

**CONTRA COSTA
COMMUNITY
COLLEGE DISTRICT**

**BUILDING FUND
2006 MEASURE A
FINANCIAL AUDIT**

JUNE 30, 2011

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

BUILDING FUND - 2006 MEASURE A

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JUNE 30, 2011

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INDEPENDENT AUDITORS' REPORT

Governing Board and
Measure A Citizens' Oversight Committee
Contra Costa Community College District
Martinez, California

We have audited the accompanying financial statements of the Contra Costa Community College District Building Fund 2006 Measure A, as of and for the year ended June 30, 2011, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As discussed in Note 1, the financial statements present only the Building Fund specific to the 2006 Measure A and are not intended to present fairly the financial position and results of operations of the Contra Costa Community College District in conformity with accounting principles generally accepted in the United States of America.

As discussed in the notes to the financial statements, the accompanying financial statements reflect certain changes required as a result of the implementation of GASB Statement No. 54 for the year ended June 30, 2011.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Building Fund 2006 Measure A of the Contra Costa Community College District at June 30, 2011, and the results of its operations 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 our report dated January 3, 2012, on our consideration of the District Building Fund's (2006 Measure A) 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 conjunction with this report in considering the results of our audit.

Vavrinek, Trine, Day & Co LLP

Pleasanton, California
January 3, 2012

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

**BUILDING FUND - 2006 MEASURE A
BALANCE SHEET
JUNE 30, 2011**

ASSETS

Investments	\$ 90,347,169
Accounts receivable	111,978
Due from other funds	280,178
Prepaid expenses	4,000
Total Assets	<u>\$ 90,743,325</u>

LIABILITIES AND FUND EQUITY

LIABILITIES

Accounts payable	\$ 839,188
Due to other funds	839,087
Total Liabilities	<u>1,678,275</u>

FUND EQUITY

Restricted	<u>89,065,050</u>
Total Liabilities and Fund Equity	<u>\$ 90,743,325</u>

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

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

**BUILDING FUND - 2006 MEASURE A
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2011**

REVENUES

Interest and investment earnings	\$ 470,714
Total Revenues	<u>470,714</u>

EXPENDITURES

Current	
Payroll and benefits	1,223,064
Books and supplies	80
Services and operating expenditures	1,209,844
Capital outlay	<u>9,860,300</u>
Total Expenditures	<u>12,293,288</u>

EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	(11,822,574)
FUND BALANCE, BEGINNING OF YEAR	<u>100,887,624</u>
FUND BALANCE, END OF YEAR	<u><u>\$ 89,065,050</u></u>

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

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT
BUILDING FUND -2006 MEASURE A**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Contra Costa Community College District Building Fund - 2006 Measure A conforms to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants. The Contra Costa Community College District Building Fund - 2006 Measure A accounts for financial transactions in accordance with the policies and procedures of the California College Budget and Accounting Manual.

Financial Reporting Entity

These financial statements were prepared to comply with the requirements of proposition 39 related to the 55% voter approval requirements for bond issues and include only the Building Fund - 2006 Measure A established to account for the expenditures of the general obligation bonds approved in March 6, 2006. These financial statements are not intended to present fairly the complete financial position and results of operations of the Contra Costa Community College District in conformity with generally accepted accounting principles.

Fund Accounting

The District accounts for the Building Fund - 2006 Measure A in a fund, which is considered to be a separate accounting entity from all other funds of the District. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures, as appropriate. District resources are allocated to and accounted for in individual governmental funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied.

Governmental funds are generally accounted for using the modified accrual basis of accounting. Their revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current fiscal period. Expenditures are recognized in the accounting period in which the liability is incurred (when goods are received or services rendered), except for unmatured interest on general long-term debt, which is recognized when due.

Encumbrances

The District utilizes an encumbrance accounting system under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation. Encumbrances are liquidated when the commitments are paid and all outstanding encumbrances are liquidated at June 30 since they do not constitute expenditures or liabilities.

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT
BUILDING FUND – 2006 MEASURE A**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

Fund Balances - Governmental Funds

As of June 30, 2011, fund balances of the governmental funds are classified as follows:

Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts that can be used only for specific purposes determined by a formal action of the governing board. The governing board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the governing board.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District's adopted policy, only the governing board or chief business officer may assign amounts for specific purposes.

Unassigned – all other spendable amounts.

Spending Order

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the governing board has provided otherwise in its commitment or assignment actions.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Changes in Accounting Principles

In March 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT BUILDING FUND – 2006 MEASURE A

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011

The initial distinction that is made in reporting fund balance information is identifying amounts that are considered *nonspendable*, such as fund balance associated with inventories. This Statement also provides for additional classification as restricted, committed, assigned, and unassigned based on the relative strength of the constraints that control how specific amounts can be spent.

The *restricted* fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The *committed* fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. Amounts in the *assigned* fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. *Unassigned* fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned. Governments are required to disclose information about the processes through which constraints are imposed on amounts in the committed and assigned classifications.

Governments also are required to classify and report amounts in the appropriate fund balance classifications by applying their accounting policies that determine whether restricted, committed, assigned, and unassigned amounts are considered to have been spent. Disclosure of the policies in the notes to the financial statements is required.

This Statement also provides guidance for classifying stabilization amounts on the face of the balance sheet and requires disclosure of certain information about stabilization arrangements in the notes to the financial statements.

The definitions of the general fund, special revenue fund type, capital projects fund type, debt service fund type, and permanent fund type are clarified by the provisions in this Statement. Interpretations of certain terms within the definition of the special revenue fund type have been provided and, for some governments, those interpretations may affect the activities they choose to report in those funds. The capital projects fund type definition also was clarified for better alignment with the needs of preparers and users. Definitions of other governmental fund types also have been modified for clarity and consistency.

The District has implemented the provisions of this statement for the year ended June 30, 2011.

New Accounting Pronouncements

In November 2010, the GASB issued GASB Statement No. 61, *The Financial Reporting Entity: Omnibus-an amendment of GASB Statements No. 14 and No. 34*. The objective of this Statement is to improve financial reporting for a governmental financial reporting entity. The requirements of Statement No. 14, *The Financial Reporting Entity*, and the related financial reporting requirements of Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2012. Earlier application is encouraged.

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT
BUILDING FUND – 2006 MEASURE A**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE #2 – INVESTMENTS

Investment in County Treasury - The Building Fund – 2006 Measure A of the District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (Education Code Section 41001). The fair value of the District's investment in the pool is reported in the accounting financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

Interest Rate Risk - Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Building Fund – 2006 Measure A and the District manages exposure to interest rate risk by depositing substantially all of its funds in the County Treasury Pool. The fair value of deposits at the County Treasury and LAIF at June 30, 2011 was \$78,625,717 and \$23,643,232, respectively and the weighted average maturity of the pools were less than one year.

Credit Risk - Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measure by the assignment of a rating by a nationally recognized statistical rating organization. The Building Fund – 2006 Measure A only invests in County Pooled Investment Funds which are not required to be rated.

Custodial Credit Risk – Deposits - This is the risk that in the event of a bank failure, the Building Fund – 2006 Measure A or District's deposits may not be returned to it. The Building Fund – 2006 Measure A does not have any deposits subject to custodial credit risk.

NOTE #3 – ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2011, consists of the following:

Vendor credits (City of Brentwood)	\$ 3,164
Interest	108,814
	<u>\$ 111,978</u>

NOTE #4 – INTERFUND TRANSACTIONS

Interfund receivables/payables (Due To/Due From)

As of June 30, 2011, the Building Fund - 2006 Measure A has an amount of \$280,178 due from other capital project funds for interest income from the bond measure that as part of a detailed reconciliation process was thoroughly scrutinized back to its inception resulting in adjustments in the distribution between funds of this fixed amount of revenue. In addition, the Building Fund - 2006 Measure A owes \$839,087 to other capital project funds for election, legal and audit costs and interest adjustments.

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT
BUILDING FUND – 2006 MEASURE A**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE #5 – ACCOUNTS PAYABLE

Accounts payable at June 30, 2011, consists of the following:

Vendor payables	\$ 835,188
Construction retentions	4,000
	<u>\$ 839,188</u>

NOTE #6 – FUND BALANCES

Fund balance is composed of the following elements:

Restricted	<u>\$ 89,065,050</u>
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NOTE #7 – COMMITMENTS AND CONTINGENCIES

As of June 30, 2011, the Building Fund - 2006 Measure A had the following commitments with respect to unfinished capital projects:

<u>CAPITAL PROJECT</u>	<u>Remaining Construction Commitment</u>	<u>Expected Date of Completion</u>
<i>Diablo Valley</i>		
Commons project	\$ 1,422,128	Nov-12
<i>Los Medanos</i>		
Student services remodel	821,808	Jun-15
Nursing/EMT remodel	2,782,418	Mar-12
Brentwood new center	41,356	Sep-17
Campus project admin	47,751	Jun-12
Program studies	4,295	ongoing
<i>Contra Costa</i>		
Athletic area	30,450	Jun-11
College center	251,252	May-14
<i>District Wide</i>		
Energy conservation studies	5,674	ongoing
Campus project admin	20,005	Jun-12
IT Infrastructure	134,992	ongoing
Program studies	37,729	ongoing
Total 2006 Bond	<u>\$ 5,599,858</u>	

INDEPENDENT AUDITORS' REPORT



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

VALUE THE DIFFERENCE

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

Governing Board and
Citizens Oversight Committee
Contra Costa Community College District
Martinez, California

We have audited the accompanying financial statements of the Contra Costa Community College District (the District) Building Fund (2006 Measure A), as of and for the year ended June 30, 2011, and have issued our report thereon dated January 3, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Contra Costa Community College District Building Fund's (2006 Measure A) internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Contra Costa Community College District Building Fund's (2006 Measure A) internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Contra Costa Community College District Building Fund's (2006 Measure A) internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Contra Costa Community College District Building Fund's (2006 Measure A) financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the governing board, management, and the 2006 Measure A Citizen Oversight Committee, and is not intended to be and should not be used by anyone other than these specified parties.

Vavrinek, Trine, Day & Co LLP

Pleasanton, California
January 3, 2012

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT
BUILDING FUND -2006 MEASURE A**

**FINANCIAL STATEMENT FINDINGS
JUNE 30, 2011**

None reported.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

**BUILDING FUND - 2006 MEASURE A
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2011**

None reported.