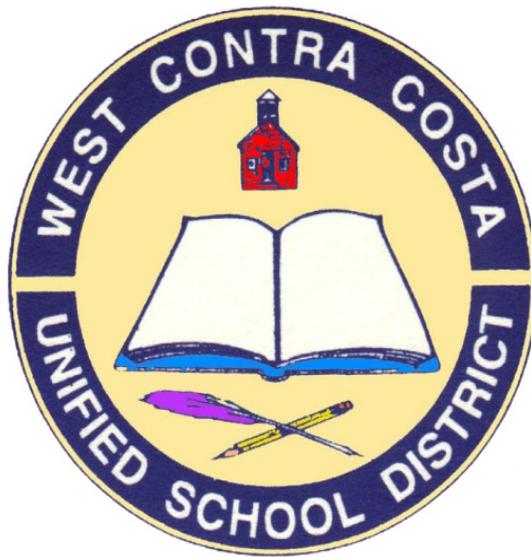


**West Contra Costa
Unified School District**



**2016-17
Executive Summary
Second Interim Report
January 31, 2017**

**Board Meeting
March 29, 2017**

Second Interim Financial Report Overview

Two Interim Financial Reports are routinely required by the California Department of Education each year. Districts must submit the completed reports for review to the County Office of Education who then submits them to the State.

California school district revenues and expenditures are subject to constant change. School district budgets are not static documents, but instead are constantly being revised to respond to decisions at the state and federal levels, as well as to the expenditure needs of the local agency. The Second Interim Report's financial projections have been updated to reflect new information received and board action taken since the original budget adoption.

The Executive Summary includes an overview of the financial data reported in the SACS (Standardized Account Code Structure) Second Interim Report. It is provided to assist the reader in understanding the information being reported on the SACS forms. The SACS forms also include supporting reports such as, Average Daily Attendance estimates, Criteria and Standards and the Multi-year Projection report.

With each financial report the District is asked to project the general fund financial status through year-end, June 30, 2017. The Multi-year projection is then required to determine if the District will be financially solvent for two subsequent years, in this case through the 2018-19 fiscal year.

State Budget Impact on District Planning

The 2016-17 budget for the State was adopted in June. Since that time the Department of Finance has updated its information for schools and likewise, our school district has reviewed assumptions for budget development and updated information accordingly. Since the budget was adopted, Proposition 55 has extended portions of taxes available for schools. The passage of this measure does not mean new money for schools, rather it is an extension of part of the taxes implemented by Proposition 30. Proposition 55 does not extend the sales tax piece, but does extend the personal income tax for high earners, which is the more volatile of the two tax components included in Proposition 30. The Legislative Analyst's Office has indicated that the overall health of the State is stable. We hope this translates to stable funding as we move into full funding of the Local Control Funding Formula program.

This budget marks the fourth year the State has adopted funding in the Local Control Funding Formula (LCFF) mode. The LCFF completely overhauled the system of funding and implemented a new accountability model for all school districts. The new accountability program is called the Local Control Accountability Program (LCAP).

The LCAP requires a greater outreach effort to school communities and their stakeholders in order to inform and solicit input. The desired result is greater accountability for school districts and better results for students. While these results are desired, the fact is that school districts in the state are still underfunded. When compared to other states California falls well below the national average. The LCFF has increased district funding to move California closer to the national average, and the

state has provided one-time funding sources which has helped in recent years to close the gap. The problem is that one-time funding cannot support sustained programs and sustained results for students. Furthermore, during the implementation of the LCFF the state has also passed on the retiree system cost increases, literally consuming the increased funds that schools have received. It must also be noted that staff members have also seen increased deductions from their earnings for their retirement programs. If California is truly committed to greater accountability and better results for students, then increased, sustained and long term funding is necessary.

The District must plan for the increases to retiree benefit costs (STRS and PERS) and other labor related items, as well as for declining enrollment, as we make the multi-year projection. It becomes clear when doing so that cuts will have to be made to balance the budget in future years unless a greater commitment to funding is made by the State.

These are factors that the District must consider in planning future budgets. The District relies on the information provided by the State's Department of Finance for projecting revenues on each interim report and for the budget.

Local Control Funding Formula (LCFF)

The Local Control Funding Formula (LCFF) collapsed the majority of State categorical programs and establishes a targeted base rate funding model with supplemental and concentration grant add-ons. The term targeted is used because the State does not expect to fully fund the LCFF until 2020-21. The targeted base includes funding amounts based upon grade span. In addition to the base funding school districts are eligible for supplemental funding for specific student groups. Supplemental funding is provided for districts based on the percentage of English Learners (EL), Foster Youth and Low Income (LI) categories as compared to total enrollment. Concentration funding is provided for the English Learners (EL), Foster Youth and Low Income (LI) students that exceed 55% or more of the student population. This grouping of students is known as the "unduplicated student count" because some students may qualify under multiple categories, but are counted only once for the purpose of the added funding.

The LCFF is now the way the entire unrestricted general fund receives its revenue. The factors that build the LCFF revenue are broken into these categories:

- Base Grant
- Grade Span Adjustments
 - K-3 Class Size Reduction
 - 9-12 Career Technical Education (CTE)
- Supplemental and Concentration

The Base Grant factors are provided by and differentiated by grade level. The add on of K-3 Class Size Reduction then ties directly to the K-3 grade levels, while the CTE ties to grades 9-12. While the factors provide the formula for district funding, there is no provision in the law requiring these funds to follow those factors for those specific programs, nor is the funding earmarked from the State into those program areas. The Supplemental and Concentration grants are funded as a percentage add on to the Base Grant, using district demographics of the "unduplicated student count". Each year the

state may apply a Cost of Living Adjustment (COLA) to the targeted base factors. The state is not providing COLA for 2016-17.

The LCFF requires a planning process through the Local Control Accountability Plan (LCAP), which is a budget and accountability plan reporting model determined by the State Board of Education and fulfilled locally through the District Local Control Accountability Parent Committee (DLCAP) and the Board of Education. The LCAP is a separate document which describes how the District intends to meet annual goals for students and address State and Local priorities. The LCAP was adopted by the School Board, along with the District Budget in June.

General Fund Unrestricted

Local Control Funding Formula Revenue

The primary source of revenue for the District is LCFF. Each year the State supplies a formula for Districts to estimate funding. The formula starts by establishing a target rate of funding, then the Governor's budget provides for and subsequently the legislature adopts a funding gap percentage. This is the amount that districts will receive toward closing the gap toward the targeted amount for that particular year.

It is estimated that the District will receive a total of \$261,178,918 in LCFF during the 2016-17 school year. The funding consists of Base in the amount of \$207,131,094 and Supplemental and Concentration funding in the amount of \$49,344,779.

The assumptions used for this projection include:

- Funded average daily attendance: 27,340
- District unduplicated student count: 74.4%
- State Target Gap Closure: 55.28%.

Other State and Local Revenue

Other State Revenue includes State Lottery and Mandated Cost reimbursement. The estimated funding for Lottery is \$189 per pupil. The District participates in the Mandated Block Grant program and the estimated revenue for 2016-17 is \$986,000. In addition, \$5.8 million has been projected for other "one time" Mandated Cost repayments based on prior year claims. Local Revenue also consists of interest earnings and other miscellaneous revenues.

Education Protection Account

Proposition 30 contained language establishing an Education Protection Account (EPA). This funding model is designed to provide relief to the cash deferrals which had been occurring during previous budget cycles. No new money is provided to school districts under the EPA. The EPA deposits count against the district's regular LCFF/student attendance funding at an estimated \$1,715 per pupil. The legislation requires that each district establish a special fund to account for these deposits and restricts the use of the

funding to school service expenditures only, no administrator salaries and benefits may be charged to the fund. The District anticipates receiving \$36.6 million earmarked for the EPA fund reporting. Staff has examined the rules provided by the California Department of Education. As a result, instructional expenses related to school site staff have been placed in the EPA fund for budget for 2016-17. The Board adopted the EPA funding resolution #77-1516 on May 11, 2016.

Parcel Tax – Local Support for Students

The parcel tax program includes support for a wide variety of services to students of the District. The current parcel tax funding, renewed in November of 2012, is accounted for in a locally restricted account. The District expects to collect \$9.7 million in 2016-17. The parcel tax is a fixed funding stream for a specific time period, it does not include any growth for increased expenses such as raises, benefit increases or new priorities. As such, budget line items must be adjusted to accommodate these items within the fixed income. The District has given raises during the 2015-16 and 2016-17 school year and the rates of retiree contributions have also gone up. The parcel tax is now shared with local charter schools who have students residing in the district. These are examples of factors that increase the cost of programs within the parcel tax for which adjustments must be made. A chart of budgeted expenses can be found in Appendix A.

The parcel tax was set to expire in 2018-19. The Board of Education placed an eight-year renewal of the parcel tax on the ballot in November 2016. The parcel tax was passed with an overwhelming majority of 75.56%, illustrating the level of commitment for educational programs shared by this community. The new parcel tax will be collected beginning the 2019-20 school year, and will expire in 2026-27.

Maintenance and Recreation Assessment District – MRAD

In 1994 an effort to raise and sustain funding for the school district the District formed a Maintenance and Recreation District. In 1996 the formation of MRAD was followed by an election to continue these levies. This allows the District to levy taxes to support the maintenance and operations of fields and outdoor areas for the purpose of public use. MRAD revenue is budgeted for 2016-17 in the amount of \$5.6 million which pays for evening/after school custodial services, gardeners and outdoor capital projects.

General Fund Restricted

The General Fund is the operating fund of the District; it is used to account for the day-to-day operations of the District. The fund is divided into two sections, unrestricted and restricted. Restricted funds are monies received by the District that are categorical in nature, i.e., they can only be used for the purposes allowed by the funding agency or for a designated purpose.

Restricted revenue funding is recognized in two different ways. For funding subject to deferred revenue, the revenue is only recognized once it is spent. This means that any funds received and not spent, with carryover provisions, are deferred into the next fiscal year. For funding subject to ending fund balance, the revenue is recognized in the year received and any funds remaining at the end of the year are recorded as a restricted ending fund balance.

New funding letters are received continually throughout the year adjusting and awarding various grants. Budgets and positions are added and removed based upon the funding received in any given year. Appendix B contains a list of the updated grant budget projections.

Multi Year Projection

The multi-year projection for the Districts adopted budget utilizes the County Office of Education recommended assumptions. These assumptions are published by the California Department of Finance, School Services of California and the Fiscal Crisis Management Team for the development of revenue projections. Expenditure projections include estimated step and column increases as well as staffing changes based upon enrollment or expiration of one-time funding. Supply and service expenditures utilize the California Consumer Price Index as an estimate for cost increases.

The following are the assumptions used for the development of the multi-year projections.

2016-17 Second Interim Assumptions

Funded ADA: 27,340
LCFF Gap Funding Rate: 55.28%
District Unduplicated Percentage: 74.4%
Step and Column: 1.0%
CalPERS Rate: 13.88%
Cal STRS Rate: 12.58%
Active Health Benefits: 0%
Retiree Health Benefits: 0%
Reserve for economic uncertainty 6%
(Split between Special Reserve and General Fund)

2017-18 Assumptions

Funded ADA: 27,198.43
LCFF Gap Funding Rate: 23.67%
District Unduplicated Percentage: 74.13%
Estimated Supplies Increase: California CPI: 2.72%
Step and Column: 1.0%
CalPERS Rate: 15.8%
Cal STRS Rate: 14.43%
Active Health Benefits: 0%
Retiree Health Benefits: 0%
Reserve for economic uncertainty 6%
(Split between Special Reserve and General Fund)

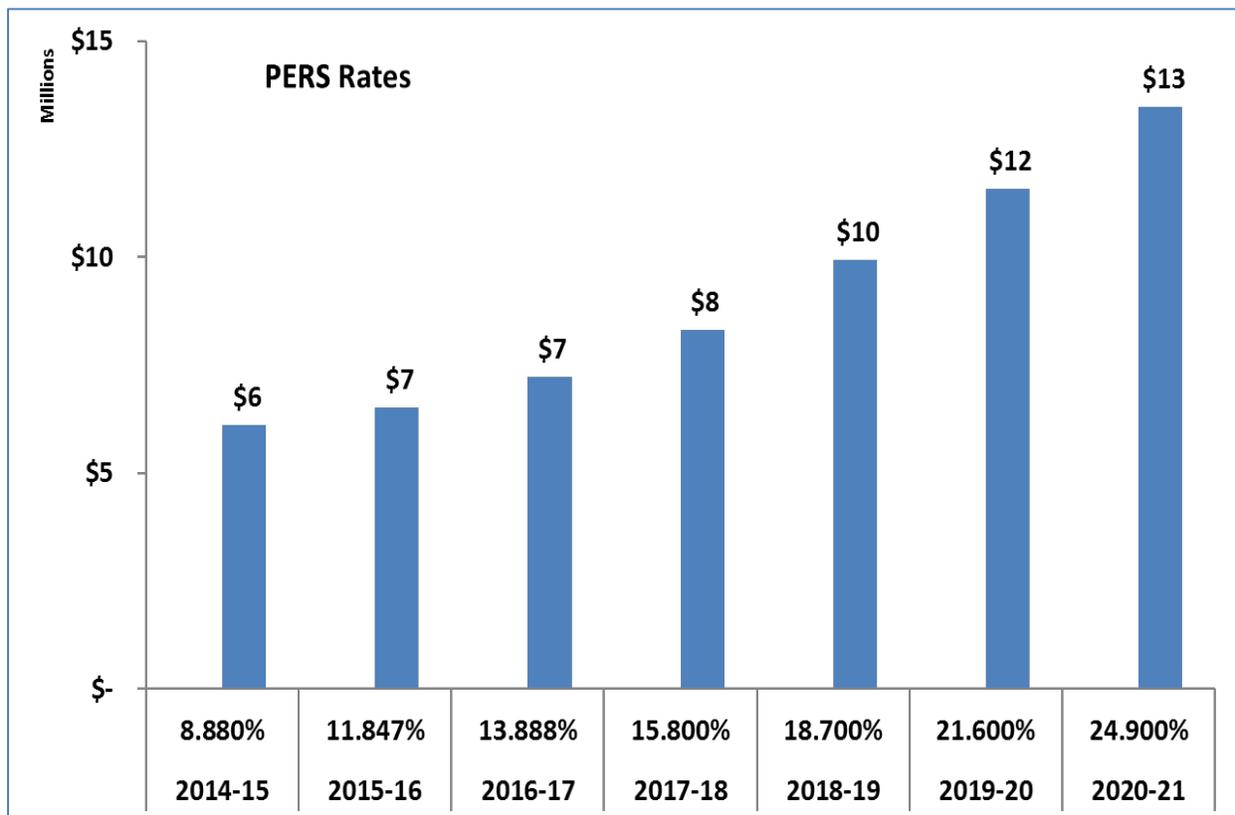
2018-19 Assumptions

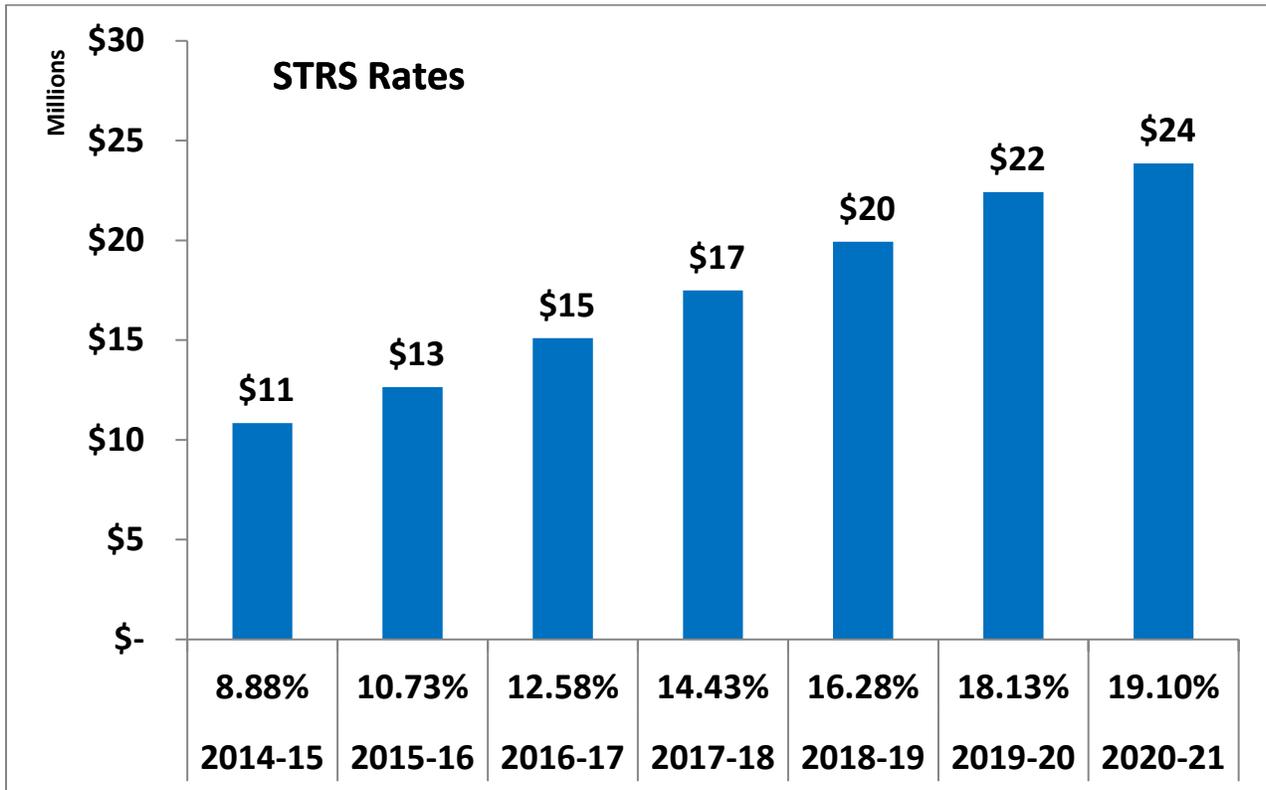
Funded ADA: 27,012.85
LCFF Gap Funding Rate: 53.85%
District Unduplicated Percentage: 74.02%
Estimated Supplies Increase: California CPI: 2.92%
Step and Column: 1.0%

CalPERS Rate: 18.7%
 Cal STRS Rate: 16.28%
 Active Health Benefits: 0%
 Retiree Health Benefits: 0%
 Reserve for economic uncertainty 6%
 (Split between Special Reserve and General Fund)

Retirement System Increases

There are two retirement systems that cover employees working in school districts. STRS is the State Teachers Retirement System and CalPERS is the California Public Employee Retirement System. STRS covers teachers and staff members who are credentialed. CalPERS covers classified employees such as clerical, maintenance and paraprofessionals. STRS has known for many years that it was operating with a large unfunded liability, however did not increase the rate. Beginning in the 2015-16 school year the legislature adopted a State budget which, over time, funds the outstanding State liabilities for STRS and CalPERS. The budget enacted a series of high cost rate increases for School Districts and also increased the employee participation rates. The proposed rates for 2017-18 and 2018-19 are included in the multi-year projection. The following graph illustrates the 7-year expense trajectory for West Contra Costa's STRS and PERS contributions.





The combined cost related to the rate increase for 2016-17 is \$5.2 million, for 2017-18 it is projected to be \$3.5 million, 2018-19 the projection is \$4.7 million with similar increase levels each year thereafter. These increases consume revenue growth year over year. For instance, in 2017-18 the District expects an increase in LCFF Base funding of \$1.7 million, the retiree increase is \$3.5 million exceeding the District's Base growth by \$1.8 Million.

Deficit Spending

During budget development, and as the District works on interim financial statements, it is important to plan toward eliminating deficit spending if deficits are anticipated in the coming years. Deficit spending can be tracked by monitoring the ending fund balance each year. Strictly speaking it is the comparison of current year revenues to current year expenses. It is reflected in the State reports and is described as the net decrease in fund balance.

During the 2010 fiscal year the unrestricted ending fund balance declined and the trend was projected to continue starting 2016-17 through 2018-19. While this is not a desirable trend, the fund balance had been carefully monitored to make sure the appropriate funds are in place for the required 3% reserve. The following table illustrates the unrestricted ending fund balance for each year end closing plus the projections for fund balance which are included in the multi-year projection.

June 2011	June 2012	June 2013	June 2014	June 2015
\$18,438,898	\$23,376,077	\$23,376,077	\$21,992,229	\$22,217,132
Net Increase (Decrease):	\$4,937,179	\$0	(\$1,383,848)	\$224,903
Multi-Year Projection	June 2016	June 2017	June 2018	June 2019
			projected	projected
Fund Balance	\$49,306,872	\$50,414,553	\$42,329,407	\$38,038,338
Net Increase (Decrease):	\$27,089,740	\$1,107,681	(\$8,085,146)	(\$4,291,069)

The fund balance increased dramatically during the 2015-16 fiscal year. This is due partly to an influx of one-time funding and also due to the fact that negotiated settlements were made prospectively (without a large retroactive component). This decision was made knowing that the District would need to spend down some fund balance going forward and to monitor and adjust the budget so that the structural deficit is eliminated in years to come.

Staff recommended targeting an additional \$1 million cut in ongoing expenses during the 2016-17 fiscal year and has reduced the unrestricted general fund budget, since adoption, by \$1 million.

At First Interim Staff recommended an additional \$3 million in cuts in ongoing expenses for 2017-18. Staff was able to identify \$2.8 million in cuts prior to the Second Interim cut off. This was accomplished by reviewing and revising departmental and program budgets. Staff has incorporated these cuts and revisions into the multi-year projection for 2017-18. However a major change occurred with state funding levels prior to Second Interim.

2017-18 Projected Unrestricted Deficit as of First Interim Report:	\$ (5,007,681)
Revenue	
Reduction in LCFF Revenue - January Revise	\$ (6,497,872)
Increased Estimate to Other State Revenue	\$ 629,675
Expense	
Decreased Estimate Expenses	\$ 4,993,939
Vacancy Reduction/Attrition/Transfer of Positions to Grant Supported	
Increased Estimated Adjustments to Supplies, Services and Capital Outlay	
Indirect Cost Estimated Revision	
Increased Contributions to Restricted/Special Programs	\$ (2,203,207)
2017-18 Updated Projected Deficit as of Second Interim	\$ (8,085,146)

The cuts would not eliminate deficit spending, but would allow for the 6% reserve the Board has targeted, even if one-time spending is authorized out of the fund balance. Additional cuts may be required in 2018-19 depending upon new charter enrollment impacts and a decline in enrollment. It is recommended that the Board take a steady approach to deficit reduction, while thoughtfully utilizing one time fund balance.

Fund Balance- Unrestricted

The Board has expressed an interest in identifying one-time uses for fund balance proceeds, while at the same time working to close the structural deficit and maintaining the 6% reserves.

The Second Interim projection includes an undesignated fund balance projection for 2018-19 of \$24 million. During this same year, the projection shows that the District will be deficit spending by \$4.3 million.

It is staff's recommendation that the planned/prioritized uses take place over three years. The recommended approach protects the District if the assumptions used in the financial projections change for the worse. A prioritization is included below for one-time spending of fund balance to be included in the multi-year budget projection.

The following projects/programs are recommended by staff to be included in 2017-18 planning:

Technology Replacement Fund Deposit: \$2 million
Educational learning efforts; professional learning for all staff including new teacher development; district pilots and dual immersion support: \$1.4 million
Kennedy High School Welding Lab (co-funded with equipment by Chevron): \$600 thousand (already in the 2016-17 budget)

There is sufficient fund balance to provide for these one-time expenses and maintain the Board's targeted reserve level. In addition to the one time fund balance expenses noted above it is recommended that programs identified to be phased out over the next two years be identified and separately accounted for out of fund balance dollars. In this way, the Superintendent and Staff can oversee the transition of the program components and the ongoing budgeted expenses can be adjusted to reflect the actual ongoing program expenses. This would be accomplished by locally restricting those program dollars. This approach will help clarify the deficit reduction effort and allow for a smooth transition for programs.

Staff has completed a five year projection, and while much can change in the interim period, the current projection shows the District coming into balance by 2020-21. That is when it is expected that the District will receive full funding through LCFF.

The following summary outlook takes into account increases to STRS and PERS, a 1% increase for employee step and column movement and increased implementation costs for the supplemental and concentration grant funding.

Chart in Thousands	Five Year Outlook				
	2016-17	2017-18	2018-19	2019-20	2020-21
Revenues	274,452	270,877	279,034	288,344	297,770
Expenses	273,344	278,962	283,325	290,474	297,431
Excess/(Deficit) Spending	1,108	-8,085	-4,291	-2,130	339
Beginning Fund Balance	49,307	50,415	42,330	38,039	35,909
Use/Increase to Fund Balance	1,108	-8,085	-4,291	-2,130	339
Ending Fund Balance	50,415	42,330	38,039	35,909	36,248
Required Reserve	10,722	10,523	10,697	11,125	11,347
Assigned Reserve	3,052	2,268	2,442	2,869	3,091
Stores & Revolving Cash	300	300	300	300	300
Balance	35,161	29,238	24,599	21,615	21,510

Special Reserve Fund

The Special Reserve fund has been used to house the reserves set aside by the Board for the “Mid-Year Triggers” threatened by the State during the recession. By the end of 2012 the Board had set aside \$13.5 million in Special Reserve. During the 2012-13 school year the District transferred \$1.8 million to support general fund expenditures. The Special Reserve Fund remains intact, based upon Board direction, with a \$2.3 million set aside for the technology master plan. An additional \$2 million will be added before June upon the approval of the Second Interim Report. The Board has directed that a 6% reserve be maintained through a combination of funds in the Special Reserve fund and the General fund. The Special Reserve fund includes:

Special Reserve Fund – 17	2016-17 Budget
Balance June 30, 2016	\$ 11,818,319
<i>Reserve (for a total of 6% when combined with GF)</i>	\$ (9,543,319)
Reserved for Replacement of IT Equipment	\$ (2,275,000)
Unassigned Special Reserve Fund Balance Projection June 2017	\$ -0-

Prop 39 Energy Grant

The California Clean Energy Jobs Act (Proposition 39) changed the corporate income tax code and allocates projected revenue to California's General Fund and the Clean Energy Job Creation Fund for five fiscal years, beginning with fiscal year 2013-14. The Proposition 39 Energy grant provides a per pupil allocation based upon average daily attendance. In addition, districts are eligible for funding based upon the free and

reduced lunch counts to account for community need. School districts are required to submit plans in order to release funding for projects. Applications for the fund award require detailed information on projects and energy savings and are reviewed by the California Energy Commission before funding is allocated by the California Department of Education.

The District completed LED lighting retrofit projects at Kennedy High school and Verde Elementary during the summer of 2016. The allocated funding for West Contra Costa Unified for year 4 (2016-2017) is \$1.3 million. The district will submit plans for energy efficiency projects for year 4 at the start of 2017.

Other Post Retirement Benefit Liability (OPEB) or Retiree Lifetime Benefits

The Board has taken action, with the agreement of employee groups, to substantially reduce the District's long term liability for post-employment health care. In the actuarial study completed as of July 1, 2014 it was determined that the Governmental Accounting Standards Board or "GASB 45" liability was \$352 million. The previous actuarial study in 2012 reflected a liability of \$369 million, so the District has seen an improvement in the overall liability position. Had the retiree benefit program not been amended the GASB 45 liability would have grown to \$550 million. However, the actuarial firm that completes the District studies provided an implicit study report in early 2016 that indicates the District liability will increase due to the implementation of an actuarial rule which takes into account implicit subsidy calculations. Based upon this information Staff reexamined the possibility of lowering the overall liability through investment in an irrevocable trust.

The Board adopted the retiree benefit irrevocable trust and since then the actuarial study has been completed. Staff has included the new actuarial study, which takes into account the deposit to be made before June 2017 into the CalPERS trust, in the agenda for adoption. The action taken by the Board has now lowered the liability to \$247 million. This is an overall liability reduction of \$105 million.

Changes made to retiree benefit plan structures have stabilized the program and protected the District from increases in costs for future retirees. It has not changed the fact that the District has a pay-as-you go program where costs must be budgeted and paid for those who retired prior to July of 2010 and for those who are in the new programs. The ten-year annual average cost increase, which includes employees adding and dropping benefits as well as health care premium rate increases, is 7%. Over the past three year's rates have increased, but costs have remained fairly stable, running between \$18-19 million per year, due to the fluctuation in participants as well as their individual choices of program and Medicare eligibility. The liability is subject to change based upon the changing standards coming from the Governmental Accounting Standards Board.

Long Term Debt

The Certificates of Participation (COPS) noted here were refunded in 2005 and included a "make whole" provision which means that in order to pay the debt off early the District must pay interest guaranteed to investors when the debt was refunded.

Long Term Debt Table	Principal June 2016	16-17 Payment	Pay off year
COPS	\$6,250,000	\$923,731	2024
State Emergency Loan	-0-	-0-	2012 (was 2018)

The Board has authorized the issuance of COPS for purpose of purchasing the Marina Way property, which closed in March (after the Second Interim cutoff). The payments on the COPS are lower than the current and anticipated lease payments. The annual COP payments are a savings to the District of \$5 million over the course of 15 years. The transaction was completed in early March and will increase the District's debt liability for COPS by \$5.25 million.

Local Control Accountability Plan Activities

The District began to implement new programs and program augmentation utilizing the Local Control Funding Formula, including the Supplemental and Concentration Grant dollars during the 2014-15 school year. These efforts are described in the Local Control Accountability Plan and are subject to a public hearing and adoption by the Board. The Local Control Accountability Plan is funded in the unrestricted general fund budget and the plan components for 2016-17 are paid for through Supplemental and Concentration Grant dollars. This year, the District is aligning base funding and restricted grant funding to the five major goal areas in order to help the public understand how all of the funding sources fit together. It is important to understand that budget adjustments within the Supplemental/Concentration fund programs will be necessary throughout the school year as activities are more fully planned and staff is hired. There are also a number of variables that will change the funding calculation for the Supplemental/Concentration funding that are not known until the school year is underway. For instance, the overall enrollment for each grade span level, the number of students qualified through free and reduced lunch or English Language Learner status as well as factors generated through legislation such as the percentage of progress made toward funding at the State level (known as the gap percentage) are not finalized until after the adoption of the school district's budget.

The services and activities are aligned to the eight State priorities and organized by the District's five major goal areas. For a comprehensive review of the District's LCAP please access the District's webpage at <http://www.wccusd.net/Page/4328>.

Goal 1: Improve student achievement for all students and accelerate student learning increases for ELL and low income students.

Programs and services include: ELL assessment and reclassification support, psychological services, college and career readiness programs, library, science and arts materials, full day Kindergarten, the "Graduate" tutoring program, additional staffing at high need secondary schools, the FAB LAB/STEM program, out of school time instructional programs and whole school support for Stege Elementary, De Anza High School and Helms Middle School.

Goal 2: Improve instructional practice through professional development and professional learning communities at schools and recruiting and retaining high quality teachers and principals.

Programs and services include: Funding provided directly to schools for school site planning and decision making, paid professional development days for teachers and instructional team members as well as professional development support.

Goal 3: Increase parent and community engagement, involvement, and satisfaction.

Programs and services include: School Community Outreach Workers, parent participation, volunteer coordination and outreach.

Goal 4: Improve student engagement and climate outcomes, and allocate services to ELL and LI students.

Programs and services include: English Language Learner program, Full Service Community School program, technology coaches, special education support, restorative justice programs, student engagement, student safety, co-curricular and extra-curricular coordination and support – including direct funding to schools for site and student decision making, support for visual and performing arts.

Goal 5: Provide basic services to all students, including facilities, access to materials and technology.

Programs and services include: Increased service to schools for maintaining and collecting student information to support supplemental and concentration grant funding, adaptive curriculum, digital resources and technology teaching carts.

Adult Education

The Adult Education program funding is another example of a large program that had its funding collapsed into the general fund base revenue through the LCFF. It is a program that school districts were not required to operate during the fiscal crisis. While many districts eliminated this program the WCCUSD Board maintained the program, albeit with a lower funding level. For the 2013-14 and 2014-15 school years, all districts that operated a program during 2012-13 were required to continue to operate a program at the 2012-13 expenditure level. In 2015-16, the Governor's budget provided for an Adult Education Block Grant. The current estimated block grant for 2016-17 is \$2.4 million. The Adult Education program is also anticipating grants and fees of \$820,000 for total revenue of \$3.2 million. Expenses for the program are estimated at \$3.4 million, leaving a deficit of \$200,000. There is sufficient fund balance to cover the deficit for 2016-17, however the program will need to review its operations and class offerings to bring the budget into balance and avoid deficit spending in the coming year.

Capital Facility Funds

Capital Facility Funds consist of the Building Fund (21), Capital Facilities Fund (25), County School Facilities Fund (35), and Special Reserve for Capital Outlay (40). The Building Fund is where the bond funds and projects are accounted for; the Capital Facilities Fund contains developer fees, the County School Facilities Fund consists of funding received through the State School Building Program and the Special Reserve

for Capital Outlay housed the former RDA funds. The expenditure budgets for these funds total \$108 million with \$103 million from the Bond Fund.

Other Funds

In addition to the General, Capital Outlay and Adult Funds, the District operates six additional funds. These include the Child Development Fund (Pre-School), the Cafeteria Fund, Bond Interest and Redemption Fund (County level bond debt payments), Debt Service Fund (COP), Self-Insurance Fund (Property, Liability, Dental and Vision), and Retiree Benefit Fund. These funds all had positive fund balances as of the Second Interim Report. At year end closing temporary borrowing due to cash flow timing may be necessary for the Child Development and Cafeteria funds. A resolution for temporary borrowing will be presented to the board in April.

Next Steps

At any given point in time the Board and staff are considering three years of budget information. In June the Board will be considering the implications of the new State budget announcements and working toward the policy level decisions that will guide any adjustments that may be needed in the 2017-18, 2018-19 and 2019-20 budget years. The process for budget planning is nearly finished for schools and departments for the coming fiscal year. The Estimated Actuals for the 2016-17 year will be included with the proposed budget for 2017-18 and over the summer staff will work on closing the books and will be prepared to present them to the Board in October, and finally the audit will be reviewed for the prior fiscal year of 2016-17 while staff begins the budget for 2018-19 and the subsequent two years.

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
MEASURE "G" PARCEL TAX
SUMMARY OF REVENUES AND EXPENDITURES
AS OF 2ND INTERIM JANUARY 31, 2017**

APPENDIX A

Description	Original Budget	Current Budget	Actual	Variance Original Budget	Variance Current Budget	Notes
REVENUE						
Other local sources	9,732,165.00	9,751,593.00	9,691,609.00	(19,428.00)	59,984.00	
Total Revenue	9,732,165.00	9,751,593.00	9,691,609.00	(19,428.00)	59,984.00	
EXPENDITURES						
Protecting core academics						
Certificated salaries				-	-	
Classified salaries				-	-	
Employee benefits				-	-	
Books and supplies	100,000.00	100,000.00	99,668.64	-	331.36	Instrucional materials textbooks
Services and other operating expenditures				-	-	
Capital outlay				-	-	
Total	100,000.00	100,000.00	99,668.64	-	331.36	
Attracting and retaining qualified teachers						
Certificated salaries	2,525,006.00	2,600,096.00	1,363,596.05	(75,090.00)	1,236,499.95	Counselors/Psychologists/Speech Thera
Classified salaries				-	-	
Employee benefits	1,033,534.00	1,061,741.00	557,353.94	(28,207.00)	504,387.06	
Books and supplies				-	-	
Services and other operating expenditures				-	-	
Capital outlay				-	-	
Total	3,558,540.00	3,661,837.00	1,920,949.99	(103,297.00)	1,740,887.01	
Providing smaller class sizes for the youngest children						
Certificated salaries				-	-	
Classified salaries				-	-	
Employee benefits				-	-	
Books and supplies				-	-	
Services and other operating expenditures	766,239.00	766,239.00	255,413.00	-	510,826.00	K-3 CSR
Capital outlay				-	-	
Total	766,239.00	766,239.00	255,413.00	-	510,826.00	
Improving safety on and around our campuses						
Certificated salaries				-	-	
Classified salaries	349,268.00	380,277.00	219,235.19	(31,009.00)	161,041.81	Custodian
Employee benefits	242,132.00	248,205.00	136,689.70	(6,073.00)	111,515.30	
Books and supplies				-	-	
Services and other operating expenditures	20,500.00	20,499.00	13,344.97	1.00	7,154.03	
Capital outlay				-	-	
Total	611,900.00	648,981.00	369,269.86	(37,081.00)	279,711.14	
Supporting after-school programs						
Certificated salaries	229,624.00	179,532.00	107,480.90	50,092.00	72,051.10	High School Athletic program
Classified salaries	163,000.00	98,594.00	73,348.78	64,406.00	25,245.22	
Employee benefits	81,512.00	68,797.00	35,706.39	12,715.00	33,090.61	
Books and supplies	71,000.00	28,000.00	14,609.60	43,000.00	13,390.40	
Services and other operating expenditures	444,375.00	476,375.00	300,913.72	(32,000.00)	175,461.28	
Capital outlay	11,100.00	11,100.00		-	11,100.00	
Total	1,000,611.00	862,398.00	532,059.39	138,213.00	330,338.61	
Supporting libraries						
Certificated salaries	960,880.00	946,650.00	485,418.33	14,230.00	461,231.67	Library supports
Classified salaries	1,000,600.00	1,020,611.00	549,467.79	(20,011.00)	471,143.21	
Employee benefits	1,072,550.00	1,084,032.00	543,153.74	(11,482.00)	540,878.26	
Books and supplies				-	-	
Services and other operating expenditures				-	-	
Capital outlay				-	-	
Total	3,034,030.00	3,051,293.00	1,578,039.86	(17,263.00)	1,473,253.14	

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
MEASURE "G" PARCEL TAX
SUMMARY OF REVENUES AND EXPENDITURES
AS OF 2ND INTERIM JANUARY 31, 2017**

APPENDIX A

Description	Original Budget	Current Budget	Actual	Variance Original Budget	Variance Current Budget	Notes
Payment to Charter Schools	660,845.00	660,845.00	494,984.77	-	165,860.23	
Total	660,845.00	660,845.00	494,984.77	-	165,860.23	
Grand Total Expenditures	9,732,165.00	9,751,593.00	5,250,385.51	(19,428.00)	4,501,207.49	
Grand totals all Programs by Area of Expense						
Certificated salaries	3,715,510.00	3,726,278.00	1,956,495.28	(10,768.00)	1,769,782.72	
Classified salaries	1,512,868.00	1,499,482.00	842,051.76	13,386.00	657,430.24	
Employee benefits	2,429,728.00	2,462,775.00	1,272,903.77	(33,047.00)	1,189,871.23	
Books and supplies	171,000.00	128,000.00	114,278.24	43,000.00	13,721.76	
Services and other operating expenditures	1,231,114.00	1,263,113.00	569,671.69	(31,999.00)	693,441.31	
Capital outlay	11,100.00	11,100.00	-	-	11,100.00	
Transfers to District or Charter	660,845.00	660,845.00	494,984.77	-	165,860.23	
Grand Total Expenditures	9,732,165.00	9,751,593.00	5,250,385.51	(19,428.00)	4,501,207.49	

WEST CONTRA COSTA UNIFIED
2016-17 CATEGORICAL REVENUE SOURCES

Resource	Adopted Budget/Grant Description	Revenue - @ 2nd Interim (award amount)	Federal/Local/ State	Carry Over (2015-16 C/O)	Ongoing Funding	Competitive/ Periodic/Yr End	17-18 Projected Revenue
3010	Title I	\$ 7,452,820	Federal	\$ 2,732,727	X		7,452,820.00
3310	SpEd IDEA	\$ 5,551,234	Federal	\$ -	-X		5,378,611.00
3311	SpEd IDEA Part B Private Schools	\$ 89,084	Federal	\$ -	-X		21,389.00
3315	SpEd IDEA Pre-K	\$ 314,492	Federal	\$ 83,474	X		314,318.00
3320	SpEd IDEA Pre-K	\$ 516,958	Federal	\$ 94,648	X		731,750.00
3327	Mental Health Services	\$ 329,596	Federal	\$ -	-X		326,573.00
3345	SpEd Pre-K Staff Develop	\$ 2,080	Federal	\$ -	-X		2,080.00
3385	SpEd IDEA Early Intervention	\$ 83,664	Federal	\$ -	X		83,664.00
3395	SpEd Alternative Dispute res	\$ 21,097	Federal	\$ -	X		21,097.00
3412	Dept of Rehab-Transition	\$ 247,459	Federal	\$ -	-X		246,158.00
3550	Carl Perkins-CTE	\$ 275,382	Federal	\$ -	X	X	275,385.00
4035	Title II	\$ 1,525,867	Federal	\$ 603,753	X	X	1,525,867.00
4050	CaMSP	\$ -	Federal	\$ 8,636		2017	-
4124	21st Century	\$ 335,192	Federal	\$ 57,597	-X	X	335,192.00
4201	Title III Immigrant Ed Prog	\$ 106,374	Federal	\$ -	X	X	106,374.00
4203	Title III EL	\$ 925,577	Federal	\$ 1,242,933	X		925,577.00
5630	McKinney Vento-Homeless	\$ 125,134	Federal	\$ 20,318	X	X	124,873.00
5640	Medi-cal Billing	\$ 850,000	Federal	\$ 2,123,621	-X	X	750,000.00
5840	CA Promise	\$ 112,681	Federal	\$ 67,495	X	X	144,097.00
TOTAL FEDERAL REVENUE:		\$ 18,864,691	\$ -	\$ 7,035,201			18,765,825.00
9011	Project Read	\$ 82,290	Local	\$ -	-X	2018	42,840.00
9012;9030;9908	Sprint, Microsoft Voucher, Technology	\$ 58,143	Local	\$ 27,969	-X		-
911X;9599	Donations	\$ 169,509	Local	\$ 444,697			-
9121;9132	District Disaster Preparedness	\$ -	Local	\$ 3,412			-
9133;9134	Medi-cal Billing	\$ 107,833	Local	\$ 360,807	-X		107,833.00
9135	School Based Medi-cal Clinic	\$ 427,120	Local	\$ -	-X		384,408.00
9190	Parcel Tax	\$ 9,751,593	Local	\$ -	X	2019	9,751,593.00
9200	MRAD	\$ 5,604,624	Local	\$ -	X		5,604,624.00
9513	ROC/P - revenue plus contribution	\$ 1,082,407	Local	\$ -	-X	2018	63,936.00
9515	Hellman Foundation	\$ 100,000	Local	\$ -	-X	2018	100,000.00
9523	Sunny Ivy Education	\$ -	Local	\$ 23,048		2017	-
9531	Chevron	\$ 45,180	Local	\$ 2,210,118		2017	-
9582	CPT 1	\$ 152,590	Local	\$ 54,775	-X	2017	-
9590	West County Safe Trans MSR J	\$ 64,810	Local	\$ -	X	X	64,810.00
9595	Irene Scully Family Foundation	\$ 437,012	Local	\$ 86,480		1X	342,867.00
9122;9405;9550;9576;9607	Miscellaneous Grants	\$ 1,200	Local	\$ 2,771	-X		-
9610	MT. Diablo USD ASES	\$ 75,000	Local				75,000.00
9616	California Emerging Tech Fund	\$ 75,000	Local	\$ -			-
9618	Kaiser Community Benefit	\$ -	Local	\$ 55,167		2018	55,167.00
9620	YMCA James Morehouse Project	\$ 98,579	Local	\$ 49,130	-X	X	98,579.00
9569;9626	Gear up and College Awareness	\$ 7,500	Local	\$ 6,611	X		7,500.00
9630	Math Professional Development	\$ 40,881	Local	\$ 158,539	-X	2017	-
9650	Munis Enterprise Resource Project	\$ -	Local	\$ 509,327			-
9638	ACOE Integrated Middle School Science		Local	\$ 10			-
9637	FAB Foundation	\$ -	Local	\$ 248,005	-X	2017	-
9660	Korematsu Science Trust		Local	\$ 152,911			-
9668	TUPE	\$ 10,000	Local	\$ -	X		10,000.00
9930	TPP Program	\$ 30,000	Local	\$ -	X		30,000.00
9933	High School Theater Rental	\$ 33,975	Local	\$ -	X		33,975.00
TOTAL LOCAL REVENUE:		\$ 18,455,246	\$ -	\$ 4,393,777			16,773,132.00
6010	Healthy Start-AFTER SCHOOL (ASES)	\$ 3,505,467	State	\$ 20,323	-X	X	3,505,467.00
6230	California Clean Energy	\$ 1,000,000	State	\$ -			1,000,000.00
6264	Educator Effectiveness	\$ -	State	\$ 1,331,913		1X	-
6300	Restricted Lottery	\$ 1,146,333	State	\$ -	X		1,146,333.00
6382	Career Pathways Trust	\$ 252,574	State	\$ 410,548	-X	2017	-
6385	CA Partnership Academy	\$ 724,499	State	\$ 578,275	-X	X	72,450.00
6387	CTE Incentive Grant	\$ 1,499,466	State	\$ 915,787	X	2019	-
6500	Special Education AB602	\$ 17,472,954	State	\$ -	X		17,472,954.00
6512	SpEd Mental Health Services	\$ 1,720,155	State	\$ 3,928,523	X		1,713,224.00
6515	SpEd Infant	\$ 17,692	State	\$ -	X		13,597.00
6520	Workability	\$ 262,733	State	\$ -	X	X	262,732.00
7220	Partnership Academy	\$ 298,800	State	\$ 285,427	-X	X	74,700.00
7338	College Readiness	\$ 868,294	State	\$ -		1X	-
TOTAL STATE REVENUE:		\$ 27,900,673	\$ -	\$ 7,470,796			25,261,457.00
-x = Program funding reduction as compared to prior year							