

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

FINANCIAL STATEMENTS

June 30, 2021 and 2020

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

ORGANIZATION

June 30, 2021
(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>
Andy Li	President	2024
Judy E. Walters	Vice President	2024
Fernando Sandoval	Secretary	2024
John E. Márquez	Member	2022
Rebecca Barrett	Member	2022
Austin Green	Student Trustee	2022

ADMINISTRATION

Dr. Bryan Reece⁽¹⁾
Chancellor

Eugene Huff⁽²⁾
Executive Vice Chancellor, Administrative Services

Mojdeh Mehdizadeh
Executive Vice Chancellor, Education and Technology

AUXILLIARY ORGANIZATIONS

None

(1) Dr. Bryan Reece left the position of Chancellor effective February 11, 2022 and was replaced by Mojdeh Mehdizadeh as Interim Chancellor effective February 16, 2022.

(2) Eugene Huff has an effective retirement date of June 30, 2022.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
For the Years Ended June 30, 2021 and 2020
(Continued)

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CONTRA COSTA COMMUNITY COLLEGE DISTRICT

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
For the Years Ended June 30, 2021 and 2020

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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, 2021 and 2020, 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, 2021 and 2020, 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 84 - *Fiduciary Activities*. This resulted in a restatement of the beginning net position totaling \$2,377,455. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 10 and the Schedule of Changes in Net 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 65 to 72 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.

(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 1, 2022 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.

A handwritten signature in black ink that reads "Crowe LLP". The signature is written in a cursive, flowing style.

Crowe LLP

Sacramento, California
July 1, 2022

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2021

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, 2021. 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, 2021. 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. Subsequent to fiscal year end, the 2021-22 state enacted budget for the California community college system included an extension of the Student-Centered Funding Formula (SCFF) hold harmless provision through Fiscal Year 2024-25.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2021

In 2020-21, the District received general revenue funding of \$180,394,699. Also, the District experienced a \$29.7 million or 680 percent year over year increase in federal grants and contracts revenue predominantly related to Higher Education Emergency Relief (HEERF) Funding. This critical funding supported predominantly direct student aid, lost revenue recovery for campus operations, campus safety expenses, faculty and staff training to support online instruction and enablement of distance learning during the onset of the COVID-19 pandemic. In addition, the District also received an ongoing allocation to hire additional full-time faculty. On the personnel side, the District experienced a \$2.5 million year-over-year decrease in its salary costs within its Unrestricted General Fund; this represents a 2.1 percent year-over year decrease and is a direct effect of the pandemic caused by unfilled vacant positions, and enrollment declines resulting in cancelled courses. In regards to benefit costs, the District experienced a \$14 million or 19.7 percent year-over-year increase. The change was predominantly caused by adjustments to pension expense deferrals for STRS and changes in the PERS employer contribution rates to 20.70 from 19.70 percent applicable to member earnings for fiscal years 2020-21 and 2019-20, respectively.

The District acts as a pass-through for financial aid funds distributed to its students. During FY 2020-2021, the District provided in excess of \$43.9 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 \$50.3 million to be funded with the District's bond programs.

THE DISTRICT AS A WHOLE

Table 1

Statement of Net Position	2021	2020	Change
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 59,519,782	\$ 33,825,605	\$ 25,694,177
Accounts receivable (net)	39,732,431	23,841,682	15,890,749
Other current assets	4,905,343	3,806,341	1,099,002
Total Current Assets	104,157,556	61,473,628	42,683,928
Restricted cash, cash equivalents, and investments	170,253,843	179,970,191	(9,716,348)
Capital assets (net)	679,811,724	585,671,292	94,140,432
Total Assets	954,223,123	827,115,111	127,108,012
DEFERRED OUTFLOWS	82,973,377	72,548,589	10,424,788
Total Assets and Deferred Outflows	\$ 1,037,196,500	\$ 899,663,700	\$ 137,532,800
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	\$ 60,551,606	\$ 48,681,484	\$ 11,870,122
Current portion of long-term debt	29,772,216	27,016,004	2,756,212
Total Current Liabilities	90,323,822	75,697,488	14,626,334
Long-term debt	914,692,172	851,445,727	63,246,445
Total Liabilities	1,005,015,994	927,143,215	77,872,779
DEFERRED INFLOWS	65,521,553	22,217,032	43,304,521
Total Liabilities and Deferred Inflows	1,070,537,547	949,360,247	121,177,300
NET POSITION			
Invested in capital assets	106,865,518	111,809,621	(4,944,103)
Restricted	100,331,473	91,902,869	8,428,604
Unrestricted	(240,538,038)	(253,409,037)	12,870,999
Total Net Position	(33,341,047)	(49,696,547)	16,355,500
Total Liabilities, Deferred Inflows and Net Position	\$ 1,037,196,500	\$ 899,663,700	\$ 137,532,800

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2021

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.

	2021	2020	Change
OPERATING REVENUES			
Tuition and fees	\$ 27,355,301	\$ 30,553,355	\$ (3,198,054)
Grants and Contracts, Non-capital	72,098,721	61,837,233	10,261,488
Auxiliary sales, charges and other	2,796,688	7,453,787	(4,657,099)
Total Operating Revenues	<u>102,250,710</u>	<u>99,844,375</u>	<u>2,406,335</u>
OPERATING EXPENSES			
Salaries and benefits	231,318,681	218,564,526	12,754,155
Supplies and other expenses	88,785,985	84,256,645	4,529,340
Depreciation	19,094,447	17,670,060	1,424,387
Total Operating Expenses	<u>339,199,113</u>	<u>320,491,231</u>	<u>18,707,882</u>
Loss on operations	<u>(236,948,403)</u>	<u>(220,646,856)</u>	<u>(16,301,547)</u>
NONOPERATING REVENUES			
State apportionments	44,751,012	48,070,489	(3,319,477)
Property taxes	162,211,717	159,638,503	2,573,214
State revenues	826,548	870,529	(43,981)
Federal revenues	59,148,372	35,772,736	23,375,636
Net interest expense	(18,543,714)	(11,766,766)	(6,776,948)
Other nonoperating revenues	2,253,841	(14,060,758)	16,314,599
Total Nonoperating Revenue	<u>250,647,776</u>	<u>218,524,733</u>	<u>32,123,043</u>
OTHER REVENUES			
State and local capital income	<u>2,656,127</u>	<u>2,532,718</u>	<u>123,409</u>
Change in Net Position	<u>\$ 16,355,500</u>	<u>\$ 410,595</u>	<u>\$ 15,944,905</u>

Highlights and other operational information for the District in FY 2020-21 include:

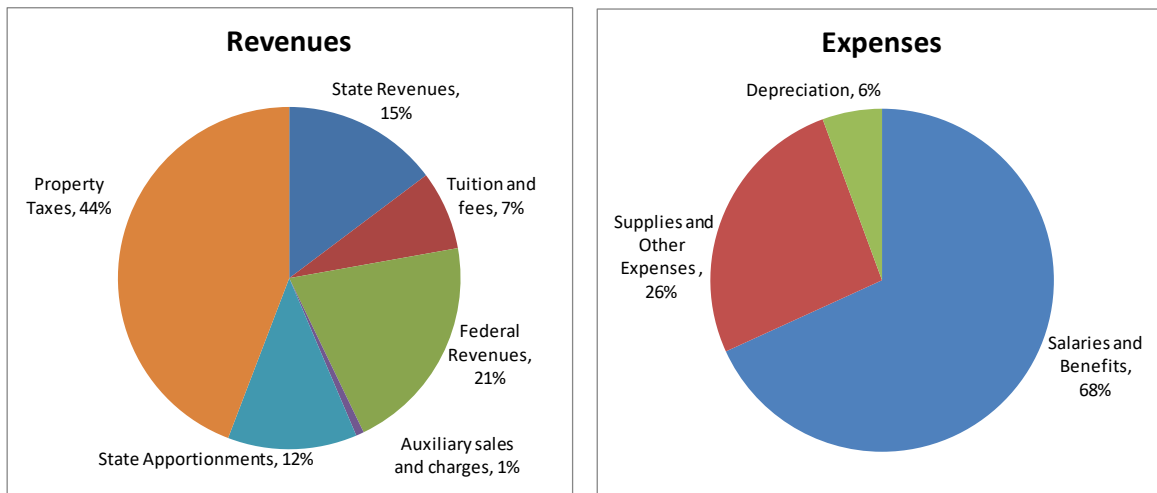
- The District experienced a \$40.6 million or 32 percent year over year decrease in the Net OPEB liability. The change was caused by market value appreciation in investment assets held in the irrevocable trust for retiree health benefits. Also, the District did not make a contribution to the trust in fiscal year 2020-21 and because the District believes it fulfilled its annual commitment towards setting aside funds for its long-term liabilities within the contribution of \$14.6 million made in the prior fiscal year and which was at a level three-fold the normal annual contribution level.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2021

- The District continued to operate above the 50% law threshold, coming in at 51.01% in FY 2020-21.
- Property tax revenue as a component of apportionment funding increased from \$117.82 million in FY 2019-20 to \$122.28 million in FY 2020-21. 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.
- Due to enrollment declines, non-resident FTES enrollment revenue decreased from \$10.95 million in FY 2019-20 to \$9.69 million in FY 2020-21.
- 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 \$7.45 million in 2019-20 to \$2.80 million in 2020-21. Colleges were able to utilize their Higher Education Emergency Relief Funds to recover the lost revenues.
- 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, 2021**

Table 3

Statement of Cash Flows

	2021	2020	Change
Cash Provided by (Used in)			
Operating Activities	\$ (215,112,320)	\$ (218,550,949)	\$ 3,438,629
Noncapital financing activities	271,316,110	215,501,237	\$ 55,814,873
Capital financing activities	(41,331,484)	14,511,278	\$ (55,842,762)
Investing activities	1,105,523	35,382,875	(34,277,352)
Net Increase (Decrease) in Cash	15,977,829	46,844,441	(30,866,612)
Cash, Beginning of Year	213,795,796	166,951,355	46,844,441
Cash, End of Year	<u>\$ 229,773,625</u>	<u>\$ 213,795,796</u>	<u>\$ 15,977,829</u>

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, 2021, the District had \$679.8 million in a broad range of capital assets, including land, buildings, furniture and equipment. As a comparison, at June 30, 2020, the District’s net capital assets were \$585.7 million. The District continues its 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	\$ 144,767,725	\$ 86,682,650	\$ 34,242,104	\$ 197,208,271
Buildings and improvements	610,697,977	58,694,609		669,392,586
Furniture and equipment	78,482,529	2,099,724	(7,133)	80,575,120
Subtotal	833,948,231	147,476,983	34,234,971	947,175,977
Accumulated depreciation	(248,276,939)	(19,094,447)	(7,133)	(267,364,253)
	<u>\$ 585,671,292</u>	<u>\$ 128,382,536</u>	<u>\$ 34,227,838</u>	<u>\$ 679,811,724</u>

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2021

Obligations

At the end of the 2020-21 fiscal year, the District had \$626.3 million in general obligation bonds outstanding. These bonds are repaid annually in accordance with the obligation requirements through an increase in the assessed property taxes on property within the Contra Costa Community College District boundaries.

In addition to the above obligation, the District is obligated to employees 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	\$ 513,955,000	\$ 145,395,000	\$ 63,025,000	\$ 596,325,000	\$ 27,545,000
Bond Premium	19,741,783	15,476,978	5,227,871	29,990,890	2,227,216
Compensated Absences and Capital Leases	14,980,325	838,971		15,819,296	-
OPEB (retiree benefits)	124,089,013		40,578,220	83,510,793	-
OPEB (CalSTRS MPP Program)	798,610	27,799		826,409	-
Net Pension Liability	204,897,000	13,095,000		217,992,000	-
Total Long-Term Debt	<u>\$ 878,461,731</u>	<u>\$ 174,833,748</u>	<u>\$ 108,831,091</u>	<u>\$ 944,464,388</u>	<u>\$ 29,772,216</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 2020-21 fiscal year on September 8, 2021.

The District continued to see a vast majority of its expenditures within the unrestricted general fund go towards employee salary and benefits. In FY 2020-21, approximately 91% 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 6.3% of the unrestricted general fund expenses.

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

The economic position of the District is closely tied to the State of California as the general revenue allocated to the District represents the majority of the total unrestricted sources of revenues within the General Fund.

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

The CCCCD Governing Board continues to maintain the District's reserves in anticipation of an economic slowdown or recession. A Districtwide minimum reserve of 5%, a Board Contingency Reserve of 5%, plus college-level reserves yield a \$42.3 million budgeted ending fund balance for FY 2021-22.

The uncertainty surrounding the SCFF and the potential elimination of the hold harmless provision after Fiscal Year 2024-25 is being watched closely by District management.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

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, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 59,519,782	\$ 33,825,605
Receivables, net	39,732,431	23,841,682
Prepaid expenses	3,541,957	1,812,287
Stores inventories	<u>1,363,386</u>	<u>1,994,054</u>
Total current assets	<u>104,157,556</u>	<u>61,473,628</u>
Noncurrent assets:		
Restricted cash and cash equivalents	170,253,843	179,970,191
Non-depreciable capital assets	197,208,271	144,767,725
Depreciable capital assets, net	<u>482,603,453</u>	<u>440,903,567</u>
Total noncurrent assets	<u>850,065,567</u>	<u>765,641,483</u>
Total assets	<u>954,223,123</u>	<u>827,115,111</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources - OPEB	23,149,392	7,562,828
Deferred outflows of resources - refunding	12,758,052	14,781,789
Deferred outflows of resources - pensions	<u>47,065,933</u>	<u>50,203,972</u>
Total deferred outflows of resources	<u>82,973,377</u>	<u>72,548,589</u>
Total assets and deferred outflows	<u>\$ 1,037,196,500</u>	<u>\$ 899,663,700</u>
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 33,144,406	\$ 22,251,723
Interest payable	7,887,260	7,079,846
Unearned revenue	19,519,940	19,349,915
Long-term debt - current portion	<u>29,772,216</u>	<u>27,016,004</u>
Total current liabilities	<u>90,323,822</u>	<u>75,697,488</u>
Noncurrent liabilities:		
Compensated absences payable	15,819,296	14,980,325
Net OPEB liability	84,337,202	124,887,623
Net Pension Liability	217,992,000	204,897,000
Long-term liabilities - noncurrent portion	<u>596,543,674</u>	<u>506,680,779</u>
Total noncurrent liabilities	<u>914,692,172</u>	<u>851,445,727</u>
Total liabilities	<u>1,005,015,994</u>	<u>927,143,215</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources - pensions	11,810,000	18,481,000
Deferred inflows of resources - OPEB	<u>53,711,553</u>	<u>3,736,032</u>
Total deferred inflows of resources	<u>65,521,553</u>	<u>22,217,032</u>
NET POSITION		
Net investment in capital assets	106,865,518	111,809,621
Restricted for:		
Capital projects	34,344,686	33,989,464
Debt service	61,521,522	54,146,230
Scholarships and loans	2,145,181	1,548,436
Student body and auxilliary services	2,320,084	2,218,739
Unrestricted	<u>(240,538,038)</u>	<u>(253,409,037)</u>
Total net position	<u>(33,341,047)</u>	<u>(49,696,547)</u>
Total liabilities, deferred inflows and net position	<u>\$ 1,037,196,500</u>	<u>\$ 899,663,700</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, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Operating revenues:		
Tuition and Fees (net of scholarship allowances of \$11,645,562 and \$13,710,431 at 2021 and 2020, respectively)	\$ 27,355,301	\$ 30,553,355
Grants and contracts, non-capital:		
Federal	9,484,056	8,592,510
State and local	62,614,665	53,244,723
Auxiliary enterprise sales and charges		
Bookstore	2,706,211	6,194,281
Cafeteria	<u>90,477</u>	<u>1,259,506</u>
Total operating revenues	<u>102,250,710</u>	<u>99,844,375</u>
Operating expenses:		
Salaries	144,569,880	146,104,189
Employee benefits	86,748,801	72,460,337
Supplies, materials	4,048,805	4,249,252
Services and other operating costs	40,833,051	35,183,617
Student financial aid and scholarship	43,904,129	44,823,776
Depreciation	<u>19,094,447</u>	<u>17,670,060</u>
Total operating expenses	<u>339,199,113</u>	<u>320,491,231</u>
Loss from operations	<u>(236,948,403)</u>	<u>(220,646,856)</u>
Non-operating revenues (expenses):		
State apportionment, non-capital	44,751,012	48,070,489
Local property taxes, levied for general purposes	121,655,968	117,190,560
Taxes levied for other specific purposes	40,555,749	42,447,943
State taxes and other revenues	826,548	870,529
Federal grants and contracts - noncapital	34,071,387	4,374,172
Federal grants - Pell	25,076,985	31,398,564
Investment income	950,074	3,899,066
Interest expense on capital asset-related debt	(19,493,788)	(15,665,832)
Transfer to OPEB trust	-	(14,607,900)
Other non-operating revenues	<u>2,253,841</u>	<u>547,142</u>
Total non-operating revenues	<u>250,647,776</u>	<u>218,524,733</u>
Income (loss) before other revenues and expenses	<u>13,699,373</u>	<u>(2,122,123)</u>
Other revenues, capital:		
State revenues	-	112,838
Local revenues	<u>2,656,127</u>	<u>2,419,880</u>
Total other revenues, capital	<u>2,656,127</u>	<u>2,532,718</u>
Change in net position	16,355,500	410,595
Net position, beginning of the year	<u>(49,696,547)</u>	<u>(52,484,597)</u>
Cumulative effect of GASB 84 implementation	<u>-</u>	<u>2,377,455</u>
Net position, beginning of the year, as restated	<u>(49,696,547)</u>	<u>(50,107,142)</u>
Net position, end of year	<u>\$ (33,341,047)</u>	<u>\$ (49,696,547)</u>

See accompanying notes to the basic financial statements.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Tuition and fees	\$ 25,356,209	\$ 29,342,340
Federal, state and local grants and contracts	58,221,640	53,218,931
Payments to vendors for supplies and services	(30,503,593)	(42,411,343)
Payments to/on behalf of students	(43,904,129)	(44,823,142)
Auxiliary enterprise sales and charges	2,796,688	7,453,787
Payments to/on behalf of employees	<u>(227,079,135)</u>	<u>(221,331,522)</u>
Net cash used in operating activities	<u>(215,112,320)</u>	<u>(218,550,949)</u>
Cash flows from noncapital financing activities:		
State apportionments	44,751,012	48,070,489
Local property taxes, levied for general purposes	121,655,968	117,190,560
Local property taxes, levied for special purposes	40,555,749	42,447,943
State taxes and other revenues	826,548	870,529
OPEB contribution	-	(14,607,900)
Net transfers	100,883	(8,473)
Other non-operating revenues (expenses)	4,277,578	(14,234,647)
Federal grants and contracts	34,071,387	4,374,172
Pell grants	<u>25,076,985</u>	<u>31,398,564</u>
Net cash provided by noncapital financing activities	<u>271,316,110</u>	<u>215,501,237</u>
Cash flows from capital and related financing activities:		
Purchase of capital assets	(117,819,461)	(89,057,674)
State revenue, capital projects	-	112,838
Local revenue, capital projects	2,656,127	2,419,880
Proceeds from issuance of capital debt	113,170,000	211,138,325
Principal paid on capital debt	(30,800,000)	(94,248,325)
Interest paid on capital debt	<u>(8,538,150)</u>	<u>(15,853,766)</u>
Net cash (used in) provided by capital and related financing activities	<u>(41,331,484)</u>	<u>14,511,278</u>
Cash flows provided by investing activities:		
Proceeds from sales/maturity of investments	-	33,637,745
Purchase of investments	-	(2,292,480)
Interest income on received	<u>1,105,523</u>	<u>4,037,610</u>
Net cash provided by investing activities	<u>1,105,523</u>	<u>35,382,875</u>
Net change in cash and cash equivalents	<u>15,977,829</u>	<u>46,844,441</u>
Cash and cash equivalents, beginning of year	<u>213,795,796</u>	<u>166,951,355</u>
Cash and cash equivalents, end of year	<u>\$ 229,773,625</u>	<u>\$ 213,795,796</u>

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Reconciliation of loss from operations to net cash used in operating activities:		
Loss from operations	\$ (236,948,403)	\$ (220,646,856)
Adjustments to reconcile loss from operations to net cash used in operating activities:		
Depreciation expense	19,094,447	17,670,060
(Increase) decrease in:		
Accounts receivable	(16,007,198)	(8,760,528)
Stores inventories	630,668	(55,378)
Prepaid expenses	(1,729,670)	1,247,430
Deferred outflows of resources - pensions	(12,448,525)	(146,291)
Increase (decrease) in:		
Accounts payable and accrued liabilities	15,477,265	(4,172,763)
Unearned revenue	131,025	(1,065,918)
Compensated absences	838,971	1,177,457
Net pension liability	13,095,000	4,612,000
OPEB liability	(40,550,421)	(7,533,427)
Deferred inflows of resources - pensions	(6,671,000)	153,000
Deferred inflows of resources - OPEB	<u>49,975,521</u>	<u>(1,029,735)</u>
Net cash used in operating activities	<u>\$ (215,112,320)</u>	<u>\$ (218,550,949)</u>
Noncash capital and related financing activities:		
Amortization of premium on capital debt	\$ 1,831,004	\$ 1,831,004
Refunding of debt directly through issuance of new debt	\$ 32,225,000	\$ 120,521,675
Change in accounts payable due to purchase of capital assets	\$ 4,585,532	\$ 5,376,899

See accompanying notes to the basic financial statements.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
 STATEMENTS OF FIDUCIARY NET POSITION - RETIREE BENEFITS TRUST FUND
 June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and cash equivalents	\$ 8,375	\$ 8,581
Investments:		
Mutual funds - fixed income	70,483,917	65,901,783
Mutual funds - equity	88,689,669	60,974,590
Mutual funds - real estate	13,293,233	10,466,766
Accounts receivable	<u>9</u>	<u>103</u>
Total assets	<u>\$ 172,475,203</u>	<u>\$ 137,351,823</u>
LIABILITIES		
Due to other funds	<u>-</u>	<u>342</u>
NET POSITION		
Restricted for OPEB	<u>172,475,203</u>	<u>137,351,481</u>
Total liabilities and restricted net position	<u>\$ 172,475,203</u>	<u>\$ 137,351,823</u>

See accompanying notes to the basic financial statements.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
STATEMENT OF CHANGE IN FIDUCIARY NET POSITION - RETIREE BENEFITS TRUST FUND
For the Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Additions:		
Net investment income:		
Dividends and interest income	\$ 5,401,888	\$ 4,978,262
Realized and unrealized losses, net	30,236,995	52,971
Investment/bank fees	<u>(515,161)</u>	<u>(411,592)</u>
Total net investment income	35,123,722	4,619,641
Contributions:		
Employer	<u>12,634,630</u>	<u>26,977,784</u>
Total additions	<u>47,758,352</u>	<u>31,597,425</u>
Deductions:		
Employer retiree benefits	<u>12,634,630</u>	<u>12,369,884</u>
Change in net position	35,123,722	19,227,541
Net position restricted for OPEB, June 30, 2020	<u>137,351,481</u>	<u>118,123,940</u>
Net position restricted for OPEB, June 30, 2021	<u>\$ 172,475,203</u>	<u>\$ 137,351,481</u>

See accompanying notes to the basic financial statements.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021 and 2020

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 a trustee 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, 2021 and 2020 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, 2021 and 2020

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, 2021 and 2020

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 represents a consumption of net position that applies to future periods, and as such will not be recognized as an outflow of resources (expense/expenditures) until then. The District has recognized deferred outflows of resources related to the recognition of its proportionate share of the net pension liability, as well as the net OPEB liability. The District has also recognized a deferred outflow of resources related to losses incurred in refunding long-term liabilities. This represents the resulting difference between 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 represents an acquisition of net position that applies to future periods and as such, will not be recognized as an inflow of resources (revenue) until that time. The District has recognized deferred inflows of resources related to the recognition of its proportionate share of the net pension liability, as well as the net OPEB liability.

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 as of June 30, 2021:

	<u>STRP</u>	<u>PERF B</u>	<u>Total</u>
Deferred outflows of resources	<u>\$ 26,740,208</u>	<u>\$ 20,325,725</u>	<u>\$ 47,065,933</u>
Deferred inflows of resources	<u>\$ 10,887,000</u>	<u>\$ 923,000</u>	<u>\$ 11,810,000</u>
Net pension liability	<u>\$ 117,893,000</u>	<u>\$ 100,099,000</u>	<u>\$ 217,992,000</u>
Pension expense	<u>\$ 22,535,011</u>	<u>\$ 17,185,345</u>	<u>\$ 39,720,356</u>

The following is a summary of pension amounts in aggregate as of June 30, 2020:

	<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>

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021 and 2020

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, 2021 and 2020, 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, 2021 and 2020

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.

New Accounting Pronouncements: In January 2017, the GASB issued GASB Statement No. 84 - *Fiduciary Activities*. The principal objective of this Statement is to enhance the consistency and comparability of fiduciary activity reporting by state and local governments. The provisions in GASB Statement No. 84 were effective for reporting periods beginning after December 15, 2019. Based on the implementation of GASB Statement No. 84, the District restated its beginning net position on a retrospective basis as of July 1, 2019 for the total amount of \$2,377,455. The restatement is the cumulative effect of reporting certain District fiduciary funds as business type activities in accordance with the requirements of GASB Statement No. 84.

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2021 and 2020

NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash, cash equivalents and investments at June 30, 2021, consisted of the following:

	<u>District</u>	<u>Trust Fund</u>
Pooled Funds:		
Cash in County Treasury	\$ 171,433,776	\$ 8,375
Local Agency Investment Fund	55,760,161	-
Deposits:		
Cash on hand and in banks	2,450,345	-
Cash in revolving	129,343	-
Investments	<u>-</u>	<u>172,466,819</u>
Total cash, cash equivalents and investments	<u>229,773,625</u>	<u>172,475,194</u>
Less: restricted cash, cash equivalents and investments	<u>170,253,843</u>	<u>172,475,194</u>
Net cash, cash equivalents and investments	<u>\$ 59,519,782</u>	<u>\$ -</u>

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

	<u>District</u>	<u>Trust Fund</u>
Pooled Funds:		
Cash in County Treasury	\$ 209,363,584	\$ 8,581
Local Agency Investment Fund	657,579	-
Deposits:		
Cash on hand and in banks	3,645,293	-
Cash in revolving	129,340	-
Investments	<u>-</u>	<u>137,343,139</u>
Total cash, cash equivalents and investments	<u>213,795,796</u>	<u>137,351,720</u>
Less: restricted cash, cash equivalents and investments	<u>179,970,191</u>	<u>137,351,720</u>
Net cash, cash equivalents and investments	<u>\$ 33,825,605</u>	<u>\$ -</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.

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021 and 2020

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

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

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

The fair value of the Trust's individual investments at June 30, 2021 are as follows:

Mutual Fund - Fixed income	\$ 70,483,917
Mutual Fund - Equity	88,689,669
Mutual Fund - Real estate	<u>13,293,233</u>
Total investments	<u>\$ 172,466,819</u>

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>\$ 137,343,139</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.

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2021 and 2020

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

<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

The following presents information about the Trust's assets measured at fair value on a recurring basis as of June 30, 2021, 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, 2021 and 2020 the District did not have investments.

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, 2021 and 2020. There were no transfers of assets between the fair value levels for the years ended June 30, 2021 and 2020.

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2021 and 2020

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

At June 30, 2021, 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	\$ 88,689,669	\$ 88,689,669	\$ -	\$ -
Mutual Fund - Fixed income	70,483,917	70,483,917	-	-
Mutual Fund - Real estate	<u>13,293,233</u>	<u>13,293,233</u>	<u>-</u>	<u>-</u>
Total investment securities	<u>\$172,466,819</u>	<u>\$172,466,819</u>	<u>\$ -</u>	<u>\$ -</u>

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>

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, 2021 and 2020. There were no transfers of assets between the fair value levels for the years ended June 30, 2021 and 2020.

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.

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, 2021 and 2020, the Trust investments consisted of open and closed-end mutual funds, therefore there are no credit ratings to disclose.

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. There were none of the District's 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, 2021 and 2020, respectively.

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2021 and 2020

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

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, 2021, the carrying amount of the District's cash on hand and in banks for the District and its fiduciary funds was \$2,579,688 and the bank balance was \$3,862,543. The bank balance amount insured was \$395,686. 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 \$3,617,082 and the bank balance was \$3,265,980. The bank balance amount insured was \$281,004.

NOTE 3 - RECEIVABLES

Receivables at June 30, 2021 are summarized as follows:

	<u>District</u>	<u>Trust Fund</u>
Federal Government		
Categorical aid	\$ 18,165,699	\$ -
State Government		
Apportionment	370,023	-
Categorical aid	8,916,034	-
Lottery	951,073	-
Local Sources		
Interest	141,247	9
Other local sources	<u>1,138,238</u>	<u>-</u>
Total excluding student receivables	<u>29,682,314</u>	<u>9</u>
Student receivables	14,119,213	-
Less allowance for bad debt	<u>(4,069,096)</u>	<u>-</u>
Student receivables, net	<u>10,050,117</u>	<u>-</u>
Total	<u>\$ 39,732,431</u>	<u>\$ 9</u>

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 3 - RECEIVABLES (Continued)

Receivables at June 30, 2020 are summarized as follows:

	<u>District</u>	<u>Trust Fund</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	297,980	103
Other local sources	<u>523,254</u>	<u>-</u>
Total excluding student receivables	<u>15,276,834</u>	<u>103</u>
Student receivables	12,100,612	-
Less allowance for bad debt	<u>(3,535,764)</u>	<u>-</u>
Student receivables, net	<u>8,564,848</u>	<u>-</u>
Total	<u>\$ 23,841,682</u>	<u>\$ 103</u>

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the District for the fiscal year ended June 30, 2021, was as follows:

	<u>Balance July 1, 2020</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2021</u>
Non-depreciable:				
Land	\$ 14,054,708	\$ -	\$ -	\$ 14,054,708
Construction in progress	130,713,017	86,682,650	(34,242,104)	183,153,563
Depreciable:				
Land improvements	70,232,818	-	-	70,232,818
Building & improvements	540,465,159	58,694,609	-	599,159,768
Furniture and equipment	<u>78,482,529</u>	<u>2,099,724</u>	<u>(7,133)</u>	<u>80,575,120</u>
Total	<u>833,948,231</u>	<u>147,476,983</u>	<u>(34,249,237)</u>	<u>947,175,977</u>
Less accumulated depreciation:				
Land improvements	51,057,264	3,685,114	-	54,742,378
Building & improvements	132,396,612	11,162,444	-	143,559,056
Furniture and equipment	<u>64,823,063</u>	<u>4,246,889</u>	<u>(7,133)</u>	<u>69,062,819</u>
Total	<u>248,276,939</u>	<u>19,094,447</u>	<u>(7,133)</u>	<u>267,364,253</u>
Capital assets, net	<u>\$ 585,671,292</u>	<u>\$ 128,382,536</u>	<u>\$ (34,242,104)</u>	<u>\$ 679,811,724</u>

Depreciation expense was \$19,094,447 for the year ended June 30, 2021.

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2021 and 2020

NOTE 4 - CAPITAL ASSETS (Continued)

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

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2020</u>
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	<u>74,323,318</u>	<u>4,175,123</u>	<u>(15,912)</u>	<u>78,482,529</u>
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	<u>60,687,281</u>	<u>4,151,694</u>	<u>(15,912)</u>	<u>64,823,063</u>
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.

NOTE 5 - UNEARNED REVENUE

Unearned revenue as of June 30, 2021 and 2020 consisted of the following:

	<u>2021</u>	<u>2020</u>
Unearned Federal and State revenue	\$ 14,012,974	\$ 13,441,206
Unearned tuition and student fees	5,200,732	5,788,815
Unearned local revenue	<u>306,234</u>	<u>119,894</u>
Total	<u>\$ 19,519,940</u>	<u>\$ 19,349,915</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.

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2021 and 2020

NOTE 6 - RISK MANAGEMENT (Continued)

Employee Medical Benefits: The District has contracted with Kaiser and Anthem to provide employee medical benefits. Rates are set through an annual calculation process. The District pays monthly contributions as applicable to each of these plans.

Claims Liabilities: The District establishes a liability for both reported and unreported events, which includes estimates of both future payments of losses and related claim adjustment expenses. The following represent the changes in approximate aggregate liabilities for the District:

Beginning liability balance, July 1, 2019	\$ 7,760
Claims and changes in estimate	94,837
Claims payments	<u>(95,270)</u>
 Ending liability balance, June 30, 2020	 <u><u>\$ 7,327</u></u>
 Beginning liability balance, July 1, 2020	 \$ 7,327
Claims and changes in estimate	(58,495)
Claims payments	<u>53,997</u>
 Ending liability balance, June 30, 2021	 <u><u>\$ 2,829</u></u>

At June 30, 2021 and 2020, the District had \$840,333 and \$843,355, respectively, in cash available to pay future claims.

NOTE 7 - LONG-TERM OBLIGATIONS

Summary: The changes in the District's long-term obligations for the year ended June 30, 2021 consisted of the following:

	Balance July 1, <u>2020</u>	<u>Additions</u>	<u>Deductions</u>	Balance June 30, <u>2021</u>	Amounts Due Within <u>One Year</u>
General Obligation Bonds	\$ 513,955,000	\$ 145,395,000	\$ 63,025,000	\$ 596,325,000	\$ 27,545,000
Bond premium	19,741,783	15,476,978	5,227,871	29,990,890	2,227,216
Compensated absences	14,980,325	838,971	-	15,819,296	-
Net pension liability	204,897,000	13,095,000	-	217,992,000	-
Net OPEB liability - MPP	798,610	27,799	-	826,409	-
Net OPEB liability - Retiree Benefit and Cash in-Lieu	<u>124,089,013</u>	<u>-</u>	<u>40,578,220</u>	<u>83,510,793</u>	<u>-</u>
Total long-term debt	<u><u>\$ 878,461,731</u></u>	<u><u>\$ 174,833,748</u></u>	<u><u>\$ 108,831,091</u></u>	<u><u>\$ 944,464,388</u></u>	<u><u>\$ 29,772,216</u></u>

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 7 - LONG-TERM OBLIGATIONS (Continued)

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

	Balance July 1, <u>2019</u>	<u>Additions</u>	<u>Deductions</u>	Balance June 30, <u>2020</u>	Amounts Due Within <u>One Year</u>
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>

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, 2021:

Issue Date	Current Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2020	Additions	Deductions	Bonds Outstanding June 30, 2021
March 2010	8/1/2034	.75%-6.504%	\$ 73,000,000	\$ 51,410,000	\$ -	\$ 1,105,000	\$ 50,305,000
October 2011	8/1/2021	4.0%-5.0%	38,595,000	5,590,000	-	2,725,000	2,865,000
October 2012	8/1/2023	2.0%-5.0%	106,565,000	38,690,000	-	24,390,000	14,300,000
October 2013	8/1/2023	1.0%-5.0%	140,500,000	12,815,000	-	11,860,000	955,000
August 2014	8/1/2039	2.0%-4.0%	120,000,000	84,440,000	-	-	84,440,000
August 2019	8/1/2039	3.0%-5.0%	99,350,000	99,350,000	-	14,045,000	85,305,000
August 2019	8/1/2038	1.7%-2.6%	221,660,000	221,660,000	-	3,285,000	218,375,000
November 2020	8/1/2039	0.2%-4.0%	110,000,000	-	110,000,000	5,615,000	104,385,000
November 2020	8/1/2032	0.35%-2.25%	35,395,000	-	35,395,000	-	35,395,000
				<u>\$ 513,955,000</u>	<u>\$ 145,395,000</u>	<u>\$ 63,025,000</u>	<u>\$ 596,325,000</u>

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	2.01%	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, 2021 and 2020

NOTE 7 - LONG-TERM OBLIGATIONS (Continued)

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:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	2,310,000	2,938,152	5,248,152
2027-2031	15,885,000	11,967,197	27,852,197
2032-2035	<u>28,245,000</u>	<u>4,417,029</u>	<u>32,662,029</u>
	<u>\$ 50,305,000</u>	<u>\$ 32,035,960</u>	<u>\$ 82,340,960</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 remaining unrefunded bonds mature in August 2021.

The following is a schedule of the future payments:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	<u>\$ 2,865,000</u>	<u>\$ 71,625</u>	<u>\$ 2,936,625</u>

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2021 and 2020

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 originally issued required annual principal payments and semi-annual interest payments through August 2032, with annual interest rates ranging from 2.0% to 5.0%. During the year ended June 30, 2020, \$52,810,000 of the bonds were refunded and have been fully repaid as of June 30, 2021. During the year ended June 30, 2021, an additional \$20,365,000 of the bonds were refunded. As of June 30, 2021, \$20,365,000 of the refunded bonds are considered defeased but remain outstanding, and are scheduled to be repaid on August 1, 2022 using proceeds from the 2020 GO Refunding Bonds. The remaining unrefunded bonds now mature in August 2023.

The following is a schedule of the future payments:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 4,385,000	\$ 557,375	\$ 4,942,375
2023	4,800,000	351,750	5,151,750
2024	<u>5,115,000</u>	<u>127,875</u>	<u>5,242,875</u>
	<u>\$ 14,300,000</u>	<u>\$ 1,037,000</u>	<u>\$ 15,337,000</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 and have been fully repaid as of June 30, 2021. During the year ended June 30 2021, an additional \$11,860,000 of the bonds were refunded. As of June 30, 2021, \$11,860,000 of the refunded bonds are considered defeased but remain outstanding, and are scheduled to be repaid on August 1, 2023 using proceeds from the 2020 GO Refunding Bonds. The remaining unrefunded bonds now mature in August 2023.

The following is a schedule of the future payments:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ -	\$ 38,200	\$ 38,200
2023	280,000	32,600	312,600
2024	<u>675,000</u>	<u>13,500</u>	<u>688,500</u>
	<u>\$ 955,000</u>	<u>\$ 84,300</u>	<u>\$ 1,039,300</u>

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2021 and 2020

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 through August 2039. Annual interest rates range from 2.0% to 4.0%.

The following is a schedule of the future payments:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	2,090,000	3,176,650	5,266,650
2027-2031	16,125,000	14,322,675	30,447,675
2032-2036	28,355,000	9,984,700	38,339,700
2037-2040	<u>34,595,000</u>	<u>2,919,900</u>	<u>37,514,900</u>
	<u>\$ 84,440,000</u>	<u>\$ 43,576,750</u>	<u>\$ 128,016,750</u>

In August 2019, the District issued general obligation bonds in the amount of \$10,650,000 bearing interest of 2.01%. 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 through August 2039. Annual interest rates range from 3.0% to 5.0%.

The following is a schedule of the future payments:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	1,785,000	1,761,025	3,546,025
2027-2031	11,855,000	7,256,525	19,111,525
2032-2036	17,465,000	4,314,400	21,779,400
2037-2040	<u>18,535,000</u>	<u>1,153,125</u>	<u>19,688,125</u>
	<u>\$ 85,305,000</u>	<u>\$ 23,471,275</u>	<u>\$ 108,776,275</u>

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2021 and 2020

NOTE 7 - LONG-TERM OBLIGATIONS (Continued)

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

The following is a schedule of the future payments:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 3,865,000	\$ 5,363,172	\$ 9,228,172
2023	7,100,000	5,271,596	12,371,596
2024	5,615,000	5,165,110	10,780,110
2025	5,730,000	5,066,445	10,796,445
2026	10,815,000	4,911,904	15,726,904
2027-2031	69,225,000	20,702,806	89,927,806
2032-2036	50,300,000	13,773,850	64,073,850
2037-2039	<u>65,725,000</u>	<u>2,979,326</u>	<u>68,704,326</u>
	<u>\$ 218,375,000</u>	<u>\$ 63,234,209</u>	<u>\$ 281,609,209</u>

In November 2020, the District issued general obligation bonds in the amount of \$110,000,000. The bonds require annual principal payments and semi-annual interest payments through August 2039. Annual interest rates range from 0.20% to 4.0%.

The following is a schedule of the future payments:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ -	\$ 3,510,200	\$ 3,510,200
2023	-	3,510,200	3,510,200
2024	5,710,000	3,396,000	9,106,000
2025	2,665,000	3,228,500	5,893,500
2026	3,010,000	3,115,000	6,125,000
2027-2031	21,060,000	13,341,000	34,401,000
2032-2036	33,770,000	7,960,850	41,730,850
2037-2040	<u>38,170,000</u>	<u>1,772,200</u>	<u>39,942,200</u>
	<u>\$ 104,385,000</u>	<u>\$ 39,833,950</u>	<u>\$ 144,218,950</u>

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2021 and 2020

NOTE 7 - LONG-TERM OBLIGATIONS (Continued)

In November 2020, the District issued general obligation refunding bonds in the amount of \$35,395,000. The refunding bonds require annual principal payments and semi-annual interest payments through August 2032. Annual interest rates range from 0.35% to 2.25%.

Calculation of Difference in Cash Flow Requirements and Economic Gain

<u>Cash Flow Difference</u>	
Old debt service cash flows	41,214,975
New debt service cash flows	<u>39,385,529</u>
	<u><u>1,829,446</u></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 \$1,682,520.

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</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 895,000	\$ 506,229	\$ 1,401,229
2023	545,000	503,436	1,048,436
2024	550,000	500,560	1,050,560
2025	7,290,000	469,750	7,759,750
2026	3,045,000	426,126	3,471,126
2027-2031	15,295,000	1,315,386	16,610,386
2032-2033	<u>7,775,000</u>	<u>173,127</u>	<u>7,948,127</u>
	<u>\$ 35,395,000</u>	<u>\$ 3,894,614</u>	<u>\$ 39,289,614</u>

(Continued)

NOTE 8 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLANS

General Information about the State Teachers' Retirement Plan

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

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

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

The Defined Benefit (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.

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021 and 2020

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

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.

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.

In addition, the board's rate-setting authority for the state contribution rate was suspended for fiscal year 2020–21 by AB 84. Although the board exercised its authority in May 2020 to increase the state contribution rate by 0.50 percent effective July 1, 2020, the rate increase did not go into effect. Instead, the state rate remained at the 2019–20 level of 7.828 percent.

A summary of statutory contribution rates and other sources of contributions to the DB Program pursuant to the CalSTRS Funding Plan, SB 90 and AB 84, are as follows:

Members – Under CalSTRS 2% at 60, the member contribution rate was 10.25 percent of applicable member earnings for fiscal years 2020-21 and 2019-20.

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 percent of applicable member earnings for fiscal years 2020-21 and 2019-20. According to current law, the contribution rate for CalSTRS 2% at 62 members is adjusted if the normal cost increases or decreases by more than 1 percent since the last time the member contribution rate was set. Based on the June 30, 2019, valuation adopted by the board in May 2020, the increase in normal cost was less than 1 percent. Therefore, the contribution rate for CalSTRS 2% at 62 members did not change effective July 1, 2020.

Employers – 16.15 percent and 17.10 percent of applicable member earnings for fiscal years 2020-2021 and 2019-2020, respectively. The 2020-21 rate of 16.15 percent reflects the original employer contribution rate of 19.10 percent under AB1469, reduced for the 2.95 percentage points to be paid on behalf of employers pursuant to SB 90 and AB 84. The 2019-20 rate of 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 and AB 84.

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2021 and 2020

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

The CalSTRS Funding Plan, which was enacted in June 2014 with the passage of California Assembly Bill (AB) 1469, required that 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 legislation gave the CalSTRS 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 CalSTRS board cannot adjust the rate by more than 1 percent in a fiscal year, and the total contribution rate in addition to the 8.25 percent cannot exceed 12 percent.

The CalSTRS employer contribution rate increases effective for fiscal year 2020-21 through fiscal year 2045-46 are summarized below:

<u>Effective Date</u>	<u>Base Rate</u>	<u>Supplemental Rate Per CalSTRS Funding Plan</u>	<u>Rate Adjustment Per Special Legislation</u>	<u>Total</u>
July 1, 2020	8.25%	10.850%	(2.95%)	16.15%
July 1, 2021	8.25%	10.850%	(2.18%)	16.92%
July 1, 2022 to June 30, 2046	8.25%	(1)	N/A	(1)
July 1, 2046	8.25%	Increase from prior rate ends in 2046-47		

(1) 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 \$12,236,208 and \$11,908,797 to the plan for the fiscal years ended June 30, 2021 and 2020, respectively.

State – 10.328 percent of the members’ creditable earnings from the fiscal years 2020-21 and 2019-20.

The state’s base contribution to the DB Program is calculated based on creditable compensation from two fiscal years prior. As a result of the CalSTRS Funding Plan, the state is required to make additional contributions to pay down the unfunded liabilities associated with the benefit structure that was in place in 1990 prior to certain enhancements in benefits and reductions in contributions. The additional state appropriation required to fully fund the benefits in effect as of 1990 by 2046 is specified in subdivision (b) of Education Code section 22955.1. The increased contributions end as of fiscal year 2045–46. Pursuant to AB 84, the state contribution rate remained at 5.811% for fiscal year 2020-21.

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2021 and 2020

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

The CalSTRS state contribution rates effective for fiscal year 2020-21 and beyond are summarized in the table below.

<u>Effective Date</u>	<u>Base Rate</u>	<u>Supplemental Rate Per CalSTRS Funding Plan</u>	<u>SBMA Funding⁽¹⁾</u>	<u>Total</u>
July 1, 2020	2.017%	5.811%	2.50%	10.328%
July 1, 2021	2.017%	6.311%	2.50%	10.828%
July 1, 2022 to June 30, 2046	2.017%	(2)	2.50%	(2)
July 1, 2046	2.017%	(3)	2.50%	(3)

(1) The SBMA contribution rate does not include the \$72 million that is reduced from the required contribution in accordance with Education Code section 22954.

(2) 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. 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 supplemental contribution rate imposed would be reduced to 0 percent.

(3) 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, 2021 and 2020, 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>2021</u>	<u>2020</u>
District's proportionate share of the net pension liability	\$ 117,893,000	\$ 111,786,000
State's proportionate share of the net pension liability associated with the District	<u>64,428,000</u>	<u>60,987,000</u>
Total	<u>\$ 182,321,000</u>	<u>\$ 172,773,000</u>

For fiscal year 2020-21, the net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019. 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. 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, 2021, the District's proportion was 0.122 percent, which was a decrease of 0.002 percent from its proportion measured as of June 30, 2020. 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.

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2021 and 2020

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

For the year ended June 30, 2021, the District recognized pension expense of \$22,535,011 and revenue of \$15,803,554 for support provided by the State. At June 30, 2021, 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	\$ 208,000	\$ 3,325,000
Changes of assumptions	11,496,000	-
Net differences between projected and actual earnings on investments	2,800,000	-
Changes in proportion and differences between District contributions and proportionate share of contributions	-	7,562,000
Contributions made subsequent to measurement date	<u>12,236,208</u>	<u>-</u>
Total	<u>\$ 26,740,208</u>	<u>\$ 10,887,000</u>

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>

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2021 and 2020

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

\$12,236,208 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2022	\$ (1,445,983)
2023	\$ 1,468,017
2024	\$ 3,656,517
2025	\$ 815,183
2026	\$ (631,567)
2027	\$ (245,167)

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 2020-21 STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2019, and rolling forward the total pension liability to June 30, 2020. 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 financial reporting actuarial valuation as of June 30, 2019 and 2018, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2019 and 2018
Experience Study	July 1, 2010 through June 30, 2018
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.10%
Consumer Price Inflation	2.75%
Wage Growth	3.50%
Post-retirement Benefit Increases	2.00% simple for DB Not applicable for DBS/CBB

Mortality: 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-2019) table, issued by the Society of Actuaries.

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2021 and 2020

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

Expected Rate of Return: 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 January 2020 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, 2019:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term* Expected Real Rate of Return</u>
Public Equity	42%	4.80%
Real Estate Assets	15	3.60
Private Equity	13	6.30
Fixed Income	12	1.30
Risk Mitigating Strategies	10	1.80
Inflation Sensitive	6	3.30
Cash / Liquidity	2	(0.40)

* 20-year geometric average

For the valuation as of June 30, 2018, 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%	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

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2021 and 2020

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, 2021 and 2020 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 <u>(6.10%)</u>	Current Discount Rate <u>(7.10%)</u>	1% Increase <u>(8.10%)</u>
District’s proportionate share of the net pension liability - 2021	<u>\$178,120,000</u>	<u>\$117,893,000</u>	<u>\$ 68,167,000</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 <u>(6.10%)</u>	Current Discount Rate <u>(7.10%)</u>	1% Increase <u>(8.10%)</u>
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>

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

(Continued)

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

General Information about the Public Employer’s Retirement Fund B

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

The Plan was established to provide retirement, death and disability benefits to non-teaching and 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-2020.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, 2021 and 2020 were as follows:

Members – The member contribution rate was 7.00 percent of applicable member earnings for fiscal years 2020-21 and 2019-20.

Employers – The employer contribution rate was 20.700 and 19.720 percent of applicable member earnings for fiscal years 2020-21 and 2019-20, respectively.

The District contributed \$9,986,725 and \$8,864,744 to the plan for the fiscal years ended June 30, 2021 and 2020, respectively.

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2021 and 2020

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

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

At June 30, 2021, the District reported a liability of \$100,099,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019. 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, 2020, the District’s proportion was 0.312 percent, which was an increase of 0.006 percent from its proportion measured as of June 30, 2019.

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.

For the year ended June 30, 2021, the District recognized pension expense of \$17,185,345. At June 30, 2021, 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	\$ 5,086,000	\$ -
Changes of assumptions	351,000	14,000
Net differences between projected and actual earnings on investments	2,089,000	-
Changes in proportion and differences between District contributions and proportionate share of contributions	2,813,000	909,000
Contributions made subsequent to measurement date	<u>9,986,725</u>	<u>-</u>
Total	<u>\$ 20,325,725</u>	<u>\$ 923,000</u>

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2021 and 2020

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

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>

\$9,986,725 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2022	\$ 3,268,000
2023	\$ 3,166,000
2024	\$ 2,017,000
2025	\$ 965,000

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, 2019, and rolling forward the total pension liability to June 30, 2020. The financial reporting actuarial valuation as of June 30, 2019, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2019 and June 30, 2018
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, 2021 and 2020

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, 2019 and 2018 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, 2019. 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, 2018. 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

Discount Rate: The discount rate used to measure the total pension liability was 7.15 percent in fiscal years 2020-21 and 2019-20. 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, 2021 and 2020

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 adjusted to account for assumed administrative expenses.

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 <u>(6.15%)</u>	Current Discount Rate <u>(7.15%)</u>	1% Increase <u>(8.15%)</u>
District's proportionate share of the net pension liability - 2021	<u>\$144,287,000</u>	<u>\$100,099,000</u>	<u>\$ 63,446,000</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 <u>(6.15%)</u>	Current Discount Rate <u>(7.15%)</u>	1% Increase <u>(8.15%)</u>
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>

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, 2021 and 2020

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 2020-2021 and 2019-2020, respectively:

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

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2021 and 2020

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

The following summarizes the benefits provided under the **cash in-lieu plan** for fiscal years 2020-2021 and 2019-2020, 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 Contribution	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, 2021 and 2020

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

Employees Covered by Benefit Term: At June 30, 2021, Plan membership in the **retiree benefit plan** consisted of the following:

	<u>Number of Participants</u>
Inactive Employees/Dependents Receiving Benefits	775
Inactive Employees/Dependents Entitled to but not yet Receiving Benefits	-
Active Employees	<u>1,105</u>
	<u><u>1,880</u></u>

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>

Employees Covered by Benefit Term: At June 30, 2021, Plan membership in the **cash in-lieu plan** consisted of the following:

	<u>Number of Participants</u>
Inactive Employees/Dependents Receiving Benefits	35
Inactive Employees/Dependents Entitled to but not yet Receiving Benefits	-
Active Employees	<u>1,105</u>
	<u><u>1,140</u></u>

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>

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2021 and 2020

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 6.1% 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%	4.250%
Real Estate Investment Trusts	4%	7.250%
Domestic Equities	22%	7.250%
International Equities	19%	7.250%

<u>Asset Class - Futuris Conservative</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%

* 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 27 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 27 years.

Money-weighted rate of return on OPEB retiree benefit plan investments was 23.01% and 3.95% for the year ending June 30, 2021 and 2020, 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, 2021 and 2020

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

Actuarial Assumptions: The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions.

Retiree Benefit Plan

Valuation date	June 30, 2021
Measurement date	June 30, 2021
Census data	The census was provided by the District as of June 2021
Actuarial cost method	Entry age actuarial cost method
Amortization methods	Flat dollar amount allocation with 18 year closed amortization
Inflation rate	2.50%
Investment rate of return	6.10%
Discount rate	6.10%; 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	97% for certificated and classified employees.
Mortality	For certificated employees the 2020 CalSTRS mortality tables were used. For classified employees the 2017 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 2020 CalSTRS termination rates were used. For classified employees the 2017 CalPERS termination rates for school employees were used.

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021 and 2020

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 2020 CalSTRS retirement rates were used. For classified employees the 2017 CalPERS retirement rates for school employees were used.

Cash In-Lieu Plan

Valuation date	June 30, 2021
Measurement date	June 30, 2021
Census data	The census was provided by the District as of June 2021
Actuarial cost method	Entry age actuarial cost method
Amortization methods	Flat dollar amount allocation with 18 year closed amortization
Inflation rate	2.50%
Discount rate	2.16%; assuming contributions would be sufficient to fully fund the obligation over a period not to exceed 20 years.
Payroll increase	2.75%
Participation rates	3% for certificated and classified employees.
Mortality	For certificated employees the 2020 CalSTRS mortality tables were used. For classified employees the 2017 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, 2021 and 2020

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

Cash In-Lieu Plan

Turnover	For certificated employees the 2020 CalSTRS termination rates were used. For classified employees the 2017 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 2020 CalSTRS retirement rates were used. For classified employees the 2017 CalPERS retirement rates for school employees were used.

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.

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021 and 2020

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 2014 CalPERS termination rates for school employees were used.

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 2014 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%

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021 and 2020

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

Discount rate	2.20%; 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.

Cash In-Lieu Plan

Turnover	For certificated employees the 2009 CalSTRS termination rates were used. For classified employees the 2014 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 2014 CalPERS retirement rates for school employees were used.

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2021 and 2020

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, 2019	<u>\$ 232,607,748</u>	<u>\$ 118,123,940</u>	<u>\$ 114,483,808</u>
Changes for the year:			
Service cost	4,896,415	-	4,896,415
Interest	14,880,070	-	14,880,070
Employer contributions	-	26,977,784	(26,977,784)
Investment income	-	5,031,233	(5,031,233)
Administrative expense	-	(411,592)	411,592
Benefit payments	<u>(12,369,884)</u>	<u>(12,369,884)</u>	<u>-</u>
Net change	<u>7,406,601</u>	<u>19,227,541</u>	<u>(11,820,940)</u>
Balance, June 30, 2020	<u>\$ 240,014,349</u>	<u>\$ 137,351,481</u>	<u>\$ 102,662,868</u>
Changes for the year:			
Service cost	5,031,066	-	5,031,066
Interest	15,344,934	-	15,344,934
Employer contributions	-	12,634,630	(12,634,630)
Investment income	-	35,638,883	(35,638,883)
Change in assumptions	19,902,086	-	19,902,086
Experience gains/losses	(26,761,353)	-	(26,761,353)
Administrative expense	-	(515,161)	515,161
Benefit payments	<u>(12,634,630)</u>	<u>(12,634,630)</u>	<u>-</u>
Net change	<u>882,103</u>	<u>35,123,722</u>	<u>(34,241,619)</u>
Balance, June 30, 2021	<u>\$ 240,896,452</u>	<u>\$ 172,475,203</u>	<u>\$ 68,421,249</u>

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2021 and 2020

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

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

	Total OPEB Liability (a)	Total Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance, July 1, 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
Employer contributions	-	689,855	(689,855)
Changes in assumptions	3,892,699	-	3,892,699
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>\$ 21,426,145</u>	<u>\$ -</u>	<u>\$ 21,426,145</u>
Changes for the year:			
Service cost	918,893	-	918,893
Interest	473,776	-	473,776
Plan member contributions	-	-	-
Employer contributions	-	700,615	(700,615)
Investment income	-	-	-
Experience gains/losses	(2,642,069)	-	(2,642,069)
Changes in assumptions	(4,386,586)	-	(4,386,586)
Administrative expense	-	-	-
Benefit payments	<u>(700,615)</u>	<u>(700,615)</u>	<u>-</u>
Net change	<u>(6,336,601)</u>	<u>-</u>	<u>(6,336,601)</u>
Balance, June 30, 2021	<u>\$ 15,089,544</u>	<u>\$ -</u>	<u>\$ 15,089,544</u>
	<u>Medical Benefits</u>	<u>Cash In-Lieu</u>	<u>Total</u>
Total OPEB Liability, June 30, 2021	\$240,896,452	\$ 15,089,544	\$255,985,996
Fiduciary Net Position, June 30, 2021	<u>172,475,203</u>	<u>-</u>	<u>172,475,203</u>
Net OPEB Liability, June 30, 2021	<u>\$ 68,421,249</u>	<u>\$ 15,089,544</u>	<u>\$ 83,510,793</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>\$102,662,868</u>	<u>\$ 21,426,145</u>	<u>\$124,089,013</u>

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2021 and 2020

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 (5.1%)	Valuation Discount Rate (6.1%)	Discount Rate 1% Higher (7.1%)
Net OPEB liability - retiree benefit plan - <u>2021</u>	<u>\$ 98,436,666</u>	<u>\$ 68,421,249</u>	<u>\$ 43,423,695</u>
	Discount Rate 1% Lower (1.16%)	Valuation Discount Rate (2.16%)	Discount Rate 1% Higher (3.16%)
Net OPEB liability - cash in-lieu plan - <u>2021</u>	<u>\$ 17,510,850</u>	<u>\$ 15,089,544</u>	<u>\$ 13,138,187</u>
	Discount Rate 1% Lower (5.5%)	Valuation Discount Rate (6.5%)	Discount Rate 1% Higher (7.5%)
Net OPEB liability - retiree benefit plan - <u>2020</u>	<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 - <u>2020</u>	<u>\$ 25,308,077</u>	<u>\$ 21,426,145</u>	<u>\$ 18,528,579</u>

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:

	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 - <u>2021</u>	<u>\$ 40,011,775</u>	<u>\$ 68,421,249</u>	<u>\$103,235,705</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 - <u>2020</u>	<u>\$ 75,357,359</u>	<u>\$102,662,868</u>	<u>\$135,382,068</u>

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2021 and 2020

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, 2021, the District recognized OPEB expense of \$6,285,719. At June 30, 2021, 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	\$ -	\$ 27,662,657
Changes of assumptions	20,623,594	4,530,776
Net differences between projected and actual earnings on investments	2,525,798	21,518,120
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>\$ 23,149,392</u>	<u>\$ 53,711,553</u>

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>

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021 and 2020

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, 2021, related to OPEB will be recognized in pension expense as follows:

2022	\$ 6,227,245
2023	\$ 6,091,750
2024	\$ 6,421,152
2025	\$ 6,960,938
2026	\$ 1,532,739
Thereafter	\$ 3,328,337

Deferred outflows and inflows related to changes in assumptions and differences in experience are amortized over a closed period equal to the average remaining service life of plan members, which is 11.2 years as of the June 30, 2021 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, 2021 and 2020

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, 2021, Contra Costa Community College District reported a liability of \$826,409 for its proportionate share of the net OPEB liability in connection with the MPP program. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019. 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, 2020. At June 30, 2020, Contra Costa Community College District's proportion was 0.195 percent.

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.

For the years ended June 30, 2021 and 2020, Contra Costa Community College District recognized OPEB expense of \$27,799 and (\$22,162), respectively, related to the MPP Program. At June 30, 2021 and 2020, 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, 2021 and 2020

NOTE 12 - JOINT POWERS AGREEMENTS (Continued)

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

	<u>CCCSIG</u> <u>June 30 2021</u>	<u>BACCDJPA</u> <u>June 30, 2021</u>
Total assets	\$ 132,532,518	\$ 7,824,391
Deferred outflows of resources	\$ 772,793	\$ -
Total liabilities	\$ 86,164,581	\$ 2,180,423
Deferred inflows of resources	\$ 425,508	\$ -
Net position	\$ 46,715,222	\$ 5,643,968
Total revenues	\$ 52,269,153	\$ 4,070,699
Total expenses	\$ (43,746,777)	\$ (3,711,517)
Change in net position	\$ 8,522,376	\$ 359,182

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:

At June 30, 2021, the District had \$50.3 million in outstanding commitments on construction contracts.

NOTE 14 - SUBSEQUENT EVENTS

General Obligation Bonds: In April 2022, the District issued General Obligation Bond Anticipation Notes Election of 2014 Series 2022, totaling \$30,000,000. The bond anticipation notes bear interest at 2.50% and are scheduled to mature in December 2022.

REQUIRED SUPPLEMENTARY INFORMATION

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CHANGES IN NET OTHER POSTEMPLOYMENT BENEFITS
(OPEB) LIABILITY
For the Year Ended June 30, 2021

	Last 10 Fiscal Years Retiree Benefit Plan				
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Total OPEB liability					
Service Cost	\$ 4,145,633	\$ 4,259,638	\$ 4,376,778	\$ 4,896,415	\$ 5,031,066
Interest	13,581,519	14,030,835	14,487,926	14,880,070	15,344,934
Change in assumptions	-	-	-	-	19,902,086
Experience gains/losses	-	-	(1,073,071)	-	(26,761,353)
Benefit payments	<u>(10,714,315)</u>	<u>(11,142,888)</u>	<u>(11,632,101)</u>	<u>(12,369,884)</u>	<u>(12,634,630)</u>
Net change in total OPEB liability	7,012,837	7,147,585	6,159,532	7,406,601	882,103
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>	<u>240,014,349</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>	<u>\$240,896,452</u>
Plan fiduciary net position					
Employer contributions	16,414,515	16,362,461	16,847,901	26,977,784	12,634,630
Investment income	10,443,808	7,061,693	5,519,557	5,031,233	35,638,883
Administrative expense	(302,333)	(355,956)	(377,549)	(411,592)	(515,161)
Benefits payment	<u>(10,714,315)</u>	<u>(11,142,888)</u>	<u>(11,632,101)</u>	<u>(12,369,884)</u>	<u>(12,634,630)</u>
Change in plan fiduciary net position	15,841,675	11,925,310	10,357,808	19,227,541	35,123,722
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>	<u>137,351,481</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>	<u>\$172,475,203</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>	<u>\$ 68,421,249</u>
Covered-employee payroll	\$ 89,504,733	\$ 88,414,095	\$ 92,199,316	\$ 98,253,624	\$ 94,670,553
Plan fiduciary net position as a percentage of the total OPEB liability	43.70%	47.59%	50.78%	57.23%	71.60%
Net OPEB liability as a percentage of covered-employee payroll	138%	134%	124%	104%	72%
Discount rate	6.50%	6.50%	6.50%	6.50%	6.10%

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, 2021

	Last 10 Fiscal Years Cash In-Lieu Plan				
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Total OPEB liability					
Service cost	\$ 360,511	\$ 370,425	\$ 380,612	\$ 620,964	\$ 918,893
Interest	659,009	727,024	707,085	378,174	473,776
Experience gains/losses	-	(881,562)	(2,593,954)	-	(2,642,069)
Changes in assumptions	-	-	695,880	3,892,699	(4,386,586)
Benefit payments	<u>(726,052)</u>	<u>(726,052)</u>	<u>(765,324)</u>	<u>(689,855)</u>	<u>(700,615)</u>
Net change in total OPEB liability	293,468	(510,165)	(1,575,701)	4,201,982	(6,336,601)
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>	<u>21,426,145</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>	<u>\$ 15,089,544</u>
Covered-employee payroll	\$ 89,504,733	\$ 88,414,095	\$ 92,199,316	\$ 98,253,624	\$ 94,670,553
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%
Total OPEB liability as a percentage of covered-employee payroll	22%	21%	19%	22%	16%

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, 2021

	Last 10 Fiscal Years				
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Money-weighted rate of return on OPEB retiree benefit plan investments	11.50%	6.50%	4.60%	3.90%	23.00%

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 THE DISTRICT'S PROPORTIONATE SHARE
 OF THE NET OPEB LIABILITY - MPP PROGRAM
 For the Year Ended June 30, 2021

Last 10 Fiscal Years

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
District's proportionate share of the net OPEB liability	\$ 1,286,745	\$ 713,029	\$ 798,610	\$ 826,409
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%	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%	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, 2021

	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>	<u>2021</u>
District's proportion of the net pension liability	0.133%	0.144%	0.135%	0.126%	0.124%	0.124%	0.122%
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	\$117,893,000
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>	<u>64,428,000</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>	<u>\$182,321,000</u>
District's covered payroll	\$ 59,386,000	\$ 67,059,000	\$ 67,153,000	\$ 69,533,000	\$ 66,183,000	\$ 66,529,000	\$ 65,686,000
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%	179.48%
Plan fiduciary net position as a percentage of the total pension liability	76.52%	74.02%	70.04%	69.46%	70.99%	72.56%	71.82%

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, 2021

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>	<u>2021</u>
District's proportion of the net pension liability	0.365%	0.329%	0.327%	0.320%	0.309%	0.306%	0.312%
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	\$100,099,000
District's covered payroll	\$ 38,123,677	\$ 40,332,000	\$ 39,269,000	\$ 43,392,000	\$ 40,795,000	\$ 42,398,000	\$ 44,951,000
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%	222.68%
Plan fiduciary net position as a percentage of the total pension liability	83.38%	79.43%	73.89%	71.87%	70.85%	70.05%	70.00%

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, 2021

	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>	<u>2021</u>
Contractually required contribution	\$ 5,954,852	\$ 7,205,507	\$ 8,747,255	\$ 9,550,207	\$ 10,830,921	\$ 11,908,797	\$ 12,236,208
Contributions in relation to the contractually required contribution	<u>(5,954,852)</u>	<u>(7,205,507)</u>	<u>(8,747,255)</u>	<u>(9,550,207)</u>	<u>(10,830,921)</u>	<u>(11,908,797)</u>	<u>(12,236,208)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 67,059,000	\$ 67,153,000	\$ 69,533,000	\$ 66,183,000	\$ 66,529,000	\$ 65,686,000	\$ 64,064,000
Contributions as a percentage of covered payroll	8.88%	10.73%	12.58%	14.43%	16.28%	18.13%	19.10%

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, 2021

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>	<u>2021</u>
Contractually required contribution	\$ 4,747,127	\$ 4,652,198	\$ 6,027,000	\$ 6,335,464	\$ 7,657,079	\$ 8,864,744	\$ 9,986,725
Contributions in relation to the contractually required contribution	<u>(4,747,127)</u>	<u>(4,652,198)</u>	<u>(6,027,000)</u>	<u>(6,335,464)</u>	<u>(7,657,079)</u>	<u>(8,864,744)</u>	<u>(9,986,725)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 40,332,000	\$ 39,269,000	\$ 43,392,000	\$ 40,795,000	\$ 42,398,000	\$ 44,951,000	\$ 48,245,000
Contributions as a percentage of covered payroll	11.77%	11.85%	13.89%	15.53%	18.06%	19.72%	20.70%

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, 2021

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 were no changes in benefit terms reported in the Required Supplementary Information.

G - Changes of Assumptions: The discount rate used for the District's Cash In-Lieu Plan was 2.16, 2.20 and 3.50 percent in the June 30, 2021, 2019 and 2018 actuarial reports, respectively.

The discount rate used for the Public Employer's Retirement Fund B (PERF B) was 7.50, 7.65, 7.65, 7.15, 7.15, 7.15, and 7.15 percent in the June 30, 2013, 2014, 2015, 2016, 2017, 2018 and 2019 actuarial reports, respectively.

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

<u>Assumption</u>	<u>Measurement Period as of June 30,</u>					
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Consumer price inflation	2.75%	2.75%	2.75%	2.75%	3.00%	3.00%
Investment rate of return	7.10%	7.10%	7.10%	7.10%	7.60%	7.60%
Wage growth	3.50%	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, 2021

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Assistance Listing Number	Contract Entity Identifying Number	Federal Expend- itures
<u>U.S. Department of Education</u>			
<i>Direct Funded:</i>			
Student Financial Aid Cluster:			
Pell Grant Program	84.063	[1]	\$ 25,076,985
Administrative Allowance	84.063	[1]	34,555
SEOG	84.007	[1]	776,126
Federal Direct Student Loans	84.268	[1]	2,451,557
College Work Study Program	84.033	[1]	<u>658,874</u>
Subtotal Student Financial Aid Cluster			<u>28,998,097</u>
TRIO Cluster:			
TRIO - Talent Search	84.044A	[1]	396,907
TRIO - Upward Bound I	84.047A	[1]	286,635
TRIO - Upward Bound II	84.047A	[1]	<u>266,419</u>
Subtotal TRIO Cluster			<u>949,961</u>
Higher Ed Institutional Aid Programs:			
Title V, Caminos Project	84.031S	[1]	199,998
Title III, Hispanic Serving Institutions	84.031C	[1]	<u>579,682</u>
Subtotal Higher Ed Institutional Aid Programs			<u>779,680</u>
COVID-19: Education Stabilization Fund (ESF) Programs:			
COVID-19: HEERF Student Portion	84.425E	[1]	8,954,063
COVID-19: HEERF Institutional Portion	84.425F	[1]	23,795,600
COVID-19: HEERF Minority Serving Institution	84.425L	[1]	<u>1,321,724</u>
Subtotal COVID-19: ESF Programs			<u>34,071,387</u>
<i>Passed through California Community Colleges Chancellor's Office:</i>			
Basic Grants To States (Perkins IV)	84.048	[2]	<u>1,171,212</u>
<i>Passed through University of California, Davis:</i>			
Open Education Resource	84.116T	[2]	<u>125,895</u>
Total U.S. Department of Education			<u>66,096,232</u>

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
For the Year Ended June 30, 2021

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Assistance Listing Number	Contract Entity Identifying Number	Federal Expend- itures
<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]	\$ 54,312
<i>Passed through Contra Costa County:</i>			
Foster Care - Title IV E - Foster Relative	93.658	19-695, 21-114, 21-326	1,630
Foster Care - Title IV E - Foster Pride	93.658	20-046, 20-047, 21-261	<u>23,152</u>
Subtotal Foster Care Program			<u>79,094</u>
<i>Passed through California Community Colleges Chancellor's Office:</i>			
Temporary Assistance for Needy Families - TANF Cluster	93.558	[2]	<u>130,762</u>
Total U.S. Department of Health and Human Services			<u>209,856</u>
<i>Direct Funded:</i>			
Research & Development Cluster:			
National Science Foundation STEM Scholars, CCC	47.076	[1]	121,817
National Science Foundation, S-STEM Transfer Improvement	47.076	[1]	<u>2,625</u>
Total U.S. National Science Foundation (R&D Cluster)			<u>124,442</u>
<u>U.S. Department of Treasury</u>			
<i>Passed through California Community Colleges Chancellor's Office:</i>			
COVID-19: Coronavirus State and Local Fiscal Recovery Funds	21.027	[1]	964,000
COVID-19: Coronavirus Relief Fund	21.019	[1]	<u>1,237,898</u>
Total U.S. Department of Treasury			<u>2,201,898</u>
Total Federal Programs			<u>\$ 68,632,428</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, 2021

	Program Revenues			Total	Total Program Expenditures
	Cash Received	Accounts Receivable	Unearned Income/ Accounts Payable		
AB 104 (2019-20)	\$ 17,487	\$ -	\$ -	\$ 17,487	\$ 17,487
AB 104 (2020-21)	620,375	-	90,183	530,192	530,192
AB 19 - Direct Std. Aid	4,178,108	-	1,517,617	2,660,491	2,660,491
AB 602 Board Fin Aid Staffing	1,112,562	-	60,483	1,052,079	1,052,079
Calfresh outreach	48,983	-	48,983	-	-
CalWORKS	741,133	-	40,559	700,574	700,574
CARE	491,630	-	54,828	436,802	436,802
CCAP STEM	665,626	-	520,979	144,647	144,647
COVID Relief Fund Block Grant	1,519,536	-	1,357,897	161,639	161,639
CTE Data Unlocked	63,853	-	64,074	(221)	(221)
CVC- OEI- Online CTE Pathways	258,620	21,409	-	280,029	280,029
Deputy Sec. Navigator (2019 - 2020)	104,834	-	-	104,834	104,834
Dream Resource Liaison	142,889	-	142,889	-	-
DSPS	3,226,260	-	873,842	2,352,418	2,352,418
DSPS (2019-20)	293,990	-	-	293,990	293,990
Education Planning	33,984	-	33,984	-	-
EOPS	2,902,425	-	358,207	2,544,218	2,544,218
EOPS (2019-20)	167,432	-	-	167,432	167,432
Faculty and Staff Diversity	173,985	-	121,994	51,991	51,991
Financial Aid Cal Grants	2,717,654	29,808	54,235	2,693,227	2,693,227
Financial Aid Disaster Relief Emergency Student Aid	230,803	-	12,298	218,505	218,505
Financial Aid Student Success Completion Grant	2,371,839	-	281,755	2,090,084	2,090,084
Financial Aid Technology - One time	327,463	-	-	327,463	327,463
Financial Aid Technology (2020-21)	109,126	-	69,731	39,395	39,395
Foster Parent Training	218,921	-	-	218,921	218,921
Guided Pathways - Years 2 to 4	1,083,636	-	518,182	565,454	565,454
Hunger Free Campus	140,867	-	28,251	112,616	112,616
Instructional Equipment	329,724	-	186,965	142,759	142,759
Lottery Prop 20	1,350,931	-	47,072	1,303,859	1,303,859
MCHS SciMath	-	76,916	-	76,916	76,916
Mental Health Support	45,345	-	-	45,345	45,345
MESA	-	52,668	-	52,668	52,668
Puente Project	1,984,000	-	-	1,984,000	1,984,000
RN Enrollment Growth	412,661	-	-	412,661	412,661
Regional Director-001-2021	200,000	-	82,488	117,512	117,512
Regional Director-011-2021	200,000	-	87,500	112,500	112,500
Strong Workforce Program RJV	1,248,415	1,371,215	48,092	2,571,538	2,571,538
Strong Workforce Program - State	7,696,769	-	4,443,013	3,253,756	3,253,756
Student Equity	1,225,901	6,617,514	68,780	7,774,635	7,774,635

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
 SCHEDULE OF STATE FINANCIAL AWARDS
 For the Year Ended June 30, 2021

	<u>Program Revenues</u>			<u>Total</u>	<u>Total Program Expenditures</u>
	<u>Cash Received</u>	<u>Accounts Receivable</u>	<u>Unearned Income/ Accounts Payable</u>		
Student Equity (2019-20)	\$ 3,240,765	\$ -	\$ -	\$ 3,240,765	\$ 3,240,765
Student Retention and Enrollment Outreach	327,354	-	327,354	-	-
Veterans Service - one-time	121,742	54,474	120,871	55,345	55,345
Veterans Service - ongoing	244,975	-	240,533	4,442	4,442
Veteran Service, ongoing (2019-20)	210,341	-	193,828	16,513	16,513

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, 2021

<u>Categories</u>	<u>Reported Data</u>	<u>Audit Adjustments</u>	<u>Revised Data</u>
A. Summer Intersession (Summer 2020 only)			
1. Noncredit	9	-	9
2. Credit	2,593	-	2,593
B. Summer Intersession (Summer 2021 - Prior to July 1, 2020)			
1. Noncredit	-	-	-
2.. Credit	67	-	67
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
a. Weekly Census Contact Hours	12,324	-	12,324
b. Daily Census Contact Hours	569	-	569
2. Actual Hours of Attendance Procedure Courses			
a. Noncredit	89	-	89
b. Credit	562	-	562
3. Independent Study/Work Experience Education Courses			
a. Weekly Census Procedure Hours	7,829	-	7,829
b. Daily Census Procedure Hours	<u>1,641</u>	<u>-</u>	<u>1,641</u>
D. Total FTES	<u><u>25,683</u></u>	<u><u>-</u></u>	<u><u>25,683</u></u>
Supplementary Information:			
E. Basic Skills Courses and Immigrant Education			
a. Noncredit	85	-	85
b. Credit	412	-	412

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, 2021

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, 2021

General Fund	\$ 53,961,639
Bond Interest and Redemption Fund	45,537,819
Other Debt Service Fund	15,983,703
Capital Outlay Fund	34,344,686
General Obligation Bond Fund	53,369,684
Retiree Benefits Fund	7,563,828
Cafeteria Fund	2,140,843
Bookstore Fund	5,194,761
Information Technology Fund	-
Internal Service Fund	838,437
Student Financial Aid Fund	-
Student Organization Fund	1,148,918
Student Rep Fund	128,655
Student Body Center Fund	1,042,514
Loan and Scholarship Fund	493,448
Other Agency Fund	-
Total Audited Fund Balances as reported on the Annual Financial and Budget Report (CCFS-311)	221,748,935
 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.	679,808,712
In government funds, deferred outflows and inflows of resources relating to pensions and OPEB are not reported because they apply to future periods. In the statement of net position, these items are reported:	
Deferred outflows of resources relating to pensions	47,065,933
Deferred outflows of resources relating to OPEB	23,149,392
Deferred inflows of resources relating to pensions	(11,810,000)
Deferred inflows of resources relating to OPEB	(53,711,553)
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.	(7,886,130)
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, 2021 consisted of:	
General Obligation Bonds	(596,325,000)
Bond premiums	(29,990,890)
Net pension liability	(217,992,000)
Compensated absences	(15,819,296)
Net OPEB liability	(84,337,202)
	(944,464,388)
Losses on refundings of debt are categorized as deferred outflows and are amortized over the shortened life of the refunded or refunding of the debt.	12,758,052
Total net position - business-type activities	\$ (33,341,047)

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, 2021

	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
<u>Academic Salaries</u>							
Instructional salaries:							
Contract or regular	1100	\$ 36,709,700	\$ -	\$ 36,709,700	\$ 36,709,700	\$ -	\$ 36,709,700
Other	1300	<u>28,523,949</u>	<u>-</u>	<u>28,523,949</u>	<u>28,558,525</u>	<u>-</u>	<u>28,558,525</u>
Total instructional salaries		<u>65,233,649</u>	<u>-</u>	<u>65,233,649</u>	<u>65,268,225</u>	<u>-</u>	<u>65,268,225</u>
Non-instructional salaries:							
Contract or regular	1200	-	-	-	15,492,916	-	15,492,916
Other	1400	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,608,545</u>	<u>-</u>	<u>1,608,545</u>
Total non-instructional salaries		<u>-</u>	<u>-</u>	<u>-</u>	<u>17,101,461</u>	<u>-</u>	<u>17,101,461</u>
Total academic salaries		<u>65,233,649</u>	<u>-</u>	<u>65,233,649</u>	<u>82,369,686</u>	<u>-</u>	<u>82,369,686</u>
<u>Classified Salaries</u>							
Non-instructional salaries:							
Regular status	2100	-	-	-	26,967,554	-	26,967,554
Other	2300	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,618,083</u>	<u>-</u>	<u>1,618,083</u>
Total non-instructional salaries		<u>-</u>	<u>-</u>	<u>-</u>	<u>28,585,637</u>	<u>-</u>	<u>28,585,637</u>
Instructional aides:							
Regular status	2200	3,498,342	-	3,498,342	3,498,342	-	3,498,342
Other	2400	<u>370,980</u>	<u>-</u>	<u>370,980</u>	<u>370,980</u>	<u>-</u>	<u>370,980</u>
Total instructional aides		<u>3,869,322</u>	<u>-</u>	<u>3,869,322</u>	<u>3,869,322</u>	<u>-</u>	<u>3,869,322</u>
Total classified salaries		<u>3,869,322</u>	<u>-</u>	<u>3,869,322</u>	<u>32,454,959</u>	<u>-</u>	<u>32,454,959</u>
Employee benefits	3000	27,286,889	-	27,286,889	62,578,393	-	62,578,393
Supplies and materials	4000	-	-	-	1,137,878	-	1,137,878
Other operating expenses	5000	-	-	-	15,854,716	-	15,854,716
Equipment replacement	6420	<u>-</u>	<u>-</u>	<u>-</u>	<u>79,560</u>	<u>-</u>	<u>79,560</u>
Total expenditures prior to exclusions		<u>96,389,860</u>	<u>-</u>	<u>96,389,860</u>	<u>194,475,192</u>	<u>-</u>	<u>194,475,192</u>

(Continued).

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF ECS 84362 (50 PERCENT LAW) CALCULATION
For the Year Ended June 30, 2021

	Object/TOP Codes	Activity (ECSA) ECS 84362 A Instructional Salary Cost AC 0100-5900 & AC 6110			Activity (ECSB) ECS 84362 B Total CEE AC 0100-6799		
		Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Exclusions							
Activities to exclude:							
Instructional staff-retirees' benefits and retirement incentives	5900	\$ 6,643,269	\$ -	\$ 6,643,269	\$ 6,643,269	\$ -	\$ 6,643,269
Student health services above amount collected	6441	-	-	-	180,912	-	180,912
Student transportation	6491	-	-	-	-	-	-
Noninstructional staff-retirees' benefits and retirement incentives	6740	-	-	-	5,909,440	-	5,909,440
Objects to exclude:							
Rents and leases	5060	-	-	-	217,864	-	217,864
Lottery expenditures		-	-	-	-	-	-
Academic salaries	1000	-	-	-	2,074,762	-	2,074,762
Classified salaries	2000	-	-	-	1,398,585	-	1,398,585
Employee benefits	3000	-	-	-	1,624,688	-	1,624,688
Supplies and materials:							
Software	4100	-	-	-	-	-	-
Books, magazines and periodicals	4200	-	-	-	-	-	-
Instructional supplies and materials	4300	-	-	-	-	-	-
Noninstructional supplies and materials	4400	-	-	-	80,363	-	80,363
Total supplies and materials		-	-	-	80,363	-	80,363
Other operating expenses and services	5000	-	-	-	401,698	-	401,698
Capital outlay	6000	-	-	-	-	-	-
Library books	6300	-	-	-	-	-	-
Equipment:							
Equipment - additional	6410	-	-	-	-	-	-
Equipment - replacement	6420	-	-	-	-	-	-
Total equipment		-	-	-	-	-	-
Total capital outlay		-	-	-	-	-	-
Other outgo	7000	-	-	-	-	-	-
Total exclusions		6,643,269	-	6,643,269	18,531,581	-	18,531,581
Total for ECS 84362, 50% Law		\$ 89,746,591	\$ -	\$ 89,746,591	\$ 175,943,611	\$ -	\$ 175,943,611
Percent of CEE (instructional salary cost /Total CEE)		51.01%	-	51.01%	100%	-	100%
50% of current expense of education		\$ -	\$ -	\$ -	\$ 87,971,806	\$ -	\$ 87,971,806

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, 2021

EPA Proceeds: \$ 41,297,053

<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	-	\$ 41,297,053	\$ -	\$ -	\$ 41,297,053

See accompanying note to supplemental information.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
NOTE TO SUPPLEMENTARY INFORMATION
June 30, 2021

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, 2021:

- SCFF Data Management Control Environment
- SCFF Supplemental Allocation Metrics
- SCFF Success Allocation Metrics
- Salaries of Classroom Instructors (50 Percent Law)
- Apportionment for Activities Funded From Other Sources
- 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
- 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
- COVID-19 Response Block Grant Expenditures

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)

Basis for Qualified Opinion on Compliance with State Laws and Regulations

As described in Finding 2021-002 in the accompanying Schedule of Audit Findings and Questioned Costs, Contra Costa Community College District did not comply with the requirements regarding Dual Enrollment (CCAP and Non-CCAP). Compliance with such requirements is necessary, in our opinion, for Contra Costa Community College District to comply with the requirements applicable to the state laws and regulations referred to above.

Qualified Opinion with State Laws and Regulations

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph above, 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, 2021.

Other Matter

Contra Costa Community College District's responses to the noncompliance findings identified in our audit are described in the accompanying Schedule of Audit Findings and Questioned Costs. Contra Costa Community College District's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on them.

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
July 1, 2022

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, 2021, 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 July 1, 2022.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify one deficiency in internal control, as described in the accompanying Schedule of Findings and Questioned Costs as Finding 2021-001 that we consider to be a material weakness.

(Continued)

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*.

Contra Costa Community College District's Response to Finding

Contra Costa Community College District's response to the finding identified in our audit is described in the accompanying schedule of Audit Findings and Questioned Costs. Contra Costa Community College District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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
July 1, 2022

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
AS REQUIRED BY UNIFORM GUIDANCE

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, 2021. 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, 2021.

(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
July 1, 2022

FINDINGS AND RECOMMENDATIONS

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
 SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
 Year Ended June 30, 2021

FINANCIAL STATEMENTS

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	<u> X </u> Yes	<u> </u> No
Significant deficiency(ies) identified not considered to be material weakness(es)?	<u> </u> Yes	<u> X </u> None reported

Noncompliance material to financial statements noted?

	<u> </u> Yes	<u> X </u> No
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FEDERAL AWARDS

Internal control over major programs:

Material weakness(es) identified?	<u> </u> Yes	<u> X </u> No
Significant deficiency(ies) identified not considered to be material weakness(es)?	<u> </u> Yes	<u> X </u> 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)?

	<u> </u> Yes	<u> X </u> No
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Identification of major programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.425E, 84.425F and 84.425L	COVID-19: ESF Programs

Dollar threshold used to distinguish between Type A and Type B programs: \$2,058,973

Auditee qualified as low-risk auditee?

	<u> X </u> Yes	<u> </u> No
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STATE AWARDS

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

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2021

SECTION II - FINANCIAL STATEMENT FINDINGS

2021-001 INTERNAL CONTROLS OVER PROCUREMENT - MATERIAL WEAKNESS

Criteria: California Government Code section 1090 prohibits public officers and employees from making contracts in which they have a financial interest when they act in their official capacities.

The District's procurement policy includes the following requirement: "Price quotations shall be solicited from vendors who offer the services, supplies and equipment needed by the District. In all cases where the same price is submitted by two or more vendors on the same or equal services or merchandise and one vendor has a place of business in the Contra Costa Community College District service area, the award shall be made to the local vendor."

Condition: The Board of Trustees did not sufficiently evaluate and resolve unusual terms, and differences from their expectations, prior to approving a significant contract.

The District entered into a contract with a third-party vendor (Vendor) for an Enrollment Recovery Plan in April 2021, for a total aggregate cost of \$10 million. The Vendor initially selected as the successful bidder was first engaged by the District to develop the Request for Proposal (RFP) for the Enrollment Recovery Plan. The District allowed the Vendor to prepare the RFP and also submit a proposal in response to the RFP, and then be awarded the contract. Upon receipt of whistleblower complaints regarding these circumstances, the District's Board of Trustees rescinded the contract with the Vendor in May 2021, one month after its initial approval. The District's internal controls did not prevent the award of a contract which deviated from written policies and procedures over procurement and vendor selection.

Further, the RFP for the Enrollment Recovery Plan included a set amount of \$10 million for the cost of services, and invited bidders to propose what they could complete for this amount. This RFP language deviates from the District's procurement policy, which requires price quotations to be solicited from the bidding parties. The \$10 million amount was established internally by the District.

Although concerns were internally communicated by management regarding the Enrollment Recovery Plan, including the deviation from policy by using a predetermined cost totaling \$10 million, and by allowing the Vendor to act as both developer of the RFP and bidding party, the award of the contract to the Vendor was approved by the Board of Trustees. The Vendor contract was eventually rescinded as a result of whistleblower complaints rather than preventative District internal controls.

Context: The finding relates to one specific contract in the amount of \$10 million. There was no fiscal effect on the June 30, 2021 financial statements as the contract was rescinded during the fiscal year, and the Vendor did not perform any services in connection with the contract.

Effect: There exists a risk that the Board of Trustees could approve significant, unusual transactions that do not comply with state law, or with the District's internal policies and procedures. In addition, the District may potentially award contracts that are not of the best value to the District; the District may be able to secure services for less without establishing a preset price within the RFP.

Cause: The District's Board of Trustees did not fully address all internal concerns prior to approving the contract, which included both the amount of the contract, and the dual-role of the Vendor in connection with the RFP, prior to awarding the contract.

Recommendation: The Board of Trustees should enhance their approval controls by sufficiently evaluating and resolving unusual terms or differences from their expectations prior to approving contracts, transactions, or other matters.

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2021

2021-001 INTERNAL CONTROLS OVER PROCUREMENT - MATERIAL WEAKNESS (Continued)

The District should consider implementing an internal control to require legal review, and evidence of this review provided to the Board upon request, for significant contracts and transactions over a certain dollar amount.

Management and the Board should also consider, on a periodic basis, consultation with legal counsel regarding the District's written policies and procedures for procurement and the vendor selection processes. A review of such policies may help to ensure compliance with changing laws and regulations, as well as industry practice updates.

Lastly, the District should consider implementing an internal control to ensure that price quotations are solicited in the procurement process for all procured contracts, regardless of the nature of the underlying contract.

Views of Responsible Officials and Planned Corrective Action: Management asserts the events surrounding the RFP for the enrollment recovery plan was an isolated single event with no other occurrence of non-compliance with District procurement policies in the fiscal year. Notwithstanding, management concurs with the auditor's comments and the following actions will be implemented to improve internal controls over procurement. Beginning third quarter in fiscal year 2022-23, management will: 1. implement a schedule for legal review of the District's written policies and procedures for procurement and vendor selection and 2. define significant procurement contracts and transactions and any contract or transaction over that amount will be subject to legal review. Also, management will consider implementing an internal control to solicit price quotations for all procured contracts.

(Continued)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2021

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, 2021

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

2021-002 STATE COMPLIANCE - SECTION 427 DUAL ENROLLMENT (CCAP AND NON-CCAP)

Criteria: For physical education classes, no more than ten percent of its enrollment may be comprised of special part-time or full-time students. In the view of the Chancellor's Office, this ten percent limit serves as a limit on how many students may be claimed for apportionment in each course section, not how many may actually be enrolled in a class section. In addition, a community college district may not receive state apportionment for special part-time and full-time students enrolled in physical education courses in excess of five percent of the district's total reported Full-Time Equivalent Students (FTES) of special part-time and full-time students. PE courses under CCAP are also subject to the 5-percent FTES cap under Education Code section 76002(a)(4) if the district wishes to receive state apportionment for special admit students

Condition: Compliance testing for Dual Enrollment identified that the District claimed special admit students for apportionment reporting purposes, in excess of the allowable ten percent limit.

Effect: The District claimed 4.21 FTES of special admit students for physical education courses in excess of the allowable 10 percent threshold.

Cause: The District's internal controls were not effective to ensure that the District is properly claiming special-admit students correctly for apportionment reporting purposes.

Recommendation: The District should implement procedures to ensure that physical education courses with special admit students do not claim for apportionment reporting in excess of the thresholds prescribed by the Chancellor's Office.

Views of Responsible Officials and Planned Corrective Action: Management concurs with the auditor's comments and the following action was taken to comply with the state requirements for dual enrollment effective for fiscal year ending June 30, 2022. In the second quarter for fiscal year 2021-22, management identified the compliance issue, reported it to the auditors and implemented internal audit processes and technological safeguards, to ensure that physical education courses with special admit students do not claim for apportionment reporting in excess of the thresholds prescribed by State Chancellor's office for community colleges.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2021

No matters were reported.