

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

AUDIT REPORT
JUNE 30, 2019



WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
TABLE OF CONTENTS
JUNE 30, 2019

FINANCIAL SECTION

Independent Auditors' Report..... 1
Management's Discussion and Analysis..... 3
Basic Financial Statements
 Government-wide Financial Statements
 Statement of Net Position..... 13
 Statement of Activities..... 14
 Fund Financial Statements
 Governmental Funds – Balance Sheet..... 15
 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position..... 16
 Governmental Funds – Statement of Revenues, Expenditures, and Changes in Fund Balances..... 17
 Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities..... 18
 Proprietary Funds – Statement of Net Position..... 20
 Proprietary Funds – Statement of Revenues, Expenses, and Changes in Net Position..... 21
 Proprietary Funds – Statement of Cash Flows..... 22
 Fiduciary Funds – Statement of Net Position..... 23
 Fiduciary Funds – Statement of Changes in Net Position..... 24
Notes to Financial Statements..... 25

REQUIRED SUPPLEMENTARY INFORMATION

General Fund – Budgetary Comparison Schedule..... 75
Schedule of Changes in Net OPEB Liability and Related Ratios..... 76
Schedule of District Contributions for OPEB..... 77
Schedule of the District's Proportionate Share of the Net Pension Liability - CalSTRS..... 78
Schedule of the District's Proportionate Share of the Net Pension Liability - CalPERS..... 79
Schedule of District Contributions - CalSTRS..... 80
Schedule of District Contributions - CalPERS..... 81
Notes to Required Supplementary Information..... 82

SUPPLEMENTARY INFORMATION

Schedule of Expenditures of Federal Awards..... 84
Schedule of Average Daily Attendance (ADA)..... 85
Schedule of Instructional Time..... 86
Schedule of Financial Trends and Analysis..... 87
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements..... 88
Schedule of Charter Schools..... 89
Combining Statements – Non-Major Governmental Funds
 Combining Balance Sheet..... 90
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances..... 91
Local Education Agency Organization Structure..... 92
Notes to Supplementary Information..... 93

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
TABLE OF CONTENTS
JUNE 30, 2019

OTHER INDEPENDENT AUDITORS' 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*95
Report on Compliance For Each Major Federal Program; and Report on Internal Control Over Compliance
Required by the Uniform Guidance97
Report on State Compliance99

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Summary of Auditors' Results..... 101
Financial Statement Findings 102
Federal Award Findings and Questioned Costs 104
State Award Findings and Questioned Costs 105
Summary Schedule of Prior Audit Findings..... 112

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Governing Board
West Contra Costa Unified School District
Richmond, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the West Contra Costa Unified School District, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the West Contra Costa Unified School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the West Contra Costa Unified School District as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as management's discussion and analysis, budgetary comparison information, schedule of changes in net OPEB liability and related ratios, schedule of District contributions for OPEB, schedules of proportionate share of net pension liability, and schedules of District contributions for pensions be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the West Contra Costa Unified School District's basic financial statements. The supplementary information listed in the table of contents, including the schedule of expenditures of Federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2019 on our consideration of West Contra Costa Unified School 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of West Contra Costa Unified School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering West Contra Costa Unified School District's internal control over financial reporting and compliance.

Christy White, Inc.

San Diego, California
December 16, 2019

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019**

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

1108 Bissell Avenue
Richmond, CA 94801-3135
Telephone (510) 231-1100

Matthew Duffy
Superintendent of School

Dr. Tony Wold (current)
Dr. John al-Amin (for audit period)
Associate Superintendent
Business Services

MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

Our discussion and analysis of West Contra Costa Unified School District's (District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2019. It should be read in conjunction with the District's financial statements, which follow this section.

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, issued June 1999; GASB Statement No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus*, an amendment to GASB Statements No. 21 and No. 34, issued in June 2001; GASB Statement No. 38, *Certain Financial Statement Note Disclosures issued in 2001 and GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, issued in 2004. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

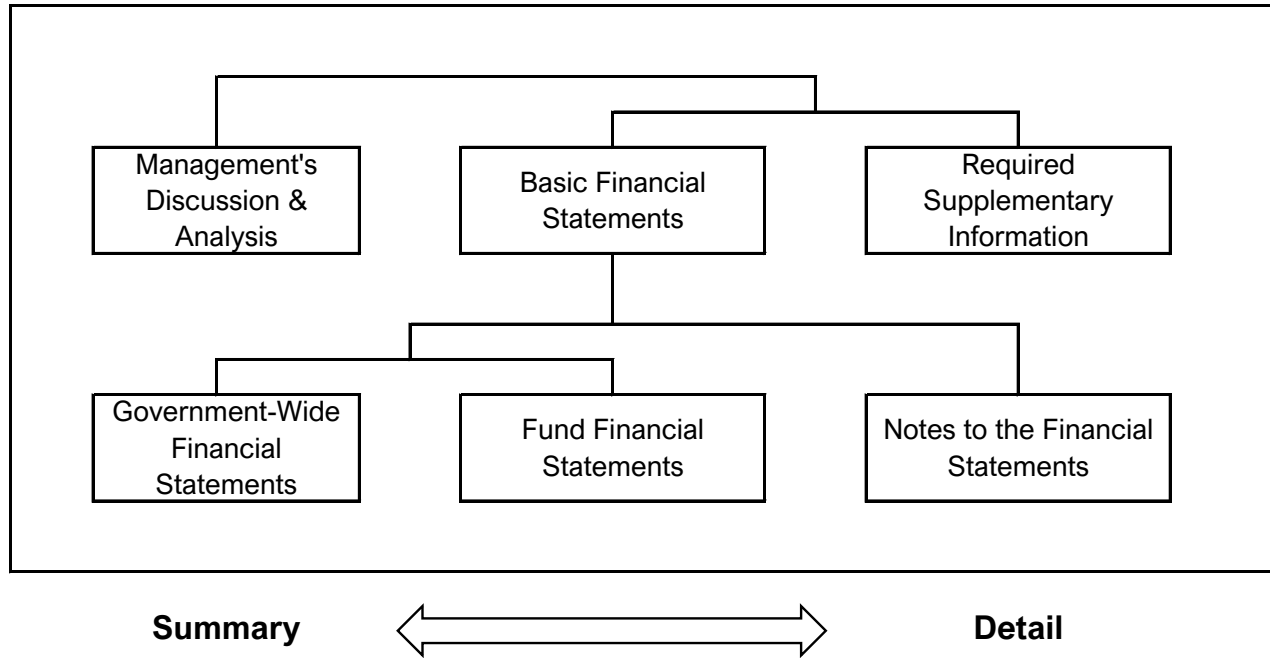
FINANCIAL HIGHLIGHTS

- The District's net position was \$(173,138,750) at June 30, 2019. This was a decrease of \$43,292,756 from the prior year's restated beginning net position.
- Overall revenues were \$502,613,741 which were exceeded by expenses of \$545,906,497.

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2019**

OVERVIEW OF FINANCIAL STATEMENTS

Components of the Financials Section



**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2019**

OVERVIEW OF FINANCIAL STATEMENTS (continued)

Components of the Financials Section (continued)

This annual report consists of three parts – Management's Discussion and Analysis (this section), the basic financial statements, and required supplementary information. The three sections together provide a comprehensive overview of the District. The basic financial statements are comprised of two kinds of statements that present financial information from different perspectives:

- ▶ **Government-wide financial statements**, which comprise the first two statements, provide both short-term and long-term information about the entity's overall financial position.

- ▶ **Fund financial statements** focus on reporting the individual parts of District operations in more detail. The fund financial statements comprise the remaining statements.
 - ▶ **Governmental Funds** provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.
 - ▶ **Proprietary Funds** report services for which the District charges customers a fee. Like the government-wide statements, they provide both long- and short-term financial information.
 - ▶ **Fiduciary Funds** report balances for which the District is a custodian or *trustee* of the funds, such as Associated Student Bodies and pension funds.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The basic financial statements are followed by a section of required and other supplementary information that further explain and support the financial statements.

Government-Wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how it has changed. Net position is one way to measure the District's financial health. Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.

The government-wide financial statements of the District include governmental activities. All of the District's basic services are included here, such as regular education, food service, maintenance and general administration. Local Control Funding Formula and federal and state grants finance most of these activities.

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2019**

OVERVIEW OF FINANCIAL STATEMENTS (continued)

Government-Wide Statements (continued)

The following matrix summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of the overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

Major Features of the District-Wide and Fund Financial Statements				
Type of Statement	District-wide	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district, except fiduciary activities	The activities of the district that are not proprietary or fiduciary, such as special revenue and debt service funds	Activities the district operates similar to private businesses: such as the self-insurance fund	Instances in which the district administers resources on behalf of someone else, such as student activities and retiree benefits funds
Required financial statements	Statement of net position	Balance sheet	Statement of net position	Statement of fiduciary net position
	Statement of activities	Statement of revenues, expenditures & changes in fund balances	Statement of revenues, expenses & changes in fund net position	Statement of changes in fiduciary net position
			Statement of cash flows	
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; Standard funds do not currently contain non-financial assets, though they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2019**

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE

Net Position

The District's net position was \$(173,138,750) at June 30, 2019, as reflected in the table below. Of this amount, \$(571,990,005) was unrestricted. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the Governing Board's ability to use that net position for day-to-day operations.

	Governmental Activities		
	2019	2018	Net Change
ASSETS			
Current and other assets	\$ 331,326,869	\$ 403,033,986	\$ (71,707,117)
Capital assets	1,383,848,716	1,412,896,018	(29,047,302)
Total Assets	1,715,175,585	1,815,930,004	(100,754,419)
DEFERRED OUTFLOWS OF RESOURCES	136,254,185	128,333,620	7,920,565
LIABILITIES			
Current liabilities	125,333,745	95,585,139	29,748,606
Long-term liabilities	1,864,111,501	1,914,474,897	(50,363,396)
Total Liabilities	1,989,445,246	2,010,060,036	(20,614,790)
DEFERRED INFLOWS OF RESOURCES	35,123,274	27,844,638	7,278,636
NET POSITION			
Net investment in capital assets	242,729,245	297,753,566	(55,024,321)
Restricted	156,122,010	145,794,101	10,327,909
Unrestricted	(571,990,005)	(537,188,717)	(34,801,288)
Total Net Position	\$ (173,138,750)	\$ (93,641,050)	\$ (79,497,700)

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2019**

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)

Changes in Net Position

The results of this year's operations for the District as a whole are reported in the Statement of Activities. The table below takes the information from the Statement and rearranges it slightly, so you can see our total revenues and expenses for the year.

	Governmental Activities		
	2019	2018	Net Change
REVENUES			
Program revenues			
Charges for services	\$ 4,920,406	\$ 4,946,858	\$ (26,452)
Operating grants and contributions	91,976,343	88,502,504	3,473,839
Capital grants and contributions	1,438,043	14,144,456	(12,706,413)
General revenues			
Property taxes	207,462,390	191,089,210	16,373,180
Unrestricted federal and state aid	191,413,740	175,052,866	16,360,874
Other	5,402,819	5,093,921	308,898
Total Revenues	502,613,741	478,829,815	23,783,926
EXPENSES			
Instruction	241,290,273	196,443,602	44,846,671
Instruction-related services	65,328,896	56,201,923	9,126,973
Pupil services	66,727,648	57,896,034	8,831,614
General administration	51,950,698	34,340,558	17,610,140
Plant services	45,998,961	38,553,114	7,445,847
Ancillary and community services	8,543,670	7,449,335	1,094,335
Debt service	64,019,119	61,042,115	2,977,004
Other outgo	1,251,328	1,609,429	(358,101)
Enterprise activities	795,904	723,076	72,828
Total Expenses	545,906,497	454,259,186	91,647,311
Change in net position	(43,292,756)	24,570,629	(67,863,385)
Net Position - Beginning, as Restated	(129,845,994)	(118,211,679)	(11,634,315)
Net Position - Ending	\$ (173,138,750)	\$ (93,641,050)	\$ (79,497,700)

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2019**

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)

Changes in Net Position (continued)

In the table below, we have presented the net cost of each of the District's functions. Net cost shows the financial burden that was placed on the District's taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

	Net Cost of Services	
	2019	2018
Instruction	\$ 200,364,466	\$ 145,807,605
Instruction-related services	53,484,404	44,212,852
Pupil services	42,548,422	35,065,777
General administration	49,056,840	31,498,539
Plant services	38,677,280	28,399,776
Ancillary and community services	4,060,488	3,619,333
Debt service	64,019,119	61,042,115
Transfers to other agencies	(5,429,295)	(3,703,705)
Enterprise activities	789,981	723,076
Total Expenses	\$ 447,571,705	\$ 346,665,368

FINANCIAL ANALYSIS OF THE DISTRICT'S MAJOR FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed this year, its governmental funds reported a combined fund balance of \$302,733,271, which is less than last year's ending fund balance of \$350,741,481. The District's General Fund had \$7,246,690 less in operating revenues than expenditures for the year ended June 30, 2019 and net financing uses of \$1,561,437, which led to a net decrease in fund balance of \$8,808,127. The District's Building Fund had \$55,358,245 less in operating revenues than expenditures for the year ended June 30, 2019 and net financing sources of \$1,438,043, which led to a net decrease in fund balance of \$53,920,202. The District's Bond Interest and Redemption Fund had \$8,641,030 more in operating revenues than expenditures for the year ended June 30, 2019.

CURRENT YEAR BUDGET 2018-2019

During the fiscal year, budget revisions and appropriation transfers are presented to the Board for their approval on a periodic basis to reflect changes to both revenues and expenditures that become known during the year. The Board of Education approves financial projections included with the Adopted Budget, First Interim, and Second Interim financial reports. The Unaudited Actuals reflect the District's financial projections and current budget based on State and local financial information.

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2019**

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

By the end of 2018-2019 the District had invested \$1,383,848,716 in capital assets, net of accumulated depreciation.

	Governmental Activities		
	2019	2018	Net Change
CAPITAL ASSETS			
Land	\$ 52,371,291	\$ 52,371,291	\$ -
Construction in progress	203,981,907	148,757,310	55,224,597
Land improvements	57,994,028	66,877,125	(8,883,097)
Buildings & improvements	1,443,604,021	1,485,383,190	(41,779,169)
Furniture & equipment	48,454,749	46,312,440	2,142,309
Accumulated depreciation	(422,557,280)	(423,010,282)	453,002
Total Capital Assets	\$ 1,383,848,716	\$ 1,376,691,074	\$ 7,157,642

Long-Term Liabilities

At year-end, the District had \$1,864,111,501 in long-term liabilities, a decrease of 2.63% from last year's balance – as shown in the table below. (More detailed information about the District's long-term liabilities is presented in footnotes to the financial statements.)

	Governmental Activities		
	2019	2018	Net Change
LONG-TERM LIABILITIES			
Total general obligation bonds	\$ 1,375,752,230	\$ 1,391,200,019	\$ (15,447,789)
Total certificates of participation	9,175,000	10,145,000	(970,000)
Claims liability	500,000	500,000	-
Compensated absences	2,835,919	2,696,779	139,140
Net OPEB liability	220,287,842	231,531,701	(11,243,859)
Net pension liability	335,353,874	307,256,089	28,097,785
Less: current portion of long-term liabilities	(79,793,364)	(28,854,691)	(50,938,673)
Total Long-term Liabilities	\$ 1,864,111,501	\$ 1,914,474,897	\$ (50,363,396)

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2019**

CAPITAL ASSETS AND LONG-TERM LIABILITIES (continued)

Long-Term Liabilities (continued)

In recent years the District has received approval from the voters to issue \$1.63 billion in bonds. Measure E was approved for \$40 million in November 1998 to fund various capital improvement projects and to construct a new middle school. Measure M in the amount of \$150 million was approved in November 2000 to renovate the elementary schools of the District. Measure D was approved in March 2002 to renovate the secondary schools of the District as well as provide additional funds to supplement Measure M. This measure is in the amount of \$300 million. Measure J was approved for \$400 million in November 2005 to continue repairing all school facilities, improve classroom safety and technology. Measure D was approved for \$380 million in 2010 and Measure E was approved for \$360 million in November 2012 and will be used toward the continued renovation and rebuilding program for elementary and secondary schools. The District will continue to sell, and issue bonds authorized by these measures in amounts necessary to meet the cash flow needs of the construction projects as they progress over the next several years.

The state limits the amount of general obligation debt the District can issue to 2.5 percent of the assessed value of all taxable property within the District's boundaries. The District has applied for and been granted four waivers of this limit by the California State Board of Education, one for Measure D 2002, one for Measure J 2005, one for Measure D 2010 and one for Measure E 2012. These waivers allow the District to issue bonds up to an amount not to exceed 3.5% of assessed value for the 2002 Measure D and 2005 Measure J and 5.0% of assessed value for the Measure D 2010 and Measure E 2012 bond authorizations.

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2019**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

At the time these financial statements were prepared and audited, the District was aware of several circumstances that could affect its future financial health.

The US economy continues to grow slowly, but the State economic growth is slowing down due to low levels of available employees. However, the State is still experiencing overall economic prosperity. The State Budget for Education contained an increase of 3.26% in fiscal year 2019-20, plus \$3.15 billion in non-Proposition 98 funding for school employer pension relief.

The fiscal policy for the funding of public education changes annually, based on fluctuations in State revenues. The UCLA Anderson Forecast (June 2019) noted that the risk of recession is about 50% within the next 5-8 quarters depending on the model, the biggest economic threat being from the escalating trade war with China and Mexico. If a recession were to happen, State revenues for public education would be negatively impacted.

Landmark legislation passed in Year 2013 reformed California school district finance by creating the Local Control Funding Formula (LCFF). The LCFF is designed to provide a flexible funding mechanism that links student achievement to state funding levels. The LCFF provides a per pupil base grant amount, by grade span, that is augmented by supplemental funding for targeted student groups in low income brackets, those that are English language learners and foster youth.

Factors related to LCFF that the District is monitoring include: (1) estimates of funding in the next budget year and beyond; (2) the Local Control and Accountability Plan (LCAP) that aims to link student accountability measurements to funding allocations; (3) ensuring the integrity of reporting student data through the California Longitudinal Pupil Achievement Data System (CALPADs); and, (4) meeting annual compliance and audit requirements.

The District participates in state employee pensions plans, PERS and STRS, and both are underfunded. The District's proportionate share of the liability is reported in the Statement of Net Position as of June 30, 2019. The amount of the liability is material to the financial position of the District. To address the underfunding issues, the pension plans received a one-time funding allocation from the 2019-20 State Budget and continue to raise employer rates in future years. The projected increased pension costs to school employers remain a significant fiscal factor.

Enrollment can fluctuate due to factors such as population growth, competition from private, parochial, inter-district transfers in or out, economic conditions and housing values. Losses in enrollment will cause a school district to lose operating revenues without necessarily permitting the district to make adjustments in fixed operating costs.

All of these factors were considered in preparing the District's budget for the 2019-20 fiscal year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Business Office at 1400 Marina Way South, Richmond, CA 94806.

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2019

	Governmental Activities
ASSETS	
Cash and investments	\$ 312,513,999
Accounts receivable	18,068,584
Inventory	744,286
Capital assets, not depreciated	256,353,198
Capital assets, net of accumulated depreciation	<u>1,127,495,518</u>
Total Assets	<u><u>1,715,175,585</u></u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	108,816,472
Deferred outflows related to OPEB	21,007,017
Deferred amount on refunding	<u>6,430,696</u>
Total Deferred Outflows of Resources	<u><u>136,254,185</u></u>
LIABILITIES	
Deficit cash	741,742
Accrued liabilities	43,906,367
Unearned revenue	892,272
Long-term liabilities, current portion	79,793,364
Long-term liabilities, non-current portion	<u>1,864,111,501</u>
Total Liabilities	<u><u>1,989,445,246</u></u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	25,746,021
Deferred inflows related to OPEB	<u>9,377,253</u>
Total Deferred Inflows of Resources	<u><u>35,123,274</u></u>
NET POSITION	
Net investment in capital assets	242,729,245
Restricted:	
Capital projects	22,123,165
Debt service	115,912,694
Educational programs	16,763,681
All others	1,322,470
Unrestricted	<u>(571,990,005)</u>
Total Net Position	<u><u>\$ (173,138,750)</u></u>

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

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019**

Function/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
GOVERNMENTAL ACTIVITIES					Governmental Activities
Instruction	\$ 241,290,273	\$ 151,465	\$ 39,336,299	\$ 1,438,043	\$ (200,364,466)
Instruction-related services					
Instructional supervision and administration	29,573,073	80,954	9,262,481	-	(20,229,638)
Instructional library, media, and technology	4,675,698	73,528	353,947	-	(4,248,223)
School site administration	31,080,125	25,465	2,048,117	-	(29,006,543)
Pupil services					
Home-to-school transportation	10,553,713	-	4,653	-	(10,549,060)
Food services	20,506,565	1,075,698	15,108,693	-	(4,322,174)
All other pupil services	35,667,370	79,101	7,911,081	-	(27,677,188)
General administration					
Centralized data processing	15,670,910	493	187,026	-	(15,483,391)
All other general administration	36,279,788	79,773	2,626,566	-	(33,573,449)
Plant services	45,998,961	1,562,947	5,758,734	-	(38,677,280)
Ancillary services	8,047,905	48,134	4,413,003	-	(3,586,768)
Community services	495,765	4,247	17,798	-	(473,720)
Enterprise activities	795,904	-	5,923	-	(789,981)
Interest on long-term debt	64,019,119	-	-	-	(64,019,119)
Other outgo	1,251,328	1,738,601	4,942,022	-	5,429,295
Total Governmental Activities	\$ 545,906,497	\$ 4,920,406	\$ 91,976,343	\$ 1,438,043	(447,571,705)
General revenues					
Taxes and subventions					
Property taxes, levied for general purposes					107,213,558
Property taxes, levied for debt service					80,102,016
Property taxes, levied for other specific purposes					20,146,816
Federal and state aid not restricted for specific purposes					191,413,740
Interest and investment earnings					1,900,510
Miscellaneous					3,502,309
Subtotal, General Revenue					404,278,949
CHANGE IN NET POSITION					(43,292,756)
Net Position - Beginning, as Restated					(129,845,994)
Net Position - Ending					\$ (173,138,750)

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

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2019**

	General Fund	Building Fund	Bond Interest & Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 57,391,176	\$ 95,838,559	\$ 132,979,288	\$ 24,725,119	\$ 310,934,142
Accounts receivable	13,285,706	268,135	380,647	4,131,768	18,066,256
Due from other funds	1,457,453	-	-	-	1,457,453
Stores inventory	264,190	-	-	480,096	744,286
Total Assets	\$ 72,398,525	\$ 96,106,694	\$ 133,359,935	\$ 29,336,983	\$ 331,202,137
LIABILITIES					
Deficit cash	\$ -	\$ -	\$ -	\$ 741,742	\$ 741,742
Accrued liabilities	12,129,364	12,090,475	-	1,157,560	25,377,399
Due to other funds	-	-	-	1,457,453	1,457,453
Unearned revenue	884,565	-	-	7,707	892,272
Total Liabilities	13,013,929	12,090,475	-	3,364,462	28,468,866
FUND BALANCES					
Nonspendable	334,190	-	-	480,096	814,286
Restricted	16,042,195	84,016,219	133,359,935	25,107,123	258,525,472
Assigned	-	-	-	865,398	865,398
Unassigned	43,008,211	-	-	(480,096)	42,528,115
Total Fund Balances	59,384,596	84,016,219	133,359,935	25,972,521	302,733,271
Total Liabilities and Fund Balances	\$ 72,398,525	\$ 96,106,694	\$ 133,359,935	\$ 29,336,983	\$ 331,202,137

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

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET
POSITION
JUNE 30, 2019**

Total Fund Balance - Governmental Funds \$ 302,733,271

Amounts reported for assets and liabilities for governmental activities in the statement of net position are different from amounts reported in governmental funds because:

Capital assets:

In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation:

Capital assets	\$ 1,806,405,996	
Accumulated depreciation	<u>(422,557,280)</u>	1,383,848,716

Deferred amount on refunding:

In governmental funds, the net effect of refunding bonds is recognized when debt is issued, whereas this amount is deferred and amortized in the government-wide financial statements:

6,430,696

Unmatured interest on long-term debt:

In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmaturing interest owing at the end of the period was:

(18,387,243)

Long-term liabilities:

In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:

Total general obligation bonds	\$ 1,375,752,230	
Total certificates of participation	9,175,000	
Compensated absences	2,835,919	
Net OPEB liability	220,287,842	
Net pension liability	<u>335,353,874</u>	(1,943,404,865)

Deferred outflows and inflows of resources relating to pensions:

In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported.

Deferred outflows of resources related to pensions	\$ 108,816,472	
Deferred inflows of resources related to pensions	<u>(25,746,021)</u>	83,070,451

Deferred outflows and inflows of resources relating to OPEB:

In governmental funds, deferred outflows and inflows of resources relating to OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to OPEB are reported.

Deferred outflows of resources related to OPEB	\$ 21,007,017	
Deferred inflows of resources related to OPEB	<u>(9,377,253)</u>	11,629,764

Internal service funds:

Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Because internal service funds are presumed to operate for the benefit of governmental activities, assets, deferred outflows of resources, liabilities, and deferred inflows of resources of internal service funds are reported with governmental activities in the statement of net position. Net position for internal service funds is:

940,460

Total Net Position - Governmental Activities \$ (173,138,750)

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

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2019**

	General Fund	Building Fund	Bond Interest & Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES					
LCFF sources	\$ 287,553,219	\$ -	\$ -	\$ -	\$ 287,553,219
Federal sources	18,921,108	-	3,695,092	14,824,035	37,440,235
Other state sources	67,494,306	-	595,263	8,591,272	76,680,841
Other local sources	22,647,731	2,687,487	80,804,768	10,718,626	116,858,612
Total Revenues	396,616,364	2,687,487	85,095,123	34,133,933	518,532,907
EXPENDITURES					
Current					
Instruction	221,526,511	-	-	4,304,104	225,830,615
Instruction-related services					
Instructional supervision and administration	26,665,753	-	-	503,853	27,169,606
Instructional library, media, and technology	3,695,714	-	-	-	3,695,714
School site administration	26,788,489	-	-	1,313,179	28,101,668
Pupil services					
Home-to-school transportation	9,534,623	-	-	-	9,534,623
Food services	330,523	-	-	17,667,451	17,997,974
All other pupil services	32,440,498	-	-	49,868	32,490,366
General administration					
Centralized data processing	13,651,860	-	-	-	13,651,860
All other general administration	17,793,089	-	-	1,393,964	19,187,053
Plant services	39,038,268	-	-	503,539	39,541,807
Facilities acquisition and maintenance	2,061,926	58,045,732	-	2,442,280	62,549,938
Ancillary services	7,293,250	-	-	-	7,293,250
Community services	431,639	-	-	-	431,639
Enterprise activities	5,923	-	-	-	5,923
Transfers to other agencies	1,251,328	-	-	-	1,251,328
Debt service					
Principal	970,000	-	25,156,747	-	26,126,747
Interest and other	383,660	-	51,297,346	-	51,681,006
Total Expenditures	403,863,054	58,045,732	76,454,093	28,178,238	566,541,117
Excess (Deficiency) of Revenues Over Expenditures	(7,246,690)	(55,358,245)	8,641,030	5,955,695	(48,008,210)
Other Financing Sources (Uses)					
Transfers in	-	1,438,043	-	1,561,437	2,999,480
Transfers out	(1,561,437)	-	-	(1,438,043)	(2,999,480)
Net Financing Sources (Uses)	(1,561,437)	1,438,043	-	123,394	-
NET CHANGE IN FUND BALANCE	(8,808,127)	(53,920,202)	8,641,030	6,079,089	(48,008,210)
Fund Balance - Beginning	68,192,723	137,936,421	124,718,905	19,893,432	350,741,481
Fund Balance - Ending	\$ 59,384,596	\$ 84,016,219	\$ 133,359,935	\$ 25,972,521	\$ 302,733,271

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

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019**

Net Change in Fund Balances - Governmental Funds \$ (48,008,210)

Amounts reported for governmental activities in the statement of activities are different from amounts reported in governmental funds because:

Capital outlay:

In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:

Expenditures for capital outlay:	\$ 63,144,959	
Depreciation expense:	<u>(41,962,948)</u>	21,182,011

Debt service:

In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were:

26,126,747

Deferred amounts on refunding:

In governmental funds, deferred amounts on refunding are recognized in the period they are incurred. In the government-wide statements, the deferred amounts on refunding are amortized over the life of the debt. The net effect of the deferred amounts on refunding during the period was:

(911,508)

Gain or loss from the disposal of capital assets:

In governmental funds, the entire proceeds from disposal of capital assets are reported as revenue. In the statement of activities, only the resulting gain or loss is reported. The difference between the proceeds from disposal of capital assets and the resulting gain or loss is:

(13,900,558)

Unmatured interest on long-term debt:

In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period, was:

(1,717,647)

Accreted interest on long-term debt:

In governmental funds, accreted interest on capital appreciation bonds is not recorded as an expenditure from current sources. In the government-wide statement of activities, however, this is recorded as interest expense for the period.

(12,436,902)

Compensated absences:

In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amount earned. The difference between compensated absences paid and compensated absences earned, was:

(139,140)

(continued on the following page)

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES, continued
FOR THE YEAR ENDED JUNE 30, 2019**

Postemployment benefits other than pensions (OPEB):	
In governmental funds, OPEB expenses are recognized when employer OPEB contributions are made. In the statement of activities, OPEB expenses are recognized on the accrual basis. This year, the difference between OPEB expenses and actual employer OPEB contributions was:	2,417,318
Pensions:	
In governmental funds, pension costs are recognized when employer contributions are made, in the government-wide statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and employer contributions was:	(17,717,807)
Cost write-off for canceled capital projects:	
If a planned capital project is canceled and will not be completed, costs previously capitalized as Work-in-progress must be written off to expense. Costs written off for canceled projects were:	(123,811)
Amortization of debt issuance premium or discount:	
In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an Other Financing Source or an Other Financing Use in the period it is incurred. In the government-wide statements, the premium or discount is amortized over the life of the debt. Amortization of premium or discount for the period is:	2,727,944
Internal Service Funds:	
Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Because internal service funds are presumed to benefit governmental activities, internal service activities are reported as governmental in the statement of activities. The net increase or decrease in internal service funds was:	(791,193)
Change in Net Position of Governmental Activities	<u>\$ (43,292,756)</u>

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2019

	Governmental Activities
	Internal Service Fund
ASSETS	
Current assets	
Cash and investments	\$ 1,579,857
Accounts receivable	2,328
Total current assets	<u>1,582,185</u>
Total Assets	<u>1,582,185</u>
LIABILITIES	
Current liabilities	
Accrued liabilities	141,725
Total current liabilities	<u>141,725</u>
Non-current liabilities	<u>500,000</u>
Total Liabilities	<u>641,725</u>
NET POSITION	
Restricted	<u>940,460</u>
Total Net Position	<u>\$ 940,460</u>

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

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2019**

	Governmental Activities Internal Service Fund
OPERATING REVENUE	
Charges for services	\$ 1,962,165
Total operating revenues	<u>1,962,165</u>
OPERATING EXPENSE	
Salaries and benefits	165,748
Supplies and materials	791
Professional services	2,607,775
Total operating expenses	<u>2,774,314</u>
Operating income/(loss)	<u>(812,149)</u>
NON-OPERATING REVENUES	
Interest income	20,956
Total non-operating revenues/(expenses)	<u>20,956</u>
CHANGE IN NET POSITION	(791,193)
Net Position - Beginning	<u>1,731,653</u>
Net Position - Ending	<u>\$ 940,460</u>

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

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Governmental Activities</u>	<u>Internal Service Fund</u>
Cash flows from operating activities		
Cash received from user charges	\$ 1,961,817	
Cash payments for payroll, insurance, and operating costs	(2,804,411)	
Net cash provided by (used for) operating activities	<u>(842,594)</u>	
Cash flows from investing activities		
Interest received		20,956
Net cash provided by (used for) investing activities		<u>20,956</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		<u>(821,638)</u>
 CASH AND CASH EQUIVALENTS		
Beginning of year		2,401,495
End of year	\$	<u>1,579,857</u>
 Reconciliation of operating income (loss) to cash provided by (used for) operating activities		
Operating income/(loss)	\$	(812,149)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable		(348)
Increase (decrease) in accrued liabilities		<u>(30,097)</u>
Net cash provided by (used for) operating activities	\$	<u>(842,594)</u>

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

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
 FIDUCIARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2019**

	<u>Trust Funds</u>	<u>Agency Funds</u>	
	<u>Retiree Benefit Fund</u>	<u>Warrant/Pass- through Fund</u>	<u>Student Body Fund</u>
ASSETS			
Cash and investments	\$ 33,102,157	\$ 917,381	\$ 972,896
Accounts receivable	8,092	141,273	-
Total Assets	<u>33,110,249</u>	<u>\$ 1,058,654</u>	<u>\$ 972,896</u>
LIABILITIES			
Accrued liabilities	1,000,001	\$ -	\$ -
Due to student groups	-	-	972,896
Due to other agencies	-	1,058,654	-
Total Liabilities	<u>1,000,001</u>	<u>\$ 1,058,654</u>	<u>\$ 972,896</u>
NET POSITION			
Restricted	<u>32,110,248</u>		
Total Net Position	<u>\$ 32,110,248</u>		

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

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
 FIDUCIARY FUNDS
 STATEMENT OF CHANGES IN NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Trust Funds</u> <u>Retiree Benefit</u> <u>Fund</u>
ADDITIONS	
Contributions	\$ 18,202,890
Investment earnings	746,263
Total Additions	<u>18,949,153</u>
DEDUCTIONS	
Other trust activities	15,543,902
Total Deductions	<u>15,543,902</u>
CHANGE IN NET POSITION	3,405,251
Net Position - Beginning	<u>28,704,997</u>
Net Position - Ending	<u>\$ 32,110,248</u>

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

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The West Contra Costa Unified School District (the “District”) accounts for its financial transactions in accordance with the policies and procedures of the Department of Education's *California School Accounting Manual*. The accounting policies of the District conform to generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

The District operates under a locally elected Board form of government and provides educational services to grades K-12 as mandated by the state. A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student-related activities.

B. Component Units

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete.

On January 13, 1994, certain members of the District's Board of Education and District employees formed a nonprofit benefit corporation, known as the West Contra Costa Unified School District Financing Corporation (the "Corporation"), which is organized under the Nonprofit Benefit Corporation Law of the State of California, to provide financial assistance to the District by financing, constructing and leasing various public facilities, land, and equipment for the use, benefit, and enjoyment of the public served by the District. The Corporation issued Certificates of Participation (COPs). The COPs are collateralized by an underlying lease-purchase agreement between the Corporation and the District.

The District and the Corporation have a financial and operational relationship that meets the reporting entity definition of Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, for inclusion of the Corporation as a component unit of the District. The basic, but not the only criterion for including a governmental organization in a governmental unit's reporting entity for general purpose financial reports is the ability of the governmental unit's elected officials to exercise oversight responsibility over such organizations. Oversight responsibility implies that the nongovernmental unit is dependent on another and the dependent unit should be reported as part of the other.

Accordingly, for the year ended June 30, 2019, the financial activities of the Corporation have been blended into the financial statements of the District. The Corporation's financial activities are presented in the Debt Service Fund. COPs issued by the Corporation are included as long-term liabilities in the financial statements.

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation

Government-Wide Statements. The statement of net position and the statement of activities display information about the primary government (the District). These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenue, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenue for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reserved for the statement of activities. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting of operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the District.

Fund Financial Statements. The fund financial statements provide information about the District's funds, including its proprietary and fiduciary funds. Separate statements for each fund category – governmental, proprietary and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

Governmental funds are used to account for activities that are governmental in nature. Governmental activities are typically tax-supported and include education of pupils, operation of food service and child development programs, construction and maintenance of school facilities, and repayment of long-term debt.

Proprietary funds are used to account for activities that are more business-like than government-like in nature. Business-type activities include those for which a fee is charged to external users or to other organizational units of the District, normally on a full cost-recovery basis. Proprietary funds are generally intended to be self-supporting.

Fiduciary funds are used to account for assets held by the District in a trustee or agency capacity for others that cannot be used to support the District's own programs.

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

Major Governmental Funds

General Fund: The General Fund is the main operating fund of the District. It is used to account for all activities except those that are required to be accounted for in another fund. In keeping with the minimum number of funds principle, all of the District's activities are reported in the General Fund unless there is a compelling reason to account for an activity in another fund. A District may have only one General Fund.

Building Fund: This fund exists primarily to account separately for proceeds from the sale of bonds (*Education Code Section 15146*) and may not be used for any purposes other than those for which the bonds were issued. Other authorized revenues to the Building Fund are proceeds from the sale or lease-with-option-to-purchase of real property (*Education Code Section 17462*) and revenue from rentals and leases of real property specifically authorized for deposit into the fund by the governing board (*Education Code Section 41003*).

Bond Interest and Redemption Fund: This fund is used for the repayment of bonds issued for the District (*Education Code Sections 15125–15262*). The board of supervisors of the county issues the bonds. The proceeds from the sale of the bonds are deposited in the county treasury to the Building Fund of the District. Any premiums or accrued interest received from the sale of the bonds must be deposited in the Bond Interest and Redemption Fund of the District. The county auditor maintains control over the District's Bond Interest and Redemption Fund. The principal and interest on the bonds must be paid by the county treasurer from taxes levied by the county auditor-controller.

Non-Major Governmental Funds

Special Revenue Funds: Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The District maintains the following special revenue funds:

Adult Education Fund: This fund is used to account separately for federal, state, and local revenues for adult education programs. Money in this fund shall be expended for adult education purposes only. Moneys received for programs other than adult education shall not be expended for adult education (*Education Code Sections 52616[b]* and *52501.5[a]*).

Child Development Fund: This fund is used to account separately for federal, state, and local revenues to operate child development programs. All moneys received by the District for, or from the operation of, child development services covered under the Child Care and Development Services Act (*Education Code Section 8200 et seq.*) shall be deposited into this fund. The moneys may be used only for expenditures for the operation of child development programs. The costs incurred in the maintenance and operation of child development services shall be paid from this fund, with accounting to reflect specific funding sources (*Education Code Section 8328*).

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

Non-Major Governmental Funds (continued)

Special Revenue Funds (continued)

Cafeteria Special Revenue Fund: This fund is used to account separately for federal, state, and local resources to operate the food service program (*Education Code Sections 38090–38093*). The Cafeteria Special Revenue Fund shall be used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code Sections 38091 and 38100*).

Capital Project Funds: Capital project funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

Capital Facilities Fund: This fund is used primarily to account separately for moneys received from fees levied on developers or other agencies as a condition of approving a development (*Education Code Sections 17620–17626*). The authority for these levies may be county/city ordinances (*Government Code Sections 65970–65981*) or private agreements between the District and the developer. Interest earned in the Capital Facilities Fund is restricted to that fund (*Government Code Section 66006*).

County School Facilities Fund: This fund is established pursuant to *Education Code Section 17070.43* to receive apportionments from the 1998 State School Facilities Fund (Proposition 1A), the 2002 State School Facilities Fund (Proposition 47), or the 2004 State School Facilities Fund (Proposition 55) authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*Education Code Section 17070 et seq.*).

Special Reserve Fund for Capital Outlay Projects: This fund exists primarily to provide for the accumulation of General Fund moneys for capital outlay purposes (*Education Code Section 42840*).

Debt Service Funds: Debt service funds are established to account for the accumulation of resources for and the payment of principal and interest on general long-term debt.

Debt Service Fund for Blended Component Units: This fund is used to account for the accumulation of resources for the payment of principal and interest on bonds issued by Mello-Roos Community Facilities Districts and similar entities that are considered blended component units of the District under generally accepted accounting principles (GAAP).

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

Proprietary Funds

Internal Service Funds: Internal service funds are created principally to render services to other organizational units of the District on a cost-reimbursement basis. These funds are designed to be self-supporting with the intent of full recovery of costs, including some measure of the cost of capital assets, through user fees and charges.

Self-Insurance Fund: Self-insurance funds are used to separate moneys received for self-insurance activities from other operating funds of the District. Separate funds may be established for each type of self-insurance activity, such as workers' compensation, health and welfare, and deductible property loss (*Education Code Section 17566*).

Fiduciary Funds

Trust and Agency Funds: Trust and agency funds are used to account for assets held in a trustee or agent capacity for others that cannot be used to support the District's own programs. The key distinction between trust and agency funds is that trust funds are subject to a trust agreement that affects the degree of management involvement and the length of time that the resources are held.

Retiree Benefit Fund: This fund exists to account separately for amounts held in trust from salary reduction agreements, other irrevocable contributions for employees' retirement benefit payments, or both.

Warrant/Pass-Through Fund: This fund exists primarily to account separately for amounts collected from employees for federal taxes, state taxes, transfers to credit unions, and other contributions.

Student Body Fund: The Student Body Fund is an agency fund and, therefore, consists only of accounts such as cash and balancing liability accounts, such as due to student groups. The student body itself maintains its own general fund, which accounts for the transactions of that entity in raising and expending money to promote the general welfare, morale, and educational experiences of the student body (*Education Code Sections 48930–48938*).

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting – Measurement Focus

Government-Wide, Proprietary, and Fiduciary Financial Statements

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide, proprietary, and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Net Position equals assets and deferred outflows of resources minus liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. The net position should be reported as restricted when constraints placed on its use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net position restricted for other activities results from special revenue funds and the restrictions on their use.

Proprietary funds distinguish operating revenues and expenses from non operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the internal service fund are charges to other funds for self insurance costs. Operating expenses for internal service funds include the costs of insurance premiums and claims related to self-insurance.

Governmental Funds

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Governmental funds use the modified accrual basis of accounting.

Revenues – Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Available" means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. Generally, "available" means collectible within the current period or within 60 days after year-end. However, to achieve comparability of reporting among California school districts and so as not to distort normal revenue patterns, with specific respect to reimbursement grants and corrections to State-aid apportionments, the California Department of Education has defined available for school districts as collectible within one year.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, and entitlements. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from the grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting – Measurement Focus (continued)

Unearned Revenue

Unearned revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period or when resources are received by the District prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

Certain grants received that have not met eligibility requirements are recorded as unearned revenue. On the governmental fund financial statements, receivables that will not be collected within the available period are also recorded as unearned revenue.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position

Cash and Cash Equivalents

The District's cash and cash equivalents consist of cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

Investments with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost. Fair values of investments in county and State investment pools are determined by the program sponsor.

Inventories

Inventories are recorded using the purchases method in that the cost is recorded as an expenditure at the time the individual inventory items are requisitioned. Inventories are valued at historical cost and consist of expendable supplies held for consumption.

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position (continued)

Capital Assets

The accounting and reporting treatment applied to the capital assets associated with a fund is determined by its measurement focus. Capital assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements.

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their acquisition value as of the date received. The District maintains a capitalization threshold of \$5,000. The District does not own any infrastructure as defined in GASB Statement No. 34. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not capitalized. All reported capital assets, except for land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Life</u>
Buildings and Improvements	20-50 years
Furniture and Equipment	10-25 years
Vehicles	10-15 years

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "Due from other funds/Due to other funds." These amounts are eliminated in the governmental activities columns of the statement of net position.

Compensated Absences

Accumulated unpaid employee vacation benefits are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide financial statements. For governmental funds, the current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignations and retirements that occur prior to year-end that have not yet been paid with expendable available financial resource. These amounts are recorded in the fund from which the employees who have accumulated leave are paid.

Accumulated sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expense in the period taken because such benefits do not vest, nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires.

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position (continued)

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide and proprietary fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources related to OPEB and deferred inflows of resources related to OPEB, and OPEB expense have been determined by an independent actuary. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms.

Generally accepted accounting principles require the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2018
Measurement Period	July 1, 2017 to June 30, 2018

Gains and losses related to changes in net OPEB liability are recognized in OPEB expense systematically over time. The first amortized amounts are recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The amortization period differs depending on the source of gain or loss. The difference between projected and actual earnings is amortized on a straight-line basis over five years. All other amounts are amortized on a straight-line basis over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) at the beginning of the measurement period.

Premiums and Discounts

In the government-wide and proprietary fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

Deferred Outflows/Deferred Inflows of Resources

In addition to assets, the District will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the District will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position (continued)

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the defined benefit pension plans (the Plans) of the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance classification reflects amounts that are not in spendable form. Examples include inventory, prepaid items, the long-term portion of loans receivable, and nonfinancial assets held for resale. This classification also reflects amounts that are in spendable form but that are legally or contractually required to remain intact, such as the principal of a permanent endowment.

Restricted - The restricted fund balance classification reflects amounts subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations of other governments, or may be imposed by law through constitutional provisions or enabling legislation.

Committed - The committed fund balance classification reflects amounts subject to internal constraints self-imposed by formal action of the Governing Board. The constraints giving rise to committed fund balance must be imposed no later than the end of the reporting period. The actual amounts may be determined subsequent to that date but prior to the issuance of the financial statements. In contrast to restricted fund balance, committed fund balance may be redirected by the government to other purposes as long as the original constraints are removed or modified in the same manner in which they were imposed, that is, by the same formal action of the Governing Board.

Assigned - The assigned fund balance classification reflects amounts that the government *intends* to be used for specific purposes. Assignments may be established either by the Governing Board or by a designee of the governing body, and are subject to neither the restricted nor committed levels of constraint. In contrast to the constraints giving rise to committed fund balance, constraints giving rise to assigned fund balance are not required to be imposed, modified, or removed by formal action of the Governing Board. The action does not require the same level of formality and may be delegated to another body or official. Additionally, the assignment need not be made before the end of the reporting period, but rather may be made any time prior to the issuance of the financial statements.

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position (continued)

Fund Balance (continued)

Unassigned - In the General Fund only, the unassigned fund balance classification reflects the residual balance that has not been assigned to other funds and that is not restricted, committed, or assigned to specific purposes. However, deficits in any fund, including the General Fund that cannot be eliminated by reducing or eliminating amounts assigned to other purposes are reported as negative unassigned fund balance.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

F. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented in the financial statements. Interfund transfers are eliminated in the governmental activities columns of the statement of activities.

G. Estimates

The preparation of the 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 amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

H. Budgetary Data

The budgetary process is prescribed by provisions of the California Education Code and requires the governing board to hold a public hearing and adopt an operating budget no later than July 1 of each year. The District governing board satisfied these requirements. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption with the legal restriction that expenditures cannot exceed appropriations by major object account.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for. For purposes of the budget, on-behalf payments have not been included as revenue and expenditures as required under generally accepted accounting principles.

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Property Tax

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on November 1 and February 1 and become delinquent on December 10 and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31. The County Auditor-Controller bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

J. New Accounting Pronouncements

GASB Statement No. 84 – In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. This standard's primary objective is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The statement is effective for periods beginning after December 15, 2018. The District has not yet determined the impact on the financial statements.

GASB Statement No. 87 – In June 2017, GASB issued Statement No. 87, *Leases*. This standard's primary objective is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The statement is effective for periods beginning after December 15, 2019. The District has not determined the impact on the financial statements.

GASB Statement No. 88 – In April 2018, GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This standard's primary objective is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The statement is effective for periods beginning after June 15, 2018. The District has implemented GASB Statement No. 88 for the year ended June 30, 2019.

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2019

NOTE 2 – CASH AND INVESTMENTS

A. Summary of Cash and Investments

	Governmental Funds	Internal Service Funds	Total Governmental Activities	Fiduciary Funds
Investment in county treasury*	\$ 206,212,793	\$ 1,578,344	\$ 207,791,137	\$ 6,452,807
Cash on hand and in banks	145,454	-	145,454	972,896
Cash with fiscal agent	61,131,908	1,513	61,133,421	27,553,745
Cash in revolving fund	70,000	-	70,000	-
Local Agency Investment Fund (LAIF)	42,632,245	-	42,632,245	12,986
Total cash and investments	\$ 310,192,400	\$ 1,579,857	\$ 311,772,257	\$ 34,992,434

*net of deficit cash

B. Policies and Practices

The District is authorized under California Government Code to make direct investments in local agency bonds, notes, or warrants within the state; U.S. Treasury instruments; registered state warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security; collateralized mortgage obligations; and the County Investment Pool.

Investment in County Treasury – The District maintains substantially all of its cash in the County Treasury in accordance with *Education Code Section 41001*. The Contra Costa County Treasurer’s pooled investments are managed by the County Treasurer who reports on a monthly basis to the board of supervisors. In addition, the function of the County Treasury Oversight Committee is to review and monitor the County’s investment policy. The committee membership includes the Treasurer and Tax Collector, the Auditor-Controller, Chief Administrative Officer, Superintendent of Schools Representative, and a public member. The fair value of the District’s investment in the pool is 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.

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2019

NOTE 2 – CASH AND INVESTMENTS (continued)

B. Policies and Practices (continued)

Cash with a Fiscal Agent – The Cash with Fiscal Agent in the Building Fund represents contract retentions that are placed with an independent third party. These amounts are carried in the contractor's name and all investment risk resides with the contractor.

The Cash with Fiscal Agent in the General Fund, Debt Service Fund for Blended Component Units, and Self-Insurance Fund represents amounts held by third parties in the District's name.

The Cash with Fiscal Agent in the Bond Interest and Redemption Fund is related to the District's 2017 Crossover Refunding Bonds, which are described in more detail in Note 8.

The Cash with Fiscal Agent in the Retiree Benefit Fund represents amounts held by the CalPERS CERBT to pay other post-employment benefits.

Local Agency Investment Fund (LAIF) - West Contra Costa Unified School District places certain funds with the State of California's Local Agency Investment Fund (LAIF). The District is a voluntary participant in LAIF, which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California and the Pooled Money Investment Board. The State Treasurer's Office pools these funds with those of other governmental agencies in the state and invests the cash. The fair value of the District's investment in the pool is reported in the accompanying financial statements based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The monies held in the pooled investments funds are not subject to categorization by risk category. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Funds are accessible and transferable to the master account within twenty-four hours' notice. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, and floating rate securities issued by federal agencies, government-sponsored enterprises and corporations.

LAIF is administered by the State Treasurer. LAIF investments are audited annually by the Pooled Money Investment Board and the State Controller's Office. Copies of this audit may be obtained from the State Treasurer's Office: 915 Capitol Mall; Sacramento, California 95814. The Pooled Money Investment Board has established policies, goals, and objectives to make certain that their goal of safety, liquidity and yield are not jeopardized.

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2019

NOTE 2 – CASH AND INVESTMENTS (continued)

C. General Authorizations

Except for investments by trustees of debt proceeds, the authority to invest District funds deposited with the county treasury is delegated to the County Treasurer and Tax Collector. Additional information about the investment policy of the County Treasurer and Tax Collector may be obtained from its website. The table below identifies the investment types permitted by California Government Code.

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U. S. Treasury Obligations	5 years	None	None
U. S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

D. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Treasury. The District maintains a pooled investment with the County Treasury with a fair value of approximately \$215,751,864 and an amortized book value of \$214,243,944. The average weighted maturity for this pool is 174 days. Investments consist of amounts on deposit with the Local Agency Investment Fund (LAIF) with an amortized book value of \$42,645,231 and had the same fair market value.

E. 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 measured by the assignment of a rating by a nationally recognized statistical rating organization. The investments in the County Treasury are not required to be rated. As of June 30, 2019, the pooled investments in the County Treasury were rated AAAs/S1+ and the pooled investments in the Local Agency Investment Fund (LAIF) had a rating of AAAs/V1.

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2019**

NOTE 2 – CASH AND INVESTMENTS (continued)

F. Custodial Credit Risk – Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2019, \$722,896 of the District's bank balance was exposed to custodial credit risk.

G. Fair Value

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, either directly or indirectly.

Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the District's own data. The District should adjust that data if reasonable available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

Uncategorized - Investments in the Contra Costa County Treasury Investment Pool and Local Agency Investment Fund are not measured using the input levels above because the District's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at \$1.00 net asset value per share.

The District's fair value measurements at June 30, 2019 were as follows:

	<u>Uncategorized</u>
Investment in county treasury	\$ 215,751,864
Local Agency Investment Fund (LAIF)	42,645,231
Total fair market value of investments	<u>\$ 258,397,095</u>

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2019

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2019 consisted of the following:

	General Fund	Building Fund	Bond Interest & Redemption Fund	Non-Major Governmental Funds	Internal Service Funds	Total Governmental Activities	Fiduciary Funds
Federal Government							
Categorical aid	\$ 8,885,158	\$ -	\$ -	\$ 2,479,495	\$ -	\$ 11,364,653	\$ -
State Government							
Categorical aid	2,798,365	-	-	1,547,798	-	4,346,163	-
Lottery	1,100,548	-	-	-	-	1,100,548	-
Local Government							
Other local sources	501,635	268,135	380,647	104,475	2,328	1,257,220	149,365
Total	\$ 13,285,706	\$ 268,135	\$ 380,647	\$ 4,131,768	\$ 2,328	\$ 18,068,584	\$ 149,365

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019 was as follows:

	Restated Balance July 01, 2018	Additions	Deletions	Balance June 30, 2019
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 52,371,291	\$ -	\$ -	\$ 52,371,291
Construction in progress	148,757,310	58,045,732	2,821,135	203,981,907
Total Capital Assets not Being Depreciated	201,128,601	58,045,732	2,821,135	256,353,198
Capital assets being depreciated				
Land improvements	66,877,125	861,093	9,744,190	57,994,028
Buildings & improvements	1,485,383,190	3,631,740	45,410,909	1,443,604,021
Furniture & equipment	46,312,440	3,303,718	1,161,409	48,454,749
Total Capital Assets Being Depreciated	1,598,572,755	7,796,551	56,316,508	1,550,052,798
Less Accumulated Depreciation				
Land improvements	48,275,477	1,683,488	9,720,139	40,238,826
Buildings & improvements	352,463,314	35,571,350	32,169,181	355,865,483
Furniture & equipment	22,271,491	4,708,110	526,630	26,452,971
Total Accumulated Depreciation	423,010,282	41,962,948	42,415,950	422,557,280
Governmental Activities				
Capital Assets, net	\$ 1,376,691,074	\$ 23,879,335	\$ 16,721,693	\$ 1,383,848,716

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2019

NOTE 4 – CAPITAL ASSETS (continued)

Depreciation expense was charged as a direct expense to governmental functions as follows:

Instruction	\$ 21,984,000
Instructional supervision and administration	2,258,312
Instructional library, media, and technology	781,664
School site administration	2,744,627
Home-to-school transportation	1,000,296
Food services	1,749,712
All other pupil services	3,218,979
Centralized data processing	1,412,250
All other general administration	1,959,308
Plant services	4,056,484
Ancillary services	752,611
Community services	44,705
Total	\$ 41,962,948

NOTE 5 – INTERFUND TRANSACTIONS

A. Interfund Receivables/Payables (Due From/Due To)

Individual interfund receivable and payable balances at June 30, 2019 consisted of \$481,000 due from the Cafeteria Fund to the General Fund and \$976,453 due from the Child Development Fund to the General Fund for short-term borrowing.

B. Operating Transfers

Interfund transfers for the year ended June 30, 2019 consisted of the following:

Interfund Transfers Out	Interfund Transfers In		
	Building Fund	Non-Major Governmental Funds	Total
General Fund	\$ -	\$ 1,561,437	\$ 1,561,437
Non-Major Governmental Funds	1,438,043	-	1,438,043
Total Interfund Transfers	\$ 1,438,043	\$ 1,561,437	\$ 2,999,480
Transfer from the General Fund to the Cafeteria Fund to support program expenses.			\$ 1,561,437
Transfer from the County School Facilities Fund to the Building Fund in relation to State School Facilities projects matching funds.			1,438,043
Total			\$ 2,999,480

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2019**

NOTE 6 – ACCRUED LIABILITIES

Accrued liabilities at June 30, 2019 consisted of the following:

	General Fund	Building Fund	Non-Major Governmental Funds	Internal Service Funds	District-Wide	Total Governmental Activities	Fiduciary Funds
Payroll	\$ 1,353,386	\$ 8,263	\$ 696,472	\$ -	\$ -	\$ 2,058,121	\$ -
Construction	-	12,082,212	314,595	-	-	12,396,807	-
Vendors payable	10,775,978	-	146,493	141,725	-	11,064,196	1,000,001
Unmatured interest	-	-	-	-	18,387,243	18,387,243	-
Total	\$ 12,129,364	\$ 12,090,475	\$ 1,157,560	\$ 141,725	\$ 18,387,243	\$ 43,906,367	\$ 1,000,001

NOTE 7 – UNEARNED REVENUE

Unearned revenue at June 30, 2019 consisted of the following:

	General Fund	Non-Major Governmental Funds	Total Governmental Activities
Federal sources	\$ 495,664	\$ 7,707	\$ 503,371
State categorical sources	237,701	-	237,701
Local sources	151,200	-	151,200
Total	\$ 884,565	\$ 7,707	\$ 892,272

NOTE 8 – LONG-TERM LIABILITIES

A schedule of changes in long-term liabilities for the year ended June 30, 2019 consisted of the following:

	Balance July 01, 2018	Additions	Deductions	Balance June 30, 2019	Balance Due In One Year
Governmental Activities					
General obligation bonds	\$ 1,204,373,929	\$ -	\$ 25,156,747	\$ 1,179,217,182	\$ 76,050,420
Unamortized premium	45,902,148	-	2,727,944	43,174,204	2,727,944
Accreted interest	140,923,942	12,436,902	-	153,360,844	-
Total general obligation bonds	1,391,200,019	12,436,902	27,884,691	1,375,752,230	78,778,364
Certificates of participation	10,145,000	-	970,000	9,175,000	1,015,000
Claims liability	500,000	-	-	500,000	-
Compensated absences	2,696,779	139,140	-	2,835,919	-
Net OPEB liability	231,531,701	-	11,243,859	220,287,842	-
Net pension liability	307,256,089	28,097,785	-	335,353,874	-
Total	\$ 1,943,329,588	\$ 40,673,827	\$ 40,098,550	\$ 1,943,904,865	\$ 79,793,364

- Payments for general obligation bonds are made in the Bond Interest and Redemption Fund.
- Payments on certificates of participation are made in the General Fund.
- Payments for compensated absences are typically paid in the fund in which the employee worked.

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2019

NOTE 8 – LONG-TERM LIABILITIES (continued)

A. Compensated Absences

Total unpaid employee compensated absences as of June 30, 2019 amounted to \$2,835,919. This amount is included as part of long-term liabilities in the government-wide financial statements.

B. Certificates of Participation

On August 24, 2005, the West Contra Costa Unified School District Financing Corporation issued Certificates of Participation (COPs). The proceeds of this issuance were used to refund a 1994 COPS issuance. Semi-annual payments are made and include interest at amounts varying from 4.34% to 5.15%.

Year Ended June 30,	Principal	Interest	Total
2020	\$ 710,000	\$ 222,658	\$ 932,658
2021	740,000	186,945	926,945
2022	775,000	148,835	923,835
2023	820,000	108,923	928,923
2024	1,295,000	66,693	1,361,693
Total	\$ 4,340,000	\$ 734,054	\$ 5,074,054

On March 7, 2017, the West Contra Costa Unified School District Financing Corporation issued Certificates of Participation (COPs) through Capital One Public Funding in the amount of \$5,250,000. Semi-annual payments are made and include interest of 3.140%.

Year Ended June 30,	Principal	Interest	Total
2020	\$ 305,000	\$ 147,031	\$ 452,031
2021	315,000	137,297	452,297
2022	325,000	127,249	452,249
2023	335,000	116,887	451,887
2024	350,000	106,132	456,132
2025 - 2029	1,910,000	356,861	2,266,861
2030 - 2032	1,295,000	61,780	1,356,780
Total	\$ 4,835,000	\$ 1,053,237	\$ 5,888,237

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2019

NOTE 8 – LONG-TERM LIABILITIES (continued)

C. General Obligation Bonds

The District's General Obligation Bonds are issued under separate authorizations which were approved by voters of the District over the past several years. As of June 30, 2018, the Measures with outstanding balances and their respective election year include Measure E of 1998, Measure M of 2000, Measure D of 2002, Measure J of 2005, Measure D of 2010, and Measure E of 2012. Proceeds from the Bonds are being used to improve, construct or refurbish the District's schools.

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds			Bonds Outstanding June 30, 2019
					Outstanding July 01, 2018	Additions	Deductions	
Measure E - Refunding Series A	2001	8/1/2025	4.15 - 5.7%	\$ 28,610,000	\$ 10,505,000	\$ -	\$ 1,595,000	\$ 8,910,000
Measure E - Refunding Series B	2001	8/1/2024	4.3 - 6.0%	10,255,000	4,035,000	-	570,000	3,465,000
Measure D - Series C2	2004	8/1/2034	2.4 - 5.8%	29,999,377	47,400,215	3,604,818	-	51,005,033
Measure D - Series D	2006	8/1/2034	3.15 - 5.05%	99,998,106	140,760,919	3,358,422	4,186,747	139,932,594
Measure J - Series B	2009	8/1/2028	5.0 - 6.0%	120,000,000	44,100,000	-	-	44,100,000
Measure J - Series C1	2010	8/1/2033	6.24 - 12.0%	52,084,759	96,534,337	4,884,439	-	101,418,776
Measure J - Series C2 - BAB	2010	8/1/2019	8.46%	52,825,000	52,825,000	-	-	52,825,000
Measure J - Refunding 2009	2010	8/1/2019	3.0 - 5.38%	10,645,000	1,090,000	-	535,000	555,000
Measure J - Series D1 - QSCB	2010	8/1/2024	6.56%	25,000,000	25,000,000	-	-	25,000,000
Measure J - Series D2	2010	8/1/2036	6.80 - 6.81%	2,499,949	5,587,400	589,223	-	6,176,623
Measure D - Refunding 2011	2011	8/1/2024	3.0 - 5.25%	51,605,000	33,430,000	-	4,210,000	29,220,000
Measure M - Refunding 2011	2011	8/1/2023	3.0 - 5.25%	33,960,000	20,465,000	-	3,085,000	17,380,000
Measure 2010D - Series A1	2011	8/1/2027	3.0 - 5.25%	79,000,000	3,320,000	-	-	3,320,000
Measure 2010D - Series A2 - QSCB	2011	8/1/2030	4.0 - 5.0%	21,000,000	21,000,000	-	-	21,000,000
Measure M - Refunding 2012	2012	8/1/2032	3.0 - 5.25%	40,370,000	40,370,000	-	-	40,370,000
Measure D - Refunding 2012	2012	8/1/2032	3.0 - 5.25%	57,830,000	57,830,000	-	-	57,830,000
Measure 2010D - Series B	2014	8/1/2045	4.0 - 5.50%	40,000,000	31,325,000	-	-	31,325,000
Measure 2012E - Series A	2014	8/1/2045	2.0 - 5.50%	85,000,000	71,000,000	-	-	71,000,000
Measure 2010D - Series C	2015	8/1/2054	2.0 - 5.00%	50,000,000	49,020,000	-	510,000	48,510,000
Measure 2012E - Series B	2015	8/1/2054	2.0 - 5.00%	85,000,000	80,000,000	-	2,500,000	77,500,000
Measure D - Refunding 2014	2016	8/1/2034	4.0 - 5.00%	22,685,000	22,335,000	-	1,115,000	21,220,000
Measure J - Refunding 2014	2016	8/1/2035	4.0 - 5.00%	54,775,000	53,275,000	-	1,995,000	51,280,000
Measure J - Refunding 2016	2016	8/1/2035	2.0 - 5.00%	65,940,000	65,655,000	-	3,535,000	62,120,000
Measure 2010D - Series D	2016	8/1/2054	2.0 - 3.70%	60,000,000	50,000,000	-	-	50,000,000
Measure 2012E - Series C	2016	8/1/2054	2.0 - 4.00%	65,000,000	52,500,000	-	-	52,500,000
Measure J - Refunding 2017	2018	8/1/2026	4.0 - 5.00%	3,680,000	3,680,000	-	-	3,680,000
Measure J - Refunding 2017 (BAB)	2018	8/1/2034	3.32 - 3.54%	55,800,000	55,800,000	-	-	55,800,000
Measure 2010D - Series E	2018	8/1/2047	3.0 - 5.0%	65,000,000	65,000,000	-	-	65,000,000
Measure 2012E - Series D	2018	8/1/2047	3.0 - 5.0%	60,000,000	60,000,000	-	-	60,000,000
Measure D - Refunding 2018	2018	8/1/2041	2.34 - 4.19%	71,890,000	71,890,000	-	1,130,000	70,760,000
Measure J - Refunding 2018	2018	8/1/2031	2.34 - 4.19%	9,565,000	9,565,000	-	190,000	9,375,000
					\$ 1,345,297,871	\$ 12,436,902	\$ 25,156,747	\$ 1,332,578,026

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2019

NOTE 8 – LONG-TERM LIABILITIES (continued)

C. General Obligation Bonds (continued)

The annual requirements to amortize the 2001 Refunding Measure E, Series A, General Obligation Bonds Payable, outstanding as of June 30, 2019, are as follows:

Year Ended June 30,	Principal	Interest	Total
2020	\$ 1,700,000	\$ 504,263	\$ 2,204,263
2021	1,800,000	409,108	2,209,108
2022	1,900,000	306,552	2,206,552
2023	2,015,000	198,110	2,213,110
2024	675,000	83,231	758,231
2025 - 2026	820,000	47,150	867,150
Total	\$ 8,910,000	\$ 1,548,414	\$ 10,458,414

The annual requirements to amortize the 2001 Refunding Measure E, Series B, General Obligation Bonds Payable, outstanding as of June 30, 2019, are as follows:

Year Ended June 30,	Principal	Interest	Total
2020	\$ 605,000	\$ 206,550	\$ 811,550
2021	635,000	170,250	805,250
2022	685,000	132,000	817,000
2023	725,000	90,900	815,900
2024	765,000	47,400	812,400
2025	50,000	1,500	51,500
Total	\$ 3,465,000	\$ 648,600	\$ 4,113,600

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2019

NOTE 8 – LONG-TERM LIABILITIES (continued)

C. General Obligation Bonds (continued)

The annual requirements to amortize the 2005 Measure D, Series C2, Capital Appreciation General Obligation Bonds Payable, outstanding as of June 30, 2019, are as follows:

Year Ended June 30,	Principal	Interest	Total
2020	\$ 820,902	\$ 1,059,098	\$ 1,880,000
2021	1,169,186	1,660,814	2,830,000
2022	1,172,700	1,827,300	3,000,000
2023	1,109,550	1,890,450	3,000,000
2024	1,294,778	2,405,222	3,700,000
2025 - 2029	6,935,991	16,589,009	23,525,000
2030 - 2034	8,037,077	28,122,923	36,160,000
2035	1,955,100	8,314,900	10,270,000
Accretion	28,509,749	(28,509,749)	-
Total	\$ 51,005,033	\$ 33,359,967	\$ 84,365,000

The annual requirements to amortize the 2006 Measure D, Series D, Capital Appreciation General Obligation Bonds Payable, outstanding as of June 30, 2019, are as follows:

Year Ended June 30,	Principal	Interest	Total
2020	\$ 3,681,933	\$ 3,303,067	\$ 6,985,000
2021	3,639,367	3,645,633	7,285,000
2022	3,862,045	4,302,955	8,165,000
2023	4,214,602	5,205,398	9,420,000
2024	3,991,043	5,448,957	9,440,000
2025 - 2029	21,511,978	38,478,022	59,990,000
2030 - 2034	24,890,370	65,274,630	90,165,000
2035	5,815,286	18,619,714	24,435,000
Accretion	68,325,970	(68,325,970)	-
Total	\$ 139,932,594	\$ 75,952,406	\$ 215,885,000

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2019

NOTE 8 – LONG-TERM LIABILITIES (continued)

C. General Obligation Bonds (continued)

The annual requirements to amortize the 2009 Measure J, Series B, General Obligation Bonds Payable, outstanding as of June 30, 2019, are as follows:

Year Ended June 30,	Principal	Interest	Total
2020	\$ -	\$ 2,646,000	\$ 2,646,000
2021	2,800,000	2,562,000	5,362,000
2022	2,900,000	2,391,000	5,291,000
2023	2,900,000	2,217,000	5,117,000
2024	3,400,000	2,028,000	5,428,000
2025 - 2029	32,100,000	5,175,000	37,275,000
Total	\$ 44,100,000	\$ 17,019,000	\$ 61,119,000

The annual requirements to amortize the 2010 Measure J, Series C1, General Obligation Bonds Payable, outstanding as of June 30, 2019, are as follows:

Year Ended June 30,	Principal	Interest	Total
2020	\$ 1,477,585	\$ 3,212,415	\$ 4,690,000
2021	1,749,634	4,490,366	6,240,000
2022	3,303,190	4,961,810	8,265,000
2023	3,306,532	4,003,468	7,310,000
2024	67,056	92,944	160,000
2025 - 2029	17,980,329	40,034,671	58,015,000
2030 - 2034	21,775,425	77,969,575	99,745,000
Accretion	51,759,025	(51,759,025)	-
Total	\$ 101,418,776	\$ 83,006,224	\$ 184,425,000

The 2010 Measure J, Series C2, Build America Bonds Payable will be refunded on August 1, 2019 with the 2017 Crossover Refunding Bonds. The annual requirements to amortize the 2010 Measure J, Series C2, Build America Bonds Payable, outstanding as of June 30, 2019, are as follows:

Year Ended June 30,	Principal	Interest	Total
2020	\$ 52,825,000	\$ 1,508,733	\$ 54,333,733
Total	\$ 52,825,000	\$ 1,508,733	\$ 54,333,733

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2019

NOTE 8 – LONG-TERM LIABILITIES (continued)

C. General Obligation Bonds (continued)

The annual requirements to amortize the 2009 Measure J General Obligation Refunding Bonds outstanding as of June 30, 2019, are as follows:

Year Ended June 30,	Principal	Interest	Total
2020	\$ 555,000	\$ 11,100	\$ 566,100
Total	\$ 555,000	\$ 11,100	\$ 566,100

The annual requirements to amortize the 2010 Measure J, Series D1, QSCB General Obligation Bonds Payable, outstanding as of June 30, 2019, are as follows:

Year Ended June 30,	Principal	Interest	Total
2020	\$ -	\$ 1,638,750	\$ 1,638,750
2021	-	1,638,750	1,638,750
2022	-	1,638,750	1,638,750
2023	3,180,000	1,534,526	4,714,526
2024	10,890,000	1,073,381	11,963,381
2025	10,930,000	358,231	11,288,231
Total	\$ 25,000,000	\$ 7,882,388	\$ 32,882,388

The annual requirements to amortize the 2010 Measure J, Series D2, General Obligation Bonds Payable, outstanding as of June 30, 2019, are as follows:

Year Ended June 30,	Principal	Interest	Total
2020	\$ -	\$ -	\$ -
2021	-	-	-
2022	-	-	-
2023	-	-	-
2024	-	-	-
2025 - 2029	-	-	-
2030 - 2034	-	-	-
2035 - 2037	2,499,949	31,320,051	33,820,000
Accretion	3,676,674	(3,676,674)	-
Total	\$ 6,176,623	\$ 27,643,377	\$ 33,820,000

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2019

NOTE 8 – LONG-TERM LIABILITIES (continued)

C. General Obligation Bonds (continued)

The annual requirements to amortize the 2011 Measure D & M Refunding General Obligation Bonds Payable, outstanding as of June 30, 2019, are as follows:

Year Ended June 30,	Principal	Interest	Total
2020	\$ 7,585,000	\$ 2,157,863	\$ 9,742,863
2021	7,885,000	1,783,987	9,668,987
2022	8,205,000	1,397,713	9,602,713
2023	8,545,000	979,256	9,524,256
2024	8,950,000	520,013	9,470,013
2025	5,430,000	142,538	5,572,538
Total	\$ 46,600,000	\$ 6,981,370	\$ 53,581,370

The annual requirements to amortize the 2010 Measure D, Series A-1, General Obligation Bonds Payable, outstanding as of June 30, 2019, are as follows:

Year Ended June 30,	Principal	Interest	Total
2020	\$ -	\$ 153,337	\$ 153,337
2021	245,000	147,213	392,213
2022	245,000	134,963	379,963
2023	360,000	119,838	479,838
2024	370,000	101,588	471,588
2025 - 2028	2,100,000	200,619	2,300,619
Total	\$ 3,320,000	\$ 857,558	\$ 4,177,558

The annual requirements to amortize the 2010, Measure D, Series A-2, General Obligation Bonds Payable, outstanding as of June 30, 2019, are as follows:

Year Ended June 30,	Principal	Interest	Total
2020	\$ -	\$ 355,639	\$ 355,639
2021	-	355,639	355,639
2022	-	355,639	355,639
2023	-	355,639	355,639
2024	-	355,639	355,639
2025 - 2029	-	1,778,196	1,778,196
2030 - 2031	21,000,000	533,459	21,533,459
Total	\$ 21,000,000	\$ 4,089,850	\$ 25,089,850

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2019

NOTE 8 – LONG-TERM LIABILITIES (continued)

C. General Obligation Bonds (continued)

The annual requirements to amortize the 2012 Measures M & D General Obligation Refunding Bonds Payable, outstanding as of June 30, 2019, are as follows:

Year Ended June 30,	Principal	Interest	Total
2020	\$ -	\$ 4,882,000	\$ 4,882,000
2021	-	4,882,000	4,882,000
2022	1,365,000	4,849,875	6,214,875
2023	1,325,000	4,797,875	6,122,875
2024	1,360,000	4,744,000	6,104,000
2025 - 2029	47,240,000	18,177,500	65,417,500
2030 - 2033	46,910,000	4,686,500	51,596,500
Total	\$ 98,200,000	\$ 47,019,750	\$ 145,219,750

The annual requirements to amortize the 2010, Measure D, Series B, General Obligation Bonds Payable, outstanding as of June 30, 2019, are as follows:

Year Ended June 30,	Principal	Interest	Total
2020	\$ -	\$ 1,577,881	\$ 1,577,881
2021	-	1,577,881	1,577,881
2022	-	1,577,881	1,577,881
2023	-	1,577,881	1,577,881
2024	-	1,577,881	1,577,881
2025 - 2029	1,465,000	7,808,650	9,273,650
2030 - 2034	3,255,000	7,249,172	10,504,172
2035 - 2039	4,950,000	6,243,125	11,193,125
2040 - 2044	11,655,000	4,414,138	16,069,138
2045 - 2046	10,000,000	521,469	10,521,469
Total	\$ 31,325,000	\$ 34,125,959	\$ 65,450,959

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2019

NOTE 8 – LONG-TERM LIABILITIES (continued)

C. General Obligation Bonds (continued)

The annual requirements to amortize the 2012, Measure E, Series A, General Obligation Bonds Payable, outstanding as of June 30, 2019, are as follows:

Year Ended June 30,	Principal	Interest	Total
2020	\$ -	\$ 3,699,919	\$ 3,699,919
2021	-	3,699,919	3,699,919
2022	530,000	3,686,669	4,216,669
2023	640,000	3,657,419	4,297,419
2024	760,000	3,622,419	4,382,419
2025 - 2029	5,840,000	17,360,341	23,200,341
2030 - 2034	10,185,000	15,327,150	25,512,150
2035 - 2039	16,210,000	11,810,031	28,020,031
2040 - 2044	24,340,000	6,467,538	30,807,538
2045 - 2046	12,495,000	651,772	13,146,772
Total	\$ 71,000,000	\$ 69,983,177	\$ 140,983,177

The annual requirements to amortize the 2010, Measure D, Series C, General Obligation Bonds Payable, outstanding as of June 30, 2019, are as follows:

Year Ended June 30,	Principal	Interest	Total
2020	\$ 530,000	\$ 2,195,000	\$ 2,725,000
2021	550,000	2,173,400	2,723,400
2022	570,000	2,151,000	2,721,000
2023	595,000	2,124,725	2,719,725
2024	625,000	2,094,225	2,719,225
2025 - 2029	3,630,000	9,957,250	13,587,250
2030 - 2034	4,635,000	8,928,625	13,563,625
2035 - 2039	5,915,000	7,616,125	13,531,125
2040 - 2044	7,545,000	5,941,625	13,486,625
2045 - 2049	9,575,000	3,895,275	13,470,275
2050 - 2054	11,710,000	1,733,800	13,443,800
2055	2,630,000	52,600	2,682,600
Total	\$ 48,510,000	\$ 48,863,650	\$ 97,373,650

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2019

NOTE 8 – LONG-TERM LIABILITIES (continued)

C. General Obligation Bonds (continued)

The annual requirements to amortize the 2012, Measure E, Series B, General Obligation Bonds Payable, outstanding as of June 30, 2019, are as follows:

Year Ended June 30,	Principal	Interest	Total
2020	\$ 2,500,000	\$ 3,430,100	\$ 5,930,100
2021	1,000,000	3,342,600	4,342,600
2022	-	3,317,600	3,317,600
2023	-	3,317,600	3,317,600
2024	-	3,317,600	3,317,600
2025 - 2029	-	16,588,000	16,588,000
2030 - 2034	3,740,000	16,403,250	20,143,250
2035 - 2039	11,115,000	14,318,125	25,433,125
2040 - 2044	14,190,000	11,169,500	25,359,500
2045 - 2049	18,000,000	7,322,575	25,322,575
2050 - 2054	22,010,000	3,259,000	25,269,000
2055	4,945,000	98,900	5,043,900
Total	\$ 77,500,000	\$ 85,884,850	\$ 163,384,850

The annual requirements to amortize the 2014 Measures D & J General Obligation Refunding Bonds Payable, outstanding as of June 30, 2019, are as follows:

Year Ended June 30,	Principal	Interest	Total
2020	\$ 3,275,000	\$ 3,485,925	\$ 6,760,925
2021	3,440,000	3,335,250	6,775,250
2022	2,280,000	3,220,850	5,500,850
2023	2,360,000	3,116,250	5,476,250
2024	2,465,000	2,995,625	5,460,625
2025 - 2029	19,380,000	12,585,000	31,965,000
2030 - 2034	28,525,000	6,395,625	34,920,625
2035 - 2036	10,775,000	479,375	11,254,375
Total	\$ 72,500,000	\$ 35,613,900	\$ 108,113,900

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2019

NOTE 8 – LONG-TERM LIABILITIES (continued)

C. General Obligation Bonds (continued)

The annual requirements to amortize the 2016 General Obligation Refunding Bonds Payable, outstanding as of June 30, 2019, are as follows:

Year Ended June 30,	Principal	Interest	Total
2020	\$ 65,000	\$ 2,704,706	\$ 2,769,706
2021	65,000	2,702,756	2,767,756
2022	65,000	2,700,806	2,765,806
2023	70,000	2,698,781	2,768,781
2024	70,000	2,695,981	2,765,981
2025 - 2029	410,000	13,421,656	13,831,656
2030 - 2034	34,990,000	9,059,506	44,049,506
2035 - 2036	26,385,000	1,314,609	27,699,609
Total	\$ 62,120,000	\$ 37,298,801	\$ 99,418,801

The annual requirements to amortize the 2010, Measure D, Series D, General Obligation Bonds Payable, outstanding as of June 30, 2019, are as follows:

Year Ended June 30,	Principal	Interest	Total
2020	\$ -	\$ 1,948,313	\$ 1,948,313
2021	-	1,948,313	1,948,313
2022	-	1,948,313	1,948,313
2023	-	1,948,313	1,948,313
2024	-	1,948,313	1,948,313
2025 - 2029	-	9,741,563	9,741,563
2030 - 2034	6,330,000	9,091,563	15,421,563
2035 - 2039	7,455,000	7,955,031	15,410,031
2040 - 2044	8,985,000	6,372,500	15,357,500
2045 - 2049	10,935,000	4,386,500	15,321,500
2050 - 2054	13,305,000	1,970,500	15,275,500
2055	2,990,000	59,800	3,049,800
Total	\$ 50,000,000	\$ 49,319,022	\$ 99,319,022

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2019

NOTE 8 – LONG-TERM LIABILITIES (continued)

C. General Obligation Bonds (continued)

The annual requirements to amortize the 2012, Measure E, Series C, General Obligation Bonds Payable, outstanding as of June 30, 2019, are as follows:

Year Ended June 30,	Principal	Interest	Total
2020	\$ -	\$ 2,020,819	\$ 2,020,819
2021	-	2,020,819	2,020,819
2022	-	2,020,819	2,020,819
2023	-	2,020,819	2,020,819
2024	-	2,020,819	2,020,819
2025 - 2029	-	10,104,093	10,104,093
2030 - 2034	6,675,000	9,516,319	16,191,319
2035 - 2039	7,820,000	8,348,322	16,168,322
2040 - 2044	9,430,000	6,687,600	16,117,600
2045 - 2049	11,480,000	4,603,000	16,083,000
2050 - 2054	13,960,000	2,067,000	16,027,000
2055	3,135,000	62,700	3,197,700
Total	\$ 52,500,000	\$ 51,493,129	\$ 103,993,129

The annual requirements to amortize the 2017, Measure J Refunding Bonds Payable, outstanding as of June 30, 2019, are as follows:

Year Ended June 30,	Principal	Interest	Total
2020	\$ -	\$ 171,100	\$ 171,100
2021	-	171,100	171,100
2022	425,000	164,725	589,725
2023	440,000	149,550	589,550
2024	680,000	123,750	803,750
2025 - 2027	2,135,000	220,125	2,355,125
Total	\$ 3,680,000	\$ 1,000,350	\$ 4,680,350

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2019

NOTE 8 – LONG-TERM LIABILITIES (continued)

C. General Obligation Bonds (continued)

During the year ended June 30, 2018, the District issued \$55,800,000 of 2017 Measure J general obligation refunding Build America Bonds (2019 Crossover). Proceeds from the bonds were used to establish an escrow portfolio to defease the remaining outstanding bonds issued in 2010 Measure J, Series C2, Build America Bonds Payable at the crossover date on August 1, 2019. On and prior to August 1, 2019 (the "Crossover Date"), the 2017 Bonds will be special obligations of the District secured by and payable solely from proceeds of the 2017 Bonds deposited into an escrow fund established therefore together with interest earnings thereon. After the Crossover Date, the 2017 Bonds shall, without any further action on the part of the District, or the registered Owners or Beneficial Owners (as defined herein) of the 2017 Bonds, constitute general obligation bonds of the District payable solely from *ad valorem* property taxes levied on taxable property within the District. As a result, the refunded bonds are not considered to be defeased until the Crossover Date, at which time the related liability for the bonds will be removed from the District's financial statements. The annual requirements to amortize the 2017 Measure J general obligation refunding Build America Bonds at June 30, 2019 are as follows:

Year Ended June 30,	Principal	Interest	Total
2020	\$ -	\$ 1,954,074	\$ 1,954,074
2021	-	1,954,074	1,954,074
2022	-	1,954,074	1,954,074
2023	-	1,954,074	1,954,074
2024	-	1,954,074	1,954,074
2025 - 2029	600,000	9,760,407	10,360,407
2030 - 2034	23,680,000	9,049,020	32,729,020
2035	31,520,000	558,062	32,078,062
Total	\$ 55,800,000	\$ 29,137,859	\$ 84,937,859

The annual requirements to amortize the 2010, Measure D, Series E Bonds Payable, outstanding as of June 30, 2019, are as follows:

Year Ended June 30,	Principal	Interest	Total
2020	\$ -	\$ 2,474,663	\$ 2,474,663
2021	2,340,000	2,416,163	4,756,163
2022	-	2,357,663	2,357,663
2023	-	2,357,663	2,357,663
2024	-	2,357,663	2,357,663
2025 - 2029	-	11,788,313	11,788,313
2030 - 2034	10,310,000	11,015,412	21,325,412
2035 - 2039	15,440,000	8,598,868	24,038,868
2040 - 2044	18,860,000	5,321,774	24,181,774
2045 - 2048	18,050,000	1,338,762	19,388,762
Total	\$ 65,000,000	\$ 50,026,944	\$ 115,026,944

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2019

NOTE 8 – LONG-TERM LIABILITIES (continued)

C. General Obligation Bonds (continued)

The annual requirements to amortize the 2012, Measure E, Series D Bonds Payable, outstanding as of June 30, 2019, are as follows:

Year Ended June 30,	Principal	Interest	Total
2020	\$ -	\$ 2,284,200	\$ 2,284,200
2021	2,150,000	2,230,450	4,380,450
2022	-	2,176,700	2,176,700
2023	-	2,176,700	2,176,700
2024	-	2,176,700	2,176,700
2025 - 2029	-	10,883,500	10,883,500
2030 - 2034	9,520,000	10,169,749	19,689,749
2035 - 2039	14,255,000	7,938,699	22,193,699
2040 - 2044	17,410,000	4,912,974	22,322,974
2045 - 2048	16,665,000	1,236,087	17,901,087
Total	\$ 60,000,000	\$ 46,185,759	\$ 106,185,759

During the year ended June 30, 2018, the District issued 2018 General Obligation Refunding Bonds in the amount of \$81,455,000. The net proceeds received for the bonds were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for future debt service payments on the 2002C, 2009 and 2010A bonds that were refunded. As a result, the refunded bonds are considered to be defeased, and the related liability for the bonds has been removed from the District's financial statements. Amounts paid to the refunded bond escrow agent in excess of the outstanding debt at the time of payment are recorded as deferred charges on refunding on the statement of net position and are amortized as an expense over the life of the bond. The annual requirements to amortize the 2018, Measures D and J Refunding Bonds Payable, outstanding as of June 30, 2019, are as follows:

Year Ended June 30,	Principal	Interest	Total
2020	\$ 430,000	\$ 3,309,138	\$ 3,739,138
2021	985,000	3,289,730	4,274,730
2022	1,010,000	3,260,481	4,270,481
2023	1,040,000	3,228,435	4,268,435
2024	1,075,000	3,193,857	4,268,857
2025 - 2029	6,660,000	15,344,726	22,004,726
2030 - 2034	18,255,000	13,087,790	31,342,790
2035 - 2039	28,530,000	8,007,961	36,537,961
2040 - 2042	22,150,000	1,478,012	23,628,012
Total	\$ 80,135,000	\$ 54,200,130	\$ 134,335,130

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2019

NOTE 8 – LONG-TERM LIABILITIES (continued)

D. Claims Liability

Liabilities associated with workers' compensation claims are reported when it is probably that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claim liabilities are based upon estimated ultimate cost of settling the claims, considering recent claim settlement trends including the frequency and amount of payouts and other economic and social factors. The liability for worker's compensation claims is reported in the Internal Service Fund. The outstanding claims liability at June 30, 2019, amounted to \$500,000.

E. Other Postemployment Benefits

The District's beginning net OPEB liability was \$231,531,701 and decreased by \$11,243,859 during the year ended June 30, 2019. The ending net OPEB liability at June 30, 2019 was \$220,287,842. See Note 10 for additional information regarding the net OPEB liability.

F. Net Pension Liability

The District's beginning net pension liability was \$307,256,089 and increased by \$28,097,785 during the year ended June 30, 2019. The ending net pension liability at June 30, 2019 was \$335,353,874. See Note 11 for additional information regarding the net pension liability.

NOTE 9 – FUND BALANCES

Fund balances were composed of the following elements at June 30, 2019:

	General Fund	Building Fund	Bond Interest & Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Non-spendable					
Revolving cash	\$ 70,000	\$ -	\$ -	\$ -	\$ 70,000
Stores inventory	264,190	-	-	480,096	744,286
Total non-spendable	334,190	-	-	480,096	814,286
Restricted					
Educational programs	16,042,195	-	-	721,486	16,763,681
Capital projects	-	84,016,219	-	22,123,165	106,139,384
Debt service	-	-	133,359,935	940,002	134,299,937
All others	-	-	-	1,322,470	1,322,470
Total restricted	16,042,195	84,016,219	133,359,935	25,107,123	258,525,472
Assigned					
Other assignments	-	-	-	865,398	865,398
Total assigned	-	-	-	865,398	865,398
Unassigned					
Reserve for economic uncertainties	34,037,843	-	-	-	34,037,843
Remaining unassigned	8,970,368	-	-	(480,096)	8,490,272
Total unassigned	43,008,211	-	-	(480,096)	42,528,115
Total	\$ 59,384,596	\$ 84,016,219	\$ 133,359,935	\$ 25,972,521	\$ 302,733,271

The District is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures. The District's Minimum Fund Balance Policy requires a Reserve for Economic Uncertainties, consisting of unassigned amounts, equal to no less than 3 percent of General Fund expenditures and other financing uses.

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2019**

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

A. Plan Description

The West Contra Costa Unified School District's defined benefit OPEB plan, (the Plan) is described below. The Plan is a single-employer defined benefit plan administered by the District. The District is a participant in the California Employer's Retiree Benefit Trust (CERBT), an agent multiple-employer defined benefit post-employment healthcare plan administered by CalPERS.

B. OPEB Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net position is available in the separately-issued CalPERS CAFR, which includes the CERBT trust.

C. Benefits Provided

The eligibility requirements and benefits provided by the Plan are described below as follows:

Medical

Eligible retirees may enroll in any plan offered through the CalPERS medical program. Retirees who are eligible must enroll in Medicare Part A & B coverage in order for their coverage to continue beyond 65. If an eligible retiree does not qualify for premium free Part A they will remain enrolled in the basic plan. District provided medical benefits continue throughout the lifetime of the retiree. A surviving spouse of the retiree must receive a monthly allowance from either CalPERS or CalSTRS to continue their health benefits.

Dental (Local One only)

Dental benefits are provided by Delta Dental. District employees who have a minimum of 10 years of service with the District, and whose age plus years of service is 75 or more, retire from the District and begin receiving a PERS or STRS pension are eligible for postemployment dental benefits. Dental benefits continue throughout the lifetime of the retiree. However, surviving spouses are not eligible for postemployment dental coverage. The District contributes 100% of the composite cost of retiree dental coverage.

D. Contributions

The contribution requirements of Plan members and the West Contra Costa Unified School District are established and may be amended by District. For the measurement period, the District contributed \$21,321,639 to the Plan, \$4,000,000 of which was an irrevocable contribution and \$17,321,639 of which was used for current premiums.

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2019**

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

E. Plan Membership

Membership of the Plan consisted of the following:

	<u>Number of participants</u>
Inactive employees receiving benefits	2,337
Inactive employees entitled to but not receiving benefits*	-
Participating active employees	<u>2,543</u>
Total number of participants**	<u>4,880</u>

*Information not provided

**As of the June 30, 2018 valuation date

F. Net OPEB Liability

The components of the net OPEB liability of the District at June 30, 2019, were as follows:

Total OPEB liability	\$ 246,223,941
Plan fiduciary net position	<u>(25,936,099)</u>
District's net OPEB liability	<u>\$ 220,287,842</u>
 Plan fiduciary net position as a percentage of total OPEB liability	 10.53%

G. Investments

Investment Policy

The District is authorized under California Government Code to make direct investments in local agency bonds, notes, or warrants within the state; U.S. Treasury instruments; registered state warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security; collateralized mortgage obligations; and the County Investment Pool.

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2019**

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

G. Investments (continued)

Rate of Return

As of June 30, 2018, the long-term expected rates of return for each major investment class in the Plan’s portfolio are as follows:

<u>Investment Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return*</u>
Equity	60%	5.49%
Fixed Income	32%	1.65%
REITs	8%	5.06%

*JPMorgan arithmetic Long Term Capital Market assumptions and expected inflation of 2.26%.

H. Actuarial Assumptions and Other Inputs

The total OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018 using the following actuarial assumptions and other inputs, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018:

Economic assumptions:

Inflation	2.26%
Salary increases	3.25%
Investment rate of return	7.28%
Healthcare cost trend rates	5.00-6.80%

Non-economic assumptions:

Mortality:

Certificated	2016 CalSTRS Mortality Tables
Classified	Most recent CalPERS valuations

Retirement:

Certificated employees hired before January 1, 2013 were evaluated using the Cal STRS retirement rates. The rates used are based on a retirement study over the interval from July 1, 2008, to July 1, 2014. The actuary compared the expected number of retirements, from one valuation to the next, with the actual number of retirements, based on the census files for all the valuations from 2008 to 2014. As a result, the actuary multiplied all CalSTRS assumed retirement rates by 1.127 to match the actual experience of the District.

Certificated employees hired on or after January 1, 2013 were evaluated using the 2%@62 CalSTRS retirement rates from the 2016 experience study.

Classified employees were evaluated using CalPERS retirement rates. Retirement study showed no significant differences between PERS school employee retirement rates and actual experience for the District.

The discount rate is based on a blend of the long-term expected rate of return on assets for benefits covered by plan assets and a yield or index for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or better for benefits not covered by plan assets. The actuary assumed contributions would be sufficient to fully fund the obligation over a period not to exceed thirty years.

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2019

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

I. Changes in Net OPEB Liability

	<u>June 30, 2019</u>
Total OPEB Liability	
Service Cost	\$ 2,857,185
Interest on total OPEB liability	17,925,550
Difference between expected and actual experience	2,506,720
Changes of assumptions	(11,625,456)
Benefits payments	<u>(17,321,639)</u>
Net change in total OPEB liability	(5,657,640)
Total OPEB liability - beginning	<u>251,881,581</u>
Total OPEB liability - ending (a)	<u>\$ 246,223,941</u>
Plan fiduciary net position	
Contributions - employer	\$ 21,321,639
Net investment income	1,597,251
Benefit payments	(17,321,639)
Administrative expenses	<u>(11,032)</u>
Net change in plan fiduciary net position	5,586,219
Plan fiduciary net position - beginning	<u>20,349,880</u>
Plan fiduciary net position - ending (b)	<u>\$ 25,936,099</u>
District's net OPEB liability - ending (a) - (b)	<u>\$ 220,287,842</u>
Plan fiduciary net position as a percentage of the total OPEB liability	10.53%
Covered-employee payroll	\$ 171,720,472
District's net OPEB liability as a percentage of covered-employee payroll	128.28%

J. Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the West Contra Costa Unified School District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.28 percent) or one percentage point higher (8.28 percent) than the current discount rate:

	1% Decrease	Valuation Discount Rate	1% Increase
	(6.28%)	(7.28%)	(8.28%)
Net OPEB liability	\$ 247,793,643	\$ 220,287,842	\$ 197,111,124

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2019

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

K. Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the net OPEB liability of the West Contra Costa Unified School District, as well as what the District’s net OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower (5.80 percent) or one percentage point higher (7.80 percent) than the current healthcare cost trend rate:

	Valuation Trend		
	1% Decrease	Rate	1% Increase
	(5.80%)	(6.80%)	(7.80%)
Net OPEB liability	\$ 203,112,044	\$ 220,287,842	\$ 239,968,470

L. OPEB Expense and Deferred Outflows and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2019, the West Contra Costa Unified School District recognized OPEB expense of \$17,650,759. At June 30, 2019, the West Contra Costa Unified School District reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual earnings on plan investments	\$ 239,667	\$ -
Differences between expected and actual experience	2,637,818	-
Changes in assumptions	-	9,377,253
District contributions subsequent to the measurement date	18,129,532	-
	<u>\$ 21,007,017</u>	<u>\$ 9,377,253</u>

The \$18,129,532 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2020	\$ 729,313	\$ 2,248,203
2021	729,313	2,248,203
2022	729,311	2,248,203
2023	606,653	2,248,203
2024	82,895	384,441
	<u>\$ 2,877,485</u>	<u>\$ 9,377,253</u>

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2019

NOTE 11 – PENSION PLANS

Qualified employees are covered under multiple-employer contributory retirement plans maintained by agencies of the State of California. Certificated employees are members of the California State Teachers' Retirement System (CalSTRS), and classified employees are members of the California Public Employees' Retirement System (CalPERS). The District reported its proportionate share of the net pension liabilities, pension expense, deferred outflow of resources, and deferred inflow of resources for each of the above plans as follows:

	Net pension liability	Deferred outflows related to pensions	Deferred inflows related to pensions	Pension expense
STRS Pension	\$ 221,848,834	\$ 77,627,091	\$ 25,549,575	\$ 27,077,248
PERS Pension	113,505,040	31,189,381	196,446	23,960,708
Total	\$ 335,353,874	\$ 108,816,472	\$ 25,746,021	\$ 51,037,956

A. California State Teachers' Retirement System (CalSTRS)

Plan Description

The District contributes to the California State Teachers' Retirement System (CalSTRS); a cost-sharing multiple employer public employee retirement system defined benefit pension plan administered by CalSTRS. The plan provides retirement and disability benefits and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, 7919 Folsom Blvd., Sacramento, CA 95826.

Benefits Provided

The CalSTRS defined benefit plan has two benefit formulas:

1. CalSTRS 2% at 60: Members first hired on or before December 31, 2012, to perform service that could be creditable to CalSTRS. CalSTRS 2% at 60 members are eligible for normal retirement at age 60, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. Early retirement options are available at age 55 with five years of credited service or as early as age 50 with 30 years of credited service. The age factor for retirements after age 60 increases with each quarter year of age to 2.4 percent at age 63 or older. Members who have 30 years or more of credited service receive an additional increase of up to 0.2 percent to the age factor, known as the career factor. The maximum benefit with the career factor is 2.4 percent of final compensation.
2. CalSTRS 2% at 62: Members first hired on or after January 1, 2013, to perform service that could be creditable to CalSTRS. CalSTRS 2% at 62 members are eligible for normal retirement at age 62, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. An early retirement option is available at age 55. The age factor for retirement after age 62 increases with each quarter year of age to 2.4 percent at age 65 or older.

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2019

NOTE 11 – PENSION PLANS (continued)

A. California State Teachers’ Retirement System (CalSTRS) (continued)

Contributions

Active plan CalSTRS 2% at 60 and 2% at 62 members are required to contribute 10.25% and 10.205% of their salary for fiscal year 2019, respectively, 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 CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2019 was 16.28% of annual payroll. The contribution requirements of the plan members are established by state statute. Contributions to the plan from the District were \$22,705,962 for the year ended June 30, 2019.

On-Behalf Payments

The District was the recipient of on-behalf payments made by the State of California to CalSTRS for K-12 education. These payments consist of state general fund contributions of approximately \$20,250,490 to CalSTRS, which included a supplemental contribution for fiscal year 2019 due to California Senate Bill No. 90.

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

At June 30, 2019, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$ 221,848,834
State's proportionate share of the net pension liability associated with the District	<u>127,019,456</u>
Total	<u>\$ 348,868,290</u>

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2017 and rolling forward the total pension liability to June 30, 2018. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2018, the District’s proportion was 0.241 percent, which was an increase of 0.019 percent from its proportion measured as of June 30, 2017.

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2019

NOTE 11 – PENSION PLANS (continued)

A. California State Teachers’ Retirement System (CalSTRS) (continued)

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

For the year ended June 30, 2019, the District recognized pension expense of \$27,077,248. In addition, the District recognized pension expense and revenue of \$4,331,324 for support provided by the State. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual earnings on plan investments	\$ -	\$ 8,542,581
Differences between expected and actual experience	687,944	3,222,477
Changes in assumptions	34,463,607	-
Changes in proportion and differences between District contributions and proportionate share of contributions	19,769,578	13,784,517
District contributions subsequent to the measurement date	22,705,962	-
	<u>\$ 77,627,091</u>	<u>\$ 25,549,575</u>

The \$22,705,962 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2020	\$ 11,419,534	\$ 2,426,359
2021	11,419,534	5,633,267
2022	11,419,531	11,460,579
2023	9,230,946	5,712,740
2024	9,230,947	283,641
2025	2,200,637	32,989
	<u>\$ 54,921,129</u>	<u>\$ 25,549,575</u>

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2019**

NOTE 11 – PENSION PLANS (continued)

A. California State Teachers’ Retirement System (CalSTRS) (continued)

Actuarial Assumptions

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2017, and rolling forward the total pension liability to June 30, 2018 using the following actuarial assumptions, applied to all periods included in the measurement:

Consumer Price Inflation	2.75%
Investment Rate of Return*	7.10%
Wage Inflation	3.50%

* Net of investment expenses, but gross of administrative expenses.

CalSTRS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are based on MP-2016 series tables adjusted to fit CalSTRS experience.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2010–June 30, 2015.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best-estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance–PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in February 2017 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2018, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return*
Global Equity	47%	6.30%
Fixed Income	12%	0.30%
Real Estate	13%	5.20%
Private Equity	13%	9.30%
Risk Mitigating Strategies	9%	2.90%
Inflation Sensitive	4%	3.80%
Cash/Liquidity	2%	-1.00%
	100%	

*20-year geometric average

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2019**

NOTE 11 – PENSION PLANS (continued)

A. California State Teachers’ Retirement System (CalSTRS) (continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.10 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates in accordance with the rate increases per AB 1469. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10 percent) and assuming that contributions, benefit payments, and administrative expense occur midyear. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.10 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
District’s proportionate share of the net pension liability	\$ 324,982,582	\$ 221,848,834	\$ 136,340,950

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued CalSTRS financial report.

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2019**

NOTE 11 – PENSION PLANS (continued)

B. California 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 Laws. 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, CA 95811.

Benefits Provided

The benefits for the defined benefit plan are based on members' years of service, age, final compensation, and benefit formula. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. Members become fully vested in their retirement benefits earned to date after five years of credited service.

Contributions

Active plan members who entered into the plan prior to January 1, 2013, are required to contribute 7.0% of their salary. The California Public Employees' Pension Reform Act (PEPRA) specifies that new members entering into the plan on or after January 1, 2013, shall pay the higher of fifty percent of normal costs or 7.0% of their salary. Additionally, for new members entering the plan on or after January 1, 2013, the employer is prohibited from paying any of the employee contribution to CalPERS unless the employer payment of the member's contribution is specified in an employment agreement or collective bargaining agreement that expires after January 1, 2013.

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 2019 was 18.062% of annual payroll. Contributions to the plan from the District were \$10,614,187 for the year ended June 30, 2019.

On-Behalf Payments

The District was the recipient of on-behalf payments made by the State of California to CalPERS for K-12 education. These payments consisted of state general fund contributions of approximately \$3,848,328 to CalPERS for fiscal year 2019 due to California Senate Bill No. 90.

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

At June 30, 2019, the District reported a liability of \$113,505,040 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2017 and rolling forward the total pension liability to June 30, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2018, the District's proportion was 0.426 percent, which was an increase of 0.001 percent from its proportion measured as of June 30, 2017.

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2019

NOTE 11 – PENSION PLANS (continued)

B. California Public Employees’ Retirement System (CalPERS) (continued)

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

For the year ended June 30, 2019, the District recognized pension expense of \$23,960,708. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual earnings on plan investments	\$ 930,996	\$ -
Differences between expected and actual experience	7,440,975	-
Changes in assumptions	11,332,978	-
Changes in proportion and differences between District contributions and proportionate share of contributions	870,245	196,446
District contributions subsequent to the measurement date	10,614,187	-
	<u>\$ 31,189,381</u>	<u>\$ 196,446</u>

The \$10,614,187 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2020	\$ 12,520,815	\$ 196,446
2021	8,824,089	-
2022	(99,755)	-
2023	(669,955)	-
	<u>\$ 20,575,194</u>	<u>\$ 196,446</u>

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2019**

NOTE 11 – PENSION PLANS (continued)

B. California Public Employees’ Retirement System (CalPERS) (continued)

Actuarial Assumptions

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2017, and rolling forward the total pension liability to June 30, 2018 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Discount Rate	7.15%
Salary Increases	Varies by Entry Age and Service

CalPERS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are derived using CalPERS’ membership data for all funds. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016.

The actuarial assumptions used in the June 30, 2017, valuation were based on the results of an actuarial experience study for the period from 1997 to 2015.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. In determining the long-term expected rate of return, both short-term and long-term market return expectations as well as the expected pension fund cash flows were taken into account. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds’ asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2019

NOTE 11 – PENSION PLANS (continued)

B. California Public Employees’ Retirement System (CalPERS) (continued)

Actuarial Assumptions (continued)

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

Asset Class	Assumed Asset Allocation	Real Return Years 1 – 10*	Real Return Years 11+**
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Estate	13.0%	3.75%	4.93%
Liquidity	1.0%	0.0%	-0.92%
	100.0%		

*An expected inflation of 2.00% used for this period.

**An expected inflation of 2.92% used for this period.

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. A projection of the expected benefit payments and contributions was performed to determine if assets would run out. The test revealed the assets would not run out. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Schools Pool. The results of the crossover testing for the Schools Pool are presented in a detailed report that can be obtained at CalPERS’ website.

Sensitivity of the District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.15 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.15 percent) or 1-percentage-point higher (8.15 percent) than the current rate:

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
District's proportionate share of the net pension liability	\$ 165,257,911	\$ 113,505,040	\$ 70,568,626

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued CalPERS financial report.

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2019

NOTE 12 – COMMITMENTS AND CONTINGENCIES

A. Grants

The District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2019.

B. Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2019.

C. Construction Commitments

As of June 30, 2019, the District had commitments with respect to unfinished capital projects of \$65,643,691.

NOTE 13 – PARTICIPATION IN JOINT POWERS AUTHORITIES

The District participates in two joint ventures under joint powers authorities (JPAs), the Contra Costa County School Insurance Group (CCCSIG), and the Northern California Regional Liability Excess Fund (Nor Cal Relief). The relationships between the District and the JPAs are such that the JPAs are not component units of the District for financial reporting purposes.

The JPAs have budgeting and financial reporting requirements independent of member units, and their financial statements are not presented in these financial statements. However, fund transactions between the JPAs and the District are included in these statements. The audited financial statements are generally available from the respective entities.

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2019

NOTE 14 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

A. Refunded Debt

Pursuant to GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, the District recognized deferred outflows or inflows of resources in the District-wide financial statements. The deferred outflow of resources pertains to the difference in the carrying value of the refunded debt and its reacquisition price (deferred amount on refunding). Previous financial reporting standards require this to be presented as part of the District's long-term debt. This deferred outflow of resources is recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the new debt, whichever is shorter. At June 30, 2019, the deferred amount on refunding was \$6,430,696.

B. Pension Plans

Pursuant to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the District recognized deferred outflows of resources related to pensions and deferred inflows of resources related to pensions in the District-wide financial statements. Further information regarding the deferred outflows of resources and deferred inflows of resources can be found at Note 11. At June 30, 2019, total deferred outflows related to pensions was \$108,816,472 and total deferred inflows related to pensions was \$25,746,021.

C. Other Postemployment Benefits

Pursuant to GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the District recognized deferred outflows of resources related to other postemployment benefits and deferred inflows of resources related to other postemployment benefits in the District-wide financial statements. Further information regarding the deferred outflows of resources and deferred inflows of resources can be found at Note 10. At June 30, 2019, total deferred outflows related to other postemployment benefits was \$21,007,017 and deferred inflows related to other postemployment benefits was \$9,377,253.

NOTE 15 – RESTATEMENT OF NET POSITION

The beginning net position of Governmental Activities has been restated in order to properly reflect the District's capital assets based on a complete accounting and inventory. The effect on beginning net position is presented as follows:

	Governmental Activities
Net Position - Beginning, as Previously Reported	\$ (93,641,050)
Restatement for capital assets	(36,204,944)
Net Position - Beginning, as Restated	<u>\$ (129,845,994)</u>

REQUIRED SUPPLEMENTARY INFORMATION

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
GENERAL FUND – BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual* (Budgetary Basis)	Variances - Final to Actual
	Original	Final		
REVENUES				
LCFF sources	\$ 280,700,020	\$ 284,486,619	\$ 282,060,662	\$ (2,425,957)
Federal sources	19,829,951	21,835,682	18,921,108	(2,914,574)
Other state sources	41,540,141	41,640,295	43,395,488	1,755,193
Other local sources	18,334,003	19,350,991	21,728,061	2,377,070
Total Revenues	360,404,115	367,313,587	366,105,319	(1,208,268)
EXPENDITURES				
Certificated salaries	142,796,209	148,834,179	148,595,683	238,496
Classified salaries	57,125,663	56,532,073	58,965,238	(2,433,165)
Employee benefits	93,814,450	92,440,698	89,221,118	3,219,580
Books and supplies	12,610,423	17,733,039	16,569,370	1,163,669
Services and other operating expenditures	49,904,830	67,338,284	62,877,880	4,460,404
Capital outlay	2,701,888	3,553,391	2,211,640	1,341,751
Other outgo				
Excluding transfers of indirect costs	2,587,364	2,587,364	2,604,988	(17,624)
Transfers of indirect costs	(1,078,603)	(1,282,348)	(1,281,681)	(667)
Total Expenditures	360,462,224	387,736,680	379,764,236	7,972,444
Excess (Deficiency) of Revenues Over Expenditures	(58,109)	(20,423,093)	(13,658,917)	6,764,176
Other Financing Sources (Uses)				
Transfers in	-	-	6,500,000	6,500,000
Transfers out	-	-	(1,561,437)	(1,561,437)
Net Financing Sources (Uses)	-	-	4,938,563	4,938,563
NET CHANGE IN FUND BALANCE	(58,109)	(20,423,093)	(8,720,354)	11,702,739
Fund Balance - Beginning	28,574,550	28,574,550	28,574,550	-
Fund Balance - Ending	\$ 28,516,441	\$ 8,151,457	\$ 19,854,196	\$ 11,702,739

* The actual amounts reported on this schedule do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance for the following reasons:

- Actual amounts reported in this schedule are for the General Fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because the amounts on that schedule include the financial activity of the Special Reserve Fund for Other than Capital Outlay Projects in accordance with the fund type definitions promulgated by GASB Statement No. 54.
- On-behalf payments of \$24,098,818 are not reflected on this schedule.
- Audit adjustments are not reflected on this schedule.

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Total OPEB Liability		
Service Cost	\$ 2,857,185	\$ 2,721,129
Interest on total OPEB liability	17,925,550	17,607,503
Difference between expected and actual experience	2,506,720	948,763
Changes of assumptions	(11,625,456)	-
Benefits payments	<u>(17,321,639)</u>	<u>(16,777,273)</u>
Net change in total OPEB liability	(5,657,640)	4,500,122
Total OPEB liability - beginning	<u>251,881,581</u>	<u>247,381,459</u>
Total OPEB liability - ending (a)	<u>\$ 246,223,941</u>	<u>\$ 251,881,581</u>
 Plan fiduciary net position		
Contributions - employer	\$ 21,321,639	\$ 36,777,273
Net investment income	1,597,251	351,530
Benefit payments	(17,321,639)	(16,777,273)
Administrative expenses	<u>(11,032)</u>	<u>(1,650)</u>
Net change in plan fiduciary net position	5,586,219	20,349,880
Plan fiduciary net position - beginning	<u>20,349,880</u>	<u>-</u>
Plan fiduciary net position - ending (b)	<u>\$ 25,936,099</u>	<u>\$ 20,349,880</u>
 District's net OPEB liability - ending (a) - (b)	<u>\$ 220,287,842</u>	<u>\$ 231,531,701</u>
 Plan fiduciary net position as a percentage of the total OPEB liability	10.53%	8.08%
 Covered-employee payroll	\$ 171,720,472	\$ 134,739,411
 District's net OPEB liability as a percentage of covered-employee payroll	128.28%	171.84%

See accompanying note to required supplementary information.

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS FOR OPEB
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Actuarially determined contribution	\$ 20,298,881	\$ 20,963,662
Contributions in relation to the actuarially determined contribution	<u>(21,321,639)</u>	<u>(36,777,273)</u>
Contribution deficiency (excess)	<u>\$ (1,022,758)</u>	<u>\$ (15,813,611)</u>
Covered-employee payroll	\$ 171,720,472	\$ 134,739,411
Contributions as a percentage of covered- employee payroll	12.4%	27.3%

See accompanying note to required supplementary information.

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALSTRS
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
District's proportion of the net pension liability	0.241%	0.222%	0.225%	0.255%	0.234%
District's proportionate share of the net pension liability	\$ 221,848,834	\$ 205,704,213	\$ 182,182,291	\$ 171,875,134	\$ 136,743,158
State's proportionate share of the net pension liability associated with the District	127,019,456	121,693,866	103,728,398	90,902,756	82,571,422
Total	<u>\$ 348,868,290</u>	<u>\$ 327,398,079</u>	<u>\$ 285,910,689</u>	<u>\$ 262,777,890</u>	<u>\$ 219,314,580</u>
District's covered payroll	\$ 130,815,627	\$ 120,430,741	\$ 112,586,953	\$ 117,642,491	\$ 104,224,691
District's proportionate share of the net pension liability as a percentage of its covered payroll	169.6%	170.8%	161.8%	146.1%	131.2%
Plan fiduciary net position as a percentage of the total pension liability	71.0%	69.5%	70.0%	74.0%	76.5%

The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALPERS
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
District's proportion of the net pension liability	0.426%	0.425%	0.420%	0.426%	0.408%
District's proportionate share of the net pension liability	\$ 113,505,040	\$ 101,551,876	\$ 82,990,751	\$ 62,777,288	\$ 46,262,485
District's covered payroll	\$ 57,009,333	\$ 54,456,500	\$ 50,315,714	\$ 47,711,159	\$ 42,778,553
District's proportionate share of the net pension liability as a percentage of its covered payroll	199.1%	186.5%	164.9%	131.6%	108.1%
Plan fiduciary net position as a percentage of the total pension liability	70.8%	71.9%	73.9%	79.4%	83.4%

The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS - CALSTRS
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ 22,705,962	\$ 18,914,282	\$ 15,192,675	\$ 12,295,058	\$ 10,288,301
Contributions in relation to the contractually required contribution*	(22,705,962)	(18,914,282)	(15,192,675)	(12,295,058)	(10,288,301)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 139,304,205	\$ 130,815,627	\$ 120,430,741	\$ 112,586,953	\$ 117,642,491
Contributions as a percentage of covered payroll	16.30%	14.46%	12.62%	10.92%	8.75%

*Amounts do not include on-behalf contributions

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS - CALPERS
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ 10,614,187	\$ 8,854,116	\$ 7,562,925	\$ 5,992,031	\$ 5,618,484
Contributions in relation to the contractually required contribution*	(10,614,187)	(8,854,116)	(7,562,925)	(5,992,031)	(5,618,484)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 59,985,160	\$ 57,009,333	\$ 54,456,500	\$ 50,315,714	\$ 47,711,159
Contributions as a percentage of covered payroll	17.69%	15.53%	13.89%	11.91%	11.78%

*Amounts do not include on-behalf contributions

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019**

Budgetary Comparison Schedule

This schedule is required by GASB Statement No. 34 as required supplementary information (RSI) for the General Fund and for each major special revenue fund that has a legally adopted annual budget. The budgetary comparison schedule presents both (a) the original and (b) the final appropriated budgets for the reporting period as well as (c) actual inflows, outflows, and balances, stated on the District's budgetary basis. A separate column to report the variance between the final budget and actual amounts is also presented, although not required.

Schedule of Changes in Net OPEB Liability and Related Ratios

This 10-year schedule is required by GASB Statement No. 75 for all sole and agent employers that provide other postemployment benefits (OPEB). Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 75 was applicable. The schedule presents the sources of change in the net OPEB liability, and the components of the net OPEB liability and related ratios, including the OPEB plan's fiduciary net position as a percentage of the total OPEB liability, and the net OPEB liability as a percentage of covered-employee payroll.

Changes in Benefit Terms

There were no changes in benefit terms since the previous valuation.

Changes in Assumptions

The initial healthcare trend rate was changed from 8.00 percent to 6.80 percent since the previous valuation.

Schedule of District Contributions for OPEB

This 10-year schedule presents information on the District's actuarially determined contributions, contributions in relation to the actuarially determined contribution, and any excess or deficiency related to the actuarially determined contribution. Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 75 was applicable.

Schedule of the District's Proportionate Share of the Net Pension Liability

This 10-year schedule is required by GASB Statement No. 68 for each cost-sharing pension plan. Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 68 was applicable. The schedule presents the District's proportion (percentage) of the collective net pension liability, the District's proportionate share (amount) of the collective net pension liability, the District's covered payroll, the District's proportionate share (amount) of the collective net pension liability as a percentage of the employer's covered payroll, and the pension plan's fiduciary net position as a percentage of the total pension liability.

Changes in Benefit Terms

There were no changes in benefit terms since the previous valuations for CalSTRS and CalPERS.

Changes in Assumptions

There were no changes in economic assumptions since the previous valuations for CalSTRS and CalPERS.

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION, continued
 FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 1 – PURPOSE OF SCHEDULES (continued)

Schedule of District Contributions

This 10-year schedule is required by GASB Statement No. 68 for each cost-sharing pension plan. Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 68 was applicable. The schedule presents the District’s statutorily or contractually required employer contribution, the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution, the difference between the statutorily or contractually required employer contribution and the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution, the District’s covered payroll, and the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution as a percentage of the District’s covered payroll.

NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2019, the District incurred an excess of expenditures over appropriations in individual major funds presented in the Budgetary Comparison Schedule by major object code as follows:

	Expenditures and Other Uses		
	Budget	Actual	Excess
General Fund			
Classified salaries	\$ 56,532,073	\$ 58,965,238	\$ 2,433,165
Other outgo			
Excluding transfers of indirect costs	\$ 2,587,364	\$ 2,604,988	\$ 17,624

SUPPLEMENTARY INFORMATION

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster</u>	<u>CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U. S. DEPARTMENT OF EDUCATION:			
<i>Passed through California Department of Education:</i>			
Title I, Part A, Basic Grants Low-Income and Neglected Adult Education	84.010	14329	\$ 7,104,208
Adult Education: Adult Basic Education & ESL	84.002A	14508	160,438
Adult Education: Adult Secondary Education	84.002	13978	64,350
Adult Education: English Literacy and Civics Education	84.002A	14109	4,605
Subtotal Adult Education			<u>229,393</u>
Title II, Part A, Supporting Effective Instruction Local Grants	84.367	14341	1,030,137
Title III			
Title III, English Learner Student Program	84.365	14346	1,136,988
Title III, Immigrant Education Program	84.365	15146	84,267
Subtotal Title III			<u>1,221,255</u>
Title IV, Part B, 21st Century Community Learning Centers Program	84.287	14349	672,850
Title IV, Part A, Student Support and Academic Enrichment	84.424	15396	341,597
Department of Rehabilitation: Workability II, Transitions Partnership Program	84.126	10006	246,158
Special Education Cluster			
IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	6,279,363
IDEA Local Assistance Entitlement, Part B, Sec 611	84.027	10115	108,318
IDEA Mental Health Average Daily Attendance (ADA) Allocation, Part B, Sec 611	84.027A	15197	325,911
IDEA Preschool Grants, Part B, Section 619 (Age 3-4-5)	84.173	13430	326,170
IDEA Alternate Dispute Resolution, Part B, Sec 611	84.173A	13007	15,865
IDEA Preschool Staff Development, Part B, Sec 619	84.173A	13431	2,231
Subtotal Special Education Cluster			<u>7,057,858</u>
IDEA Early Intervention Grants, Part C	84.181	23761	83,664
Vocational Programs: Voc & Appl Tech Secondary II C, Sec 131 (Carl Perkins Act)	84.048	14893	184,150
Title X McKinney-Vento Homeless Children Assistance Grants	84.196	14332	86,576
CALI Reads	84.UNK	H323A170011	29,800
Department of Rehabilitation CA Promise	84.418P	14377	83,174
Total U. S. Department of Education			<u>18,370,820</u>
U. S. DEPARTMENT OF AGRICULTURE:			
<i>Passed through California Department of Education:</i>			
Child Nutrition Cluster			
School Breakfast Program - Basic	10.553	13525	12,953
School Breakfast Program - Needy	10.553	13526	2,733,713
National School Lunch Program	10.555	13391	8,746,470
USDA Commodities	10.555	*	1,031,727
Meal Supplements	10.555	*	32,791
Subtotal Child Nutrition Cluster			<u>12,557,654</u>
CACFP Claims - Centers and Family Day Care	10.558	13393	1,774,599
Fresh Fruit and Vegetable Program	10.582	14968	170,095
NSLP Equipment Assistance Grants	10.579	14906	92,293
Total U. S. Department of Agriculture			<u>14,594,641</u>
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
<i>Passed through California Department of Health Services:</i>			
Medi-Cal Billing Option	93.778	10013	858,987
Total U. S. Department of Health & Human Services			<u>858,987</u>
Total Federal Expenditures			<u>\$ 33,824,448</u>

* - Pass-Through Entity Identifying Number not available or not applicable

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)
FOR THE YEAR ENDED JUNE 30, 2019**

	Second Period Report	Annual Report
	Certificate No. 65F014F0	Certificate No. A9007F10
SCHOOL DISTRICT		
TK/K through Third		
Regular ADA	9,014.20	9,031.81
Extended Year Special Education	21.54	21.54
Special Education - Nonpublic Schools	6.38	6.64
Extended Year Special Education - Nonpublic Schools	0.85	0.85
Total TK/K through Third	9,042.97	9,060.84
Fourth through Sixth		
Regular ADA	6,201.89	6,204.14
Extended Year Special Education	12.57	12.57
Special Education - Nonpublic Schools	13.28	13.60
Extended Year Special Education - Nonpublic Schools	2.66	2.66
Total Fourth through Sixth	6,230.40	6,232.97
Seventh through Eighth		
Regular ADA	3,507.22	3,515.33
Extended Year Special Education	4.33	4.33
Special Education - Nonpublic Schools	20.94	20.75
Extended Year Special Education - Nonpublic Schools	2.51	2.51
Total Seventh through Eighth	3,535.00	3,542.92
Ninth through Twelfth		
Regular ADA	7,556.45	7,510.94
Extended Year Special Education	15.99	15.99
Special Education - Nonpublic Schools	38.68	38.90
Extended Year Special Education - Nonpublic Schools	4.15	4.15
Total Ninth through Twelfth	7,615.27	7,569.98
TOTAL SCHOOL DISTRICT	26,423.64	26,406.71

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
 SCHEDULE OF INSTRUCTIONAL TIME
 FOR THE YEAR ENDED JUNE 30, 2019**

Grade Level	Minutes Requirement	2018-19 Actual Minutes	Number of Days	Status
Kindergarten	36,000	51,240	180	Complied
Grade 1	50,400	50,439	180	Complied
Grade 2	50,400	50,439	180	Complied
Grade 3	50,400	50,439	180	Complied
Grade 4	54,000	54,020	180	Complied
Grade 5	54,000	54,020	180	Complied
Grade 6	54,000	54,037	180	Complied
Grade 7	54,000	55,568	180	Complied
Grade 8	54,000	55,568	180	Complied
Grade 9	64,800	64,803	180	Complied
Grade 10	64,800	64,803	180	Complied
Grade 11	64,800	64,803	180	Complied
Grade 12	64,800	64,803	180	Complied

See accompanying note to supplementary information.

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019**

	2020 (Budget)	2019	2018	2017
General Fund - Budgetary Basis**				
Revenues And Other Financing Sources	\$ 360,790,052	\$ 372,605,319	\$ 354,747,421	\$ 339,717,062
Expenditures And Other Financing Uses	360,728,779	381,325,673	398,640,671	339,862,026
Net change in Fund Balance	\$ 61,273	\$ (8,720,354)	\$ (43,893,250)	\$ (144,964)
Ending Fund Balance	\$ 19,915,469	\$ 19,854,196	\$ 28,574,550	\$ 72,467,800
Available Reserves*	\$ 38,065,593	\$ 43,008,211	\$ 41,111,460	\$ 47,068,072
Available Reserves As A Percentage Of Outgo	10.55%	11.28%	10.31%	13.85%
Long-term Liabilities	\$ 1,864,111,501	\$ 1,943,904,865	\$ 1,943,329,588	\$ 1,607,400,492
Average Daily Attendance At P-2	26,403	26,424	26,808	27,023

The General Fund balance has decreased by \$52,613,604 over the past two years. The fiscal year 2019-20 budget projects an increase of \$61,273. For a District this size, the State recommends available reserves of at least 3% of General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating deficits in all of the past three years but anticipates incurring an operating surplus during the 2019-20 fiscal year. Total long-term obligations have increased by \$336,504,373, over the past two years.

Average daily attendance has decreased by 599 ADA over the past two years. A decrease of 21 ADA is anticipated during the 2019-20 fiscal year.

*Available reserves consist of all unassigned fund balance within the General Fund and the Special Reserve Fund for Other than Capital Outlay Projects

**The actual amounts reported in this schedule are for the General Fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because the amounts on that schedule include the financial activity of the Special Reserve Fund for Other than Capital Outlay Projects, in accordance with the fund type definitions promulgated by GASB Statement No. 54. Additionally, on-behalf payments and audit adjustments are not reported in this schedule.

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL
STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

	General Fund	Special Reserve Fund for Other Than Capital Outlay Projects	Bond Interest & Redemption Fund	Retiree Benefit Fund
June 30, 2019, annual financial and budget report fund balance	\$ 19,854,196	\$ 34,037,843	\$ 135,314,010	\$ 32,177,557
Adjustments and reclassifications:				
Increase (decrease) in total fund balances:				
Net effect of clearing accounts receivable and payable balances	5,492,557	-	-	-
Decrease in cash with fiscal agent held in trust	-	-	(1,954,075)	-
Decrease in cash with fiscal agent held in escrow	-	-	-	(67,309)
Fund balance transfer (GASB 54)	34,037,843	(34,037,843)	-	-
Net adjustments and reclassifications	39,530,400	(34,037,843)	(1,954,075)	(67,309)
June 30, 2019, audited financial statement fund balance	<u>\$ 59,384,596</u>	<u>\$ -</u>	<u>\$ 133,359,935</u>	<u>\$ 32,110,248</u>

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
 SCHEDULE OF CHARTER SCHOOLS
 FOR THE YEAR ENDED JUNE 30, 2019**

Charter #	Charter School	Status	Included in Audit Report
0557	Leadership Public Schools: LPS Richmond	Active	No
0333	Manzanita Middle School	Active	No
0755	Richmond College Preparation (RCP)	Active	No
1660	Amethod: Benito Juarez Elementary	Active	No
1739	Aspire: Richmond California College Preparatory Academy	Active	No
1740	Aspire: Richmond Technology Academy (RTS)	Active	No
1741	Amethod: John Henry High School	Active	No
1441	Amethod: Richmond Charter Academy	Active	No
1774	Summit Public Schools: Tamalpais	Active	No
1906	Voices College-Bound Language Academy	Active	No

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
COMBINING BALANCE SHEET
JUNE 30, 2019**

	Adult Education Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Debt Service Fund for Blended Component Units	Non-Major Governmental Funds
ASSETS								
Cash and investments	\$ 1,281,722	\$ 52,586	\$ 53,717	\$ 12,485,262	\$ -	\$ 9,911,830	\$ 940,002	\$ 24,725,119
Accounts receivable	461,836	1,080,200	2,549,064	26,706	-	13,962	-	4,131,768
Stores inventory	-	-	480,096	-	-	-	-	480,096
Total Assets	\$ 1,743,558	\$ 1,132,786	\$ 3,082,877	\$ 12,511,968	\$ -	\$ 9,925,792	\$ 940,002	\$ 29,336,983
LIABILITIES								
Deficit cash	\$ -	\$ -	\$ 741,742	\$ -	\$ -	\$ -	\$ -	\$ 741,742
Accrued liabilities	210,902	102,105	529,958	95,471	-	219,124	-	1,157,560
Due to other funds	-	976,453	481,000	-	-	-	-	1,457,453
Unearned revenue	-	-	7,707	-	-	-	-	7,707
Total Liabilities	210,902	1,078,558	1,760,407	95,471	-	219,124	-	3,364,462
FUND BALANCES								
Non-spendable	-	-	480,096	-	-	-	-	480,096
Restricted	718,891	2,595	1,322,470	12,416,497	-	9,706,668	940,002	25,107,123
Assigned	813,765	51,633	-	-	-	-	-	865,398
Unassigned	-	-	(480,096)	-	-	-	-	(480,096)
Total Fund Balances	1,532,656	54,228	1,322,470	12,416,497	-	9,706,668	940,002	25,972,521
Total Liabilities and Fund Balance	\$ 1,743,558	\$ 1,132,786	\$ 3,082,877	\$ 12,511,968	\$ -	\$ 9,925,792	\$ 940,002	\$ 29,336,983

See accompanying note to supplementary information.

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2019**

	Adult Education Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Debt Service Fund for Blended Component Units	Non-Major Governmental Funds
REVENUES								
Federal sources	229,393	\$ -	\$ 14,594,642	\$ -	\$ -	\$ -	\$ -	14,824,035
Other state sources	2,620,647	3,661,955	897,218	-	1,411,452	-	-	8,591,272
Other local sources	280,728	37,581	1,336,695	4,005,494	26,591	5,031,537	-	10,718,626
Total Revenues	3,130,768	3,699,536	16,828,555	4,005,494	1,438,043	5,031,537	-	34,133,933
EXPENDITURES								
Current								
Instruction	1,513,828	2,790,276	-	-	-	-	-	4,304,104
Instruction-related services								
Instructional supervision and administration	182,843	321,010	-	-	-	-	-	503,853
School site administration	1,066,187	246,992	-	-	-	-	-	1,313,179
Pupil services								
Food services	-	13,286	17,654,165	-	-	-	-	17,667,451
All other pupil services	10,388	39,480	-	-	-	-	-	49,868
General administration								
All other general administration	138,361	250,245	893,075	112,283	-	-	-	1,393,964
Plant services	306,274	29,458	167,807	-	-	-	-	503,539
Facilities acquisition and maintenance	25,426	-	-	371,783	-	2,045,071	-	2,442,280
Total Expenditures	3,243,307	3,690,747	18,715,047	484,066	-	2,045,071	-	28,178,238
Excess (Deficiency) of Revenues Over Expenditures	(112,539)	8,789	(1,886,492)	3,521,428	1,438,043	2,986,466	-	5,955,695
Other Financing Sources (Uses)								
Transfers in	-	-	1,561,437	-	-	-	-	1,561,437
Transfers out	-	-	-	-	(1,438,043)	-	-	(1,438,043)
Net Financing Sources (Uses)	-	-	1,561,437	-	(1,438,043)	-	-	123,394
NET CHANGE IN FUND BALANCE	(112,539)	8,789	(325,055)	3,521,428	-	2,986,466	-	6,079,089
Fund Balance - Beginning	1,645,195	45,439	1,647,525	8,895,069	-	6,720,202	940,002	19,893,432
Fund Balance - Ending	\$ 1,532,656	\$ 54,228	\$ 1,322,470	\$ 12,416,497	\$ -	\$ 9,706,668	\$ 940,002	\$ 25,972,521

See accompanying note to supplementary information.

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
 LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
 JUNE 30, 2019**

The West Contra Costa Unified School District was established as the Richmond Unified School District on July 1, 1965 and with the passage of AB 535 (Bates), was renamed the West Contra Costa Unified School District on March 17, 1993. The District is comprised of an area of approximately 112 square miles located in Contra Costa County. There were no changes in the boundaries of the District during the current year. The District is operating one special education pre-school, thirty-two elementary schools, five kindergarten through eighth, six middle schools, one middle-college high school and six high schools. The District also maintains two alternative high schools, an elementary community day school and a school for continuing adult education.

GOVERNING BOARD

Member	Office	Term Expires
Tom Panas	President	December 2020
Stephanie Hernandez-Jarvis	Clerk	December 2020
Valerie Cuevas	Member	December 2020
Consuelo Lara	Member	December 2020
Mister Phillips	Member	December 2020

DISTRICT ADMINISTRATORS

Matthew Duffy
Superintendent of Schools

Dr. Tony Wold (current)
 Dr. John al-Amin (for audit period)
Associate Superintendent, Business Services

Dr. Gracie Guerrero
Associate Superintendent, Educational Services

Luis Freese (current)
 Lisa LeBlanc (for audit period)
Associate Superintendent, Facilities, Maintenance and Operations, Bond Program

Marci Williams (current)
 Kenneth Whittemore (for audit period)
Interim Assistant Superintendent, Human Resources

Nick Berger
Director, SELPA

Tracey Logan
Chief Technology Office

Marcus Walton
Chief Communication Officer

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
 NOTES TO SUPPLEMENTARY INFORMATION
 JUNE 30, 2019**

NOTE 1 – PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

The District has not elected to use the 10 percent de minimis indirect cost rate.

The following schedule provides reconciliation between revenues reported on the Statement of Revenue, Expenditures, and Changes in Fund Balance, and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amounts represent Federal funds that have been recorded as revenues in a prior year that have been expended by June 30, 2019 or Federal funds that have been recorded as revenues in the current year and were not expended by June 30, 2019.

	CFDA Number	Amount
Total Federal Revenues reported in the Statement of Revenues, Expenditures, and Changes in Fund Balance		\$ 37,440,235
Medi-Cal Billing Option	93.778	79,305
Build America Bonds	*	<u>(3,695,092)</u>
Total Expenditures reported in the Schedule of Expenditures of Federal Awards		<u>\$ 33,824,448</u>

*Build America Bonds do not have a CFDA number.

Schedule of Average Daily Attendance (ADA)

Average daily attendance (ADA) is a measurement of the number of pupils attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of state funds are made to school districts. This schedule provides information regarding the attendance of students at various grade levels and in different programs.

Schedule of Instructional Time

This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of *Education Code Sections 46200 through 46208*. During the year ended June 30, 2019, the District participated in the Longer Day incentive funding program. As of June 30, 2019, the District had met its target funding.

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION, continued
JUNE 30, 2019**

NOTE 1 – PURPOSE OF SCHEDULES (continued)

Schedule of Financial Trends and Analysis

This schedule discloses the District's financial trends by displaying past years' data along with current year budget information. These financial trend disclosures are used to evaluate the District's ability to continue as a going concern for a reasonable period of time.

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Annual Financial and Budget Report Unaudited Actuals to the audited financial statements.

Schedule of Charter Schools

This schedule lists all Charter Schools chartered by the District, and displays information for each Charter School on whether or not the Charter School is included in the District audit.

Combining Statements – Non-Major Funds

These statements provide information on the District's non-major funds.

Local Education Agency Organization Structure

This schedule provides information about the District's boundaries and schools operated, members of the governing board, and members of the administration.

OTHER INDEPENDENT AUDITORS' 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***

Independent Auditors' Report

Governing Board
West Contra Costa Unified School District
Richmond, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of West Contra Costa Unified School District, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the West Contra Costa Unified School District's basic financial statements, and have issued our report thereon dated December 16, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered West Contra Costa Unified School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of West Contra Costa Unified School District's internal control. Accordingly, we do not express an opinion on the effectiveness of West Contra Costa Unified School District's internal control.

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Audit Findings and Questioned Costs that we consider to be significant deficiencies. (Finding #2019-001).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether West Contra Costa Unified School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

West Contra Costa Unified School District's Response to Findings

West Contra Costa Unified School District's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. West Contra Costa Unified School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Christy White, Inc.

San Diego, California
December 16, 2019

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**Independent Auditors' Report

Governing Board
West Contra Costa Unified School District
Richmond, California

Report on Compliance for Each Major Federal Program

We have audited West Contra Costa Unified School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of West Contra Costa Unified School District's major federal programs for the year ended June 30, 2019. West Contra Costa Unified School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of West Contra Costa Unified School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about West Contra Costa Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of West Contra Costa Unified School District's compliance.

Opinion on Each Major Federal Program

In our opinion, West Contra Costa Unified School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of West Contra Costa Unified School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered West Contra Costa Unified School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of West Contra Costa Unified School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Christy White, Inc.

San Diego, California
December 16, 2019

REPORT ON STATE COMPLIANCEIndependent Auditors' Report

Governing Board
West Contra Costa Unified School District
Richmond, California

Report on State Compliance

We have audited West Contra Costa Unified School District's compliance with the types of compliance requirements described in the *2018-2019 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, section 19810, that could have a direct and material effect on each of West Contra Costa Unified School District's state programs for the fiscal year ended June 30, 2019, as identified below.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of West Contra Costa Unified School District's state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2018-2019 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, section 19810. Those standards 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 the state programs noted below occurred. An audit includes examining, on a test basis, evidence about West Contra Costa Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with the requirements referred to above. However, our audit does not provide a legal determination of West Contra Costa Unified School District's compliance with those requirements.

Opinion on State Compliance

In our opinion, West Contra Costa Unified School District complied, in all material respects, with the types of compliance requirements referred to above that are applicable to the state programs noted in the table below for the year ended June 30, 2019.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are described in the accompanying schedule of findings and questioned costs as findings #2019-002 through #2019-006. Our opinion on state compliance is not modified with respect to these matters.

West Contra Costa Unified School District’s response to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and corrective action plan. West Contra Costa Unified School District’s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Procedures Performed

In connection with the audit referred to above, we selected and tested transactions and records to determine West Contra Costa Unified School District’s compliance with the state laws and regulations applicable to the following items:

PROGRAM NAME	PROCEDURES PERFORMED
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	Yes
Continuation Education	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not Applicable
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	Not Applicable
Middle or Early College High Schools	Yes
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Comprehensive School Safety Plan	Yes
District of Choice	Not Applicable
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Not Applicable
Attendance; for charter schools	Not Applicable
Mode of Instruction; for charter schools	Not Applicable
Nonclassroom-Based Instruction/Independent Study; for charter schools	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction; for charter schools	Not Applicable
Annual Instructional Minutes – Classroom Based; for charter schools	Not Applicable
Charter School Facility Grant Program	Not Applicable

Christy White, Inc.

San Diego, California
December 16, 2019

**SCHEDULE OF FINDINGS AND
QUESTIONED COSTS**

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2019**

FINANCIAL STATEMENTS

Type of auditors' report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>Yes</u>
Non-compliance material to financial statements noted?	<u>No</u>

FEDERAL AWARDS

Internal control over major program:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Type of auditors' report issued:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)?	<u>No</u>
Identification of major programs:	

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>84.027, 84.027A, 84.173, 84.173A</u>	<u>Special Education Cluster</u>
<u>84.010</u>	<u>Title I, Part A</u>
<u>84.367</u>	<u>Title II, Part A</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 1,014,733</u>
Auditee qualified as low-risk auditee?	<u>No</u>

STATE AWARDS

Internal control over state programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>Yes</u>
Type of auditors' report issued on compliance for state programs:	<u>Unmodified</u>

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019**

FIVE DIGIT CODE

20000
30000

AB 3627 FINDING TYPE

Inventory of Equipment
Internal Control

FINDING #2019-001: ASSOCIATED STUDENT BODY (ASB) FUNDS (30000)

Criteria: Maintaining sound internal control procedures over cash receipts, cash disbursements, bank reconciliations and minutes of council meetings reduces the opportunity for irregularities to go undetected. The Fiscal Crisis & Management Assistance Team (FCMAT) Associated Student Body Accounting Manual & Desk Reference outlines proper internal control procedures for associated student bodies to follow.

Condition: Through our testing of the school site ASB accounts, we noted the following internal control deficiencies:

Ford Elementary

Lack of segregation of duties was determined based on our understanding of internal controls and review of supporting documentation.

Crespi Middle

Based on our understanding of internal controls it was noted that collections are not promptly deposited to the ASB Bookkeeper for review and reconciliation. During review of supporting documentation provided for cash disbursements and deposits we noted the following:

- One (1) of 5 disbursements lacked evidence of receipt
- One (1) of 10 cash receipts was deposited in an untimely manner
- Eight (8) of 10 cash receipts lacked evidence of date of collection

Pinole Middle

Based on our understanding of internal controls and review of documentation it was noted that signature of the student representative, faculty advisor and district representative are not obtained for all purchases. During review of supporting documentation, we noted the following:

- Six (6) of 10 disbursements lacked adequate supporting documentation
- Three (3) of 10 requisition forms were missing the approval of the student representative
- One (1) of 10 disbursements was used for unallowable office supplies in the amount of \$1,611
- Eight (8) of 10 cash receipts lacked adequate supporting to substantiate the amount collected and deposited
- Ten (10) of 10 collections were deposited in an untimely manner

Pinole Valley High

During review of supporting documentation, we noted the following:

- One (1) of ten disbursements involved a stipend to the Athletics Director
- Seven (1) of 10 cash receipts were not deposited in a timely manner
- Three (3) of 10 cash collections lacked adequate supporting documentation
- A raffle was conducted March 19, 2019

Various School Sites

Through our review of bank reconciliations, we noted three (3) stale dated checks. Sites in which this instance was noted include Korematsu Middle, Hercules High and Kennedy High. The District's ASB Handbook states that checks outstanding over three months should be written off.

Effect: The potential for misappropriation of funds and irregularities in accounting to go undetected.

Cause: Although the District has appropriate policies and procedures in place surrounding ASB's, there were instances where these procedures were not followed.

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
FINANCIAL STATEMENT FINDINGS, continued
FOR THE YEAR ENDED JUNE 30, 2019**

FINDING #2019-001: ASSOCIATED STUDENT BODY (ASB) FUNDS (30000) (continued)

Repeat Finding: Yes, this is a repeat finding.

Recommendation: The District should continue to monitor and oversee ASBs. The District has provided all ASB bookkeepers and principals with a copy of the ASB FCMAT manual, conducted numerous trainings with staff, and also performs Internal Audits of ASBs on a regular basis. Continuous reinforcement of the District's policies and procedures to all sites will strengthen the internal control environment.

Corrective Action Plan: The district will continue to provide individual and group training to staff involved in ASB activities, focusing on schools that experience turn over. The district will continue to conduct internal audits of student body accounts and will follow up with sites that have findings. The ASB District Handbook will be updated to more clearly detail policies surrounding internal control procedures over cash receipts, cash disbursements, bank reconciliations and minutes of council meetings. The district will consider having two ASB District Handbooks – one for organized and one for unorganized ASBs – as the policies and procedures differ slightly for each.

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019**

FIVE DIGIT CODE

50000

AB 3627 FINDING TYPE

Federal Compliance

There were no federal award findings and questioned costs for the year ended June 30, 2019.

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
STATE AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019**

FIVE DIGIT CODE

10000
40000
42000
43000
60000
61000
62000
70000
71000
72000

AB 3627 FINDING TYPE

Attendance
State Compliance
Charter School Facilities Programs
Apprenticeship: Related and Supplemental Instruction
Miscellaneous
Classroom Teacher Salaries
Local Control Accountability Plan
Instructional Materials
Teacher Misassignments
School Accountability Report Card

FINDING #2019-002: AFTER SCHOOL EDUCATION AND SAFETY PROGRAM (40000)

Criteria: Per Education Code Section 8483.7(a)(1)(A), each school that establishes a program pursuant to this article is subject to semiannual attendance reporting requirements. Amounts reported to the California Department of Education for the semi-annual attendance reports should be supported by written contemporaneous documentation that is accurate and reported in accordance with the related sections of Education Code 8483.

Condition: The total students served reported on the 1st Half Base attendance report did not reconcile to the Attendance by Date reports. Discrepancies were calculated for each site which resulted in an understatement of 111 students served. In addition, one (1) of 25 pupils who did not participate in a full day of the program did not have a signed early release form authorizing early release for the period of August 20, 2018 to December 21, 2018.

Effect: The result is an understatement of 111 students served for the 2018-19 1st Half Base Attendance reporting period. The number of students served reported to the CDE on the 1st Half Base attendance report was 178,848 and would have been 178,959 based on the results of our procedures.

Cause: Clerical error in attendance report preparation, and lack of adequate review prior to report submission.

Questioned Costs: None. The ASES program funding is not affected as long as the pupil participation level is maintained at 85% of the projected attendance or greater. Since the finding only noted a net understatement of 111 student days of attendance, program attendance did not fall below 85% of the target annual attendance; therefore, there are no questioned costs.

Repeat Finding: Yes, this is a repeat finding.

Recommendation: We recommend the District implement procedures to allow for adequate review and analysis of attendance reports prior to submitting future reports. We recommend signed early release forms are maintained for pupils leaving the program early based on program policies.

Corrective Action Plan: Due to a personnel change for the area administrator, the district was unable to fully implement needed training of staff with regards to attendance reports. With new staff in place, the district has instituted regular and ongoing trainings of staff that includes a review of California Education code Sections 8482.3, 8483(a)(4), and 8484, student sign in/out procedures and data entry into the CitySpan attendance database. Along with staff training, WCCUSD Expanded Learning office provides regular oversight and needed technical assistance to ensure accurate data and record keeping.

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
STATE AWARD FINDINGS AND QUESTIONED COSTS, continued
FOR THE YEAR ENDED JUNE 30, 2019**

FINDING #2019-003: COMPREHENSIVE SCHOOL SAFETY PLAN (40000)

Criteria: Pursuant to California Education Code Sections 32280 - 32289, all California public schools kindergarten and grades one through twelve must develop a comprehensive school safety plan approved by the District by March 1st of the year audited. Additionally, if the District does not develop and approve a comprehensive school safety plan by October 15, a letter must be submitted to the State Superintendent of Public Instruction.

Condition: Based on a representative sample of twelve (12) school sites, evidence of the development and approval of 2018-19 comprehensive school safety plans was not evident. The State Superintendent of Public Instruction was not notified of non-compliance until November 18, 2019.

Effect: The District is not in compliance with State requirements involving annual implementation and approval of comprehensive school safety plans.

Cause: Non-compliance is due to the transition in staffing position responsible for the development and revision of comprehensive school safety plans.

Questioned Costs: Potential questioned costs are \$24,000 (\$2,000 per site without a developed plan).

Repeat Finding: No, this is not a repeat finding.

Recommendation: We recommend the annual revision and approval of comprehensive school safety plans for each school site be completed on or before March 1st of the year audited. If the District does not meet compliance requirements, we advise the District to notify the Superintendent of Public Instruction of non-compliance by October 15.

Corrective Action Plan: The district staff person responsible for developing and implementing the Comprehensive School Safety plan was call to active duty and the district brought in an outside consultant to continue the process. During the transition period the district was unable to meet state required compliance. Since hiring the District Safety Consultant, the following processes have occurred (on following page):

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
STATE AWARD FINDINGS AND QUESTIONED COSTS, continued
FOR THE YEAR ENDED JUNE 30, 2019**

FINDING #2019-003: COMPREHENSIVE SCHOOL SAFETY PLAN (40000) (continued)

Corrective Action Plan (continued):

1. April 2018- The consultant conducted a needs assessment of all 54 site safety plans. As a result, it was determined that site safety plans were inaccurate, incomplete, and they utilized an outdated template (FEMA format).
2. April 2018- The consultant identified recommendations outlining the need to update safety plans.
3. March- June 2018- The consultant developed a tracking system using excel spreadsheet to track the progress of the school site safety plan. Additionally, the safety plans were updated to include CDE mandated information and revised to allow for electronic submission using a PDF fillable document.
4. August 2019- The consultant along with the safety committee shared recommendations and requirements for the Comprehensive Site Safety Plans at the annual Principal's meeting and provided them with a due date of November 15, 2019. ***(Moving forward the district will require an annual due date for submission of site safety plans.)***
5. August 2019- In compliance with the CDE mandates the consultant and the communications department developed a district webpage for the public to retrieve/review all district safety plans. ***(This webpage will be updated annually to show the current safety plans.)***
6. September 1 through November 15, 2019- The consultant and the districts safety committee provided updated information and constant support to site leaders to complete the safety plans before the districts due date.
7. November 15, 2019 - Due date for all site safety plans submission to the district's safety committee.
8. November 15 through Mid-January 2020 – The consultant and the safety committee are reviewing all submitted safety plans for completion, accuracy and the CDE's mandated information. ***(Yearly review process by safety committee.)***
9. January 2020- The consultant and district safety committee will make final edits, revisions in collaboration with site and district leadership to ensure quality and compliance with the CDE mandates.
10. Mid- January 2020- Per the district's board policy the safety committee with submit all site safety plans to the board for approval. ***(Annual submission for School Board approval.)***
11. Mid-February 2020- The consultant will submit all site safety plans to CDE for approval. ***(Annual submission to the CDE for approval.)***
12. We will submit a non-compliance letter to the CDE before the required due date if school(s) are not in compliance with the CDE mandates.

Moving forward the safety committee will implement a policy/procedure that explains the process for yearly completion and compliance of the Comprehensive School Site Safety Plans.

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
STATE AWARD FINDINGS AND QUESTIONED COSTS, continued
FOR THE YEAR ENDED JUNE 30, 2019**

FINDING #2019-004: UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (40000)

Criteria: Students classified as free or reduced-price meal eligible (FRPM) and who are not directly certified on the CALPADS 1.18 FRPM/English Learner/Foster Youth – Student List Report must have supporting documentation that indicates the student was eligible for the determination. Auditors are required to verify compliance with Education Code Section 42238.02(b)(3)(b).

Condition: Two (2) of 60 pupils tested from the CALPADS 1.18 FRPM/English Learner/Foster Youth – Student List Report who were classified as free or reduced price meal eligible (FRPM) only did not have proper supporting documentation to support their designation. Additionally, two (2) of 60 pupils who were classified as FRPM and English Learner (EL) did not have proper supporting documentation to support either designation.

Effect: The District is not in compliance with applicable state requirements.

Cause: Appears to be a result of clerical error during the 2018-19 school year.

Questioned Costs: To determine questioned costs, the errors for FRPM only testing were found at Nystrom Elementary and appear to be isolated based on review of the population. The error is thus a total of 2 unallowed students.

The error rate for the FRPM/EL testing (2/60) was extrapolated over the entire population of provision schools selected for site testing (991); as the error rate is related to FRPM and EL determination, pupils eligible based on FRPM and EL were considered, to calculate a total of 33 unallowed students.

The total unallowed students from the two errors are 35. The total questioned cost is \$61,817 as determined on the next page.

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
STATE AWARD FINDINGS AND QUESTIONED COSTS, continued
FOR THE YEAR ENDED JUNE 30, 2019**

**FINDING #2019-004: UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (40000)
(continued)**

1	Total Adjusted Enrollment from the UPP exhibit as of P-2					85,094
2	Total Adjusted Unduplicated Pupil Count from the UPP exhibit as of P-2					62,672
4	Audit Adjustment - Number of Unduplicated Pupil Count					(35)
5	Revised Adjusted Enrollment					85,094
6	Revised Adjusted Unduplicated Pupil Count					62,637
7	UPP calculated as of P-2					0.7365
8	Revised UPP for audit finding					0.7361
10	Revised UPP adjusted for Concentration Cap					0.7361
LCFF Target Supplemental Grant Funding Audit Adjustment		TK/K-3	4-6	7-8	9-12	
9	Supplemental and Concentration Grant ADA	8,985.84	6,238.15	3,533.47	7,768.09	
10	Adjusted Base Grant per ADA	\$8,235	\$7,571	\$7,796	\$9,269	
11	Target Supplemental Grant Funding calculated as of P-2					\$32,520,420
12	Revised Target Supplemental Grant Funding for audit finding					\$32,502,757
13	Target Supplemental Grant Funding audit adjustment					(\$17,663)
LCFF Target Concentration Grant Funding Audit Adjustment						
14	Target Concentration Grant Funding calculated as of P-2					\$20,587,434
15	Revised Target Concentration Grant Funding for audit finding					\$20,543,280
16	Target Concentration Grant Funding audit adjustment					(\$44,154)
Estimated Cost of Unduplicated Pupil Count Audit Adjustment for LEAs funded at LCFF Target						
18	Total Target Supplemental and Concentration audit adjustment					(\$61,817)
Estimated Cost of Unduplicated Pupil Count Audit Adjustment for LEAs funded on LCFF Floor and Gap						
19	Statewide Gap Funding Rate as of P-2					1.0000000000
20	Estimated Cost of Unduplicated Pupil Count audit adjustment					(\$61,817)

Repeat Finding: No, this is not a repeat finding.

Recommendation: We recommend that the District ensure that all students listed as FRPM and EL in the CALPADS 1.18 FRPM/English Learner/Foster Youth – Student List Report have supporting documentation to support their CALPADS designation. We recommend the District review the designations in CALPADS and revise as necessary to avoid future penalties.

Corrective Action Plan: At the beginning of the 2019-20 school year, the district began a new process for obtaining information to accurately report each student’s designation in CALPADS. Previously students at provision 2 schools completed an Alternative Household Income Form using the Local Control Funding Formula (LCFF) base year process. Students at non provision 2 schools completed meal applications on an annual basis. In 2019-20, all students, regardless of where they are enrolled, filled out the Multipurpose Family Income Form which is processed and saved in the district’s Food Services database. This will be an annual process and provision 2 schools will continue to complete the district’s Multipurpose Family Income Form. The district is pushing for the Multipurpose Family Income Form to be completed online which guarantees proper documentation. Information Technology Staff will then import the data into the appropriate Student Information System (SIS) designation for each student electronically from the Food Services database.

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
STATE AWARD FINDINGS AND QUESTIONED COSTS, continued
FOR THE YEAR ENDED JUNE 30, 2019**

FINDING #2019-005: TEACHER CERTIFICATION AND MISASSIGNMENTS (71000)

Criteria: Any person rendering service as a teacher in kindergarten or grades 1 to 12, inclusive, must have a valid certification document per Education Code § 45037.

Condition: During our testing, we identified one teacher operating on a 30-day Substitute Teacher Permit.

Effect: One employee was noncredentialed for 150 instructional days.

Cause: Due to the inability to find a fully credentialed classroom teacher, the District chose to leave a 30-day substitute in the classroom for the full year to maintain continuity.

Questioned Cost: The District's FTE for teachers is 1507.9. Based on a 180 instructional day calendar, we estimate the questioned cost of one teacher's expired credentials to be \$153,960 (150 unallowable days / (1507.9 FTE*180 instructional days) multiplied by the District's Total LCFF Entitlement of \$278,587,683).

Repeat Finding: No, this is not a repeat finding.

Recommendation: We recommend the District work with the County Office of Education to ensure that all teachers have current certification documents and verify that all teachers are renewing their certifications as necessary.

Corrective Action Plan: A teacher shortage continues to plague school districts throughout California. The number of schools that were unable to fill a vacancy tripled from 2011 to 2016 according to the Economic Policy Report (April 2019). The high cost of living in the Bay Area is also a significant hindrance in recruiting and retaining qualified teachers.

Due to an inability to find a fully credential classroom teacher in the 2018-2019 school year, the District made a deliberate decision to place an employee with a 30-day substitute for the full year to maintain the needed continuity of having a single teacher in the classroom. Although the employee may not have had the appropriate full credential, the employee had other qualifications and this decision avoided the unintended consequence of having multiple teachers coming and going throughout the school year.

The District continues to aggressively recruit and hire teachers for ongoing and future vacancies.

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
STATE AWARD FINDINGS AND QUESTIONED COSTS, continued
FOR THE YEAR ENDED JUNE 30, 2019**

FINDING #2019-006: SCHOOL ACCOUNTABILITY REPORT CARD (72000)

Criteria: School Accountability Report Cards (SARCs), prepared on annual basis for each school site within the District and posted in February, should contain information regarding school facilities conditions, as indicated in the most recently prepared facility inspection tool (FIT) form developed by the Office of Public School Construction and approved by the State Allocation Board, or local evaluation instruments that meet the same criteria, as per Education Code Sections 33126(b)(8) and 17002(d).

Condition: We were not able to verify that the SARCs for a selection of twelve (12) school sites reported correct information regarding facility conditions. By reviewing the most recently prepared Facility Inspection Tools (FITs), we noted that the rated conditions listed in the Facility Inspection Tools do not correspond with the facility conditions in the SARC. Additionally, a Facility Inspection Tool was not provided for one (1) school site. Therefore, we were unable to verify whether the facility information recorded on the SARC was correct.

Effect: Unable to verify the accuracy of facility conditions reported and summarized in 2017-18 SARCs, published in 2018-19.

Cause: Clerical error amongst District staff regarding reporting of facility conditions in the SARCs, as well as, the oversight of performing facility inspections at all sites.

Questioned Costs: None.

Repeat Finding: No, this is not a repeat finding.

Recommendation: We recommend that the District implement a process to assure annual facility inspections are performed and summarized using Facility Inspection Tools. Additionally, we recommend responsible personnel perform a reconciliation of the information from the FIT to the SARC for accuracy of information being reported to the public.

Corrective Action Plan: District staff will establish procedures to ensure that the facility information included in the SARCs will be reconciled with final versions of the Facility Inspection Tool (FIT) prior to posting of the final version of the SARC.

In order to ensure the integrity of the reconciliation process staff will establish a system for:

- tracking and maintaining the final versions of the FITs in a consistent manner
- communicating deadlines and process for entering the FIT information onto the SARC
- ensuring staff have a final review of the SARC data prior to posting to ensure that the correct FITs have been included

These procedures will be followed prior to January 15, 2020 to correct the facility information in the currently posted SARCs to ensure that the info included is accurate.

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019**

FINDING #2018-001: CAPITAL ASSETS (30000) (Material Weakness)

Criteria: The District should maintain a complete capital asset inventory listing, including detail of any work in progress balances related to capital projects existing at fiscal year-end. These assets should be depreciated in conformity with generally accepted accounting principles, tracked, accounted for, and properly valued. Strong internal controls and prudent accounting practices require the establishment and adherence to sound policies and procedures for capital assets.

Condition: Auditors were unable to receive adequate documentation to support the capital asset summary presented in the financial statements. Specifically, auditors noted several significant discrepancies between the capital asset summary provided for financial statement presentation and the detailed listing within the Asset Vista tracking software. It was noted that there are significant project balances that have not been added to Asset Vista in recent years, which leads to an incomplete listing by asset category and an inaccurate estimation of annual depreciation expense by category. As a result, the capital asset balances by category could not be tested and relied upon for material accuracy in financial statement presentation.

Cause: Lack of adequate policies and procedures over tracking and reporting capital assets. Amounts removed from the work in progress in recent years have not been properly added to the Asset Vista capital asset listing.

Effect: The balances within the capital asset summary, specifically buildings, improvements, and accumulated depreciation, are not properly supported by an accurate listing and may be materially misstated with respect to the balances presented as capital assets and accumulated depreciation in the government-wide financial statements. The auditor's opinion was qualified because it cannot be determined whether the capital assets and related accumulated depreciation balances are fairly stated.

Recommendation: The District should work internally to determine the project balances previously included in the work in progress balance and placed into service in recent years. Once the projects and related information have been summarized, these balances should be transferred into the appropriate category within the Asset Vista tracking software and depreciated accordingly. The District must ensure that the capital asset inventory listing is complete, accurate, and adequately supports the amount presented in the financial statements. The District should also establish and implement written policies and procedures related tracking to tracking of work in progress balance, capital assets additions, disposals, and calculation of depreciation expense.

Corrective Action Plan: The district is working to reconcile the work in progress balances and update our facilities capital asset tracking. The routine updating of this information is a responsibility of facilities and budget staff, but with the transition of staff, this workload was not transferred to the new staff. This error has been communicated with staff and the task will be done routinely in the future. This should be fully implemented by January 1, 2020.

Current Status: Implemented.

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS, continued
FOR THE YEAR ENDED JUNE 30, 2019**

FINDING #2018-002: ASSOCIATED STUDENT BODY (ASB) FUNDS (30000)

Criteria: Maintaining sound internal control procedures over cash receipts, cash disbursements, bank reconciliations and minutes of council meetings reduces the opportunity for irregularities to go undetected. The Fiscal Crisis & Management Assistance Team (FCMAT) Associated Student Body Accounting Manual & Desk Reference outlines proper internal control procedures for associated student bodies to follow.

Condition: Through our testing of the school site ASB accounts, we noted the following internal control deficiencies:

Lake Elementary

- Based on our understanding of internal controls and review of deposit details, it does not appear that there is a current process to record individual cash receipts or reconcile cash receipts to bank deposits. We recommend that the site secretary use a pre-numbered carbon copy receipt booklet and to include the receipt number range with each deposit to allow for proper reconciliation.

Helms Middle

- Based on our understanding of internal controls and review of check detail, we noted that voided checks are not retained, and instead are torn up and throw away. We recommend defacing voided checks by writing VOID and keeping the voided check with the ASB financial recordkeeping.
- Two (2) of ten cash receipts did not have sufficient supporting documentation to substantiate cash received at fundraisers/events.

El Cerrito High

- Supporting documentation was not available for review for two (2) of ten cash disbursements sampled from check detail.
- Supporting documentation was not available for review for three (3) of ten cash receipts sampled from receipts detail.
- Five (5) of ten cash receipts did not have sufficient supporting documentation to substantiate cash received at fundraisers/events.

Various School Sites

- Through our review of several monthly bank reconciliations, we noted that were a number of reconciliations that included stale dated checks as outstanding items. In some cases, checks were dated as far back as 2010. Sites in which this instance was noted include Richmond High, Pinole Valley High, El Cerrito High, and Helms Middle.

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS, continued
FOR THE YEAR ENDED JUNE 30, 2019**

FINDING #2018-002: ASSOCIATED STUDENT BODY (ASB) FUNDS (30000) (continued)

Cause: Inadequate controls and oversight of ASB activities.

Effect: The potential for misappropriation of funds and irregularities in accounting to go undetected.

Context: School site internal control testing was performed at nine (9) sites in the District.

Recommendation: We recommend that the District implement procedures to ensure that adequate supporting documentation is maintained for ASB cash collections. The District should utilize ticket logs, tally sheets and/or sales detail forms that indicate number of items sold and the prices to support student funds cash collection activities. For proper reconciliation of ASB bank accounts, all checks outstanding longer than six (6) months should be canceled and cleared from the reconciliation. The District should provide each student body account clerk with adequate training and supervision. In addition, staff members should be provided with the latest FCMAT Associated Student Body Accounting Manual & Desk Reference and the importance of sound internal control procedures should be reinforced.

Corrective Action Plan: The ASB handbook specifically outlines the steps and process that school cashiers are to follow. The Internal Audit department has been visiting each school site to address cash collection and the reconciliation of banking instruments, and when needed, appropriate training and counsel is provided. Sites are given compliance letters when a violation of approved controls is found, and are visited for follow up to ensure that the correction has been made. Per this finding, the Internal Audit staff will remind cashiers of the proper protocol for cash handling, which includes the use of count sheets, ticket stubs, and receipts. They will also alert cashiers that outstanding checks should be canceled and cleared after six (6) months. This will be fully implemented by June 30, 2019.

Current Status: Partially Implemented, see Finding #2019-001.

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS, continued
FOR THE YEAR ENDED JUNE 30, 2019**

FINDING #2018-003 AFTER SCHOOL EDUCATION AND SAFETY PROGRAM (40000)

Criteria: Per Education Code Section 8483.7(a)(1)(A), each school that establishes a program pursuant to this article is subject to semiannual attendance reporting requirements. Amounts reported to the California Department of Education for the semi-annual attendance reports should be supported by written contemporaneous documentation that is accurate and reported in accordance with the related sections of Education Code 8483.

Condition: During the testing of ASES program attendance for the 1st Half Base Attendance reporting period, we noted the following discrepancies based on reconciliation of students served for the reporting period:

- **Lake Elementary School** – Attendance totals for fire days appear to have been double counted. Per Attendance by Date detail provided by program staff, full amount with no absences was reported plus the average attendance of 125 for October 12, 2017 and October 13, 2017. The result is an overstatement of approximately 250 students served for Lake Elementary in the 1st Half of 2017-18.
- **Murphy Elementary School** - Days operated between August 21, 2017 and December 15, 2017 appears to be overstated by one (1) day. The “Attendance by Date” detail provided by program staff shows 78 days while days operated reported to the state was 79. This has no net effect on total students served in the 2017-18 1st Half Base Attendance reporting period.

Effect: The result is an overstatement of 250 students served for the 2017-18 1st Half Base Attendance reporting period.

Cause: Clerical error in attendance report preparation, and lack of adequate review prior to report submission.

Questioned Costs: None. The ASES program funding is not affected as long as the pupil participation level is maintained at 85% of the projected attendance or greater. Since the finding noted a net overstatement of 250 student days of attendance, program attendance did not fall below 85% of the target annual attendance; therefore, there are no questioned costs.

Recommendation: We recommended that the District revise the related attendance records and reflect the corrected amounts in the 2nd Half Base Attendance report. In addition, the District should implement procedures to allow for adequate review and analysis of attendance reports prior to submitting future reports.

Corrective Action Plan: The district will revise the related attendance report to correct the overstatement of attendance in the After School Education and Safety program. The area administrator and staff will be trained regarding the proper review and submission of attendance reports. This will be fully implemented by June 30, 2019.

Current Status: Not implemented, see Finding #2019-002.