

Contra Costa Community College District

Contra Costa College • Diablo Valley College • Los Medanos College • Brentwood Center • San Ramon Campus • Walnut Creek Center

BOARDreport

*The Governing Board Believes In Open Lines of Communication
with Employees and the Community*

Contra Costa
Community
College District

pathways to success

BOARD MEMBERS

**Jo Ann Cookman, President (Ward V) • Tomi Van de Brooke, Vice President (Ward II) • Sheila A. Grilli, Secretary (Ward III)
John T. Nejedly (Ward IV) • Dr. Anthony T. Gordon (Ward I) • Ivan Williams, Student Member**

The Contra Costa Community College District Governing Board is comprised of five members elected from the individual wards. One student trustee, with an advisory vote, is selected on a rotating basis from the colleges. The Governing Board meets monthly. Study sessions and special meetings are scheduled as required. A meeting calendar and minutes are available online at http://www.4cd.net/governing_board/. To reach the Governing Board, please call (925) 229-1000, ext. 1204.

Governing Board Meeting of December 13, 2006

The Contra Costa Community College District (CCCCD) Governing Board met at the George R. Gordon Education Center in Martinez, California on December 13, 2006. The regular meeting began with a closed session at 5:30 p.m. followed by open session at 7:00 p.m. Highlights of the meeting follow:

New Governing Board Officers Sworn In and Seated

Newly appointed Board member Dr. Anthony T. Gordon, along with reelected Board members Sheila A. Grilli, Tomi Van de Brooke and John T. Nejedly were seated and administered the oath of office. The new officers of the Governing Board are: Jo Ann Cookman, President; Tomi Van de Brooke, Vice President; and Sheila A. Grilli, Secretary.

District Office Reorganization

Gayla Kraetsch-Hartsough of KH Consulting Group summarized the attached reorganization report for the District Office.

2005-06 Audit Report

Linda Serdahl of Gilbert Associates, Inc. summarized the attached results of the 2005-06 audit report.

Approval of Tentative Agreement with United Faculty

The Board approved an agreement (**Board Report No. 46-C**) with United Faculty for restoration of 2003-04 salary schedules.

Governing Board Retreat, January 10, 2007

The Governing Board discussed agenda topics for its upcoming January retreat at the San Ramon Campus. Everyone was invited to join in a tour of the new facility at 3:00 p.m. Open session of the retreat will begin at 5:00 p.m.

Upon approval at the next regular meeting, complete Governing Board minutes for this meeting will be posted at: http://www.4cd.net/governing_board/minutes06_07.asp.

**THE NEXT REGULAR MEETING OF THE GOVERNING BOARD
WILL BE HELD ON JANUARY 31, 2007, AT 7:00 P.M.
IN THE GEORGE R. GORDON EDUCATION CENTER,
500 COURT STREET, MARTINEZ, CALIFORNIA**

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

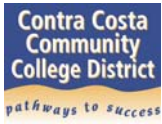
DISTRICT OFFICE ORGANIZATIONAL DESIGN

November 29, 2006



TABLE OF CONTENTS

PROJECT BACKGROUND	1
OVERVIEW	1
MISSION STATEMENT.....	1
CURRENT EXECUTIVE STRUCTURE	2
OBJECTIVES FOR CHANGE	3
PROJECT TASKS COMPLETED	3
ORGANIZATIONAL COMPARISONS	4
PEER CCDs COMPARED	4
KEY COMPARISONS	4
OPTIONS CONSIDERED.....	6
CENTRALIZATION VERSUS DECENTRALIZATION OF FUNCTIONS.....	6
CHANCELLOR'S SPAN OF CONTROL	6
RECOMMENDED STRUCTURE	7
<u>RECOMMENDATION NO. 1:</u> The Office of the Chancellor should have 8 direct reports who focus on the Colleges, District-wide Services, and the Chancellor's Office functions..	7
<u>RECOMMENDATION NO. 2:</u> The Chancellor's Cabinet should consist of the Vice Chancellors, Presidents, and Chief executive positions.	8
<u>RECOMMENDATION NO. 3:</u> The support functions in the Office of the Chancellor should be consolidated and exist to support the Colleges and District-wide services.	9
<u>RECOMMENDATION NO. 4:</u> District-wide Administrative Services should instill a customer service orientation when working with the Colleges.....	11
<u>RECOMMENDATION NO. 5:</u> District-wide Planning & Educational Services should work closely with the Colleges in developing cohesive plans and educational services that all can support.....	15
<u>RECOMMENDATION NO. 6:</u> Administrative affiliations should cut-across organizational lines and develop strong working relationships to ensure consistent strategic and policy direction.....	18
<u>RECOMMENDATION NO. 7:</u> Significant change is required within the District Office, among the Colleges, and across 4CD.....	18
SUMMARY OF ORGANIZATIONAL IMPACT	22
RECOMMENDED STRUCTURE	22
REORGANIZATION MIGRATION PLAN	22



**CONTRA COSTA
COMMUNITY COLLEGE DISTRICT (4CD):
District Office Organizational Design**



IN GOING FORWARD.....	25
APPENDIX A: INDIVIDUALS KH INTERVIEWED.....	26
APPENDIX B: REDEFINED EXAMPLES OF DUTIES AND RESPONSIBILITIES	27
<u>DISTRICT SERVICES EXECUTIVE TEAM</u>	27
Vice Chancellor, District-wide Administrative Services	27
Vice Chancellor, District-wide Planning & Educational Services	29
Associate Vice Chancellor/Chief Financial Officer (AVC/CFO)	30
Associate Vice Chancellor/Chief Human Resources Officer (AVC/CHRO)	32
Associate Vice Chancellor/Chief Information Officer (AVC/CIO)	33
Chief Facilities Planner.....	35
<u>DISTRICT SERVICES MANAGEMENT TEAM</u>	36
Director, Facilities Services.....	36
Director, Communications & Community Relations	37
Director, Finance & Accounting.....	38
Supervisor, Administrative Support Services	40

TABLE OF EXHIBITS

Exhibit	Following Page
I. Current Executive Structure	2
II. Recommended Executive Structure	7
III. Recommended Executive and Management Structure	8
IV. Recommended District-wide Administrative Services	11
V. Potential Longer-Term Structure for Human Resources.....	14
VI. Recommended District-wide Educational & Educational Services	15
VII. Potential Longer-Term Structure for Technology Services	17
VIII. Reorganization Migration Plan.....	On Page 23

This document summarizes the District Office Organizational Design project that **KH CONSULTING GROUP (KH)** performed for the Contra Costa Community College District (4CD).

PROJECT BACKGROUND

Overview

4CD first opened its doors in 1949. It is the eighth largest multi-college community college district (CCD) in California. 4CD is comprised of the District Office located in historic downtown Martinez; three colleges – Contra Costa College (CCC), Diablo Valley College (DVC), and Los Medanos College (LMC); and two education centers: the San Ramon Valley Center (SRVC), a DVC satellite, and the Brentwood Education and Technology Center (Brentwood Center), an LMC satellite.

4CD is divided into three service areas, serves a population of 948,816 people, and has boundaries that encompass all but 48 of the 734-square mile land area of Contra Costa County. Each of the service areas and the students they serve differ in terms of socio-economics, ethnicity, and educational focus. Overall, in recent year, semester enrollment levels have been:

4CD College	Students
CCC (West County)	8,500
DVC (Central County)	19,000
LMC (East County)	9,000

Mission Statement

Through its Colleges, 4CD provides educational opportunities for its students and communities; the 4CD goals are to:

- ✚ Promote, recognize, and reward excellence in all endeavors
- ✚ Cultivate and celebrate diversity by assuring equal access for all students and providing multicultural curricula
- ✚ Ensure that staff reflects the diversity of the students and communities served
- ✚ Provide leadership within 4CD's communities by anticipating and meeting their changing needs
- ✚ Value and promote growth among 4CD's students of all ages, institutions, and communities
- ✚ Recognize the merit of each College's individuality within the District's mission
- ✚ Strive for integrity and ethical behavior in all 4CD does

4CD fulfills its mission through:

- ✚ General Education – educating students in the liberal arts and sciences
- ✚ Transfer Education – preparing students for and facilitating their transfer to four-year institutions
- ✚ Employment Preparation – providing job training, retraining, and upgrading of skills for tomorrow's work force
- ✚ Student Support Services – ensuring academic success by removing barriers to full participation and helping students develop sound educational plans, make educational progress, and gain leadership skills
- ✚ Developmental Education and English-as-a-Second Language – providing opportunities for students to acquire skills necessary for academic success and facility in English
- ✚ Community Services and Lifelong Learning – offering opportunities for cultural enrichment and intellectual stimulation to all members of the community
- ✚ Economic Development Services – creating partnerships with business, industry, and government to help shape the economic future of 4CD's communities

Current Executive Structure

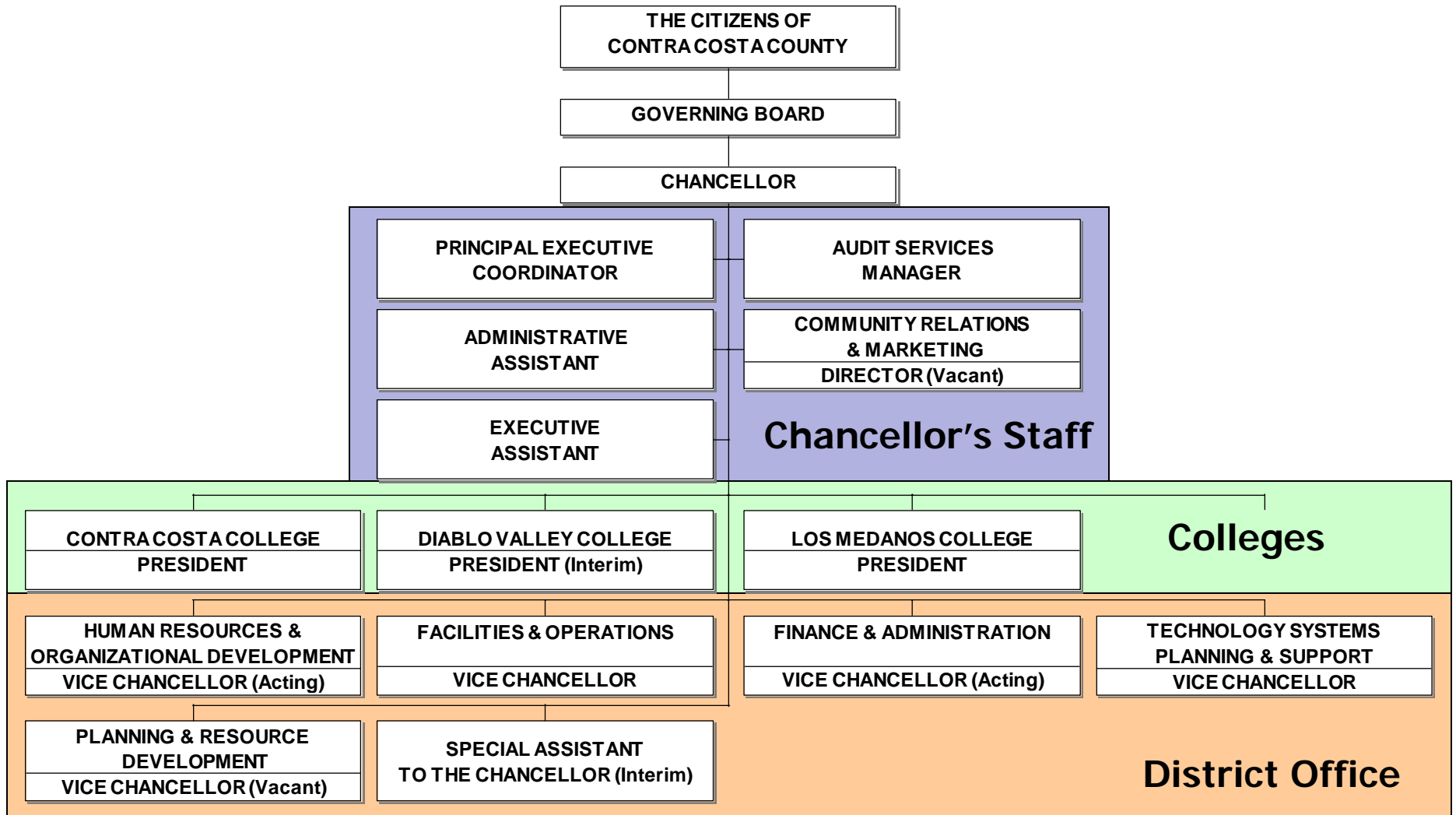
The citizens of Contra Costa County elect the five-member Governing Board. One student member, selected by student government, serves a one-year term, rotated among the Colleges. The Chancellor reports directly to the Governing Board. The three College Presidents over CCC, DVC, and LMC report directly to the Chancellor. The District Office and Chancellor's staff serve an important role in supporting the governance functions, providing services for the Colleges, and interfacing with State and Federal agencies.

Exhibit I presents the "Current Executive Structure". The Chancellor has a wide span of control, primarily because of two vacancies: the Vice Chancellor and Marketing Director positions. Her 13 direct reports consist of:

- ✚ 5 Vice Chancellor positions
 - 1 position is filled by a Vice Chancellor, Technology Systems Planning & Development
 - 2 positions are filled by Acting incumbents: Vice Chancellor, Human Resources & Organizational Development, and Vice Chancellor, Finance & Administration.
 - 2 positions are vacant: Vice Chancellor, Planning & Resource Development, and Vice Chancellor, Facilities & Operations. A Special Assistant to the Chancellor (an Interim incumbent), along with the Vice Chancellor, Technology Systems Planning & Development, assists with some of these planning duties.
- ✚ 5 staff members in the Office of the Chancellor
- ✚ 3 College Presidents

EXHIBIT I

Contra Costa Community College District: Current Executive Structure



OBJECTIVES FOR CHANGE

A key consideration when designing any organizational structure is to understand strategically what the future directions of 4CD are and what structure will help best achieve those future directions, particularly in the near term and in the longer term. The primary objective of this project is to address gaps that have occurred because of recent turnovers and vacancies in the District Office's administrative ranks and build logical functional groupings of programs and services.

KH has conducted an assessment of the structure. The recommended structure is based on what is most viable for running a three-College CCD with the history and challenges facing 4CD. Our contract did not include an analysis of the competency of the incumbents. The recommended structure is also not based on current incumbents' skill sets or personal preferences.

The scope of the project was limited to the District Office and, therefore, did not include the College structures or the 4CD governance structure. 4CD has retained Hay to conduct a classification study of management positions throughout the District, which is a separate project and may need to be adjusted to address the outcomes of KH's organizational design work.

PROJECT TASKS COMPLETED

As part of our fact-finding, KH performed the following fact-finding tasks:

- ✚ Reviewed available 4CD documents (e.g., prior and current organization charts, position descriptions, strategic plans)
- ✚ Designed, distributed, and reviewed a Management Survey completed by 4CD administrators regarding services provided, structures in place, staffing levels, etc.
- ✚ Interviewed 26 incumbents, including the Chancellor, Vice Chancellors, and Directors/Managers (in Human Resources, Financial Services, Internal Audit, Educational Services, Information Technology, and Facilities Planning); College Presidents; Directors, Business Services, at the Colleges; and others (Appendix A contains a list of the titles of the incumbents interviewed.)
- ✚ Collected information regarding the administrative structures at other community college districts in California with three or more community colleges

On the basis of this fact-finding, KH developed a list of organizational opportunities for improvement that encompassed concerns that were related to strategic issues; structural alignment problems; cultural incongruities; human resources (human capital, compensation and classifications, staff performance, labor relations); accountability, authority, and responsibility; financial challenges (revenues, expenditures, and capital/bond monies); systems and processes improvements; technology; and educational planning.

KH facilitated a retreat with the 4CD Cabinet to discuss the organizational issues, the benchmark comparisons, and potential organizational options. On the basis of feedback from this retreat, KH refined the preferred organizational options, conducted additional interviews with District Office staff and further refined the recommended structure in this report.

ORGANIZATIONAL COMPARISONS

KH collected District Office organizational structure information from various CCD websites and information reported to the Community College League of California (CCLC) and the California Community Colleges Chancellor's Office, State of California.

Peer CCDs Compared

A total of 8 CCDs were compared with 4CD. The three-college CCDs assessed were: Coast CCD, Kern CCD, San Diego CCD, San Mateo County CCD, and Ventura County CCD. KH also looked at larger CCDs, including Los Angeles CCD, Los Rios CCD, and San Francisco CCD. San Francisco CCD differs from the other large CCDs in the State in that it is a single college CCD with the Phelan campus and 9 Education Centers. In addition to their colleges, San Diego CCD and Los Rios CCD also had 6 Education Centers, Kern had 5 Education Centers, and 4CD has 3 Education Centers. The others had either 1 or no Education Centers.

Key Comparisons

Every CCD in California has its unique elements – unique histories, missions, goals, communities and students served, and structures. Therefore, benchmarking results must always be viewed with caution – differences may just reflect that the CCDs are different. One CCD structure is not necessarily the optimal model for another. Patterns, however, are useful reference points when contemplating organizational change. On the basis of the collected information, KH noted the following comparisons:

- ✚ **4CD currently has 5 Vice Chancellor positions.** In comparison, 4CD had more Vice Chancellor-level positions¹ than 7 of the CCDs. Only San Diego CCD had 5 such positions but San Diego CCD employs a highly centralized organizational model. KH's benchmarking did not compare salary levels and, therefore, could not determine if 4CD may have been using titles as recognition but paying incumbents at lower salary levels.
- ✚ **4CD has a Vice Chancellor, Human Resources & Organizational Development, position, which is currently filled by an Acting incumbent.** Except for San Francisco CCD, all had either a Vice Chancellor or an Associate Vice Chancellor over Human Resources.
- ✚ **4CD has a Vice Chancellor, Finance & Administration, which is currently filled by an Acting incumbent.** In contrast, 6 CCDs had Vice Chancellors or Associate Vice Chancellors over Finance or Business Services. The other 2 – San Mateo County CCD and Kern CCD – had Chief Financial Officers (CFOs).

¹ Deputy Chancellor, Vice Chancellor, Associate Chancellor, or Assistant Chancellor positions.

-
- ✚ ***4CD has a Vice Chancellor, Facilities & Operations, position and a Director, Facilities & Construction, position.*** In the peer CCD group, 3 CCDs had an Executive Director, Director, or Coordinator over Facilities, Maintenance, and Operations; 2 had a Vice Chancellor (one of whom was also an Architect) or an Associate Vice Chancellor. Finally, 3 CCDs did not cite this function as an executive or management level.

 - ✚ ***4CD has a vacant Vice Chancellor, Planning & Resource Development, position.*** The Chancellor has assigned a Special Assistant to the Chancellor on an interim basis to assist with educational programs and services and a Diablo Valley College dean to assist temporarily with the development of a strategic plan for the district. In contrast, 6 CCDs have Vice Chancellor, Associate Vice Chancellor, or Assistant Vice Chancellor positions in charge of educational services, academic affairs, student services, and instruction and student support. San Diego CCD and San Francisco CCD have 2 Vice Chancellor positions for academic affairs and student affairs respectively. The 2 without such leadership positions are San Mateo County CCD and Ventura County CCD; however, KH has just completed an organizational study for Ventura County CCD and has recommended that the lack of such a position is a gap that should be addressed.

 - ✚ ***4CD has a Director, Marketing, position, which is vacant.*** In contrast, 5 of the 8 CCDs have a Director, Public Information Officer, or a Vice Chancellor over community relations, marketing, government relations, economic development, resource development, and/or contract education.

 - ✚ ***4CD has a Vice Chancellor, Technology Services.*** In contrast, 6 CCDs have a management position focused on Information Technology: 2 are Directors, 2 are Deans, 1 is an Associate Vice Chancellor, and 1 is a Chief Information Officer (CIO).

 - ✚ ***4CD's Institutional Research staff members are housed at the Colleges.*** Only 1 CCD reported a management incumbent (Director title) dedicated to institutional research. Another CCD had an Associate Vice Chancellor (with a Director position) over both communications and research.

 - ✚ ***4CD does not have in-house legal counsel.*** Although most CCDs do not have in-house legal counsel, the large ones – Los Angeles CCD and San Francisco CCD – do.

 - ✚ ***Because of vacancies, the 4CD Chancellor manages 4 support staff positions but normally would only oversee 2 such positions.*** At 4CD, the Chancellor has 2 support staff; however, because of two vacancies – Vice Chancellor, Planning & Resource Development, and Director, Communications & Marketing – the Chancellor has 2 additional support staff under her. The other CCDs reported between 1 to 2 such incumbents; 2 did not report any.

OPTIONS CONSIDERED

In designing organizational options for 4CD, KH assumed that 4CD will continue with a three-College model. Our focus was also on the District Office, and not the Colleges. Despite what organizational model 4CD were to adopt, ***KH emphasized the need for reinventing the District Office into a new entity with a positive image***, possibly a new name (e.g., District Services), clear responsibilities and accountabilities, well-defined service goals, and clear control roles that are exercised in a more collegial manner, thereby breaking the historic perception of a “paternalistic” District Office.

Centralization versus Decentralization of Functions

Although KH’s work scope was limited to the District Office, we explored the alignment of functions that did or could overlap with the Colleges. Therefore, a key issue discussed was the desired balance between centralized versus decentralized functions. Typically a centralized organization is more cost-effective but may be less service responsive than a decentralized model. Given 4CD’s current fiscal situation, an optimal balance must be struck between services that can best be done centrally for the common good of all versus services that should be done at the Colleges because the outcome in terms of student success, persistence, or learning is greater. Some of the factors to consider in determining what should be centralized versus decentralized are:

Centralization Factors	Decentralization Factors
✚ District-wide liability	✚ Need to be close to the users/students
✚ Legal requirements	✚ Critical to student success and College’s mission
✚ More cost-effective if centralized	✚ More cost-effective if decentralized
✚ More revenues generated if centralized	✚ More revenues generated if campus-based
✚ A shared resource	✚ More responsive
✚ Common good	✚ Unique to the College(s)
✚ Controls; checks and balances	
✚ Establishment of standards and indicators of success	
✚ Policies and procedures	
✚ State and Federal reporting	

CCD must weigh two factors carefully when selecting the preferred structure – namely, what organizational alignment will result in ***the greatest revenues generated or the greatest efficiencies or cost-effectiveness possible***.

Chancellor’s Span of Control

One of the over-riding concerns is the number of direct reports to the Chancellor. Given the complexity of issues facing 4CD, 13 direct reports is too many. Consequently, the various options considered involved: a) a modified current situation with 5 core services and a slight reduction in the number of direct reports; b) consolidation into 4 services, combining Human Resources and Finance; c) two options with consolidation into 3 services; and d) an option that separated the Chancellor’s responsibilities for overall governance, the three Colleges, and

the District Office. The discussions regarding these organizational options with the Cabinet helped to glean the most attractive features of each model vis-à-vis the centralization-decentralization factors to develop a recommended structure.

RECOMMENDED STRUCTURE

The following outlines a new structure for 4CD. In those instances where current positions are redefined, Appendix B outlines their new roles and responsibilities in greater detail; the outlines are not meant to be definitive but directional in nature.

Recommendation No. 1: The Office of the Chancellor should have 8 direct reports who focus on the Colleges, District-wide Services, and the Chancellor's Office functions.

Education, student success, and economic development are 4CD's primary purpose. To make this purpose a reality, the Colleges must be the centerpieces of 4CD. The Board and the Colleges warrant more concentrated attention of the Chancellor. The Chancellor should delegate more of the day-to-day running of District-wide Services to others so that she has sufficient time to devote to District leadership. Therefore, the Chancellor should have 8 direct reports:

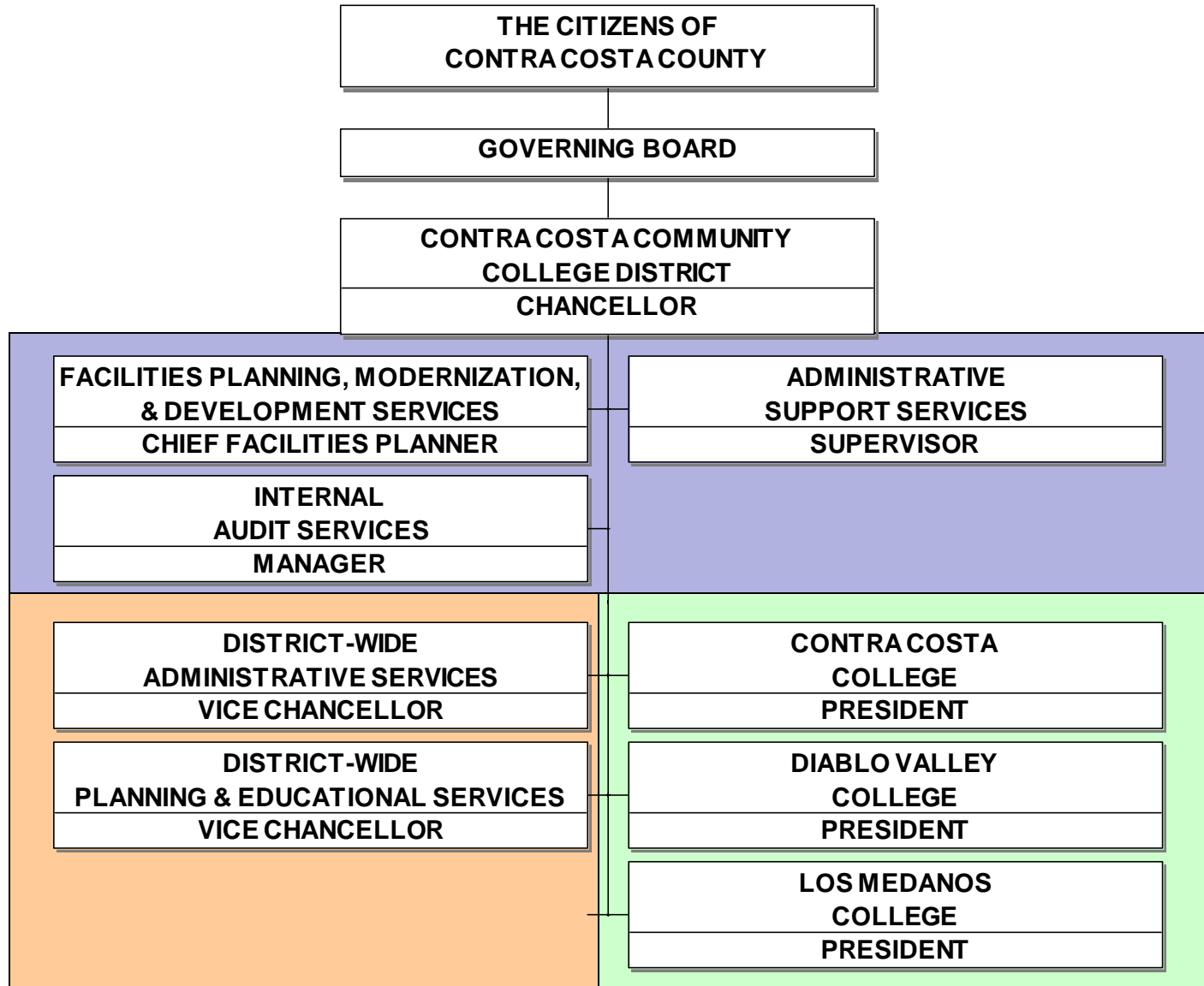
- ✚ 3 Colleges
- ✚ 2 District-wide Services
- ✚ 3 Chancellor's Office support functions

Function	Role	Number	Title
College	College	3	President
District-wide Administrative Services	District-wide	1	Vice Chancellor
District-wide Planning & Educational Services	District-wide	1	Vice Chancellor
Facilities Planning, Modernization, & Development Services	Chancellor's Office	1	Chief Facilities Planner
Administrative Support Services	Chancellor's Office	1	Supervisor
Internal Audit Services	Chancellor's Office	1	Manager
Total Direct Reports		8	

The proposed structure is shown in Exhibit II, "Recommended Executive Structure", and discussed in greater detail in subsequent recommendations. The structure reduces the number of Vice Chancellor positions from 5 to 2 positions. The Chancellor's core functions are:

- ✚ ***Office of the Chancellor's Support Services.*** The core support functions in the Office of the Chancellor will be: Facilities Planning, Modernization, & Development; Administrative Support Services; and Internal Audit Services. These services are discussed in greater detail in Recommendation No. 3.

EXHIBIT II
Contra Costa Community College District:
Recommended Executive Structure



- ✚ ***District-wide Administrative Services.*** District-wide Administrative Services include Financial Services; Human Resources Services; Technology Services, focused on administrative computing; Facilities Operations Services; and Campus Safety & Security Services. These services are discussed further in Recommendation No. 4.
- ✚ ***District-wide Planning & Educational Services.*** District-wide Planning & Educational Services entail Communications & Community Relations, addressing both internal and external relations; International Education Services; and Technology Services, focused on academic and instructional computing support. These services are discussed in greater detail in Recommendation No. 5.
- ✚ ***The Colleges.*** CCC, DVC, and LMC represent the core of 4CD. The other Services exist to enable the Colleges to help students succeed.

Recommendation No. 2: The Chancellor's Cabinet should consist of the Vice Chancellors, Presidents, and Associate Vice Chancellor or Chief executive positions.

Under the Chancellor and Vice Chancellor are Associate Vice Chancellor and "Chief" positions, which are executive management positions over District-wide services. Exhibit III, "Recommended Executive and Management Structure", displays the new structure. The following 10 positions will make up the Chancellor's Cabinet:

- ✚ President, CCC
- ✚ President, DVC
- ✚ President, LMC
- ✚ Vice Chancellor, District-wide Planning & Educational Services
- ✚ Vice Chancellor, District-wide Administrative Services
- ✚ Associate Vice Chancellor/Chief Financial Officer (AVC/CFO)
- ✚ Associate Vice Chancellor/Chief Human Resources Officer (AVC/CHRO)
- ✚ Associate Vice Chancellor/Chief Information Officer (AVC/CIO)
- ✚ Chief Facilities Planner²
- ✚ Chief District Police Services

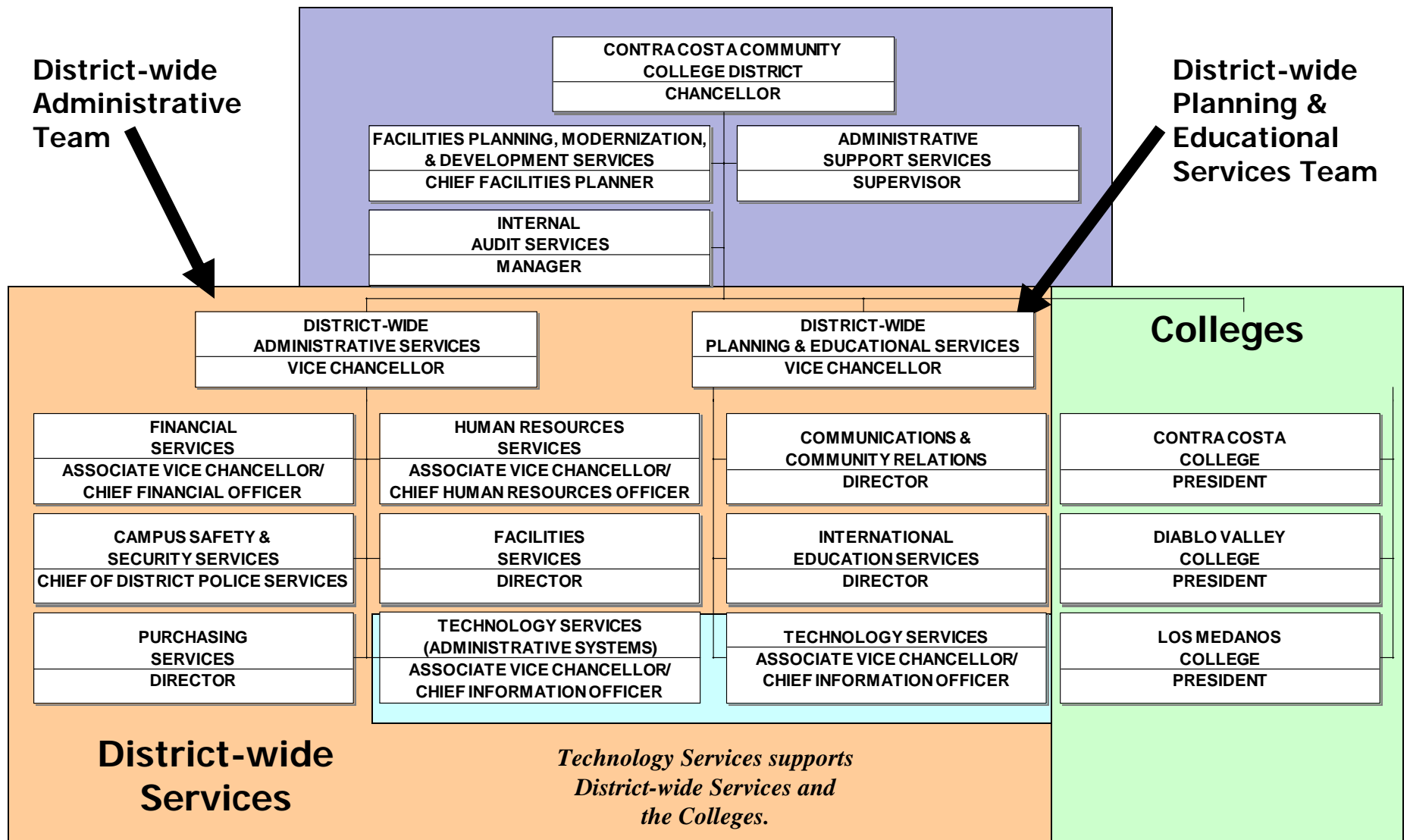
The Chancellor will basically have three teams in District-wide Services:

- ✚ Office of the Chancellor Support Services Team
- ✚ District-wide Administrative Services Team
- ✚ District-wide Planning & Educational Services Team

The Chancellor should determine which cabinet positions should be under contract.

² Funded by Measure A 2006 bond. Once Measure A is completed, this position may no longer be needed.

EXHIBIT III
Contra Costa Community College District:
Recommended Executive and Management Structure



Recommendation No. 3: The support functions in the Office of the Chancellor should be consolidated and exist to support the Colleges and District-wide services.

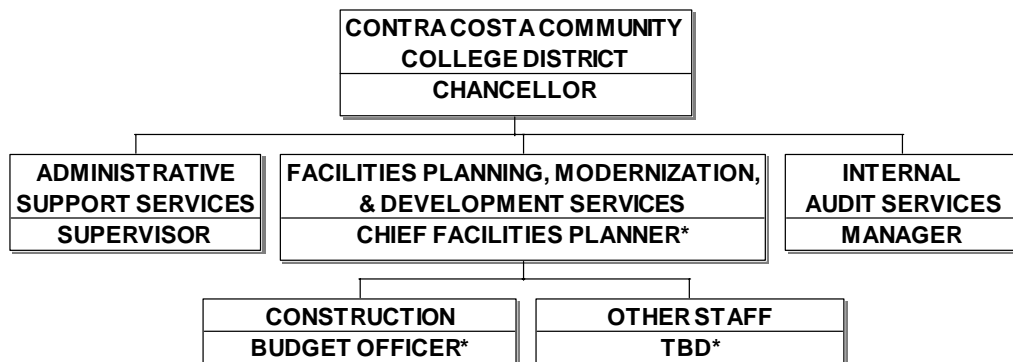
The Office of the Chancellor should consist of three core support services: Facilities Planning, Modernization, & Development; Administrative Support Services; and Internal Audit Services, described next.

Facilities Planning, Modernization, & Development

Facilities Planning, Modernization, & Development will provide the District-wide leadership to facilitate 4CD's plans, involving all construction, renovation, project management, and customer satisfaction from bid specification preparation through project turnover.

The separation of the day-to-day Facilities Services functions from Facilities Planning, Modernization, & Development is important, given the size and magnitude of the bond and capital planning initiative. Facilities Planning, Modernization, & Development will work closely with the Colleges on their capital projects. The Chief Facilities Planner will prepare facilities master plans that tie to the educational master plans of the Colleges and Education Centers; identify and implement energy conservation strategies for retrofitted, remodeled, or new facilities; and manage the facility planning and construction projects and ensure their compliance with local, State, and Federal agencies. The Chief Facilities Planner will also work closely with District-wide Administrative Services (particularly for Financial Services and Purchasing Services) and District-wide Planning & Educational Services (particularly in ensuring the facilities master plans are linked to the overall strategic plans).

Given the size and complexity of the bond, the Chief Financial Planner should have a Budget Officer position, funded through bond monies, for Construction. A Budget Officer is important given the magnitude of dollars spent annually (approximately \$2+ million per year). Once hired, 4CD should determine what additional staff may be required for full implementation of the facility projects. All of the positions should be funded by the bond and eliminated once the projects are completed.



* Temporary positions, funded through the bond

Administrative Support Services

Administrative Support Services should be consolidated under a single incumbent – a Supervisor, Administrative Support Services. This Supervisor position will be in charge of the Administrative Assistant, Executive Assistant, and Office Assistant positions.

The incumbent will monitor work assignments, ensure support staff work as a team, and promote cross-training and flexibility to back each other up during absences. The Administrative Support Services team will compile the formal communications for the Governing Board; maintain legal confidential records; coordinate District Office communications via newsletters, news briefings, speeches, etc.; gather and compile policies, procedures, statistical, and financial data; and perform Chancellor-assigned projects and programs as needed. The work of the Administrative Support Services should abide by 4CD policies pertaining to confidential matters.

Internal Audit Services

At 4CD, Audit Services should be clearly defined as Internal Audit Services, which offers pragmatic, business-oriented advice, based on local knowledge of policies, procedures, the culture, and the environment, in the context of resource limitations. Specifically:

- ✚ **Definition of Internal Audit:** Internal auditing is an independent, objective assurance and consulting activity, designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.
- ✚ **Mission of Internal Audit:** The mission of internal audit is to assist the community college district in the discharge of their oversight, management, and operating responsibilities by providing relevant, timely and independent audit, advisory, and investigative services, using a systematic, disciplined approach to evaluate risk and improve the effectiveness of control and governance processes.

Most Internal Audit Services provide three types of services: 1) audits (assurances) – financial, operational, and compliance audits to insure better alignment with the objectives of internal controls; advisory services (consulting); and investigations. At 4CD, on average for the last 7 years (FY 1999-2000 through FY 2005-2006), Internal Audit Services has spent 54% of its time on special investigations and 46% of its time on audits and consulting.³ The role of Internal Audit Services should be supportive of continual improvements within 4CD. Over time, Internal Audit Services' impact should be expanded to encompass a broader range of services, including internal controls and compliance, mechanisms for safeguarding assets, consulting, ethics, and social responsibility. Additional resources should be considered to support the timely achievement of the approved work program.

³ Source: 4CD, District Office, Auditor Services, November 2006.

Recommendation No. 4: District-wide Administrative Services should instill a customer service orientation when working with the Colleges.

District-wide Administrative Services should focus on customer services and operations required across 4CD. Exhibit IV, “Recommended District-wide Administrative Services”, presents a more detailed depiction of the structure under the Vice Chancellor, District-wide Administrative Services. The Vice Chancellor, District-wide Administrative Services, will have 5 direct reports and 1 indirect report:

Direct Reports

- ✚ Associate Vice Chancellor/Chief Financial Officer (AVC/CFO), Financial Services
- ✚ Associate Vice Chancellor/Chief Human Resources Officer (AVC/CHRO), Human Resources Services
- ✚ Director, Purchasing Services
- ✚ Director, Facilities Services
- ✚ Chief District Police Services

Indirect Report (Direct Report to the Vice Chancellor, District-wide Planning & Educational Services, discussed under Recommendation No. 5)

- ✚ Associate Vice Chancellor/Chief Information Officer (AVC/CIO), Information Technology Services – for meeting the administrative computing needs in District-wide Administrative Services

District-wide Administrative Services Overall

The Vice Chancellor, District-wide Administrative Services, position has a critical role in integrating the District Offices’ administrative functions and ensuring they are supportive of the Colleges. For example, the Vice Chancellor will ensure coordination between the AVC/CFO and AVC/CHRO and their respective staff, given that: a) employee costs represent more than 80% of 4CD’s budget and b) 4CD’s employees are its most important assets in achieving its educational and economic development mission. The Vice Chancellor will conduct meetings with the Directors, Business Services, in the Colleges, and District Office staff to discuss and resolve financial and human resources issues. Such meetings should result in improved integrated planning, coordination, and implementation. The Vice Chancellor will integrate other cross-functional initiatives, such as safety, emergency preparedness, and business continuity planning.

Financial Services

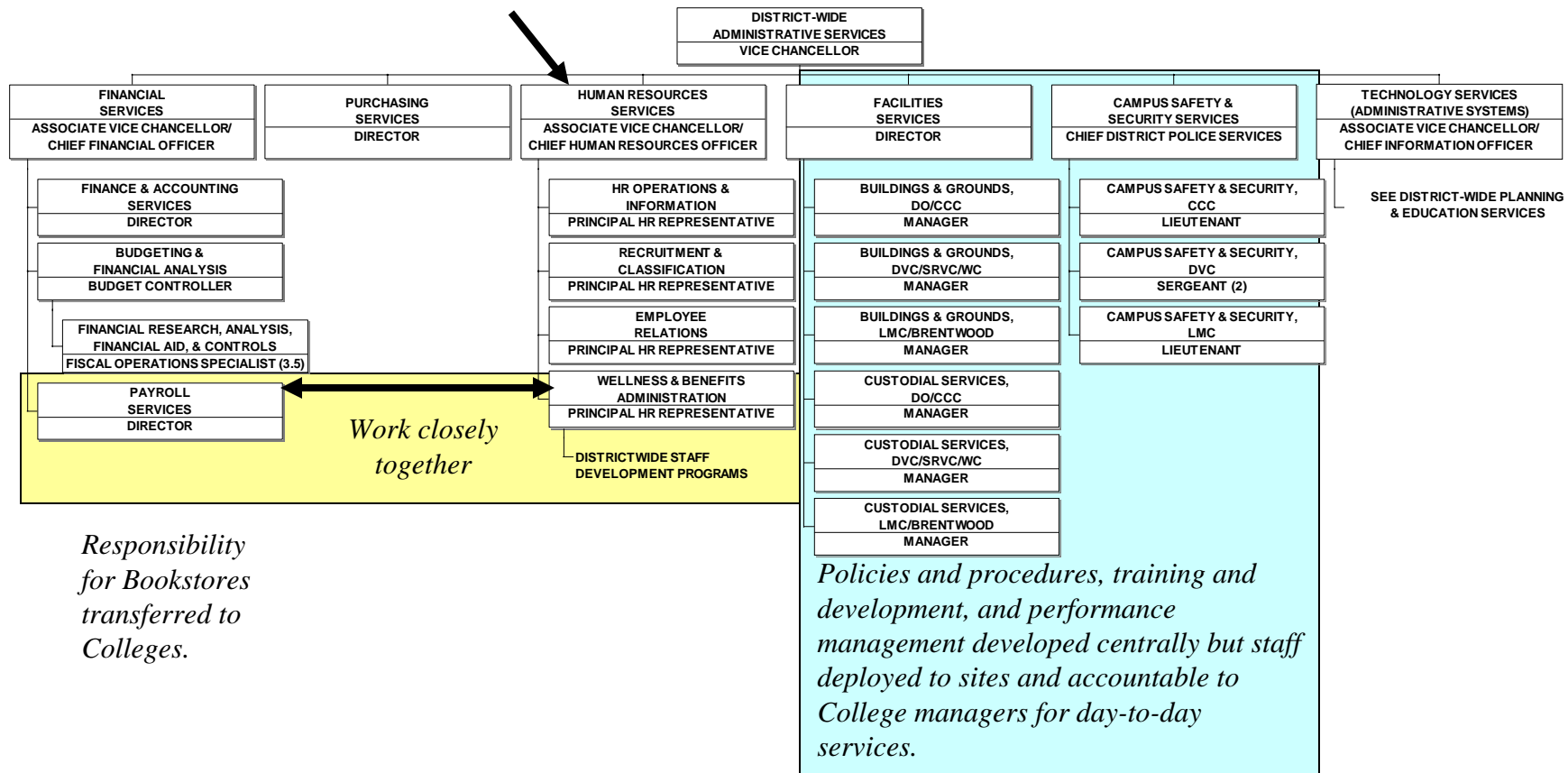
Given the recent financial crisis at 4CD, strong fiscal analysis and accounting that rebuilds the public trust and promotes transparency will be paramount. Since this is a key area for the District where problems have arisen over the years, reducing the size and scope will also help focus responsibilities and accountabilities. Under the direction of the Vice Chancellor, District-wide Administrative Services, the AVC/CFO will manage:

- ✚ ***Finance, Budgeting, & Accounting.*** Financial Services will provide District-wide accounting; budgeting, and financial analysis services, including financial research,

EXHIBIT IV

Contra Costa Community College District: Recommended District-wide Administrative Services

*Close working relationships
with Colleges HR Assistants.*

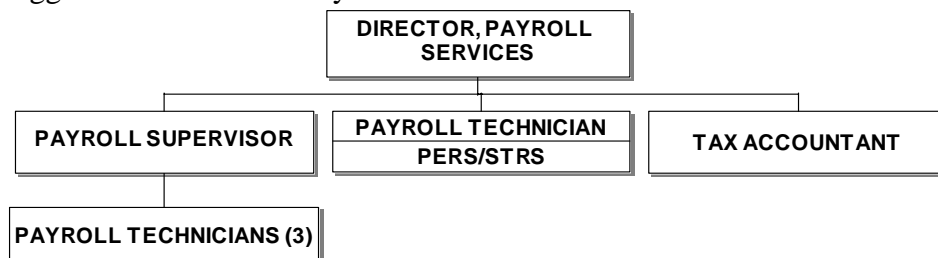


analysis, financial aid, and controls. The AVC/CFO will develop and implement fiscal services; provide financial planning for and with the Colleges and other District services; prepare budgeting projections, models, and allocations that achieve greater efficiency; and provide analysis regarding financial policies, procedures, operations, and management.

- ✚ **Payroll Services.** Payroll Services along with tax accounting will remain in Financial Services. Payroll Services should work more closely with Wellness & Benefits Administration in Human Resources Services to reinforce a total compensation perspective. As discussed later, benefits-related administrative duties that involve the District for current and retired employees should be consolidated within Wellness & Benefits Administration in Human Resources Services. Payroll Services will continue to manage retirees' interface with PERS and STRS and reconcile the Kaiser invoices.

Payroll Services Benefits-Related Functions	Wellness & Benefits Administration Functions
<ul style="list-style-type: none"> ➤ Payroll interface with retirees and PERS and STRS ➤ Reconciliation of the Kaiser invoice 	<ul style="list-style-type: none"> ➤ Enrollment in benefit plans ➤ Plan changes ➤ Resolution of problems or issues regarding District benefits

A suggested structure for Payroll Services is below:



One position will need to be shared between Payroll Services in Financial Services and Wellness & Benefits Administration in Human Resources Services.

- ✚ **Transfer of Bookstores to Colleges.** The bookstores should be decentralized to the Colleges and included in the Student Services Divisions with input from the Directors, Business Services, regarding operational and fiscal aspects. Financial Services at the District Office, however, will still furnish the accounting services for the bookstores.

Purchasing Services

Purchasing should report directly to the Vice Chancellor, District-wide Administrative Services, once the incumbent is in place. Separating Purchasing from Fiscal Services permits a better delineation between the organization that places the orders (Purchasing Services) and the organization that pays the invoices (accounts payable in Fiscal Services).




All contract administration functions, including construction contracts⁴, interpreter contracts, work study contracts, contracted services, and other contracts currently handled by others in Finance & Administration, should be consolidated in Purchasing. Such consolidation and centralization would result in improved standardization and efficiencies. The Governing Board would also benefit because all contracts submitted to them would have undergone the same process for review, approval, signature, and monitoring. Therefore, 4CD should assess the amount of time in terms of full-time equivalents (FTEs) that non-Purchasing staff (e.g., Accounting staff) spend on contracts and reallocate a portion of that time to support consolidated contract administration in Purchasing. Purchasing requires expertise in contract administration, contract law, master agreements, and legal bidding requirements.

Human Resources (HR) Services



Human Resources (HR) Services is a critical function at 4CD, given its significant human resources, labor relations, morale, and cultural issues. Under the direction of the Vice Chancellor, District-wide Administrative Services, the AVC/CHRO will plan, organize, and direct 4CD's HR programs and services, including HR policies and procedures, employee health and welfare programs; HR management of recruitment, classification, diversity initiatives, and staff development; and negotiations with labor organizations and the administration and interpretation of collective bargaining agreements and Interest-Based Bargaining (IBB).

Therefore, Human Resources & Organizational Development should be renamed as simply Human Resources (HR) Services, focusing on:


Existing HR Functions

-  Human Resources Operations
-  Recruitment & Classification
-  Employee Relations

Redefined and Broadened HR Functions

-  District-wide Staff and Organizational Development – redefined
-  Wellness & Benefits Administration – consolidation of benefits administration for both current and retired employees.

Elaborating further on the redefined and broadened HR functions:

-  ***Staff and Organizational Development.*** Because of recent budgetary cuts, the District has not been able to offer as much in the area of organizational development; much of what Human Resources has provided has focused on District-wide staff development needs, such as employee orientation, sexual harassment training, and other employee issues. Each College has its own staff development function. In the future, Human Resources should develop District-wide staff and organizational

⁴ Contract administration for 4CD's Measure A 2006 bond.

development programs, particularly as additional local and State funds become available for such activities, as also discussed in Recommendation No. 4.

- ✚ ***Wellness & Benefits Administration.*** The term “Wellness” is added to Benefits Administration to emphasize that this organization does deliver preventive health programs and wellness initiatives. Benefits Administration and Payroll Services staff must work closely together with a total compensation orientation. Moreover, the administration of benefits for retirees (currently handled by Payroll) should be integrated with the other HR Benefit Administration duties for all 4CD employees.

Longer term Human Resources Services structure. As resources become available, Human Resources Services should consider adopting the organizational model, shown in Exhibit V, “Potential Longer-Term Structure for Human Resources”. The benefits of this structure are that it:

- ✚ Creates a Manager, Human Resources Operations, position over Human Resources operations staff
- ✚ Permits the Manager, Human Resources Operations, to become the “second-in-command” for Human Resources issues and items
- ✚ Allows for cross-training and alignment of the Human Resources representatives by College
- ✚ Retains areas of specialization so that Human Resources experts can contribute in a meaningful way

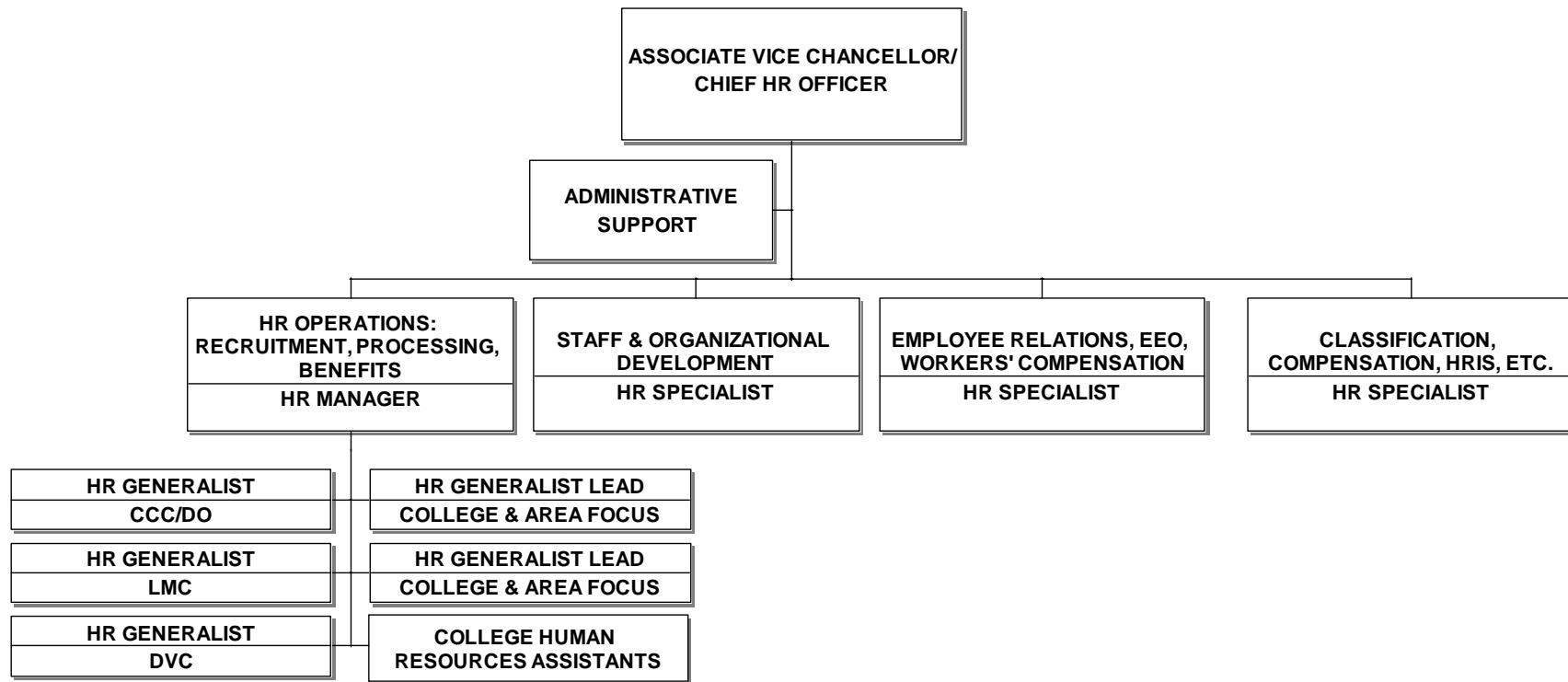
Facilities Services

As mentioned under the Office of the Chancellor, the Chief Facilities Planner will be in charge of all construction activities, focusing on facility optimization of the bond monies and State-funded construction projects. 4CD also requires District-wide facilities support for: a) maintaining its infrastructure and b) onsite, day-to-day delivery of facility operation services, including buildings, grounds, and custodial services.

District-wide Facilities Infrastructure Support. The Director, Facilities Services, position at the District Office focuses on:

- ✚ The efficient and effective operation of the District-wide infrastructure
- ✚ Proactive facilities management and operations
- ✚ Strong customer interfaces in the delivery of buildings, grounds, and custodial services at the Colleges, the Education Centers, and the District Office
- ✚ Scheduled, preventive, and corrective maintenance for buildings and equipment, involving conservation strategies and recycling programs
- ✚ Training programs for buildings, grounds, and custodial services staff in effective maintenance operations and work behaviors
- ✚ Establishment of facilities management policies and procedures, training and development requirements, and performance management standards for the buildings, grounds, and custodial services staff deployed to the campuses

EXHIBIT V
Contra Costa Community College District:
Potential Longer-Term Structure for Human Resources



This position requires civil engineering expertise to ensure that the Colleges' infrastructures – buildings, grounds, equipment, and interiors – are well-maintained, cleaned, and operational.

College Roles for Facilities Operations. In the new structure, each College will continue to have 2 facility operations management positions: a Manager, Buildings & Grounds Services, and a Manager, Custodial Services. These Managers will be part of the reporting and administrative structure of the campus on which they are located. The Managers will have primary responsibilities to the site in terms of the College needs and secondary reporting responsibility to the Director, Facilities Services, regarding building, grounds, and custodial services policies, standards, training, and consistency across the Colleges and work assignments.

All of these responsibilities should be executed with the aim of creating an environment that is conducive to student learning. The goal is for each College to have integrated maintenance, grounds, and custodial services.

Campus Safety & Security Services

Campus Safety & Security Services remain under the Chief District Police Services whose Lieutenants and Sergeants will continue to work closely with the campuses to ensure responsive services. During discussions with KH, the Cabinet identified safety, particularly emergency preparedness, as a high priority.

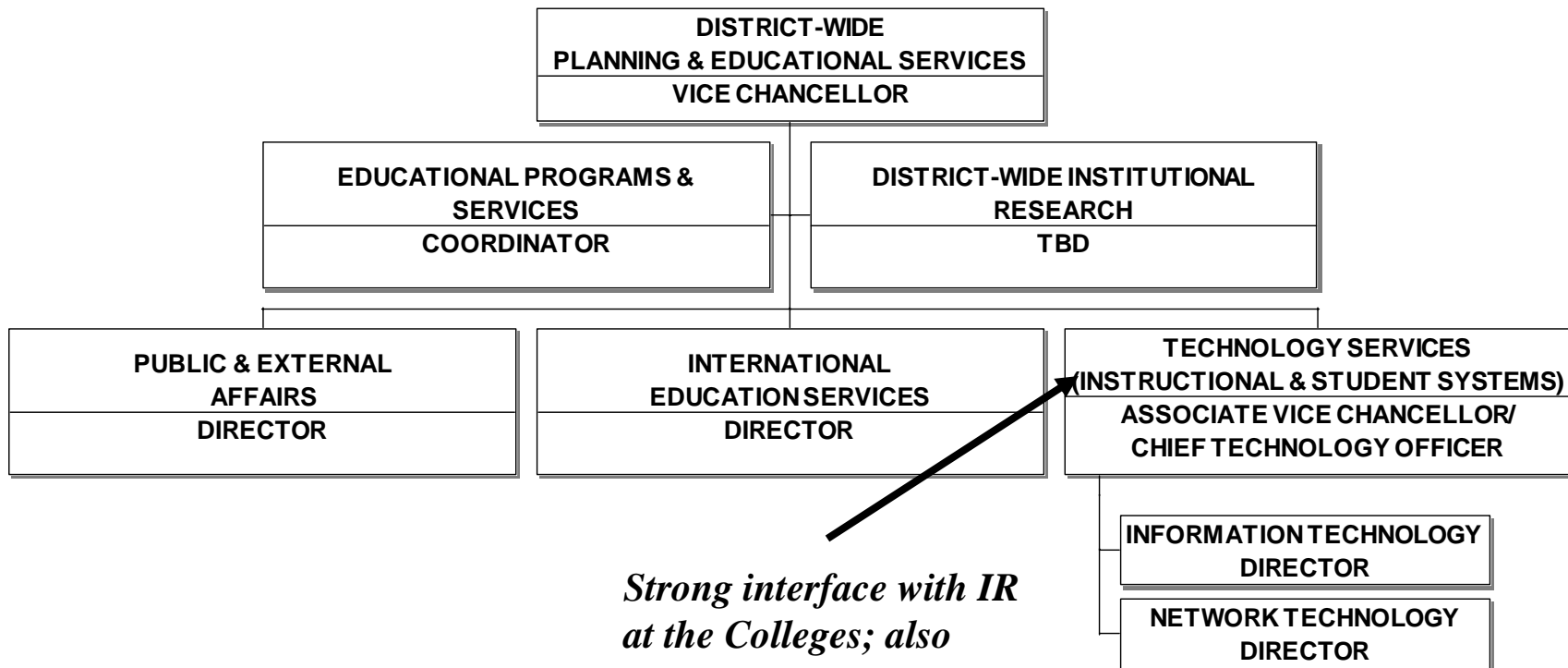
Recommendation No. 5: District-wide Planning & Educational Services should work closely with the Colleges in developing cohesive plans and educational services that all can support.



4CD must always recognize and value the unique qualities that distinguish each of the Colleges and the communities and students the Colleges serve. The students have different learning styles, educational backgrounds, aspirations, and needs. That said, the Colleges are part of a CCD and the parts are stronger as an integrated system rather than fragmented entities that compete with each other. 4CD requires leadership to help the Colleges coordinate and collaborate on District-wide educational and student services issues, programs, and services. Shown in Exhibit VI, “Recommended District-wide Planning & Educational Services”, the assigned Vice Chancellor will have 5 direct reports, including:

- ✚ Associate Vice Chancellor/Chief Information Officer (AVC/CIO)
- ✚ Director, Communications & Community Relations (both internal and external communications and community – the Colleges, the students, the employees, and the greater community served)
- ✚ Director, International Education Services
- ✚ Coordinator, Educational Programs & Services
- ✚ District-wide Institutional Research (position title TBD)

EXHIBIT VI
**Contra Costa Community College District:
Recommended District-wide
Planning & Educational Services**



*Strong interface with IR
at the Colleges; also
supports District-wide
Administrative Services.*

District-wide Planning & Educational Services will consist of:

- ✚ Coordination of educational programs and services across the District
- ✚ District-wide institutional research initiatives, coordinated with the campus Institutional Researchers
- ✚ Enrollment management District-wide
- ✚ Educational master planning District-wide
- ✚ Online learning and distance education
- ✚ Student services coordination and planning
- ✚ Communications and community relations, including marketing, grant-writing, external and internal relations and communications, public affairs, and media relations
- ✚ Enrollment management oversight and coordination across Colleges
- ✚ International Education Services
- ✚ Contract education
- ✚ Technology Services that can support District-wide planning, institutional research, and educational planning

District-wide Planning & Educational Services should also assume a leadership role of collaborating with the Colleges for designing streamlined and improved processes. Human Resources currently does some analysis of work processes. Technology Services also has a key role in flow-charting processes and helping to design systems that can improve overall efficiencies. But none of these improvements should be done in a vacuum without input and buy-in from the users – and most of the users work at the Colleges.

Research & Planning

4CD will benefit from strong and integrated planning, rooted in empirical research and outcome data. While the Colleges have maintained institutional research capabilities, the efforts at the District-level have been significantly down-sized, forcing them to rely on the Colleges and sometimes creating additional work pressures on the Colleges.

The Research Council's mission should also be broadened to include Research & Planning, thereby, emphasizing its strategic and broader orientation. Institutional research should produce the data needed as input to the planning process.

4CD should analyze the differences in the various skill levels and classifications of its research staff assigned to the District Office and the Colleges – a dean, a director, and a classified position. Regardless of the classifications, the District Office and Colleges' institutional research staff should continue to work collaboratively to streamline and address District-wide strategic and research initiatives, develop standardized data and reports across the Colleges, and generate decision-support data analysis. For example, a standard series of reports might be generated for Program Review, student satisfaction surveys, student learning outcomes (SLOs), and other College-based initiatives, thereby eliminating unnecessary duplication of efforts.

Technology Services

- ✚ The head of Technology Services will be an AVC/CIO position. The CIO term emphasizes the importance of 4CD's infrastructure and knowledge management requirements.

Technology Council. The District-wide Technology Council, comprised of faculty, staff, managers, and students, is responsible for:

- ✚ Planning technology and needs evaluation
- ✚ Developing partnerships
- ✚ Developing the technology budget
- ✚ Setting hardware and software standards
- ✚ Determining acquisition and replacement policy
- ✚ Making systems management recommendations
- ✚ Setting effectiveness criteria for technology impact on students
- ✚ Identifying and setting research priorities for technology

The Technology Council is collectively developing a three-year Information Technology (IT) Strategic Plan. This IT Strategic Plan will help to refine what the staffing structure should be within Technology Services. A student portal is also being implemented in the near future. Technology Services needs to also determine – most likely in collaboration with the Technology Council – how best to support the Colleges' Distance Education efforts and ensure the Colleges have sufficient Distance Education Instruction Support Specialists to assist faculty in developing their online modules.

IT support for District-wide Administrative Services. Technology Services has a unique role in that it supports both District-wide Administrative Services to support administrative computing and District-wide Planning & Educational Services. Although Technology Services is organizationally part of District-wide Planning & Educational Services, it has a critical dotted-line reporting relationship to the Vice Chancellor, District-wide Administrative Services.

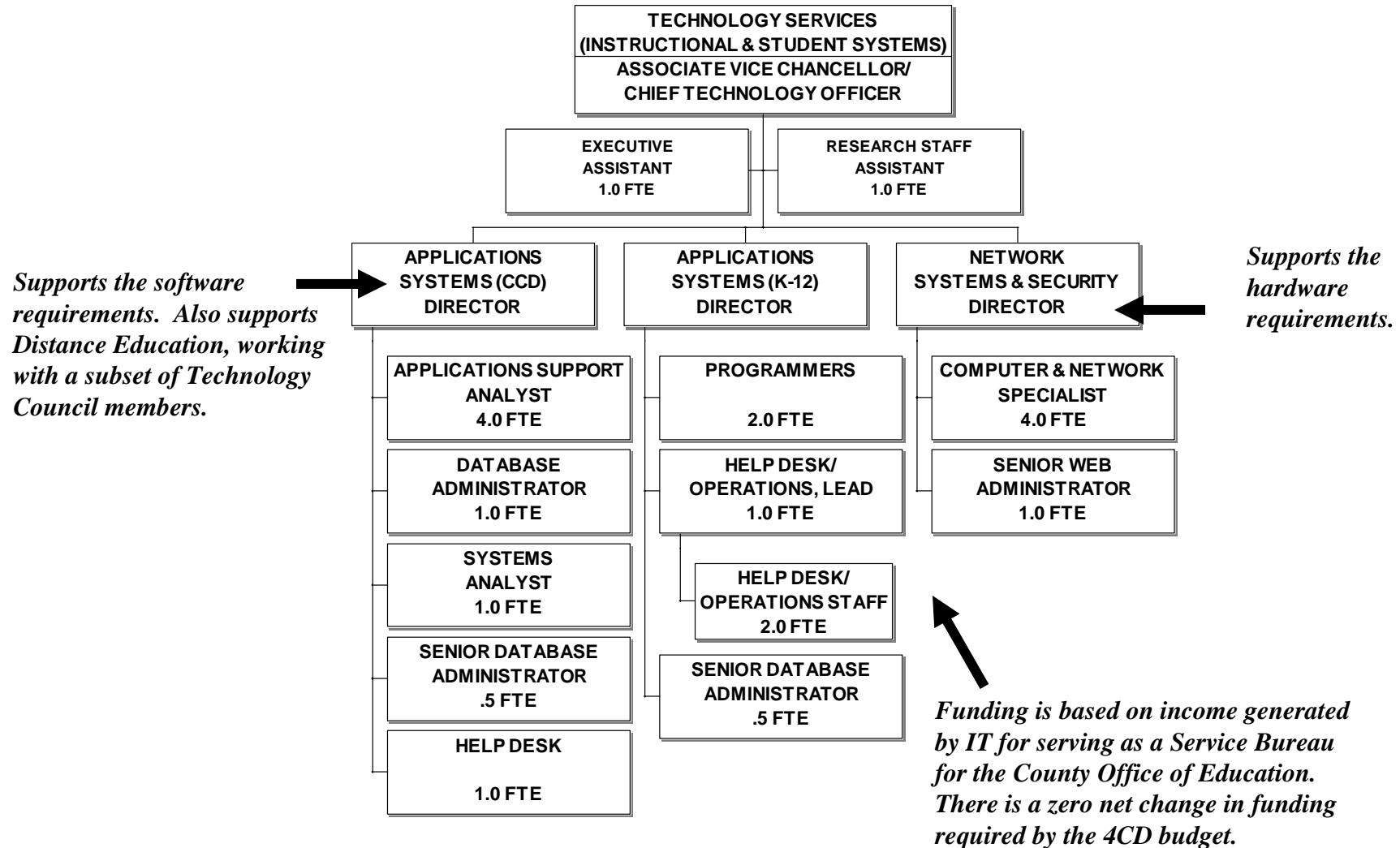
Longer term Technology Services structure. Exhibit VII, "Potential Longer-Term Structure for Technology Services", presents a "straw model" of a potential Technology Services structure to be considered as resources become available. In this straw model, the Application Systems functions are divided for 4CD and K-12, which is funded through the services rendered. Applications Systems would maintain the 4CD data warehouse and the MIS reporting of information. Network Systems would continue to administer all hardware requirements, including distance education, unified messaging, and IP telephony.

External and Internal Relations Through Better Communications

4CD will benefit from an integrated approach to its external and internal relationships with improved, increased, and open communications. The term "community" refers to both 4CD's external and internal communities:

EXHIBIT VII

Contra Costa Community College District: Potential Longer-Term Structure for Technology Services



✚ **External community.** The external community involves 4CD's external stakeholders – the greater Contra Costa County community; local, State, and Federal governmental agencies; and the business community. This District Service should coordinate the marketing plans, public affairs, media relations, and external relations with the Colleges' public information offices. This office will also coordinate all media relations for 4CD; special events aimed at the advancement of 4CD's goals; and community, governmental, and business relations. This office can also coordinate grant-writing initiatives and pursue grants for 4CD.

✚ **Internal community.** The internal community involves 4CD's internal stakeholders – the students, the faculty, the classified and confidential employees, the administrators, and the Board. This function serves an important role in internal communications and developing collaborative working relationships across the Colleges and with the District Office.

Recommendation No. 6: Administrative affiliations should cut-across organizational lines and develop strong working relationships to ensure consistent strategic and policy direction.

The College staff in cross-organizational areas should be part of a larger practice area of expertise. For example, the Human Resources Assistants (HRAs) assigned to the Colleges should be part of the Human Resources practice aligned with District Services' Human Resources. Similarly, the Directors, Business Services, at the Colleges are the Chief Business Officers (CBOs) for the campuses and should be organizationally affiliated with the AVC/CFO and AVC/CHRO.

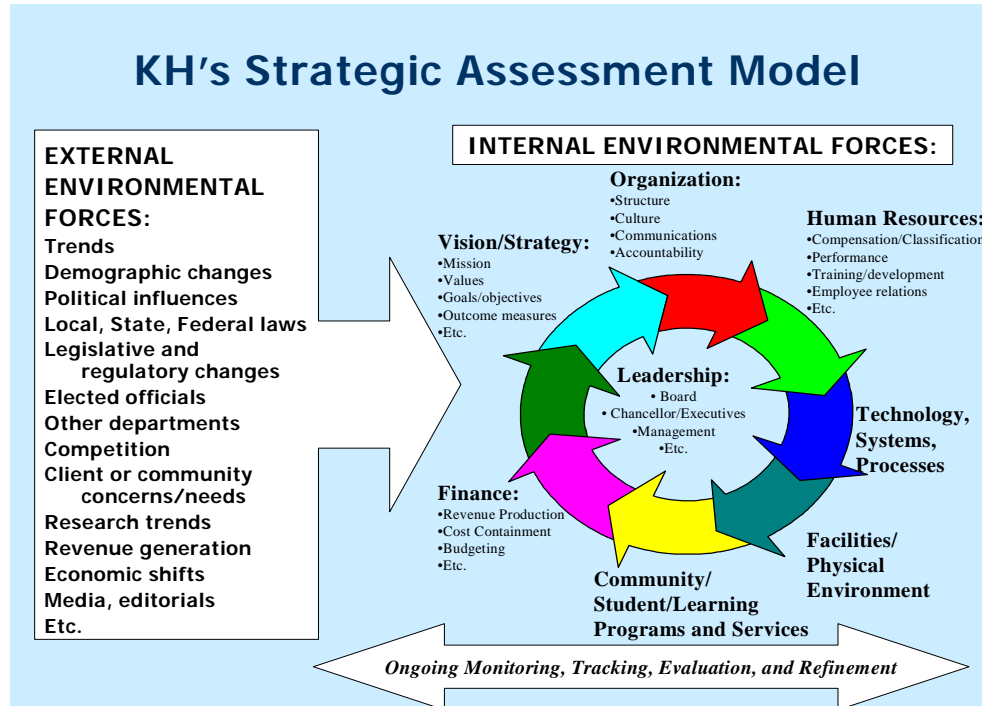
Career paths should be developed so that incumbents might have part of their careers at District Services and the Colleges. Others from the Colleges might work on a "secondment" or a short-term basis to address specific District-wide issues for the common good. Similarly, District Services staff might be assigned to a College to gain a first-hand understanding of campus issues or implement new policies and procedures that are tailored to the Colleges.

Recommendation No. 7: Significant change is required within the District Office, among the Colleges, and across 4CD.

The over-riding change required is not structural, but rather cultural in nature within the District Office, among the Colleges, and across 4CD. KH's Strategic Assessment Model, displayed on the next page, acknowledges the various components that affect organizational performance. While this KH report focuses on correcting the organizational structure, it is just one component of needed improvements.

4CD has just undergone a trying fiscal period, which has left a bruised work culture. Because of limited resources, the Colleges have become more competitive with each other, hoarded

resources, and perpetuated distrust that the District Office may not have been always forthcoming. The culture is described as a “we-they” mentality of the District Office versus the Colleges. Each College feels pitted against the other two Colleges. The District Office is viewed as being historically paternalistic and out-of-touch with what happens at the campuses. Initiative and efficiencies are rarely celebrated. There is little sense of a unified District.



Other feedback comments that KH received during 4CD interviews are highlighted next:

✚ **Vision/Strategic** – Need for a clear sense of direction (vision) and integrated planning across the Colleges. Colleges with accountability as revenue centers with greater authority and responsibilities. Greater standardization across the Colleges. Regular and systematic reviews of academic programs, business processes, and delegated authorities. Greater input from students and the community regarding their needs and 4CD priorities. The need to develop safety and emergency preparedness plans with clear delineation of roles.

✚ **Organizational Structure** – The current wide span of control of the Chancellor (i.e., too many direct reports), coupled with inadequate support for the Chancellor’s multiple roles. Clarification of the District Office’s control responsibilities. Clear balance of power between the District Office and the Colleges, as well as between the District Office and the Colleges’ respective Business Services functions. Rational and meaningful titles. More emphasis on marketing, research, planning, and education.

-
- ✚ ***Human Resources*** – In terms of the people or human capital, desire for more opportunities for career movement, back-up, succession planning, and cross-training. Too many “Interims” and “Acting” incumbents and too many vacancies in critical positions. Eroded morale. Need for management training in performance reviews, progressive discipline, and policies and procedures. In the area of labor relations, the need to build trust and skills through the new Interest-Based Bargaining (IBB) approach. Concerns were raised about staff performance, including sick pay abuse and “deadwood”, which was coupled with a strong theme of the need for more accountability, authority, and responsibility.

 - ✚ ***Financial*** – Greater emphasis on revenue generation and diversification, growth of reserves, and expenditure reductions, particularly in light of declining full-time equivalent students (FTESs) but rising costs. Need to revisit the resource allocation formula. Need to build fiscally viable Colleges with multi-year financial plans and budgets. In terms of capital and bond monies, the need to revisit if an equal division of the monies is optimal. Development of clear service level agreements and assignment of appropriate resources.

 - ✚ ***Technology, Systems, and Processes*** – Greater standardization required across the Colleges. Need for effective control systems and better management information to hold people responsible. Reduction in the number of shadow systems. Streamlining and greater use of automation. Sufficient staffing levels to cover peak periods. More staff orientation and training in the use of systems. Systematic and regular reviews of processes. Assessment of the design and staffing needs of the College data centers. Increased IT literacy to improve educational and business processes. Development of a business continuity plan. Use of technology for increased online instruction across the Colleges, net meetings, instant messaging, VoIP, and student support.

 - ✚ ***Facilities/Physical Environment*** – Need to balance long-term versus short-term investments in the infrastructure. Need to make the best use of the bond monies possible. Assurance that facility projects support strategic plans and educational master plans. Determination of how to cover the staffing and operational costs of the new facilities.

 - ✚ ***Community, Student Learning, Educational Planning*** – Strengthened District-wide capabilities in the areas of institutional research, enrollment management, educational master planning, online learning, distance education, international education, contract education, student services, and articulation agreements [or a common college catalog] across the District.

The working relationships at the District Office vis-à-vis the Colleges (and vice versa) require a cultural change, emphasizing collaboration and collegiality. Without such a change, a new organizational structure will not have the positive impact desired because bad habits and destructive behaviors will hamper successful implementation. The timing is key now to acknowledge and promote the concept of “*we are one*” across the District.

Larry Bossidy and Ram Charan, authors of the book Execution – The Discipline of Getting Things Done, make this point clearly: *“When a business isn’t going well, its leaders often think about how to change the corporate culture. They are right to recognize the “soft” stuff – peoples’ beliefs and behaviors – is at least as important as hard stuff, such as organizational structure, **if not more so.**”* (Emphasis added).

They use the analogy of the computer to explain: *“The hardware of a computer is useless without the right software. Similarly, in an organization the hardware (strategy and structure) is inert without the [appropriate] software (beliefs and behaviors).”*

They go on to make a key second point: *“To change a business’s culture, you need a set of processes – social operating mechanisms – that will change beliefs and behaviors... the foundation of changing behavior is linking rewards to performance and making the linkages transparent. A business’s culture defines what gets appreciated and respected.”*

Development of ‘social operating mechanisms’ is never easy. Frequently organizations rely heavily on sanctions versus rewards. These negative rewards can work in the short term but all too often have adverse long-term consequences, such as increased risk aversion, negativity, and CYA activities that sap time and energy from more positive endeavors.

4CD needs to stress the ‘the carrot versus the stick’ philosophy in developing ‘social operating mechanisms’. 4CD needs to develop the mechanisms, recognizing that not all people are in the same place at the same time. They operate on different and multiple levels of motivation. Recognizing that people have different needs will ensure that 4CD’s mechanisms are sophisticated enough to be effective. To begin, the Cabinet should engage the greater 4CD community in exploring:

- ✚ Are the cultural issues which were raised during this study the only ones that need to be addressed? A wider process might identify other important issues.
- ✚ What are the key factors 4CD should/will address? Some can be grouped to reduce the list.
- ✚ What changes in existing systems and new ‘social operating mechanisms’ are most likely to change staff attitudes, beliefs, and behaviors to support the new culture?

To avoid any perception of manipulation, this process should be open and transparent.

Developing effective mechanisms is more of an art than a science; it requires considerable goodwill to achieve the desired changes. Leadership and behavioral changes must start at the top and be consistent. Courage is required to challenge old, well-ingrained behaviors.

Finally, 4CD should build in regular feedback and evaluation processes so that timely adjustments are possible. Even if 4CD does a great job in shifting the culture and gets it right the first time, internal and external environmental factors have an annoying habit of regularly intervening, resulting in required course corrections.

SUMMARY OF ORGANIZATIONAL IMPACT

Recommended Structure

At the outset of this project, KH worked with the 4CD Cabinet to develop a list of criteria for positive change. KH kept these criteria in mind in designing the new structure. The criteria are listed below (and not necessarily in priority order). 4CD should apply these criteria when implementing and assessing the impact of the new structure.

Criteria for Positive Change	Desired Outcomes of Organizational Change
Greater Standardization	The recommended structure has delineated roles and responsibilities within the District Office. Human Resources will need to write and update positions. 4CD should discuss the delineation of roles and responsibilities with the Colleges. 4CD should also embark on systematic process reviews with strong customer input for increased efficiencies and standardization across campuses.
Integrated Planning	Planning and Educational Services should be the conduit for integrated planning District-wide, including institutional research, student services, marketing, enrollment management, and educational services planning.
Staff Training & Development	Although the term “Organizational Development” has been removed from Human Resources, the need for management training, advancement opportunities, and cross-training are recognized.
Cultural Change	Structural changes do not necessarily improve work cultures. 4CD must purposefully embark on cultural transformation, emphasizing the need to celebrate successes while shifting from a “We-They” mentality to “We Are One”.
Emergency Preparedness	District-wide Administrative Services should develop safety, emergency preparedness, and business continuity plans.
Staff Performance	As part of the new culture, managers must value the importance of performance management through positive enforcement of performance expectations.
Organizational Effectiveness	Organizational efficiency involves many elements, including reasonable spans of control, right-sizing, clear service levels and responsibilities, and IT literacy.
Financial Stability	Processes must be put in place to ensure the financial stability of 4CD.

Reorganization Migration Plan

The recommended structure is possible within the confines of the current executive and management staffing levels. The Hay Group will determine the salary costs associated with the structure as part of the management reclassification study currently underway. No new positions are being added with the recommended structure. Two positions – Chief, Facilities Planning, and Budget Officer, Construction – will be paid for through the Redevelopment

CONTRA COSTA COMMUNITY COLLEGE DISTRICT (4CD): District Office Organizational Design

Agency funds, Measure A 2006, and State Construction funds for a specified time period. Exhibit VIII highlights the impact on the existing executive and management positions as they migrate to the new structure. The asterisks (*) indicate that Appendix B contains updated examples of assigned duties and responsibilities.

EXHIBIT VIII CONTRA COSTA COMMUNITY COLLEGE DISTRICT Reorganization Migration Plan

Current Position	Change	Position in the New Structure*
OFFICE OF THE CHANCELLOR'S SUPPORT SERVICES		
Chancellor	None	Chancellor
Vice Chancellor, Facilities & Operations	Retitled and narrower in focus for duration of construction projects; not funded through General Fund	Chief Facilities Planner ⁵ *
	New for duration of construction projects; not funded through General Fund	Budget Officer, Construction
Manager, Audit Services	None	Manager, Audit Services
Principal Executive Coordinator	Retitled/redefined	Supervisor, Administrative Support Services*
DISTRICT-WIDE ADMINISTRATIVE SERVICES		
Vice Chancellor, Finance & Administration (Vacant)	Redefined/expanded	Vice Chancellor, District-wide Administrative Services*
Vice Chancellor, Human Resources	Retitled	Associate Vice Chancellor/ Chief Human Resources Officer (AVC/CHRO)*
Comptroller and Assistant Chief Financial Officer	Redefined focus	Associate Vice Chancellor/ Chief Financial Officer*
Assistant Comptroller	Retitled	Director, Finance & Accounting*
Director, Purchasing	Expanded to include bond contract administration	Director, Purchasing
Director, Payroll Services	None	Director, Payroll Services
Director, Information Technology	None	Director, Information Technology
Manager, Network Technology	None	Manager, Network Technology
Police Chief	None	Police Chief
Police Services Lieutenant (2 positions)	None	Police Services Lieutenant (2 positions)
Director, Facilities & Construction	Redesigned to include civil engineering expertise	Director, Facilities Services*

⁵ **Blue** indicates that the position is funded through the Redevelopment Agency funds, Measure A 2006, and State construction funds (i.e., not funded via 4CD General Funds). The position will not continue once the construction projects are completed.

**CONTRA COSTA
COMMUNITY COLLEGE DISTRICT (4CD):
District Office Organizational Design**

Current Position	Change	Position in the New Structure*
DISTRICT-WIDE PLANNING & EDUCATIONAL SERVICES		
Vice Chancellor, Planning & Resource Development	Redefined/expanded; currently a vacant position	Vice Chancellor, District-wide Planning & Educational Services*
Vice Chancellor, Information Technology	Retitled	Associate Vice Chancellor/Chief Information Officer (AVC/CIO)*
Director, International Education	None	Director, International Education
Director, Communications & Marketing	Retitled	Director, External Affairs*
COLLEGES		
Manager, Bookstore – CCC	Transfer responsibility to the College	Manager, Bookstore – CCC
Manager, Bookstore – LMC	Transfer responsibility to the College	Manager, Bookstore – LMC
Manager, Bookstore – DVC	Transfer responsibility to the College	Manager, Bookstore – DVC
Manager, Buildings & Grounds – DO/CCC	Primary reporting relationship to site management	Manager, Buildings & Grounds – DO/CCC
Manager, Buildings & Grounds – LMC/Brentwood	Primary reporting relationship to site management	Manager, Buildings & Grounds – LMC/Brentwood
Manager, Buildings & Grounds – DVC/SRVC/WC	Primary reporting relationship to site management	Manager, Buildings & Grounds – DVC/SRVC/WC
Manager, Custodial Services – DO/CCC	None	Manager, Custodial Services – DO/CCC
Manager, Custodial Services – LMC/Brentwood	None	Manager, Custodial Services – LMC/Brentwood
Manager, Custodial Services – DVC/SRVC/WC	None	Manager, Custodial Services – DVC/SRVC/WC
TOTAL GENERAL FUND POSITIONS = 29		TOTAL GENERAL FUND POSITIONS = 28

IN GOING FORWARD

The recommended structure will require considerable work on the part of the District Office and its leadership. Some incumbents need to be appointed permanently, some jobs need to be redefined, and some positions need to be filled, warranting a formal recruitment process. The target date for implementation is July 2007, the start of the new fiscal year.

4CD is currently developing a District-wide strategic planning process. Once done, the Colleges' respective Strategic Plans will tie into the District-wide Strategic Plan. Most organizational structures have a life – typically 5 years – after which they require assessment and realignment to reflect new strategic issues, policies, or priorities that may have emerged. ***Once the new structure is in place for 3 to 4 years, 4CD should reevaluate the structure to: a) determine its effectiveness and relevancy, and b) ensure the structure supports the evolving strategic priorities and community needs.***

Overall, 4CD – the Colleges and District Services alike – would benefit from regular meetings of District and College managers to determine what's optimal across Colleges in terms of:

- ✚ Business process improvements
- ✚ Organizational alignments
- ✚ Delegated authorities
- ✚ Delineation of authorities
- ✚ Potential job rotations or short-term “secondments”

As part of a commitment to continual process improvement, 4CD should be continually reviewing its work processes and policies to ensure they are responsive, streamlined, cost-effective, and exploiting technology to the fullest. Therefore, additional discussions, involving both College and District Services staff and users of the services (e.g., students, community leaders) should also occur. These discussions should focus on processes and programs that overlap or where the District Office and the Colleges “own” pieces of different processes, particularly in the areas of:

- ✚ Human Resources recruitment
- ✚ Organizational development
- ✚ Payroll
- ✚ Facilities
- ✚ Police and campus safety
- ✚ Student services



These meetings should result in greater clarification of roles and responsibilities in processes that involve the Colleges and District-wide services regarding the design or formulation of programs, services, or policies; advisory input; recommendations for approval; approval authority; receipt of decisions made; implementation; and monitoring of the programs, services, or policies once implemented.

APPENDIX A: INDIVIDUALS KH INTERVIEWED

1. Chancellor+/**
2. Administrative Assistant
3. Comptroller – Acting+
4. Director, Business Services, Contra Costa College
5. Director, Business Services, Diablo Valley College
6. Director, Business Services, Los Medanos College+
7. Director, Information Technology
8. Director, International Education
9. Director, Payroll Services+
10. Director, Purchasing+
11. Executive Assistant to the Chancellor & Governing Board
12. Manager, Audit Services
13. Manager, Network Technology
14. President, Contra Costa College**
15. President, Diablo Valley College – Interim**
16. President, Los Medanos College+/**
17. Principal Administrative Analyst, Chancellor’s Office
18. Principal Executive Coordinator
19. Principal Human Resources Representative (3)
20. Senior Administrative Analyst, Chancellor’s Office
21. Senior Administrative Analyst, Educational Programs & Services+
22. Special Assistant to the Chancellor – Interim**
23. Vice Chancellor, Facilities & Operations+/**
24. Vice Chancellor, Finance & Administration – Interim+/**
25. Vice Chancellor, Human Resources & Organizational Development – Interim+/**
26. Vice Chancellor, Technology Systems Planning & Support+/**

+ Interviewed on more than 1 occasion.

** A Cabinet member who also participated in the KH organizational design retreat.

APPENDIX B: REDEFINED EXAMPLES OF DUTIES AND RESPONSIBILITIES

Appendix B delineates in greater detail the redefined job responsibilities of the District Office's executive and management teams within the new structure. 4CD's Human Resources should use these lists of job responsibilities to develop current job descriptions for these positions.

DISTRICT SERVICES EXECUTIVE TEAM

Vice Chancellor, District-wide Administrative Services

Advisory Role

- ✚ Advises the Chancellor and the Governing Board on District-wide Administrative Services issues, including financial; personnel management, staff diversity, organizational and staff development, and employee-employer problems; safety and security; purchasing and contracts; administrative technology and computing; and other administrative concerns

Policies and Procedures

- ✚ Oversees the development and implementation of 4CD administrative and operations policies and procedures:
 - Provides direction to the Directors, Business Services, at the Colleges regarding human resources, financial, and other policies, procedures, operations, and management of their Business Services functions
 - Reviews, provides suggestions for improvement, and approves operational policies and procedures developed by the Associate Vice Chancellors, Chiefs, Directors, and Chief of District Police Services
 - Evaluates the impact of policy options to support the decision-making process
- ✚ Recommends 4CD administrative and operations policies to the Chancellor, Cabinet, and Board

District-wide Leadership Role

- ✚ Integrates and provides overall leadership in the budgeting process and ensures integration of same with strategic planning process
- ✚ Coordinates cross-functional initiatives, including staff planning, safety, emergency preparedness, and business continuity planning
- ✚ Provides short- and long-term planning for better management of available resources
- ✚ Conducts in-service training for District Services and College staff members regarding policies, procedures, systems, processes, etc.
- ✚ Cultivates positive working relationships within District-wide Services and among and across the Colleges to build customer confidence and satisfaction

Management Responsibilities

- ✚ Develops and implements District-wide Administrative Services' strategies, plans, and objectives
- ✚ Ensures effective and efficient District-wide operation of:
 - Financial Services
 - Human Resources Services
 - Campus Safety & Security Services
 - Facility Services
 - Administrative systems provided by Technology Services
 - Purchasing Services and contract administration
- ✚ Integrates the District Offices' administrative functions and ensure they are supportive of the Colleges
 - Ensures continuous improvement of District-wide Administrative Services through reengineering, assessment of best practices, input from users and customers, and application of new technologies and solutions
 - Ensures new or improved business and administrative processes interface with management information systems and increase productivity and effectiveness
- ✚ Develops effective administrative support systems to promote the foundations, grant-writing, auxiliary services, and other initiatives
- ✚ Ensures well-trained District-wide Administrative Services staff
- ✚ Reviews and approves objectives and expenditure of funds for District-wide Administrative Services; approves expenditure of those funds
- ✚ Promotes a work culture of customer service, innovation, and quality services to students, staff, and the community

External Relations

- ✚ Reviews pending legislation, legal mandates, regulations, and guidelines, which may affect District programs, functions, and activities
- ✚ Develops legislative and government relations materials and strategies to help position 4CD to maintain and improve its funding levels
- ✚ Complies with all District, County, State, and Federal requirements
- ✚ Represents the District on State, regional, and local committees as assigned by the Chancellor

Other

- ✚ Analyzes information and data, searches for solutions, manages resources, directs projects, and works cooperatively as a team member with other employees
- ✚ Travels within and outside the District in carrying out responsibilities and duties
- ✚ Performs other duties as assigned

Vice Chancellor, District-wide Planning & Educational Services

Advisory Role

- ✚ Advises the Chancellor and the Governing Board on District-wide Planning & Educational Services issues

Policies and Procedures

- ✚ Oversees the development and implementation of 4CD educational and student services policies and procedures; evaluates the impact of policy options to support the decision-making process
- ✚ Recommends 4CD educational and student services policies to the Chancellor, Cabinet, and Board

District-wide Leadership Role

- ✚ Manages, coordinates, and provides leadership for a variety of District-wide instructional services to assure the viability and legality of educational programs, improve instructional services, maintain established academic standards, and promote student success and Student Learning Outcomes (SLOs)
- ✚ Provides leadership for the strategic planning efforts, collaboratively develops a District-wide Strategic Plan, and maintains a strategic planning process
- ✚ Facilitates the planning activities which have a District-wide impact (i.e., enrollment development and educational programs)
- ✚ Promotes 4CD in other long- and short-term planning activities
- ✚ Coordinates and supervises research activities throughout 4CD to support planning
- ✚ Coordinates the planning of resource development throughout 4CD, working with:
 - The Cabinet in support of strategic planning goals
 - College departments, faculty, and staff relative to resource development needs, opportunities, and obligations
 - Appropriate managers in the planning and implementation of resource development programs, outreach, and deployment
- ✚ Develops measurements and accountability strategies for all major 4CD programs and services and coordinate reports on outcomes to appropriate entities
- ✚ Actively participates in budgeting process; ensures that the budget development process is responsive to the objectives developed during strategic planning
- ✚ Cultivates positive working relationships within District-wide Services and among and across the Colleges to build customer confidence and satisfaction

Management Responsibilities

- ✚ Develops and implements District-wide Planning & Educational Services' strategies, plans, and objectives
- ✚ Ensures effective and efficient District-wide operation of:
 - Communications & Community Relations
 - International Educational Services
 - Technology Services
 - Institutional research
- ✚ Administers District-wide grant-writing initiatives, including:

- 4CD's development of proposals for special programs and funding
- Planning and implementation of District-wide grants
- Identification and dissemination of information about special funding opportunities
- Procurement of needed resources for District-wide educational programs and resources made possible through grant funding
- ✚ Ensures continuous improvement of District-wide Planning & Educational Services through reengineering, assessment of best practices, input from users and customers, and application of new technologies and solutions
- ✚ Ensures well-trained District-wide Planning & Educational Services staff
- ✚ Reviews and approves objectives and expenditure of funds for District-wide Planning & Educational Services; approves expenditure of those funds
- ✚ Promotes a work culture of customer service, innovation, and quality services to students, staff, and the community

External Relations

- ✚ Complies with all District, County, State, and Federal requirements
- ✚ Develops partnerships with agencies, governments, and the private sector
- ✚ Represents the District on State, regional, and local committees as assigned by the Chancellor

Other

- ✚ Analyzes information and data, searches for solutions, manages resources, directs projects, and works cooperatively as a team member with other employees
- ✚ Travels within and outside the District in carrying out responsibilities and duties
- ✚ Performs other duties as assigned

Associate Vice Chancellor/Chief Financial Officer (AVC/CFO)

Advisory Role

- ✚ Advises the Chancellor, the Vice Chancellors, the Cabinet, the College Presidents, and the Governing Board on financial issues
- ✚ Evaluates the financial impact of policy options to support the decision-making process
- ✚ Prepares budget projections and models and recommends budget allocations that achieve greater efficiency in the allocation of resources
- ✚ Alerts appropriate management regarding fiscal issues

Policies and Procedures

- ✚ Plans, develops, and recommends draft budget and fiscal policies, procedures, and objectives for review by the Vice Chancellor, District-wide Administrative Services

District-wide Leadership Role

- ✚ Coordinates financial planning with the Colleges and other District Services, including auxiliary services and new funding sources
 - Develops a financial strategy for 4CD, including the Colleges

- Identifies opportunities and strategies to help 4CD maintain and improve its funding levels from local, State, and Federal governmental agencies
- ✚ Conducts in-service training for District Services and College staff members regarding financial policies, procedures, systems, processes, etc. Actively participates in strategic planning processes
- ✚ Cultivates positive working relationships within District-wide Services and among and across the Colleges to build customer confidence and satisfaction

Management Responsibilities

- ✚ Develops and implements Financial Services, including the planning, coordination, direction, and management of:
 - Budget preparation and control
 - Fiscal record management
 - Risk management
 - Systems and processes related to the disbursement of funds
 - Accounting, including accounts payable and accounts receivable
- ✚ Plans and presents accurate financial statements and financial analysis reports regarding 4CD revenues, expenditures, trends, assumptions, long-range projections, etc.
- ✚ Provides effective and efficient Financial Services
 - Ensures continuous improvement of Financial Services through reengineering, assessment of best practices, input from users and customers, and application of new technologies and solutions
 - Develops new or improved financial systems that interface with management information systems and increase productivity and effectiveness
- ✚ Plans, organizes, and directs employee payroll administration
- ✚ Works with Planning & Educational Services regarding the preparation of cost estimates, invoices, and contract requirements for grant opportunities
- ✚ Plans, organizes, and directs risk management and fiscal record management
- ✚ Ensures well-trained Financial Services staff
- ✚ Reviews and approves objectives and expenditure of funds for Financial Services; approves expenditure of those funds
- ✚ Promotes a work culture of customer service, innovation, and quality services to students, staff, and the community

External Relations

- ✚ Prepares timely and accurate financial reports that ensure compliance with all District, County, State, and Federal requirements
- ✚ Complies with all District, County, State, and Federal requirements; maintains financial records and audit trails in accordance with District, State, and Federal policies
- ✚ Working with the Internal Auditor, facilitates and supports, as needed, the external auditors in their work
- ✚ Reviews pending financial-related and other legislation, legal mandates, regulations, and guidelines which may affect District programs, functions, and activities

- ✚ Represents the District on State, regional, and local committees as assigned by the Vice Chancellor, District-wide Administrative Services

Other

- ✚ Analyzes information and data, searches for solutions, manages resources, directs projects, and works cooperatively as a team member with other employees
- ✚ Travels within and outside the District in carrying out responsibilities and duties
- ✚ Performs other duties as assigned

Associate Vice Chancellor/Chief Human Resources Officer (AVC/CHRO)

Advisory Role

- ✚ Advises the Chancellor, the Vice Chancellors, the Cabinet, the College Presidents, and the Governing Board on human resources issues
- ✚ Advises the Cabinet on personnel management, diversity initiatives, and employer/employee relations problems, issues, and concerns

Policies and Procedures

- ✚ Plans, develops, and recommends draft human resources policies, procedures, and objectives for review by the Vice Chancellor, District-wide Administrative Services

District-wide Leadership Role

- ✚ In collaboration with designated College groups, develops, recommends, and implements immediate and long-term strategies pertaining to human resources
- ✚ Plans, organizes, and administers a comprehensive employer/employee relations program, including the conduct of negotiations with labor organizations and the administration and interpretation of collective bargaining agreements; liaise with labor organizations in analyzing problems and developing alternative solutions; and implement and apply IBB techniques
- ✚ Actively participates in strategic planning and budgeting processes, including responsibility for position control and budgeting
- ✚ Cultivates positive working relationships within District-wide Services and among and across the Colleges to build customer confidence and satisfaction

Management Responsibilities

- ✚ Develops and implements 4CD's Human Resources Services, including the planning, coordination, direction, and management of:
 - Recruitment
 - Benefits Administration
 - Employee relations
 - Equal Employment Opportunity (EEO) compliance
 - Workers' Compensation
 - Classification and compensation
 - Human Resources Information Systems (HRIS)
 - HR operations
 - Staff and organizational development

- ✚ Plans, organizes, and directs employee health and welfare programs, including benefits administration
- ✚ Plans, develops, and implements evaluation procedures to ensure that human resources management, recruitment, classification, diversity initiatives, and staff development systems, processes, and procedures are effective, efficient, and cost-effective
- ✚ Plans, organizes, and administers the 4CD staff diversity programs
- ✚ Ensures continuous improvement of Human Resources Services through reengineering, assessment of best practices, input from users and customers, and application of new technologies and solutions
- ✚ Ensures well-trained Human Resources Services staff at District Services and at the Colleges
- ✚ Reviews and approves objectives and expenditure of funds for Human Resources Services; approves expenditure of those funds
- ✚ Promotes a work culture of customer service, innovation, and quality services to students, staff, and the community

External Relations

- ✚ Complies with all District, County, State, and Federal requirements
- ✚ Reviews pending employee, personnel, and other legislation, legal mandates, regulations, and guidelines which may affect District programs, functions, and activities
- ✚ Represents the District on State, regional, and local committees as assigned by the Vice Chancellor, District-wide Administrative Services

Other

- ✚ Analyzes information and data, searches for solutions, manages resources, directs projects, and works cooperatively as a team member with other employees
- ✚ Travels within and outside the District in carrying out responsibilities and duties
- ✚ Performs other duties as assigned

<i>Associate Vice Chancellor/Chief Information Officer (AVC/CIO)</i>

Advisory Role

- ✚ Advises the Chancellor, the Vice Chancellors, the Cabinet, the College Presidents, and the Governing Board on information technology issues

Policies and Procedures

- ✚ Develops, maintains, and evaluates policies, procedures, and standards required to provide flexible and cost-effective information technology services essential to quality instruction, student services, and administrative processes for a large complex computer installation providing multi-faceted uses and services to the Colleges and District Services
- ✚ Plans, develops, and implements information technology policies, procedures, and objectives for review by the Vice Chancellor, Planning & Educational Services

District-wide Leadership Role

- ✚ Chairs the Technology Council which is responsible for:

- Planning technology and needs evaluation
- Developing partnerships
- Developing the technology budget
- Setting hardware and software standards
- Determining acquisition and replacement policy
- Making systems management recommendations
- Setting effectiveness criteria for technology impact on students
- Identifying and setting research priorities for technology
- ✚ Acts as an advocate for the Technology Council
- ✚ Creates, implements, and maintains the 4CD Technology Master Plan
- ✚ Prepares long-range District-wide information technology plans based on forecasted needs of the District
- ✚ Provides leadership and coordinates 4CD's telecommunications programs
- ✚ Serves as a liaison to faculty clusters and College technology committees
- ✚ Coordinates 4CD's efforts to assure the integrity, reliability, and security of computerized information, systems, standards, policies, and data
- ✚ Provides leadership, strategic direction, and consulting services to foster the growth and integrity of instructional technology and distance education at the Colleges
- ✚ Serves as a resource to information technology users for the management and analysis of data and information
- ✚ Cultivates positive working relationships within 4CD Services and among and across the Colleges to build customer confidence and satisfaction
- ✚ Actively participates in strategic planning and budgeting processes

Management Responsibilities

- ✚ Develops and implements Technology Services to support instructional, student, and administrative systems, including the planning, coordination, direction, and management of:
 - Applications Systems for 4CD and K-12
 - Network Systems & Security
 - 4CD's databases
 - Help desks
 - Web administration
 - Telecommunications
 - Mainframe and distributed systems
 - Enterprise email
- ✚ Develops qualitative and quantitative measures of productivity, quality control, and work-load performance standards
- ✚ Provides periodic reports on information technology operations, including short- and long-term goals, objectives, performance standards, and outcomes
- ✚ Administers and directs the planning and training program for Technology Services personnel to assure ability to meet critical deadlines and prepare staff for emerging technologies
- ✚ Develops innovative funding methods for technology and opportunities for partnerships

- ✚ Ensures the delivery of quality Technology Services through effective needs assessment, system design/selection, and implementation
- ✚ Reviews and approves objectives and expenditure of funds for Technology Services; approves expenditure of those funds
- ✚ Ensures continuous improvement of Technology Services through reengineering, assessment of best practices, input from users and customers, and application of new technologies and solutions
- ✚ Promotes a work culture of customer service, innovation, and quality services to students, staff, and the community

External Relations

- ✚ Complies with all District, County, State, and Federal requirements
- ✚ Provides direction for contracted services support with external agencies
- ✚ Represents the District on State, regional, and local committees as assigned by the Vice Chancellor, District-wide Planning & Educational Services

Other

- ✚ Analyzes information and data, searches for solutions, manages resources, directs projects, and works cooperatively as a team member with other employees
- ✚ Travels within and outside the District in carrying out responsibilities and duties
- ✚ Performs other duties as assigned

Chief Facilities Planner

Advisory Role

- ✚ Advises the Chancellor, the Cabinet, the College Presidents, and the Governing Board on the Bond, construction or remodeling projects, and related issues
- ✚ Prepares facilities planning data for the Governing Board, Chancellor, and the Cabinet

Policies and Procedures

- ✚ Plans, develops, and recommends facility planning, project management, and construction policies, procedures, and objectives for review and approval by the Chancellor, Cabinet, and if needed the Governing Board

District-wide Leadership Role

- ✚ Prepares facilities master plans that tie to the educational master plans and strategic plans of the Colleges and Education Centers and anticipated growth of 4CD
- ✚ Assists the College communities – managers, faculty, staff, students, and community stakeholders – on building and campus planning matters, including the development of educational specifications, equipment needs, project architect requirements, etc.
- ✚ Actively participates in strategic planning and budgeting processes
- ✚ Cultivates positive working relationships within District-wide Services and among and across the Colleges to build customer confidence and satisfaction

Management Responsibilities

- ✚ Manages facility projects, including plans and specifications, bid documents, contract awards, construction change orders, and contract completion acceptances

- ✚ Identifies and implements energy conservation strategies for retrofitted, remodeled, or new facilities
- ✚ Establishes and maintains accurate facilities inventory and historical records required for maintenance and construction programs
- ✚ Uses contemporary project management software to ensure project success; ensures continuous improvement of Facilities Planning through reengineering, assessment of best practices, input from users and customers, and application of new technologies and solutions
- ✚ Reviews and approves objectives and expenditure of funds for Facility Planning projects; approves expenditure of those funds
- ✚ Promotes a work culture of customer service, innovation, and quality services

External Relations

- ✚ Ensures the facility planning and construction projects comply with all District, County, State, and Federal requirements
- ✚ Serves as the 4CD liaison with local, State, and Federal agencies and with architects, engineers, consultants, legal counsel, inspectors, and contractor representatives related to facilities planning, approvals, funding, and construction
- ✚ Represents the District on State, regional, and local committees as assigned by the Chancellor

Other

- ✚ Analyzes information and data, searches for solutions, manages resources, directs projects, and works cooperatively as a team member with other employees
- ✚ Travels within the District in carrying out responsibilities and duties
- ✚ Performs other duties as assigned

DISTRICT SERVICES MANAGEMENT TEAM

<i>Director, Facilities Services</i>

Advisory Role

- ✚ Advises the Chief Facilities Planner regarding the impact of facility master plans on maintenance, buildings, and grounds operations
- ✚ Advises the Vice Chancellor, District-wide Administrative Services, and the Colleges regarding the impact of facility operations plans on maintenance, buildings, and grounds operations

Policies and Procedures

- ✚ Advises the Vice Chancellor, District-wide Administrative Services, on facility operations policies and procedures
- ✚ In collaboration with the Colleges, develops policies, procedures, and priorities for buildings and grounds operations at the College campuses, Education Centers, and District Services

District-wide Coordination Role

- ✚ Trains buildings and grounds staffs in effective maintenance operations

- ✦ Fosters and maintains positive relationships with the Colleges, among the workforce, and with others at the District Office to build customer confidence and satisfaction

Management Responsibilities

- ✦ Proactively manages 4CD's facilities and infrastructure
- ✦ Identifies and implements energy conservation strategies, recycling programs, and other approaches for environmentally friendly, efficient, and cost-effective maintenance activities and building and grounds operations
- ✦ Prepares short- and long-term maintenance plans – scheduled, preventive, and corrective maintenance – for buildings and equipment
- ✦ Establishes and maintains an accurate equipment and building inventory and historical records required for maintenance planning and execution
- ✦ Continually evaluates and improves the buildings, grounds, and custodial services
- ✦ Promotes a work culture of customer service, innovation, and quality services to students, staff, and the community

External Relations

- ✦ Complies with all District, County, State, and Federal requirements
- ✦ Ensures the building and grounds operations comply with local, State, and Federal agencies

Other

- ✦ Analyzes information and data, searches for solutions, manages resources, directs projects, and works cooperatively as a team member with other employees
- ✦ Travels within the District in carrying out responsibilities and duties
- ✦ Performs other duties as assigned

Director, Communications & Community Relations

Advisory Role

- ✦ Advises the Chancellor, the Cabinet, the College Presidents, and the Governing Board regarding public relations, media issues, and external affairs issues, as well as internal communication initiatives

Policies and Procedures

- ✦ Develops communication strategies, policies, and protocols for both internal and external communications for review by the Chancellor and Cabinet

District-wide Coordination Role

- ✦ In conjunction with the Colleges' public information offices:
 - Develops and coordinates 4CD marketing plans to achieve the District's mission and goals
 - Coordinates all media relations for 4CD, including working with Bay Area newspaper, radio stations, and television outlets
 - Prepares news releases, news inquiries, news conferences, and feature stories
 - Serves as 4CD's media spokesperson

- ✚ Cultivates and maintains positive working relationships and internal communications with the Colleges and with others at the District Office to build awareness, confidence, and satisfaction

Management Responsibilities

External Communications, Public Relations, Marketing, and Community

- ✚ Ensures that 4CD advertising is effective, efficient, and reflects the needs of consumers and taxpayers; plans and oversees 4CD's marketing, advertising, and promotion activities including print, electronic, and direct mail activities
- ✚ Works with writers and artists and oversees copywriting, design, layout, past up, and production of promotional materials
- ✚ Ensures effective control of marketing results and be certain that the achievement of marketing objectives are within designated budgets
- ✚ Evaluates market reactions to public information programs to ensure the timely adjustment of the marketing strategy and plans to meet changing conditions

Internal Communications and Community

- ✚ Designs internal communication strategies for dissemination of information, building a collegial infrastructure, and reinforcing a sense of the 4CD community
- ✚ Coordinates special events aimed at the advancement of 4CD's goals
- ✚ Assists 4CD in the pursuit of public and private fundraising goals; writes grants

External Relations

- ✚ Complies with all District, County, State, and Federal requirements
- ✚ Develops strategies to effectively manage public information about the District to the region, State, and nationally
- ✚ Researches, analyzes, and monitors financial, technological, and demographic factors to take advantage of market opportunities

Other

- ✚ Articulates and crafts written messages that are effective for reaching external and internal stakeholder audiences
- ✚ Analyzes information and data, searches for solutions, manages resources, directs projects, and works cooperatively as a team member with other employees
- ✚ Travels within the District in carrying out responsibilities and duties
- ✚ Performs other duties as assigned

<h2><i>Director, Finance & Accounting</i></h2>

Advisory Role

- ✚ Advises 4CD staff concerning unusual or unforeseen problems; recommends proper courses of action and timely alternative solutions

Policies and Procedures

- ✚ Formulates and recommends policies and procedures to achieve greater efficiency and system control

- ✚ Provides special financial, statistical, or analytical studies to assist the administration in the formulation of new policies, planning, and revised programs

Management Responsibilities

Accounting

- ✚ Directs, organizes, coordinates, and manages the 4CD accounting functions and activities at District Services
- ✚ Plans, organizes, and coordinates the preparation of 4CD's annual budget
- ✚ Maintains 4CD's account structure
- ✚ Develops, organizes, prepares, and maintains accurate, periodic budget and financial statements, reports, and records concerning 4CD's income and expenditure position
- ✚ Oversees the preparation of attendance reports, claims, and invoices to assure appropriate funds accrue to the District from various State, Federal, and local funding sources
- ✚ Determines and implements grant policies and procedures, prepares grant budget and expenditure analyses, and provides analysis and technical support to grant operations
- ✚ Guides year-end activities for the proper closing of 4CD's records for the annual audit and year-end fiscal analysis
- ✚ Reviews and coordinates the processing of insurance claims and all 4CD contracts excluding personnel and construction contracts

Budgeting Support

- ✚ Prepares budget allocations, projects revenues, and monitors allocations against actual expenditures, proposing budget adjustments as necessary
- ✚ Manages 4CD investments in accordance with 4CD policies and legal requirements, analyzing cash flow for investment and financing opportunities

Staffing

- ✚ Trains, instructs, and supervises department staff in public sector revenue and expenditure accounting; budgeting control; proper disbursement of funds for material, services, equipment, and equipment inventory; and 4CD procedures
- ✚ Promotes a work culture of customer service, innovation, and quality services

External Relations

- ✚ Complies with all District, County, State, and Federal requirements
- ✚ Interprets Federal and State financing and budget regulations
- ✚ Coordinates with 4CD's internal and external auditors, including Federal and State auditors, implementing recommendations relative to accounting practices

Other

- ✚ Analyzes information and data, searches for solutions, manages resources, directs projects, and works cooperatively as a team member with other employees
- ✚ Travels within the District in carrying out responsibilities and duties
- ✚ Performs other duties as assigned

Supervisor, Administrative Support Services

Policies and Procedures

- ✚ Designs and formats forms and policies and procedural manuals
- ✚ Meets with managers, faculty, classified staff, and students, as assigned, on matters of 4CD policy and operations and provide explanations regarding policies and procedures upon request
- ✚ Analyzes and improves operational and administrative policies, procedures, and practices of support staff at District Services

District-wide Coordination Role

- ✚ Maintains the legal confidential records of the Governing Board
- ✚ Gathers and compiles policies, procedures, statistical and financial data
- ✚ Cultivates and maintains positive working relationships with the Colleges, among the staff, and with others at the District Office to build customer confidence and satisfaction

Management Responsibilities

- ✚ Performs the administrative functions for the Chancellor
- ✚ For the Chancellor:
 - Prepares draft speeches, presentations, biographical sketches, Chancellor's updates, and reports regarding 4CD
 - Coordinates the formal flow of information and maintains a supportive relationship among the Governing Board, 4CD staff, and the community
 - Facilitates communications with the Governing Board through the regular transmittal of information on 4CD matters, including the preparation of position papers, proposed policy language, Board agenda, action items, or staff reports
- ✚ Supervises and directs assigned employees
- ✚ Collects, analyzes, and summarizes data for special projects
- ✚ Develops and implements cross-training initiatives and reassigns workload of support staff during peak periods or absences
- ✚ Performs Chancellor-assigned projects and programs, including specially funded projects
- ✚ Designs and formats bulletins and memoranda from the Chancellor's Office
- ✚ Promotes a work culture of customer service, innovation, and quality services to students, staff, and the community

External Relations

- ✚ Communicates with government agencies and other educational institutions to identify and research issues, explain policies, provide technical expertise, and exchange information
- ✚ Complies with all District, County, State, and Federal requirements
- ✚ Ensures compliance with the applicable laws for the filing of all legal documents on time

-
- ✚ Represents the District on State, regional, and local committees as assigned by the Chancellor

Other

- ✚ Analyzes information and data, searches for solutions, manages resources, directs projects, and works cooperatively as a team member with other employees
- ✚ May travel within the District in carrying out responsibilities and duties
- ✚ Performs other duties as assigned

**CONTRA COSTA COMMUNITY
COLLEGE DISTRICT**

**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT**

YEAR ENDED JUNE 30, 2006

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

TABLE OF CONTENTS

YEAR ENDED JUNE 30, 2006

	<u>PAGE</u>
 INTRODUCTION	
Organization	1
Objectives of the Audit	2
Highlights of the Audit	3
 FINANCIAL SECTION	
INDEPENDENT AUDITOR'S REPORT	4
MANAGEMENT'S DISCUSSION AND ANALYSIS	6
BASIC FINANCIAL STATEMENTS:	
Statement of Net Assets	18
Statement of Revenues, Expenses and Changes in Net Assets	19
Statement of Cash Flows	20
Statement of Fiduciary Net Assets	22
Notes to the Financial Statements	23
 SUPPLEMENTARY INFORMATION SECTION	
Balance Sheet — All Funds	39
Statement of Changes in Fund Balances – All Funds	40
Combining Balance Sheet: Current Funds – Unrestricted	41
Combining Statement of Changes in Fund Balances: Current Funds – Unrestricted	42
Combining Balance Sheet: Current Funds – Restricted	43
Combining Statement of Changes in Fund Balances: Current Funds – Restricted	44
Combining Balance Sheet – Plant Funds	45
Combining Statement of Changes in Fund Balances – Plant Funds	46
Combining Balance Sheet – Auxiliary Organizations	47
Combining Statement of Changes in Fund Balances – Auxiliary Organizations	48
Schedule of Expenditures of Federal Awards	49
Schedule of State Financial Assistance	50
Schedule of State General Apportionment and Apprenticeship Hours of Instruction	51
Reconciliation of Annual Financial and Budget Report (CCFS-311)	
with Audited Financial Statements	52
Notes to Supplementary Information	53

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

TABLE OF CONTENTS

YEAR ENDED JUNE 30, 2006

	<u>PAGE</u>
OTHER INDEPENDENT AUDITOR’S REPORTS	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	54
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133	56
Independent Auditor’s Report on State Compliance	58
FINDINGS AND RECOMMENDATIONS SECTION	
Schedule of Audit Findings and Questioned Costs	61
Status of Prior Year Findings and Recommendations	67

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

ORGANIZATION

YEAR ENDED JUNE 30, 2006

DESCRIPTION OF DISTRICT

The Contra Costa Community College District (the District) was established in 1948 as a separate district and began operating in 1949. The District serves Contra Costa County, California, with three colleges: Diablo Valley College located in Pleasant Hill, Contra Costa College located in San Pablo, and Los Medanos College located in Pittsburg. The administrative offices of the District are located in Martinez, California. The District also operates satellite education centers in San Ramon and Brentwood. The boundaries of the District are contiguous with the boundaries of the County of Contra Costa, and includes substantially all of the County's 734 square miles. All colleges are accredited, and offer a wide range of subjects, including vocational and technical education.

The members of the Governing Board of Contra Costa Community College District holding office during the audit period, and their term of office expiration dates are as follows:

BOARD OF TRUSTEES

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
John T. Nejedly	President	December 2006
David N. MacDiarmid	Vice President	December 2006
Jo Ann Cookman	Secretary	December 2008
Tomi Van de Brooke	Member	December 2008
Sheila A. Grilli	Member	December 2006
Ivan M. Williams	Student Member	June 2006 – May 2007

ADMINISTRATION

Ms. Helen Benjamin.....Chancellor
Mr. Douglas Roberts.....Interim Vice Chancellor, Finance and Administration

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

OBJECTIVES OF THE AUDIT

YEAR ENDED JUNE 30, 2006

The single audit of the Contra Costa Community College District (the District) had the following objectives:

- To evaluate the adequacy of the systems and procedures affecting compliance with applicable federal and California laws and regulations, noncompliance with which could have a material effect on the District's financial statements and the allowable program expenditures for federal and California financial assistance programs.
- To evaluate the adequacy of the system of internal control sufficient to meet the requirements of generally accepted auditing standards, for the purpose of formulating an opinion on the financial statements taken as a whole.
- To determine the accountability for revenues and the propriety of expenditures, and the extent to which funds have been expended in accordance with prescribed federal and California laws and regulations.
- To determine whether financial and related reports to state and federal agencies fairly present the information set forth in relation to the financial statements taken as a whole.
- To determine the fairness of the financial statement presentation in accordance with generally accepted accounting principles.
- To recommend appropriate actions in any areas where internal control or compliance with applicable federal and California laws and regulations could be improved.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

HIGHLIGHTS OF THE AUDIT

YEAR ENDED JUNE 30, 2006

This section highlights findings that were identified during the audit. These findings are discussed in the independent auditor's reports and the findings and recommendations section (see pages 61-67).

- The independent auditor's report on the financial statements for the year ended June 30, 2006 is unqualified.
- Four compliance exceptions with state laws and regulations were noted.

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

**Board of Trustees
Contra Costa Community College District
Martinez, California**

We have audited the accompanying basic financial statements of the business-type activities and remaining fund information of the Contra Costa Community College District (the District), as of and for the year ended June 30, 2006, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Contracted District Audit Manual*, issued by the California Community Colleges Chancellor's Office. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and remaining fund information of the District, as of June 30, 2006, and the respective changes in financial position and, where applicable, its cash flows there of for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 3, 2006, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

**Board of Trustees
Contra Costa Community College District
Page 2 of 2**

The Management's Discussion and Analysis (MD&A) on pages 6 through 17 is not a required part of the financial statements but is supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is not a required part of the financial statements and is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The Schedule of State Financial Assistance and other supplemental financial and statistical information is not a required part of the financial statements and is presented for purposes of additional analysis as required by the *Contracted District Audit Manual*, issued by the California Community Colleges Chancellor's Office. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The additional Combining Balance Sheets by Fund and Combining Statements of Changes in Fund Balance by Fund have been presented for purpose of additional analysis and are not a required part of the basic financial statements. Accordingly they have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and we express no opinion on them.

A handwritten signature in dark ink that reads "Gilbert Associates, Inc." in a cursive, flowing script.

GILBERT ASSOCIATES, INC.

November 3, 2006

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
Management's Discussion and Analysis (MD&A)
For the Year Ended June 30, 2006

Accounting Standards

In June 1999, the Governmental Accounting Standard's Board ("GASB") released Statement No. 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments," which established new reporting formats for annual statements. In November 1999, GASB released Statement No. 35, "Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities," which applied the new reporting models to public colleges and universities. In its "Accounting Advisory No. 2001-01", the State Chancellor's Office opined that the California Community Colleges would best benefit from, and would "therefore implement," the business-type activities ("BTA") reporting model, as outlined in GASB Statement No. 34. According to the GASB's implementation schedule, the District's effective implementation date began with fiscal year 2001-2002.

The District has asked its auditors to also present (in supplemental schedules) the District's financial statements using the fund statement format, which continues to be the format that the District uses for internal reporting and for reporting to the State Chancellor's Office.

As required by the new reporting model, the annual report consists of three basic financial statements that provide information on the District as a whole:

- the Statement of Net Assets;
- the Statement of Revenues, Expenses and Changes in Net Assets; and,
- the Statement of Cash Flows.

These statements are designed to emulate corporate presentation models, whereby all District activities are consolidated into one total. The focus of the Statement of Net Assets is designed to be similar to "bottom line" results for the District. This statement combines and consolidates current financial resources (short-term spendable resources) with capital assets. The Statements of Revenues, Expenses, and Changes in Net Assets focus on both the gross costs, and the net costs, of District activities, which are supported mainly by property taxes, state apportionment, and other state revenues. This approach is intended to summarize and simplify the analysis of cost of various District services to students and the public.

The following discussion and analysis provides an overview of the District's financial activities, and includes comparisons of current-year to prior-year activity.

Statement of Net Assets

The Statement of Net Assets includes all assets and liabilities using the accrual basis of accounting, which is similar to the accounting method used by most private-sector institutions. Net assets, the difference between assets and liabilities, are one way to measure the financial health of the District.

Overall, the net assets of the District increased \$48.3 million or about 39% over that of the previous year. This increase was primarily due to:

- 1) a \$38.9 million increase associated with the construction of State-funded, capital assets;
- 2) a \$11.4 million increase to the Unrestricted General Fund, fund balance;
- 3) a \$1.4 million increase to the Retiree Health Benefits Fund, fund balance; and
- 4) a \$3.4 million decrease in net assets due to building and equipment depreciation.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
Management's Discussion and Analysis (MD&A)
For the Year Ended June 30, 2006

Condensed Statement of Net Assets

	<u>2006</u>	<u>2005</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Current assets				
Cash and short-term investments	\$ 38,925,502	\$ 58,023,946	\$ (19,098,444)	(32.9%)
Receivables	36,651,053	21,827,314	14,823,739	67.9%
Inventory, prepaid expenses and other	<u>8,170,742</u>	<u>5,880,069</u>	<u>2,290,673</u>	<u>39.0%</u>
Total current assets	83,747,297	85,731,329	(1,984,032)	(2.3%)
Non-current assets				
Net capital assets and restricted funding	<u>252,158,838</u>	<u>187,097,567</u>	<u>65,061,271</u>	<u>34.8%</u>
Total assets	<u>\$ 335,906,135</u>	<u>\$ 272,828,896</u>	<u>\$ 63,077,239</u>	<u>23.1%</u>
Current liabilities				
Accounts payable, and accrued liabilities	\$ 21,008,248	\$ 15,907,016	\$ 5,101,232	32.1%
Deferred revenues	12,610,568	11,482,527	1,128,041	9.8%
Bonds and notes payable - current portion	4,002,458	19,913,904	(15,911,446)	(79.9%)
Other long-term liabilities - current portion	<u>444,130</u>	<u>689,848</u>	<u>(245,718)</u>	<u>(35.6%)</u>
Total current liabilities	38,065,404	47,993,295	(9,927,891)	(20.7%)
Non-current liabilities				
Long-term liabilities	<u>126,512,733</u>	<u>101,811,657</u>	<u>24,701,076</u>	<u>24.3%</u>
Total liabilities	164,578,137	149,804,952	14,773,185	9.9%
Net assets				
Investment in capital assets, net of debt	125,336,944	92,152,681	33,184,263	36.0%
Restricted	2,835,601	702,342	2,133,259	303.7%
Unrestricted	<u>43,155,453</u>	<u>30,168,921</u>	<u>12,986,532</u>	<u>43.0%</u>
Total net assets	<u>\$ 171,327,998</u>	<u>\$ 123,023,944</u>	<u>\$ 48,304,054</u>	<u>39.3%</u>

The components of cash and short-term investments are primarily:

- 1) \$7.2 million for the Unrestricted Fund, state mandated 5%-reserves;
- 2) \$2.6 million in Unrestricted Fund, designated reserves for 2005-06 college-carry-overs;
- 3) \$4.3 million in Unrestricted Fund, undesignated, non-reserved fund balance;
- 4) \$4.6 million in Unrestricted Fund, net-deferred tuition and fee revenues;
- 5) \$9.3 million held for outstanding payroll and vendor warrants;
- 6) \$9.2 million held at the County Treasury for life-time, retiree health benefits;
- 7) \$2.0 million held for the funded-portion of the District's liability for accrued compensated absences; and
- 8) \$1.5 million resulting from the net cash effect of all other non-cash assets, receivables, and liabilities.

The primary component of the \$18.7 million fiscal year decrease was the absence of \$16.1 million that had been held at the end of 2004-05 for the repayment of the District's 2004-05, Tax Revenue Anticipation Note.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
Management's Discussion and Analysis (MD&A)
For the Year Ended June 30, 2006

Accounts receivable primarily represents state funding owed to the District for capital and non-capital apportionments and grants. The total owed to the District by the state is approximately \$33.5 million. Local property taxes comprise \$1.6 million, and interest receivable comprises another \$1.1 million. The remaining accounts receivable are made up of student-receivables, book vendor credits, and miscellaneous items. The primary component of the 2005-06 increase in accounts receivable is \$8.0 million in apportionment revenues, that resulted from the District's decision to report summer 2006 FTES in fiscal 2005-06.

Inventories and prepaid items, \$1.9 and \$1.3 million, respectively, represent bookstore merchandise-inventories, and prepayments for July 2006 health insurance. Construction "retainage" accounted for another \$4.5 million of the overall balance. The primary cause for the increase in this balance is the increased retainage associated with the increase in construction during 2005-06.

Non-current, net capital assets and restricted funding primarily represent: 1) the District's original investment in land, site improvements, buildings and equipment, less the cost of accumulated depreciation, \$178.8 million, 2) unspent cash from the proceeds from the issuance of 2002 Measure "A" bonds, \$64.5 million, 3) the funds accumulated at the County Treasury for the redemption of bonds, \$4.7 million, 4) the unspent cash held in categorical-program and trust funds, \$0.8 million, 5) the cash-deficit for yet-to-be-received State-funded, capital project claims (\$14.6) million and, 6) the long-term investments held for the funding of the District's liability for life-time, retiree health benefits, \$17.9 million. For 2005-06, the increase in capital assets was principally due to the receipts of proceeds from the May, 2006 issuance of \$25 million in 2002 Measure "A" Bonds, and State-funded capital project claims.

Accounts payable and accrued liabilities primarily represent year-end accruals for services and goods received by the District, during fiscal 2005-06, for which payment would not be made until 2006-07. \$9.3 million of the amount represents debt on vendor invoices. Another \$4.5 million represents "retainage" on construction work that has been completed. The year-end accrual for payroll accounts for another \$4.5 million of the total. The 2005-06 year end balances are higher than 2004-05 primarily for the increase in construction-retainage liability, due to increased construction.

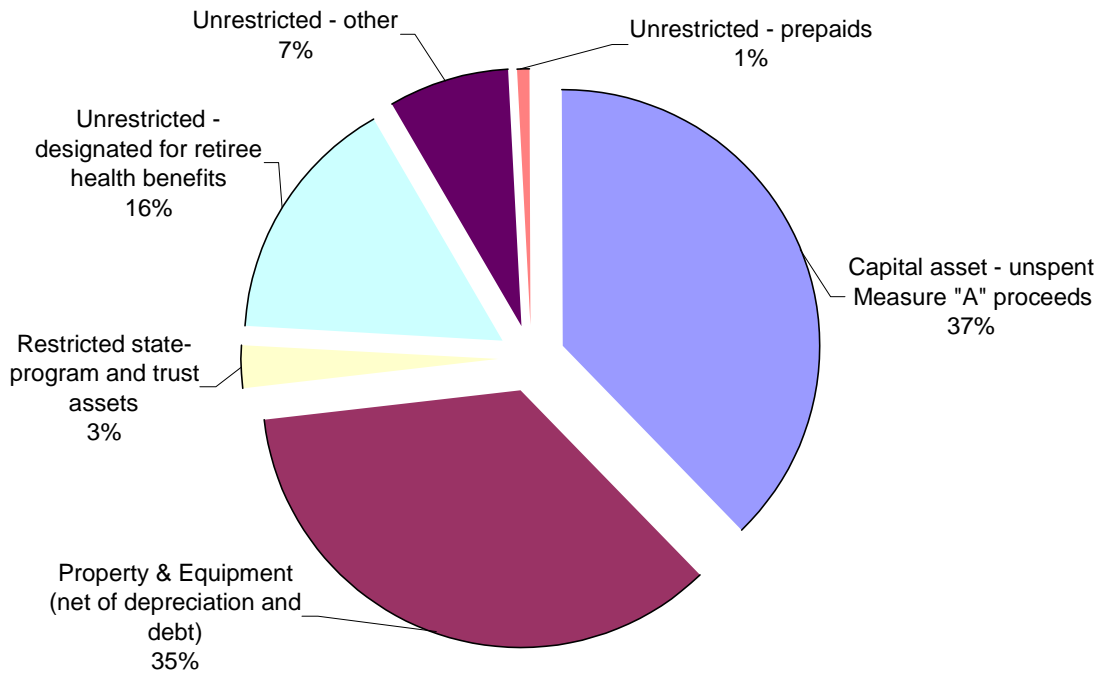
Deferred revenues represent prepayments, made to the District, for which services have yet to be rendered. \$7.8 million of this amount represents student tuition and registration fees, received during 2005-06, for the fiscal year 2006-07 summer and fall terms. Another \$4.7 million represents funding for grants and contracts, whose terms and conditions extend beyond 2005-06 fiscal year. The \$1.1 million increase from 2004-05 to 2005-06 is primarily due to the early receipt of State grant funding.

The current liabilities amount for bonds and notes payable primarily represents the principal and interest to be paid during 2006-07 on the 2002 Measure "A" bonds. Other current liabilities are composed of: 1) that portion of long-term capitalized leases to be paid during the 2006-07 fiscal year, \$365,864, and 2) \$78,266 for the year-end accrual of the District's "deductible" for all outstanding insurance claims. Each of these categories saw decreases over 2005-06.

The District's non-current liabilities primarily consist of: 1) the long-term debt remaining on the 2002 Measure "A" bonds, \$113.9 million, 2) the accumulated liability for accrued, employee-compensated absences, \$10.8 million, 3) the long-term debt remaining on the certificates of participation that were used to help construct the Diablo Valley College, Student Body Center, \$1.2 million, and, 4) numerous capitalized lease obligations for the purchase of equipment throughout the District, \$0.6 million. The increase from the 2004-05 totals was primarily due to the May, 2006 issuance of \$25 million in 2002 Measure "A" bonds, less payments made during 2005-06.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
Management's Discussion and Analysis (MD&A)
For the Year Ended June 30, 2006

Net Assets - June 30, 2006



The largest component of the District's \$125.3 million in capital assets (net of related debt) is the \$64.5 million in unspent cash and investments from the proceeds of the Measure "A" bond issuances. The next largest component is \$60.8 million which represents the District's initial cost for property, plant, and equipment, less accumulated depreciation, and less any remaining debt used for the initial purchase. Capital assets, net of accumulated depreciation, are \$178.8 million. It is the "netting-effect" of \$118.0 million in related debt; primarily from the outstanding debt associated with the \$125 million-issuance in Measure "A" bonds, which result in this lessened 2005-06 amount.

The primary component of the District's "net assets" in restricted, expendable-assets, is \$2.4 million held in restricted categorical, debt service, and trust funds.

The last component, at \$43.2 million, is the District's unrestricted assets, of which \$27.5 million has been Board-designated as debt-funding for the District's liability for retiree health benefits. \$1.3 million represents the District's investments in prepaid expenses. The remaining \$12.8 million represents the net, non capital assets for the District's Unrestricted Fund operations, auxiliary operations, and debt funding for the District's liability for accrued employee-compensated absences.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
Management's Discussion and Analysis (MD&A)
For the Year Ended June 30, 2006

Statement of Revenues, Expenses and Changes in Net Assets

The Statement of Revenues, Expenses and Changes in Net Assets (see next page) presents the financial results of the District's "operations", as well as its "non-operating activities." The distinction between these two activities involves the concepts of "exchange" and "non-exchange." An operating activity is one in which a "direct payment"/exchange is made (by one party to another) for the receipt of specified goods or services, i.e., the payor is the one receiving benefit. As an example, tuition fees, paid by a student, is an "exchange" for instructional services. Likewise, grant and contract-funding received (on the condition that the District provides specific/contracted services), is also an "exchange." Both are therefore recorded as "operating revenue". The receipt of state apportionments and property taxes, however, do not include this "exchange" relationship between "payment" and the "receipt of benefit". Such revenues are deemed "non-exchange" transactions, and are therefore treated as "non-operating" activities.

Because the primary sources of funding, that support the District's instructional activities, comes from state apportionment, and local property taxes, the financial results of the District's "operations" will result in a net operating expense.

The primary components of "tuition and fees" are the \$26 per unit enrollment fee that is charged to all students registering for classes, and, the additional \$151 per unit fee that is charged to all non-resident students. The discrepancy between these fee-rates is due to the fact that resident student instruction is largely subsidized by local property taxes and state apportionment. Non-resident students must pay for the full cost of instruction. Respectively, these two revenue-streams account for \$16.0 and \$5.3 million. Another \$1.4 million is collected in the form of parking permits. The remainder is collected from an assortment of other student fees. For 2005-06, increased non-resident fees (of \$0.6 million) accounted for the of the revenue increase.

The amount listed for "scholarship discounts and allowances" represents Board of Governors (BOG) Grants. For students who meet assistance-requirements, the State allows enrollment fees to be waived.

The largest component of the District's operating revenues is non-capital grants and contracts. The largest sub-component, \$16.6 million, results from funding received from the state for categorical programs, such as DSP&S, EOP&S, Matriculation, etc.; Federal grants totaling \$13.3 million, include \$10.4 million in student financial aid (shown as "scholarship discounts"), and another \$2.9 million in funding for vocational, teacher training and higher education programs. Included within local grants and contracts, \$1.2 million, are all of the college's contract-education services, as well as all other, miscellaneous service-revenues received by the District.

The revenue, for auxiliary enterprises, principally consists of revenue from the District's bookstore, cafeteria, and I.T. operations. These three enterprise operations account for \$11.6, \$1.0 and \$2.5 million, respectively, and total auxiliary revenue is roughly consistent with the prior year.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
Management's Discussion and Analysis (MD&A)
For the Year Ended June 30, 2006

Condensed Statement of Revenues, Expenses & Changes in Net Assets

	<u>2006</u>	<u>Prior Year 2005</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Operating revenues				
Tuition and fees	\$ 23,672,608	\$ 22,731,801	\$ 940,807	4.1%
Scholarship discounts	(4,639,194)	(4,927,115)	287,921	(5.8%)
Grants and contract, noncapital	31,128,314	31,837,182	(708,868)	(2.2%)
Auxiliary enterprises	<u>14,847,786</u>	<u>14,501,401</u>	<u>346,385</u>	<u>2.4%</u>
Total operating revenues	<u>65,009,514</u>	<u>64,143,269</u>	<u>866,245</u>	<u>1.4%</u>
Operating expenses				
Salaries	102,169,769	104,008,566	(1,838,797)	(1.8%)
Benefits	32,774,505	32,881,205	(106,700)	(0.3%)
Supplies, materials, and other expenses	36,011,831	37,692,951	(1,681,120)	(4.5%)
Utilities	4,473,650	4,199,981	273,669	6.5%
Student financial aid & scholarships	12,882,299	13,244,485	(362,186)	(2.7%)
Depreciation	<u>3,710,772</u>	<u>4,346,158</u>	<u>(635,386)</u>	<u>(14.6%)</u>
Total operating expenses	<u>192,022,826</u>	<u>196,373,346</u>	<u>(4,350,520)</u>	<u>(2.2%)</u>
Operating (expenses) net	<u>(127,013,312)</u>	<u>(132,230,077)</u>	<u>5,216,765</u>	<u>(3.9%)</u>
Nonoperating revenues				
State apportionments, noncapital	55,835,122	52,983,451	2,851,671	5.4%
Local property taxes	73,251,718	69,023,567	4,228,151	6.1%
State taxes and other revenue	8,046,596	7,288,281	758,315	10.4%
Investment income	3,518,602	2,931,321	587,281	20.0%
Other nonoperating revenues (expenses)	<u>(4,502,405)</u>	<u>(3,404,001)</u>	<u>(1,098,404)</u>	<u>32.3%</u>
Total nonoperating revenues	<u>136,149,633</u>	<u>128,822,619</u>	<u>7,327,014</u>	<u>5.7%</u>
Net revenue (loss) before capital revenues	9,136,321	(3,407,458)	12,543,779	(368.1%)
State and local revenue, grants and gifts (capital)	<u>39,167,733</u>	<u>16,665,801</u>	<u>22,501,932</u>	<u>135.0%</u>
Increase (decrease) in net assets	48,304,054	13,258,343	35,045,711	264.3%
Net assets - beginning of year	<u>123,023,944</u>	<u>109,765,601</u>	<u>13,258,343</u>	<u>12.1%</u>
Net assets - end of year	<u>\$ 171,327,998</u>	<u>\$ 123,023,944</u>	<u>\$ 48,304,054</u>	<u>39.3%</u>

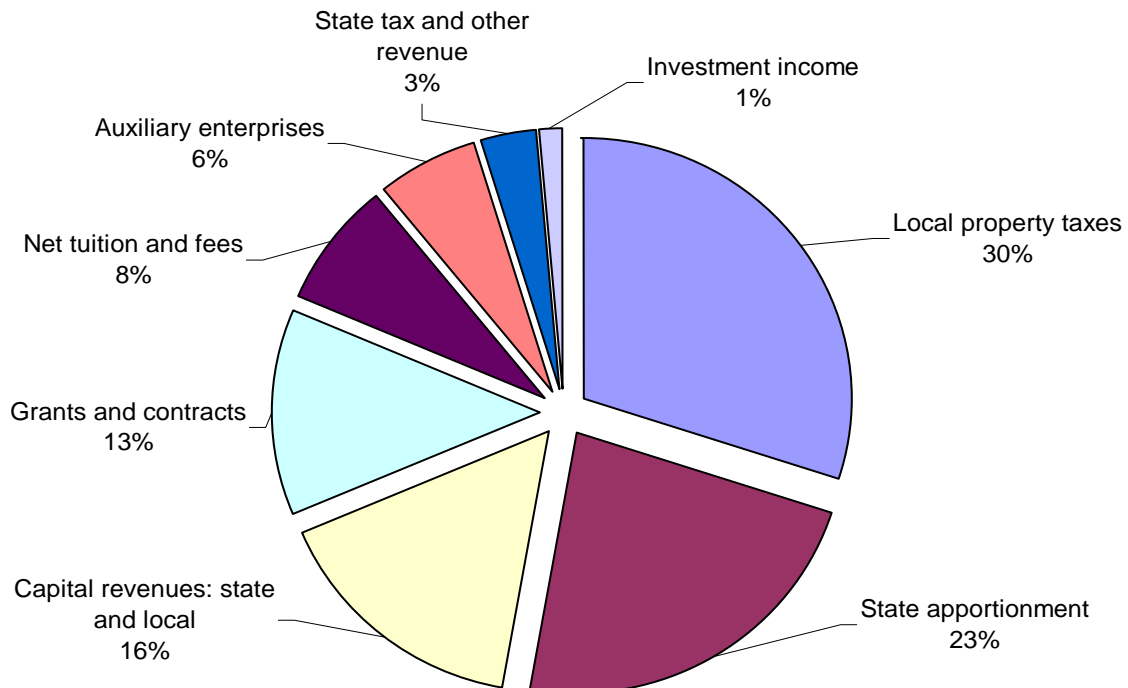
The principal components of the District's non-operating revenue are: non-capital, state apportionment, local property taxes, other state funding, and interest income. With the exception of interest income, all of this revenue is received to support the District's instructional activities. The amount of state general apportionment received by the District is dependent upon the number of FTES reported to the State, less amounts received from enrollment fees and local property taxes; increases in either of these latter two revenue-categories leads to a correspondent decrease in apportionment. Overall, there was an \$8.0 million increase in FTES-related revenues, which was primarily due to the District's decision to report summer 2006 FTES in fiscal 2005-06.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
Management's Discussion and Analysis (MD&A)
For the Year Ended June 30, 2006

The net investment income (non-capital) is primarily earned on: 1) investments designated for the funding of the District's liability for retiree health benefits, \$0.8 million, and 2) another \$0.4 million for other funds held in the County Treasury during the fiscal year. The \$2.3 million in investment income (capital) represents interest earned on the unspent cash and investments from the Measure "A" bonds.

The principal components of "capital-revenues" are \$38.9 million in state apportionment, and local revenues, utilized for capital projects and deferred maintenance programs. The principal components of this revenue were the State funding received for: 1) construction of the San Ramon Valley Center, \$17.0 million, 2) construction of the Los Medanos College (LMC) science building, \$12.0 million, 3) construction of the LMC learning resource center, \$5.0 million, and 4) construction of the Diablo Valley College (DVC) computer technology center, \$3.9 million. The increase in revenue (over 2004-05) reflects increased capital project, construction activity for which the District was able to submit reimbursement claims.

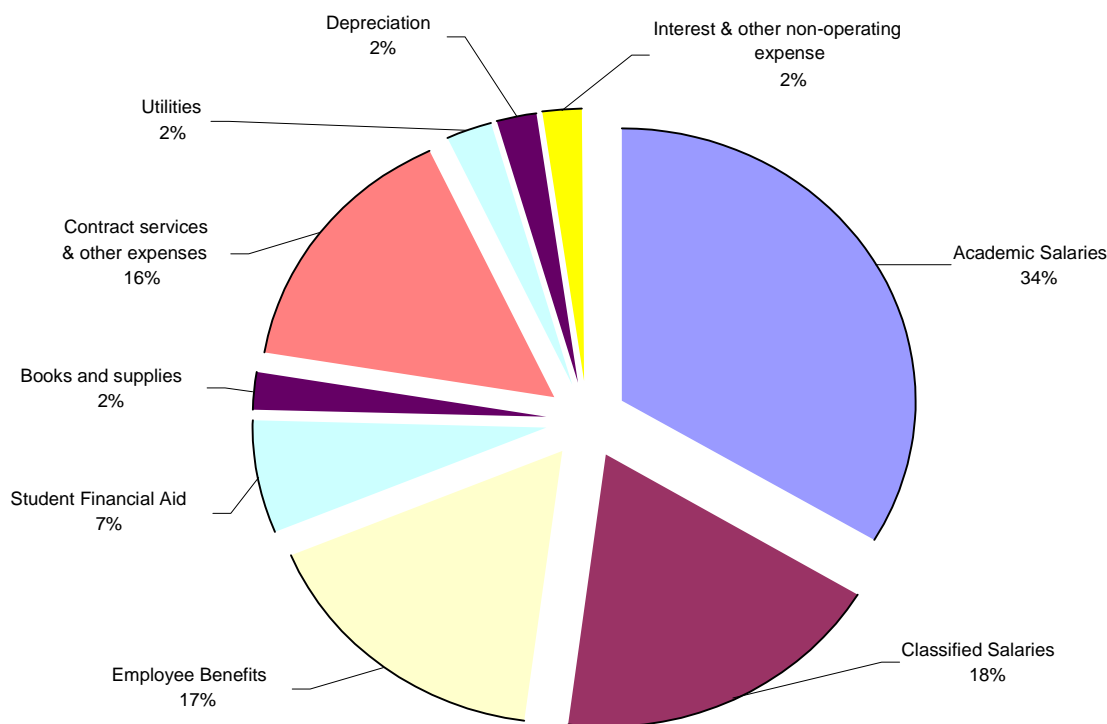
Total Revenues - June 30, 2006



CONTRA COSTA COMMUNITY COLLEGE DISTRICT
Management's Discussion and Analysis (MD&A)
For the Year Ended June 30, 2006

The largest component, 69% of the District's total expense (operating and non-operating) is the cost associated with salaries and benefits. In the District's primary operating fund, the Unrestricted General Fund, salaries and benefits account for 84% of fund expenditures. Payments to students which include direct financial aid accounted for 7% of District expenses. "Books, supplies, materials, and other expenses" account for an additional 19% of the total. This latter category includes \$4.6 million for the cost of books and supplies, \$9.6 million for cost of goods sold in the auxiliary operations, and, \$6.2 million spent in connection with restricted programs funded by grants and contracts. The remainder of this expenditure-category includes insurance premiums, instructional contracts, facilities rental, equipment repair, and a host of other expenditures necessary to the operation of the District. Utilities, depreciation, and debt principal and interest expenses make up the remaining 6% of total expenditures.

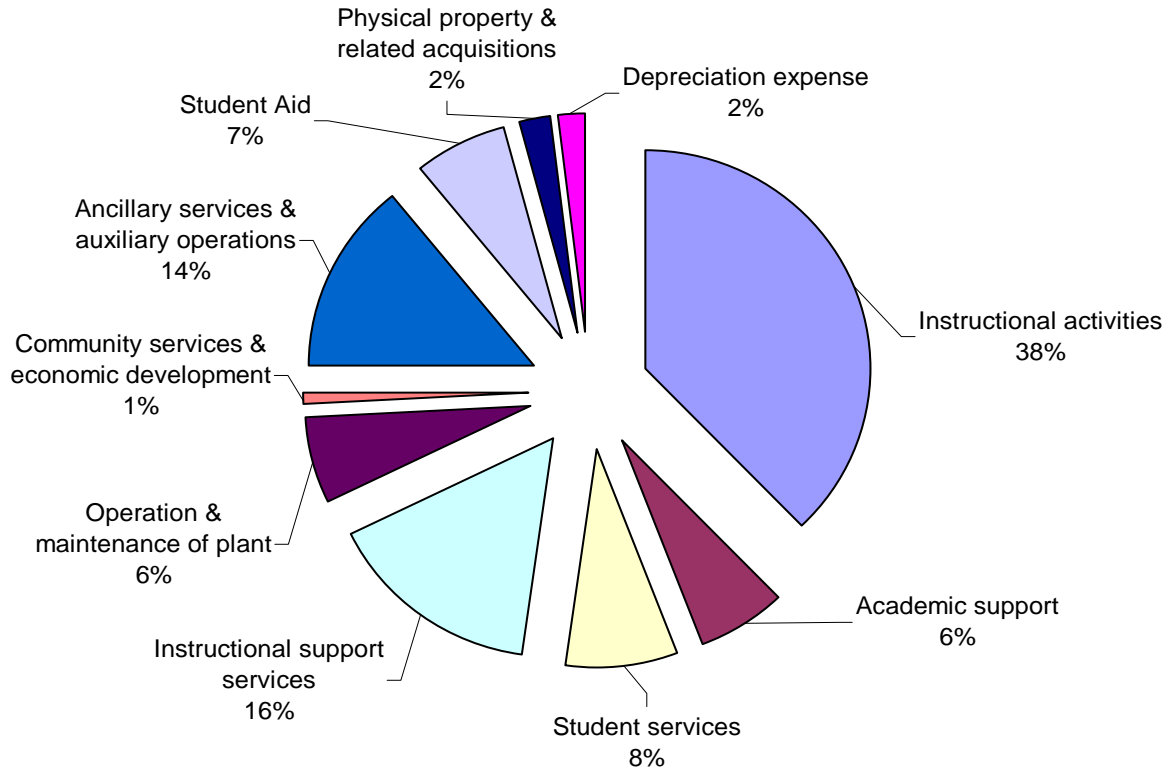
Total Expenses - June 30, 2006



Overall, total operating expenses decreased by 1% during 2005-06. This decrease was principally due to the full-year-effect of the negotiated salary decreases that had been enacted only part-way through 2004-05. The 6.5% increase in utility expenditures is a direct result of the higher energy-cost increase seen nationwide. The 32% increase in interest expense is due to the increased bond-repayment obligation that resulted from the District's issuance of an additional \$45 million in bonds in August 2004.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
Management's Discussion and Analysis (MD&A)
For the Year Ended June 30, 2006

2005-06 Operating Expenses by Functional Classification



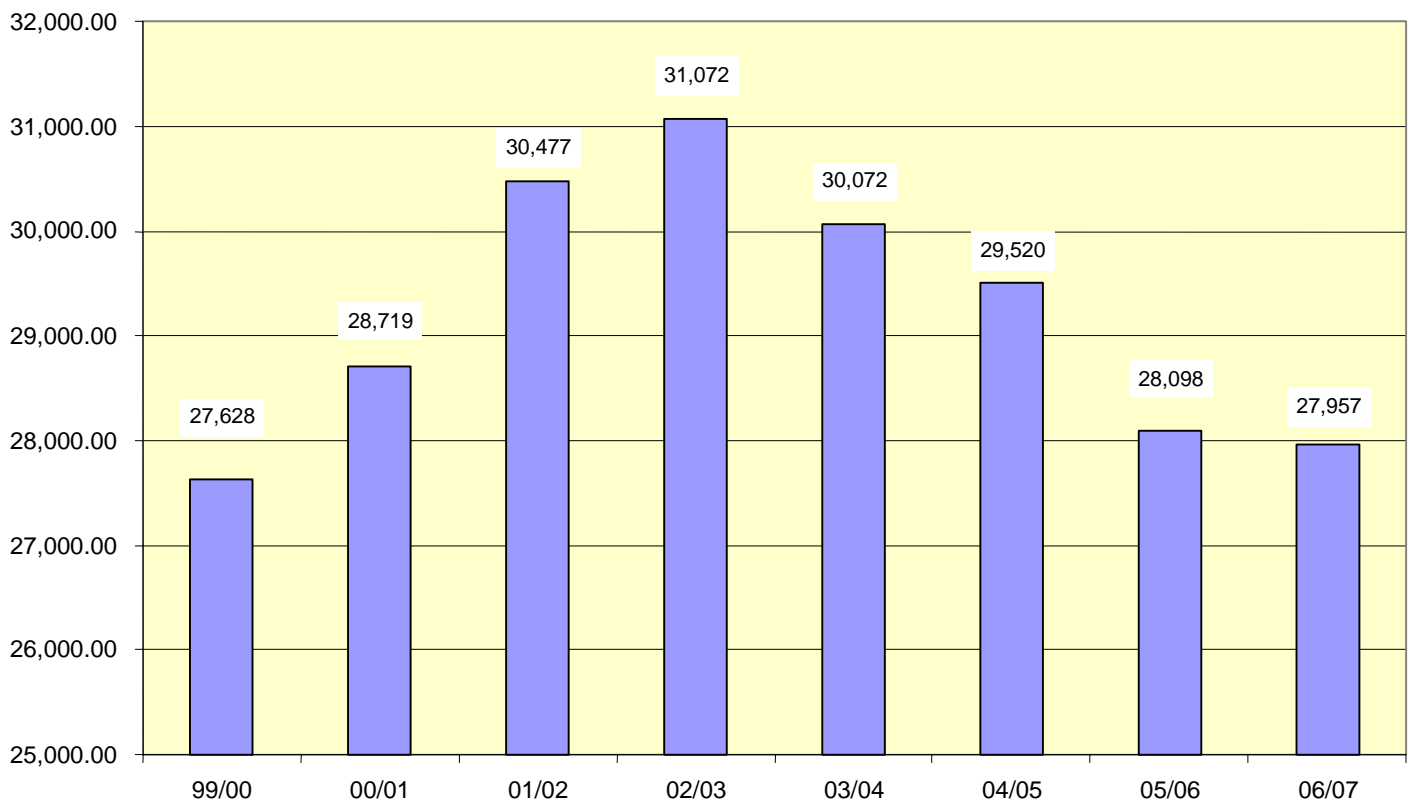
Operating Expense by Functional Classification

	<u>2006</u>	<u>2005</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Instructional activities	\$ 72,282,994	\$ 75,276,214	\$ (2,993,220)	(4.0%)
Academic support	12,473,133	12,865,861	(392,728)	(3.1%)
Student services	15,296,140	14,585,313	710,827	4.9%
Instructional support services	30,261,167	28,367,425	1,893,742	6.7%
Operation & maintenance of plant	11,945,820	12,494,952	(549,132)	(4.4%)
Community services & economic development	1,911,505	1,985,339	(73,834)	(3.7%)
Ancillary services & auxiliary operations	26,955,992	27,212,001	(256,009)	(0.9%)
Student Aid	12,882,299	13,244,485	(362,186)	(2.7%)
Physical property & related acquisitions	4,303,004	5,995,598	(1,692,594)	(28.2%)
Depreciation expense	3,710,772	4,346,158	(635,386)	(14.6%)
Total	\$ 192,022,826	\$ 196,373,346	\$ (4,350,520)	(2.2%)

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
Management's Discussion and Analysis (MD&A)
For the Year Ended June 30, 2006

The previous page shows that overall 2005-06 operating expenditures decreased by 2.2% over the previous year. Most of the decreases were the result of: 1) the full-year-effect of the negotiated salary decreases that had been enacted only part-way through 2004-05, and 2) the continued decline in total FTES. The increases in “student services” and “instructional support” corresponded to increases in State-funded categorical programs. The decrease in “physical property” is due to a slight decrease in bond-funded equipment purchases. 2004-05 was the last year of depreciation for several pieces of equipment that had been purchased with instructional equipment grant funding. As such, the 2005-06 reduction in depreciation expense was expected.

District Resident FTES
1999-00 to 2005-06 "actuals", 2006-07 projection at "fall"



For the 2006-07 FTES-projection ... “fall census” includes all of the actual enrollments for summer 2006, and the actual enrollment for the fall weekly and daily census courses. The projection made for the remaining fall positive attendance courses, and all of the spring courses, is based on 2006-07 FTES-to-date, as compared to last year’s ratio, of 2005-06 fall census FTES to the total FTES for fiscal 2005-06.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
Management's Discussion and Analysis (MD&A)
For the Year Ended June 30, 2006

Statement of Cash Flows

The Statement of Cash Flows presents detailed information about the "sources" and "uses" of cash during the year. The statement is divided into five parts:

- Cash flows from operating ("exchange") activities
- Cash flows from non-capital financing activities
- Cash flows from capital and related-financing activities.
- Cash flows from investing activities
- Reconciliation between beginning and ending cash

The ending cash balance matches the total of the District's current and non-current, cash and cash equivalents.

Economic Factors that will affect the Future

(Enrollment)

The District is dependent on the State of California for a majority of its revenue. State law and regulation further specifies the allowed uses of state revenue. The most important element of state funding is the Total General Apportionment calculation, which accounted for 88% of the District's 2005-06 primary "operating fund," the Unrestricted General Fund. Apportionment revenue is directly tied to reported enrollment, and since 2002-03, the District's FTES have fallen-off.

The decrease seen in 2003-04 was primarily due to the District's response to the 2003-04, state-wide reduction of funding for concurrently enrolled high school students in physical education courses. Since the state would no longer fund these FTES, the District stopped offering such courses, and nearly 900 FTES were lost.

In 2004-05 two events occurred: enrollment fees increased 44% (from \$18/unit to \$26/unit); and, the state's unemployment rate hit a 5-year low. Because of the strong correlation between the state's unemployment rate and community college enrollment, it is hard to know if it was the fee-increase, or the demand for workers, that led to the District's 2004-05 FTES-decline.

In 2005-06, the state's unemployment rate continued to stay low. In the area of FTES-reporting, the state tightened-up the eligibility requirements for non-credit FTES in tutorial courses, and reduced the number of hours that could be reported for "open-entry/open-exit" courses. Additionally, the District made compliance changes for the reporting of FTES in distance-education courses. All of these actions contributed to a further reduction of FTES in 2005-06.

An increase in FTES could be in store for 2006-07. Beginning spring semester, 2007, enrollment fees will be reduced from \$26/unit to \$20/unit. Additionally, there are signs that the state economy may be weakening, and unemployment may be on the rise. These two factors (in 2006-07) are exactly the reverse of the factors that lead to a decline in 2004-05.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
Management's Discussion and Analysis (MD&A)
For the Year Ended June 30, 2006

(District budgeting)

Since 2003-04, the district has initiated several cost-cutting initiatives to offset the effects of reduced state funding, and increases in ongoing costs, especially those associated with health premiums, and other employer-paid benefits. Prior to 2004-05, the District had already made sizable cuts in its operating expenditures, including layoffs of several classified employees. During 2004-05, the District froze college carry-over funds, and placed a “hiring freeze” on all unfilled permanent positions. The District also sought, and negotiated with its employee groups, on-going cuts in salaries, a 6% employee co-payment of health insurance premiums, and for new employees, hired after July 1, 2005, a cut-off of retiree health benefits upon reaching Medicare eligibility. Thanks to these measures, and the sacrifices made by employees, the District was able to maintain an adequate ending reserve for 2004-05. By maintaining the cuts of the previous year and the receipt of some unexpected state funding, by the 2005-06 fiscal year-end, the District wound-up doubling its Unrestricted Fund, ending fund balance.

In preparing the Unrestricted General Fund budget for 2006-07, the District has begun using a new format that clearly differentiates ongoing revenues and expenditures from those that are one-time in nature. The idea behind this format-change is the maintenance of fiscal stability by making sure that the District can readily identify when on-going expenditures begin to exceed ongoing revenues. Additionally, the District has begun using interest-based bargaining (IBB) in negotiating with its employee groups. All parties have listed as mutual interests “fiscal stability”, and the maintenance of on-going commitments within the District’s on-going resources. To date, the District has settled with two of its employee groups, and has a tentative agreement with the third. The terms of all of these agreements comply with the aforementioned mutual interest of keeping on-going expenditures within the District’s on-going revenues.

With the recent passage of SB361, all of the state’s community colleges will be funded using the new funding model. For 2006-07, the District has incorporated the new funding model in calculating revenues for 2006-07.

(Other post-employment benefits, OPEB)

In 2007-08, the District must implement GASB-45, which will require the District to begin accruing its liability for unfunded retiree health benefits (over the next 30 years). As of June 30, 2006, the District’s total liability is \$225 million, for which the District has set aside a little over \$27 million. Currently the District pays retiree benefits on a “pay-as-you-go” basis, and additionally makes an annual contribution of \$1 million to the benefit fund. Per the actuarial schedules, if continued at this rate, at the end of 30 years, the District would still have an unfunded liability of nearly \$71 million. In response to this, the District has put together a plan that adds an additional \$15.6 million to the retiree funding (during 2007-08) the effect of which will cause the liability at the end of 30 years to be \$0.

(State-economy, state-budget)

The latest forecast from the Legislative Analysts Office anticipates subdued economic growth through 2007 along with a decline in personal income. They project that there will be an on-going budget gap of \$5.5 billion for 2007-08. Although there will be a \$3.1 billion reserve at the end of 2006-07 to partially offset this gap, these funds are one-time in nature, and would provide only one-year’s worth of relief. The 2007-08 COLA is projected to be 3.8%, and this is good news. However, given the state’s overall budget-issues, the District will need to monitor the situation closely, and be mindful of the potential for funding-cuts as the state wrestles with this on-going budget problem.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

STATEMENT OF NET ASSETS

JUNE 30, 2006

ASSETS

Current Assets:

Cash and Cash Equivalents	\$ 31,332,140
Investments, Short-Term	7,593,362
Accounts Receivable, Net	33,918,105
Taxes Receivable	1,617,991
Interest Receivable	1,114,957
Inventories	2,287,685
Prepaid Expenses	1,259,449
Deposits Held for Others	4,497,317
Other Assets	66,878
Notes Receivable	<u>59,413</u>

Total Current Assets	<u>83,747,297</u>
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Noncurrent Assets:

Restricted Cash and Cash Equivalents	31,602,791
Long-Term Investments	41,742,179
Capital Assets, Net	<u>178,813,868</u>

Total Noncurrent Assets	<u>252,158,838</u>
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TOTAL ASSETS

	<u><u>\$ 335,906,135</u></u>
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LIABILITIES

Current Liabilities:

Accounts Payable	\$ 11,976,813
Accrued Liabilities	4,534,118
Retainage Payable	4,497,317
Deferred Tuition and Fees Revenue	7,841,042
Deferred Grants and Contracts	4,652,676
Other Deferred Revenue	116,850
Claims Payable	78,266
Interest Payable	1,852,458
Capitalized Lease Obligations, Current Portion	365,864
Certificates of Participation, Current Portion	50,000
Bonds payable, Current Portion	<u>2,100,000</u>

Total Current Liabilities	<u>38,065,404</u>
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Noncurrent Liabilities:

Capital Leases Payable	636,424
Compensated Absences	10,820,670
Bonds, Certificates of Participation, and Loans Payable	<u>115,055,639</u>

Total Noncurrent Liabilities	<u>126,512,733</u>
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TOTAL LIABILITIES

	<u>164,578,137</u>
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NET ASSETS

Invested in Capital Assets, Net of Related Debt	125,336,944
Restricted For:	
Capital Projects	1,558,123
Plant Funds	287,679
Debt Service	989,799
Unrestricted	<u>43,155,453</u>

Total Net Assets	<u>171,327,998</u>
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TOTAL LIABILITIES AND NET ASSETS

	<u><u>\$ 335,906,135</u></u>
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The accompanying notes are an integral part of these financial statements.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2006

OPERATING REVENUES

Tuition and Fees (Gross)	\$ 23,672,608
Less: Scholarship Discounts and Allowances	<u>(4,639,194)</u>
Net Tuition and Fees	19,033,414
Grants, Contracts, and Donations, Noncapital:	
Federal	13,334,382
State	13,402,733
Local	4,391,199
Auxiliary Enterprise Sales and Charges	<u>14,847,786</u>

TOTAL OPERATING REVENUES 65,009,514

OPERATING EXPENSES

Academic and Classified Salaries	102,169,769
Employee Benefits	32,774,505
Other Operating Expenses and Services	36,011,831
Utilities	4,473,650
Student Financial Aid and Scholarships	12,882,299
Depreciation	<u>3,710,772</u>

TOTAL OPERATING EXPENSES 192,022,826

OPERATING LOSS (127,013,312)

NON-OPERATING REVENUES (EXPENSES)

State Apportionments, Noncapital	55,835,122
Local Property Taxes	<u>73,251,718</u>
State Taxes and Other Revenues	8,046,596
Investment Income - Noncapital	1,201,187
Investment Income - Capital	2,317,415
Interest Expense on Capital Asset-Related Debt	(4,489,792)
Other Non-Operating Revenues (Expenses)	<u>(12,613)</u>

TOTAL NON-OPERATING REVENUES (EXPENSES) 136,149,633

LOSS BEFORE CAPITAL REVENUES 9,136,321

State Apportionments, Capital	38,087,787
Local Property Taxes and Revenues, Capital	877,772
Grants and Gifts, Capital	<u>202,174</u>

INCREASE IN NET ASSETS 48,304,054

NET ASSETS -- BEGINNING OF YEAR 123,023,944

NET ASSETS -- END OF YEAR \$ 171,327,998

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

**STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2006**

CASH FLOWS FROM OPERATING ACTIVITIES

Tuition and Fees	\$ 18,218,123
Federal Grants and Contracts	13,205,951
State Grants and Contracts	9,663,543
Local Grants and Contracts	666,253
Payments to Suppliers	(31,129,816)
Payments for Utilities	(4,473,650)
Payments to or on Behalf of Employee	(98,519,097)
Payments for Benefits	(32,675,883)
Student Loans/Grants	(12,792,937)
Auxiliary Enterprise Sales and Charges	14,816,547
Net Cash Used by Operating Activities	<u>(123,020,966)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

State Apportionments and Receipts	56,665,059
Property Taxes	73,108,973
State Taxes and Other Revenues	8,046,596
Grants and Gifts for Other than Capital Projects	202,174
Short-Term Debt and Other Receipts (Payments), Net	<u>(15,926,437)</u>
Net Cash Provided by Noncapital Financing Activities	<u>122,096,365</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

State Apportionments for Capital Purposes	31,334,059
Purchases of Capital Assets	(52,748,430)
Interest Paid on Capital Debt	(5,071,238)
Principal Paid on Capital Debt	(2,740,708)
Interest on Capital Investments	2,259,433
Local Property Taxes and Other Revenues for Capital Purposes	966,365
Issuance of Capital Debt, Net	<u>24,955,560</u>
Net Cash Used by Capital and Related Financing Activities	<u>(1,044,959)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from Sales and Maturities of Investments	11,107,488
Interest Received on Investments	1,341,136
Purchase of Investments	<u>(10,775,203)</u>
Net Cash Provided by Investing Activities	<u>1,673,421</u>

Net Decrease in Cash and Cash Equivalents	<u>(296,139)</u>
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CHANGE IN CASH AND CASH EQUIVALENTS	(296,139)
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CASH AND CASH EQUIVALENTS -- BEGINNING OF YEAR	<u>63,231,070</u>
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CASH AND CASH EQUIVALENTS -- END OF YEAR	<u><u>\$ 62,934,931</u></u>
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Reconciliation to Statement of Net Assets:

Cash and Cash Equivalents	\$ 31,332,140
Restricted Cash and Cash Equivalents	<u>31,602,791</u>
Total Cash and Cash Equivalents	<u><u>\$ 62,934,931</u></u>

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED JUNE 30, 2005

**RECONCILIATION OF NET OPERATING LOSS TO NET CASH
USED BY OPERATING ACTIVITIES:**

Cash Flows from Operating Activities	
Operating Loss	\$ (127,013,312)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities	
Depreciation Expense	3,710,772
Changes in Assets and Liabilities:	
Accounts Receivable	(8,049,809)
Inventories	(460,377)
Prepaid Expenses	1,178,905
Accounts Payable	3,463,783
Accrued Liabilities	1,681,870
Deferred Tuition and Fees	(26,912)
Deferred Grants and Contracts	444,184
Claims Payable	(79,084)
Compensated Absences	2,130,014
Net Cash Used by Operating Activities	<u>\$ (123,019,966)</u>

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2006

	<u>Agency Funds Associated Students</u>
ASSETS	
Cash and Cash Equivalents	\$ 965,592
Accounts Receivable	<u> 173,529</u>
TOTAL ASSETS	<u>\$ 1,139,121</u>
LIABILITIES	
Accounts Payable	\$ 143,292
Amounts Held in Trust for Others	<u> 995,829</u>
TOTAL LIABILITIES	<u>\$ 1,139,121</u>

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2006

1. ORGANIZATION AND NATURE OF ACTIVITIES

The Contra Costa Community College District (the District) was established in 1948 as a separate district and began operating in 1949. The District serves Contra Costa County, California, with three colleges: Diablo Valley College located in Pleasant Hill, Contra Costa College located in San Pablo, and Los Medanos College located in Pittsburg.

The District has reviewed criteria to determine whether other entities with activities that benefit the District should be included within its financial reporting entity. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in generally accepted accounting principles (GAAP) and Governmental Accounting Standards Board (GASB) Statement No. 14 as amended by GASB Statement No. 39.

The District, based on its evaluation of this criteria, has identified the following as a component unit:

Blended component unit - The District and the Contra Costa Community College Educational Financing Corporation (the Corporation) have a financial and operational relationship, which meets the reporting entity definition criteria for inclusion of the Corporation as a component unit of the District. Accordingly, the financial activities of the Corporation have been included in the financial statements of the District.

Based upon the application of the criteria listed above, the following reporting entities have been excluded from the District's financial statements:

Contra Costa Community College Foundations – The Foundations (Diablo Valley, Contra Costa and Los Medanos) are separate not-for-profit organizations. A majority of their Boards of Directors are elected independent of any District Board of Trustees appointments. The Foundation Boards are responsible for approving their own budgets and accounting and finance related activities. The District provides in-kind contributions to the Foundations in the form of salaries, facility use, equipment, supplies, and utilities. The value of these in-kind contributions for the year ended June 30, 2006, was estimated to be \$240,000.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation – The accompanying financial statements have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board and *Audits of State and Local Governmental Units*, issued by the American Institute of Certified Public Accountants (AICPA) and, where applicable, Financial Accounting Standards Board (FASB) Statements issued through 1989.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2006

Basis of accounting – For financial reporting purposes, the District is considered a special-purpose government engaged only in business type activities. Accordingly, the District's financial statements have been presented using the economic resources measurement focus and accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recognized when an obligation has been incurred. All significant interfund transactions have been eliminated.

The budgetary and financial accounts of the District are recorded and maintained in accordance with the Chancellor's Office of the California Community College's Budget and Accounting Manual, which is consistent with generally accepted accounting principles.

In addition to the District's business type activities, the District maintains fiduciary funds. These funds account for assets held by the District in a trustee capacity or as an agent on behalf of others. Fiduciary funds are accounted for using the economic resources measurement focus. Fiduciary funds are not included in the government-wide financial statements. Fiduciary funds are reported only in the Statement of Fiduciary Net Assets at the fund financial statement level.

Agency Funds – This fund includes the Associated Student Trust Funds. The amounts reported for student body funds represent the combined totals of all accounts for the various student body clubs and activities within the District. Individual totals, by club, are maintained within the Associated Student's accounting system.

Budgets and budgetary accounting – By state law, the District's governing board must approve a tentative budget no later than July 1st and adopt a final budget no later than September 15th of each year. A hearing must be conducted for public comments prior to adoption.

The budget is revised during the year to incorporate categorical funds, which are awarded during the year, and miscellaneous changes to the spending plans. Revisions to the budget are approved by the District's governing board.

Estimates used in financial reporting – In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents – The District considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents.

Investments – Investments are reported at fair value on the balance sheet based on open market quotes for debt and equity securities. Unrealized gains and losses are recorded on the statement of revenues, expenses and changes in fund balances.

Restricted cash and investments – Cash and investments that are restricted by contractual obligation are classified as non-current assets in the Statement of Net Assets.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2006

Accounts Receivable – Accounts receivable consist of amounts due from the federal, state and local governments, as well as other sources such as tuition and fees. Accounts receivable have been reduced to their net realizable value by recording an allowance for uncollectible amounts.

Inventories – Inventories are recorded at cost and consist primarily of expendable supplies held for consumption, cafeteria food and supplies, textbooks, and educational materials. For inventory valuation, the cafeteria fund uses the first-in, first-out method and the bookstore uses the retail method. The cost is recorded as expense as the inventory is consumed.

Capital assets – Capital assets are those assets purchased or acquired with an original cost of \$1,000 or more, with the exception of land and construction in progress for which the threshold is \$25,000. These assets are reported at historical cost or estimated historical cost. Additions, improvements, and other capital outlay that significantly extends the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on a straight-line basis over the following estimated useful lives:

Asset Class	Years
Improvement of Sites	20
Buildings	25-50
Machinery and Equipment	5-15
Vehicles	8

Deferred revenue – Deferred revenue includes amounts received for tuition and fees and certain categorical program revenues received prior to the end of the fiscal year, but related to the subsequent accounting period. Deferred revenue also includes amounts received from grants and contracts that have not yet been earned. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources.

Compensated absences – Employee vacation pay is accrued at year-end for financial statement purposes, based on vacation time accrued and current pay rate. The liability and expense incurred are recorded at year-end as accrued vacation payable in the Statement of Net Assets as a component of employee benefits. It is the District's policy to record sick leave in the period taken, since the employee's right to sick leave payment does not vest upon termination.

Pension costs – Pension costs are funded currently (see Note 12).

Non-current liabilities – Non-current liabilities include estimated amounts for long-term liabilities that will not be paid within the next fiscal year (see Note 7).

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2006

Net assets – The District's net assets are classified as follows:

- Invested in capital assets, net of related debt – This represents the District's total investment in capital assets, net of 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 invested in capital assets, net of related debt.
- Restricted net assets – expendable – Restricted expendable net assets include resources that the District is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.
- Unrestricted net assets – Unrestricted net assets represent 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, or for any other purpose.

Classification of revenues – The District has classified its revenues as either operating or non-operating according to the following criteria:

- Operating revenues: operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, and (3) Federal, State and local grants, contracts, and appropriations.
- Non-operating revenues: Non-operating revenues include activities that have the characteristics of non-exchange transactions, such as gifts and contributions, and other revenue sources that are defined as non-operating revenues by GASB No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB No. 34, *Basic Financial Statements and Management Discussion and Analysis for State and Local Governments*, such as State apportionments, local property taxes and investment income.

Scholarship discounts and allowances, and financial aid – Student tuition and fee revenues are reported net of scholarship discounts and allowances in the statement of activities. The District offers Board of Governor's Grants (BOGG) to qualified students and these tuition waivers are reported as scholarship discounts and allowances. Grants, such as Federal, State or non-governmental programs, are recorded as operating or non-operating revenues based on the purpose in the District's financial statements.

Property taxes – Secured property taxes attach as an enforceable lien on property as of March 1, and are payable in two installments on December 10 and April 10. Unsecured property taxes are payable in one installment on or before August 31. The County of Contra Costa bills and collects the taxes for the District; tax revenues are recognized by the District when earned.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2006

Future GASB statement implementation - In June 2004, the Governmental Accounting Standards Board ("GASB") issued Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions." Statement No. 45 is effective for the District for the 2007-2008 fiscal year. This statement establishes standards for the actuarial measurement, recognition, presentation, disclosure, and required supplementary information of postemployment benefits and related liabilities. Management has not determined what effect the application of GASB Statement No. 45 will have on the District's financial statements.

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents as of June 30, 2006 are classified in the accompanying financial statements as follows:

Statements of net assets:	
Cash and cash equivalents	\$ 31,332,140
Restricted cash and cash equivalents	31,602,791
Investments:	
Short Term	7,593,362
Long Term	41,742,179
Fiduciary funds:	
Cash and cash equivalents	<u>965,592</u>
Total cash, cash equivalents, and investments	<u>\$ 113,236,064</u>

Cash and cash equivalents as of June 30, 2006 consist of the following:

Cash on hand	\$ 36,000
Deposits with financial institutions	<u>6,363,386</u>
Cash on hand and in banks	<u>6,399,386</u>
Investments with County Treasurer:	
Pooled Investments	25,204,532
District Managed Investments	<u>81,632,146</u>
Investments	<u>106,836,678</u>
Total cash, cash equivalents, and investments	<u>\$ 113,236,064</u>

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2006

Investments Authorized by the District's Investment Policy

In accordance with Education Code Section 84000, the District maintains substantially all its cash in the Contra Costa County Treasury (County) as part of the common investment pool, and District managed investments. County pools these funds with those of other governmental entities in the County and invests the cash. These investments are carried at fair value. Any realized investment losses are proportionately shared by all funds in the pool, except for investments directly managed by the District. Participants' equity in the investment pool is determined by the dollar amount of the participant deposits, adjusted for withdrawals and distributed income.

The table below identifies the investment types authorized by the District's investment policy in accordance with the California Government Code. This table also identifies certain provisions of the California Government Code that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds or Notes	5 years	10%	None
U.S. Treasury Obligations	5 years	10%	None
U.S. Agency Securities	5 years	50%	None
Commercial Paper	270 days	20%	10%
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Funds (LAIF)	N/A	10%	None

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2006

Investments Authorized by Debt Agreements

Investment of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the District's investment policy. The table below identifies the investment types that are authorized for investments held by bond trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage Allowed	Maximum Investment In One Issuer
Contra Costa County Investment Pool	Five Years	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None

Disclosures Relating to 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.

Information about the sensitivity of fair values of the investments to market interest rate fluctuations is provided by the following table that shows the distribution of the investments by maturity:

Investment Type	Total Market Value	Remaining Maturity (in Years)	
		Less than 1	1 to 5
Pooled Investments	\$ 25,204,532	\$ 25,204,532	
District Managed Investments:			
U.S Treasury Notes	4,997,916		\$ 4,997,916
Federal Agency Bonds, Notes and Mortgage-Back Securities	36,814,936		36,814,936
Corporate Notes	5,464,459		5,464,459
Municipal Bonds	1,721,824		1,721,824
LAIF	32,633,011	32,633,011	
Totals	<u>\$ 106,836,678</u>	<u>\$ 57,837,543</u>	<u>\$ 48,999,135</u>

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2006

Disclosures Relating to 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 District's investment policy, or debt agreements, and the actual rating as of year end for each investment type.

Investment Type	Total Market Value	Exempt from Disclosure	Rating as of Year End Standard and Poor's				
			AAA	AA	AA-	A+	Not Rated
Pooled Investments	\$ 25,204,532						\$ 25,204,532
District Managed Investments:							
U.S Treasury Notes	4,997,916	\$ 4,997,916					
Federal Agency Bonds, Notes and Mortgage-Back Securities	36,814,936		\$ 36,814,936				
Corporate Notes	5,464,459		971,194	\$ 1,035,556	\$ 2,507,261	\$ 950,448	
Municipal Bonds	1,721,824		1,721,824				
LAIF	32,633,011						32,633,011
Totals	<u>\$ 106,836,678</u>	<u>\$ 4,997,916</u>	<u>\$ 39,507,954</u>	<u>\$ 1,035,556</u>	<u>\$ 2,507,261</u>	<u>\$ 950,448</u>	<u>\$ 57,837,543</u>

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 that stipulated by the California Education Code. The District has no investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total District investments.

Cash on Hand, in Banks, and in Revolving Fund

As of June 30, 2006, the carrying amount of the District's bank deposits was \$6,363,386 and the bank balance was \$5,608,917. Of the bank balance, \$526,769 was insured by the Federal Depository Insurance Corporation. The remainder, \$5,082,148, was covered by collateral held in the pledging financial institutions' trust departments in the District's name. Cash on hand of \$36,000 was not insured. Of the total bank balance, \$5,107,443 is held by the primary institution and \$501,474 is held by fiduciary funds.

4. ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following at June 30, 2006:

Federal, state and local grants and contracts, net of allowance of \$586,624	\$ 31,442,816
Auxiliary enterprises	207,259
Student tuition and fees, net of allowance of \$972,448	<u>2,268,030</u>
Totals	<u>\$ 33,918,105</u>

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2006

5. FUNCTIONAL EXPENSES

For the year ended June 30, 2006, operating expenses are charged by function as follows:

	Salaries	Employee Benefits	Supplies, Materials & Other Operating Expenses & Services	Other Outgo	Depreciation	Total
Instructional Activities	\$ 53,522,056	\$ 15,218,661	\$ 3,542,277			\$ 72,282,994
Academic Support	8,260,260	2,206,625	2,006,248			12,473,133
Student Services	10,651,649	2,719,750	1,924,742			15,296,141
Institutional Support	15,494,235	8,365,260	6,401,746			30,261,241
Plant Operation and Maintenance	5,316,305	1,942,355	4,687,160			11,945,820
Community Services & Economic Development	1,102,437	281,066	528,003			1,911,506
Ancillary and Auxiliary Services	7,783,174	2,034,278	17,138,540			26,955,992
Student Aid				\$ 12,882,299		12,882,299
Physical Property & Related Acquisitions	39,653	6,510	4,256,765			4,302,928
Depreciation					\$ 3,710,772	3,710,772
Totals	<u>\$ 102,169,769</u>	<u>\$ 32,774,505</u>	<u>\$ 40,485,481</u>	<u>\$ 12,882,299</u>	<u>\$ 3,710,772</u>	<u>\$ 192,022,826</u>

6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2006 was as follows:

	Balance July 1, 2005	Additions	Deletions	Balance June 30, 2006
Capital Assets, Not Depreciated:				
Land	\$ 13,651,216			\$ 13,651,216
Construction in Progress	<u>28,047,536</u>	<u>\$ 32,696,789</u>	<u>\$ (15,500,352)</u>	<u>45,243,973</u>
Total Capital Assets, Not Depreciated	<u>41,698,752</u>	<u>32,696,789</u>	<u>(15,500,352)</u>	<u>58,895,189</u>
Capital Assets, Depreciated:				
Buildings	122,362,521	36,714,141		159,076,662
Improvement of Sites	14,914,367			14,914,367
Machinery and Equipment	<u>36,532,502</u>	<u>1,055,556</u>	<u>(787,217)</u>	<u>36,800,841</u>
Total Capital Assets, Depreciated	<u>173,809,390</u>	<u>37,769,697</u>	<u>(787,217)</u>	<u>210,791,870</u>
Less Accumulated Depreciation	<u>(87,162,419)</u>	<u>(4,497,989)</u>	<u>787,217</u>	<u>(90,873,191)</u>
Total Capital Assets, Depreciated, Net	<u>86,646,971</u>	<u>33,271,708</u>		<u>119,918,679</u>
Capital Assets, Net	<u>\$ 128,345,723</u>	<u>\$ 65,968,497</u>	<u>\$ (15,500,352)</u>	<u>\$ 178,813,868</u>

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2006

7. LONG-TERM LIABILITIES

Certificates of Participation

In June 1996, the Financing Corporation issued \$1,605,000 of Certificates of Participation ("COPs") with effective interest rates of 4.5% to 5.35% maturing through 2021. The COPs proceeds were used to fund various construction projects. At June 30, 2006, \$1,215,000 remained outstanding on these Certificates of Participation.

The annual debt service requirements for the Certificates of Participation, as of June 30, 2006 are as follows:

<u>Year(s) Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 50,000	\$ 72,900	\$ 122,900
2008	55,000	69,900	124,900
2009	60,000	66,600	126,600
2010	60,000	63,000	123,000
2011	65,000	59,400	124,400
2012 - 2016	400,000	232,500	632,500
2017 - 2021	<u>525,000</u>	<u>97,500</u>	<u>622,500</u>
	<u>\$ 1,215,000</u>	<u>\$ 661,800</u>	<u>\$ 1,876,800</u>

General Obligation Bond Payable

On March 5, 2002, \$120,000,000 in general obligation bonds were authorized by voters under Proposition 39/Measure A in an election held within the Contra Costa Community College District. In July 2002, the District issued its first series \$50,000,000 of Measure A General Obligation Bonds (the G.O. Bonds). The G.O. Bonds require semi-annual principal payments beginning in August 2003 through August 2026; interest on the G.O. Bonds is payable semiannually on each February 1 and August 1, commencing in February of 2003. Annual interest rates for the principal payments range from 3.5% to 6.0%.

On August 1, 2004, the District issued its second series, \$45,000,000, of Measure A G.O. Bonds maturing on August 1, 2029, with interest at 4-5.00%, to provide for anticipated construction costs from various construction projects. The G.O. Bonds require semi-annual principal and interest payments February 1, 2005 through August 1, 2029. The G.O. Bonds due on or before August 1, 2014, are not subject to optional redemption; the G.O. Bonds due on and after August 1, 2015 are subject to optional redemption.

On May 11, 2006, the District issued its third series, \$25,000,000, of Measure A G.O. Bonds maturing on August 1, 2027, with interest at 4-4.50%, to provide for anticipated construction costs from various construction projects. The G.O. Bonds require interest payments February 1, 2007 through August 1, 2027 and annual principal payments August 1, 2007 through August 1, 2027. The G.O. Bonds are subject to optional and mandatory redemption.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED JUNE 30, 2006**

The general obligation bonded debt at June 30, 2006, for both series matures as follows:

<u>Year(s) Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 2,100,000	\$ 5,148,432	\$ 7,248,432
2008	1,010,000	5,643,092	6,653,092
2009	1,440,000	5,441,444	6,881,444
2010	1,625,000	5,389,919	7,014,919
2011	1,845,000	5,321,781	7,166,781
2012 - 2016	13,065,000	24,702,961	37,767,961
2017 - 2021	20,585,000	20,672,841	41,257,841
2022 - 2026	30,900,000	14,933,903	45,833,903
2027 - 2031	42,430,000	6,532,737	48,962,737
Totals	115,000,000	93,787,110	208,787,110
Unamortized Premium and Issuance Costs	990,639		990,639
	<u>\$ 115,990,639</u>	<u>\$ 93,787,110</u>	<u>\$ 209,777,749</u>

Capital Lease Obligations

The District leases equipment under various capital leases. The total equipment acquired from capital leases included in the financial statement is \$516,927 (net of accumulated depreciation of \$824,441). Future minimum lease payments are as follows:

<u>Year(s) Ending June 30,</u>	
2007	\$ 404,658
2008	298,428
2009	261,566
2010	117,848
Total	1,082,500
Less Amounts Representing Interest	(80,212)
Present Value of Net Minimum Lease Payments	<u>\$ 1,002,288</u>

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2006

Changes In Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2006, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Capital Lease Obligations	\$ 1,402,791	\$ 172,423	\$ 572,926	\$ 1,002,288	\$ 365,864
Bonds payable	92,635,708	25,000,000	1,645,069	115,990,639	2,100,000
Compensated absences	8,690,656	10,820,670	8,690,656	10,820,670	
Certificates of Participation	1,265,000		50,000	1,215,000	50,000
Total Debt Obligations	<u>\$ 103,994,155</u>	<u>\$ 35,993,093</u>	<u>\$ 10,958,651</u>	<u>\$ 129,028,597</u>	<u>\$ 2,515,864</u>

8. POST-RETIREMENT HEALTH BENEFITS OBLIGATION

The District offers subsidized health insurance benefits to all employees who retire from the District and meet the age and service requirements for eligibility. Such benefits are required through the District's union contracts. The amount of the District's contribution towards such annual premiums per employee, is determined according to the collective bargaining agreements or court settlements. The District recognizes the cost of providing those benefits and related administrative costs when paid. Active plan participants at June 30, 2006 totaled 715. Such payments for these retired employees totaled \$7,342,881 for the fiscal year ended June 30, 2006 and were recorded as expenses.

The District partially funds the Actuarial Accrued Liability ("AAL"), which is defined as the present value of the project benefits that have already been earned by current retirees, and other employees eligible for benefits. The AAL also includes employees who are not yet eligible for benefits, but based on the district's experience, are likely to be eligible. The actuarially determined AAL at June 30, 2006 was \$225,080,400. Net assets set aside for funding purposes were \$27,785,500 at June 30, 2006.

9. OPERATING LEASES

The District leases certain facilities and land with lease terms in excess of one year. The annual lease payments for these leases are as follows:

<u>Year(s) Ending June 30,</u>	
2007	\$ 524,940
2008	527,208
2009	527,208
2010	527,208
2011	527,208
2012-2015	<u>108,552</u>
Total	<u>\$ 2,742,324</u>

Total rental expense in fiscal year 2005-06 under operating leases was \$584,701.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2006

10. JOINT POWERS AUTHORITIES

The District participates in Bay Area Community College District Joint Power Authority ("BACCDJPA") and Contra Costa County Schools Insurance Group ("CCCSIG") for selected insurance coverage. BACCDJPA administers a cooperative insurance program for member districts. Member districts are insured under certain liability and property insurance policies purchases by BACCDJPA. The following is condensed unaudited financial information for BACCDJPA, as of June 30, 2006:

Total assets	\$ 6,871,245
Total liabilities	1,859,469
Total net assets	<u>5,011,776</u>
 Total revenues	 3,783,199
Total expenses	3,641,772
Increase in net assets	<u>\$ 141,427</u>

CCCSIG provides a cooperative program of self-insurance for workers' compensation for member districts. CCCSIG is self-insured for individual workers' compensation claims less than \$1,000,000 and is covered by insurance for individual claims exceeding such amount to a maximum of \$6,000,000 per claim. The following is condensed audited financial information for CCCSIG, as of June 30, 2006:

Total assets	\$ 75,323,522
Total liabilities	74,441,736
Total net assets	<u>\$ 881,786</u>
 Total revenues	 \$ 40,658,218
Total expenses	29,751,602
Increase in net assets	<u>\$ 10,906,616</u>

In order to fully fund the CCCSIG, the District may be assessed for its pro rata share of the deficit through future anticipated rate increases.

The relationship between the District and BACCDJPA, and CCCSIG is such that these Joint Power Authorities (JPAs) are not considered to be component units of the District for financial reporting purposes. Complete separate financial statements for the JPAs may be obtained from the individual Authorities.

11. COMMITMENTS AND CONTINGENCIES

State and Federal Allowances, Awards, and Grants

The District has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditures disallowances under terms of the grants, it is believed that any required reimbursement would not be material.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2006

Litigation

The District is involved with various claims and litigation arising in the ordinary course of its operations. District management believes that reserves and adequate to cover any liability that may arise from such claims and litigation.

Construction Commitments

The District has construction contracts and property acquisition commitments relating to the general obligation bonds authorized by voters in March 2002. The information regarding the amount of said construction commitments at June 30, 2006, is \$62,769,775.

12. EMPLOYEE RETIREMENT PLANS

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Certificated employees are members of the State Teacher's Retirement System, and classified employees are members of the Public Employees' Retirement System.

CalPERS:

Plan Description

The District contributes to the School Employer Pool under the California Public Employees' Retirement System ("CalPERS"), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Law. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California 95814.

Funding Policy

Active plan members are required to contribute 7.0% of their salary (7% of monthly salary over \$133.33 if the member participates in Social Security), and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2005-06 was 9.952%. The contribution requirements of the plan members are established by state statute. The District's contributions to CalPERS for the fiscal years ending June 30, 2006, 2005, and 2004 were \$2,811,791, \$3,098,812, and \$3,318,929, respectively, and equaled 100% of the required contributions for each year.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2006

STRS:

Plan Description

The District contributes to the State Teachers' Retirement System ("STRS"), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by STRS. The plan provides retirement, disability, and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. STRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the STRS annual financial report may be obtained from the STRS offices, 7667 Folsom Boulevard, Sacramento, California 95826.

Funding Policy

Active plan members are required to contribute 8.0% of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the STRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2005-06 was 8.25% of annual payroll. The contribution requirements of the plan members are established by state statute. The District's contributions to STRS for the fiscal years ending June 30, 2006, 2005, and 2004 were \$4,946,091, \$5,503,286, and \$4,924,335, respectively, and equaled 100% of the required contributions for each year.

Cash Balance

The Cash Balance Plan (the "CB Plan") is an alternative to the STRS contribution plan for instructors. Instructors who chose not to sign up for STRS or FICA may participate in the CB Plan. The District contribution rate for the CB Plan for the fiscal year 2005-06 was 4% of annual payroll. Contributions for the 2005-06 year were \$250,495.

13. ON-BEHALF PAYMENTS MADE BY THE STATE OF CALIFORNIA

The District was an indirect recipient of on-behalf payments made by the State of California to STRS. These payments consisted of state general fund contributions to STRS in the amount of \$2,708,806 (4.517% of salaries subject to STRS).

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2006

14. TAX REVENUE ANTICIPATION NOTES (TRANS)

Tax revenue anticipating notes are short-term debt instruments. They are issued to eliminate cash flow deficiencies that result from fluctuations in revenue receipts and expenditures disbursements. A summary of the District's TRANS activity for the year ended June 30, 2006 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Series 2003A 2.25% TRANS due 7/31/06	\$ 15,830,000		\$ 15,830,000	
Series 2005A 3.77% TRANS due 6/30/06		\$ 13,000,000	13,000,000	
Total TRANS	<u>\$ 15,830,000</u>	<u>\$ 13,000,000</u>	<u>\$ 28,830,000</u>	<u>\$</u>

SUPPLEMENTARY INFORMATION SECTION

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
BALANCE SHEET - ALL FUNDS
JUNE 30, 2006

	Current Funds		Plant Funds	Total District (Memorandum Only)	Auxiliary Organizations	Total Reporting Entity (Memorandum Only)
	Unrestricted	Restricted				
ASSETS						
Cash and Cash Equivalents	\$ 34,878,908	\$ 1,680,113	\$ 30,888,270	\$ 67,447,291	\$ 86,890	\$ 67,534,181
Investments	23,951,407	336,406	25,047,728	49,335,541		49,335,541
Accounts Receivable	13,278,877	5,783,893	14,623,420	33,686,190	207,258	33,893,448
Taxes Receivable	1,617,991			1,617,991		1,617,991
Interest Receivable	402,877	4,347	707,733	1,114,957		1,114,957
Notes Receivable	59,413			59,413		59,413
Due from (to) Other Funds	(2,171,413)	352,500	579,240	(1,239,673)	1,228,636	(11,037)
Inventories					2,287,685	2,287,685
Prepaid Items	1,259,449			1,259,449		1,259,449
Other Assets	1,215		4,562,979	4,564,194		4,564,194
Capital Assets, Net			178,188,848	178,188,848	625,020	178,813,868
TOTAL ASSETS	\$ 73,278,724	\$ 8,157,259	\$ 254,598,218	\$ 336,034,201	\$ 4,435,489	\$ 340,469,690
LIABILITIES AND FUND BALANCES						
Liabilities:						
Deposits Payable		\$ 400,766		\$ 400,766	\$ 3,428,625	\$ 3,829,391
Accounts Payable	\$ 9,551,415	1,496,657	\$ 656,366	11,704,438	55,463	11,759,901
Accrued Liabilities	4,333,149	71,143	4,497,317	8,901,609	129,826	9,031,435
Deferred Tuition and Fees Revenue	7,841,352	(310)		7,841,042		7,841,042
Deferred Grants and Contracts		4,652,677		4,652,677		4,652,677
Other Deferred Revenue	132,683		(15,833)	116,850		116,850
Amounts Held in Trust for Others		995,831		995,831		995,831
Claims Payable					78,266	78,266
Interest Payable			1,852,458	1,852,458		1,852,458
Capital Leases Payable			793,266	793,266	209,022	1,002,288
Certificates of Participation			1,215,000	1,215,000		1,215,000
Bonds Payable			115,000,000	115,000,000		115,000,000
Total Liabilities	21,858,599	7,616,764	123,998,574	153,473,937	3,901,202	157,375,139
Fund Balances (Deficit)						
Net Investment in Plant			130,311,965	130,311,965		130,311,965
Restricted		540,495	287,679	828,174		828,174
Unrestricted	51,420,125			51,420,125	534,287	51,954,412
Total Fund Balances	51,420,125	540,495	130,599,644	182,560,264	534,287	183,094,551
TOTAL LIABILITIES AND FUND EQUITY	\$ 73,278,724	\$ 8,157,259	\$ 254,598,218	\$ 336,034,201	\$ 4,435,489	\$ 340,469,690

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
STATEMENT OF CHANGES IN FUND BALANCES - ALL FUNDS
JUNE 30, 2006

	Current Funds		Plant Funds	Total District (Memorandum Only)	Auxiliary Organizations	Total Reporting Entity (Memorandum Only)
	Unrestricted	Restricted				
REVENUES AND OTHER ADDITIONS						
Local Property Taxes	\$ 66,850,301		\$ 7,279,181	\$ 74,129,482		\$ 74,129,482
State Taxes and Other Revenue	4,704,416	\$ 3,342,183		8,046,599		8,046,599
State Apportionments	55,678,244	156,878	38,087,789	93,922,911		93,922,911
Federal Grants and Contracts	21,540	13,312,845		13,334,385		13,334,385
State Grants and Contracts	46,302	13,356,431		13,402,733		13,402,733
Local Grants and Contracts	4,159,857	846,196	125,825	5,131,878	\$ 577,262	5,709,140
Tuition and Fees	17,594,208	1,438,268		19,032,476	938	19,033,414
Auxiliary Enterprises	127,756			127,756	14,720,032	14,847,788
Investment Income	1,076,047	11,024	2,430,940	3,518,011		3,518,011
Private Gifts, Grants, and Contracts	169,590	32,583		202,173		202,173
Issuance of Debt			25,000,000	25,000,000		25,000,000
Retirement of Debt			2,585,365	2,585,365		2,585,365
Expended for Capital Assets			53,701,941	53,701,941		53,701,941
Total Revenues	150,428,261	32,496,408	129,211,041	312,135,710	15,298,232	327,433,942
EXPENDITURES						
Academic Salaries	60,310,632	2,475,674	28,318	62,814,624		62,814,624
Classified Salaries	26,691,809	5,631,804	5,177	32,328,790	3,392,149	35,720,939
Employee Benefits	29,870,252	1,875,763	17	31,746,032	1,023,314	32,769,346
Books and Supplies	3,144,572	1,627,873		4,772,445	77,205	4,849,650
Contract Services and Operating Expenditures	9,796,961	5,984,361		15,781,322		15,781,322
Financial Aid	11,196	12,871,103		12,882,299		12,882,299
Retirement of Indebtedness	518,575		6,089,792	6,608,367		6,608,367
Expended for Plant Facilities	2,296,507	1,613,291	58,317,348	62,227,146	87,737	62,314,883
Utilities	4,402,633	31,309		4,433,942	39,707	4,473,649
Depreciation			3,276,032	3,276,032	434,741	3,710,773
Increase in debt			25,172,424	25,172,424		25,172,424
Other	12,613			12,613	9,934,035	9,946,648
Total Expenditures	137,055,750	32,111,178	92,889,108	262,056,036	14,988,888	277,044,924
MANDATORY TRANSFERS	(243,946)	243,946				
NON-MANDATORY TRANSFERS	(713,722)	(376,783)	23,272	(1,067,233)	1,067,234	1
Total Transfers	(957,668)	(132,837)	23,272	(1,067,233)	1,067,234	1
NET INCREASE (DECREASE) IN FUND BALANCES	12,414,843	252,393	36,345,205	49,012,441	1,376,578	50,389,019
FUND BALANCES (DEFICIT)						
Beginning of Year	39,005,282	288,102	94,254,439	133,547,823	(842,291)	132,705,532
End of Year	\$ 51,420,125	\$ 540,495	\$ 130,599,644	\$ 182,560,264	\$ 534,287	\$ 183,094,551

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

**COMBINING BALANCE SHEET
CURRENT FUNDS - UNRESTRICTED
JUNE 30, 2006**

	General Fund Unrestricted	General Fund Unrestricted- TRANS	Debt Service for Accrued Compensated Absences	Post- Retirement Health Benefits	Total Current Unrestricted Funds
ASSETS					
Cash and Cash Equivalents	\$ 29,849,931	\$ 85,318	\$ 2,013,088	\$ 2,930,571	\$ 34,878,908
Investments				23,951,407	23,951,407
Accounts Receivable	13,278,877				13,278,877
Taxes Receivable	1,617,991				1,617,991
Interest Receivable	101,294	12,577		289,006	402,877
Notes Receivable	59,413				59,413
Due From (To) Other Funds	(2,118,555)	(97,895)		45,037	(2,171,413)
Prepaid Items	1,259,449				1,259,449
Other Assets	1,215				1,215
TOTAL ASSETS	\$44,049,615	\$	\$ 2,013,088	\$ 27,216,021	\$73,278,724
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 9,551,415				\$ 9,551,415
Accrued Liabilities	4,333,149				4,333,149
Deferred Tuition and Fees Revenue	7,841,352				7,841,352
Other Deferred Revenue	132,683				132,683
Interest Payable					
Notes Payable					
Total Liabilities	21,858,599				21,858,599
FUND BALANCES					
Fund Balances (Deficit)					
Restricted					
Unrestricted	22,191,016		\$ 2,013,088	\$ 27,216,021	51,420,125
Total Fund Balances	22,191,016		2,013,088	27,216,021	51,420,125
TOTAL LIABILITIES AND FUND BALANCES	\$44,049,615	\$	\$ 2,013,088	\$ 27,216,021	\$73,278,724

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
COMBINING STATEMENT OF CHANGES IN FUND BALANCES
CURRENT FUNDS - UNRESTRICTED
JUNE 30, 2006

	General Fund Unrestricted	General Fund Unrestricted- TRANS	Debt Service for Accrued Compensated Absences	Post- Retirement Health Benefits	Total Current Unrestricted Funds
REVENUES					
Local Property Taxes	\$ 66,850,301				\$ 66,850,301
State Taxes and Other Revenue	4,704,416				4,704,416
State Apportionments	55,678,244				55,678,244
Federal Grants and Contracts	21,540				21,540
State Grants and Contracts	46,302				46,302
Local Grants and Contracts	3,155,986			\$ 1,003,871	4,159,857
Tuitions and Fees	17,594,208				17,594,208
Auxiliary Enterprises	127,756				127,756
Investment Income	274,336	\$ 673,932		127,779	1,076,047
Private Gifts, Grants, and Contracts	169,590				169,590
Total Revenues	148,622,679	673,932		1,131,650	150,428,261
EXPENDITURES					
Academic Salaries	60,310,632				60,310,632
Classified Salaries	26,691,809				26,691,809
Employee Benefits	29,870,252				29,870,252
Books and Supplies	3,144,572				3,144,572
Contract Services and Operating Expenditures	9,720,307	46,321		30,333	9,796,961
Financial Aid	11,196				11,196
Retirement of Indebtedness		518,575			518,575
Expended for Plant Facilities	2,296,507				2,296,507
Utilities	4,402,633				4,402,633
Other	9,700			2,913	12,613
Total Expenditures	136,457,608	564,896		33,246	137,055,750
MANDATORY TRANSFERS	(243,946)				(243,946)
NON-MANDATORY TRANSFERS	(503,854)	(209,868)			(713,722)
Total Transfers	(747,800)	(209,868)			(957,668)
NET INCREASE (DECREASE) IN FUND BALANCES	11,417,271	(100,832)		1,098,404	12,414,843
FUND BALANCES					
Beginning of Year	10,773,745	100,832	2,013,088	26,117,617	39,005,282
End of Year	\$ 22,191,016	\$	\$ 2,013,088	\$ 27,216,021	\$ 51,420,125

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

**COMBINING BALANCE SHEET
CURRENT FUNDS - RESTRICTED
JUNE 30, 2006**

	General Fund Restricted	Student Financial Aid	Student Scholarship and Loan	Associated Students	Student Body Center Building and Operating	Total Current Restricted Funds
ASSETS						
Cash and Cash Equivalents	\$ 526,289		\$ 188,232	\$ 291,029	\$ 674,563	\$ 1,680,113
Investments			336,406			336,406
Accounts Receivable	5,630,235	\$ 153,658				5,783,893
Interest Receivable			4,347			4,347
Due From (To) Other Funds	76,150	250,150	(4,039)	108,706	(78,467)	352,500
Prepaid Items						
TOTAL ASSETS	\$ 6,232,674	\$ 403,808	\$ 524,946	\$ 399,735	\$ 596,096	\$ 8,157,259
LIABILITIES AND FUND BALANCES						
Liabilities:						
Cash Overdraft		\$ 400,766				\$ 400,766
Accounts Payable	\$ 1,487,745	8,440	\$ 472			1,496,657
Accrued Liabilities	71,143					71,143
Deferred Tuition and Fees Revenue	(310)					(310)
Deferred Grants and Contracts	4,641,635	11,042				4,652,677
Amounts Held in Trust for Others				\$ 399,735	\$ 596,096	995,831
Total Liabilities	6,200,213	420,248	472	399,735	596,096	7,616,764
Fund Balances (Deficit)						
Restricted	32,461	(16,440)	524,474			540,495
TOTAL LIABILITIES AND FUND BALANCES	\$ 6,232,674	\$ 403,808	\$ 524,946	\$ 399,735	\$ 596,096	\$ 8,157,259

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
COMBINING STATEMENT OF CHANGES IN FUND BALANCES
CURRENT FUNDS - RESTRICTED
JUNE 30, 2006

	General Fund Restricted	Student Financial Aid	Student Scholarship and Loan	Total Restricted Funds
REVENUES				
State Taxes and Other Revenue	\$ 3,342,183			\$3,342,183
State Apportionments	156,878			156,878
Federal Grants and Contracts	2,870,629	\$ 10,442,216		13,312,845
State Grants and Contracts	12,117,208	1,239,223		13,356,431
Local Grants and Contracts	846,139		\$ 57	846,196
Tuitions and Fees	1,438,268			1,438,268
Investment Income (Loss)			11,024	11,024
Private Gifts, Grants, and Contracts	32,583			32,583
Total Revenues	20,803,888	11,681,439	11,081	32,496,408
EXPENDITURES				
Academic Salaries	2,475,674			2,475,674
Classified Salaries	5,631,804			5,631,804
Employee Benefits	1,875,763			1,875,763
Books and Supplies	1,627,873			1,627,873
Contract Services and Operating Expenditures	5,984,269		92	5,984,361
Financial Aid	1,209,590	11,661,513		12,871,103
Expended for Plant Facilities	1,613,291			1,613,291
Utilities	31,309			31,309
Other				
Total Expenditures	20,449,573	11,661,513	92	32,111,178
MANDATORY TRANSFERS	243,946			243,946
NON-MANDATORY TRANSFERS	(598,258)	221,475		(376,783)
Total Transfers	(354,312)	221,475		(132,837)
NET INCREASE (DECREASE) IN FUND BALANCES	3	241,401	10,989	252,393
FUND BALANCES (DEFICIT)				
Beginning of Year	32,458	(257,841)	513,485	288,102
End of Year	\$ 32,461	\$ (16,440)	\$ 524,474	\$ 540,495

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

**COMBINING BALANCE SHEET
PLANT FUNDS
JUNE 30, 2006**

	Unexpended Plant	Retirement of Indebtedness	Investment in Plant	Total Plant Funds
ASSETS				
Cash and Cash Equivalents	\$ 26,069,734	\$ 4,818,536		\$ 30,888,270
Investments	25,047,728			25,047,728
Accounts Receivable	14,623,420			14,623,420
Taxes Receivable				
Interest Receivable	695,082	12,651		707,733
Due From (To) Other Funds	493,695	85,545		579,240
Other Assets	4,497,317	65,662		4,562,979
Capital Assets, Net			\$ 178,188,848	178,188,848
TOTAL ASSETS	\$ 71,426,976	\$ 4,982,394	\$ 178,188,848	\$254,598,218
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 656,366			\$ 656,366
Accrued Liabilities	4,497,317			4,497,317
Deferred Revenue	(15,833)			(15,833)
Interest Payable		\$ 1,852,458		1,852,458
Capital Lease Obligations			\$ 793,266	793,266
Certificates of Participation			1,215,000	1,215,000
Bonds Payable			115,000,000	115,000,000
Total Liabilities	5,137,850	1,852,458	117,008,266	123,998,574
Fund Balances:				
Net Investment in Plant	66,289,126	2,842,257	61,180,582	130,311,965
Restricted		287,679		287,679
Total Fund Balances (Deficit)	66,289,126	3,129,936	61,180,582	130,599,644
TOTAL LIABILITIES AND FUND BALANCES	\$ 71,426,976	\$ 4,982,394	\$ 178,188,848	\$254,598,218

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
COMBINING STATEMENT OF CHANGES IN FUND BALANCES
PLANT FUNDS
JUNE 30, 2006

	Unexpended Plant	Retirement of Indebtedness	Investment In Plant	Total Plant Funds
REVENUES AND OTHER ADDITIONS				
Local Property Taxes	\$ 877,772	\$ 6,401,409		\$ 7,279,181
State Apportionments	38,087,789			38,087,789
Local Grants and Contracts		125,825		125,825
Investment Income	2,317,415	113,525		2,430,940
Issuance of Debt	25,000,000			25,000,000
Private Gifts, Grants, and Contracts				
Retirement of Debt			\$ 2,585,365	2,585,365
Expended for Capital Assets			53,701,941	53,701,941
Total Revenues	<u>66,282,976</u>	<u>6,640,759</u>	<u>56,287,306</u>	<u>129,211,041</u>
EXPENDITURES				
Classified Salaries	28,318			28,318
Employee Benefits	5,177			5,177
Other Operating Expenditures	17			17
Retirement of Indebtedness		6,089,792		6,089,792
Expended for Plant Facilities	58,317,348			58,317,348
Depreciation Expense			3,276,032	3,276,032
Increase in Debt			25,172,424	25,172,424
Total Expenditures	<u>58,350,860</u>	<u>6,089,792</u>	<u>28,448,456</u>	<u>92,889,108</u>
NON-MANDATORY TRANSFERS	<u>-</u>	<u>(3,226)</u>	<u>26,498</u>	<u>23,272</u>
NET INCREASE (DECREASE) IN FUND BALANCES	7,932,116	547,741	27,865,348	36,345,205
FUND BALANCES				
Beginning of Year	58,357,010	2,582,195	33,315,234	94,254,439
End of Year	<u>\$ 66,289,126</u>	<u>\$ 3,129,936</u>	<u>\$ 61,180,582</u>	<u>\$ 130,599,644</u>

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

**COMBINING BALANCE SHEET
AUXILIARY ORGANIZATIONS**

JUNE 30, 2006

	Bookstore	Cafeteria	Regional Training Institute	Information Technology	Self- Insurance	Total Auxiliary Funds
ASSETS						
Cash and Cash Equivalents		\$ 8,624			\$ 78,266	\$ 86,890
Accounts Receivable	\$ 185,272		\$ 1,000	\$ 20,986		207,258
Due From (To) Other Funds	133,392	27,032	843,212	225,000		1,228,636
Inventory	2,284,133	3,552				2,287,685
Capital Assets, Net	275,232	6,218		343,570		625,020
Prepaid items						
TOTAL ASSETS	\$ 2,878,029	\$ 45,426	\$ 844,212	\$ 589,556	\$ 78,266	\$ 4,435,489
LIABILITIES AND FUND BALANCES						
Liabilities:						
Deposits Payable	\$ 1,629,907		\$ 833,887	\$ 964,831		\$ 3,428,625
Accounts Payable				55,463		55,463
Accrued Liabilities	99,433	\$ 28,387		2,006		129,826
Capital Lease Obligations	182,524			26,498		209,022
Claims Payable					\$ 78,266	78,266
Total Liabilities	1,911,864	28,387	833,887	1,048,798	78,266	3,901,202
Fund Balances (Deficit):						
Unrestricted						
Restricted	966,165	17,039	10,325	(459,242)		534,287
Total Fund Balances	966,165	17,039	10,325	(459,242)		534,287
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,878,029	\$ 45,426	\$ 844,212	\$ 589,556	\$ 78,266	\$ 4,435,489

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
COMBINING STATEMENT OF CHANGES IN FUND BALANCES
AUXILIARY ORGANIZATIONS
JUNE 30, 2006

	Bookstore	Cafeteria	Regional Training Institute	Information Technology	Total Auxiliary Funds
REVENUES					
Local Grants and Contracts		\$ 78,451	\$ 498,811		\$ 577,262
Tuition and Fees	\$ 938				938
Auxiliary Enterprises Sales and Charges	11,258,165	957,103		\$ 2,504,764	14,720,032
Total Revenues	11,259,103	1,035,554	498,811	2,504,764	15,298,232
EXPENDITURES					
Classified Salaries	1,449,171	323,519	232,410	1,387,049	3,392,149
Employee Benefits	423,692	87,464	72,505	439,653	1,023,314
Books and Supplies	36,834	21,196	6,088	13,087	77,205
Expended for Plant Facilities	(505)	28,927	5,215	54,100	87,737
Utilities	4,983		24,260	10,464	39,707
Depreciation	67,042	2,278	42,237	323,184	434,741
Other	8,708,329	548,422	486,416	190,868	9,934,035
Total Expenditures	10,689,546	1,011,806	869,131	2,418,405	14,988,888
NON-MANDATORY TRANSFERS	(265,370)		1,134,102	198,502	1,067,234
NET INCREASE (DECREASE) IN FUND BALANCES	304,187	23,748	763,782	284,861	1,376,578
FUND BALANCES (DEFICIT)					
Beginning of Year	661,978	(6,709)	(753,457)	(744,103)	(842,291)
End of Year	\$ 966,165	\$ 17,039	\$ 10,325	\$ (459,242)	\$ 534,287

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2006

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Identifying Number	Program Expenditures
U.S. Department of Education:			
Student Financial Assistance Programs Cluster:			
Pell Grant Program	84.063	N/A	\$ 9,808,738
Supplemental Educational Opportunity Grant Program	84.007	N/A	371,738
Federal Work-Study Program	84.033	N/A	240,025
Federal Family Education Loan Program	84.032	N/A	283,277
Disadvantaged Backgrounds	93.925	N/A	53,971
Subtotal Student Financial Assistance Programs Cluster			10,757,749
Higher Education-Institutional Aid	84.031	N/A	711,176
TRIO - Talent Search	84.044	N/A	296,938
Child Care Means Parents School	84.335	N/A	27,713
Child Care Means Parents School	84.335	N/A	31,848
Subtotal Direct Programs			11,825,424
Passed Through California Community Colleges Chancellor's Office (CCCCO):			
Vocational Education-Basic Grants to States	84.048	03-C01-012	792,486
Technical Preparation	84.243	02-139-018/019/020	414,974
Subtotal Vocational Education Cluster			1,207,460
Passed Through California Department of Education:			
Even Start	84.213	14331	55,572
Passed Through California Department of Rehabilitation:			
Special Education - Grants to States	84.027	24192/4053.4	65,456
Passed Through California Department of Social Services			
Independent Living - State Grants	84.169	11/CDSS/ILPDS 04	33,589
Total U.S. Department of Education			13,187,501
U.S. Department of Health and Human Services:			
Passed Through California Community Colleges Chancellors' Office (CCCCO):			
Foster Parent Training	93.600	N/A	270,998
Foster Care - Title IV - E	93.658	N/A	239,379
Total U.S. Department of Health and Human Services			510,377
Department of Health and Social Services			
Passed Through San Francisco Community College District			
Child Care and Development Block Grant	93.575	93:575	5,902
Total U.S. Department of Health and Human Services			5,902
National Science Foundation			
Education and Human Resources	47.070	N/A	175,150
Total National Science Foundation			175,150
U.S. Department of Labor:			
Employment and Training Administration	17.261	N/A	119,898
Total U.S. Department of Labor			119,898
Total Expenditures of Federal Awards			\$ 13,998,828

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2006

Program Title	ENTITLEMENTS		PROGRAM REVENUES				Program Expenditures				
	Current Year		Cash Received	Accounts Receivable	Deferred Revenue	Total					
AB602 Board Fin Aid Staffing	\$	964,476	\$	964,475	\$	16,099	\$	948,376	\$	948,376	
ADN Enrollment - CCC		58,823		9,350		37,998		47,348		47,348	
ADN Enrollment - LMC		61,380		8,920		50,943		59,863		59,863	
CalWORKS		649,252		649,252			5	649,247		649,247	
CARE		401,336		401,336			533	400,803		400,803	
CNET (Telecom Infrastructure) TTIP		172,631		172,631		81,145		253,776		253,776	
DSPS		2,367,040		2,367,039			97,261	2,269,778		2,269,778	
Environmental Tec State Ldrshp		152,500		128,100			15,630	112,470		112,470	
EOPS		2,793,162		2,493,163			423	2,492,740		2,492,740	
Faculty and Staff Diversity		28,173		28,173			16,764	11,409		11,409	
Foster Parent Training		255,404		255,404		265,746		521,150		521,150	
Foster Relative Training - CCC		30,000		30,000				30,000		30,000	
Heritage Project - LMC		37,400		60		37,340		37,400		37,400	
Independent Living		25,890		15,677		17,913		33,589		33,589	
Instructional Equipment		621,754		621,753		274,016		895,769		895,769	
Lottery		664,337		813,025			148,688	664,337		664,337	
Matriculation		1,278,208		1,278,210			6,109	1,272,101		1,272,101	
PUENTE Project		1,921,000		862,698		1,058,302		1,921,000		1,921,000	
State Pre-School Grant (1)		1,248,384		1,004,379		252,772		1,257,151		1,257,151	
Techn'al Suppt to Wkforce Devl		400,000		336,000			253,892	82,108		82,108	
Web-Based Data Collection		100,000				100,000		100,000		100,000	
Workability III		70,307		27,899		37,557		65,456		65,456	
Total state programs	\$	14,301,457	\$	12,467,544	\$	2,213,732	\$	555,404	\$	14,125,871	
										\$	14,125,871

See the accompanying notes to supplemental information.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF STATE GENERAL APPORTIONMENT
AND APPRENTICESHIP HOURS OF INSTRUCTION**

YEAR ENDED JUNE 30, 2006

STATE GENERAL APPORTIONMENT

Categories	<u>Full-Time Equivalent Students</u>
Summer Intersession:	
Noncredit	47.92
Credit	5335.3
Census Procedure Courses:	
Weekly Census Contact Hours	20,171.72
Daily Census Contact Hours	1916.73
Actual Hours of Attendance Courses:	
Noncredit	350.19
Credit	<u>1,502.67</u>
Independent Study/Work Experience:	
Weekly Census Procedure Courses	577.73
Daily Census Procedure Courses	<u>526.49</u>
Total Full-Time Equivalent Students	<u>30,428.75</u>
Gross Square Footage:	
Existing Facilities	1,371,445
New Facilities	11,962
FTES in Leased Facilities	1,189.77

APPRENTICESHIP HOURS OF INSTRUCTION

Reporting Period	<u>Hours of Instruction</u>
July 1, 2005 – December 31, 2005	50,687
January 1, 2006 – April 15, 2006	33,164
April 16, 2006 – June 30, 2006	<u>-</u>
Annual Total	<u>83,851</u>

Note: While there were no adjustments between the reported FTES on Form CCFS-320 and the audited FTES, as the District filed a revised Form CFS-320, the District has elected to include the 2006 summer session FTES, which is a change from the prior year.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT
(CCFS-311) WITH AUDITED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2006

	<u>General Fund</u>	<u>Debt Service Funds</u>	<u>Internal Service Fund</u>	<u>Auxiliary Enterprise Funds</u>
June 30, 2006 Annual financial and Budget Report fund balances per CCFS-311	\$ 14,377,096	\$ 4,754,513	\$ 27,513,910	\$ 461,280
Adjustment and reclassifications increasing (decreasing fund balance)				
Adjust summer FTES	8,013,056			
Adjust inter-fund receivables	6,000			
Adjust deferred revenue	(172,646)			
Prior year audit adjustments		100,833		
Adjust for unrealized GASB 31 loss			(297,889)	
Adjust for ending inventory				373,237
Reclassify capital lease obligations				(26,498)
Reverse accounts receivable				(273,735)
Other post-closing adjustment and rounding	(29)			3
Fund balance per audit (not individually presented), June 30, 2006	<u>\$ 22,223,477</u>	<u>\$ 4,855,346</u>	<u>\$ 27,216,021</u>	<u>\$ 534,287</u>
	<u>Fiduciary Funds</u>			
June 30, 2006 Annual financial and Budget Report fund balances per CCFS-311	\$ 1,550,139			
Adjustment and reclassifications increasing (decreasing fund balance)				
Record school's portion of Return to Title IV	(1,522)			
Other post-closing adjustment and rounding	(220)			
Fund balance per audit (not individually presented), June 30, 2006	<u>\$ 1,548,397</u>			

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

NOTES TO SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2006

1. PURPOSE OF SCHEDULES

The audit of the District for the year ended June 30, 2006 was conducted in accordance with OMB Circular A-133, which requires disclosure of the financial activities of all federally funded programs. To comply with OMB Circular A-133, the Schedule of Expenditures of Federal Awards is presented.

The California Community Colleges Chancellor's Office requires disclosure of the financial activities of all state funded programs. To comply with this requirement, the Schedule of State Financial Assistance is presented.

The Schedules of State General Apportionment and Apprenticeship Hours of Instruction present the basis of apportionment for the District's annual source of funding.

The Reconciliation of Annual Financial and Budget Report (CCFS-311) with Audited Financial Statements provides the information necessary to reconcile the fund balances of all funds as reported on the Form CCFS-311 to the audited financial statements.

OTHER INDEPENDENT AUDITOR'S REPORTS



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

**Board of Trustees
Contra Costa Community College District
Martinez, California**

We have audited the basic financial statements of the Contra Costa Community College District (the "District") as of and for the year ended June 30, 2006, and have issued our report thereon dated November 3, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's basic financial statements are free of material misstatements, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 06-1 through 06-4.

**Board of Trustees
Contra Costa Community College District
Page 2**

This report is intended solely for the information and use of the Board of Trustees, Finance Committee, management, and federal and state awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Gilbert Associates, Inc.

GILBERT ASSOCIATES, INC.

November 3, 2006



Gilbert Associates, Inc.
CPAs and Advisors

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

**Board of Trustees
Contra Costa Community College District
Martinez, California**

Compliance

We have audited the compliance of Contra Costa Community College District (the "District") with the types of compliance requirements described in the *U.S. Office of Management and Budget ("OMB") Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2006. The District's major federal programs are identified in the Summary of Auditor's Results included in the accompanying Findings and Recommendations Section. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006. However, the results of our auditing procedures disclosed no instances of noncompliance with those requirements that is required to be reported in accordance with OMB Circular A-133.

Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Trustees, Finance Committee, management, and federal and state awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Gilbert Associates, Inc.

GILBERT ASSOCIATES, INC.

November 3, 2006



INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

**Board of Trustees
Contra Costa Community College District
Martinez, California**

We have audited the financial statements of the Contra Costa Community College District (the District) as of and for the year ended June 30, 2006, and have issued our opinion thereon dated November 3, 2006, which was unqualified. Our audit was made in accordance with auditing standards generally accepted in the United States of America and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In connection with our audit, we performed an audit for compliance for those programs identified in Section 400, State Compliance Requirements, of the *Contracted District Audit Manual*, issued by the California Community Colleges Chancellor's Office. The objective of the compliance audit was to determine with reasonable assurance that the following requirements had been met:

Salaries of Classroom Instructors (50% Law)

The District's salaries of classroom instructors shall equal or exceed 50% of the District's current expense of education in accordance with Section 84362 of the Education Code.

Apportionment for Instructional Service Agreements/Contracts

The District shall fulfill the requirements of Title 5 of the California Code of Regulations in order to claim FTES and obtain state funding for classes given through instructional service agreements/contracts.

Required Data Elements

The District shall have the ability to support timely, accurate, and complete information for the following workload measures used in the calculation of State General Apportionment:

- Credit Full-Time Equivalent Students (FTES) in weekly census, daily census, actual hour of attendance, and apprenticeship courses.
- Noncredit FTES in actual hour of attendance and distant education courses.
- Credit Student Headcount Data.
- Gross Square Footage and FTES in less than 100% leased space.

Residency Determination for Credit Courses

The District shall ensure that state apportionment for credit courses is only claimed for student attendance allowed by statute and registration. Student residence is a major factor for allowing districts to claim state apportionment for credit courses.

Concurrent Enrollment of K-12 Students in Community College Credit Courses

Community college districts are authorized to claim full-time equivalent students (FTES) for concurrent enrollment of K-12 pupils meeting certain requirements.

Uses of Matriculation Funds

The District is required to use local funds to support at least 75% of the matriculation activities, with the remaining expenditures claimable against the state matriculation allocation. In addition, all expenditures related to the allocation, both state and local funded portions, must be consistent with the District's state-approved matriculation plan and identifiable within the ten allowable activities. Also, the state allocation may not be used to supplant District-funded services, including personnel costs that existed in 1986-87 or before.

Allocation of Costs (DSP&S and EOP&S)

Salaries of instructors teaching FTES-generating classes, school counselors providing advisement, student services at the dean level or above, and financial aid officers conducting need analysis are not considered supportable charges against either Extended Opportunity Programs and Services (EOP&S) or Disabled Student Programs and Services (DSP&S) accounts unless their activities require them to perform additional functions for the EOP&S or DSP&S programs that are beyond the scope of services provided to all students in the normal performance of their regular duty assignments. These activities may be supported only to the extent of the supplementary services provided for EOP&S and DSP&S.

Enrollment Fees

The District is required to report the total amount charged to students, including paid and receivable, for purposes of calculating the District's annual apportionment.

Students Actively Enrolled

The District is required to clear the rolls of all inactive students as of each course section's drop date for attendance accounting purposes.

California Work Opportunity and Responsibility to Kids (CalWORKS)

The District is required to expend CalWORKs Program State and TANF funds to provide specialized student support services, curriculum development, or instruction to eligible CalWORKs students.

Open Enrollment

The District must comply with the Title 5 provisions of the California Code of Regulations related to open enrollment by the general public for all courses being submitted for state apportionment funding.

Minimum Condition – Standards of Scholarship

The District must adopt and comply with regulations consistent with the “Standards of Scholarship” contained in the California Code of Regulations. These regulations must be published in a statement under appropriate headings in the District’s catalogs.

Student Fees – Instructional Materials Fees and Health Fees

The District, in accordance with Education Code Section 76365, is permitted to require students to provide various types of instructional materials. The District’s governing board, when a student is required to provide instructional materials or other materials for a course, must have adopted policies or regulations that specify the conditions under which such materials will be required. In addition, Districts are permitted to sell instructional materials to students who wish to buy the required materials from the District. If the materials are offered for purchase through the District but students are not required to purchase from the District, the materials costs or fees are optional in nature. Any fees that are considered optional must be made clear to the students that they are optional and not required. Furthermore, Districts are permitted to require students to purchase instructional materials from them only under limited circumstances: the District is the only source of the materials or there is a health or safety reason for requiring students to purchase the materials from the District.

Noncredit Courses

The District is required to complete a self-assessment for each noncredit course.

Management is responsible for the District’s compliance with those requirements. Our responsibility is to express an opinion on the District’s compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the District’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the District’s compliance with specified requirements.

In our opinion, the District complied, in all material respects, with the compliance requirements for the state programs listed and tested above, except as described in the Findings and Recommendations Section of this report. Further, nothing came to our attention as a result of the aforementioned procedures to indicate that the District had not complied with the terms and conditions of state-assisted educational programs not selected for testing, except as described in the Findings and Recommendations Section of this report.

This report is intended solely for the information and use of the District’s management, the Board of Trustees, the Finance Committee, and the state awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Gilbert Associates, Inc.

GILBERT ASSOCIATES, INC.

November 3, 2006

FINDINGS AND RECOMMENDATIONS SECTION

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2006

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes X No

Reportable conditions identified not considered to be material weaknesses? _____ Yes X None Reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____ Yes X No

Reportable conditions identified not considered to be material weaknesses? _____ Yes X None Reported

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

Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section .510(a)? _____ Yes X No

Identification of major programs

CFDA Numbers
84.063, 84.007, 84.033, 84.032, 93.920

Name of Federal Program or Cluster
Student Financial Assistance Program Cluster

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

\$ 419,965

Auditee qualified as low-risk auditee? _____ Yes X No

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2006

State Awards

Internal control over major programs:

Material weakness(es) identified?

_____ Yes X No

Reportable conditions identified not
considered to be material weaknesses?

 X Yes _____ None Reported

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

Unqualified

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2006

SECTION II – FINANCIAL STATEMENT FINDINGS

There were no financial statement findings for the year ended June 30, 2006.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2006

SECTION III – STATE COMPLIANCE

06-1. OPEN ENROLLMENT

Finding:

The Los Medanos College was unable to locate documentation that demonstrated that a class was open to the general public. The college claimed 1.68 FTES for the selected course, resulting in a fiscal impact of \$5,404 for the disallowed FTES.

Recommendation:

We recommend that the Los Medanos College ensure that all classes are advertised in the class schedule and documentation of advertisement of any subsequent schedule changes is kept on file.

District Response:

The District concurs with the recommendation and will take the necessary steps to documentation is kept on file.

06-2. NONCREDIT COURSES

Finding:

Noncredit course self assessments were not completed and signed for the Contra Costa and Diablo Valley Colleges until after 2005-06 fiscal year end.

Recommendation:

We recommend that the Contra Costa and Diablo Valley Colleges complete and sign the noncredit course self assessments in accordance with state requirements, prior to the end of the respective fiscal year.

District Response:

The District concurs with the recommendation, and will ensure that noncredit course self assessments are completed within the respective fiscal year.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2006

06-3. STUDENT FEES – INSTRUCTIONAL MATERIALS FEES

Finding:

The Los Medanos College did not include all instructional materials fees, subject to required disclosure, to students in the class schedule or course catalog.

Recommendation:

We recommend that the Los Medanos College disclose all instructional materials fees in the class schedule or course catalog, as required under Education Code Section 76365.

District Response:

The District concurs with the finding, and will ensure that the instructional materials fee is included in the class schedule or course catalog as required.

06-4. CONCURRENT ENROLLMENT FOR K-12 STUDENTS IN COMMUNITY COLLEGE CREDIT COURSES

Finding:

For summer session, the Los Medanos College did not require principals to certify that they had not recommended more than 5% of the total number of pupils completing that grade immediately prior to the time of recommendation, in accordance with state compliance requirements for concurrent enrollment of K-12 students.

Recommendation:

We recommend that the Los Medanos College require, during the summer session, principals to certify that they had not recommended more than 5% of the total number of pupils completing that grade immediately prior to the principal's recommendation.

District Response:

The District concurs with the finding, and will monitor compliance with the requirement as described above, to ensure that no more than 5% of a respective grade are recommended for attendance during summer session.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2006

SECTION IV - FEDERAL COMPLIANCE

There were no federal compliance findings for the year ended June 30, 2006.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS
YEAR ENDED JUNE 30, 2006

Recommendation	Current Status	District Explanation If Not Implemented
05-1. CONCURRENT ENROLLMENT Recommend that the Contra Costa College ensure that all forms that all forms are signed by the high school principal and the parent/guardian, and retained in the student file.	Implemented	
05-2. REQUIRED DATA ELEMENTS Recommend that the Contra Costa College compare all census rosters against the schedule of courses to ensure that all census rosters are received from instructors.	Implemented	
05-3. STUDENT FEES – INSTRUCTIONAL MATERIALS FEES Recommend that the Los Medanos College disclose all instructional materials fees in the class schedule or course catalog, as required under Education Code Section 76365.	Not implemented. See Finding 06-3	The 2004-05 audit report was issued in March of 2006, and due to the timing of issuance, Los Medanos College did not have an opportunity to disclose the required instructional materials fees in the class schedule or course catalog, as required under Education Code Section 76365.
05-4. STUDENT FINANCIAL ASSISTANCE PROGRAM CLUSTER Recommend that the Financial Aid Department institute a process by which they monitor the Admissions and Records submission, to ensure that the reporting is done within the prescribed compliance guidelines.	Implemented	