>June 30, 2019</u>	BACCDJPA <u>June 30, 2019</u>
Total assets	\$ 118,956,437	\$ 7,387,875
Deferred outflows of resources	\$ 527,411	\$ -
Total liabilities	\$ 84,750,496	\$ 2,191,049
Deferred inflows of resources	\$ -	\$ -
Net position	\$ 34,733,352	\$ 5,196,826
Total revenues	\$ 54,112,041	\$ 3,738,333
Total expenses	\$ (48,730,815)	\$ (3,555,558)
Change in net position	\$ 5,381,226	\$ 182,775

NOTE 13 - 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, 2020 and 2019, the District had \$12.4 million and \$6.6 million, respectively, in outstanding commitments on construction contracts.

2014 Bond - At June 30, 2020 and 2019, the District had \$133.8 million and \$55.7 million, respectively, in outstanding commitments on construction contracts

NOTE 14 - COVID-19 IMPACTS

In December 2019, a novel strain of coronavirus surfaced (COVID-19) and spread around the world, with resulting business and social disruption. In response to the pandemic and in compliance with various state and local ordinances, the District closed physical campuses and transitioned to a distance learning model. On March 13, 2020 the Governor of California issues Executive Order N-26 - 20, guaranteeing state funding to support the continued payment of salaries and benefits to all employees through June 30, 2020.

The operations and business results of the District could be adversely affected in the future including reduction in the level of funding and impact to the timing of cash flows. In addition, significant estimates may be adversely impacted by national, state, and local events designed to contain the coronavirus. Debt ratings for outstanding issuances may further be impacted. For the 2021 school year, the District is offering instruction in formats consistent with local health guidelines. Throughout the pandemic the District has put into practice a number of safety measures to protect students and employees and will continue to revise them as needed.

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 15 - SUBSEQUENT EVENTS

General Obligation Bonds: In November 2020, the District issued \$110,000,000 related to the 2014 General Obligation Bonds, 2020 Series C, with interest rates ranging from 0.20% - 4.00%, maturing in August 2039.

Additionally, in November 2020, the District issued \$35,395,000, related to the 2020 General Obligation Refunding Bonds (Federally Taxable), with an interest rates between 0.35% - 2.25%, maturing in August 2032.

REQUIRED SUPPLEMENTARY INFORMATION

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CHANGES IN NET OTHER POSTEMPLOYMENT BENEFITS
(OPEB) LIABILITY
For the Year Ended June 30, 2020

	Last 10 Fiscal Years			
	<u>Retiree Benefit Plan</u>			
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Total OPEB liability				
Service Cost	\$ 4,145,633	\$ 4,259,638	\$ 4,376,778	\$ 4,896,415
Interest	13,581,519	14,030,835	14,487,926	14,880,070
Experience gains/losses	-	-	(1,073,071)	-
Benefit payments	<u>(10,714,315)</u>	<u>(11,142,888)</u>	<u>(11,632,101)</u>	<u>(12,369,884)</u>
Net change in total OPEB liability	7,012,837	7,147,585	6,159,532	7,406,601
Total OPEB liability, beginning of year	<u>212,287,794</u>	<u>219,300,631</u>	<u>226,448,216</u>	<u>232,607,748</u>
Total OPEB liability, end of year (a)	<u>\$ 219,300,631</u>	<u>\$ 226,448,216</u>	<u>\$ 232,607,748</u>	<u>\$ 240,014,349</u>
Plan fiduciary net position				
Plan member contributions	-	-	-	-
Employer contributions	16,414,515	16,362,461	16,847,901	26,977,784
Investment income	10,443,808	7,061,693	7,166,571	5,031,233
Investment gains/losses	-	-	(1,647,014)	-
Administrative expense	(302,333)	(355,956)	(377,549)	(411,592)
Benefits payment	<u>(10,714,315)</u>	<u>(11,142,888)</u>	<u>(11,632,101)</u>	<u>(12,369,884)</u>
Change in plan fiduciary net position	15,841,675	11,925,310	10,357,808	19,227,541
Fiduciary trust net position, beginning of year	<u>79,999,147</u>	<u>95,840,822</u>	<u>107,766,132</u>	<u>118,123,940</u>
Fiduciary trust net position, end of year (b)	<u>\$ 95,840,822</u>	<u>\$ 107,766,132</u>	<u>\$ 118,123,940</u>	<u>\$ 137,351,481</u>
Net OPEB liability, ending (a) - (b)	<u>\$ 123,459,809</u>	<u>\$ 118,682,084</u>	<u>\$ 114,483,808</u>	<u>\$ 102,662,868</u>
Covered-employee payroll	\$ 89,504,733	\$ 88,414,095	\$ 92,199,316	\$ 98,253,624
Plan fiduciary net position as a percentage of the total OPEB liability	43.70%	47.59%	50.78%	57.23%
Net OPEB liability as a percentage of covered-employee payroll	138%	134%	124%	104.00%

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

See accompanying note to required supplementary information.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CHANGES IN NET OTHER POSTEMPLOYMENT BENEFITS
(OPEB) LIABILITY
For the Year Ended June 30, 2020

	Last 10 Fiscal Years			
	<u>Cash In-Lieu Plan</u>			
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Total OPEB liability				
Service Cost	\$ 360,511	\$ 370,425	\$ 380,612	\$ 620,964
Interest	659,009	727,024	707,085	378,174
Experience Gains/Losses	-	(881,562)	(2,593,954)	-
Changes in Assumptions	-	-	695,880	3,892,699
Benefit Payments	<u>(726,052)</u>	<u>(726,052)</u>	<u>(765,324)</u>	<u>(689,855)</u>
Net change in total OPEB liability	293,468	(510,165)	(1,575,701)	4,201,982
Total OPEB liability, beginning of year	<u>19,016,561</u>	<u>19,310,029</u>	<u>18,799,864</u>	<u>17,224,163</u>
Total OPEB liability, end of year (a)	<u>\$ 19,310,029</u>	<u>\$ 18,799,864</u>	<u>\$ 17,224,163</u>	<u>\$ 21,426,145</u>
Covered-employee payroll	\$ 89,504,733	\$ 88,414,095	\$ 92,199,316	\$ 98,253,624
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%
Total OPEB liability as a percentage of covered-employee payroll	22%	21%	19%	22%

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

See accompanying note to required supplementary information.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF MONEY-WEIGHTED RATE OF RETURN OF OPEB PLAN INVESTMENTS
For the Year Ended June 30, 2020

	Last 10 Fiscal Years			
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Money-weighted rate of return on OPEB retiree benefit plan investments	11.50%	6.50%	4.60%	3.90%

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

See accompanying note to required supplementary information.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY - MPP PROGRAM
For the Year Ended June 30, 2020

Last 10 Fiscal Years

	<u>2018</u>	<u>2019</u>	<u>2020</u>
District's proportionate share of the net OPEB liability	\$ 1,286,745	\$ 713,029	\$ 798,610
District's covered-employee payroll	\$ -	\$ -	\$ -
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%
District's proportionate share of the fiduciary net position as a percentage of the District's total OPEB liability	0.01%	0.02%	0.0%

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

See accompanying note to required supplementary information.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
For the Year Ended June 30, 2020

	State Teacher's Retirement Plan Last 10 Fiscal Years					
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
District's proportion of the net pension liability	0.133%	0.144%	0.135%	0.126%	0.124%	0.124%
District's proportionate share of the net pension liability	\$ 84,557,797	\$ 97,268,576	\$108,983,000	\$116,525,000	\$114,269,000	\$111,786,000
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>	<u>68,936,000</u>	<u>65,425,000</u>	<u>60,987,000</u>
Total net pension liability	<u>\$131,605,797</u>	<u>\$148,712,576</u>	<u>\$171,031,000</u>	<u>\$185,461,000</u>	<u>\$179,694,000</u>	<u>\$172,773,000</u>
District's covered payroll	\$ 59,386,000	\$ 67,059,000	\$ 67,153,000	\$ 69,533,000	\$ 66,183,000	\$ 66,529,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	142.39%	145.05%	162.29%	167.58%	172.66%	168.03%
Plan fiduciary net position as a percentage of the total pension liability	76.52%	74.02%	70.04%	69.46%	70.99%	72.56%

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, 2020

Public Employers Retirement Fund B
Last 10 Fiscal Years

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
District's proportion of the net pension liability	0.365%	0.329%	0.327%	0.320%	0.309%	0.306%
District's proportionate share of the net pension liability	\$ 41,440,016	\$ 48,535,698	\$ 68,722,000	\$ 79,451,000	\$ 86,016,000	\$ 93,111,000
District's covered payroll	\$ 38,123,677	\$ 40,332,000	\$ 39,269,000	\$ 43,392,000	\$ 40,795,000	\$ 42,398,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	108.70%	120.34%	175.00%	183.10%	210.85%	219.61%
Plan fiduciary net position as a percentage of the total pension liability	83.38%	79.43%	73.89%	71.87%	70.85%	70.05%

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.

See accompanying note to required supplementary information.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
For the Year Ended June 30, 2020

	State Teachers' Retirement Plan Last 10 Fiscal Years					
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Contractually required contribution	\$ 5,954,852	\$ 7,205,507	\$ 8,747,255	\$ 9,894,053	\$ 11,578,308	\$ 12,835,234
Contributions in relation to the contractually required contribution	<u>(5,954,852)</u>	<u>(7,205,507)</u>	<u>(8,747,255)</u>	<u>(9,894,053)</u>	<u>(11,578,308)</u>	<u>(12,835,234)</u>
Contribution deficiency						
District's covered payroll	\$ 67,059,000	\$ 67,153,000	\$ 69,533,000	\$ 68,566,000	\$ 71,120,000	\$ 70,796,000
Contributions as a percentage of covered payroll	8.88%	10.73%	12.58%	14.43%	16.28%	18.13%
All years prior to 2015 are not available.						

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
For the Year Ended June 30, 2020

Public Employers Retirement Fund B
Last 10 Fiscal Years

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Contractually required contribution	\$ 4,747,127	\$ 4,652,198	\$ 6,027,000	\$ 6,245,477	\$ 8,143,924	\$ 8,877,957
Contributions in relation to the contractually required contribution	<u>(4,747,127)</u>	<u>(4,652,198)</u>	<u>(6,027,000)</u>	<u>(6,245,477)</u>	<u>(8,143,924)</u>	<u>(8,877,957)</u>
Contribution deficiency						
District's covered payroll	\$ 40,332,000	\$ 39,269,000	\$ 43,392,000	\$ 40,213,000	\$ 45,089,000	\$ 45,018,000
Contributions as a percentage of covered payroll	11.77%	11.85%	13.89%	15.53%	18.06%	19.72%

All years prior to 2015 are not available.

See accompanying note to required supplementary information.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2020

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 OPEB Liability - MPP Program

The Schedule of the District's Proportionate Share of the Net OPEB Liability - MPP Program is presented to illustrate the elements of the District's Net OPEB Liability related to the MPP Program. 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 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.

E - 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.

F - Changes of Benefit Terms

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

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2020

NOTE 1 - PURPOSE OF SCHEDULE (Continued)

G - Changes of Assumptions

The discount rate for the District's Cash In-Lieu Plan was 2.20 and 3.50 percent in the June 30, 2019 and 2018 actuarial reports, respectively.

The discount rates used for the Public Employer's Retirement Fund B (PERF B) was 7.50, 7.65, 7.65, 7.15, 7.15 and 7.15 percent in the June 30, 2013, 2014, 2015, 2016, 2017 and 2018 actuarial reports, respectively.

The following are the assumptions for State Teachers' Retirement Plan:

<u>Assumption</u>	<u>Measurement Period</u>				
	As of June 30 <u>2019</u>	As of June 30, <u>2018</u>	As of June 30, <u>2017</u>	As of June 30, <u>2016</u>	As of June 30, <u>2015</u>
Consumer price inflation	2.75%	2.75%	2.75%	3.00%	3.00%
Investment rate of return	7.10%	7.10%	7.10%	7.60%	7.60%
Wage growth	3.50%	3.50%	3.50%	3.75%	3.75%

SUPPLEMENTARY INFORMATION

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
For the Year Ended June 30, 2020

<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 Education</u>			
Student Financial Aid Cluster:			
Pell Grant Program	84.063	[1]	\$ 31,398,564
Administrative Allowance	84.063	[1]	45,720
SEOG	84.007	[1]	1,028,226
Federal Direct Student Loans	84.268	[1]	3,162,614
College Work Study Program	84.033	[1]	<u>847,927</u>
Subtotal Student Financial Aid Cluster			<u>36,483,051</u>
TRIO Cluster:			
TRIO - Talent Search	84.044A	[1]	316,752
TRIO - Upward Bound I	84.047A	[1]	254,005
TRIO - Upward Bound II	84.047A	[1]	<u>249,958</u>
Subtotal TRIO Cluster			<u>820,715</u>
Parent Success Initiative	84.335A	[1]	95,154
Title III, Hispanic Serving Institutions	84.031C	[1]	970,921
Education Stabilization Fund:			
COVID-19 HEERF Student Portion	84.425E	[1]	3,861,950
COVID-19 HEERF Institutional Portion	84.425F	[1]	<u>512,222</u>
Subtotal Education Stabilization Fund			<u>4,374,172</u>
Career Technical Education Program: <i>Passed through California Community Colleges Chancellor's Office:</i>			
Basic Grants To States (Perkins IV)	84.048	[2]	1,029,030
Career Technical Education Transitions	84.048	[2]	<u>138,586</u>
Subtotal Career Technical Education Program			<u>1,167,616</u>
<i>Passed through University of California, Davis:</i>			
Open Education Resource	84.116T	[2]	<u>63,704</u>
Total U.S. Department of Education			<u>43,975,333</u>
<u>U.S. Department of Agriculture</u>			
Child and Adult Care Food Program	10.558	[2]	20,698

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
For the Year Ended June 30, 2020

<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>			
Foster Care Program:			
<i>Passed through California Community Colleges Chancellor's Office:</i>			
Foster Care - Title IV E - Foster Parent Training	93.658	[2]	\$ 109,497
<i>Passed through Contra Costa County:</i>			
Foster Care - Title IV E - Foster Relative	93.658	19-695, 21-114, 21-326	7,570
Foster Care - Title IV E - Foster Pride	93.658	20-046, 20-047, 21-261	<u>24,633</u>
Subtotal Foster Care Program			<u>141,700</u>
<i>Passed through California Community Colleges Chancellor's Office:</i>			
TANF Cluster: Temporary Assistance for Needy Families	93.558	[2]	<u>109,292</u>
Total U.S. Department of Health and Human Services			<u>250,992</u>
Research & Development Cluster:			
U.C. National Science Foundation (STEM Scholars)	47.076	[1]	<u>118,223</u>
Total U.S National. Science Foundation (R&D Cluster)			<u>118,223</u>
Total Federal Programs			<u>\$ 44,365,246</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, 2020

	Program Revenues			Total	Total Program Expenditures
	Cash Received	Accounts Receivable	Unearned Income/ Accounts Payable		
AB 104 (2018-2019)	\$ 108,582	\$ -	\$ -	\$ 108,582	\$ 108,582
AB 104 (2019-20)	614,198	-	17,487	596,711	596,711
AB 19 - Direct Std. Aid	4,018,834	-	1,719,196	2,299,638	2,299,638
AB602 Board Fin Aid Staffing	1,100,662	4,055	45,847	1,058,870	1,058,871
Dep. Sec. Nav. (Regina IDirector)-2019	160,000	-	18,560	141,440	141,440
Avenue E	54,000	-	51,137	2,863	2,863
Basic Skills	1,821,838	-	893,779	928,059	928,059
Financial Aid College Completion Grant	-	-	(19,042)	19,042	-
CAI Apprenticeship Initiative	107,017	-	-	107,017	107,017
CalWORKS	732,363	-	38,606	693,757	693,757
CARE	408,396	-	90,745	317,651	317,651
CCAP STEM	333,333	-	332,293	1,040	1,040
Financial Aid Technology (19-20)	107,443	-	-	107,443	107,443
College Promise	34,773	-	-	34,773	34,773
CTE Data Unlocked	65,178	-	63,853	1,325	1,325
CVC- OEI- Online CTE Pathways	354,125	749,919	-	1,104,044	1,104,044
Deputy Sec. Navigator (2018 - 2019)	55,154	-	-	55,154	55,154
Deputy Sec. Navigator (2019 - 2020)	160,000	-	6,274	153,726	153,726
DSPS	3,359,918	-	293,990	3,065,928	3,065,928
DSPS (2018 - 2019)	2,349	-	-	2,349	2,349
Education Futures	29,111	-	-	29,111	29,111
Education Planning	51,159	-	33,984	17,175	17,175
EOPS	2,845,184	4,541	167,432	2,682,293	2,677,752
Faculty and Staff Diversification	181,503	-	123,985	57,518	57,518
Financial Aid Cal Grants	2,735,980	215,277	-	2,951,257	2,951,257
Financial Aid FT Student Success Grant	-	-	36,300	(36,300)	-
Financial Aid Dreamers Emergency Grant	-	-	1,330	(1,330)	-
Financial Aid Student Success Completion Grant	2,302,756	130,260	62,434	2,370,582	2,240,322

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF STATE FINANCIAL AWARDS
For the Year Ended June 30, 2020

	Program Revenues			Total	Total Program Expenditures
	Cash Received	Accounts Receivable	Unearned Income/ Accounts Payable		
Financial Aid Technology- One time	\$ 363,856	\$ -	\$ 327,464	\$ 36,392	\$ 36,392
Foster Parent Training	226,398	-	-	226,398	226,398
Guided Pathways	1,313,208	-	779,936	533,272	533,272
Hunger Free Campus	276,854	-	140,867	135,987	135,987
Instructional Equipment	728,786	-	329,724	399,062	399,062
Lottery Prop 20	494,051	657,057	-	1,151,108	1,151,108
MCHS SciMath	-	100,000	-	100,000	100,000
Mental Health Support	188,008	-	45,345	142,663	142,662
MESA	29,806	100,871	-	130,677	130,677
RN Enrollment Growth	346,104	-	66,558	279,546	279,546
Strong Workforce Program RJV	535,389	1,618,376	-	2,153,765	2,045,820
Strong Workforce Program - State	7,678,459	-	4,401,608	3,276,851	3,276,851
Student Equity	2,768,109	-	963,220	1,804,889	1,804,889
Student Equity (2018 - 2019)	796,582	-	-	796,582	796,582
Student Success	7,503,777	-	1,592,219	5,911,558	5,911,558
Student Success (2018 - 2019)	3,379,764	-	-	3,379,764	3,379,764
Veterans Service, One -time	37,416	-	871	36,545	36,545
Veterans Service - Ongoing	244,975	-	210,338	34,637	34,637
Veteran Service, ongoing (18-19)	169,445	-	-	169,445	169,445

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, 2020

<u>Categories</u>	<u>Reported Data</u>	<u>Audit Adjustments</u>	<u>Revised Data</u>
A. Summer Intersession (Summer 2019 only)			
1. Noncredit	13	-	13
2. Credit	2,606	-	2,606
B. Summer Intersession (Summer 2020 - Prior to July 1, 2020)			
1. Noncredit	-	-	-
2.. Credit	91	-	91
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
a. Weekly Census Contact Hours	18,165	-	18,165
b. Daily Census Contact Hours	868	-	868
2. Actual Hours of Attendance Procedure Courses			
a. Noncredit	113	-	113
b. Credit	668	-	668
3. independent Study/Work Experience Education Courses			
a. Weekly Census Procedure Hours	3,441	-	3,441
b. Daily Census Procedure Hours	<u>1,288</u>	<u>-</u>	<u>1,288</u>
D. Total FTES	<u><u>27,253</u></u>	<u><u>-</u></u>	<u><u>27,253</u></u>
Supplementary Information:			
E. Basic Skills Courses and Immigrant Education			
a. Noncredit	85	-	85
b. Credit	526	-	526

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, 2020

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

See accompanying note to supplemental information.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2020

General Fund	\$ 42,983,446
Bond Interest and Redemption Fund	38,240,154
Other Debt Service Fund	15,906,074
Capital Outlay Fund	33,989,464
General Obligation Bond Fund	59,826,603
Retiree Benefits Fund	3,555,689
Cafeteria Fund	1,159,874
Bookstore Fund	631,007
Information Technology Fund	-
Internal Service Fund	838,337
Student Financial Aid Fund	-
Total Audited Fund Balances as reported on the Annual Financial and Budget Report (CCFS-311)	<u>197,130,648</u>

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.

585,663,093

In government funds, deferred outflows and inflows of resources relating to pensions and OPEB 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 and OPEB are reported:

Deferred outflows of resources relating to pensions	7,562,828
Deferred outflows of resources relating to OPEB	50,203,972
Deferred inflows of resources relating to pensions	(18,481,000)
Deferred inflows of resources relating to OPEB	<u>(3,736,032)</u>

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.

(7,079,846)

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, 2020 consisted of:

General Obligation Bonds	(513,955,000)
Bond premiums	(19,741,783)
Net pension liability	(204,897,000)
Compensated absences	(14,980,325)
Net OPEB liability	<u>(124,887,623)</u>
	<u>(878,461,731)</u>

Losses on refundings of debt are categorized as deferred outflows and are amortized over the shortneeded life of the refunded or refunding of the debt.

Deferred outflows of resources relating to debt refundings - losses

14,781,789

Total net position - business-type activities

\$ (52,416,279)

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, 2020

		Activity (ECSA) ECS 84362 A Instructional Salary Cost AC 0100-5900 & AC 6110			Activity (ECSB) ECS 84362 B Total CEE AC 0100-6799		
	Object/TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
<u>Academic Salaries</u>							
Instructional salaries:							
Contract or regular	1100	\$ 34,952,580	\$ -	\$ 34,952,580	\$ 34,952,580	\$ -	\$ 34,952,580
Other	1300	<u>31,596,205</u>	<u>-</u>	<u>31,596,205</u>	<u>31,627,576</u>	<u>-</u>	<u>31,627,576</u>
Total instructional salaries		<u>66,548,785</u>	<u>-</u>	<u>66,548,785</u>	<u>66,580,156</u>	<u>-</u>	<u>66,580,156</u>
Non-instructional salaries:							
Contract or regular	1200	-	-	-	15,241,166	-	15,241,166
Other	1400	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,815,264</u>	<u>-</u>	<u>1,815,264</u>
Total non-instructional salaries		<u>-</u>	<u>-</u>	<u>-</u>	<u>17,056,430</u>	<u>-</u>	<u>17,056,430</u>
Total academic salaries		<u>66,548,785</u>	<u>-</u>	<u>66,548,785</u>	<u>83,636,586</u>	<u>-</u>	<u>83,636,586</u>
<u>Classified Salaries</u>							
Non-instructional salaries:							
Regular status	2100	-	-	-	26,293,097	-	26,293,097
Other	2300	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,235,397</u>	<u>-</u>	<u>3,235,397</u>
Total non-instructional salaries		<u>-</u>	<u>-</u>	<u>-</u>	<u>29,528,494</u>	<u>-</u>	<u>29,528,494</u>
Instructional aides:							
Regular status	2200	3,385,932	-	3,385,932	3,385,932	-	3,385,932
Other	2400	<u>763,829</u>	<u>-</u>	<u>763,829</u>	<u>763,829</u>	<u>-</u>	<u>763,829</u>
Total instructional aides		<u>4,149,761</u>	<u>-</u>	<u>4,149,761</u>	<u>4,149,761</u>	<u>-</u>	<u>4,149,761</u>
Total classified salaries		<u>4,149,761</u>	<u>-</u>	<u>4,149,761</u>	<u>33,678,255</u>	<u>-</u>	<u>33,678,255</u>
Employee benefits	3000	28,803,930	-	28,803,930	63,856,445	-	63,856,445
Supplies and materials	4000	-	-	-	1,442,751	-	1,442,751
Other operating expenses	5000	-	-	-	17,464,183	-	17,464,183
Equipment replacement	6420	<u>-</u>	<u>-</u>	<u>-</u>	<u>274,897</u>	<u>-</u>	<u>274,897</u>
Total expenditures prior to exclusions		<u>\$ 99,502,476</u>	<u>\$ -</u>	<u>\$ 99,502,476</u>	<u>\$200,353,117</u>	<u>\$ -</u>	<u>\$200,353,117</u>

(Continued).

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF ECS 84362 (50 PERCENT LAW) CALCULATION
For the Year Ended June 30, 2020

	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	\$ 7,049,379	\$ -	\$ 7,049,379	\$ 7,049,379	\$ -	\$ 7,049,379
Student health services above amount collected	6441	-	-	-	1,348,755	-	1,348,755
Student transportation	6491	-	-	-	-	-	-
Noninstructional staff-retirees' benefits and retirement incentives	6740	-	-	-	5,743,671	-	5,743,671
Objects to exclude:							
Rents and leases	5060	-	-	-	484,806	-	484,806
Lottery expenditures		-	-	-	-	-	-
Academic salaries	1000	-	-	-	1,161,095	-	1,161,095
Classified salaries	2000	-	-	-	875,953	-	875,953
Employee benefits	3000	-	-	-	934,343	-	934,343
Supplies and materials:	4000						
Software	4100	-	-	-	-	-	-
Books, magazines and periodicals	4200	-	-	-	-	-	-
Instructional supplies and materials	4300	-	-	-	-	-	-
Noninstructional supplies and materials	4400	-	-	-	56,178	-	56,178
Total supplies and materials		-	-	-	56,178	-	56,178
Other operating expenses and services	5000	-	-	-	373,781	-	373,781
Capital outlay	6000	-	-	-	-	-	-
Library books	6300	-	-	-	-	-	-
Equipment:							
Equipment - additional	6410	-	-	-	-	-	-
Equipment - replacement	6420	-	-	-	-	-	-
Total equipment		-	-	-	-	-	-
Total capital outlay		-	-	-	-	-	-
Other outgo	7000	-	-	-	-	-	-
Total exclusions		7,049,379	-	7,049,379	18,027,961	-	18,027,961
Total for ECS 84362, 50% Law		\$ 92,453,097	\$ -	\$ 92,453,097	\$ 182,325,156	\$ -	\$82,325,156.00
Percent of CEE (instructional salary cost /Total CEE)		50.71%	-	50.71%	100.00%	-	100%
50% of current expense of education		\$ -	\$ -	\$ -	\$ 91,162,578	\$ -	\$ 91,162,578

See accompanying note to supplemental information.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
PROPOSITION 55 EDUCATION PROTECTION ACCOUNT (EPA)
EXPENDITURE REPORT
For the Year Ended June 30, 2020

EPA Proceeds: \$ 14,053,532

<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	-	\$ 14,053,532	\$ -	\$ -	\$ 14,053,532

See accompanying note to supplemental information.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
NOTE TO SUPPLEMENTARY INFORMATION
June 30, 2020

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, 2020:

- SCFF Data Management Control Environment
- Salaries of Classroom Instructors (50 Percent Law)
- Apportionment for Instructional Service Agreements/Contracts
- Student Centered Funding Formula Base Allocations: FTES
- Residency Determination for Credit Courses
- Students Actively Enrolled
- Dual Enrollment (CCAP and Non-CCAP)
- Scheduled Maintenance Program
- Gann Limit Calculation
- Open Enrollment
- Proposition 39 Clean Energy
- Apprenticeship Related and Supplemental Instruction (RSI) Funds
- Disabled Student Programs and Services (DSPS)
- To Be Arranged Hours (TBA)
- Proposition 1D and 51 State Bond Funded Projects
- 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.

(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, 2020.

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 LLP

Sacramento, California
February 15, 2021

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, 2020, 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 February 15, 2021.

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) as a basis for designing 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Contra Costa Community College District's financial statements are free from 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 financial statements. 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 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 LLP

Sacramento, California
February 15, 2021

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, 2020. 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 its major federal programs for the year ended June 30, 2020.

(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 LLP

Sacramento, California
February 15, 2021

FINDINGS AND RECOMMENDATIONS

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2020

FINANCIAL STATEMENTS

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

_____ Yes X No

Significant deficiency(ies) identified not considered
to be material weakness(es)?

_____ Yes X None reported

Noncompliance material to financial statements
noted?

_____ Yes X No

FEDERAL AWARDS

Internal control over major programs:

Material weakness(es) identified?

_____ Yes X No

Significant deficiency(ies) identified not considered
to be material weakness(es)?

_____ 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, 84.033, 84.063, 84.268
84.425E and 84.425F

Student Financial Aid Cluster
Education Stabilization Fund

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

\$1,330,957

Auditee qualified as low-risk auditee?

 X Yes _____ No

STATE AWARDS

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

Unmodified

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2020

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2020

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2020

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, 2020

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