



May 13, 2010

Madeline Kronenberg, Board President
West Contra Costa Unified School District
1108 Bissell Avenue
Richmond, CA 94801

RE: 2009-10 Second Interim Report

Dear Ms. Kronenberg:

The District submitted its 2009-10 Second Interim Report with a qualified certification. This certification states that the District may not meet its financial obligations for the current or subsequent two fiscal years. Our office has completed its review of your Second Interim Report in compliance with the provisions of State law. Based on the information available at the time of our review, we agree with the District's Second Interim certification for the period ended January 31, 2010.

During our review, we noted the following items:

Multi-Year Projection

The District's multi-year projection includes operating deficits in years where expenditures exceed available revenues. Current and projected operating deficits reduce the District's 2011-12 projected available reserve to negative \$(6,585,598) or \$(14,871,497) less than the State required reserve of \$8,285,899. We acknowledge the District's effort to reduce costs and make other adjustments to ensure the continued fiscal solvency of the District. We encourage the District to continue its efforts to monitor and reduce expenditures to ensure adequate ending fund balances and reserves are maintained throughout the projection period.

Declining Enrollment

The District projects that enrollment will continue to decline by 493 students over the next two subsequent fiscal years. Funded average daily attendance (ADA) for the next two subsequent years is based on the prior year hold harmless level for regular ADA.

Collective Bargaining Agreements

The District has made progress with the completion of labor agreements. The District must fully enforce the terms of these agreements to achieve projected multi-year savings. Without the cost savings from these settlements, our office is unable to validate the numbers used in the multi-year recovery plan.

Cash Flow

State deferrals and revenue reductions significantly reduced cash resources available to school districts. The District has taken steps to provide for its cash flow requirements. We strongly encourage the District to continue to carefully evaluate their cash flow requirements in the current and subsequent fiscal years.

School Closures

The District continues to operate school sites with low enrollment levels. The District's multi-year projection assumes additional funding from city governments to support low enrollment schools. The District should continue to monitor external funding sources and be prepared to move forward with school closures that were adopted by the Board and included in the multi-year recovery plan. In addition, as a part of school closures, the sale of property to pay off long-term debt has been cited within the plan. This becomes an increasing budgetary concern due to the potential liability and cost of maintaining vacant property.

Collective Bargaining and Other Disclosure Requirements

Our office requests that all districts submit a collective bargaining disclosure form to our office ten working days prior to board action on a proposed settlement. To be in compliance with AB 2756 (Daucher), both the Superintendent and Chief Business Officer must sign the collective bargaining disclosure form. Districts must make any budget revisions within 45 days of approval of a collective bargaining agreement.

Districts are also required to disclose non-voter approved debt and self-insured workers' compensation claims.

We wish to express our appreciation to the District staff for their cooperation during the review of the 2009-10 Second Interim Report. If our office can be of further assistance, please call me at 925-942-3418.

Sincerely,



Bill Clark
Associate Superintendent
Business Services

BC:tf

cc: Bruce Harter, Ph.D., Superintendent, WCCUSD
✓ Sheri Gamba, Associate Superintendent, Business Services, WCCUSD
Linda Grundhoffer, State Trustee, WCCUSD

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